

# CLOSED-END SECOND MORTGAGE PLATINUM

FULL / ALT DOC (12 Month Bank Statement, 12-Month P&L)				
Loan Amount	Min. FICO	Max CLTV		
		Primary Residence	Second Home	Investment
\$125,000 - \$350,000	700 <small>(Full-Doc only)</small>	90%	80%	80%
	700	85%		
	680	80%	75%	70%
\$350,001 - \$500,000	700	80%	75%	70%
	720 <small>(Full-Doc only)</small>	85%		
\$500,001 - \$750,000	720	75%	70%	65%

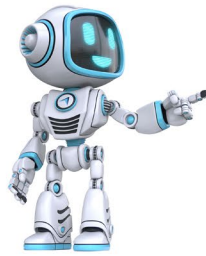
Max CLTV	
Bank Statement	85%
P&L	75%
Condos	80%
3 - 4 Units	75%
Third-Party Expense Ratio	75%
Declining Market - Primary & Second Home	75%
Declining Market – Investment Property	70%

DSCR 1.0+		
Loan Amount	Min. FICO	Max CLTV
\$125,000 - \$350,000	720	75%
	700	70%
Max CLTV		
3 - 4 Units		65%
Declining Market		70%
Property acquired through inheritance or other non-purchase transactions		70%

Property Listed for Sale		
3 Months	6 Months	12 Months
Primary Residence / 2 <sup>nd</sup> Home: Not Eligible		
Investment: Not Eligible	Investment: Min. 2-yr. PPP, Max CLTV 65%	

Product Features	
Term	10, 15, 20, 30-year Fixed Rate - Fully amortizing
Product	Closed end second must have a 1st lien Concurrent closing ineligible 1st lien must be seasoned 6 months from closing to application

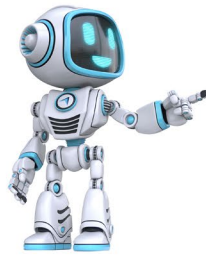




General Eligibility	
<b>Borrower</b>	<ul style="list-style-type: none"> <li>US Citizens</li> <li>Permanent Resident Alien</li> <li>Inter vivos Revocable Trusts</li> <li>Non-Occupant Co-Borrower (must be non-occupant co-borrower on the 1st lien)</li> <li style="background-color: yellow;">Additional owners can't be added for qualifying purposes</li> <li style="background-color: yellow;">All vested owners must sign CES deed of trust</li> </ul>
<b>Ownership Seasoning</b>	<ul style="list-style-type: none"> <li>Borrower must have owned property for 6 months prior to the application date</li> <li>Cash-out behind an existing subordinate lien must be seasoned 12 months from closing on the existing subordinate lien</li> </ul>
<b>Eligible Lien Position</b>	2 <sup>nd</sup> lien only
<b>Min. Loan Amount</b>	\$125,000
<b>Combined Max Loan Amount</b>	\$3,500,000
<b>Assets</b>	None
<b>Reserves</b>	Not Required
<b>Geographical Restrictions</b>	Not available in Texas, Indiana, Michigan, South Carolina, Washington State, Maryland, <span style="background-color: yellow;">Kansas</span>
<b>Prepayment penalty – Investment property only</b>	<ul style="list-style-type: none"> <li>Permitted up to 5 years</li> <li>Penalty is 5% of the amount prepaid</li> <li>Subject to applicable laws/regulations</li> </ul>

Credit	
<b>Ineligible 1<sup>st</sup> Liens</b>	<ul style="list-style-type: none"> <li>Loans in active forbearance or deferment</li> <li>Balloon</li> <li>Reverse Mortgage</li> <li>Negative Amortization</li> <li>Loan terms &gt; 40 years</li> <li>ARMs</li> <li>HELOC</li> <li>Private Party</li> <li>Open Renovations</li> <li>Loans with fixed interest-only where there is less than seven years of interest only period remaining from the new CES Note Date</li> <li>CEMA transactions</li> <li>Properties with a PACE lien</li> <li>1<sup>st</sup> lien seasoned &lt; 6 months</li> </ul>
<b>DTI</b>	<ul style="list-style-type: none"> <li>Max 50%</li> </ul>
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Full/Alt-Doc: Mid score for the primary wage-earner</li> <li>DSCR: Highest mid-score</li> <li>Full/Alt-Doc: Min. FICO 680</li> <li>DSCR: Min FICO 700</li> <li>No borrower can have a mid-score &lt; 660</li> </ul>
<b>Tradeline Requirement</b>	<ul style="list-style-type: none"> <li>Each borrower must have 2 tradelines or joint borrowers must have a total of 3 tradelines combined, rated at least 12 months, with activity in the last 24 months</li> <li>Tradeline may be opened or closed</li> <li>Eligible tradelines cannot have any derogatory history in previous 24 months</li> <li>Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks/ debits)</li> <li>No authorized user accounts will be used to satisfy minimum tradelines</li> <li>Non-traditional credit is not allowed as an eligible tradeline</li> </ul>



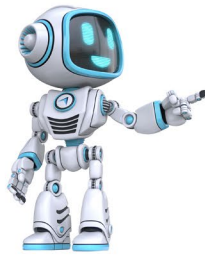


# CLOSED-END SECOND MORTGAGE P L A T I N U M

Credit (Continued)	
<b>Housing History</b>	<ul style="list-style-type: none"> <li>• Minimum 12 months housing/rental history required</li> <li>• 0x30x12</li> </ul>
<b>Credit Event</b>	<ul style="list-style-type: none"> <li>• <b><u>Short Sale Foreclosure and Bankruptcy</u></b></li> <li>• 4-year seasoning required</li> <li>• BK – Ch 7, 11, 13 – based on discharge or dismissal date</li> <li>• Multiple credit events are ineligible</li> </ul>

Collateral	
<b>Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• SFR</li> <li>• 2-4 units</li> <li>• PUD</li> <li>• Townhome</li> <li>• Warrantable Condo               <ul style="list-style-type: none"> <li>◦ Non-Warrantable Condos are not permitted</li> </ul> </li> <li>• Rural Properties Ineligible</li> <li>• Short-Term Rentals Ineligible</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Owner-Occupied</li> <li>• Second Homes</li> <li>• Investment</li> </ul>
<b>Acreage Limitation</b>	<b>5 Acres</b>
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>• &gt; 85% CLTV or loan amount &gt; \$400,000 require full appraisal</li> <li>• All DSCR loans must include a 1007 comparable rent schedule</li> </ul>
<b>Title Insurance</b>	<p>≤ \$250,000 - ALTA Residential Limited Coverage Junior Loan Policy insuring the second lien amount</p> <p>&gt; \$250,000 – ALTA Standard Coverage Policy insuring the second lien amount</p>
<b>Solar panels</b>	<ul style="list-style-type: none"> <li>• Properties with solar panels are eligible for purchase, however, should not be included in property valuation</li> <li>• Solar panel agreements are permitted in accordance with FNMA guidelines</li> </ul>





Income / Employment		
	Full Doc	12 Month Bank Statement
<b>Income Documentation</b>	Wage Earner - most recent YTD paystub or Electronic VOE (i.e., The Work Number); 1-year or 2-year W2  Self-Employed = 1-year or 2-year personal & business tax returns w/YTD P&L	12-month Bank Statements. See Bank Statement Income below
<b>Bank Statement Income</b>	<p><b><u>BUSINESS BANK STATEMENTS</u></b>                      Borrowers who are using more than 3 business bank accounts must qualify using personal bank statements</p> <p><b><u>FIXED EXPENSE RATIO</u></b>                      All business can qualify using a <b>50% expense ratio</b></p> <p><b><u>Option 1: 50% Expense Factor</u></b> will be utilized to calculate income</p> <ul style="list-style-type: none"> <li>• Verify borrower is minimum 25% owner of business</li> <li>• Decreasing or negative ending balances must be addressed</li> <li>• Cyclical and seasonal trends may be taken into consideration</li> </ul> <p><b><u>Option 2: 20% Expense Factor</u></b> eligible only if all of the following applies to the business</p> <ul style="list-style-type: none"> <li>• Borrower is sole owner and operator of the business (no partners, employees, etc.)</li> <li>• Service business (no cost of goods, no heavy equipment, machinery, etc.)</li> <li>• Does not require office space that would incur rent.</li> </ul>	
<b>Bank Statement Income</b>	<p><b><u>PERSONAL BANK STATEMENTS</u></b></p> <p><b><u>Option 1:</u></b> Personal bank statements with evidence of business bank account</p> <ul style="list-style-type: none"> <li>• 100% of business deposits in a personal bank account can be used</li> <li>• Provide most recent 2 months business statements to validate deposits are from the borrower owned business bank account. (Only giving credit for transfer from the business; or receipt of payroll from business and distributions only)</li> </ul> <p><b><u>Option 2:</u></b> Personal bank statements with no business bank account - service business                      10% Expense factor for Co-mingled bank accounts (Example: Sch C consultants, independent contractors, etc.)</p> <ul style="list-style-type: none"> <li>• 12-months complete personal bank statements from the same account if borrower does not have a separate business bank account</li> <li>• Service business (no goods, parts or materials needed)</li> <li>• Sole practitioner (no partners, employees, or contractors)</li> <li>• Works out of the home (does not rent any space office/warehouse)</li> <li>• Does not require any heavy equipment/machinery/vehicles</li> </ul> <p><b><u>Option 3:</u></b> Personal bank statements with no business bank account - non-service business</p> <ul style="list-style-type: none"> <li>• Comingled business and personal with no business account for non-service businesses are considered as business bank statements with the appropriate expense factor applied</li> <li>• Deposits from self-employment business only, will be included into bank statement calculation</li> <li>• A trend of repeated expense not reported on the credit report may need additional explanation and may be considered a liability</li> </ul>	
<b>12-Month P&amp;L</b>	<ul style="list-style-type: none"> <li>• 12-Month P&amp;L Statement</li> <li>• Completed by CPA or EA</li> <li>• Expense ratio must be reasonable for the industry</li> <li>• Primary residence only</li> </ul>	
<b>DSCR</b>	<ul style="list-style-type: none"> <li>• Minimum 1.0 DSCR</li> <li>• Property must have lease agreement in place</li> <li>• Income calculation is the lower of                             <ul style="list-style-type: none"> <li>a) Executed lease agreement or</li> <li>b) Market rent from 1007 comparable rent schedule</li> </ul> </li> </ul>	

