

Loan Amount / Credit Score / CLTV Matrix

Standard Documentation

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$350,000	740	90%	80%	75%
	700	85%	80%	65%
	680	75%	75%	N/A
\$500,000	740	85%	75%	75%
	700	85%	75%	65%
	680	75%	70%	N/A

Alternative Documentation

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$350,000	740	85%	75%	70%
	700	80%	70%	60%
	680	75%	65%	N/A
\$500,000	740	80%	70%	65%
	700	75%	65%	60%
	680	70%	60%	N/A

General Requirements

Product and Term	Fixed Rate - fully amortizing terms of 10, 15, 20, 25 & 30 years
Loan Amounts	- Minimum: \$75,000 - Maximum: \$500,000
Combined Loan Balance	- The CLTV of the combined loan balances are restricted as follows: - Combined loan balance > \$2,000,000 - maximum 80% CLTV - Combined loan balance > \$3,000,000 - maximum 75% CLTV - Maximum combined loan balance for all liens not to exceed \$4,000,000
Loan Purpose	Stand-Alone Cash Out (minimum ownership of 6 months required)
Occupancy	Primary Residence, Second Home, Investment
Cash Out	Maximum cash out not to exceed \$500,000
Eligible Borrowers	- U.S. Citizen - Permanent Resident Alien
State Restrictions	- Not Eligible: - Texas - Territories: Puerto Rico, Guam, & the US Virgin Islands - Restrictions for CT, FL, IL, and NJ: 1 Unit SFR & Condominiums: Max CLTV 80%, Min FICO 720 2-4 Units: Max CLTV 75%, Min FICO 720
Ineligible Loan Features	- Lien Free Properties - if the subject property is lien free, including delayed financing, ineligible. - Unseasoned Cash Out - if the existing lien is a cash out, measured within six (6) months of the note date to note date. - Frequent Refinances - Two (2) or more cash out refinances in the past twelve (12) months. - All existing subordinate liens must be satisfied except for solar panels, see guidelines.
Income Requirements	
Standard Documentation	- Wage/Salary: YTD Pay stubs, 1-year W2, IRS Form 4506C, Verbal VOE - Self-employed: 1-year Personal and Business (if applicable) Tax returns, YTD P&L, 2 recent months business bank statements, IRS Form 4506C

Personal Bank Statements	• 12 months of personal and 2 months of business bank statements • Qualifying income is determined by the total eligible deposits from the 12 or 24 months of personal statements divided by the number of statements. • The business bank statements must reflect business activity and transfers to the personal accounts.
Business Bank Statements	• 12 months of business bank statements. Qualifying income is determined by one of the following analysis methods: ◦ Fixed Expense Ratio (50%) ◦ Expense ratio provided by a 3rd party (CPA, EA or tax preparer) with min. ratio of 10% ◦ 3rd party prepared Profit & Loss Statement (CPA, EA, or tax preparer)
IRS Form 1099	• 1-year 1099 • Fixed Expense Ratio of 10% • YTD documentation to support continued receipt of income
Underwriting Requirements	
First Lien	• First Lien documentation (refer to guidelines for full requirements): ◦ Copy of 1st lien Note and Deed of Trust; and ◦ Copy of most recent monthly mortgage payment statement • Ineligible First Liens with high-risk features which can include, but are not limited to: ◦ Forbearance, modification, or deferrals (including COVID-19 related events) completed or reinstated within 12-months of the Note date. ◦ Loans in active forbearance or deferment ◦ Negative amortization including loans with Payment-to-Kind (PIK) features ◦ Balloon, if the balloon payment becomes due during the amortization of the new 2nd ◦ Reverse Mortgages ◦ Loans secured by more than one underlying property, including blanket mortgages ◦ Home Equity Line of Credit ◦ Note with default interest rate greater than the Note rate
Credit	• Full trimerge credit report • Gap credit report for Undisclosed Debt Monitoring (UDM)
Qualifying Credit Score	• Use credit score of the borrower with the highest qualifying income • Middle of 3 scores or lower of 2
Housing History	• 0 x 30 x 12 - verification of mortgage history required on all loans • Verify the 1st Lien P&I payment with all of the following: ◦ Copy of the 1st Lien Note and most recent monthly mortgage payment statement
Credit Events	• Foreclosure, Short Sale, Deed in Lieu, Bankruptcy: 48-month seasoning required
Tradelines	• Min. 2 reporting 24-months with activity in the last 12-months or 3 reporting 12-months with recent activity • If the primary borrower has 3 credit scores, the minimum tradeline requirement is waived
Reserves	• Not required
Assets	• Account statements should cover the most recent 30-day period, all pages are required.
DTI Requirements	• Maximum DTI ratio: ◦ 50% DTI for CLTV ≤ 80% ◦ 45% DTI for CLTV > 80%
Age of Documents	• Credit documents: May not be over 90-days old at the time of closing • Appraisals, Title Report: May not be over 120-days old at time of closing. ◦ AVM may not be over 30-days old at time of closing.

Appraisal and Property	
Eligible Properties	• Single Family (Attached, Detached, PUD) • 2-4 Unit residential properties (75% max CLTV) • Warrantable Condominiums (80% max CLTV) • Warrantable Florida Condominiums (75% max CLTV)
Appraisals	• HPML loans that are not Qualified Mortgages require a full appraisal with an interior inspection, regardless of the loan balance. • Transferred appraisals are not permitted. All Loan Amounts • New Appraisal (FNMA Form 1004/1025/1073), or • Prior 1st Lien appraisal dated within 12-months of subject loan Note date allowed subject to the following: ◦ The lender on the prior appraisal must be the same as the subject loan, and ◦ A new Property Condition Report (PCR) with acceptable findings, and ◦ Recertification of value by the original appraiser. ◦ AVM within 30-days of the Note date from approved vender with acceptable FSD ▪ The lower of the prior Appraisal value or the current AVM will be used to qualify Appraisal Review Products • An enhanced desk review product from one of the following choices is required: ◦ ARR from Stewart Valuation Intelligence FKA Pro Teck ◦ CDA from Clear Capital
Recently Listed Property	• Properties listed for sale within the most recent 6-months are not eligible
Declining Market	• Properties located w/in a Declining Market as defined by the Appraiser/AVM - 80% max CLTV
Title Insurance	<u>Loan Amount ≤ \$250,000, provide one of the following:</u> ◦ Owner and Encumbrance Report (O&E) ◦ ALTA Full Title Policy ◦ ALTA Short Form Residential Limited Coverage Junior Loan Policy <u>Loan Amount > \$250,000, provide one of the following:</u> ◦ ALTA Full Title Policy ◦ ALTA Short Form Residential Limited Coverage Junior Loan Policy
Flood Certificate and Flood Insurance	• Flood determination required for every transaction • Properties within a flood zone require evidence of insurance in accordance with the HFIAA ◦ Loss payee clause must reflect CHM as additional insured.
Escrows / Impounds	• Escrows for taxes and hazard insurance are not required
Hazard Insurance	• Hazard Insurance coverage must provide for claims to be settled on a replacement cost basis • Loss payee clause must reflect CHM as additional insured.
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