

CONNECTING FLIGHT SECONDS Matrix



Matrix		
Loan Amount	Max DTI %	FICO
75,000 to 350,000	50	720
		700
		680
		660
		640
350,001 to 500,000	50	720
		700
		680
		660
		640
500,001 TO \$750,000	50	720
		700
		680
		660
		640
\$750,001 TO \$850,000	50	720
		700

Owner Occupied			
CLTV			
Full Doc	Bank Stmt 1099	WVOE	P&L Only Asset Dep
90	90	85	80
90	90	80	75
85	85	75	70
80	80	70	65
70	N/A	N/A	N/A
90	90	80	75
85	85	75	70
80	80	70	65
75	75	65	60
80	80	75	70
80	80	70	65
75	75	65	60
70	70	60	55
75	75	N/A	N/A
70	70	N/A	N/A

2nd Home			
CLTV			
Full Doc	Bank Stmt 1099	WVOE	P&L Only
80	80	75	70
80	80	70	65
75	75	65	60
70	70	60	55
N/A	N/A	N/A	N/A
80	80	70	65
80	80	65	60
70	70	60	55
65	65	55	50
75	75	65	60
70	70	60	55
65	65	55	50
60	60	50	45
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

Non Owner				
CLTV				
Full Doc	Bank Stmt 1099	1099 WVOE	P&L Only	DSCR Min 1.0
80	80	75	70	80
80	80	70	65	75
75	75	65	60	70
70	70	60	55	N/A
N/A	N/A	N/A	N/A	N/A
80	80	70	65	75
80	80	65	60	70
70	70	60	55	65
65	65	55	50	N/A
75	75	65	60	70
70	70	60	55	65
65	65	55	50	55
60	60	50	45	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

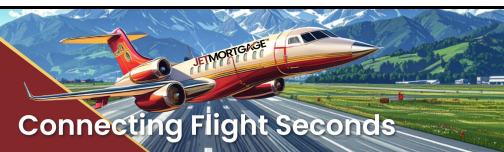
Combined Lien Balance					
Max Combined Lien Balance	\$2,000,000.00	\$3,000,000.00	\$3,500,000.00	\$4,000,000.00	\$5,000,000.00
Max CLTV	90%	85%	80%	75%	60%

Occupancy		Amortization Term	Minimum Loan Amount
Property Type	Fixed / Full Amortization	10yr.	\$75,000.00
		15yr.	
		20yr.	
		30yr.	
	Balloon	30/15yr.	\$200,000.00
		40/15yr.	
Non Owner	Fixed / Full Amortization	10yr.	\$75,000.00
		15yr.	

Occupancy		Amortization Term	Minimum Loan Amount
Non Owner	Fixed / Full Amortization	20yr.	\$75,000.00
		30yr.	
Occupancy		Amortization Term	Minimum Loan Amount
Non Owner	Balloon	30/15yr.	\$200,000.00
		40/15yr.	

CLTV Restrictions			
Property Type	Warrantable Condo Full Doc ≤ \$500,000 Primary		90%
	Warrantable Condo Full Doc > \$500,000 2nd Home & Investment		80%
	Warrantable Condo Full Doc > \$500,000 & All Doc Types (Primary, 2nd Home & Investment)		75%
	2-4 Units Full Doc ≤ \$500,000 Primary		85%
	2-4 Units Full Doc > \$500,000 2nd Home & Investment		80%
	2-4 Units Full Doc > \$500,000 & All Doc Types (Primary, 2nd Home & Investment)		75%
	Rural Property	Primary Only (Max. 10acres)	80%
Prior Refinance Seasoning	Any previous cash-out refinance transaction, either 1st or 2nd lien, within the prior 6 months		80%
Declining Markets	Owner Occupied / 2nd Homes		75%
	Non-Owner		70%
State Restriction Florida	Full Doc & Bank Statement: Maximum LTV		80%
	1099, P&L, WVOE, Asset Depletion: Maximum LTV		75%
	P&L Only Requires 3 Months of Supporting Bank Statements		75%

CONNECTING FLIGHT SECONDS Documentation



Documentation Options				
Full Doc 2 Years	• Non QM and Agency Eligible			
	• Salaried: 2 years W2 and current paystub covering minimum 30 days. W2 Transcripts			
	• Self-Employed: 2 years tax returns, all schedules & transcripts. YTD P&L or 3 months business bank statements to support continuance of tax return income.			
Full Doc 1 Year	• Non QM and Agency Eligible			
	• Salaried: 1 year most recent W2 and current paystub covering minimum 30 days. W2 transcripts			
	• Self-Employed: 1 year tax returns, all schedules and transcripts. YTD P&L or 3 months business bank statements to support continuance of tax return income.			
Bank Statement 12 or 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)			
	• Standard expense factors apply: 50% expense factor or follow Expense Table below			
	Expense Factor Table			
	Business Type	Number of Employees		
	Service Business	0	1-5	Greater than 5
	For Example: Accounting, Consulting, Legal, Financial Planning, Insurance, Therapy	15%	30%	50%
	Product Business	0	1-5	Greater than 5
	For Example: Retail, Food Service, Restaurant, Manufacturing, Contracting, Construction	25%	50%	85%
	• If business operates < standard expense factor, P&L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required			
	• PTIN is acceptable if documented as employed by 3rd party tax preparation service			
	• Expense Factor per CPA/CTEC/EA letter must be reasonable			
	• 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)			
P & L Only 12 Months	• Self-employed (2yrs - 25% or greater ownership)			
	• CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period. A gap P&L covering period between end of 12 month P&L and application required when gap is greater than three (3) months.			
	• A letter from the CPA, CTEC or EA on their business letterhead showing address, phone number, and license number is required with the following information:			
	• CPA/CTEC/EA prepared or reviewed the most recent year's business tax return filing; and,			
	• PTIN's are not acceptable			
	• The business name, borrower's name, and percentage of business ownership by the borrower.			
	• Business License for the past 2 years			
	• Minimum expense factor with P&L is 10% for service business and 20% for product business (see guidelines for details)			
	• No other income documentation type other than Asset Depletion can be combined with the P&L for the self-employed borrower.			
	• Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub.			

Documentation Options (Continued)				
1099 12 or 24 Months		• 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		
WVOE		• WVOE FNMA Form 1005 completed by HR, Payroll, Company Officer plus 2 mos personal bank statements supporting wages, or WVOE from online data supplier (Work Number, Experian, TRUV, etc.)		
		• Borrowers employed by a family owned or managed business are ineligible for WVOE documentation program		
DSCR		• Stand-alone cash-out transactions only		
		• Minimum 1.00 DSCR		
		• Qualifying DSCR ratio based on Note Rate (PITIA)		
		• Non-Permanent Resident Aliens not allowed		
		• Short-Term Rental Income accepted with 3rd party documentation of 12 months rents		
		• Long-Term Rental Income qualifies using the lower of the lease agreement or the 1007.		
		• Long-Term Rentals require lease agreement		
		• Minimum 1 Yr prepayment penalty required where allowable by state. Prepayment penalty must be in compliance with the terms and limitations of applicable state or federal law		
Asset Depletion		• Most recent 6 months asset documentation verified by: Cash-in-Bank (100%); Stocks, Bonds and/or Mutual Funds (90%); IRA, 401K and/or Retirement Accts (80%)		
		• Allowable assets divided by 60 months = qualifying income		
		• Primary Only (2nd Home & Investment ineligible)		
		• Minimum FICO 700		
		• Eligible to augment qualifying income on all doc types except DSCR or as stand-alone income		

Quick References				
Assets				
Assets		• None required on stand alone CES. Piggyback purchases require copy of assets for 1st lien.		

Credit						
Borrower Eligibility	•	US Citizen				
	•	Non-Permanent Resident Alien (with US Credit) - Not eligible for DSCR transactions				
	•	Permanent Resident Alien				
Borrower Eligible Vesting	•	Individuals	•	Tenants in Common	•	Inter Vivos Revocable Trust
	•	Joint tenants	•	Business Vesting with Entities as members only (ineligible for multiple layered LLC's)		
Borrower Ineligibility	•	Non Occupant Co-borrowers	•	Foreign Nationals		
Business Entity Business Purpose Loans Only	•	All persons with >25% interest in the business entity ("Interested Persons") must apply for the loan and meet credit requirements				
	•	Maximum of four (4) individual members/partners/shareholders. No entities as members.				
	•	Persons who sign the note or a personal guaranty must sign an Occupancy Affidavit prior to closing.				
	•	Formation and Operating documents:				
	•	Articles of Incorporation and bylaws				
	•	Certificate of Formation and Operating Agreement, or Partnership Agreement				
	•	Tax Identification Number				
	•	Certificate of Good Standing				

Credit (Continued)		
Calculation of Senior Lien	•	1st lien ARMS with < 3 years fixed period remaining must be qualified at fully indexed payment
Credit Stand Alone 2nd	•	If Borrower(s) has 3 credit scores, minimum tradelines are met
	•	3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months
Piggy Back 2nd	•	Default to AUS Approval (If applicable), no minimum tradelines required.
Limited Credit	•	Does not meet tradeline requirements. Available for Primary only with 0x30x12 mortgage reported on credit (No private party mortgages)
Credit Scores	•	Qualifying score is the lowest of 2 scores or middle of 3 scores from the primary income earner. Asset Depletion loans qualify using the lowest middle score of all borrowers.
	•	DSCR loans qualify using the highest middle score of all borrowers.
	•	Non Traditional Credit ineligible
Credit Event Seasoning	•	48 Months- Foreclosure actions (NOI, NOD), short sale, deed in lieu, bankruptcy. No Multiple events in last 4 years
Derogatory Credit	•	Open charge-offs or collections < \$1,000 per occurrence are acceptable.
	•	Open Medical collections < \$1000 per occurrence ok.
Housing History	•	0x30x12 On all mortgages for all borrowers.
	•	Purchase - 12 month history consisting of mortgage reported on credit or VOR from management company. A combination of both covering 12 month is acceptable.
	•	Cash-out - 6 months current first lien reporting on credit report, OR one of the following:
	•	VOM from an institutional lender
	•	Legally inherited property supported by cancelled checks to first lien
Calculation of Senior Lien ARMs	•	1st lien ARMS with < 3 years fixed period remaining qualified on fully indexed payment
Interest Only Senior Lien	•	Interest Only Senior liens acceptable when qualified at max 50% DTI.
	•	The current I/O payment on the senior lien is used to calculate DTI
Ineligible Senior Loans	•	Loans in active forbearance or deferment are ineligible. Deferred balance from modification > 12 months may remain open.
	•	Negative Amortization
	•	Reverse Mortgages
	•	Private Party
	•	Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien
	•	Mortgages not reporting on credit report
	•	Private Party
Maximum Combined Liens	•	The maximum combined 1st and 2nd liens is based on the loan amount. See matrix for limits.
Senior Lien Documentation	•	Stand-Alone CES:
	•	Current (within 60 days) first mortgage statement showing: Principal balance, Fully amortized, Term
	•	HOA statement when applicable
	•	HOI, flood insurance (if applicable), flood cert
	•	Piggy Back 2nd: Follow 1st Lien Requirements
	•	1st mortgage approval reflecting 2nd.
	•	DU/LP Approve/Eligible, or LP Accept or Approve/Accept/Ineligible due to loan size or non-conforming 1st liens (if applicable).
	•	Purchase agreement (if applicable).
	•	HOI, flood insurance (if applicable), flood cert, HOA statement (if applicable).
	•	Closing instructions reflecting 2nd.

Credit (Continued)			
Senior Lien Documentation		• Eligible in Texas Purchase Piggy Back 2nd only	
		• If closing concurrently with Prime 1st, must meet the guideline requirements for both products	
Title Report		• ALTA, Jr. ALTA, ALTA Lite, ALTA Short Form - Lenders Policy	

Property Type					
Acreage		• SFR with a Maximum 10 acres Max 10 acres on Rural at max 80% on Primary			
Appraisal requirements		• Primary Residence, Second Homes and Investment Property			
		• Full appraisal (1004, 1025, 1073)			
		• Primary Residence and Second Homes			
		• Declining markets maximum 75% CLTV on Primary/2nd Homes.			
		• Investment			
		• Declining markets maximum 70% CLTV on investor properties.			
Property Type Eligible		• SFR Max 10 Acres			
		• PUD			
		• Warrantable Condo: Full Doc with loan amount ≤ \$500,000 Max LTV 90% for Primary, 80% Max LTV for 2nd Home & NOO			
		• Warrantable Condo: Full Doc with loan amount > \$500,000 and all other doc type Max LTV 75% for Primary, 2nd Home & NOO			
		• 2-4 Units: Full Doc with loan amount ≤ \$500,000 Max LTV 85% for Primary & 2nd Home, 80% Max LTV for NOO			
		• 2-4 Units: Full Doc with loan amount > \$500,000 and all other doc type Max LTV 75% for Primary, 2nd Home & NOO			
Property Type Ineligible		Rural Investor Properties & Rural 2nd Home	•	Condotels	• Non-warrantable Condos
		Manufactured/Mobile Homes	•	5 plus-units	• Log Homes
		Working Farms and Hobby Farms	•	Unique Properties	• Agricultural or Commercial Zoned Properties
		Co-ops	•	Room and Board Facilities	• Adult Assisted Living/Care Facilities
		Mixed-Use Land	•	Trust Deed-restricted properties	• Hawaii properties located in lava zones 1 and/or 2
		Houseboats	•	Income producing properties with acreage Room and Board Facilities	
		• Multiple dwellings on single lot (1 legal ADU is acceptable on SFR)			
Rural Property		• Primary, maximum 10 acres, maximum 80% CLTV			
Title Report		• ALTA, Jr ALTA, ALTA Lite, ALTA Short Form - Lenders Policy			
Title Seasoning		• Properties owned less than six (6) months ineligible. Seasoning is not required for properties that are inherited or legally acquired through a divorce, separation, or dissolution of a domestic partnership.			
Seasoning Ownership		• Full Doc with loan amount up to \$500,000 no minimum ownership seasoning required			
		• Full Doc Greater Than \$500,000 and all other doc types (all loan amounts) - Properties owned less than six months are ineligible. Properties owned greater than six months - no restriction.			
Seasoning Property Listing		• Full Doc Greater Than \$500,000 - Properties that have been on the market within 120 days of the note date are ineligible.			
		• Full Doc Greater Than \$500,000 and all other doc types (all loan amounts) - Properties than have been on the market within six months of the note date are ineligible.			
Prior Refinance Seasoning		• Any previous cash-out refinance transaction, either 1st or 2nd lien, within the prior 6 months limits the maximum CLTV to 80%			
Power of Attorney		• Power of Attorney (POA) are not eligible			
States		• Ineligible: Texas 50a6 Equity Cash-Out & Texas Section 50(a)(4), Baltimore City Maryland, Philadelphia PA, New York, and Vermont			

Miscellaneous		
Prepayment Penalty NOO Business Purpose Only	•	Prepayment penalties eligible on non-owner business purpose loans where allowed by state
	•	Minimum 1 yr prepayment penalty required on DSCR doc type where allowable by state. Prepayment penalty must be in compliance with the terms and limitations of applicable state or federal law.
Compliance	•	No Section32 or state High Cost
	•	Loans must comply with all applicable federal and state regulations
	•	Fully Documented Ability to Repay including Borrower Attestation
	•	Higher-Priced Mortgage Loans(HPML) and higher Priced Covered Transactions (HPCT) are permitted subject to Compliance with all applicable regulatory requirements

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