



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 (Full-Doc only)	90%	80%	80%
	700	85%		
	680	80%	75%	70%
\$350,001 - \$500,000	700	80%	75%	70%
	720 (Full-Doc only)	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		60%

Property Listed for Sale		
3 Months	6 Months	12 Months
Cash-out, No PPP: Not Eligible		Cash-out, No PPP: Max CLTV 70%, Mgmt. Approval Required
Cash-out w/PPP Min. 2-yr. PPP, Max LTV 65% Full-Doc/Alt-Doc Max LTV 70% DSCR		

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	
Borrower	<ul style="list-style-type: none"> US Citizens Permanent Resident Alien Inter vivos Revocable Trusts Non-Occupant Co-Borrower (must be non-occupant co-borrower on the 1st lien) No changes in property vesting permitted
Ownership Seasoning	<ul style="list-style-type: none"> Borrower must have owned property for 6 months prior to the application date Cash-out behind an existing subordinate lien must be seasoned 12 months from closing on the existing subordinate lien
Eligible Lien Position	2 nd lien only
Min. Loan Amount	\$125,000
Combined Max Loan Amount	\$3,500,000
Assets	None
Reserves	Not Required
Geographical Restrictions	Not available in Texas, Indiana, Michigan, South Carolina, Washington State, Maryland
Prepayment penalty – Investment property only	<ul style="list-style-type: none"> Permitted up to 5 years Penalty is 5% of the amount prepaid Subject to applicable laws/regulations

Credit	
Ineligible 1st Liens	<ul style="list-style-type: none"> Loans in active forbearance or deferment Balloon Reverse Mortgage Negative Amortization Loan terms > 40 years ARMs HELOC Private Party Open Renovations Loans with fixed interest-only where there is less than seven years of interest only period remaining from the new CES Note Date CEMA transactions Properties with a PACE lien 1st lien seasoned < 6 months
DTI	<ul style="list-style-type: none"> Max 50%
Credit Score	<ul style="list-style-type: none"> Full/Alt-Doc: Mid score for the primary wage-earner DSCR: Highest mid-score Full/Alt-Doc: Min. FICO 680 DSCR: Min FICO 700 No borrower can have a mid-score < 660



Tradeline Requirement	<ul style="list-style-type: none"> 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 Tradeline may be opened or closed Eligible tradelines cannot have any derogatory history in previous 24 months Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks/ debits) No authorized user accounts will be used to satisfy minimum tradelines Non-traditional credit is not allowed as an eligible tradeline
Housing History	<ul style="list-style-type: none"> Minimum 12 months housing/rental history required 0x30x12
Recently Listed Properties	<ul style="list-style-type: none"> All occupancy types – properties listed for sale in the last 6 months are not eligible.
Credit Event	<ul style="list-style-type: none"> <u>Short Sale Foreclosure and Bankruptcy</u> 4-year seasoning required BK – Ch 7, 11, 13 – based on discharge or dismissal date Multiple credit events are ineligible

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



Income / Employment		
	Full Doc	12 Month Bank Statement
Income Documentation	<p>Wage Earner - most recent YTD paystub or Electronic VOE (i.e., The Work Number); 1-year or 2-year W2</p> <p>Self-Employed = 1-year or 2-year personal & business tax returns w/YTD P&L</p>	<p>12-month Bank Statements. See Bank Statement Income below</p>
	<p>BUSINESS BANK STATEMENTS Borrowers who are using more than 3 business bank accounts must qualify using personal bank statements</p> <p>FIXED EXPENSE RATIO All business can qualify using a 50% expense ratio</p> <p>Option 1: 50% Expense Factor will be utilized to calculate income</p> <ul style="list-style-type: none"> Verify borrower is minimum 25% owner of business Decreasing or negative ending balances must be addressed Cyclical and seasonal trends may be taken into consideration <p>Option 2: 20% Expense Factor eligible only if all of the following applies to the business</p> <ul style="list-style-type: none"> Borrower is sole owner and operator of the business (no partners, employees, etc.) Service business (no cost of goods, no heavy equipment, machinery, etc.) Does not require office space that would incur rent. 	
Bank Statement Income	<p>PERSONAL BANK STATEMENTS</p> <p>Option 1: Personal bank statements with evidence of business bank account</p> <ul style="list-style-type: none"> 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) <p>Option 2: Personal bank statements with no business bank account - service business</p> <p>10% Expense factor for Co-mingled bank accounts (Example: Sch C consultants, independent contractors, etc.)</p> <ul style="list-style-type: none"> 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 <p>Option 3: Personal bank statements with no business bank account - non-service business</p> <ul style="list-style-type: none"> 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 	
12-Month P&L	<ul style="list-style-type: none"> 12-Month P&L Statement Completed by CPA or EA Expense ratio must be reasonable for the industry Primary residence only 	
DSCR	<ul style="list-style-type: none"> Minimum 1.0 DSCR Property must have lease agreement in place Income calculation is the lower of <ul style="list-style-type: none"> Executed lease agreement or Market rent from 1007 comparable rent schedule 	