

FICO & LTV MATRIX

DSCR Loans

Loan Amount	Credit Score	0.75 ≥ DSCR < 1.00		1.00 ≥ DSCR < 1.15		1.15 ≥ DSCR < 1.50		DSCR ≥ 1.50	
		Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out
\$100,000 – <\$1,000,000	740	70%	65%	80%	75%	80%	75%	80%	75%
	720	70%	65%	80%	75%	80%	75%	80%	75%
	700	70%	65%	80%	75%	80%	75%	80%	75%
	680	N/A	N/A	75%	70%	75%	70%	75%	70%
	660	N/A	N/A	75%	70%	75%	70%	75%	70%
	640	N/A	N/A	70%	65%	70%	65%	70%	65%
\$1,000,0001 – \$1,500,000	740	70%	65%	75%	70%	75%	70%	75%	70%
	720	70%	65%	75%	70%	75%	70%	75%	70%
	700	70%	65%	75%	70%	75%	70%	75%	70%
	680	N/A	N/A	70%	70%	70%	70%	70%	70%
	660	N/A	N/A	70%	65%	70%	65%	70%	65%
	640	N/A	N/A	65%	N/A	65%	N/A	70% ¹	N/A
\$1,500,0001 – <\$2,000,000	740	70%	65%	75%	65%	75%	65%	75%	65%
	720	70%	65%	75%	65%	75%	65%	75%	65%
	700	70%	65%	70%	65%	70%	65%	70%	65%
	680	N/A	N/A	70%	65%	70%	65%	70%	65%
	660	N/A	N/A	70%	65%	70%	65%	70%	65%
	640	N/A	N/A	65%	N/A	65%	N/A	65%	N/A
\$2,000,001 – \$2,500,000	740	70%	65%	70%	65%	70%	65%	70%	65%
	720	70%	65%	70%	65%	70%	65%	70%	65%
	700	70%	65%	70%	65%	70%	65%	70%	65%
	680	N/A	N/A	65%	65%	65%	65%	70% ¹	65%
	660	N/A	N/A	65%	N/A	65%	N/A	70% ¹	N/A
	640	N/A	N/A	65%	N/A	65%	N/A	65%	N/A
\$2,500,001 – <\$3,000,000	740	70%	65%	70%	65%	70%	65%	70%	65%
	720	70%	65%	70%	65%	70%	65%	70%	65%
	700	70%	65%	70%	65%	70%	65%	70%	65%
	680	N/A	N/A	65%	60%	65%	60%	70% ¹	60%
	660	N/A	N/A	65%	N/A	65%	N/A	70% ¹	N/A
	640	N/A	N/A	65%	N/A	65%	N/A	65%	N/A
\$3,000,001 – <\$3,500,000	740	65%	60%	70%	65%	70%	65%	70%	65%
	720	65%	60%	70%	65%	70%	65%	70%	65%
	700	65%	60%	70%	60%	70%	60%	70%	60%
	680	N/A	N/A	65%	60%	65%	60%	65%	60%
	660	N/A	N/A	65%	N/A	65%	N/A	65%	N/A

¹Max 65% Rate and Term

FICO & LTV MATRIX

Foreign National DSCR Loans*

Loan Amount	Credit Score	0.75 ≥ DSCR < 1.00		1.00 ≥ DSCR < 1.15		1.15 ≥ DSCR < 1.50		DSCR ≥ 1.50	
		Purchase Rate & Term	Cash Out	Purchase Rate & Term	Cash Out	Purchase Rate & Term	Cash Out	Purchase Rate & Term	Cash Out
\$100,000 - <\$1,000,000	740	N/A	N/A	70%	65%	75%	65%	75%	65%
	720	N/A	N/A	70%	65%	75%	65%	75%	65%
	700	N/A	N/A	70%	65%	75%	65%	75%	65%
	680	N/A	N/A	70%	65%	75%	65%	75%	65%
	Foreign Credit	N/A	N/A	65%	65%	65%	65%	65%	65%
\$1,000,0001 - \$1,500,000	740	N/A	N/A	70%	65%	75%	65%	75%	65%
	720	N/A	N/A	70%	65%	75%	65%	75%	65%
	700	N/A	N/A	70%	65%	75%	65%	75%	65%
	680	N/A	N/A	70%	65%	70%	65%	70%	65%
	Foreign Credit	N/A	N/A	65%	65%	65%	65%	65%	65%
\$1,500,0001 – <\$2,000,000	740	N/A	N/A	70%	65%	75%	65%	75%	65%
	720	N/A	N/A	70%	65%	75%	65%	75%	65%
	700	N/A	N/A	70%	65%	70%	65%	70%	65%
	680	N/A	N/A	70%	65%	70%	65%	70%	65%
	Foreign Credit	N/A	N/A	65%	65%	65%	65%	65%	65%

**See Underwriting Requirements for additional Foreign National guidelines/restrictions.*

DSCR General Requirements

- All loans are Manually Underwritten
- Employment and Income are not required on the 1003
- LTV > 80% **not** allowed.
- Schedule of Real Estate Owned must be completed on the 1003
- Investment Property only
- Cash-Out must be for business purpose
- Escrows for taxes and insurance may be waived if the following requirements are met:
 - LTV < 80%
 - 720 min FICO
 - 12-months reserves required
 - Pricing adjustment may apply, see rate sheet

DSCR Underwriting Requirements

Business Purpose	<ul style="list-style-type: none"> • All borrowers will be required to sign a Business Purpose & Occupancy Statement prior to funding declaring that the property is, or will be, for commercial business or investment purpose only • Cash-out must be for business purpose only • A signed and dated LOE is required for any cash-out • Personal credit cards, installment loans, lines of credit, or any personal debt or lien cannot be paid off unless documented that funds were used for business purposes
Minimum Loan Amount	\$100,000
Maximum Loan Amount	\$3,500,000
Amortization Terms	Fixed: 15, 30 ARMs: 30 Yr. 5/6, 7/6, 10/6 (Initial Fixed Period/Subsequent Adjustment Periods) I/O: <ul style="list-style-type: none"> • 30 Yr. Fixed I/O (10 yr. I/O followed by 20 yr. amortization) • 30 Yr. I/O 5/6, 7/6 ARMs (10 yr. I/O followed by 20 yr. amortization) See Guidelines for qualifying payments for ARMs and I/O
Interest Only	<ul style="list-style-type: none"> • Standard Matrix restrictions apply • Use ITIA for Interest Only DSCR calculation
LTV	Ownership Seasoning is from closing date of prior loan as per final CD/Settlement Statement to Note Date of new loan <u>Purchase</u> <ul style="list-style-type: none"> • Use lesser of appraised value or purchase price <u>Rate and Term/No Cash-Out</u> <ul style="list-style-type: none"> • Use current appraised value <u>Cash-Out</u> <ul style="list-style-type: none"> • For DSCR properties owned > 6 months, current value may be used
Seasoning	<u>All</u> Seasoning is measured from acquisition date of property per final CD/Settlement Statement to the Note date of the new loan <u>Any Loan Purpose</u> <ul style="list-style-type: none"> • No seasoning required for properties recently acquired through inheritance or other legal process (e.g. divorce) <u>Rate and Term/No Cash-Out Refinance</u> <ul style="list-style-type: none"> ○ At least one borrower must be on title at the time of the application ○ For business entities, at least one eligible personal guarantor (see Closing in Business Entity section) must have been a member/owner of the business entity at the time of the application <u>Cash-Out</u> <ul style="list-style-type: none"> ○ If there has been a prior cash-out transaction within the past six (6) month, the loan is ineligible for cash out. ○ At least one borrower or one member/owner of the borrowing business entity must have owned the property for a minimum of 6 months as of the Application Date (from purchase acquisition date)

Debt Service Coverage Ratio (DSCR)	<p>Debt Service Coverage Ratio is the Monthly Gross Income divided by the PITIA (or ITIA for Interest Only loans) of the subject property. See the Eligibility matrix for required Debt Service Coverage Ratios.</p> <p>EXAMPLE: Single Family Purchase Money Transaction Monthly PITIA = \$650 Monthly Rent (see Rental Income Calculation section below to determine Rent) = \$850 Existing Lease Gross Rents (\$850) ÷ PITIA (\$650) = DSCR (1.30)</p>
Temporary Buydowns	<p>Not allowed</p>
Experienced and First Time Investor Definition	<ul style="list-style-type: none"> • An Experienced Investor is an individual/personal guarantor who within the last 3 years preceding the Note date of the new loan: <ul style="list-style-type: none"> ○ Has a history of owning and managing investment real estate (commercial or residential) for at least 1 year, OR ○ Has/had ownership in three or more investment real estate properties • A First Time Investor is an individual who does not meet the requirements for Experienced Investor • The following documentation may be used to document investment experience: <ul style="list-style-type: none"> ○ Property Profile report ○ Mortgage History on credit report • Other 3rd party documentation (fraud report, settlement statement, closing disclosure)
Experienced and First Time Investor Guidelines	<ul style="list-style-type: none"> • To be underwritten as an Experienced Investor, a loan file need only have one borrower who meets the definition • Cannot be a First Time Homebuyer • First Time Investors: <ul style="list-style-type: none"> ○ MIN 680 FICO ○ 0*30 < 12 primary housing history unless living rent free ○ May not be a First Time Homebuyer • Experienced Investor: <ul style="list-style-type: none"> ○ Follow standard DSCR guidelines
Reserves	<ul style="list-style-type: none"> • DSCR: <ul style="list-style-type: none"> ○ ≤ \$1.5M: 6 months ○ > \$1.5M: 9 months ○ > \$2.5M: 12 months • First Time Homebuyers: additional 6 months (may be waived case by case for borrowers with an otherwise strong credit profile) • Foreign Nationals: additional 6 months • Escrow waiver: minimum 12 months • Reserves are based on the full PITIA payment, except for Interest Only, then based on the ITIA • Assets used for income (unless a business bank statement used for bank statement income – see Asset section) or pledged as collateral may not be used for reserves • Gift funds may not be used for reserves • Cash out may be used to meet reserve requirements if: <ul style="list-style-type: none"> ○ Loan amount ≤ \$1.5M and LTV ≤ 75% (65% for Foreign National) ○ Loan amount ≥ \$1.5M and LTV ≤ 65% (60% for Foreign National)
Gift Funds	<ul style="list-style-type: none"> • Allowed with min. 10% borrower contribution
Cash-Out	<ul style="list-style-type: none"> • ≤65% LTV: \$1.5M • 65% LTV: \$750,000 <p>NOTE: Delayed Financing is not subject to these maximums and is instead limited to the cash used to acquire the property</p>
Listed for Sale	<ul style="list-style-type: none"> • Properties currently listed for sale are ineligible • Must be off the market for 6 months as of the application date, OR <ul style="list-style-type: none"> ○ Must be off the market prior to the Note date and reduce the max LTV by 10% ○ LTV reduction may be waived with a 3 yr. pre-payment penalty (when allowed) • Signed and dated letter of explanation required

<p>Eligible Property Types</p>	<ul style="list-style-type: none"> • SFR • PUD • Warrantable Condo – Max 75% • Non-Warrantable Condo – Max 70% (see guidelines for allowable characteristics) • No rural • Max 20 acres
<p>Ineligible Property Types</p>	<ul style="list-style-type: none"> • Live/Work condos • Common Interest Apartments • Co-ops • Manufactured/Mobile Homes (Modular acceptable per FNMA) • Houseboat • Geodesic Domes • Earth/Berm Home • Timeshares/Fractional Ownership • Properties under construction • Unique properties • Theme Park/Resort Properties • Properties used for cultivation, distribution, manufacture or sale of marijuana • Boarding Houses/B&B • Assisted Living/Continuing Care • Properties on Native American land • Working Farms, Ranches, Orchards (Hobby Farms allowed case by case) • Agricultural Type properties (note: agricultural zoning in areas that are primarily residential is acceptable, so long as subject does not have agricultural use) • 5+ units • Vacant Land • Land Development Properties • Properties without a full kitchen. A full kitchen must have at a minimum: <ul style="list-style-type: none"> ○ Refrigerator ○ Stove ○ Food storage and prep areas ○ Sink ○ External venting • Properties without a bathroom • See Condominium section for additional condo restrictions • Properties not readily accessible by roads that meet local standards • Properties not suitable for year-round occupancy (regardless of location) • Properties currently listed for sale • Properties less than 500 sq. ft. • Properties > 40 acres (see Lot Size section) • Condotels • Leaseholds • Short Term Rentals • Group Homes • Commercial Purposes (assisted living, day care, rehab, half-way houses) • Mixed Use • Shouse • Single Room Occupancy • Rural

<p>Rate and Term Refinance</p>	<ul style="list-style-type: none"> • A Rate and Term refinance is the refinancing of an existing mortgage for the purpose of changing the interest and/or term of a mortgage without advancing new money on the loan. Rate/term refinance may also be used to remove an obligor on the Note • The proceeds from a Rate and Term Refinance may be used to pay-off the following: <ul style="list-style-type: none"> ○ Payoff of any existing first mortgage loan and any subordinate loan used to acquire the property. ○ Payoff of 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 - at least 6 months of seasoning has occurred. ➢ HELOC, at least 6 months of seasoning has occurred, and total draws over the past 6 months are less than \$2,000. (For business purpose transactions, any draw over the life of the loan may not have been used for personal use. Business purpose transactions will require a draw history schedule, along with an attestation from the borrower, in the credit file, that none of the advances were used for personal/consumer use). Document with: <ul style="list-style-type: none"> ➢ 6-month transaction history, OR ➢ Credit supplement stating amount of draws < 6 months ○ Closing Cost and Prepayment Penalties ○ Deferred interest ○ Attorney fees on payoff demand ○ Property taxes delinquent less than 60 days ○ Payoff of Land Contract ○ Buy-out of a co-owner pursuant to a written agreement. The party acquiring ownership may not receive proceeds exceeding the incidental cash in hand. Document with: <ul style="list-style-type: none"> ➢ Court order with terms of buy-out ➢ Divorce decree with terms of the property transfer ➢ Written agreement between current owners of the property indicating terms of the property transfer ○ Cash back that is less than both 2% of the loan amount and \$5,000 • At least one borrower must be on title at the time of the application • Seasoning is from Note date to Application date • For business entities, at least one eligible personal guarantor (see Closing in Business Entity section) must have been a member/owner of the business entity at the time of the application • Use current appraised value to determine LTV • Maximum incidental cash in hand to borrower must not exceed the lesser of 2% of the loan amount or \$5000 (cash in hand may include payoff of debt) <p>Seasoning – see Seasoning (Refinance of an Existing Lien) section</p>
<p>Cash-Out Refinance</p>	<p>A cash-out transaction is a refinance that does not meet the definition of rate and term such as:</p> <ul style="list-style-type: none"> • Borrower is receiving more than the lesser of 2% of the loan amount or \$5000 cash in hand or funds for debt payoff • Pay-off of non-purchase money 2nd with < 6 months seasoning • Payoff of non-purchase money HELOC with > \$2000 in draws < 6 months • Payoff of a HELOC with draws used for non-business purposes on a business purpose loan <ul style="list-style-type: none"> ○ Cash-out refinance pay-offs/transactions may include any of the following: • Existing first mortgage payoff • Closing costs and prepaid items (interest, taxes, insurance) on the new mortgage • The amount of any subordinate mortgage liens being paid off that do not meet seasoning and draw history requirements • The amount of any non-mortgage related debt paid off through closing • Additional cash in hand reflected on the settlement statement • Delinquent property taxes (when delinquent more than 60 days, an escrow account must be established if allowed by state law) • Cash-out on a free and clear property that is not considered Delayed Financing (see Delayed Financing section) • Seasoning – See Seasoning (Refinance of an Existing Lien) section • Cash-out must be for business purpose (see DSCR section for additional detail)
<p>Age of Credit Documentation</p>	<p>Age (in calendar days) at Note date:</p> <ul style="list-style-type: none"> • Credit: 120 • Assets: 120 • Appraisal: 365 (> 120 days requires 1004D Update within 120 days) • HOA cert: 180 • Flood cert: 120 • A 10-day variance may be granted case by case to accommodate closing delays • Prelim: 120 <p>Age (in calendar days) at Application date:</p> <ul style="list-style-type: none"> ○ Assets: 45 (monthly), 90 (quarterly)

Maximum Loan Program Exposure	<p>All:</p> <ul style="list-style-type: none"> Maximum 10 properties or \$5M UPB <p>Condominiums:</p> <ul style="list-style-type: none"> Limited to the lesser of \$5,000,000 or 20% of the Units in the project
Appraisal	<ul style="list-style-type: none"> All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) All real estate appraisals must be performed according to Fannie Mae® guidelines, including Universal Appraisal Dataset (UAD) requirements (FNMA SSR required) All appraisals must comply with any requirement for higher priced mortgage loans (HPMLs), if applicable. All appraisals must comply with the Appraisal Independence Requirements The appraiser must not have a direct or indirect interest, financial or otherwise, in the property or in the transaction. Unless otherwise stated in this matrix, all Fannie Mae guidelines apply to appraisal process and value determination. Transferred Appraisals are allowed – see Appraisal Transfer Job Aid – for requirements Re-use of an Appraisal from a prior closed transaction not permitted unless Delayed Financing (see Delayed Financing section) or for a Rate and Term DSCR loan with the same borrower (cannot be a transferred Appraisal) Appraisers must be State Certified State Licensed and Trainees as sole appraiser are not permitted An unlicensed or uncertified appraiser who works as an employee or subcontractor of a certified appraiser may perform a significant amount of the appraisal if the appraisal report is signed by a certified appraiser and is acceptable under state law. A minimum of 1 Full Appraisal is required for every loan
Declining Markets	<ul style="list-style-type: none"> Declining Markets are determined by the appraisal 5% LTV reduction
Appraisal Review	<ul style="list-style-type: none"> Loan Amount <= \$2M: <ul style="list-style-type: none"> 1 Full Appraisal CU Score <= 2.5 OR Enhanced Desk Review: <ul style="list-style-type: none"> CDA from Clear Capital ARR from Stewart Valuation Intelligence fka Pro Teck ARA from Computershare CCA from Consolidated Analytics No CU Score requires CDA When CDA Required: Use Appraised Value if CDA >= 90% of Appraised Value Use CDA Value if CDA < 90% of Appraised Value If the CDA does not support the value needed to qualify, a Field Review may be ordered: The Field Review typically supersedes the CDA, however, Underwriter should consider both in evaluation If the Field Review is not within 90% of the Appraised Value, use Field Review value or a 2nd Appraisal may be ordered (follow 2 Full Appraisals section below) Loan Amount >= \$2M: 2 Full Appraisals required: <ul style="list-style-type: none"> 2nd Appraisal cannot be a transferred appraisal 2nd Appraisal must be ordered from a different company than the first Appraisal Use the lower of the 2 values <p>Only 1 1004D is required if both are “subject to,” but “subject to” items from both Appraisals must be addressed</p>
Borrowers	<ul style="list-style-type: none"> U.S. Citizens Permanent Resident Aliens Non-Permanent Resident Aliens Foreign Nationals Deferred Action for Childhood Arrivals (DACA) Asylum Grantees First-Time Investor Inter-Vivos Revocable Trust Limited partnerships, General partnerships, Corporations, LLCs (personal guarantor required) US Citizens Living Abroad <p>See Guidelines for Non-US Citizens</p>

Ineligible Borrowers	<ul style="list-style-type: none"> • Diplomatic Immunity: <ul style="list-style-type: none"> ○ 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, or passport • Politically Exposed Persons (PEP): <ul style="list-style-type: none"> ○ Someone who, through their prominent position or influence, is more susceptible to being involved in bribery or corruption. In addition, any close business associate or family member of such a person will also be deemed as being a risk. • Temporary Protected Status • First Time Homebuyers • Employees of Mortgage Company Originating the Loan
Ineligible Country of Residence	<ul style="list-style-type: none"> • Where foreign borrowers are allowed, residence in the following countries are not: <ul style="list-style-type: none"> ○ OFAC sanctioned countries: <ul style="list-style-type: none"> ▪ https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information • Countries not permitted to transact business with US Companies as determined by any US Government Authority
Foreign National Borrower	<ul style="list-style-type: none"> • Investment Property only • Borrowers with a valid SSN or ITIN must have U.S. Credit Ran to confirm if U.S. Credit is available • U.S. Credit Report is not required if not available (run Credit Report using Credit Reporting agency guidance for borrowers with no SSN to confirm no U.S. Credit. Typically ran using SSN “999-99-9999.”) • If no U.S. Credit Report is available, a Credit Report is not required • A housing history for the borrower’s primary residence is not required • Min. 6 months PITIA reserves • See Foreign National DSCR matrix for FICO/LTV eligibility • All Foreign Nationals must document a Primary Residence in their country of origin on the loan application and provide documentation to verify residency • Third party document with an address that matches the primary residence on the application (lease agreement, utility bill, financial statement)
Gift Funds	<ul style="list-style-type: none"> • Gift Funds are allowed with a 10% minimum borrower contribution • Gift Funds may not be used for reserves

Business Entity

- May vest in a single entity on an Investment Property purchased for business purposes (cannot be for a family member to live in rent-free, for example), but individual owner(s) of the Entity must qualify as the borrowers as Personal Guarantor(s) as required below
- No Loan Officer or Broker shall suggest or encourage the formation of an Entity for the purpose of obtaining a mortgage loan
- Allowable business entities are:
 - Limited Liability Company (LLC)
 - Limited Partnerships
 - Limited Liability Partnerships (LLP)
 - General Partnerships
 - C Corporations
 - S Corporations
 - Sole Proprietorship
- Layered/multi-level entities are only allowed up to two layers when there is a single Guarantor of the top entity which is 100% owner/guarantor of the bottom entity (title holder/borrower); otherwise, multi-layered entities are not allowed (e.g. LLCs whose members are a trust, an LLC owned by another LLC that does not meet the above standard, etc.).
- Business entities must be formed prior to the Application Date
- Business entities must be registered in the subject property state or, if formed in another state, hold the legal qualification required to operate in the subject property state
- Activities of the entity must be single purpose entity with a defined purpose to engage in real estate investment activities
- Entities limited to a maximum of 4 owners
- An owner is defined as a member, partner, or shareholder
- All members of the entity must be natural person members (unless meeting the layered scenario above)
- A Personal Guaranty (full recourse) is required unless a borrower signs the Note and Deed as an individual
- When required (as per above), a Personal Guaranty must be signed by at least one individual owner with $\geq 25\%$ ownership
- A loan application, credit report, income and assets are required for each Personal Guarantor; Personal Guarantors must meet program eligibility requirements
- The Personal Guarantors must sign disclosures as per how the regulatory requirement that governs the disclosures would apply to any individual borrower(s)
- Each Personal Guarantor must sign an Occupancy Affidavit at closing
- Each Personal Guarantor must sign a Business Purpose Affidavit at closing
- Personal Guarantors must sign the Deed of Trust/Mortgage, all applicable riders, the Note and all Closing Documents in their capacity as authorized signer for the entity
- If the Business Entity is the sole mortgagor, a Business Loan Rider must be executed
- The title insurance policy must provide protection regarding whether the signatories had the authority to validly execute the mortgage document

Documentation

- The following documents are required when taking title as a Business Entity:
 - Articles of Incorporation/Articles of Organization (LLC)
 - Operating Agreement (LLCs)/Bylaws, or if not required by state, an Officer's Certificate (documents must show all owners and their % ownership)
 - Evidence from the applicable Secretary of State website that confirms the entity is still active and in good standing within 30 days of the Note date
 - Federally issued ID number such as but not limited to EIN or Federal Tax ID Number

Entity documents authorizing the guarantor to execute loan documents on behalf of the entity (may be specified in the Operating Agreement) such as a Borrowing Resolution, Corporate Resolution or Borrowing Certificate

<p>Tradelines</p>	<p><u>Minimum Tradelines Not Required</u></p> <ul style="list-style-type: none"> Minimum Tradelines are not required when the Primary Wage Earner has credit scores reporting from all 3 credit bureaus (Transunion, Equifax, Experian) <p>DSCR:</p> <ul style="list-style-type: none"> Required for any borrower/guarantor that does not have credit scores reporting from all 3 credit bureaus (Transunion, Equifax, Experian) <p><u>Minimum Tradelines Required (Above Not Met)</u></p> <p>Minimum Tradelines (must have activity in the last 12 months):</p> <ul style="list-style-type: none"> 3 opened or closed for a min.12 month, OR 2 opened or closed for a min 24 months, OR 1 mortgage or installment loan opened for a min. 12 months, OR All the following: 8 tradelines, 1 must be mortgage or rental history 1 tradeline open and reporting for a min. 12 months 8 yr. established credit history Tradelines with recent serious adverse history not acceptable <p>NOTE: A mortgage not reporting on credit may be used to meet a tradeline</p> <p>Unacceptable Tradelines:</p> <ul style="list-style-type: none"> Collection accounts Charge-offs Foreclosures Deed-in-Lieu of foreclosures Short sales Pre-foreclosure Sales Accounts discharged through BK Accounts in deferment Accounts being paid through a chapter 13 Trustee Non-Traditional Credit as defined by FNMA Accounts on which borrower is not obligated <ul style="list-style-type: none"> Authorized User
<p>Credit Scores</p>	<ul style="list-style-type: none"> At least one borrower must have a valid score from at least 2 of the 3 agencies Use the middle of 3 scores or the lower of 2 scores for each borrower Use the Primary Wage Earner score for loan eligibility known as the Decision Credit Score, except for Asset Utilization/Depletion which uses the lowest score of all borrowers <p>NOTE: income may not be manipulated and/or reduced to meet eligibility or pricing requirements</p> <ul style="list-style-type: none"> When both borrowers are self-employed with equal ownership in a joint business, use the highest score among the borrowers <p>Min. Score: See matrices</p>
<p>Housing History</p>	<ul style="list-style-type: none"> The most recent 12-month history for the primary residence and subject property are required: <ul style="list-style-type: none"> 1*30 < 12 months Foreign National or First Time Investor: 0*30x12 <p>Living Rent Free (including employer paid housing):</p> <ul style="list-style-type: none"> Requires Rent Free Letter from Landlord or Employer Living rent free satisfies the housing history requirement for the period the borrower was living rent free Not allowed if subject is located within 60 miles and the borrower does not own any other rental properties within 60 miles
<p>Bankruptcy</p>	<p>DSCR:</p> <ul style="list-style-type: none"> 36 months, OR >= 24 months with restrictions: <ul style="list-style-type: none"> Purchase: Max 75% LTV Refi: Max 70% LTV <p><u>All</u></p> <ul style="list-style-type: none"> Chapter 7 and 11 seasoning is from Bankruptcy Discharge or Dismissal Date to Note Date Chapter 13 seasoning is from Bankruptcy Filing Date to Note Date and must be Discharged/Dismissed a minimum of 12 months
<p>Foreclosure</p>	<ul style="list-style-type: none"> 36 Months Seasoning from Foreclosure Completion Date to Note Date For properties surrendered in a Chapter 7 Bankruptcy, use the Bankruptcy Discharge date

Short Sale, Deed-in-Lieu, Pre-foreclosure Sale - Seasoning	<p>DSCR:</p> <ul style="list-style-type: none"> • 36 months, OR >= 24 months with restrictions: <ul style="list-style-type: none"> ○ Purchase: Max 75% LTV ○ Refi: Max 70% LTV <p>All:</p> <ul style="list-style-type: none"> • Seasoning from Event Completion date to Note Date • For Event included in a Bankruptcy, seasoning starts from earlier of the Bankruptcy Discharge or Event Completion date
Judgments	<ul style="list-style-type: none"> • All judgments affecting title must be paid off • Court ordered judgments not on title may be excluded if the borrower is currently in a repayment agreement with the creditor: <ul style="list-style-type: none"> ○ A minimum of 3 months has elapsed, and timely payments have been made, AND <p>The payment is included in the DTI ratio</p>
CCCS	<p>The monthly CCCS plan must be included in the DTI ratio</p>
Liens	<ul style="list-style-type: none"> • All liens affecting title must be paid • All income tax liens (federal, state, local) must be paid off at or prior to closing, unless: <ul style="list-style-type: none"> ○ The borrower is on a payment plan, AND ○ A minimum 2 payments have been made, AND ○ The account is current, AND ○ The monthly payment is included in the DTI ratio ○ Document with a copy of the Plan and payment history from lien holder, cancelled checks, or bank records to show payments made <p>Refinance transactions require subordination agreement from the taxing authority and the balance must be included in the CLTV</p>
Collections/Charge-offs	<p>Collections and charge-offs may remain open so long as no impact to title</p>
Rental Income	<ul style="list-style-type: none"> • Rental income from an ADU may not be used • Short Term rentals now allowed • Vacant Properties: <ul style="list-style-type: none"> ○ Refinance: Lesser of Max 70% LTV/CLTV or per matrix ○ Purchase: No LTV restriction <p><u>Documentation</u></p> <p><i>Purchase:</i></p> <ul style="list-style-type: none"> • Form 1007 or Form 1025 Market Rents reflecting long term rents, AND • If current tenants will remain in the property per purchase contract, 1007 or 1025 must reflect the current monthly rent <p><i>Refinance:</i> (See income calculation section for Method 1 vs. Method 2 difference)</p> <p>Method 1:</p> <ul style="list-style-type: none"> • Form 1007 or Form 1025 Market Rents reflecting long term rents, AND • Lease Agreement, AND • If the Lease Agreement has converted to month-to-month, then provide the most recent two (2) months proof of receipt to evidence continuance of lease or must be treated as vacant <p>Method 2:</p> <ul style="list-style-type: none"> • Form 1007 or Form 1025 Market Rents reflecting long term rents, AND • Lease Agreement, AND • Most recent two (2) months proof of receipt <p><u>Calculation</u> (See Documentation Section for Method 1 vs. Method 2 difference)</p> <ul style="list-style-type: none"> • Purchase or Refinance Method 1 Rent Determination: <ul style="list-style-type: none"> ○ Lesser of Lease Agreement or 1007/1025 Rents • Method 2 Rent Determination: <ul style="list-style-type: none"> ○ Lesser of Lease Agreement or 120% of the 1007/1025 Rents, OR ○ Lesser of 1007/1025 Rents or 120% of the Lease Agreement • DSCR Calculation: Rent / PITIA (or ITIA for interest only loans)
Short-Term Rentals	<ul style="list-style-type: none"> • Not Allowed

<p>Asset Documentation</p>	<ul style="list-style-type: none"> • Provide the most recent 1-month statement or most recent available quarterly statement • Statement must be dated within 120 days of the Note date • Account Statements must provide the following information: <ul style="list-style-type: none"> ○ Name of the financial institution ○ Reflect borrower as the account holder ○ Account number ○ Statement date ○ Time period covered by the statement • Available balance in US dollar denomination (for banks outside the US, see foreign assets) • Explanation and/or documentation for large deposits not required • Use 100% of balance of depository, retirement and investment accounts (stocks, bonds, etc.)
<p>Prepayment Penalties</p>	<ul style="list-style-type: none"> • 0-5 yr. pre-payment penalties available • Not allowed in AK, KS, MI, MN, NM, OH, RI • Not allowed on loans vested to individuals in IL and NJ • Not allowed on loan amounts < \$278,204 in PA • Only declining structures are allowed in MS