

P&L Plus and VOE Plus

PL Plus Program Code: PL Plus -30, -7/6, -5/6, -30 IO, -40 IO, -7/6 IO, -7/6 IO-40, -5/6 IO, -5/6 IO-40

VOE Plus Program Code: VOE Plus -30, -7/6, -5/6, -30 IO, -40 IO, -7/6 IO, -7/6 IO-40, -5/6 IO, -5/6 IO-40

FICO	Loan Amt	Max CLTV			
		Purchase & R/T		Cash-Out	
		Primary	2 nd Home/ Investment	Primary	2 nd Home/ Investment
740+	≤ 1M	80%	80%	80%	75%
	≤ 1.5M	80%	80%	75%	75%
	≤ 2M	80%	80%	75%	70%
	≤ 2.5M	80%	75%	70%	65%
	≤ 3M	75%	70%	65%	60%
720-739	≤ 1M	80%	80%	75%	75%
	≤ 1.5M	80%	80%	75%	75%
	≤ 2M	80%	80%	70%	70%
	≤ 2.5M	80%	75%	70%	65%
	≤ 3M	75%	70%	65%*	60%*
700-719	≤ 1M	80%	80%	75%	75%
	≤ 1.5M	80%	80%	75%	70%
	≤ 2M	80%	80%	70%	70%
	≤ 2.5M	75%	75%	65%	65%*
	≤ 3M	70%	70%*	60%*	60%*
680-699	≤ 1M	80%	80%	70%	70%
	≤ 1.5M	80%	80%	70%	70%
	≤ 2M	75%	75%	65%	65%*
	≤ 2.5M	70%	70%	60%	NA
660-679	≤ 1M	80%	80%	70%	70%
	≤ 1.5M	75%	75%	70%	65%
	≤ 2M	75%	70%	60%	60%*
	≤ 2.5M	70%*	65%*	NA	NA
<ul style="list-style-type: none"> ▪ Rural Property Max LTV/CLTV: 75% for Primary, 70% for Second Home, No Cash-Out Allowed ▪ Interest Only Min FICO 700 ▪ If loan has credit event (BK/FC/SS/DIL/Mod (due to Default)/NOD/Lis Pendens/ & 120+ days delinquent between 36-48 Mo, 1x30x12, 0x60x24) or reduced reserve, additional restrictions will apply: <ul style="list-style-type: none"> ○ 5% LTV/CLTV reduction (* Not available) ○ Max DTI 50% ○ LTV/CLTV > 60%: Max Cash-out \$500,000 ○ Non-Warrantable Condo max LTV/CLTV 75% 					

General Requirements						
DTI	<ul style="list-style-type: none">▪ 50.01 - 55%<ul style="list-style-type: none">○ Min FICO 700○ Primary Residence Only○ No First Time Home Buyer○ Standard Reserve Only○ No Credit Event▪ 50%					
Occupancy	<ul style="list-style-type: none">▪ Primary<ul style="list-style-type: none">○ A primary residence is a property that the Borrower(s) currently resides in (refinance) or intends to occupy (within sixty (60) days) as his or her principal residence○ 1–2 Unit properties: Eligible○ 3–4 Unit properties: May be eligible case-by-case basis.○ Borrower May Not own an additional single-family residence of equal or greater value than subject property▪ Second Home<ul style="list-style-type: none">○ A property is considered a second home when it meets all the following requirements:<ul style="list-style-type: none">▪ Must be located a reasonable distance away from the Borrower(s) principal residence▪ Must be occupied by the Borrower(s) for some portion of the year▪ Is restricted to a one-unit dwelling▪ Must be suitable for year-round occupancy▪ The Borrower(s) must have exclusive control over the property▪ Investment<ul style="list-style-type: none">○ Occupancy designation for an income producing property where the Borrower does not occupy the subject property○ Rural properties not permitted					
Product Type		Product	Term	Amortization Term	I/O Term	Qualifying Rate
		40-Yr Fixed IO	40 yr	30 yr	10 yr	Note Rate
		30-Yr Fixed	30 yr	30 yr	NA	
		30-Yr Fixed IO	30 yr	20 yr	10 yr	
		7/6 ARM	30 yr	30 yr	NA	Higher of Fully Indexed or Note Rate
		7/6 ARM IO	30 yr	20 yr	10 yr	
		7/6 ARM IO-40Yr Term	40 yr	30 yr	10 yr	
		5/6 ARM	30 yr	30 yr	NA	
		5/6 ARM IO	30 yr	20 yr	10 yr	
		5/6 ARM IO-40Yr Term	40 yr	30 yr	10 yr	
Loan Purpose	<ul style="list-style-type: none">▪ Purchase<ul style="list-style-type: none">○ Sellers must have owned the property more than 12 months.○ Otherwise, the transaction is subject to review as a flip transaction (See flip transaction guide below)					

Loan Purpose-Continued	<ul style="list-style-type: none"> ▪ Rate/Term <ul style="list-style-type: none"> ○ A Rate / Term Refinance transaction is when the new loan amount is limited to the payoff of a present mortgage for the purpose of changing the interest rate and/or term of mortgage only with no additional cash or advancing of new money on the loan unless it is below the limited cash out amount. ○ A seasoned non-first lien mortgage is (1) a purchase money mortgage or (2) a closed end or HELOC mortgage that has been in place for more than twelve (12) months and/or not having any draws greater than \$2,000 in the past twelve (12) months ○ Current appraised value to be used. No more seasoning restrictions ○ Limited cash to the Borrower must not exceed the lesser of \$5,000 or 2% of the principal amount of the new mortgage to be considered a Rate / Term refinance ○ Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance ▪ Cash-Out <ul style="list-style-type: none"> ○ To be eligible for a Cash-Out Refinance the Borrower must have owned the property for a minimum of six (6) months prior to the note date ○ Properties listed for sale by the Borrower within the last twelve (12) months are not eligible ○ If the property is owned less than twelve (12) months but greater than six (6) months at the time of note date, the maximum LTV / CLTV will be based on the lesser of the original purchase price plus fully documented improvements such as invoices and / or confirmed by the appraiser, or current appraised value. The prior settlement statement will be required for proof of purchase price ○ Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance
Loan Amount	<ul style="list-style-type: none"> ▪ Min: \$150,000 ▪ Max: \$3,000,000
Max Cash-Out Limit	<ul style="list-style-type: none"> ▪ LTV/CLTV > 60%: Max Cash-out \$750,000 (No Credit Event Standard Reserve) ▪ LTV/CLTV ≤ 60%: Unlimited Cash-out
Property Type	<ul style="list-style-type: none"> ▪ Single Family ▪ 2-4 Units ▪ Condo (Full Review Required) ▪ Non-Warrantable Condo (Full Review Required)
Rural Property	<ul style="list-style-type: none"> ▪ Primary(Max LTV/CLTV: 75%) ▪ Second home(Max LTV/CLTV: 70%) ▪ No Cash-Out
State Restrictions	<ul style="list-style-type: none"> ▪ FL Condo: Up to 7 stories. No High Rise Condo (8+)
Appraisals	<ul style="list-style-type: none"> ▪ FNMA Form 1004, 1025, 1073 with interior / exterior inspection ▪ Form 1007 Schedule of Rents is required for all Non-Owner-Occupied loans ▪ Appraisals with condition or quality ratings of C5 or C6 not allowed ▪ 2nd Appraisal required for loans > \$2,000,000 or HPML flip transactions as defined by the CFPB ▪ Original appraisals are valid for 120 days from the note date. Any appraisal dated greater than 120 days will require a recertification of value completed by the original licensed appraiser and is good for an additional 120 days. If the loan

Appraisals-continued	does not close within the initial recertification, then another update may be obtained but the original appraisal must be dated within 12 months of the note
Appraisal Review	<ul style="list-style-type: none"> ▪ Collateral Underwriter (CU) as a secondary valuation if the score is <=2.5 ▪ CDA if the score is > 2.5
Ineligible Property Type	<ul style="list-style-type: none"> ▪ Manufactured Homes ▪ Log Homes ▪ Condotels ▪ Living/Work Condos ▪ Working Farm ▪ Zoning violation ▪ Mixed Use ▪ Boarding Houses ▪ Group Homes ▪ Timeshares ▪ Homes on Native American Land (Reservations) ▪ Unique Properties/Geodesic Domes ▪ Assisted Living/Continuing Care Facilities ▪ Properties Under Construction ▪ Mandatory Country Club Memberships ▪ C5 or C6 Property Condition Grades ▪ Properties used for the cultivation, distribution, manufacture, or sale of Marijuana ▪ Unpermitted Additions
Escrow Impound	<ul style="list-style-type: none"> ▪ Allowed. Mandatory Impound for HPML (High Price Mortgage Loan)
Prepayment Penalty	<ul style="list-style-type: none"> ▪ Investment Properties only ▪ Prepayment periods up to 5-years eligible, see rate sheet ▪ Six months of interest on prepayments that exceed 20% of the original principal balance in a given 12-month time period
Document Age	<ul style="list-style-type: none"> ▪ Ninety (90) days prior to the note date
General Underwriting Guidelines	
Credit Score	<ul style="list-style-type: none"> ▪ Middle of 3 scores or lower of 2
Tradelines	<ul style="list-style-type: none"> ▪ Each Borrower's credit profile must include a minimum of two (2) trade lines within the last twenty-four (24) months that show a twelve (12) month history, or a combined credit profile between Borrower and co-Borrower with a minimum of three (3) tradelines ▪ Accounts can be open or closed ▪ Authorized user accounts must be used to calculate DTI but will not be included in the number of tradelines ▪ Tradeline with any derogatory history within twenty-four (24) months cannot be included in the minimum tradeline count ▪ If the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived
Housing History	<ul style="list-style-type: none"> ▪ 0x30x12 and 0x60x24
Housing Event Seasoning	<ul style="list-style-type: none"> ▪ BK/FC/SS/DIL/Mod (due to Default)/NOD/Lis Pendens/ & 120+ days delinquent > 48 Mo
Reserves	<ul style="list-style-type: none"> ▪ Loan Amount ≤ 1,000,000 <ul style="list-style-type: none"> ○ Standard: 6 Months

Reserves-Continued	<ul style="list-style-type: none"> ○ Reduced: 3 Months ▪ Loan Amount ≤ 2,000,000 <ul style="list-style-type: none"> ○ Standard: 9 Months ○ Reduced: 6 Months ▪ Loan Amount ≤ 3,000,000 <ul style="list-style-type: none"> ○ Standard: 12 Months ○ Reduced: 9 Months ▪ Reduced Reserve option available with price adjustment. See additional restriction below: <ul style="list-style-type: none"> ○ Cash out may be used to satisfy requirement ○ Must be own fund ○ Additional Financed Properties: 2 Months incremental PITIA per financed property
Restriction	<ul style="list-style-type: none"> ▪ If loan has credit event (BK/FC/SS/DIL/Mod (due to Default)/NOD/Lis Pendens/ & 120+ days delinquent between 36-48 Mo, 1x30x12, 0x60x24) or reduced reserve, additional restrictions will apply: <ul style="list-style-type: none"> ○ 5% LTV/CLTV reduction (* Not available) ○ Max DTI 50% ○ LTV/CLTV > 60%: Max Cash-out \$500,000 ○ Non-Warrantable Condo max LTV/CLTV 75%
Assets Requirements	<ul style="list-style-type: none"> ▪ 1 month bank statement or VOD with 30-day average ▪ Any large deposit must be sourced
Asset Source	<ul style="list-style-type: none"> ▪ Eligible <ul style="list-style-type: none"> ○ Business accounts may only be used to meet down payment and/or reserve requirements if the Borrower(s) are 50% owners of the business and requires A letter from the accountant for business ○ Publicly traded Stocks / Bonds / Mutual Funds – 100% may be used for reserves ○ Vested Retirement Accounts – 100% may be considered for reserves ○ Bitcoin or other forms of cryptocurrency are permitted for both funds to close and reserves provided the cryptocurrency has been converted or liquidated to cash. Seasoning requirements not applicable given liquidation ○ Life insurance policy current cash value or loan against the cash value may be used for down payment, closing costs or reserves ○ Foreign assets are acceptable and must be sixty (60) days seasoned with two (2) most recent bank statements. A currency calculation must be provided. Foreign assets from OFAC restricted countries are not allowed. ○ 1031 administrator / agent or permitted for down payment and closing costs ▪ Ineligible <ul style="list-style-type: none"> ○ Assets being used for dividend and interest income may not be used to meet reserve requirements ○ Gift of Equity is not allowed ○ Rent credits not permitted ○ Restricted stock is ineligible for to be used for reserves ○ Sale of Personal Assets ○ Employer assistance
Gift Funds	<ul style="list-style-type: none"> ▪ Gift funds cannot be counted towards reserves ▪ Purchase transactions only ▪ LTV/CLTV < 75%: 100% gift allowed for down payment ▪ LTV/CLTV ≥ 75%: Min 5% contribution

	<ul style="list-style-type: none"> ▪ Gift funds not permitted on Second Home > 80% LTV / CLTV
Self Employed Income	<ul style="list-style-type: none"> ▪ 12 Mo CPA/EA/CTEC prepared Profit & Loss Statement <ul style="list-style-type: none"> ○ Qualifying income is the net income from the P&L divided by 12 months ○ Expenses on the P&L must be reasonable for the industry ○ P&L end date must be less than sixty (60) days old from note date ▪ CPA/EA/CTEC must attest they have prepared the borrower's most recent tax return & borrower has minimum 50% ownership and CPA/EA/CTEC letter must verify minimum 2 years of existence of business. <ul style="list-style-type: none"> ○ Must be signed by a CPA/EA/CTEC ▪ Borrower narrative on nature of business required ▪ Internet search of the business is required to support the existence of the business ▪ Employment information on the loan application and borrower's credit report must be consistent ▪ Verification of business existence and that the business is fully operational/active required within ten (10) calendar days of closing
Wage Earner Income	<ul style="list-style-type: none"> ▪ FNMA Form 1005 (WVOE) must be completed by Human Resources, Payroll Department, or an Officer of the Company ▪ Two (2) years history of employment in same industry and 1-year continuous employment at current job ▪ Employed by a family member or related individuals are not eligible for qualification ▪ Must have a twenty-four (24) month history of wage earnings/salary ▪ Verbal Verification of Employment (VVOE) must be performed within ten (10) calendar days prior to the Closing ▪ Employment verification documentation must be consistent with information on Borrower's credit report
Rental Income	<ul style="list-style-type: none"> ▪ Must document ownership percentage to correlate with amount of income allowed; full PITIA must be included in DTI ratio. ▪ Fully Executed Lease agreement if Refinance transaction ▪ Two (2) months cancelled checks to show proof of rental payments, or if subject is recently rented, a copy of two of the following will be acceptable (first month's rent, last month's rent, security deposit, 75% utilized for qualifying income) ▪ Evidence that rent is market rate (free online source is permitted) ▪ If existing lease from seller is transferring to borrower, the lease that predates the mortgage could have a superior claim to the mortgage. The seller is responsible for ensuring clear title and first lien enforceability ▪ Departing residence positive rental income cannot be used to qualify. Departing residence PITIA/ITIA can be offset by 75% of projected net rental income, a copy of two of the following will be acceptable (first month's rent, last month's rent, security deposit). Departing residence rental that produces a loss must be included in DTI
Continuity Obligation	<ul style="list-style-type: none"> ▪ Continuity of obligation occurs on a refinance transaction when at least one of the Borrower(s) (or members of the LLC) on the existing mortgage is also a Borrower / LLC on the new refinance transaction secured by the subject property

Continuity Obligation- Continued	<ul style="list-style-type: none"> ▪ When an existing Mortgage will be satisfied as a result of a refinance transaction, the following requirements must be met: <ul style="list-style-type: none"> ○ At least one Borrower on the refinance mortgage held title to for the most recent six-month period and the mortgage file contains documentation evidencing that the Borrower has been making timely mortgage payments, including the payments for any secondary financing, for the most recent six-month period ○ At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation, or dissolution of a domestic partnership; 6 months cash-out and rate/term seasoning not applicable in these cases.
Subordinate Financing	<ul style="list-style-type: none"> ▪ New subordinate financing (institutional) allowed for purchase transactions only ▪ Primary residences only ▪ If a HELOC is present the LTV / CLTV must be calculated by dividing the sum of the original loan amount of the first mortgage, the line amount of the HELOC (whether or not there have been any draws), and the unpaid principal balance of all other subordinate financing by the lower of the property's sales price or appraised value ▪ All subordinate loan obligations must be considered, verified, and considered when calculating the Borrower's DTI ▪ If the subordinate financing is a HELOC secured by the subject property, monthly payments equal to the minimum payment required under the HELOC terms considering all draws made on or before closing of the subject transaction ▪ Existing subordination is permitted on refinances
Flip Transactions	<ul style="list-style-type: none"> ▪ When the subject property is being resold within three hundred sixty-five (365) days of its acquisition by the seller and the sales price has increased more than ten (10%), the transaction is considered a "flip". To determine the three hundred sixty-five (365) day period, the acquisition date (the day the seller became the legal owner of the property) and the purchase date (the day both parties executed the purchase agreement) should be used <ul style="list-style-type: none"> ○ Must be arm's length (the property was marketed openly and fairly through a multiple listing service) with no identity of interest between the buyer and property seller or other parties participating in the sales transaction ○ No pattern of previous flipping activity may exist in the last twelve (12) months. <ul style="list-style-type: none"> ▪ Exclude transaction: ownership transfers may include sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan ○ Second Appraisal Required <ul style="list-style-type: none"> ▪ Greater than ten (10%) increase in sales price if seller acquired the property in the past ninety (90) days ▪ Greater than twenty (20%) increase in sales price if seller acquired the property in the past one hundred eighty (180) days
Delayed Financing	<ul style="list-style-type: none"> ▪ Allowed
Interested Party Contribution	<ul style="list-style-type: none"> ▪ Max 6%

Ineligible Transactions	<ul style="list-style-type: none"> Construction Loans Rent Credits Non-Arm's Length Conversion Loans Lease Option Builder Bailout & Model leasebacks
Eligible Borrower	<ul style="list-style-type: none"> US Citizens Permanent Resident Aliens Non-Permanent Resident Aliens Inter Vivos Revocable Trust (Must meet Fannie Mae requirements) Limited Liability Companies DACA
Non-Permanent Resident Alien	<ul style="list-style-type: none"> Cash-out not allowed VISA Allowed: (E-1, E-2, E-3, EB-5, G-1 through G-5, H-1B, L-1, NATO, O-1, R-1, TN (NAFTA) R-1 Copy of unexpired passport and visa required
Ineligible Borrower	<ul style="list-style-type: none"> Borrowers with diplomatic immunity Non-Occupant Co-Borrower Irrevocable or Blind Trusts Asylum applicants Land Trusts ITIN Borrower Self-employed Borrower deriving their income from any Cannabis related business Borrower(s) with residence of any country not permitted to conduct business with US Companies as determined by US government authority
First Time Home Buyer	<ul style="list-style-type: none"> First Time Home Buyer (FTHB) are individuals that have not owned a home or had a residential mortgage in the last 5 years. Rent free FTHB are eligible with an LOE or rent-free letter. If renting, VOR required and max payment shock of 250
Power of Attorney	<ul style="list-style-type: none"> Limited Power of Attorney (POA) is acceptable for executing closing documents, is specific to the transaction, contains an expiration date, initial 1003 is signed by the Borrower executing the POA Not permitted on Cash-Out transactions
Student Loan	<ul style="list-style-type: none"> Student loan payments must be included regardless of deferment or repayment in the DTI ratio. If a payment amount is not identified, 1% of the current loan balance may be utilized
Solar Lease	<ul style="list-style-type: none"> Must conform to FNMA guidelines PACE loans (or any similar loans with payments that are included in property taxes or take lien priority) are not eligible
Payoff Debt to Qualify	<ul style="list-style-type: none"> Installment and revolving debt paid at closing may be excluded from the debt-to-income ratio with <ul style="list-style-type: none"> A credit supplement, Verification from the creditor liability as paid in full or Evidence of payoff on Closing Disclosure

Debts Paid by Others / Contingent Liabilities	<ul style="list-style-type: none"> Contingent liabilities can be excluded from DTI if the Borrower provides evidence that their business or another individual / entity has made payments for twelve (12) months (0x30). Any liability related to a separation or divorce can be omitted if ordered by family court. Excludable if can be tied to business related activities (i.e., – vehicle) and twelve (12) months (0x30) proof that business pays. Expense must be evident on business financials. Can exclude mortgage debt paid by third party. Third party must be on Note.
Maximum Financed Properties	<ul style="list-style-type: none"> The maximum number of financed properties to any one Borrower is limited to twenty (20) residential properties