

NQM S5 – FULL AND ALT DOCUMENTATION ²					
		Purchase and Rate & Term Refinance		Cash-Out Refinance	
Occupancy	Maximum Loan Amount	Minimum Credit Score	Maximum LTV/CLTV	Minimum Credit Score	Maximum LTV/CLTV
Primary Residence	\$2,500,000	620	80%	620	75%
	\$3,000,000	680	90%	680	85%
	\$3,000,000	640	85%	640	80%
	\$3,500,000 ¹	760	70%	N/A	N/A
Second Home	\$2,500,000	620	80%	620	75%
	\$3,000,000	680	90%	680	85%
	\$3,000,000	640	85%	640	80%
Investment	\$2,500,000	620	70%	620	65%
	\$3,000,000	680	80%	680	75%
	\$3,000,000	640	75%	640	70%
¹ 2-Year full documentation only					
² 12 months P&L max 80% LTV/CLTV					
Additional Requirements					
Minimum Loan Amount	">\$100,000				
Interest Only	Reduce maximum LTV/CLTV 5%				
Maximum Cash-Out	\$1,000,000				
Maximum DTI	50%				
Declining Markets	Reduce maximum LTV/CLTV by 10% for any property located in an area of declining value as reported by the appraiser.				
Borrower Eligibility	Maximum exposure: 10 loans or \$5,000,000 per borrower/guarantor				
	Eligible		Ineligible		
	<ul style="list-style-type: none"> US Citizens 		<ul style="list-style-type: none"> Irrevocable Trusts 		
	<ul style="list-style-type: none"> Permanent Resident Aliens 		<ul style="list-style-type: none"> Illinois Land Trusts 		
	<ul style="list-style-type: none"> Non-Permanent Resident Aliens with a lawful residency 		<ul style="list-style-type: none"> Borrowers with diplomatic immunity or otherwise excluded from United States jurisdiction 		
	<ul style="list-style-type: none"> Revocable Trust First Time Homebuyer 		<ul style="list-style-type: none"> Borrowers less than 18 years old 		
	<ul style="list-style-type: none"> Non-Occupant Co-Borrowers 		<ul style="list-style-type: none"> ITIN / Foreign Nationals 		
<ul style="list-style-type: none"> US Based LLC, Partnerships, and Corporations allowed on investment properties held for business purposes only 		<ul style="list-style-type: none"> Borrowers who are party to a lawsuit are not eligible for cash out transactions. 			
Non-Occupant Co-borrowers	<ul style="list-style-type: none"> Occupying borrowers must demonstrate sole financial capacity for the mortgage by not exceeding a 43% DTI 1-unit Primary Residence for the occupying borrower. A family member or other similar long-standing relationship to the borrower. Sign the Note Meet the minimum credit history and score requirement 				
First Time Homebuyer	<ul style="list-style-type: none"> Not permitted for Interest Only Not permitted for Investment Transactions 				
Age of Document	<ul style="list-style-type: none"> Unless otherwise indicated, all documentation is required to be within 120 days at time of closing 				
Minimum Credit Requirements	<p>Each borrower must have an established credit history, and the following must appear on the credit report:</p> <ul style="list-style-type: none"> A minimum of 3 trade lines with 24 months history or more At least 1 of these must be opened/active for at least 12 months. Authorized user accounts will be considered as credit reference. Documented VOR may be count as a tradeline 				

	<ul style="list-style-type: none"> On Full documentation loans, DU/LPA approval can be utilized in lieu of the tradeline requirements above 	
Mortgage/Rental History	<p>12-month housing history on the subject property, primary residence and all additional financed properties with 0x30 and current to/through the month of closing.</p> <ul style="list-style-type: none"> A 12-month mortgage rating is required. If it is a private mortgage, a 12-month bank statements or cancelled checks will be required. A 12-month VOR through professional management or a 12-month cancelled checks. Forbearance, or repayment, for any financed property must be completed with all related financial obligations satisfactorily met and at least 3 consecutive timely payments made as of the application date of the new loan. 	
Credit Events	BK, Foreclosure, NOD, DIL, Short Sales	<ul style="list-style-type: none"> 2 years must have elapsed from completion date to application date If multiple events, at least 7 years have elapsed since the last event
	Collections, Charge-Offs, Judgments & Liens	<ul style="list-style-type: none"> Any delinquent that will impact title must be paid prior to or at closing
		<ul style="list-style-type: none"> Non-medical collection, judgment, charge off that are not title impact are not required to be paid if the total sum is < \$5,000. When total exceeds \$5000, all must be paid in entirety and all past due accounts brought current.
	Delinquent Credit belonging to an Ex-spouse	<ul style="list-style-type: none"> Copy of the final divorce decree or separation agreement which shows the derogatory accounts belong solely to the ex-spouse
		<ul style="list-style-type: none"> Late payments occurred after the date of the final divorce/separation agreement. If debt is a mortgage, evidence of title transfer PRIOR to any delinquent must be provided & evidence of buyout as part of court proceedings.
	Delinquent Credit belonging to Co-Signer	<ul style="list-style-type: none"> Delinquent credit belongs to a co-signer must be considered when evaluating the loan.
Multiple Financed Properties	<ul style="list-style-type: none"> A written explanation is required for all significant derogatory information. If subject is a primary residence – defer to FNMA If subject is a second home or investment – no more than 10 financed properties including subject property. 	
Ineligible Transaction	Blanket Loans	<ul style="list-style-type: none"> Lease Purchase Option
	Bridge Loans on subject property	<ul style="list-style-type: none"> Loans with Shared Appreciation 2nd liens
	Builder/Seller Bailout	<ul style="list-style-type: none"> Model Home Lease Back
	Foreclosure Bailout	<ul style="list-style-type: none"> Refinancing a subsidized loan including Habitat for Humanity, USDA, FHA w/recapture or any City/County Grant
Property Types	Eligible	Ineligible
	<ul style="list-style-type: none"> 1-4 unit owner-occupied & investment Properties PUD 1 unit with ADU. 	<ul style="list-style-type: none"> Modular / Manufactured Homes Geodesic/Dome Homes Earth/Berm Homes Co-op

	<ul style="list-style-type: none"> • 1 unit second homes • All FNMA warrantable condominium • Maximum 20 acres • Leaseholds that meet FNMA guidelines • Rural property • Age-related deed restricted property 	<ul style="list-style-type: none"> • Log Homes • Condomotels or Condo Hotels • Condominium Conversions • Non-Warrantable Condominiums • Timeshares • Unique Properties • Mixed Use Properties • Commercial/Commercially Zoned Properties • Properties Greater than 20 Acres • Properties with less than 600 Square Feet • Farms/Working farms • Primary residence and second homes located in the state of New York (investment properties held for business purposes are allowed) • Properties located in the state of North Dakota , Puerto Rico, Guam and US Virgin Islands • Corporate Properties • Properties with Environmental Hazards • Dwellings with >4 Units • Rooming/Boarding Houses • Properties Purchased through Auctions • Raw Land • Properties with Lagoons/Cesspools • Properties designated by the government as places of worship • Escrow Holdback not allowed. Any inadequacies determined by the appraisal must be remediated prior to closing. • Properties located in Lava Zones • Properties located on Indian/Tribal Land
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • One full appraisal is required on all loans. • Two full appraisals are required for loan amounts >\$2,000,000 and loans subject to 12 C.F.R. § 1026.35 of Regulation Z. The lower of the two (2) appraised values will be used to determine the LTV/CLTV/HCLTV, unless the sales price is lower than both appraisals (in which case the sales price will be used to determine loan to value). Appraisals must be completed by two (2) different, independent appraisers. • Appraisals transfer or assigned from another lender are acceptable. • CDA is required when the FNMA CU score is > 2.5 and file does not include two appraisals • 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; however, the seller has the option to order a Field Review to support value. If the field review also produces a value in excess of a 10% negative variance to the appraised value, then the loan remains not eligible for purchase. 	
<p>Land to Value</p>	<p>Acres and land value must be typical and common for the subject's market. Maximum acreage permitted is 20 acres. Special consideration must be taken for properties with land values that exceed 35% of the total property value to ensure the value is justified and the</p>	

	property has marketability. The appraisal report must provide data which indicates like-size properties with similar land values are typical and common in the subject's market area.
Rate & Term Refinance	<ul style="list-style-type: none"> • Max cash to borrower may not exceed \$5,000 • Property listed for the sale in the last 6 months is not eligible. • Property owned free & clear is not eligible • Buyout an owner's interest is permitted, follow FNMA guidelines
Cash-Out Refinance	<ul style="list-style-type: none"> • Borrower received more than \$5,000 cash back will be considered a cash-out transaction. • A minimum of 6 months must have elapsed since the most recent mortgage transaction on the subject property from existing Note date to proposed Note date. • Financing of a free & clear property • Maximum amount of cashout for a cash-out transaction is \$1,000,000 • TX50(a)(6) must comply with Article 16, Section 50 of the TX Constitution. • Borrower(s) cannot be party to lawsuit/pending litigation
Continuity of Obligation for all Refinance transaction	<ul style="list-style-type: none"> • At least 1 borrower obligated to a new loan was also on the existing loan that is being refinanced. • Borrower has been on title for at least 6 months and has either paid the mortgage for last 6 months or can demonstrate a relationship (parent, spouse, domestic partner, sibling) with current obligor. • Borrower has recently inherited or was legally awarded the property. • The existing loan being refinanced and title has been held in the name of a natural person or a LLC as long as the borrower was a member of the LLC prior to transfer. The loan must have been transferred out of LLC prior to application. • Transfer of ownership from a corporation to an individual <u>does not</u> meet Continuity of Obligation.
Delayed Financing	<ul style="list-style-type: none"> • Subject property last purchase transaction is within 6 months (measured from date of purchase to disbursement date of new loan) • The original purchase transaction was an arms-length transaction • Borrower initially purchased the property must be one of the following: <ul style="list-style-type: none"> ○ A natural person, an eligible inter-vivos revocable trust, when the borrower is both the individual establishing the trust & the beneficiary of the trust. ○ An eligible land trust when the borrower is the beneficiary of the land trust or an LLC/partnership in which the borrower has an individual or joint ownership of 100%. • Final Closing Disclosure to confirm no mortgage financing was used and provide source of funds for the purchase transaction. • Prelim must not reflect any existing liens. • Document source of funds used for purchase transaction • New loan amount can be no more than the actual documented amount of borrower's initial investment to purchase the property plus the financing of all closing costs for the new mortgage. Subject to the max LTV/CLTV/HCLTV for the transaction using current appraised value. • Cash-out pricing is applicable
Subordinating Financing	<ul style="list-style-type: none"> • A fully executed copy of the subordination agreement verifying our lien is in first lien position. • The subordinate financing was provided by a financial institution. • Copy of the note is provided and reviewed to ensure terms are consistent with other requirements of program guides • Property was not listed for the last 6 months from the date of the initial URLA
Income documentation	
Full Documentation	<p>Wage Earner:</p> <ul style="list-style-type: none"> • 2 years verified income and employment history – YTD Paystubs, 2 yr W2s, WVOE • Borrower must sign IRS Form 4506c/8821 • Verbal Verification of employment within 10 calendar days of closing

	<p>Self Employed:</p> <ul style="list-style-type: none"> • 2 years personal and business tax returns • YTD P&L and balance sheet • Borrower must sign IRS Form 4506c/8821 for Personal and Business Returns • Transcripts required for Personal Returns • Verify the existence of borrower’s business within 120 calendar days prior to note date
Alt Documentation	<p>1 Yr Documentation:</p> <ul style="list-style-type: none"> • Same as 2 yr documentation with only 1 yr income verification required. 2 years of employment history is still required. <p>Bank Statement:</p> <ul style="list-style-type: none"> • 12- or 24-months consecutive bank statements (business or personal statements allowed, must be from US Based Bank) • Borrower must be at least 25% owner • Business narrative • Max 3 NSF’s in most current 12 months or 6 in most current 24 months. Explanation LOE is required. • Verify the existence of borrower’s business within 120 calendar days prior to note date <p>P&L:</p> <ul style="list-style-type: none"> • 12-month P&L by licensed tax preparer • 2 months most recent business bank statements • Verify business has been in existence for at least 2 years and that borrower owns at least 50% ownership. • Verify the existence of borrower’s business within 10 calendar days prior to note date • Max 80% LTV/CLTV <p>1099:</p> <ul style="list-style-type: none"> • Verify 2-year history of earning 1099 income • Income sources are required to be from same industry for borrower’s earnings 100% commission or for independent contractors. • 1 or 2 yr of 1099s are permitted • 4506C/8821 required with transcript for 1099s. 1099s must be issued to individual and not an entity. • YTD documentation of receipt of 1099 income via YTD paystub or bank statements. • Verbal Verification of employment within 10 calendar days of closing <p>Asset Depletion:</p> <ul style="list-style-type: none"> • Assets must be held in borrower’s name, including trust accounts. Business assets are not permitted. • Assets must be in US Based Banking Institutions • Can be combined with other sources of income except Bank Statement Program. • Assets must be documented with 90 days of bank statements dated within 60 days of the note date
Assets	
Eligible	Ineligible
<ul style="list-style-type: none"> • Checking/Savings • Money Market/Certificate of deposit 	<ul style="list-style-type: none"> • Cash-on-hand • Cryptocurrency

<ul style="list-style-type: none"> • Gift or grant which does not have a repayment • Loan Proceeds from secured asset • Liquidation of stock, retirement account, CD • Proceeds from sale of real estate 	<ul style="list-style-type: none"> • Gift from seller-funded programs • Gift funds which require a repayment • Personal unsecured loans • Shared Appreciation second liens
<ul style="list-style-type: none"> • Funds from a business account (if the Borrower is the sole owner of the company or the other owner is the non-borrowing spouse and the company's CPA or licensed tax preparer provides a statement indicating withdrawal of the funds will not negatively impact the business or meets FNMA guidance for cash flow analysis) may be used for down payment and closing costs. 	<ul style="list-style-type: none"> • Sweat Equity
<ul style="list-style-type: none"> • Any payment received as a result of being a party to the sales transaction (i.e., real estate sales commission) after Borrower has met the minimum down payment requirement. 	
<p>Funds for the closing & reserves may be verified by any of the following:</p> <ul style="list-style-type: none"> • 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 (2) months. • One month checking and/or savings account statements with beginning and ending balance. • One (1) quarterly account statement. <p>Funds held jointly with a non-borrowing spouse are considered the Borrower's funds. Funds held jointly with any other non-borrowing person may be considered if joint account holder is also a title holder on the subject property or a written verification of deposit or an access letter is provided showing the Borrower has authorized access to all funds as though they solely belong to the Borrower.</p>	
Minimum Reserves	<ul style="list-style-type: none"> • Loan Amount ≤ \$500,000: 3 months PITIA • Loan Amount > \$500,000 and ≤ \$1,000,000: 6 months PITIA • Loan Amount > \$1,000,000 and ≤ \$2,000,000: 9 months PITIA • Loan Amount > \$2,000,000 and ≤ \$3,000,000: 12 months PITIA • Loan Amount > \$3,000,000: 18 months PITIA
Downpayment	<ul style="list-style-type: none"> • A minimum of 3% of the purchase price must come from the borrower's own funds.
Chain of Title	<ul style="list-style-type: none"> • All transactions require a minimum 12-month chain of title. • For purchase transactions seller must have taken title to the subject property a minimum of 90 days prior to date sales contract executed.
IPC	<ul style="list-style-type: none"> • Maximum third-party concessions (as a percentage of the purchase price) are equal to 6% for LTVs of 80% and less; 3% for LTVs greater than 80%.