



Expanded Prime Closed End Fixed 2nd

Effective 06.25.24

Stand Alone Program Guide			Primary Residence				Second Home				Investment					
Loan Amount	Max Combined Liens	Max DTI %	FICO	Full Doc	Bank Statement (12 or 24)	1099/WVOE	P&L	Full Doc	Bank Statement	1099/WVOE	P&L	Full Doc	Bank Statement (12 or 24)	1099/WVOE	P&L	
\$50,000 – \$350,000	CLTV	50 ¹	720+	90%	85%	85%	80%	80%	75%	75%	70%	80%	75%	75%	70%	
			700 – 719	90%	80%	80%	75%	80%	70%	70%	70%	65%	80%	70%	70%	65%
			680 – 699	85%	75%	75%	70%	75%	65%	65%	65%	60%	75%	65%	65%	60%
			660 – 679	80%	70%	70%	65%	70%	60%	60%	60%	55%	70%	60%	60%	55%
\$350,001 - \$450,000	<=65%: 4.0M <=75%: 3.5M <= 85%: 3M	50 ¹	720+	85%	80%	80%	75%	80%	70%	70%	65%	80%	70%	70%	65%	
			700 – 719	85%	75%	75%	70%	75%	65%	65%	65%	60%	75%	65%	65%	60%
			680 – 699	80%	70%	70%	65%	70%	60%	60%	60%	55%	70%	60%	60%	55%
			660 – 679	75%	65%	65%	60%	65%	55%	55%	55%	50%	65%	55%	55%	50%
\$450,001 - \$600,000	<=90%: \$2M	50 ¹	720+	80%	75%	75%	70%	75%	65%	65%	60%	75%	65%	65%	60%	
			700 – 719	80%	70%	70%	65%	70%	60%	60%	60%	55%	70%	60%	60%	55%
			680 – 699	75%	65%	65%	60%	65%	55%	55%	55%	50%	65%	55%	55%	50%
			660 – 679	70%	60%	60%	55%	60%	50%	50%	50%	45%	60%	50%	50%	45%

¹Max 45% with an I/O 1st lien

Program Requirements	
Limits	
Minimum Loan Amount	\$50,000
Minimum Loan Amount (Balloons)	\$200,000
Maximum Loan Amount	\$550,000 (\$500,000 Piggyback)
Maximum DTI	50% (45% Piggyback)
Condo / 2-4 Units (Primary/2nd Home)	75% CLTV (80% Piggyback)
Condo / 2-4 Units (Investment)	70% CLTV
Declining Markets (Primary/2nd Home)	75% CLTV
Declining Markets (Investments)	70% CLTV
Credit Event (BK/FC/DIL/SS)	48 Months
Lien Position	2 nd Lien Only
Min Co-Borrower Credit Score	500
Maximum Combined Liens (CLTV)	<=65%: 4.0M <=75%: 3M <= 85%: 3.5M <=90%: \$2M

Agency Companion "Piggyback" Seconds				Owner-Occ & Full Doc	Piggy-Back Agency Companion Purchase
Loan Amount	Max Combined Liens	Max DTI %	FICO	CLTV	
\$50,000 to \$350,000	CLTV	45	740	90%	<ul style="list-style-type: none"> Expanded Prime 2nds can be combined with a new 1st mortgage for the purchase of a Primary, Second Home or investor property. When the product is combined with a new 1st mortgage in a purchase transaction, the required income and asset documentation will follow the AUS Recommendations and/or the 1st mortgage loan approval. The following credit requirements will default to the AUS Recommendation and/or the 1st loan approval: <ul style="list-style-type: none"> Housing history limit of 0x30x12 can be waived if allowed by 1st loan approval. FTHB overlays can be waived if allowed by 1st loan approval. Minimum tradelines requirements are waived when the 1st lien has an AUS Approve/Eligible or Approve/Ineligible Recommendation. Expanded Prime Guidelines and overlays apply with an AUS "Out of Scope" finding. A copy of the appraisal and original pictures and any secondary valuation (if applicable) used for the 1st mortgage is required for the file. Appraisal waivers not accepted. Provide purchase agreement, Note and Closing Disclosure from first mortgage
			700	85%	
\$350,001 to \$500,000	<=65%: 4.0M <=75%: 3M <= 85%: 3.5M <=90%: \$2M	45	700	85%	
			700	85%	

Income	
2 Year Full Documentation	<ul style="list-style-type: none"> Salaried: 2 years W2 and YTD paystub covering minimum 30 days Self-Employed: 2 years tax returns, all schedules. YTD P&L or 3 months business bank statements to support continuance of tax return income Piggybacks may follow AUS documentation requirements
1 Year Full Documentation	<ul style="list-style-type: none"> Salaried: 1 year W2 and YTD paystub covering minimum 30 days Self-Employed: 1 year tax returns, all schedules. YTD P&L or 3 months business bank statements to support continuance of tax return income Piggybacks may follow AUS documentation requirements

VOE	<ul style="list-style-type: none"> • A verbal VOE from each employer within 10-days of the note date for wage and salaried employees. • For self-employed verify existence of business within 30-days of the note date with one of the following: <ul style="list-style-type: none"> ◦ Letter from business tax professional. ◦ On-line verification from regulatory agency or licensing bureau. ◦ Certification verifying business existence through direct contact or internet search.
Alternative Documentation (12 or 24 Month Bank Statements)	<ul style="list-style-type: none"> • Not available on Piggybacks • The primary borrower (greater than 50% of income) must be self-employed for at least 2 years • Borrower must document two years current continuous self-employment with business license or statement from corporate accountant/CPA confirming the same. <ul style="list-style-type: none"> ◦ Other documentation from third parties may be acceptable on a case by case basis (e.g., letter from an attorney). ◦ Acceptable business license must be verified by third party (e.g., government entity, borrower's business attorney). Borrowers whose self-employment cannot be independently verified are not eligible. ◦ In instances where a license is not required (e.g., choreographer), a letter from a CPA confirming employment may be accepted in lieu of a license. • Business Bank Statements must be operating account(s) reflecting normal business expenses • Underwriter may use a higher expense factor than 50% if the analysis of the bank statements reflects higher expenses • When the borrower is in an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification • The Bank Statements should show a trend of ending balances that are stable over the 24 or 12 month period • Large deposits inconsistent with history must be sourced as business income • Excessive NSF's on the bank statements may cause the loan to be ineligible • Net deposits must not reflect any other income sources already taken into consideration (deduct SS payments, W-2 wages, etc that have already been used for income) • A borrower who is a "1099 contractor" may be considered self-employed for this program with confirmation from a CPA that the borrower is a 1099 contractor and filed sch. C or sch. E with personal tax returns. Borrower cannot have ownership of the 1099 Payor's business
Business Bank Statements OR Combined Personal & Business Bank Statements	<ul style="list-style-type: none"> • At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership) • Asset Depletion allowed with Bank Statement documentation • Standard expense factors apply: 50% expense factor <ul style="list-style-type: none"> ◦ If business operates < standard expense factor, P&L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required ◦ Minimum expense factor with 3rd party prepared P&L or letter is 20%. NOTE: the annual deposits on bank statements must be at least 75% of gross receipts per P&L
Separated Personal & Business Bank Statements	<ul style="list-style-type: none"> • At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership) • Asset Depletion allowed with Bank statement documentation • Personal used to qualify, 2 months business to show business cash flows in order to utilize 100% of business-related deposits in personal account (no expense factor) • Deposits from sources other than self-employment are not to be included
P&L only (app on or after 6/25/2024)	<ul style="list-style-type: none"> • 12-month signed and dated P&L on business letterhead with license # prepared by CPA, CTEC, EA • 2 yrs. self-employment, at least one borrower >25% owner • Requires business license for the past 2 yrs. • CPA must: <ul style="list-style-type: none"> ◦ Confirm they have prepared the most recent year's business tax return filing, AND ◦ Include the business name, borrower's name, and percentage of business ownership by the borrower • Minimum expense factor 20% for service business, 40% for product business • Service Business examples: accounting, consulting, counseling, financial planning, insurance, therapy • Product Business examples: Sells goods such as contracting or construction, food services, manufacturing, retail, restaurant • No other income type other than Asset Depletion may be combined with the self-employed borrower using the P&L only • Co-borrowers who are wage earners may provide paystubs and W-2(s) to document income
Asset Depletion (Supplemental Income)	<p>Stand Alone:</p> <ul style="list-style-type: none"> • May only be used in conjunction with Bank Statements • Allowable and documented assets are divided by 84 months to determine amount added to qualifying income • Document each asset with statements covering 6 months <p>Piggy-back:</p> <ul style="list-style-type: none"> • Use of asset depletion as qualifying income must follow 1st lien requirements and calculations if applicable. • Asset depletion cannot be used if not included in the 1st lien qualifying income
Other	
Amortization	Stand Alone: 10, 15, 20, and 30 Year Fixed Fully Amortizing; 30/15 and 40/15 Year Balloon Notes Piggyback: 10,15,20 Year Fixed
Occupancy	Primary, Second Homes, Investment Properties
Eligible Property Types	SFR, PUD, 2-4 Units and Warrantable Condo, Townhome, Rowhome, Modular
Ineligible Property Types	<ul style="list-style-type: none"> • Rural Investment Properties and 2nd Homes, Condotels, Non-Warrantable Condos, Manufactured, Log Homes, Working Farms and Hobby Farms, Unique Properties, Agricultural or Commercial Zoned Properties, Co-Ops, Room and Board Facilities, Adult Assisted Living/Care Facilities, Mixed-Use, Land Trust, Deed-restricted Properties • Properties > 10 acres
Rural Properties	<ul style="list-style-type: none"> • Max 10 acres • Max 80% CLTV
Eligible Borrowers	<ul style="list-style-type: none"> • U.S. Citizen • Permanent Resident Alien • Non-Permanent Resident Alien (with U.S. credit)

Ineligible Borrowers	<ul style="list-style-type: none"> • Non-Occupant Co-Borrowers, Foreign Nationals, Irrevocable and Land Trusts, Diplomats with Immunity, parties found on LDP/GSA, no SSN, Borrowers who are a party to a lawsuit
Assets	<ul style="list-style-type: none"> • Standalone: None • Piggyback: Provide Assets required as per 1st lien
Other (continued)	
Self-Employment Verification	<p>Verify Existence within 30 days of the Note Date with one of the following:</p> <ul style="list-style-type: none"> • Letter from business tax professional, OR • On-line verification from regulatory agency or licensing bureau, OR • Certification verifying business existence through direct contact or internet search
Age of Documentation	<ul style="list-style-type: none"> • 60 days – Income and Assets • 120 days – New AVM/Appraisal, Credit and Title • 180 days – Appraisal with Recertification of Value
Appraisal Requirements	<p>Primary / 2nd Home: HPML</p> <ul style="list-style-type: none"> • Full Appraisal (1004,1025,1073) <p>Non-HPML</p> <ul style="list-style-type: none"> • Loan Amount <= \$400K: <ul style="list-style-type: none"> ◦ AVM with 90% Confidence Factor and exterior Property Condition Inspection ◦ Allowable Vendors for AVM: Clear Capital – Clear AVM, Collateral Analytics – CA Value, Quantarium, Veros ◦ Allowable Vendor for exterior Property Condition Inspection – Clear Capital • Loan Amount > \$400K: <ul style="list-style-type: none"> ◦ Full Appraisal (1004,1025,1073) <p>Investment:</p> <ul style="list-style-type: none"> • Previous appraisal within 12 months (Recert required after 6 months) + Clear Capital CDA. Review value must be equal to or greater than the appraisal, OR: • New 2055 Appraisal and Clear Capital CDA supporting value within 10% variance. Greater than 10% variance, use lower of the two values
Appraisal Review	<ul style="list-style-type: none"> • CU score <= 2.5 – value is acceptable • CU score > 2.5 <= 3.5 – underwriter to review value for acceptability using CU findings and Drive AVM for support • CU Score > 3.5 – Manager to review, CDA required case by case
Property Listed for Sale	Properties listed for sale in the last 6 months are not eligible
Cash Out	Signed and dated letter of explanation for cash out required (when closing in a business entity, purpose must be for business use)
Non-Arm's Length	Ineligible
Asset Depletion	<ul style="list-style-type: none"> • Allowed as a Supplemental Income source • Eligible assets are divided over 84 months
Tradelines	<p>Stand-Alone:</p> <ul style="list-style-type: none"> • 3 tradelines for 12+ months or 2 tradelines for 24+ months, all with activity within the last 12 months <p>Piggybacks:</p> <ul style="list-style-type: none"> • No minimum tradelines with AUS approval, OR: <ul style="list-style-type: none"> ◦ At least 2 active tradelines reporting for a minimum of 24 months (institutional reporting only, no private party mortgages), OR ◦ Current mortgage history on credit reporting 0*30*24 (institutional reporting only, no private party mortgages) <p>All:</p> <ul style="list-style-type: none"> • Limited Credit (loans that do not meet minimum tradelines) are acceptable with 0*30 mortgage history reported on the credit report (No private party mortgages) • No accounts currently delinquent or in CCCS • Ineligible Tradelines: not on credit, no activity < 12 months, student loans not in repayment, liabilities in deferment, accounts discharged in BK, authorized user, charge-offs, collections, foreclosures, 'deed-in-lieu, short sales, pre-foreclosures • An acceptable 12- or 24-month housing history not reporting on credit may also be used as a tradeline
Credit Scores	<ul style="list-style-type: none"> • Qualifying FICO: lowest of 2 scores or middle of 3 scores from the Primary Wage Earner • Non-traditional credit ineligible • Minimum Co-Borrower score: 500 • Use lower score of self-employed borrowers with equal partnership • Security freezes must be removed
Credit Event Seasoning	<ul style="list-style-type: none"> • 48 Months – Foreclosure, Short-Sale, Deed-in-Lieu, Bankruptcy.
Multiple Credit Events	Multiple Credit Events (BK, FC, DIL, SS) within the last 7 years are ineligible
Judgements, Liens and Income Tax Liens (Federal, State, Local)	Must be paid off prior to closing
Disputed Accounts	Provide Signed and Dated Letter of Explanation for disputed tradelines with derogatory information reported in the last 2 yrs.
Credit Inquiries	Inquiries < 90 days of the credit report must be addressed
Housing History	<ul style="list-style-type: none"> • 0x30x12 on all mortgages for all borrowers; Minimum 12 months housing history required (Piggybacks defer to AUS approval) • VOR must be institutional or provide alt docs (bank statements/cancelled checks) • First-Time Homebuyer: 0x30x12 housing history required; Alt docs for VOR are ineligible

Alimony, Child Support, Or Separate Maintenance Fees	<ul style="list-style-type: none"> • Must be included in DTI • Must be current • Must be documented with divorce decree, property settlement agreement, signed legal separation agreement, or court order
Seasoning	<ul style="list-style-type: none"> • > 6 months ownership seasoning as of application date, no restrictions. <= 6 months seasoning ineligible for refinance • <= 6 months seasoning since previous refinance on either a 1st lien or 2nd lien Max 80% CLTV • Properties listed for sale < 6 months are ineligible • No seasoning required for properties that are inherited or legally acquired through a divorce, separation or dissolution of a domestic partnership
Property Standards	<ul style="list-style-type: none"> • 600 square feet, constructed for year-round use, permanently affixed continuous heat source • Maximum deferred maintenance \$2,000 (no health or safety issues)
Max Financed Properties	<ul style="list-style-type: none"> • Primary and Second Homes max 20 residential, including the subject (exclude commercial/>5 units) • Investments: Unlimited
Condominiums	Fannie Mae eligible condominium projects allowed
Ineligible Senior Liens	<ul style="list-style-type: none"> • Negative Amortization, Reverse Mortgages, and Private Party • Loans in active forbearance or deferment are ineligible. Deferred balance due to documented hardship may remain open (hardship must be documented) • Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien
Interest Only Senior Lien	<p>Max DTI: 45%</p> <p>Qualify 1st lien I/O on fully amortized payment on remaining term after I/O period</p>
Senior Lien Calc (ARM)	1st lien ARMS with < 3 years fixed period remaining qualified on fully indexed payment
Texas 50(a)(6)	Allowed
Derogatory Credit	<ul style="list-style-type: none"> • Open medical collections, collections, and charge-offs <\$1,000 per occurrence is eligible • No delinquent tradelines at closing • All judgements, liens/tax liens must be paid prior to or at closing
Title Report	<ul style="list-style-type: none"> • ALTA Long or Short Form – Lenders Policy • Fee simple of Leasehold • Solar liens must be paid-off prior to closing • Eligible Vesting: Individuals, Joint Tenants, Tenants in Common, Inter-Vivos Revocable Trust • Eligible Vesting (Investment Only): LLC, Limited and General Partnerships, Corporations <ul style="list-style-type: none"> ○ Must be solely business purpose loans ○ All persons with >= 25% interest must apply for the loan and meet credit requirements ○ Maximum 4 members/partners/shareholders. No entities as members ○ Persons who sign the note or a personal guaranty must sign an Occupancy Affidavit prior to closing ○ See guidelines for collateral signing requirements ○ Provide the following documents: <ol style="list-style-type: none"> a) Articles of Incorporation and bylaws b) Certificate of Formation and Operating Agreement, or c) Partnership Agreement d) Tax ID number e) Certificate of Good Standing
Property Insurance	Follow FNMA guidelines
Compliance	<ul style="list-style-type: none"> • No Section 32 or state high cost allowed • Fully documented ATR including Borrower Attestation (included with closing docs) • HPML and HPCT are permitted subject to complying with all applicable regulatory requirements • Loans must comply with all applicable federal and state regulations • <u>Non-QM allowed</u>
3rd Party Processing Fee	• \$495 Maximum