

# CLOSED-END SECOND MORTGAGE PLATINUM

CLOSED END SECOND				
Max Loan Amount	Min. FICO	Max CLTV <sup>1</sup>		
		Primary Residence	Second Home	Investment
\$150,000 - \$350,000	720	90% <sup>2,3,4</sup>	80%	80%
	700	85% <sup>4</sup>		
	680	80%	75%	70%
\$350,001 - \$500,000	700	80%	75%	70%

1. 3-4 units – Max 75%
2. > 85% requires full appraisal
3. > 85% requires full income documentation
4. Warrantable condominiums – Max CLTV 80%

Property Listed for Sale		
3 Months	6 Months	12 Months
Not Eligible		No restrictions

### Product Features

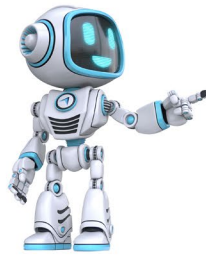
<b>Term</b>	10, 15, 20, 30-year Fixed Rate - Fully amortizing
<b>Product</b>	Closed end second must have a 1st lien Concurrent closing ineligible First lien must be seasoned 6 months from closing to application

### 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>• No changes in property vesting permitted</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>	\$150,000
<b>Combined Max Loan Amount</b>	\$3,500,000
<b>Assets</b>	None
<b>Reserves</b>	Rate/Term – requires 3 months reserves. Reserves based on PITIA on the 1st and 2nd lien.
<b>Geographical Restrictions</b>	Not available in Texas, Indiana, Michigan, South Carolina, or Washington State

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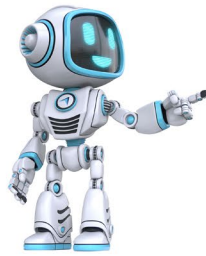




Credit	
<b>Ineligible 1<sup>st</sup> Liens</b>	<ul style="list-style-type: none"> <li>Loans in active forbearance or deferment</li> <li>Balloon</li> <li>Reverse Mortgage</li> <li>Negative Amortization</li> <li>Loan terms &gt; 40 years</li> <li>ARMs</li> <li>HELOC</li> <li>Private Party</li> <li>Open 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>&gt;85% CLTV- Max 45%</li> <li>≤ 85% CL TV - Max 50%</li> <li>&lt;700 FICO – Max 45%</li> </ul>
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Mid-score for the Primary Wage-Earner</li> <li>Min FICO: 680</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>
<b>Housing History</b>	<ul style="list-style-type: none"> <li>Minimum 12 months housing/rental history required</li> <li>0x30x12</li> </ul>
<b>Recently Listed Properties</b>	<ul style="list-style-type: none"> <li>All occupancy types – properties listed for sale in the last 6 months are not eligible.</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>	2 acres

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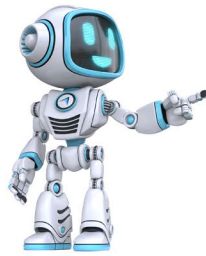


# CLOSED-END SECOND MORTGAGE P L A T I N U M

Collateral (Continued)		
<b>Title Insurance</b>	≤ \$250,000 - ALTA Residential Limited Coverage Junior Loan Policy insuring the second lien amount > \$250,000 – ALTA Standard Coverage Policy insuring the second lien amount	
<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		
<b>Income Documentation</b>	<b>Follow Full Doc (2 year) Express Doc (1 year)</b>	<b>Follow 12 Month Bank Statement</b>
	Wage Earner - most recent YTD paystub or Electronic VOE (i.e., The Work Number) and 1 or 2 years W2  Self-Employed= 1 or 2 years 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>	

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### **PERSONAL BANK STATEMENTS**

**Option 1:** Personal bank statements with evidence of business bank account

- 100% of business deposits in a personal bank account can be used
- 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)

**Option 2:** 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.)

- 12-months complete personal bank statements from the same account if borrower does not have a separate business bank account
- Service business (no goods, parts or materials needed)
- Sole practitioner (no partners, employees, or contractors)
- Works out of the home (does not rent any space office/warehouse)
- Does not require any heavy equipment/machinery/vehicles

**Option 3:** Personal bank statements with no business bank account - non-service business

- Comingled business and personal with no business account for non-service businesses are considered as business bank statements with the appropriate expense factor applied
- Deposits from self-employment business only, will be included into bank statement calculation
- A trend of repeated expense not reported on the credit report may need additional explanation and may be considered a liability