10.28.26 v3

BUSINESS CLASS NON-OWNER Matrix



Matrix				Full Doc			Bank Statement			1099		
				12mo or 24mo			12mo or 24mo			12mo or 24mo		
Loan Amount	Reserves Month	Max DTI %	FICO	Purchase	Rate/Term	Cash Out	Purchase	Rate/Term	Cash Out	Purchase	Rate/Term	Cash Out
100,000 to 1,000,000	See Reserves[1]	50	760	85	80	80	85	80	80	85	80	80
			740	85	80	80	85	80	80	85	80	80
			720	80	80	75	80	80	75	80	80	75
			700	80	80	75	80	80	75	80	80	75
			680	80	80	75	80	80	75	80	80	75
			660	80	80	75	80	80	75	80	80	75
			640	75	70	65	75	70	65	75	70	65
1,000,001 to 1,500,000	See Reserves[1]	50	760	80	80	80	80	80	80	80	80	80
			740	80	80	80	80	80	80	80	80	80
			720	80	80	75	80	80	75	80	80	75
			700	80	80	75	80	80	75	80	80	75
			680	80	80	75	80	80	75	80	80	75
			660	80	80	75	80	80	75	80	80	75
			640	75	70	65	75	70	65	75	70	65
1,500,001 to 2,000,000	12	50	760	80	80	80	80	80	80	80	80	80
			740	80	80	80	80	80	80	80	80	80
			720	80	80	75	80	80	75	80	80	75
			700	80	80	75	80	80	75	80	80	75
			680	75	75	75	75	75	75	75	75	75
			660	75	75	75	75	75	75	75	75	75
			640	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Reference		
Reserves [1]	•	0 Months PITIA when LTV < 65% LTV
	•	6 Months PITIA when LTV > 65% LTV
	•	3 Months PITIA for Purchase with a Credit Score > 720 and LTV < 80%
	•	12 Months PITIA for loan amounts greater than $1,500,000
	•	Cash Out Proceeds may be used for Reserves

LTV Restrictions			
			Maximum LTV
Property Type	**Purchase**	Non-Warrantable Condo (Min FICO 680)	75%
		Condotel	75%
		2-4 Unit	80%
	Rate/Term	Non-Warrantable Condo (Min FICO 680)	75%
		Condotel	70%
		2-4 Unit	75%
	Cash-Out	Non-Warrantable Condo (Min FICO 680)	70%
		Condotel	65%
		2-4 Unit	70%
	Rural	Maximum	80%
Housing Lates	**0X30X12 (A)**	Purchase	85%
		Rate/Term	80%
		Cash-Out	80%
	1X30X12 (B) **Maximum Loan Amount $1,500,000**	Purchase	75%
		Rate/Term	75%
		Cash-Out	70%
Credit Event Seasoning	**36 Months (A)** **Foreclosure, Bankruptcy, Short-Sale, Deed-in-Lieu, Modification**	Purchase	85%
		Rate/Term	80%
		Cash-Out	80%
	24 Months (B) **Foreclosure, Bankruptcy, Short-Sale, Deed-in-Lieu, Modification** **Maximum Loan Amount $1,500,000**	Purchase	75%
		Rate/Term	75%
		Cash-Out	70%
Loan Type	**Interest Only**	Purchase & Rate/Term	80%
		Cash-Out	75%
State Restriction Florida **Refinance Only**	**Full Doc & Bank Statement: Maximum LTV**		**80%**
	1099: Maximum LTV		**75%**

BUSINESS CLASS NON-OWNER Documentation



Loan Purpose		
Loan Purpose	•	Purchase, Rate/Term and Cash-Out Refinance
Refinance Seasoning	•	Rate and Term: No seasoning. At least 1 borrower from the existing loan must be in the new loan.
	•	Cash Out: 6 months from existing Note date to application date of new loan. LTV/CLTV is based upon the appraised value.
	•	LLC Cash Out: 6 months seasoning required if the property was owned prior to closing by LLC that is majority-owned by the borrower.

Assets				
Assets	•	See guidelines for details	•	Assets sourced or seasoned for 30 days
Cash-Out Proceeds	•	May be used as Reserves		
Cash-Out Max	•	$500,000		
Gift Funds	•	Gift funds are acceptable for use toward paying off debts, equity contribution refinances, down payment and closing costs.		
	•	Gift funds are ineligible for first time investor		
	•	Gift funds may not be used to meet reserve requirements.		
	•	Acceptable Donors: Fannie Mae guidelines should be used for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt;		
Reserves for Additional Financed Properties	•	None		

Credit				
Borrower Eligibility	•	US Citizen	•	Permanent Resident Alien (with US Credit)
	•	Non-Permanent Resident Alien is not eligible		
	•	Non-Occupant Co-borrowers are not allowed		
	•	Gift funds are not allowed		
Credit	•	3 tradelines reporting for 12+ Months or 2 Tradelines reporting 24+ months all with activity in the last 12 months		
	•	If Borrower has 3 credit scores, the minimum tradeline is met		
Consumer Charge-offs and Collections	•	Following may remain open:		
	•	Collections and charge-offs < 24 months old with a maximum cumulative balance of $2,000	•	All medical collections regardless of amount
	•	Collections and charge-offs ≥ 24 months old with a maximum of $2,500 per occurrence	•	Collections and charge-offs that have expired under the state statute of limitations on debts; evidence of expiration must be documented
Purchase Between Family Members	•	Full Doc or Bank Statement Only	•	Must provide a 12-month mortgage history on existing mortgage securing subject property confirming Family Sale is not a foreclosure bailout
	•	Gift of Equity requires a gift letter and the equity gift is to be shown on the CD		

Credit (Continued)					
First Time Home Buyer	With Housing History	•	Minimum FICO 640	•	Must have documented 0X30 Housing History
	Without Housing History	•	Full Doc or Bank Statement Only	•	Standard Tradelines required
		•	Collections and charge-offs ≥ 24 months old with a maximum of $2,500 per occurrence	•	Collections and charge-offs that have expired under the state statute of limitations on debts; evidence of expiration must be documented

Income						
Full Doc 2Yr	Standard FNMA Documentation	•	Documented benefit to the borrower(s)			
		•	Wage Earner - 2 years W-2, current paystub(s) reflecting 30 days earnings. 2 years tax returns required for income from other sources (ie: rents)			
		•	Self-Employed -2 years tax returns. If applicable both personal and business with all schedules. YTD P&L plus 2 months business bank statements to support.			
Full Doc 1Yr	W-2	•	Documented benefit to the borrower(s)			
		•	Wage Earner - 1 years W-2, current paystub(s) reflecting 30 days earnings. 1 year tax return required for income from other sources (ie: rents)			
	Tax Returns	•	Self-Employed -1 year tax returns. If applicable both personal and business with all schedules. YTD P&L or 3 months business bank statements to support.			
Bank Statement	Bank Statement (12 Months/ 24 Months)	•	Personal & Business-**Combined** or **Business** (12mo or 24mo):			
			•	At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)		
			•	Income documented separately (SSI, W2, etc.) but included in deposits being reviewed must be backed out of deposits. Gross rents from any REOs are to be backed out of the deposit totals.		
			•	Standard Expense Factor based on Fixed Expense Ratio		
				Number of Full-Time Employees/Contractors	**0-1**	**2-10**	**10+**
				Service Business	20%	40%	60%
				Product Business	30%	50%	70%
			•	Asset Speculation Businesses such as Real Estate Professional, Property Developers, Fix & Flip, Day Traders, are not eligible.		
			•	The minimum expense factor is based on the number of Full-Time Employees and/or Contractors with business type as charted above.		
			•	A letter from CPA, CTEC (California Tax Education Council), EA (Enrolled Agent), or Licensed Tax Preparer, or completed Business Narrative Form, or similar 3rd party verification to support total number of Full-Time Employees and/or Contractors and business type.		
			•	A letter from CPA, CTEC (California Tax Education Council), EA (Enrolled Agent), or Licensed Tax Preparer, or similar 3rd party verification to support percentage of ownership.		
		•	Personal & Business **Separated** (12mo or 24mo):			
			•	At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)		
			•	Personal used to qualify, 2 months business to show business cash flows in order to utilize 100% of business related deposits in personal account (no expense factor)		
1099	1099 (12 Months)	•	1099 must be payable to the individual borrower(s). 1099 payable to business entity owned by the borrower(s) are not eligible.			
		•	1099 plus either: Check/check stub or bank statement showing employment deposits (10% expense factor applied, see guidelines for specifics)			
		•	Qualifying income = 1099 gross - 10% expense factor. Current check stub or bank statement deposits must support amounts consistent with 1099 levels			

Property								
Minimum Property Standards	•	600 sq. ft. for SFR	•	500 sq ft. per Condominium	•	400 sq ft. per individual unit on 2-4 units		
	•	Contains a full kitchen, bathroom and bedroom	•	No excessive deferred maintenance	•	No structural deferred maintenance		
	•	Property constructed for year-round use	•	Permanently affixed continuous heat source	•	No health or safety issues both internal or external		

Property (Continued)		
Acreage	•	Maximum 10 acres
Appraisal	•	Loan amounts < $2,000,000 = 1 Full Appraisal + CDA or FNMA CU Risk score of 2.5 or less
	•	Loan amounts > $2,000,000 = Two Full Appraisals • See guidelines for details
	•	Cash Out: 6 months from existing Note date to application date of new loan. LTV/CLTV is based upon the appraised value.
	•	If enhanced desk review (CDA) is ≤ 5% a 2nd full appraisal is required
	•	All 1 unit investor appraisals require form 1007 Single Family Comparable Rent Schedule
	•	Transferred Appraisal is ineligible in State of Florida
Property Flips	•	When the subject property is being resold within 90 days of its acquisition by the seller and the sales price has increased more than 10%, the transaction is considered a "flip." The following should be used to determine the 90-day period: the acquisition date (the day the seller became the legal owner of the property), and the purchase date (the day both parties executed the purchase agreement); or
	•	When the subject property is being resold within 91-180 days of its acquisition by the seller and the sales price has increased more than 20%, the transaction is considered a "flip." The following should be used to determine the 91-180-day period: the acquisition date (the day the seller became the legal owner of the property), and the purchase date (the day both parties executed the purchase agreement); or
	•	Property seller on the purchase contract must be the owner of record • The property was marketed openly and fairly, through a multiple listing service, auction, FSBO offering (documented), or developer marketing
	•	Flip transactions must comply with the TILA HPML Appraisal Rule in Reg Z • Appraisal sufficiently addresses subject's improvements
	•	Increases in value are to be documented with commentary from the appraiser and recent comparable sales • All transactions must be arm's length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction
	•	No assignments of contract to another buyer • A Second Full Appraisal is required
Property Types	•	SFR • Condominium • PUD • Condotel • 2-4 Units • Non-Warrantable Condo • Rural
Property Types - Ineligible	•	Co-Ops • Mixed-Use • Manufactured Home • Multi-Family 5+ Units • Agricultural Zoned • Adult Assisted Living/Care Facilities
Seasoning for Property Recently Listed on the Market	•	For all transaction types, subject property must be taken off the market on or before application date.
	•	For Cash-Out: Loans must be seasoned for at least 180 days from the listing contract expiration date to the application date.
	•	LTV is based on the lesser of appraised value or previously listed price

Product			
Compliance	•	No Section 32 or state High Cost • Points and Fees max 5% limit	
	•	Loans must comply with all applicable federal and state regulations	
	•	Fully Documented Ability to Repay including Borrower Attestation	
	•	Impounds required on LTV > 80% or HPML loans unless otherwise specified by applicable state law	
ARM Information	•	5/6 & 7/6 SOFR ARM, Margin 3.5%. Index: 30 Day Average SOFR, Floor: Start Rate, 2.0% Initial Cap, 2.0%, 2.0% Annual cap, 5.0% Life Cap	
Interest Only Products	•	120 Months, Qualify off of 30 Year Amortization, 0X30X12 and Not Credit Events in past 36 Months, Full & Bank Statement Doc Only, Not Available on 1099 Only	
Prepayment Penalty	•	Prepayment Penalty Allowed on Bona Fide Business Purposes Loans Only	
Product Type	•	5/6 SOFR ARM, 7/6 SOFR ARM, 15, 20, 30 Year Fixed, 40 Year Fixed with 10 year I/O	
States Ineligible	•	New York, Texas I/O and Vermont	
States Eligible	•	State eligibility subject to review of applicable docs	

Product (Continued)		
Seller Concessions / IPC	•	6% Max Interested Party Contribution
Subordinate Financing	•	CLTV max = LTV max

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