

CLOSED-END SECOND MORTGAGE PLATINUM

CLOSED END SECOND				
Max Loan Amount	Min. FICO	Max CLTV ¹		
		Primary Residence	Second Home	Investment
\$150,000 - \$350,000	720	90% ^{2,3,4}	80%	80%
	700	85% ⁴		
\$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 85%, 80% in FL

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

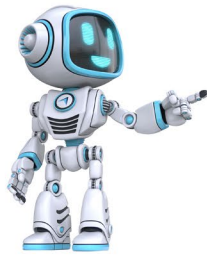
Product Features	
Term	10, 15, 20, 30-year Fixed Rate - Fully amortizing
Product	Closed end second must have a 1st lien Concurrent closing ineligible First lien must be seasoned 60 days from closing to application

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	Borrower must have owned property for 6 months
Eligible Lien Position	2 nd lien only
Min. Loan Amount	\$150,000
Combined Max Loan Amount	\$3,500,000
Assets	None
Reserves	Rate/Term – requires 3 months reserves. Reserves based on PITIA on the 1st and 2nd lien.
Geographical Restrictions	Not available in Texas
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

Credit

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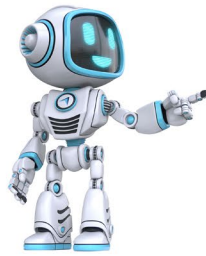


DTI	<ul style="list-style-type: none"> • >85% CLTV- Max 45% • ≤ 85% CL TV - Max 50%
Credit Score	<ul style="list-style-type: none"> • Mid-score for the Primary Wage-Earner • Min FICO: 700 • No borrower can have a mid-score < 680
Tradelines Requirement	<ul style="list-style-type: none"> • Each borrower 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"> • Short Sale Foreclosure and Bankruptcy • 4 years • BK - Ch 7, 11- based on discharge or dismissal date • BK - Ch 13 based on filed date • BK - Ch 13 - payment history shows no 30-day lates <p>Multiple credit events are ineligible</p>
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
Occupancy	<ul style="list-style-type: none"> • Owner-Occupied • Second Homes • Investment
Acreage Limitation	2 acres
Title Insurance	<ul style="list-style-type: none"> • ≤ \$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
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

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	Follow Full Doc (2 year) Express Doc (1 year)	Follow 12 Month Bank Statement
Income Documentation	Wage Earner - most recent YTD paystub or Electronic WVOE (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
Bank Statement Income	<p><u>BUSINESS BANK STATEMENTS</u> Borrowers who are using more than 3 business bank accounts must qualify using personal bank statements</p> <p><u>FIXED EXPENSE RATIO</u> All business can qualify using a 50% expense ratio</p> <p><u>Option 1: 50% Expense Factor</u> 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><u>Option 2: 20% Expense Factor</u> 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. <p><u>PERSONAL BANK STATEMENTS</u></p> <p><u>Option 1:</u> 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><u>Option 2:</u> 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"> • 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><u>Option 3:</u> 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 	

