P&L Prime and VOE Prime

Program Code: PL Prime -30, -40, -7/6, -5/6, -30 IO, -40 IO, -7/6 IO, -7/6 IO-40, -5/6 IO, -5/6 IO-40

FICO	Loan Amt	Max CLTV			
		Purchase & R/T		Cash-Out	
		Primary	2nd Home/ Investment	Primary	2nd Home/ Investment
740+	≤ 1M	80%	80%	80%	75%
	≤ 1.5M	80%	80%	75%	75%
	≤ 2M	80%	80%	75%	70%
	≤ 2.5M	80%	75%	70%	65%
	≤ 3M	75%	70%	65%	60%
720-739	≤ 1M	80%	80%	75%	75%
	≤ 1.5M	80%	80%	75%	75%
	≤ 2M	80%	80%	70%	70%
	≤ 2.5M	80%	75%	70%	65%
	≤ 3M	75%	70%	65%	60%
700-719	≤ 1M	80%	80%	75%	75%
	≤ 1.5M	80%	80%	75%	70%
	≤ 2M	80%	80%	70%	70%
	≤ 2.5M	75%	75%	65%	65%
	≤ 3M	70%	70%	60%	60%
680-699	≤ 1M	80%	80%	70%	70%
	≤ 1.5M	80%	80%	70%	70%
	≤ 2M	75%	75%	65%	65%
	≤ 2.5M	70%	70%	60%	NA
660-679	≤ 1M	80%	80%	70%	70%
	≤ 1.5M	75%	75%	70%	65%
	≤ 2M	75%	70%	60%	60%
	≤ 2.5M	70%	65%	NA	NA

- State Overlays for FL, NJ: Max loan amount is limited to $2M
- Investment properties are ineligible in Baltimore, Maryland
- If appraisal report identifies the property in declining market, max loan amount limited to $2M
- Rural: Max LTV/CLTV 80% Purchase, 75% Refinance

Income Requirement

Self Employed Income	▪ **Profit & Loss Statement Only** ○ 12 Mo CPA/EA/CTEC/Tax Attorney prepared Profit & Loss Statement ▪ Qualifying income is the net income from the P&L divided by 12 months ▪ Expenses on the P&L must be reasonable for the industry. ○ CPA/EA/CTEC/Tax Attorney must attest they have completed or filed the borrower's most recent tax return & borrower has minimum 25% ownership, and CPA/EA/CTEC letter must verify minimum 2 years of existence of business. ▪ Must be signed by a CPA/EA/CTEC
Wage Earner Income	▪ **WVOE** ○ Two-year history with same employer is required. ○ Borrower(s) employed by family members or related individuals are not eligible. ○ An internet search of the business is required with documentation to be included in the credit file to support existence of the business. ○ Fannie Mae Form 1005 OR WVOE verification completed through a third-party vendor.

General Requirements

DTI	▪ Max 50%
Occupancy	▪ Primary ▪ Second Home ▪ Investment

Product Type

***Interest Only: Qualification based upon the remaining term (amortized) after expiration of the interest only period**

Product	Term	Amortization Term	I/O Term	Qualifying Rate
40-Yr Fixed	40 yr	40 yr	NA	Note Rate
40-Yr Fixed IO	40 yr	30 yr	10 yr	
30-Yr Fixed	30 yr	30 yr	NA	
30-Yr Fixed IO	30 yr	20 yr	10 yr	
Product	**Term**	**Amortization Term**	**I/O Term**	**Qualifying Rate**
7/6 ARM	30 yr	30 yr	NA	Higher of Fully Indexed or Note Rate
7/6 ARM IO	30 yr	20 yr	10 yr	
7/6 ARM IO-40Yr Term	40 yr	30 yr	10 yr	
5/6 ARM	30 yr	30 yr	NA	
5/6 ARM IO	30 yr	20 yr	10 yr	
5/6 ARM IO-40Yr Term	40 yr	30 yr	10 yr	

Loan Purpose	▪ Purchase ▪ Rate/Term ▪ Cash-Out

Loan Amount	▪ Min: $150,000 ▪ Max: $3,000,000
Cash-Out	▪ Max Cash-In-Hand: Unlimited ▪ Cash-Out Seasoning o For properties owned 12 months or longer, the LTV/CLV is based upon the appraised value. o If the cash-out seasoning is less than 12 months, but greater than 6 months, the transaction property value is limited to the lower of the current appraised value or the property's purchase price plus documented improvements. o A prior cash-out transaction within the past six (6) months is ineligible for another cash-out o Refinance of a previous Cash-Out transaction seasoned less than one (1) year will be considered a Cash-Out refinance.
Property Type	▪ Single Family ▪ 2-4 Units ▪ Condo
Rural Property	▪ Max LTV/CLTV 80% Purchase, 75% Refinance
State Restriction	▪ Maximum loan amount is limited to $2,000,000. If either or both of the following apply: o The appraisal report identifies the property as a declining market; o The subject property is in a state of NJ or FL ▪ Florida Condominiums: o Up to 7 Stories. No High Rise Condo (8+) o A structural inspection is required if the project is greater than 5 stories and over 30 years old or 25 years old if within 3 miles of the coast. o Projects with an unacceptable or no inspection are not eligible. ▪ Investment properties are ineligible in Baltimore, Maryland
Appraisals	▪ FNMA Form 1004, 1025, 1073 with interior/exterior inspection ▪ Appraisal review product required unless 2nd appraisal obtained ▪ 2nd Appraisal required for loans > $2,000,000 ▪ Transferred Appraisal are acceptable
Accessory Dwelling Units (ADU)	▪ Eligible on 1-unit properties with up to 2 ADUs; 3+ ADUs not permitted ▪ Must be **smaller than the primary dwelling** ▪ Must be similar in quality to the primary dwelling ▪ Must have separate features from the primary dwelling for the following : means of ingress/egress, kitchen, sleeping area, bathroom facilities ▪ Kitchen must include **cabinets, countertop, sink with running water, and stove** ▪ ADU with access only through or open to primary dwelling is **not eligible as an ADU** ▪ Appraisal must describe ADU(s), address marketability, and include comparable(s) with same use / same number of ADUs ▪ Form 1025 required for 2 ADUs ▪ **OO / 2nd Home:** ADU income not eligible for qualifying ▪ Investment: rental income eligible per program requirements o LTR: lower of Form 1007/1025 market rent or actual rent

Accessory Dwelling Units (ADU) (Cont.)	○ STR: per selected doc type requirements ▪ Rental Income on NOO may be used for the ADU subject to the following: ○ Appraisal report to reflect zoning compliance is legal or in compliance with zoning laws ○ Permits must be verified if required by jurisdiction ○ Appraisal report to include at least one comparable with the same number of ADU's as the subject property ○ Gross market rents must be itemized when there are two ADU's that generate rental income
Declining Market	▪ Properties in declining markets as determined by the appraisal, other third-party valuation (i.e., CDA) ▪ Max Loan Amount limited to $2,000,000
Escrow Impound	▪ Mandatory escrow for taxes and insurance will be required for below ○ HPLMs (5 Years) ▪ Flood insurance escrows are required when the subject property is located in a Special Flood Hazard Area (SFHA)
Prepayment Penalty	▪ Investment Properties only ▪ Prepayment periods up to 5-years eligible, see rate sheet ▪ Penalties not allowed on loans vested to individuals in NJ ▪ Prepayment not allowed on MD ▪ Six (6) months of interest on prepayments that exceed 20% of the original principal balance in a given 12-month time period.
Document Age	▪ 120 days prior to the note date
General Underwriting Guidelines	
Credit Score	○ Middle of 3 scores or lower of 2
Tradelines	○ Min: 2 reporting 24-months w/ activity in last 12-months Or 3 reporting 12-months w/ recent activity ○ If the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived
Housing History	○ 1x30x12
Credit Event Seasoning	○ BK/FC/SS/DIL/PreFC/MC ≥ 36 Months ○ The seasoning period is measured from the date of discharge/ dismissal or property resolution (completion date) to the note date. ○ In the case of a foreclosure which was included in a BK, the seasoning timeline will start from the earlier of the date of discharge of bankruptcy and the foreclosure completion date
Notice of Default	○ Notice of Default will be considered 1x90x12 under housing history restrictions ○ If the borrower cured the default and has made 12 timely payments, they are eligible without any restrictions.
Forbearance, Modification, and Deferrals	○ Forbearance, modifications and Deferrals (including COVID-19 related events) are considered under housing payment history. ○ Greater than 12 months from note date: Completed or reinstated greater than 12 months from the note date of the subject transaction may be eligible subject to housing history requirements for the selected program.

	○ Within 12 months of note date: Completed or reinstated within 12 months from the note date of the subject transaction are **Not eligible.**
Reserves	▪ Reserve requirements are determined by loan amount and LTV as follows: o Loan Amount ≤ $1.5 million and LTV ≤ 75% → None required o Loan Amount ≤ $1.5 million and LTV > 75% → 2 months of PI o Loan Amount > $1.5 million → 4 months of PI o Loan Amount > $2.0 million → 6 months of PI ▪ Cash out may be used to satisfy requirement
Assets Requirements	▪ 1 month bank statement or VOD with 30-day average.
Business Funds	▪ Business accounts may be considered for assets. The amount of business assets that may be utilized is limited to the borrower's ownership percentage in the business. ▪ For business purpose loans assets held in the name of the vested entity: 100% of the assets may be used
Gift Funds	Gift funds ▪ LTV/CLTV ≤ 80%: 100% gift allowed for down payment, closing and reserves ▪ LTV/CLTV > 80%: Gift funds allowed for down payment, closing and reserves after Minimum 5% borrower contribution is met ▪ Gift funds are allowed in refinance transactions.
First Time Home Buyer	▪ Both Owner-Occupied (OO) and Non-Owner-Occupied (NOO) permitted. ▪ DTI may not exceed 50%. ▪ The rental history, reflecting 0x30, documented; First time homebuyers with less than 12-month rental history: LOE or rent-free letter is required.
Interested Party Contributions	▪ Primary and Second Home o 6% for LTVs > 75% o 9% for LTV ≤ 75% ▪ Investment o Max 6%
Ineligible Property Type	▪ Properties with agricultural features (e.g., vineyards, farms, ranches, orchards, equestrian facilities) ▪ Properties used as healthcare facilities (e.g., assisted living, elder care, recovery/treatment, Continuing Care Facilities) ▪ Properties used for the cultivation, distribution, manufacture, or sale of Marijuana ▪ Properties with condition rating of C5/C6 or quality rating of Q6 on the appraisal ▪ Barndominiums ▪ Properties under Construction ▪ Units with >= 5 units ▪ Properties > 20 acres ▪ Zoning Violations or illegal use ▪ Properties on Native American Land (Reservations) ▪ Manufactured or Mobile homes ▪ Mixed Use Properties

Ineligible Property Type (Cont.)	▪ Faux Log Homes (properties with a Log Cabin aesthetic, may be eligible with exception, subject to LLPA) ▪ Houseboats ▪ Log Homes ▪ Units subject to timeshare arrangements ▪ Properties with fractional ownership ▪ Boarding Houses ▪ Builder Model Leaseback ▪ Condominium projects with registration services or restrictions on owner's ability to occupy ▪ Condotels ▪ Cooperatives ▪ Earth Berm Homes ▪ Group Homes ▪ Live/Work Condos ▪ Mandatory Country Club Memberships ▪ Unique Properties ▪ Working Farms ▪ Theme Park Resort Properties ▪ Vacant land or land development properties ▪ Properties not readily accessible by roads that meet local standards ▪ Properties not suitable for year-round occupancy, regardless of location ▪ Units in a Co-op development ▪ Properties used as boarding houses, bed/breakfast, or single room occupancy (e.g., pad split app) ▪ Properties with nonresidential, income-producing structures on premise (e.g., billboards, cell phone towers, commercial workshop) ▪ Dome or geodesic properties
Listing Seasoning	● Properties that have been listed for sale within the past six (6) months from the Note Date may not be currently listed at the time of Loan Application and will require a borrower LOE and listing cancellation. ● Multiple listings in the past twelve (12) months are not eligible. ● For all refinances, the LTV/CLTV will be based on lesser of lowest list price in prior 12 months or appraised value.