

FICO & LTV MATRIX										
Owner-Occupied										
Loan Amount	Credit Score	24-month Bank Statement			12-month Bank Statement			Asset Utilization		
		Purchase	Rate & Term	Cash-Out	Purchase	Rate & Term	Cash-Out	Purchase	Rate & Term	Cash-Out
\$100,000 – \$1,000,000	740	90%	85%	80%	90%	85%	80%	90%	85%	80%
	720	90%	85%	80%	90%	85%	80%	90%	85%	80%
	700	85%	85%	80%	85%	85%	80%	85%	85%	80%
	680	80%	80%	75%	80%	80%	75%	80%	80%	75%
	660	80%	80%	70%	80%	80%	70%	80%	80%	70%
\$1,000,001 – \$1,500,000	740	90%	85%	85%	90%	85%	80%	90%	85%	80%
	720	90%	85%	85%	90%	85%	80%	90%	85%	80%
	700	85%	85%	85%	85%	85%	80%	85%	85%	80%
	680	80%	80%	75%	80%	80%	75%	80%	80%	75%
	660	80%	80%	70%	80%	80%	70%	80%	80%	70%
\$1,500,001 – \$2,000,000	740	80%	80%	75%	80%	80%	75%	80%	80%	75%
	720	80%	80%	75%	80%	80%	75%	80%	80%	75%
	700	80%	80%	75%	80%	80%	75%	80%	80%	75%
	680	80%	75%	70%	80%	75%	70%	80%	75%	70%
	660	75%	70%	70%	75%	70%	70%	75%	70%	70%
\$2,000,001 – \$2,500,000	740	80%	80%	70%	80%	80%	70%	80%	80%	70%
	720	80%	80%	70%	80%	80%	70%	80%	80%	70%
	700	75%	75%	65%	75%	75%	65%	75%	75%	65%
	680	70%	70%	65%	70%	70%	65%	70%	70%	65%
	660	70%	70%	65%	70%	70%	65%	70%	70%	65%
\$2,500,001 – \$3,000,000	740	75%	75%	65%	75%	75%	65%	75%	75%	65%
	720	75%	75%	65%	75%	75%	65%	75%	75%	65%
	700	70%	70%	65%	70%	70%	65%	70%	70%	65%
	680	65%	65%	65%	65%	65%	65%	65%	65%	65%
	660	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$3,000,001 – \$3,500,000	740	75%	75%	65%	75%	75%	65%	75%	75%	65%
	720	75%	75%	65%	70%	70%	65%	70%	70%	65%
	700	70%	70%	60%	65%	65%	60%	65%	65%	60%
	680	65%	65%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	660	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- **Second Home:** \$2.5MM Max Loan Amount; Purchase/Rate & Term – 75% Max LTV; Cash-Out – 70% Max LTV
- **WVOE / P&L Only:** Purchase – 80% Max LTV; Rate & Term/Cash-Out – 70% Max LTV

FICO & LTV MATRIX										
Non Owner-Occupied										
Loan Amount	Credit Score	24-month Bank Statement			12-month Bank Statement			Asset Utilization		
		Purchase	Rate & Term	Cash-Out	Purchase	Rate & Term	Cash-Out	Purchase	Rate & Term	Cash-Out
\$100,000- <\$1,000,000	740	80%	80%	75%	80%	80%	75%	80%	80%	75%
	720	80%	80%	75%	80%	80%	75%	80%	80%	75%
	700	80%	80%	75%	80%	80%	75%	80%	80%	75%
	680	80%	80%	75%	80%	80%	75%	80%	80%	75%
	660	80%	75%	70%	80%	75%	70%	80%	75%	70%
\$1,000,001- \$1,500,000	740	80%	80%	75%	80%	80%	75%	80%	80%	75%
	720	80%	80%	75%	80%	80%	75%	80%	80%	75%
	700	80%	80%	75%	80%	80%	75%	80%	80%	75%
	680	75%	75%	70%	75%	75%	70%	75%	75%	70%
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\$1,500,001- <\$2,000,000	740	80%	80%	75%	80%	80%	75%	80%	80%	75%
	720	80%	80%	75%	80%	80%	75%	80%	80%	75%
	700	80%	80%	75%	80%	80%	75%	80%	80%	75%
	680	75%	75%	70%	75%	75%	70%	75%	75%	70%
	660	70%	70%	65%	70%	70%	65%	70%	70%	65%
\$2,000,001- \$2,500,000	740	75%	75%	70%	75%	75%	70%	75%	75%	70%
	720	75%	75%	70%	75%	75%	70%	75%	75%	70%
	700	75%	75%	65%	75%	75%	65%	75%	75%	65%
	680	70%	70%	65%	70%	70%	65%	70%	70%	65%
	660	65%	65%	65%	65%	65%	65%	65%	65%	65%

Underwriting Specifications	
Document Types	<ul style="list-style-type: none"> 12 or 24 Month Bank Statements 12 or 24 Month 1099 Written VOE 12 or 24 Month Profit & Loss Statement Asset Utilization
Property Types	<ul style="list-style-type: none"> SFR/PUD 2-4 Units Warrantable Condo Non-Warrantable Condo – 80% Max LTV
Mortgage/Housing History	0x30x12
Minimum FICO	660
Bankruptcy History¹	<p>Chapter 7 – 48 months from discharge date to Note Date</p> <p>Chapter 11 & Chapter 13 – 48 months form discharge date to Note date</p>
Prior Loss Mitigation²	48 months prior to Note date
Foreclosure History³	48 months 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>
Multiple Derogatory Credit Events	Not Allowed
Forbearance, Loan Modification, Deferrals	<p>Forbearance, Loan Modifications, or Deferrals (including COVID-19 related events) completed or reinstated greater than 12 months from the Note date of the subject transaction and having a 0x30x12 are allowed</p> <p>Less than 12 months seasoning is ineligible.</p>
Cash-Out	<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>
DTI	Max 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"> If the primary borrower has 3 credit scores, the minimum tradeline requirement is waived. If the primary borrower has less than 3 credit scores, each borrower must meet the minimum tradeline requirement <ul style="list-style-type: none"> If the co-borrower is a spouse, only one is required to meet the minimum tradeline requirement <p>Minimum Tradelines:</p> <ul style="list-style-type: none"> At least 3 tradelines reporting for 12 months, with activity in the last 12 months, or; At least 2 tradelines reporting for 24 months, with activity in the last 12 months <p>For borrowers who do not meet the minimum tradeline requirements, refer to Underwriting Guidelines for qualification</p>
Gift Funds	<ul style="list-style-type: none"> Owner Occupied – 5% borrower contribution required <ul style="list-style-type: none"> 100% Gift Funds are allowed for 24-Month Bank Statement loans, with 75% Max LTV Investments – 10% borrower contribution required

Reserves

Refinance:

- Net proceeds from a cash-out transaction may be 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 0x30x12 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.
- Proceeds from a 1031 Exchange cannot be used to meet reserve requirements.

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% LTV or less; 1 – 4 unit, all funds can come from gift.
 - Greater than 80% LTV:
 - 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 to come from the borrower’s personal contribution.

Purchase	Reserves
LTV ≤ 85%	6 months of PITIA
LTV > 85%	12 months of PITIA
Loan Amount > \$1.5M	9 months of PITIA
Loan Amount > \$2.5M	12 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 the 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.

Bank Statements Overview

Alt Doc income may be combined with other income sources that are documented as Standard Doc but not associated with self-employment, such as wage income from spouse or domestic partner. When wage income is combined with Alt Doc, a tax return is not required for the standard full income documentation, as this would invalidate the bank statements.

12 or 24 Month Bank Statements:

- Borrowers must be self-employed for at least two (2) years.
- A business must be in existence for a minimum of two (2) years.
- Minimum credit score is 660.
- Nonprofit Entity not eligible
- Funds/Deposits in a IOLTA (Trust) ineligible source
- Tax returns and 4506-C are not required for the bank statement program.
 - If the 4506-C form is provided, Box 8 should be checked to obtain a transcript of W-2 earnings.

<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> <ul style="list-style-type: none"> • 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>Personal Bank Statements</p>	<p>Personal Bank Statements may be used to document self-employed income. Bank Statements may be obtained from the borrower:</p> <ul style="list-style-type: none"> • Most recent 12 or 24 months of consecutive Personal Bank Statements, the most recent statement dated within 90-days of the note date. • Most recent two (2) months of Business Bank Statements • Verify that the borrower owns 20% of the business by providing one of the following: <ul style="list-style-type: none"> ○ CPA Letter; ○ Tax Preparer Letter; ○ Operating agreement, or equivalent, reflecting the borrower’s ownership percentage.
<p>Business or Co-Mingled Bank Statements</p>	<p><u>Business Bank Statements:</u> May be used for ongoing operations of the business and reflects the name of the business as completed on the URLA:</p> <ul style="list-style-type: none"> • Verify that the borrower owns 20% of the business by providing one of the following: <ul style="list-style-type: none"> ○ CPA Letter; ○ Tax Preparer Letter; ○ Operating agreement, or equivalent, reflecting the borrower’s ownership percentage. • Net income from the analysis of the bank statements is multiplied by the borrower’s ownership percentage to determine the borrower’s qualifying income. <p><u>Co-mingled Bank Statements:</u> May be used when a personal account is used by a borrower for both business and personal use. A separate business account is not required:</p> <ul style="list-style-type: none"> • The borrower must be the sole owner of the business. <ul style="list-style-type: none"> ○ Borrower and spouse with combined 100% ownership is eligible.
<p>Bank Statement Calculation Methods</p>	<p>A standard 50% expense factor will be applied to the total of eligible deposits from the co-mingled and business bank statements to determine qualifying income.</p> <p>If the business operates more efficiently or typically has a materially different expense factor (higher or lower than standard expense factor), then an expense factor from a Business Expense Statement Letter or 3rd Party Prepared P&L Statement may be used to determine qualifying income.</p> <p><u>OPTION 1 – Standard Expense Ratio (50%)</u></p> <ul style="list-style-type: none"> • 12 or 24 months of consecutive business bank statements, the most recent statement dated within 90-days of the note date. <p><u>OPTION 2 – Business Expense Statement Letter</u></p> <ul style="list-style-type: none"> • 12 or 24 months of consecutive business bank statements, the most recent statement dated within 90-days of the note date and; • An expense statement letter specifying business expenses as a percent of the gross annual sales/revenue, prepared or reviewed and acknowledged by a CPA/accountant, IRS Enrolled Agent, or licensed tax preparer. <p><u>OPTION 3 – 3rd Party Prepared P&L Statement</u></p> <ul style="list-style-type: none"> • 12 or 24 months of consecutive business bank statements, the most recent statement dated within 90-days of the note date and; • P&L covering 12 or 24 months (determined by the months of bank statements provided), prepared or reviewed and acknowledged by a CPA/accountant, IRS Enrolled Agent, or licensed tax preparer. Documentation is required to evidence the preparer’s business.

<p>Bank Statement Income Analysis</p>	<ul style="list-style-type: none"> • Expenses must be reasonable for the type of business. • Deposits should be reviewed for consistency. • Inconsistent or large deposits should be sourced and excluded from the analysis. The definition of a large deposit is any deposit exceeding 50% of the average monthly sales of the business. • Changes in deposit pattern must be explained. • Income documented separately, but co-mingled, must be backed out of deposits.
<p>Personal Bank Statement Review</p>	<ul style="list-style-type: none"> • Income calculated using total deposits, minus any inconsistent or large deposits not justified. Qualifying income based upon the lower of the income disclosed on the initial loan application (Form 1003), or the total eligible deposits from the 24 month or most recent 12 months of statements. The most recent bank statement must be consistent with the qualifying income. • ATM deposits may be included if a consistent pattern of such deposits is present. • Two (2) months of business bank statements are required. <ul style="list-style-type: none"> ○ They must evidence activity to support business operations. • They must reflect transfers to the personal account.
<p>Profit & Loss Only (No Bank Statements)</p>	<p>Profit & Loss statement prepared by a Certified Public Accountant (CPA), an IRS Enrolled Agent (EA), or a CTEC registered tax preparer. The credit file must contain documentation showing the CPA is currently licensed in their state, the EA is currently active (Screen shot of the IRS web site), or the CTEC is active (Screen shot from CTEC web site).</p> <p>24 or 12-Month CPA, EA, or CTEC compiled P&L Statement:</p> <ul style="list-style-type: none"> • <u>Purchase</u> – 80% Max LTV • <u>Rate & Term / Cash-Out</u> – 70% Max LTV • Minimum 50% business ownership required • 24 or 12-month (P&L) prepared/compiled and signed by a CPA (proof of CPA current state license required, or EA (proof EA currently active on IRS web site), CTEC (proof CTEC currently active on CTEC web site) dated within 30-days of the loan application, representing total business sales and expenses for the time period covered, and • The preparer must attest they have prepared the borrower’s most recent tax return and provide the borrower’s ownership percentage • Qualifying income is the net income from the P&L divided by the time period covered (24 or 12-months) multiplied by the borrower’s ownership percentage. • Expenses on the P&L must be reasonable for the industry <p>When analyzing the P&L Statement, the following may be added back to the applicant’s income calculation:</p> <ul style="list-style-type: none"> • Depreciation • Depletion • Amortization/casualty loss
<p>1099</p>	<p>Permitted for individual(s) earning 100% commission or for independent contractors.</p> <ul style="list-style-type: none"> • 1-year or 2-years of 1099s or 1099 transcript(s) permitted <ul style="list-style-type: none"> ○ One of the following Business expense analysis methods: <ul style="list-style-type: none"> ▪ 90% Net Margin (10% Expense Factor), or ▪ 3rd Party prepared P&L (CPA, EA, accountant, tax preparer) • A minimum 2-year self-employment history is required (e.g., 1099 income) as documented from the Employment section of the loan application. • Qualifying income is the 12 or 24 monthly average from the total number of 1099’s minus the expense factor from the method chosen above • YTD earnings must be documented when the 1099 reporting period is greater than 90 days from the note date. YTD earnings must support the ongoing receipt of income shown on the 1099s by: <ul style="list-style-type: none"> ○ Checks or a single check stub(s) with YTD totals if available, or ○ Bank statements (YTD). <ul style="list-style-type: none"> ▪ The YTD earnings from the total of check stubs or the tally of deposits from bank statements must be within 10% or greater than prior year earnings.
<p>First-Time Home Buyer</p>	<ul style="list-style-type: none"> • Primary Residence Only • 680 Min FICO • 45% Max DTI • Min 6 Months Reserves • 12 month renal history, reflecting 0x30

<p>WVOE</p>	<p>A written Verification of Employment may be utilized when documenting wages/salary income. The following criteria applies:</p> <ul style="list-style-type: none"> • Two years' history with the same employer is required. • Primary Residence Only • <u>Purchase</u> – 80% Max LTV • <u>Rate & Term / Cash-Out</u> – 70% Max LTV • 0x30x24 Housing History • First-Time Home Buyer – 70% Max LTV; no gift funds allowed. • Completed Fannie Mae® Form 1005 • Paystubs, Tax Returns, 4506-C, or W-2's not required. • Must be completed by Human Resource, Payroll Department or Officer of the Company. • Two (2) Months Personal Bank Statements required to support the WVOE. The bank statements must reflect deposits from the employer supporting at least 65% of gross wage/salary reflected on the WVOE. • Borrower(s) employed by family members or related individuals are not eligible. • An internet search of the business is required with documentation to be included in the credit file to support the existence of the business. • Other sources of income, documented using Alt Doc, are eligible and can be used to determine total household qualifying income
<p>Asset Utilization</p>	<p>Asset Utilization may be used as the sole source of income for loan qualification or to supplement other income sources. When used to supplement other income sources, the minimum asset requirements under the qualification method are waived.</p> <p>Restrictions:</p> <ul style="list-style-type: none"> • 43% Max DTI • Non-Occupant Co-Borrowers not eligible • Gift funds not eligible <p>Debt Ratio Calculation:</p> <ul style="list-style-type: none"> • Minimum Eligible Assets required is the lower of \$1,000,000 or 150% of the loan balance. 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>Requirements:</p> <ul style="list-style-type: none"> • All individuals listed on the asset account(s) must be on the Note and Mortgage; • Assets considered for this program must be verified with most recent three (3) monthly account statements, quarterly statement, or a VOD; • Assets must be seasoned 120-days; • Income other than Asset Utilization must be documented. <p>Eligible Assets:</p> <p>Assets must be liquid and available with no penalty; additional documentation may be required 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>Eligible Trust Assets:</p> <ul style="list-style-type: none"> • Assets in a revocable trust where the trustee to the trust is the borrower. • Assets in an irrevocable trust where the borrower is the beneficiary, and the borrower has immediate access to the assets of the trust. • Based upon the type of asset held in the trust, the above asset percentages apply. <p>Ineligible Assets:</p> <ul style="list-style-type: none"> • Equity in Real Estate; • Privately traded or restricted/non-vested stocks; • Any asset which produces income already included in the income calculation; • Any assets held in the name of a business; • Assets held in an irrevocable trust where the beneficiary of the trust is not the borrower; • Assets held in a charitable giving trust, donor advised fund, or similar entity where the intended beneficiary is not the borrower.

Appraisal Valuation	
Seller Appraisal Requirements	<p>Purchase:</p> <ul style="list-style-type: none"> 1 Full Appraisal¹ if Combined Loan Amount <= \$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 <= \$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 <= 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 			