Non-QM Underwriting Guidelines

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Version 9.2

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1 GENERAL POLICY

1.1 LOAN PURCHASE ELIGIBILITY POLICY

Windsor Mortgage's Underwriting Guidelines establish the criteria under which a residential mortgage loan will be eligible for purchase by Windsor Mortgage. Windsor Mortgage does not require originators or clients to make any loan simply because it is eligible for purchase by Windsor Mortgage, nor does Windsor Mortgage prohibit originators or clients from originating a loan that is ineligible for purchase by Windsor Mortgage. Clients should rely on their own underwriting guidelines and any additional industry information they need to determine whether to extend credit to any applicant.

Windsor Mortgage will evaluate many aspects of the loan to make a purchase determination but primarily relies on evaluation of the Borrower's ability and willingness to repay the loan to predict loan performance. Additional characteristics of the loan will also be examined including credit history, asset position and the property being used for collateral.

Windsor Mortgage has a zero-tolerance policy as it relates to fraud. All clients should follow their own established fraud and identity procedures on every loan to prevent and detect fraud (including, but not limited to, Social Security number verification, verbal verifications of employment, processing of 4506-C, etc.). Loans containing fraudulent documentation or information will immediately be rejected for purchase and forwarded for further review. If there is any determination of client involvement, the client will be made inactive, and the appropriate agencies notified. It is the originator's responsibility to ensure that all loans it originates comply with all federal, state, and local laws applicable to the origination and sale of mortgage loans.

1.2 FAIR LENDING STATEMENT

Windsor Mortgage operates in accordance with the provisions of the Fair Housing Act and Equal Credit Opportunity Act. The Fair Housing Act makes it unlawful to discriminate in housing-related activities against any person because of race, color, religion, national origin, sex, handicap, or familial status. The Equal Credit Opportunity Act prohibits discrimination with respect to any aspect of a credit transaction on the basis of sex, race, color, religion, national origin, marital status, age (provided the borrower has the capacity to enter into a binding contract), receipt of public assistance, or because the borrower has in good faith exercised any right under the Consumer Credit Protection Act. Windsor Mortgage fully supports the letter and spirit of both of these laws and will not condone discrimination in any mortgage transaction.

1.3 RESPONSIBLE LENDING STATEMENT

The primary focus of this lending program is the borrower's ability to repay the mortgage obligation. Mortgage Loans acquired or funded by Windsor Mortgage should be affordable to the borrower in his or her pursuit of homeownership.

Under the general Ability to Repay (ATR) standard, at or before consummation of the related Mortgage Loan, lenders must make reasonable, good-faith determination that the consumer has a reasonable ability to repay the Mortgage Loan. Lenders must verify information using reasonably reliable third-party records that provide evidence of income or assets.

If a Mortgage Loan is subject to the ATR rules under the Federal Truth In Lending Act ("TILA"), lenders must consider eight underwriting factors to be compliant:

1. Current or reasonably expected income or assets (other than the value of the property that secures the loan) that the consumer will rely on to repay the loan.
2. Current employment status (if you rely on employment income when assessing the consumer's ability to repay).
3. Monthly mortgage payment for this loan. You calculate this using the introductory or fully indexed rate whichever is higher, and monthly, fully amortizing payments that are substantially equal.
4. Monthly payment on any simultaneous loan secured by the same property.
5. Monthly payments for property taxes and insurance that you require the consumer to buy, and certain other costs related to the property such as homeowner's association fees or ground rent.
6. Debts, alimony, and child support obligations.

7. Monthly debt-to-income ratio or residual income, that you calculated using the total of all of the mortgage and non-mortgage obligations listed above, as a ratio of gross monthly income.
8. Credit history.

Windsor Mortgage will not fund or purchase a loan subject to the ATR requirement under TILA unless it meets the requirements of the rule. Certain loans may be exempt from TILA or otherwise exempt from the ATR rule. In those cases, though Windsor Mortgage may choose to purchase a loan that does not adhere to the formal requirements of the ATR rule, Windsor Mortgage will only fund or purchase loans that the applicant appears able to afford based on application of prudent underwriting standards.

2 NON-QM PROGRAM OVERVIEW | SUMMARY AND FEATURES

Please See Non-QM Program Matrices for the full eligibility guidelines. The information below is a representative summary of the different Windsor Mortgage programs.

2.1 EXPANDED PRIME PLUS PROGRAM

- Expanded Prime Plus Program is for Borrowers with a clean derogatory housing event history (>=48 months clean) and mortgage history (0x30x12)
- Borrowers can qualify with Full Documentation (including 1099s), Streamline Documentation (including 1099s), Asset Depletion, 12 Month 3rd Party P&L, 12M/24M Personal and Business Bank Statements
- Max Loan Size of $3.5mm
- Max LTV of 90%
- Minimum FICO of 660
- DTI up to 55%
  - Requires a FICO score of 700 or greater
  - Maximum LTV 80%
  - Primary Residence only, no FTHB
  - Requires 1.5x Residual Income as defined in Section 12.2
- Interest Only Eligible (Min 700 FICO, Max 85% LTV)
- 6 Months Minimum reserves
- Cash-Out can be used as reserves

2.2 SHARP PROGRAM

2.2.1 Sharp Program (A+)

- Sharp Program (Credit Grade A+) is for Borrowers with the following housing event history (>=36 months clean) and mortgage history (1x30x12)
- Borrowers can qualify with Full Documentation (including 1099s), Streamline Documentation (including 1099s), Asset Depletion, 12 Month 3rd Party P&L, 12M/24M Personal and Business Bank Statements
- Max Loan Size of $3.0mm
- Max LTV of 90%
- Minimum FICO of 660
- DTI up to 50%
- Interest Only Eligible (Min 700 FICO, Max 80% LTV)
- 3 Months Minimum reserves
- Cash-Out can be used as reserves

2.2.2 Sharp Program (A-)

- Sharp Program (Credit Grade A-) is for Borrowers with the following derogatory housing event history (>=24 months clean) and mortgage history (2x30x12 and 1x60x24)
- Borrowers can qualify with Full Documentation (including 1099s), Streamline Documentation (including 1099s) and 12M/24M Personal and Business Bank Statements

- Asset Depletion, 12 Month 3rd Party P&L and Written Verification of Employment are NOT eligible
- Max Loan Size of $2.0mm
- Max LTV of 85%
- Minimum FICO of 660
- DTI up to 45%
- Interest Only not permissible
- 3 Months minimum reserves
- Cash-Out can be used as reserves

2.3 DSCR PLUS PROGRAM

- DSCR Plus Program is for professional investors with the following derogatory housing event history (>=36 months clean) and mortgage history (0x30x12) seeking a business purpose, non-owner-occupied loan
  - First Time Investors are allowed provided that the DSCR is ≥1.0, the Credit score is >700 and there are no exceptions on the file
  - First Time Investors MAY NOT be a First Time Homebuyer
- Borrowers will qualify with property income (Debt Service Coverage Ratio)
- Debt Service Coverage Ratio = Gross Rent / PITIA (Amortizing loan) or Gross Rent / ITIA (Interest Only)
- DSCR eligible at .75x
- No Ratio DSCR may be eligible, check appropriate DSCR Matrix for details
- No personal income to qualify
- Personal recourse required for all guarantors that meet the requirements referenced in Section 4.6.2. No additional Borrowers are allowed to join an entity on Title or on the subject loan
- Max Loan Size of $3.0mm
- Max LTV of 80%
- Minimum FICO of 660
- Interest Only acceptable with restrictions
- 3 months minimum reserves
- No requirement for additional reserves for other financed properties, Subject Property reserves only
- Cash-Out can be used as reserves
- Housing history verification is required on subject property and borrower primary residence, regardless of whether or not the borrower is on the Note or Vested on Title. Any additional housing history included in the loan file that reflects delinquencies will be subject to review and must adhere to loan program matrix

3 PRODUCT TYPES & ELIGIBILITY

Product[1]	Qualifying Rate[2]	Term	IO Term	Amort. Term	Index	Caps
3/6 ARM	Higher of Fully Indexed or Note Rate	360		360	30 Day SOFR	2/1/5
3/6 ARM IO	Higher of Fully Indexed or Note Rate	360	120	240	30 Day SOFR	2/1/5
3/6 ARM IO	Higher of Fully Indexed or Note Rate	480	120	360	30 Day SOFR	2/1/5
5/6 ARM	Higher of Fully Indexed or Note Rate	360		360	30 Day SOFR	2/1/5
5/6 ARM IO	Higher of Fully Indexed or Note Rate	360	120	240	30 Day SOFR	2/1/5
5/6 ARM IO	Higher of Fully Indexed or Note Rate	480	120	360	30 Day SOFR	2/1/5
7/6 ARM	Higher of Fully Indexed or Note Rate	360		360	30 Day SOFR	5/1/5
7/6 ARM IO	Higher of Fully Indexed or Note Rate	360	120	240	30 Day SOFR	5/1/5
7/6 ARM IO	Higher of Fully Indexed or Note Rate	480	120	360	30 Day SOFR	5/1/5
10/6 ARM	Higher of Fully Indexed or Note Rate	360		360	30 Day SOFR	5/1/5
10/6 ARM IO	Higher of Fully Indexed or Note Rate	360	120	240	30 Day SOFR	5/1/5
10/6 ARM IO	Higher of Fully Indexed or Note Rate	480	120	360	30 Day SOFR	5/1/5
15 Yr. Fix	Note Rate	180		180		
30 Yr. Fix	Note Rate	360		360		
30 Yr. Fix IO	Note Rate	360	120	240		
40 Year Fix IO	Note Rate	480	120	360		

1. *Qualifying payment for I/O loans must include a principal component based on the original balance and remaining amortizing term at the end of the I/O period (i.e., 240 months or 360 months). See Section 3.5.1 for additional information*
2. *DSCR loans will be qualified at the original Note Rate, regardless of ARM or Fixed*

3.1 ADJUSTABLE-RATE CRITERIA

- Please refer to the respective Non-QM Program Matrix for adjustable-rate criteria (caps, floors, margins, etc.)
- ARM floor is equal to the loan's initial margin
- 30 Day Average SOFR Index as published by the New York Federal Reserve
- Reset Period on ARMs will occur every six months after the initial reset

3.2 DEROGATORY HOUSING HISTORY

- Please refer to the respective Non-QM Program Matrix for Derogatory Housing Events seasoning requirements and Housing History requirements
- Derogatory Housing Events:
  - Windsor Mortgage defines Housing Events as Foreclosures, Short Sale, Deed in Lieu, Modification (due to default), Notice of Default, or 120+ Days Delinquent
  - Bankruptcies are considered Housing Events, inclusive of Chapter 7, 11, and 13
  - Defaulted first and second mortgages on same property are considered one (1) event
  - Events include all occupancy types (Primary, Second Home, and Investment Properties)
  - Seasoning lookback is from the date of discharge / dismissal or property resolution (completion date), as of the note date
    - Modification look back commences at inception (when loan was permanently modified)
- Housing History
  - Twelve (12) month mortgage / housing history includes all occupancy types: Primary, Second Home and Investment Properties

3.3 GEOGRAPHY

- All fifty (50) US states including the District of Columbia (DC) are eligible for purchase by Windsor Mortgage
- The following US commonwealth and territories are not eligible for purchase by Windsor Mortgage
  - Puerto Rico, Guam, American Samoa, Northern Marina Islands, and the U.S. Virgin Islands

3.4 MINIMUM LOAN AMOUNT

- Expanded Prime Plus, Sharp (A+), and Sharp (A-) ($150k)
- DSCR Plus ($100k)

3.5 DEBT TO INCOME ("DTI")

- Max DTI permitted: 50%
- DTI up to 55% allowable in Expanded Prime Plus only with the following requirements:
  - Minimum 700 FICO
  - Max 80% LTV / CLTV
  - Primary residence only
  - No FTHB
  - 1.5x minimum residual income as defined in Section 12.2
- Please refer to the respective Non-QM Program Matrix for specific DTI limits
- Loans with a DTI greater than 43% or HPML must follow Windsor Mortgage's residual income requirements as noted in Section 12.2

3.5.1 Qualifying Payment

- For fixed rate loans, apply the fixed rate based on original balance fully amortized over selected term
- Qualifying payments for I/O loan must include a principal component. Applicable to Expanded Prime Plus and Sharp (A+); Interest Only not eligible for Sharp (A-)
  - For ARM I/O qualifying rate / payment, calculate using the higher of the fully indexed rate or Note rate based on the original balance and remaining amortizing term at the end of the I/O period (i.e., 240 months or 360 months)
    - See Section 3.1 for adjustable-rate loans
  - For fixed rate, I/O loans, qualifying payment, calculate qualifying payment based on the fixed rate, the original balance and remaining amortizing term at the end of the I/O period (i.e., 240 months or 360 months)

3.6 CASH-OUT LIMITS

- Please refer to the respective Non-QM Program Matrix for Cash-Out limits

3.7 PREPAYMENT PENALTIES

- Permitted on DSCR transactions only. Prepayment penalties on primary residences, second homes and non-DSCR investment property transactions are prohibited
- Where permitted by applicable laws and regulations. Total points, fees and APR may not exceed current state and federal high-cost thresholds

- Windsor Mortgage does not purchase loans defined as high-cost mortgages under Federal or state law, regardless of the basis for the loan's treatment as such
- Not allowed in: AK, IL, KS, MD, MI, MN, MS, NH, NJ, NM, OH, PA, RI.
- Allowed in accordance with state law for a period between one (1) and five (5) years
- Prepayment charge will be equal to six (6) months of interest on the amount prepaid that exceeds 20% of the original principal balance in a given 12-month period.

3.8 RESERVES

- Please refer to the respective Non-QM Program Matrix for Reserve requirements
- Reserves are calculated off actual P&I payment plus taxes, insurance, and HOA fees (PITIA)
- Reserves for an Interest Only ("IO") loan will be based on the initial Interest Only payment (ITIA)
- Additional reserves are required for Borrower(s) with additional financed properties other than the Subject property (Applicable to Expanded Prime Plus, Sharp (A+), and Sharp (A-). DSCR Plus Loans do not require reserves for additional financed properties, Subject property only)
  - Borrower(s) will be required to meet the subject property reserve requirement plus two months of reserves for each additional financed property, capped at a total of 12 months reserves for all properties (including Subject property)
    - Example) Borrower with five (5) financed properties with a total monthly PITIA / ITIA of $5,000 must have an additional $10,000 in reserves in addition to the Subject property requirements
- Reserves must be documented per Documentation sections guidelines
- Cash-Out proceeds may be used in reserve calculation

4 PRODUCT TYPES & ELIGIBILITY

4.1 ELIGIBLE BORROWERS

- U.S. Citizens
- Permanent Resident Aliens
- Non-Permanent Resident Aliens
- Non-Occupant Co-Borrowers
- Inter Vivos Revocable Trust (Must meet FNMA requirements)
- Limited Partnerships, General Partnerships, Corporations, Limited Liability Companies ("LLCs")

4.2 PERMANENT RESIDENT ALIEN

- A permanent resident alien is a non-U.S. citizen authorized to live and work in the U.S. on a permanent basis. Permanent resident aliens are eligible for financing
- Acceptable evidence of lawful permanent residency must be documented and meet one of the following criteria:
  - I-151 – Permanent Resident Card (Green Card) that does not have an expiration date
  - I-551 – Permanent Resident Card (Green Card) issued for 10 years that has not expired
  - I-551 – Conditional Permanent Resident Card (Green Card) issued for two (2) years that has an expiration date, if it is accompanied by a copy of USCIS form I-751 requesting removal of the conditions
  - Un-expired Foreign Passport with an un-expired stamp reading as follows: "Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until mm-dd-yy. Employment Authorized."

4.3 NON-PERMANENT RESIDENT ALIENS

4.3.1 Non-Permanent Resident Aliens Must Meet the Following Requirements

- The following Visa classifications are allowed as Non-Permanent Resident Aliens:

– E-1, E-2, E-3	– H-1B	– O-1
– EB-5	– L-1	– R-1
– G-1 through G-5	– NATO	– TN (NAFTA)R-1

- Copies of the Borrower's passport and unexpired visa must be obtained. Acceptable alternative documentation to verify visa classification is an I-797 form (Notice of Action) with valid extension dates and an I-94 form (Arrival / Departure Record). Borrowers unable to provide evidence of lawful residency status in the U.S. are not eligible for financing
- A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the Borrower's current employer. If the visa will expire within six (6) months of note date, it is acceptable to obtain a letter from the employer documenting the Borrower's continued employment and continued visa renewal sponsorship (employer on the loan application must be the same as on the unexpired visa)
- If a non-U.S. citizen is borrowing with a U.S. citizen, it does not eliminate visa or other residency requirements. Individuals in possession of spouse or family member visas are to qualify as co-Borrowers only. A valid EAD must be provided to use income for qualification
- Borrowers who are residents of countries which participate in the Department of Homeland Security's Visa Waiver Program (VWP) will not be required to provide a valid visa. Participating countries can be verified through the U.S. Department of State website:

https://www.dhs.gov/visa-waiver-program-requirements

4.3.2 Non-Permanent Resident Alien Program Restrictions

- Maximum 80% LTV / CLTV
- Purchase and Rate / Term Refinances only
- For Expanded Prime Plus 3a / 3b and DSCR Plus 3a / 3b, an unexpired visa or EAD is required. Use of the Visa Waiver Program (VWP) is not permitted on these programs

4.4 FIRST TIME HOME BUYERS

- First Time Home Buyers ("FTHB") are individuals that have not owned a home or had a residential mortgage in the last three (3) years.
  - Please note: Windsor Mortgage does not classify a borrower as a First-Time Homebuyer (FTHB) if they are vested on any property title within the past (3) years. Borrowers vested on title to their primary residence but not on the note will still require a 12-month housing history
- The following are required for FTHB:
  - Maximum payment shock of 250%
  - Rent Free FTHB are unable to meet Payment Shock requirements, they are permitted with no credit exceptions. Housing History requirements pertaining to rent free borrowers identified in Section 7.2 must be followed
  - Please refer to the respective Non-QM Program Matrix for additional FTHB restrictions

4.5 NON-OCCUPANT CO-BORROWER

- Non-Occupant Co-Borrowers are credit applicants that do not occupy the subject property. The following requirements must be met:
  - Must be an immediate relative, proof of relationship is required
  - Must sign the mortgage / deed of trust
  - Must not have an interest in the property sales transaction
  - Maximum LTV / CLTV of 80% or limited as posted on applicable Non-QM Program Matrix, whichever is lower
  - Single unit primary residence only
  - Maximum DTI of 43%
  - Additional six (6) months reserves required
  - Occupying Borrower must have documented income equal to 75% of PITIA
  - Purchase and Rate / Term Refinance only

4.6 ENTITY VESTING FOR LIMITED PARTNERSHIP (LP), GENERAL PARTNERSHIP (GP), CORPORATIONS (CORP) AND LIMITED LIABILITY COMPANIES (LLC)

4.6.1 Entity Vesting Requirements

- Properties vested in any of these manners are limited to Investment and Business Purpose and the following requirements must be met:
  - Entities must be formed for the purpose of Ownership and Management of Real Estate
  - Max of four (4) entity owners allowed
    - All eligible guarantors must be disclosed, and credit qualify - eligibility listed in section below

- All Borrower(s) must execute the Occupancy Certification or similar form subject to Windsor Mortgage pre-approval
- For DSCR Borrower(s) obtaining a Rate / Term or Cash-Out Refinance loan, the Borrower must execute the Windsor Mortgage Business Purpose & Occupancy Affidavit

4.6.2 Borrower /Guarantor Eligibility Requirements

- Guarantor(s) must:
  - Be a managing member or majority owner
  - Hold at least 25% ownership (as confirmed by the Operating Agreement or equivalent)
  - Guarantor is subject to the same underwriting requirements as an individual Borrower
- Personal Guaranty (PG) is required when Note is not signed individually (see below for signing example)
  - Guarantor(s) must sign all closing documents and disclosures
  - All Borrower(s) will be required to provide Personal Recourse
  - Consent of Spouse Form will be required in Community Property States when loan is signed with a Personal Guaranty and Spouse is not included on the loan
    - Form must be executed at loan closing and dated the same date as the Note

4.6.3 Required Entity Documentation

- The following entity documents are required:
  - Articles of Incorporation
  - Operating Agreement (or equivalent)
  - Tax Identification Number
  - Certificate of Good Standing
    - Must be dated within 30 days of closing

4.6.4 Layered Entity Structures

- Layered entities are permitted up to two (2) layers, as long as the ownership structure is consistent from top to bottom, with no discrepancies
  - For example, if the borrower is ABC LLC, which is 100% owned by XYZ LLC, and John and Mary Smith are the sole owners of XYZ LLC, then John and Mary Smith must be the borrowers/guarantors. The ownership chain must be clear and aligned
- Entities layered with a trust are NOT eligible
- Guideline requirements above must be met for each entity

4.6.5 Entity Signature Requirements

- The Note must be signed by either the guarantor in their individual capacity and/or as member(s) and/or managing member of the entity. In cases where there will not be any individual capacity signatures, each applicable guarantor / manager must sign a Personal Guaranty in their individual capacity
- The Mortgage / Deed of Trust / security instrument should be signed by the applicable guarantor(s) of the entity in their capacity as member(s) and/or managing member of the entity

Signing Example:

Note:
John Smith (Individual signature if person is not signing a Personal Guaranty)

John Smith, as member of ABC Properties, LLC
Mortgage / Deed of Trust:
John Smith, as member of ABC Properties, LLC

4.7 INELIGIBLE BORROWERS

- Windsor Mortgage will not purchase loans that have been made to any of the following Borrower types:
  - Foreign Nationals
  - Irrevocable or Blind Trusts
  - Layered Entity with a Trust
  - Land Trusts
  - Non-profit organizations
  - Borrowers with diplomatic immunity
  - Asylum applicants
  - Self-employed Borrower deriving their income from any Cannabis related business
  - Borrowers(s) with residence of any country not permitted to conduct business with U.S. Companies as determined by U.S. government authority

5 OCCUPANCY ELIGIBILITY

5.1 PRIMARY RESIDENCE

- A primary residence is a property that the Borrower(s) currently resides in (refinance) or intends to occupy (within sixty (60) days) as his or her principal residence
- 2–4 Unit properties are eligible as primary residences provided, they are common for the area and exhibit no unique characteristics that can influence marketability. If there are questions or concerns on a specific property, please contact your Account Manager for review and consideration
- Characteristics that may indicate that a property is used as a Borrower's primary residence include:
  - Occupancy by the Borrower for the major portion of the year
  - Location is relatively convenient to the Borrower's principal place of employment
  - Property is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing, and similar matters
  - Borrower may not own an additional single-family residence of equal or greater value than subject property
  - Property possesses physical characteristics that accommodate the Borrower's family

5.2 SECOND HOMES

- A property is considered a second home when it meets all the following requirements:
  - Must be located a reasonable distance away from the Borrower(s) principal residence
  - Must be occupied by the Borrower(s) for some portion of the year
  - Is restricted to a one-unit dwelling
  - Must be suitable for year-round occupancy
  - The Borrower(s) must have exclusive control over the property
  - Must not be subject to any timeshare arrangements, rental pools or other agreements which require the Borrower to rent the subject property or otherwise give control of the subject property to a management firm
  - Gift funds not permitted on Second Homes >80% LTV / CLTV

5.3 NON-OWNER OCCUPIED

- Occupancy designation for an income producing property where the Borrower does not occupy the Subject property
- All Borrower(s) must execute the Occupancy Certification or similar form subject to Windsor Mortgage pre-approval
- For DSCR Borrower(s) obtaining a Rate / Term or Cash-Out Refinance loan, the individual signing the Note and/or providing a personal guaranty must execute the Windsor Mortgage Business Purpose & Occupancy Affidavit
- For non-owner-occupied loans with a Guarantor, the individual(s) providing the guaranty must execute the Personal Guaranty Agreement.
- Originators should receive pre-approval from Windsor Mortgage for utilizing different forms

5.3.1 Ineligible for Non-Owner Occupied

- Rural properties not permitted
- Gift funds not permitted on Non-Owner-Occupied loans >80% LTV / CLTV

6 TRANSACTION ELIGIBILITY

6.1 ELIGIBLE TRANSACTIONS

6.1.1 Purchase

- A purchase transaction is one which allows a buyer to acquire a property from a seller where the proceeds of the transaction are used to finance the acquisition of the Subject property
- The lesser of the purchase price or appraised value of the Subject property is used to calculate the LTV
- Sellers must have owned the property more than 12 months, otherwise the transaction is subject to review as a Flip Transaction. Scenarios that meet the definition of a Flip Transaction as defined in Section 6.1.6 below must meet the requirements provided in that section. Bank owned REO and Corporate Relocations are eligible and not considered a flip transaction. Maximum Interested Party Contributions permitted up to 6%

6.1.2 Rate / Term Refinance

- A Rate / Term Refinance transaction is when the new loan amount is limited to the payoff of a present mortgage for the purpose of changing the interest rate and/or term of mortgage only with no additional cash or advancing of new money on the loan unless it is below the limited Cash-Out amount.
- The seasoned non-first lien mortgage is (1) a purchase money mortgage or (2) a closed end mortgage or (3) a HELOC mortgage not having any draws greater than $5,000 in the past twelve (12) months
  - Withdrawal activity must be documented with a transaction history from the HELOC
- Limited cash to the Borrower must not exceed the lesser of $5,000 or 2% of the principal amount of the new mortgage to be considered a Rate / Term refinance
- The LTV / CLTV will be based off of the appraised value. Loan must be used to pay off existing lien on the Subject mortgage and cash to the Borrower must not exceed the lesser of $5,000 or 2% of the principal amount of the new mortgage
- Properties that have been listed for sale by the Borrower 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 will not be eligible for purchase by Windsor Mortgage
- The rate / term refinance of a construction loan is eligible with the following conditions:
  - If the lot was acquired twelve (12) or more months before applying for the subject loan, the LTV / CLTV is based on the current appraised value of the property
  - If the lot was acquired less than twelve (12) months before applying for the construction financing, the LTV / CLTV is based on the lesser of (i) the current appraised value of the property and (ii) the total acquisition costs
- Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance
- Refinancing of a Land Contract is considered a purchase and LTV / CLTV should be calculated using purchase price

6.1.3 Cash-Out Refinance

- A Cash-Out Refinance transaction allows the Borrower to pay off the existing mortgage by obtaining new financing secured by the same property or allows the property owner to obtain a mortgage on a property that is currently owned free and clear. The Borrower can receive funds at closing if they do not exceed the program requirements
- To be eligible for a Cash-Out Refinance the Borrower must have owned the property for a minimum of six (6) months prior to the note date. For DSCR Cash-Out seasoning and guidance, please refer to Section 9.9

- Properties that have been listed for sale by the Borrower 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 will not be eligible for purchase by Windsor Mortgage
- If the property is owned less than twelve (12) months but greater than six (6) months at the time of note date, the maximum LTV / CLTV for the transaction will be based on the lesser of the original purchase price plus fully documented improvements such as invoices and/or confirmed by the appraiser, or current appraised value. The prior settlement statement will be required for proof of purchase price
- Refinance of a previous Cash-Out seasoned < 1 year will be considered Cash-Out refinance
- Refinancing of a Land Contract is considered a purchase and LTV / CLTV should be calculated using purchase price
- A Texas 50(a)(6) loan is a non-purchase money mortgage (potentially including a refinance of a prior home equity loan) in which the borrower takes equity out of a homestead property in Texas. In order to be valid, these home equity loans must comply with all requirements listed in Section Article XVI, Section 50(a)(6) of the Texas Constitution. Sellers should not rely on Windsor Mortgage's categorization of a loan as a "Cash-Out Refinance" for purposes of determining whether compliance with the Texas Constitution is required. Sellers should instead consult with their own legal or compliance resources to determine the applicability of Article XVI, Section 50(a)(6) to a specific transaction.
- Please refer to Non-QM Program Matrix for specific details regarding maximum LTV and Cash-Out amounts. Please note: Cash-Out includes funds received AT closing as cash back and any applicable debts paid off outside the original purchase money transaction

6.1.4 Property Buyouts and Inherited Properties

- Refinances of inherited properties and properties legally awarded to the borrower, including DSCR loans, are allowed. This includes divorce, separation and dissolution of a domestic partnership. Seasoning requirements do not apply, and the following guides must be met:
  - Written agreement signed by all parties stating the terms of the buyout and property transfer must be obtained
  - Equity owners must be paid through subject loan's settlement
  - Subject property has cleared probate, and property is vested in the borrower's name
  - Current appraised value is used to determine loan-to-value

6.1.5 Subordinate Financing

- New subordinate financing (institutional) allowed for purchase transactions only
- Primary residences only
- If a HELOC is present the LTV / CLTV must be calculated by dividing the sum of the original loan amount of the first mortgage, the line amount of the HELOC (whether or not there have been any draws), and the unpaid principal balance of all other subordinate financing by the lower of the property's sales price or appraised value
- All subordinate loan obligations must be considered, verified, and considered when calculating the Borrower's DTI
- If the subordinate financing is a HELOC secured by the subject property, monthly payments equal to the minimum payment required under the HELOC terms considering all draws made on or before closing of the subject transaction
- For closed-end fixed rate, fully amortizing simultaneous loans, the qualifying payment is the monthly payment
- Interest Only not permitted
- Existing subordination is permitted on refinances

6.1.6 Flip Transactions

- When the subject property is being resold within three hundred sixty-five (365) days of its acquisition by the seller and the sales price has increased more than ten (10%), the transaction is considered a "flip". To determine the three hundred sixty-five (365) 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) should be used
- Flip transactions are subject to the following requirements:
  - 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 pattern of previous flipping activity may exist in the last twelve (12) months. Exceptions to ownership transfers may include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan
  - The property was marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing
  - No assignments of the contract to another buyer
  - If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the Borrower must be obtained
  - An additional appraisal product is required. See Section 13.2 Third Party Appraisal Review Process

    Flip transactions must comply with the HPML appraisal rules in Regulation Z. The full Reg Z revisions can be found at: https://www.consumerfinance.gov/rules-policy/final-rules/appraisals-higher-priced-mortgage-loans/
- A second appraisal is required, prior to closing, in the following circumstances:
  - Greater than ten (10%) increase in sales price if seller acquired the property in the past ninety (90) days
  - Greater than twenty (20%) increase in sales price if seller acquired the property in the past one hundred eighty (180) days
  - The Borrower may not pay for the 2nd appraisal

6.1.7 Delayed Financing

- Delayed purchase financing is available when a property was purchased by a Borrower using cash, within one hundred eighty days (180) from the date of purchase to the new mortgage note date
  - The original purchase transaction must be an arm's length transaction
  - The source of funds for the original purchase transaction must be documented (bank statements, personal loan documents, HELOC from another property as example)
  - The maximum LTV / CLTV for the transaction will be based on the lower of the current appraised value of the subject or the purchase price plus any of the fully documented improvements such as invoices and/or receipts for work performed and confirmed by the appraiser
  - The preliminary Title must confirm that there are no existing liens on the property
  - The loan is considered a Cash-Out transaction. Cash-Out loan, LTV and other limitations apply

6.1.8 Temporary Interest Rate Buydowns

- Windsor Mortgage permits Temporary Interest Rate Buydowns in accordance with the Fannie Mae Seller Guides. Please default to the Fannie Mae Seller Guides unless specifically mentioned in the overlays below
  - There will be special delivery / servicing transfer instructions for loans with Temporary Interest Rate Buydowns.

- Windsor Mortgage permits Temporary Interest Rate Buydowns within the Expanded Prime Plus and Sharp (A+/A-) programs (except 3a and 3b, which are ineligible). The DSCR Plus programs are ineligible for Temporary Interest Rate Buydowns
  - Subject to the Eligibility section below, all income verification methods within the Expanded Prime Plus and Sharp (A+/A) programs are permitted: Full Doc, Streamlined Documentation, Bank Statements, Asset Depletion, 12M P&L
  - Temporary Interest Rate Buydowns are also eligible on Interest Only loans and loans with a 40-year maturity. Correspondents are encouraged to reach out to the Windsor Mortgage Ops team before underwriting Interest Only loans with a Temporary Interest Buydown

6.1.8.1 Eligibility

- When qualifying the borrower, loans that have a Temporary Interest Rate Buydown must be qualified at the initial note rate without consideration to the "bought down" rate
- The total dollar amount of the Temporary Interest Rate Buydown must be consistent with the terms of the buydown period
  - A buydown period may not be greater than 36 months
  - A buydown period may not have increases of more than 1% in the portion of the interest rate paid by the borrower in each 12-month interval
- Eligible Transaction Types – The following table lists the transaction types that are eligible and ineligible for temporary buydowns:

Transaction Type	Eligibility
Principal Residence	Eligible
Second Homes	Eligible
Investor Properties	Ineligible
Cash-Out Refinance	Ineligible
ARMs	Restricted

- ARM's and Temporary Interest Rate Buydowns – The following provides parameters pertaining to ARMs subject to temporary interest rate buydowns
  - Must be secured by a principal residence or second home
  - Are only permitted with an ARM plan that has an initial interest rate period of three years or more
  - ARM plans that have an initial interest period of three years must be structured as a 2-1 buydown with a buydown period of no greater than 24 months
  - ARM plans with an initial interest period greater than 3 years can be structured with either a 3-2-1 or a 2-1 buydown

6.2 INELIGIBLE TRANSACTIONS

- Assignment of Contracts
  - If there are no fees involved, the assignment may be considered on a case-by-case basis and will require an investor exception approval, subject to an LLPA. Please submit online via Windsor Mortgage's online seller portal for a formal review
- Builder Bailout & Model leasebacks
- Construction Loans
- Conversion Loans
- Daily Simple Interest Loans
- Rent Credits
- Non-Arm's Length

  - Please note, any employee of a seller, broker or originator that is party to the subject loan must be completed as full documentation
- Lease Option
- Tenants in Common, unless all parties vested match the actual borrowers of the loan

7 CREDIT ELIGIBILITY

7.1 CREDIT REPORT DETAIL

- A tri-merged in file credit report from all three repositories is required
- A written explanation for all inquiries within ninety (90) days of application is required disclosing no new debt
- Alternate confirmation that there is no new debt may include a new credit report, pre-close credit score soft-pull, gap report, DataVerify continued debt monitoring or other method
  - DTI should be recalculated based on any new debt
  - Any new credit scores must be reviewed for qualifications

7.2 HOUSING HISTORY

- Twelve (12) months housing history is required for all occupancy types – Primary, Second Home and Investment Properties. If primary housing is documented as free and clear, no exception is needed; This includes whether or not the borrower is on the Note or Vested on Title of their primary.
- If the subject property has delinquent taxes > one year from note date, this may be considered on a case-by-case basis and will require an investor exception approval, subject to LLPA. Please contact your Account Executive.
- Any additional housing history included in the loan file that reflects delinquencies will be subject to review and must adhere to loan program matrix
- All mortgages and rental payments should be current at time of closing. If the credit report or VOR / VOM reflects a past-due status, updated documentation is required to verify the account is current
  - Housing history evidenced by twelve (12) months proof of payment via cancelled checks, bank debits or institutional VOR
  - Private Party VORs / VOMs may be considered on a case-by-case basis and will require an investor exception approval, subject to an LLPA. Please contact your Account Executive.
  - If the borrower is living rent-free as a dependent with family and a 12-month housing history is not applicable, a rent-free letter is required. For first-time homebuyers, rent-free is permitted with no credit exceptions
- Past due balloon will be considered a delinquency (1x30) and not a housing event, but only within one hundred eighty (180) days of maturity

7.3 CREDIT SCORES

- For Non-DSCR programs: To determine the Representative Credit Score, select the middle score when three (3) agency scores are provided and the lower score when only two (2) agency scores are provided
- Representative Credit Score of the Primary Wage Earner is used to qualify
  - In the event there are multiple Borrowers that earn identical income, the Representative Credit Score will be the lower score of the applicants
- For DSCR: In cases of equal ownership %, use the lower of the two scores
  - Use Highest percentage ownership score for qualifying, even if lower. Highest percentage owner must have a valid score from at least two (2) of the following three (3) agencies: Experian, Trans Union and Equifax
  - In the event where ownership % of additional borrower is unknown, the lower score must be used for qualifying
- Credit rescores are not allowed except in the event of a disputed item or valid error. Documentation must be provided to support the reason that a credit rescore was performed

7.4 CREDIT REPORT REQUIREMENTS

7.4.1 Tradelines

- Each Borrower's credit profile must include a minimum of two (2) trade lines within the last twenty-four (24) months that show a twelve (12) month history, or a combined credit profile between Borrower and co-Borrower with a minimum of three (3) trade lines
- Tradeline activity is not required; can be opened or closed. Examples of unacceptable tradelines include loans in a deferment period, collection or charged-off accounts, accounts discharged through bankruptcy and authorized user accounts
- Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks / debits)
- Borrower(s) not using income to qualify are not required to meet the minimum tradeline requirements listed above
  - This does not pertain to DSCR loans, where the borrower(s) or guarantor(s) must adhere the tradeline requirements above
- Authorized user accounts must be used to calculate DTI ratio but will not be included in the number of tradelines.

7.4.2 Credit Events

- Prior Bankruptcies (Chapter 7, 11, 13) are permitted based upon respective Non-QM Program Matrix. Multiple bankruptcies are not permitted
- Prior Foreclosure, Short Sale, Deed-in-Lieu, and Modification (due to default), Notice of Default, Lis Pendens, and 120+ days delinquency is permitted based upon respective Non-QM Program Matrix
- Borrowers currently enrolled in credit counseling or debt management plans are not permitted
- All Judgments or liens affecting title must be paid
- Non-title charge-offs and collections within three (3) years and exceeding $5000 (individually or aggregate) must be paid
- Medical collections less than $15,000 are not required to be paid
- All past due accounts must be brought current prior to closing
- Disputed accounts may require an LOE
- IRS tax payment plans approved by the IRS are permitted if current and do not carry a lien on any property
- All Borrowers must be current on mortgage or rent at loan application
- All derogatory revolving and installment accounts > sixty (60) days within four (4) years of closing require a full explanation
- Delinquent credit belonging to ex-spouse can be excluded if late payments occurred after the divorce / separation, and divorce decree / separation agreement indicates derogatory accounts belong solely to the ex-spouse
- Security freeze – Credit reports may not contain a security freeze and should be resolved prior to an underwriting decision. Unfrozen reports after the date of the original credit report require a new tri-merged report
- Defaulted timeshares – Timeshares including delinquencies are treated as installment loans and not a housing event

8 INCOME DOCUMENTATION

Unless otherwise noted in the Windsor Mortgage Program Guidelines or in a specific Windsor Mortgage Program Matrix, all borrowers should have a two-(2) year income history from employment or other allowable sources. The expectation is that income year over year is stable or shows a trend with a gradual increase. This type of income should be averaged for the borrower(s) gross monthly income used to qualify. A reasonable expectation should be present that the borrower(s) source(s) of income will continue for the foreseeable future.

In cases where a borrower(s) income is declining or shows unusual or unexpected fluctuation, careful consideration must be given to the income being reviewed and the reason for the decline or fluctuation. Proper discretion must be exercised to determine the extent or probability of impairment of the borrower's income and earning ability moving forward. Conservatively, the lesser income should be used when a declining situation is present. A letter of explanation is required from the borrower(s) to support the circumstances. Borrowers that show continued declining income without a reasonable explanation or proof that the trend will not continue are not eligible to use that income for qualification.

Combined Income Documentation Scenarios

- Income documented through Alternative Documentation programs may be combined with other income sources that are documented as Full Documentation but not associated with self-employment, such as a spouse employed as a wage earner
- When wage income is combined with Alternative Documentation, a tax return is not required as this would invalidate the bank statements. Form 4506-C is still required; however, Box 8 should be checked to obtain a transcript of the W-2 earnings only
- Combined income documentation types are intended for separate borrowers on the same loan (spouses, for example). Cases of combined income types for the same borrower are generally not allowed. Please contact your Account Manager

8.1 FULL DOCUMENTATION

8.1.1 Wage Earners

- Most recent paystub (most recent thirty (30) day period) including year-to-date earnings (YTD must cover minimum of thirty (30) days)
- Two (2) years IRS 1040s or W2's and a Written Verification of Employment (if needed for the analysis of overtime, bonus, or commission)
- IRS 1040s are recommended when using other sources of income to qualify i.e., interest dividends, capital gains, note receivable, trust income etc.
- 4506-C W2 transcripts or 4506-C transcripts (If 1040 transcripts are provided, W2 transcripts are not required)
  - In the case where taxes have been filed and the wage transcripts are not available from the IRS, the IRS response to the request must reflect "No Record Found" and be present in the loan file
  - Must document that taxes have been filed via evidence of e-filing, tax refund, or proof of payment
  - Evidence of any IRS filing extensions must also be present in the loan file
- Verbal Verification of Employment (VVOE):
  - Must be completed within ten (10) calendar days of the closing date
  - VVOE should include name of contact at place of employment, phone number and title along with company name, address and Borrower's job description and title
  - A Borrower who is no longer employed at the same employer listed on the initial 1003 will not be eligible for purchase by Windsor Mortgage

8.1.2 Self-Employed Borrowers

- A Borrower is considered self-employed with 25% or more ownership interest in a business. The business may be a sole proprietorship, general partnership, limited partnership, corporation, or S-corporation. Borrowers may qualify with tax returns or 1099 income
- Borrower's qualifying with tax returns
  - Two (2) years personal & business tax returns (including all schedules and K-1's) plus YTD P&L from any businesses being used for qualification where the Borrower has 25% or more ownership interest
  - If the P&L covers more than nine (9) months, three (3) month bank statements are required to validate continued positive cash flow of the Borrower's business. Additional bank statements may be required if deemed necessary
- Borrower will be qualified on the lower of:
  - Monthly average of the net income from the tax returns and P&L or
  - Monthly net income from tax return multiplied by 115%
- Borrower(s) qualifying with 1099s must provide two (2) years 1099s
  - 4506-C W2 transcripts or 4506-C 1099 transcripts (If 1040 transcripts are provided, W2 / 1099 transcripts are not required)
  - Generally limited to single employer and requires employer confirmation of no Borrower job related expenses
  - If a Borrower is not able to provide confirmation of no job-related expenses, a 10% Expense Factor will be applied
  - In scenarios where the Borrower receives multiple 1099's, the Borrower must be in an industry where this is a common occurrence (entertainment, medical contractor, etc.)
  - Most recent check stub (or three (3) months bank statements for 1099) including year-to-date earnings (YTD must cover minimum of thirty (30) days)
- 1040 tax transcripts/1099 transcripts
  - Business tax transcripts not required if net business income is validated on the Borrower's 1040s
  - In the case where taxes have been filed and the tax transcripts and/or 1099 transcripts are not available from the IRS, the IRS response to the request must reflect "No Record Found" and be present in the loan file
  - Must document that taxes have been filed via evidence of e-filing, tax refund, or proof of payment
  - Evidence of any IRS filing extensions must also be present in the loan file
- All Borrowers must also provide evidence that business has been in existence for at least two (2) years via CPA / Tax preparer letter, confirmation from regulatory or state agency, or applicable licensing bureau
- Verification of business existence and that the business is fully operational / active required within ten (10) calendar days of closing
- Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent
- Self-employed paying themselves W-2 or K-1
  - The ordinary income from the borrower's business multiplied by the borrower's ownership % should be used to qualify along with any W-2 wages that they pay themselves. Double-counting is not allowed.
- Declining income – Self-employed
  - Declining income of the last two (2) years may be utilized for qualifying with signed letter of explanation from the Borrower. Lower of the two (2) years would then be used to qualify unless the income has stabilized over the most recent six (6) months

8.2 STREAMLINE DOCUMENTATION (ONE YEAR VERIFICATION OF INCOME)

8.2.1 Wage Earners

- One (1) year IRS 1040 or W2
- Most recent paystub including year-to-date earnings (YTD must cover minimum of thirty (30) days)
- IRS 1040s are recommended when using other sources of income to qualify i.e., interest dividends, capital gains, note receivable, trust income etc.
- 4506-C W2 transcripts in the case where taxes have been filed and the wage transcripts are not available from the IRS, the IRS response to the request must reflect "No Record Found" and be present in the loan file
  - Must document that taxes have been filed via evidence of e-filing, tax refund, or proof of payment
  - Evidence of any IRS filing extensions must also be present in the loan file
- Verbal Verification of Employment (VVOE)
  - Must be completed within ten (10) calendar days of the closing date
  - VVOE should include name of contact at place of employment, phone number and title along with company name, address and Borrower's job description and title
  - A Borrower who is no longer employed at the same employer listed on the initial 1003 will not be eligible for purchase by Windsor Mortgage

8.2.2 Self-Employed Borrowers

- A Borrower is considered self-employed with 25% or more ownership interest in a business. The business may be a sole proprietorship, general partnership, limited partnership, corporation, or S-corporation. Borrowers may qualify with either tax returns or 1099 income subject to the following conditions
- Borrower's qualifying with tax returns
  - One year personal and business tax (including all schedules and K-1's) plus YTD P&L from any businesses being used for qualification where the Borrower has 25% or more ownership interest
  - If the P&L covers more than nine (9) months, three (3) month bank statements are required to validate continued positive cash flow of the Borrower's business. Additional bank statements may be required if deemed necessary
- Borrower will be qualified on the lower of:
  - Monthly average of the net income from the tax return and P&L or
  - Monthly net income from tax return multiplied by 115%
- Borrower(s) qualifying with 1099s must provide one (1) year 1099s
  - 4506-C 1099 transcripts (If 1040 transcripts are provided, 1099 transcripts are not required)
  - Generally limited to single employer and requires employer confirmation of no Borrower job related expense
  - If a Borrower is not able to provide confirmation of no job-related expenses, a 10% Expense Factor will be applied
  - In scenarios where the Borrower receives multiple 1099's, the Borrower must be in an industry where this is a common occurrence (entertainment, medical contractor, etc.)
  - Most recent check stub (or three (3) months bank statements for 1099) including year-to-date earnings (YTD must cover minimum of thirty (30) days)
- All Borrowers must also provide evidence that business has been in existence for at two (2) least years via CPA / Tax preparer letter, confirmation from regulatory or state agency, or applicable licensing bureau

- Verification of business existence and that the business is fully operational / active required within ten (10) calendar days of closing
- Self-employed Borrower income in a licensed profession (i.e., Medical, Legal, Accounting) will be considered from a business that has been in existence for less than two (2) years, but greater than one (1) year if the Borrower has at least two (2) years of documented previous experience in the same profession, or evidence of formal education in a related field
- IRS form 1040 personal and business 4506-C tax transcripts required for the tax return year used for qualifying
- 1040 tax transcripts/1099 transcripts
  - Business tax transcripts not required if net business income is validated on the Borrower's 1040s
  - In the case where taxes have been filed and the tax transcripts and/or 1099 transcripts are not available from the IRS, the IRS response to the request must reflect "No Record Found" and be present in the loan file
  - Must document that taxes have been filed via evidence of e-filing, tax refund, or proof of payment
  - Evidence of any IRS filing extensions must also be present in the loan file

8.3 ASSET DEPLETION

- Our asset-based program is designed to meet the Ability to Repay ("ATR") requirements. This is accomplished by requiring a debt to income ("DTI") in our Asset Depletion program. The unrestricted liquid assets of the program can be comprised of stocks / bonds / mutual funds, vested amount of retirement accounts and bank accounts
- For Asset Depletion, the utilization of financial assets will be considered as Borrower income to qualify for their monthly payments
- A Borrower using Asset Depletion cannot use other sources of employment income
- Non employment sources of income may be considered on a case-by-case basis and will require an investor exception approval, subject to an LLPA. Please contact your Account Executive.

8.3.1 Program Requirements

- Asset Depletion will be qualified under the Full Documentation Program Matrix with restrictions outlined in the respective Non-QM Program Matrix
- Reserves are not required for the Asset Depletion program
- Asset Depletion Requirements (DTI):
  - Borrowers must have a <u>minimum of the lesser of</u> $1mm in Qualifying Assets <u>OR</u> must have Qualifying Assets >= to 125% of the original subject loan amount
  - A borrower must have a debt to income ("DTI") that qualifies per the respective Non-QM Program (Expanded Prime Plus, Sharp (A+))
- Not permitted:
  - Non-Owner Occupied or Second Homes (See Program Matrix for Max LTV and Program Eligibility)
  - Cash-Out
  - Gift funds
  - Business Assets
  - Trust Assets
  - Foreign Assets
  - Non-Occupant Co-Borrower

8.3.2 Eligibility

- Borrowers must have a minimum of $450K post-closing qualifying Assets
- Assets used for qualifying must be seasoned and documented for at least one hundred twenty (120) days
- Bitcoin or other forms of cryptocurrency can be utilized as "Qualifying Assets" to the extent the cryptocurrency was converted or liquidated to cash and the cash holding meets seasoning requirements of one hundred twenty (120) days. Cryptocurrency that has not been converted or liquidated to cash (still in cryptocurrency form) cannot be utilized as a Qualifying Asset
- Net Assets:
  - If the assets or a portion of the assets are being used for down payment or costs to close, those assets should be excluded from the balance before analyzing a portfolio for income qualification
- Qualifying Assets:
  - Net assets multiplied by the following percentages:
- 100% checking / savings / money accounts
- 80% of the remaining value of stocks / bonds / mutual funds
- 70% for all vested retirement assets

8.3.3 Qualifying Income

- Asset Depletion: Qualifying Assets with utilization draw schedule of five (5) years (Qualified Assets divided by sixty (60)) will be used as qualifying income

8.4 BANK STATEMENTS

- The Bank Statement Program is designed for borrowers with an active U.S. based business that is generating stable revenue. Borrowers that only receive income from passive or portfolio sources are ineligible (e.g., borrower managing their own rental properties, distributions from limited partnership, day trading, property flippers, etc.)
- Bank Statement loans submitted with tax returns or tax transcripts must follow Full Documentation guidelines
- Any loan file using qualifying income from Bank Statements with evidence of tax returns or tax transcripts in the origination file will be ineligible for sale to Windsor Mortgage
- Borrowers paid 1099 from a single company are not eligible for Bank Statement qualification and must qualify through Section 8.1 or Section 8.2
- Borrowers who are using more than three (3) businesses to qualify must use Personal Bank Statement option

Documentation Requirements

- Twelve (12) or twenty-four (24) months consecutive, bank statements required
- Bank statements must be most recent available at time of application and must be consecutive
- Any loan submitted with less than twelve (12) months of consecutive bank statements will not be eligible for purchase by Windsor Mortgage
- Business Narrative
  - Business narrative must include details relating to the size / score and operating profile of the business, including the following:
  - Description of Business / Business Profile
  - Location and Associated Rent
  - Number of Employees / Contractors
  - Estimated Cost of Goods Sold if any
  - Materials / Trucks / Equipment

  - Commercial or Retail Client Base
- An internet search of the business is required with documentation to be included in the credit file to support the Business Narrative. Underwriter certification (or notation on the 1008) if there are no returns when attempting an internet search
- Verification of business existence and that the business is fully operational / active required within ten (10) calendar days of closing
- Multiple bank accounts may be used
- Co-mingling:
  - Co-mingling of personal and business accounts is not permitted in personal bank accounts. Evidence of co-mingling will require the loan to be submitted / qualified as a business bank statement loan
  - Two (2) months of business bank statements must be provided to validate Borrower utilizing separate banking accounts

8.4.1 Bank Statement Calculation Services

- Windsor Mortgage permits Sellers to utilize the Laminr income tool to calculate eligible monthly income for use in our bank statement programs
- A Laminr result of "Eligible: Approved" will be considered validated under the following conditions:
  - Maximum of one bank account per business may be used to qualify
  - Commingled accounts are not permitted
  - Accounts with an end-of-month negative balance are not permitted, and will result in a Refer for Manual Review
  - All other Windsor Mortgage Bank Statement guidelines must be followed
  - All pages of accounts must be included for the 12-24 months provided

  Note: Windsor Mortgage's large deposit guideline threshold of 50% is programmed into the Windsor Mortgage tab. Hence, large deposits are automatically marked as Excluded. If large deposits are to be utilized, they must be explained via LOE and must be consistent with the business profile. If LOE is sufficient, no sourcing required
- Use of Greenline and Account Chek, two third party bank statement collection service companies, are also allowed since they are rating agency-approved providers that pull 12-24 months of direct source borrower bank account data
  - All pages of accounts must be included for the 12-24 months provided and any calculation by said firms is subject to guide criteria and post-close re-underwrite

8.4.2 Personal Bank Statements

8.4.2.1 Documentation Analysis

- Any deposits into a personal account deemed to derive from a source other than the business (rents, SSI, joint account holder wage income, IRS refunds) must be excluded from the analysis
- Unusually large deposits exceeding 50% of monthly income (as defined by Fannie Mae) into bank accounts must be explained via LOE and must be consistent with the business profile. If LOE is sufficient, no sourcing required
- Two (2) months of business bank statements are required. These statements should evidence activity to support business operations and reflect transfers to the personal account
  - A borrower who only utilizes a personal account for business activity and does not have an associated business account is eligible to qualify through Section 8.4.3 (Business Bank Statements)
  - Co-mingling of personal and business receipts is not permitted
- If bank statements provided reflect payments being made on obligations not listed on the credit report, a thorough analysis must be performed and LOE provided from the Borrower

- Declining Income may require an LOE

8.4.2.2 Business requirements

- Validation of a minimum of two (2) years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent
- Ownership percentage must not be less than 25% and documented via CPA letter, Operating Agreement, or equivalent
- Borrowers who own more than three (3) businesses must use personal bank statements option

8.4.2.3 Qualifying Income

- For personal bank statement documentation, it is the lower of the following:
  - Personal bank statement average (total eligible deposits / 12 or 24 months)
  - If a Borrower has declining income and is qualifying with twenty-four (24) months of bank statements, the last twelve (12) months of income will be utilized to qualify
  - Monthly income disclosed on the initial signed 1003

8.4.3 Business Bank Statements

8.4.3.1 Documentation Analysis

- Transfers from other bank accounts into the business bank accounts will require conclusive evidence that the source of transfer is business related income
- Large deposits exceeding 50% of monthly income (as defined by Fannie Mae) into bank accounts must be explained via LOE and must be consistent with the business profile. If LOE is sufficient, no sourcing required
- Declining Income may require an LOE
- NSFs may require a Borrower LOE documenting they are not due to financial mishandling or insufficient income. A maximum of 3 NSF occurrences within a twelve-month period are allowed. If there are zero occurrences in the most recent three-month period, up to 6 occurrences in the most recent twelve-month period are acceptable. NSFs should be covered with deposits shortly after they are incurred.
- Expense line items that can be added back to the business net income include depreciation, depletion, amortization, casualty losses, and other losses or expenses that are not consistent and recurring

8.4.3.2 Business Requirements

- Validation of a minimum of two (2) years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent
- Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent
- Minimum ≥50% business ownership required
- Borrowers utilizing business bank statements that own ≥ 50% but < 100% of a business will be qualified at the net income multiplied by their ownership percentage

8.4.3.3 Income Qualification (Three Options)

Option 1 (Expense Ratio)

- Percentage of gross deposits (twelve (12) or twenty-four (24 months)) using expense ratio factor based on business type and number of employees
- Qualifying income will be the lower of the Expense Ratio formula or monthly income disclosed on the initial signed 1003
- Expense ratio should be reasonable for the profession
- Qualifying income should be multiplied by the Borrowers documented business ownership
- If a Borrower has declining income and is qualifying with twenty-four (24) months of business bank statements, the last twelve (12) months of income will be utilized to qualify
- Example: Borrower with $25,000 monthly average deposits multiplied by a 50% expense factor = $12.5k in qualifying income

	Employees		
Service Business (Offers Services)	**0**	**1-5**	**>5**
Examples of Service Business: Consulting, Accounting, Legal, Therapy, Counseling, Financial Planning, Insurance, Information Technology	15% Expense Factor	30% Expense Factor	50% Expense Factor
Product Business (Sells Goods)	0	1-5	>5
Examples of Product Business: Retail, Food Services, Restaurant, Manufacturing, Contracting, Construction	25% Expense Factor	50% Expense Factor	85% Expense Factor

Option 2 (3rd Party Profit & Loss Statement)

- Qualifying income is the lower of the Profit & Loss ("P&L") net income from the validated third-party prepared P&L or monthly income disclosed on the initial signed 1003
- Businesses qualifying with a P&L statement showing less than a 15% expense ratio will be limited to a 15% ratio. Expense ratio should be reasonable for the profession
- Borrower prepared P&L will not be permitted under any circumstances
- Business Bank Statements are used to validate third-party prepared P&L. Gross revenue listed on P&L must be within +/-10% of the total qualified deposits
- If a Borrower has declining income and is qualifying with twenty-four (24) months of business bank statements, the last twelve (12) months of income will be utilized to qualify
- Following documentation is required:
  - Twelve (12) or twenty-four (24) months complete business bank statements from the same account (transaction history printouts are not acceptable)
  - Business bank accounts, personal bank accounts addressed to a DBA or personal accounts with evidence of business expenses can be used for qualification
  - P&L statement must be prepared by a Tax Professional
    - Tax Professional defined as a Certified Public Accountant ("CPA"), Tax Attorney, Enrolled Agent ("EA"), California Tax Educational Council member ("CTEC")
  - P&L statement must cover the same months as the bank statements submitted
  - P&L must be signed by the Borrower and the Tax Professional
  - Tax Professional must attest that they have audited the business financial statements or reviewed working papers provided by the Borrower

  - Tax Professional must attest that they are not related to the Borrower or associated with the Borrower's business
  - Tax Professional must have filed the Borrower's most recent two (2) years business tax returns

Option #3 (3rd Party Expense Ratio)

- Qualifying income is the lower of the 3rd Party Prepared Expense Ratio net income or monthly income disclosed on the initial 1003
- To determine net income, multiple eligible business deposits by the following: (100% minus the Expense Ratio) / 12 or 24 months)
- 3rd Party Prepared Expense Ratio floored at 15%
- If a Borrower has declining income and is qualifying with twenty-four (24) months of business bank statements, the last twelve (12) months of income will be utilized to qualify
- The Expense Statement must be prepared and signed by a third-party Tax Professional specifying business expense as a percentage of the gross annual sales / revenue
- Self-employed Borrowers who have filed their own business tax returns are ineligible
- Following documentation is required:
  - Twelve (12) or twenty-four (24) months complete business bank statements from the same account (transaction history printouts are not acceptable)
  - Business bank accounts, personal bank accounts addressed to a DBA or personal accounts with evidence of business expenses can be used for qualification
  - Tax Professional must attest that they have audited the business financial statements or reviewed working papers provided by the Borrower
  - Tax Professional must certify that the Expense Statement represents an accurate summary of the applicable cash expenses of the business
  - Tax Professional must attest that they are not related to the Borrower or associated with the Borrower's business
  - Tax Professional must have filed the Borrower's most recent two (2) years business tax returns
  - Tax Professional license must be verified and signed

8.5 12 MONTH PROFIT & LOSS (P&L)

8.5.1 12 Month Profit & Loss (P&L)

8.5.1.1 Eligibility

- Self-employed Borrower(s) only; Borrower(s) who file their own tax returns are not eligible
- Minimum of two (2) years self-employment in the current profession
  - Validation of a minimum of two (2) years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent
- Self-Employed defined as Borrower owning >=50% ownership of respective business
- Ownership percentage must be documented via Certified Public Account ("CPA") / IRS Enrolled Agent ("EA") / California Tax Education Council ("CTEC") letter, Operating Agreement or equivalent
- The CPA / EA / CTEC preparing the P&L must have filed the Borrower's most recent business tax returns

8.5.1.2 Documentation Requirements

- Most recent 12-month Profit & Loss statement (P&L). P&L end date must be less than sixty (60) days old at closing

- All Profit & Loss statements must be completed by an independent CPA / EA / CTEC
- The CPA / EA / CTEC prepared P&L must be signed by both the Borrower and CPA / EA / CTEC
- CPA / EA / CTEC must provide attestation that they prepared Borrower's tax returns and that they are not related to the Borrower or associated with Borrower or Borrower's business
- The CPA / EA / CTEC must attest that they have performed either the following functions:
  - Audited the business financial statements
  - Reviewed working papers provided by the Borrower
- Credit file must contain documentation that the CPA / CTEC license is verified and active. A screen shot of the IRS web site for an IRS Enrolled Agent (EA) is acceptable
- Borrower narrative on nature of business required
- An internet search of the business is required with documentation to be included in the credit file to support existence of the business
- Employment verification documentation must be consistent with information on the loan application and Borrower's credit report
- Verification of business existence and that the business is fully operational / active required within ten (10) calendar days of closing

8.5.1.3 Qualifying Income

- Qualifying income is the lower of the 12 Month Profit & Loss statement (P&L) or monthly income disclosed on the initial signed 1003

8.6 SUPPLEMENTAL INCOME SOURCES

- Joint Accounts – A joint personal account with a non-borrowing spouse or domestic partner can be used for qualifying as follows:
  - If not contributing income / deposits, it must be validated by a Borrower affidavit
  - If contributing income / deposits, source must be clearly identified (direct deposit, SSI, trust income) and amounts must be subtracted from the analysis
  - Relationship letter must be present in file

8.6.1 Rental Income (Non-DSCR)

8.6.1.1 Eligibility

- Rental Income is permitted for both purchase and refinance transactions including non-subject properties
- 100% ownership is not required. Allowed income will be calculated based on ownership percentage and 100% of PITIA must be used regardless of ownership percentage

8.6.1.2 Documentation Requirements

- Rental income reported on Tax returns: Schedule E net income should be used for loans using full/streamline documentation types
- Rental income not reported on tax returns OR loans qualifying with alternative documentation types:
  - Lease agreement and two (2) months cancelled checks to show proof of rental payments, or if subject is recently rented, a copy of two of the following will be acceptable (first month's rent, last month's rent, security deposit)
- Evidence that rent is market rate (free online source is permitted)

8.6.1.3 Calculation

- Purchase transactions
  - 75% of 1007 market rent utilized for qualifying income
  - If the existing lease from seller is transferring to borrower, the lease that predates the mortgage could have a superior claim to the mortgage. The seller is responsible for ensuring clear title and first lien enforceability
- Refinance Transaction (including Non-Subject Properties)
  - 75% of fully executed Lease agreement with the supporting 2 months evidence of receipt

8.6.2 Short-Term Rental Income (Non-DSCR)

8.6.2.1 Eligibility

- STR rental income is permitted for both purchase and refinance transactions
- STR income must be legally permitted and considered common for the area, as confirmed by the appraisal and/or property location
- For STR income reported on tax returns, please follow guidance from Section 8.6.1.2

8.6.2.2 Documentation Requirements

- STR income may be documented using a supplemental appraisal form. This form must accompany and be a part of the original appraisal
- Income must be verified through a third-party property management provider
  - Vendors such as Airbnb, AirDNA, VRBO, and HomeAway are acceptable
  - Documentation must include the property address or a unique property ID specific to the subject property

8.6.2.3 Calculation

- Purchases: Gross rent is based on the 75% of 1007 market rent stated in the appraisal OR the supplement appraisal form
- Refinances: Gross rent is the lower of:
  - 75% of 1007 term market rent from the appraisal OR 75% of the supplement appraisal form
  - 100% of actual 12-month STR income history, supported by documentation from Airbnb, VRBO, HomeAway, or a third-party property management provider. 12 month history is required for refinance transactions

8.6.3 Trust Income

- Income from trusts may be used if constant payments will continue for at least the first three (3) years (or 5) of the mortgage term as evidenced by trust income documentation. 5 years required if income source is >50% of loans total qualifying income
- See Section on Ancillary Income for limits on adjusting current distributions and continuance.
- Trust Agreement required confirming amount, distribution frequency, and duration of payments

8.6.4 Alimony Income / Child Support

- Final Divorce decree or legal separation agreement required
- Must provide payment evidence of six (6) months via cancelled checks, deposit slips, or bank records

8.6.5 Note Receivable Income

- Copy of the note confirming amount and length of payment
- Must provide payment evidence of twelve (12) months via cancelled checks, deposit slips, or bank records

- Verify that the income can be expected to continue for a minimum of three years from the date of the mortgage note

8.6.6 Royalty Payment Income

- Royalty contract, agreement, or statement confirming amount, frequency, and duration of the income –must document a three (3) year continuance
- Must provide payment evidence of twelve (12) months via cancelled checks or bank records / deposits

8.6.7 Retirement Income

- The following types of income documentation are required:
  - Copy of award letter or letters from the organizations providing the income and
  - Most recent two (2) months bank statements showing deposit of funds

8.6.8 Self Employed / Wage Earner Combination for Joint Borrowers

- Joint Borrowers with one (1) wage earner and one (1) self-employed business owner can verify income separately, with the self-employed Borrower utilizing bank statements or 12 Month Profit & Loss "(P&L") and the wage earner providing pay stubs / W-2s
  - The wage earner 4506-C should include W-2 transcripts only
  - Combination scenario must be qualified and priced to the income verification with the largest percentage of income

8.7 ADDITIONAL EMPLOYMENT & INCOME

8.7.1 Work History

- A minimum of six (6) months of employment is required unless recently graduated from school or completion of formal training

8.7.2 Employment Gaps

- Borrower should explain any employment gaps exceeding thirty (30) days in the last twelve (12) months and sixty (60) days in the last thirteen to twenty-four (13-24) months

8.7.3 Recently transitioned W-2 to 1099

- Borrowers recently transitioned from W2 to 1099 and contracted by the same employer in the same position do not require two (2) years 1099s if the Seller provides documentation the borrower will not be responsible for additional expenses, i.e., contract
- Borrowers who remained in the same industry, but transitioned from W2 to 1099 with a different company must be in current position for at least one (1) year

8.7.4 Ancillary Non-Employment Income – Continuance

- Borrowers of retirement age do not require proof of continuance if income received from corporate, government or military retirement or pension
- Alimony, child support requires proof of three (3) or five (5) year continuance (5 years if income source is > 50% of loans total qualifying income).
- IRA / Discretionary Retirement Account Distributions / Trust Distribution – Continuance
  - IRA or Trust distributions cannot be set up post application date unless the Borrower is required to start withdrawing based on age. In such cases, 125% of the required minimum amount can be used to qualify
  - Distributions must have been received for prior six (6) months to application to be considered as eligible income. Distributions that have been received for six (6) months or more can be adjusted with a letter from the plan administrator validating the increase. Allowable increases of distribution amount are limited to 125% of previously received distributions. Continuance for 5 years at the proposed monthly amount is

required if distributions represent > 50% of the loans total qualifying income (please note this overlay to Fannie Mae). Please refer to Asset Depletion, Section 8.3 for Borrowers wishing to draw assets to qualify

- One of the following types of income documentation is required:
  - Copy of award letter or letters from the organizations providing the income
  - Most recent personal income tax return with all schedules
  - Most recent W2 or 1099
  - Most recent two (2) months bank statements showing deposit of funds

8.7.5 Restricted Stock (RSUs) and Restricted Stock Employment Income

- Allowable but must meet FNMA guidelines

8.7.6 Averaging of bonus / commission, 2 years

- A two (2) year average is required; exceptions can be considered with one-year minimum history of receipt is required and must be likely to continue. Employer to document likelihood of continuance

8.7.7 Secondary Employment

- Second job income considered stable if received for two (2) years and likely to continue. Must be working both jobs simultaneously, for consideration.

8.7.8 Foreign Sources of Income

- Foreign income is income earned by a Borrower employed by a foreign government / company and not paid in US dollars. Acceptable utilization if the following criteria are satisfied:
  - Two (2) years US Tax returns reflect the foreign income
  - Income is translated to US dollars
  - Income documentation, stability and continuance requirements are met
  - Income from countries under OFAC sanctions is not permissible

8.7.9 Grossing up Non-Taxable Income

- Non-taxable income to be grossed up 125%

8.7.10 Two-Year Business Validation – Name Change /Re-Organization

- Considered continuous if business name changes within last two (2) years or restructure (i.e., from sole proprietor to LLC, S-Corp, etc.). Not applicable for DSCR program

9 DEBT SERVICE COVERAGE RATIO ("DSCR") PLUS PROGRAM, NON-OWNER OCCUPIED ONLY

9.1 DSCR CALCULATION

- A Debt Service Coverage Ratio (DSCR) ratio is required. DSCR = Gross Rental Income / PITIA or DSCR = Gross Rental Income / ITIA for Interest Only loans
- DSCR loans will be qualified at original Note Rate, regardless of ARM or Fixed
- Gross Income will be calculated using the lower of the A) executed lease agreement or B) market rent from applicable Appraisal
- If executed lease agreement reflects a higher monthly rent than Appraisal, it may be used in the calculation with sufficient evidence of receipt. Three (3) most recent, consecutive months should be provided
- Vacant properties not eligible for Refinance with exception of properties currently vacant due to the subject property having undergone recent renovation or rehab, with the intention of being rented out soon. Support of this must be provided via the appraiser confirming recent work completed and providing visual evidence. In scenarios like this, market rent from the 1007 schedule in the property appraisal may be used to qualify
- Any loan where Cash-Out proceeds would be utilized for personal use will not be eligible for the DSCR Plus program
- Neither the borrower, nor any member of the borrower's family, may occupy the property at any time.

9.2 SHORT-TERM RENTAL INCOME

9.2.1 Eligible Programs

- Short-Term Rental (STR) income is eligible on the following programs: DSCR Plus and DSCR Plus 2a
- STR income is not eligible on DSCR Plus 2b, DSCR Plus 3a, or DSCR Plus 3b
- STR income must be legally permitted and considered common for the area, as confirmed by the appraisal and/or property location

9.2.2 Documentation Paths

- STR income may be documented through one of two paths. The path selected determines the transactions permitted and the maximum LTV / CLTV

Requirement	Path A – Appraisal-Based	Path B – AirDNA & Operating History
Income Source	FNMA 1007 / 1025, supplemental appraisal form, or STR analysis form completed by a licensed appraiser	AirDNA Rentalizer report; 12-month third-party rental history; 12-month seller bank statements
Transactions	Purchase and Rate / Term Refinance. Cash-Out not eligible	Purchase only
Expense Factor	20% – qualifying rent multiplied by 0.80	20% – qualifying rent multiplied by 0.80
Max LTV / CLTV	Per the applicable Program Matrix	75%

- The Path B requirements set forth in Sections 9.2.4 through 9.2.9 apply only to loans documented under Path B. Loans documented under Path A follow the standard DSCR Plus requirements set forth elsewhere in these Guidelines

9.2.3 Path A – Appraisal-Based Income

- STR income documented under Path A is permitted on purchase and rate / term refinance transactions. Cash-Out refinance transactions are not eligible for STR income
- Maximum LTV / CLTV is governed by the applicable Program Matrix
- Minimum Debt Service Coverage Ratio (DSCR): 1.00x

- STR income may be documented using the FNMA 1007 / 1025, or a supplemental appraisal form. The form must report Short-Term Rental income for the subject property
- STR income may also be documented using an STR analysis form completed by a licensed appraiser. The form must state the data source; include comparable STR properties addressing room count, gross living area, location, and market appeal; include the daily rate and occupancy percentage; and factor seasonality and vacancy
- Gross rent is 80% of the market rent reflected on the 1007, supplemental appraisal form, or STR analysis form. A 20% expense factor is applied
- The 20% expense factor accounts for extraordinary STR costs including advertising, furnishings, and cleaning
- On a rate / term refinance, gross rent is based on the 1007, supplemental appraisal form, or STR analysis form only

9.2.4 Path B – Borrower and Credit Requirements

- Borrower / Guarantor must have a minimum of one (1) year of experience operating a short-term rental within the past thirty-six (36) months, documented
- First Time Investors are not eligible for STR income documented under Path B
- First Time Homebuyers are not eligible
- Minimum FICO: 700
- Credit event seasoning: minimum forty-eight (48) months from discharge / completion to the Note date
- Housing history: 0x30x12 on the primary residence. The primary residence and the subject property must be documented for the most recent twelve (12) months
- Neither the Borrower, immediate family members, nor Borrower-affiliated tenants may occupy the subject property at any time

9.2.5 Path B – Property Eligibility

- Eligible Property Types:
  - Single Family Residence (SFR)
  - PUD
  - Warrantable condominium
  - Non-warrantable condominium
  - 2-unit property
- Ineligible Property Types:
  - 3–4 unit properties
  - Condotels
  - Mandatory rental pool projects
  - Rural / agricultural properties
  - Manufactured housing
  - Mixed use properties
  - Bed & breakfast / boarding house
- Minimum size of 500 square feet per unit with a fully functioning kitchen. Kitchenettes are not acceptable
- Condominiums require written evidence that the HOA permits short-term rentals

- Evidence that the municipality permits STR is required, in the form of HOA confirmation, a property-guard report, or the local municipality's website. Where local licensing is required, evidence that the Borrower has obtained the license is required
- ADUs: if ADU income is included, the AirDNA bedroom count must reflect the primary dwelling plus ADU(s), and the appraisal must include at least one comparable with the same ADU count

9.2.6 Path B – Loan Parameters

- Transactions: purchase only
- Maximum LTV / CLTV: 75%
- Minimum DSCR: 1.00
- Minimum loan amount: $100,000
- Maximum loan amount: $2,000,000
- Escrows may be waived with LLPA
- Gift funds are permitted only after a minimum 10% Borrower contribution of own funds. Gift funds may not be used for reserves
- Prepayment penalty per applicable Program Matrix and state law (see Section 3.7)
- A lease that permits the tenant to sublet as a short-term rental is not permitted
- Two full appraisals are required for loan amounts above $2,000,000

9.2.7 Path B – AirDNA Rentalizer Report Requirements

- Pull the AirDNA Rentalizer report via Explore Short-Term Rental Data. The report must satisfy all of the following:
  - Purchase transactions only. AirDNA is not an acceptable source on refinance transactions
  - Default comps only. The report must use AirDNA's default comparable set with no changes whatsoever to the initial output — no comp swaps, no manual overrides, no adjusted inputs
  - Forecast period of twelve (12) months
  - Report dated within ninety (90) days of the Note date
  - Minimum three (3) comparable properties as reflected on the report
  - Comparable proximity: each comparable must be within two miles of the subject, in the same zip code, or in the same AirDNA submarket
  - Comparable similarity: comparables must be generally similar in size, room count, amenities, availability, and occupancy
  - Market performance: the report must reflect either an occupancy rate greater than 50%, or a Market Score or Sub-Market Score of 60 or greater. Only one of the two tests must be met
  - Revenue projection equals average daily rate multiplied by occupancy rate, per the report's own output

9.2.8 Path B – Alternate Sources

- Where the AirDNA Rentalizer report is not used, STR income may be documented through one of the following. All are subject to the same 20% expense factor
- 12-month third-party rental history (Airbnb, VRBO, HomeAway, FlipKey): from the property seller's management service on a purchase. Must identify the subject by street address, show twelve (12) months of rents collected, and itemize all vendor / management fees. Qualifying income is net of all fees
- 12-month bank statements: the seller's statements on a purchase evidencing STR deposits, supported by rental records tying the deposits to the subject property

- The subject property must be clearly identified by street address on any supporting STR statement. A property ID number or property description alone is not sufficient

9.2.9 Path B – Income Calculation and DSCR

- Qualifying Monthly Gross Rent = (AirDNA 12-month revenue projection ÷ 12) × 0.80
- DSCR = Qualifying Monthly Gross Rent ÷ PITIA, or ÷ ITIA for Interest Only loans
- The 20% expense factor accounts for extraordinary STR costs including advertising, furnishings, and cleaning
- Seasonality must be accounted for through a twelve (12) month average. The AirDNA twelve (12) month forecast satisfies this requirement
- Where STR income is supported by more than one acceptable source, the lowest monthly income figure, after each source's expense treatment, must be used for DSCR. This is not optional and is not the Underwriter's choice
- Interest Only loans qualify on the ITIA payment

9.3 RESERVE REQUIREMENTS

- Reserves are calculated off actual P&I payment plus taxes, insurance, and HOA fees (PITIA)
- For Interest Only loans, reserves will be calculated off the initial Interest payment, plus taxes, insurance, and HOA fees (ITIA)
- No requirement for additional reserves for other financed properties, Subject Property reserves only
- See DSCR Matrix for specific reserve requirements
- Cash-Out proceeds can be utilized for reserves on loans

9.4 EMPLOYMENT VERIFICATION

- Employment Verification Can be listed but not required on DSCR. Guidance below breaks down all verification options

9.4.1 Wage Earner / Salaried Borrower

- Salaried / wage earner can provide an employment letter on company letterhead signed by an authorized representative of the company
  - Letter should contain date, address, position, and amount of time employed
  - FNMA Form 1005 could also be utilized
- Additional documented verification of employment can be utilized, if reasonable

9.4.2 Self Employed Borrowers

- Self-employed Borrowers / Guarantors can provide a letter from their Tax Professional certifying a minimum of two years' business experience
  - Accountant letter should contain name, address, phone, and license number
  - Tax Professional should provide the above information and include proof of their appropriate licensing information
- Additional documented verification of employment can be utilized, if reasonable

9.4.3 No Employment Verification

- Borrower / Guarantors who do not provide adequate employment verification are still eligible for the DSCR Plus Program

9.5 PROFESSIONAL INVESTORS

- DSCR Plus Program is only eligible for Professional Investors
- Professional Investors must have at least twelve (12) months of experience owning and/or managing income-producing real estate within the most recent thirty-six (36) months from the origination of the Note
  - First Time Investors are allowed provided that the DSCR is ≥1.0, the Credit Score is >700 and there are no exceptions on the file
  - First Time Investors are limited to a maximum loan size of $2.0mm
  - First Time Investors MAY NOT be a First Time Homebuyer
  - First Time Investors are not eligible for Short-Term Rental income documented under Path B, as set forth in Section 9.2
- Rental property experience must be documented using the Schedule of REO on the signed 1003, validating both the investment properties owned and the length of ownership. A signed Letter of Explanation (LOE) by the Borrower / Guarantor is no longer required
- Windsor Mortgage reserves the right to request additional documentation to validate the Borrower / Guarantor's real estate experience

9.6 RENT LOSS INSURANCE

- Rent loss insurance for the subject property is required and must equal at least six (6) months of local average monthly rents
- Blanket policies covering the subject property are permitted

9.7 RECOURSE / GUARANTY

- Personal recourse required
- All Borrower(s) should execute the Windsor Mortgage Personal Guaranty Agreement if applicable, or similar forms subject to approval by Windsor Mortgage

9.8 ASSIGNMENT OF RENT

- 1–4 Family Rider / Assignment of Rents must be in origination file (FNMA Form 3170)

9.9 CASH-OUT

- Cash-Out proceeds on a refinance loan are allowed with the following requirements:
  - Borrower must have owned the subject property 6+ months using date of original acquisition and subject loan note date for timing
  - Cash-Out is for Business Purposes only and the borrower must provide an LOE detailing the purpose and use of the proceeds. While maintaining the property is an acceptable use for cashout proceeds, major renovations, rehabs, etc. are not permitted on subject property that could deem the property uninhabitable
  - For DSCR Borrower(s) obtaining a Rate / Term or Cash-Out Refinance loan, the Borrower must execute the Windsor Mortgage Business Purpose & Occupancy Affidavit
- All Borrower(s) must execute the Occupancy Certification or similar form subject to Windsor Mortgage pre-approval
  - Please refer to Non-QM Program Matrix for specific details regarding maximum LTV and Cash-Out amounts

10 ASSETS

10.1 DOCUMENTATION

- Full Asset Documentation is required for both funds to close and reserves. For most asset types, this would include all pages of the most recent one-month (1) statement, the most recent quarterly statement, or FNMA approved third party direct pull services
- Publicly traded Stocks / Bonds / Mutual Funds – 100% may be used for reserves
- Vested Retirement Accounts – 100% may be considered for reserves.
- Bitcoin or other forms of cryptocurrency are permitted for both funds to close, and reserves provided the cryptocurrency has been converted or liquidated to cash. Seasoning requirements not applicable given liquidation
- Assets being used for dividend and interest income may not be used to meet reserve requirements
- Follow FNMA guides if funds require liquidation when used for the down payment or closing costs, and if the funds are being used for reserves
- Gift of Equity is not allowed
- Builder profits are not allowed
- Maximum Interested Party Contributions permitted up to 6%
- Rent credits not permitted
- LOE required for large deposits, as defined by Fannie Mae. If questionable, an LOE should be provided; If LOE is sufficient, sourcing may not be required
- DSCR large deposits should be in line and consistent with the borrower's overall credit profile and may require a letter of explanation

10.2 BUSINESS ASSETS

- Business assets are an acceptable source of funds for down payment, closing costs, and reserves for self-employed borrowers; ALL of the following must be met:
  - The borrowers on the loan must have a minimum of 50% ownership of the business and must be owners on the business account
  - Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent
  - All non-borrowing owners of the business must provide a signed and dated letter acknowledging the transaction and confirming the borrower's access to funds in the account
  - The balance of the business assets must be multiplied by the ownership percentage to determine the owner's portion of business assets allowed for the transaction
  - A signed letter from a CPA or Underwriter Cash Flow Analysis (3 months of statements required) must also be obtained verifying that the withdrawal of funds for the transaction will not have a negative impact on the business; not required on DSCR loans

10.3 GIFT FUNDS

- Gifts from family members, as defined by FNMA, are allowed
- Gift funds cannot be counted towards reserves
- General Requirements:
  - Purchase transactions only

- Gift funds not permitted:
  - Second Homes and Investor properties >80% LTV / CLTV
  - Borrowers utilizing the Asset Depletion program
- Down Payment Requirements:
  - Gift funds are acceptable as 100% down payment for loans <75% LTV / CLTV
  - Gift funds are acceptable for loans >=75% LTV / CLTV however the underlying Borrower(s) must contribute at least 5% of the transaction (lower of Purchase Price or appraised Value) from their own funds
    - Ex: A $500,000 purchase price where the LTV / CLTV is going to be 75% or higher would require the borrower to have a $25,000 of their own funds provided ($500,000 x .05% = $25,000)

10.4 OTHER ASSET SOURCES

10.4.1 Life insurance cash value

- Life insurance policy current cash value or loan against the cash value may be used for down payment, closing costs or reserves

10.4.2 Foreign Assets

- Foreign assets are acceptable and must be sixty (60) days seasoned with two (2) most recent bank statements. A currency calculation must be provided
- Assets from countries under OFAC sanctions are not permitted

10.4.3 Non-borrowing Spousal Joint Accounts

- Allowable with relationship letter. If the loan is a bank statement loan or 12-month P&L loan, non-borrowing joint account holder affidavit is required to ensure no deposits by that non-Borrower is included as income

10.4.4 Restricted Stock

- Restricted stock is ineligible for to be used for reserves

10.4.5 Sale of Personal Assets

- Proceeds from the sale of personal assets are an acceptable source of funds for the down payment, closing costs, and reserves provided the individual purchasing the assets is not a party to the property sale transaction or the mortgage financing transaction. Documentation required supporting Borrower ownership of the asset, independent valuation of the asset, ownership transfer of the asset and Borrower's receipt of sale proceeds

10.4.6 Employer assistance

- Employer assistance in the form of a grant, direct fully repayable second mortgage, forgivable second mortgage or deferred payment second mortgage or unsecured loan, and shared appreciation down payment assistance are permitted. Funds must come directly from the employer, may be used for down payment / closing costs subject to minimum Borrower contributions, may be used for reserves except for unsecured loans and are only eligible for primary residence. Any obligation for the borrower that arises from receipt of this assistance must be included in qualifying the borrower.

10.4.7 1031 Assets

- Funds held by a 1031 administrator / agent are permitted for down payment and closing costs

11 LIABILITIES

11.1 DEPARTING RESIDENCE:

- Departing residence positive rental income cannot be used to qualify. Departing residence PITIA / ITIA can be offset by 75% of projected net rental income or if subject is recently rented, a copy of two of the following will be acceptable (first month's rent, last month's rent, security deposit). Departing residence rental that produces a loss must be included in DTI
- An additional 3 months Early Payoff (EPO) protection may be required except in the following circumstances (Windsor Mortgage to monitor and nothing needed from the seller up front):
  - Departing residence is being converted to an investment property and the borrower can provide a signed 12-month lease from the new tenant and evidence of payment for some combination of monies received (1st, last and security)
  - Departing residence is under contact for sale with evidence of earnest money deposit and that sale will occur prior to or within 30 days of subject loan funding

11.1.1 Departing Residence Obligation Can Be Excluded (If No Contract in Place)

- Currently listed or signed letter of intent from Borrower indicating they intend to list the departure residence for sale within ninety (90) days of closing on subject transaction
- Equity in the departure residence must be documented with a 2055 exterior appraisal or full appraisal. Departure residence must have a minimum of twenty (20%) equity after deduction of outstanding liens to exclude the payment from the DTI. If there is less than twenty (20%) equity, the full payment must be included in the DTI
- Required reserves for the departure residence are based on the marketing time indicated by the departure residence appraisal:
  - If appraisal indicates marketing time of six (6) months or less = twelve (12) months PITIA / ITIA
  - If appraisal indicates marketing time over six (6) months = twenty-four (24) months PITIA / ITIA

11.1.2 Departing Residence Obligation Can Be Excluded (If Under Contract)

- A copy of an executed sales contract for the property pending sale and confirmation all contingencies have been cleared / satisfied. The departure transaction must be closing within thirty (30) days of the subject transaction. The pending sale transaction must be arm's length
- No appraisal required for departure residence. The Borrower must be netting a positive number from the sale of the property or assets must be accounted for to cover any funds the Borrower may have to bring to closing on the sale of the departure residence

11.2 PROPERTY TAX ESTIMATES FOR NEW CONSTRUCTION

- Property taxes should be calculated using 1.5% of sales price for qualification (1.25% in California). Use of other property tax rates is allowed provided the rates are documented in the file

11.3 STUDENT LOAN

- Student loan payments must be included regardless of deferment or repayment in the DTI ratio. If a payment amount is not identified, 1% of the current loan balance may be utilized
- Affordability based payments may be used

11.4 SOLAR LEASES

- Must conform to FNMA guidelines
- PACE loans (or any similar loans with payments that are included in property taxes or take lien priority) are not eligible

11.5 PAYOFF OF DEBT TO QUALIFY

- Installment and revolving debt paid at closing may be excluded from the debt-to-income ratio with ONE of the following: a Credit supplement, Verification from the creditor liability as paid in full OR Evidence of payoff on Closing Disclosure

11.6 DEBTS PAID BY OTHERS / CONTINGENT LIABILITIES

- Contingent liabilities can be excluded from DTI if the Borrower provides evidence that their business or another individual / entity has made payments for twelve (12) months (0x30). Any liability related to a separation or divorce can be omitted if ordered by family court. Documentation from the court is required.

11.7 OBLIGATIONS PAID BY BUSINESS

- Excludable if can be tied to business related activities (i.e., – vehicle) and twelve (12) months (0x30) proof that business pays. Expense must be evident on business financials, and the borrowing entity is an individual.

12 UNDERWRITER ANALYSIS

All loan files should contain underwriter worksheets which detail the qualifying income calculations and debt obligations considered or not considered (and reason for exclusion)

12.1 COMPENSATING FACTORS

- A loan that exhibits a credit underwriting exception, should have at least two compensating factors that are not related to the specific exception, which are intended to offset or mitigate the exception. Each loan presents a unique and individual set of circumstances and should be reviewed and considered based on their own content. The following list of possible compensating factors identifies some common types of compensating factors that may apply to a loan.
  - FICO score above program minimum by twenty (20) points or higher
  - DTI below program maximum by 5% points or greater
  - PITIA / ITIA reserves above program minimum by six (6) months or higher
  - Reduction in housing payment by 10% or greater
  - Increase in residual income by 10% or greater
  - Residual income $1,000 above the program minimum required
  - 0 X 30 X 24-month housing history
  - Five (5) years minimum in subject property
  - Job stability of five (5) years or more

12.2 RESIDUAL INCOME

- Residual income equals Gross Qualifying Income Less Monthly Debt (as included in the debt-to-income ratio)
- If the loan is an HPML, or if the DTI exceeds 43%, Borrowers must have a minimum monthly residual income as required below:

in Household – Required Amount
1 – $1,500
2 – $2,500
Add $150 for each additional household member

12.3 DOCUMENTATION AGE

- Unless otherwise stated in this guide, all credit documents including credit report, income docs, and asset statements must be dated no more than ninety (90) days prior to the note date. The note date is utilized for document expiration for all funding types

13 PROPERTY

13.1 APPRAISAL

- All appraisals must comply with and conform to USPAP and the Appraisal Independence Requirements, and any requirement for HPMLs, if applicable
- The appraiser must not have a direct or indirect interest, financial or otherwise, in the property or in the transaction
- An appraisal prepared by an individual who was selected or engaged by a Borrower, property seller, real estate agent or other interested party is not acceptable
- Assigned/transferred appraisals are acceptable, unless ordered by Borrower
- Two appraisals are required to be delivered for either of the following scenarios: loan amounts > $2,000,000 or HPML flip transactions as defined by the CFPB. Interior photos are required
- Original appraisals are valid for one hundred twenty (120) days from the note date. Any appraisal dated greater than one hundred twenty (120) days will require a recertification of value completed by the original licensed appraiser and is good for an additional one hundred twenty (120) days. If the loan does not close within the initial recertification, then another update may be obtained but the original appraisal must be dated within 12 months of the note
- Legal non-conforming zoned properties must indicate that the subject property can be 100% rebuilt if it is severely damaged or destroyed
- Appraisals with condition or quality ratings of C5 or C6 will not be eligible for purchase by Windsor Mortgage
- Form 1007 Schedule of Rents is required for all Non-Owner-Occupied loans on Single Family residences
- For 2–4 unit properties, a FNMA 1025 Small Residential Income Property Appraisal Report is required

13.2 THIRD PARTY APPRAISAL REVIEW

- The Appraised Value (or lowest if two are required) is the only value used to determine the property value for the subject loan. Any secondary valuation products are provided only to support the value of the origination appraisal and are not meant to be used as a substitute value for the property
- Loans should be submitted to Windsor Mortgage's fulfillment vendor with a completed third-party review that validates the origination appraisal. Either a Clear Capital - Collateral Desktop Analysis "CDA" or a Stewart Valuation (fka Protek Valuation) - Appraisal Risk Review "ARR" are acceptable. Additional vendors that are Rating Agency approved may be eligible with Windsor Mortgage permission. Loans delivered without a third-party valuation report are subject to having a report completed to ensure the origination value is supported (the cost of that report will be netted out of funding)
- The Vendor Appraisal Review final opinion of value must be within -10% of the origination appraisal(s)
  - For LTVs > 85%, the review value must be within -5%
  - If the review value fails the above-mentioned variances, the seller must provide an additional valuation report to support the origination appraisal. The required report types, in order, are as follows:
    Field Review and then a 2055 Exterior Appraisal-must meet the required variance levels stated above to proceed
  - Review values greater than the origination appraisal have no tolerance requirements
- The Seller may utilize Collateral Underwriter (CU) and/or Loan Collateral Advisor (LCA) as a secondary valuation if the score is <=2.5. File must include a copy of the Submission Summary Report. If both are run, they must be done at the same time; only one needs to have a passing score
- Desk review and other review products are not required for loans with two (2) appraisals

13.3 DECLINING MARKETS

- Properties in declining markets as determined by the appraisal, other third-party valuation (i.e., Desk Review, BPO, AVM, etc.) will require a 5% reduction to the LTV/CLTV caps for all tiers within the loan matrices

13.4 FEMA DISASTER AREAS

- Sellers are responsible for identifying areas impacted by disasters and ensuring that subject property has not been adversely impacted
- A list of federally declared disaster areas may be found on the FEMA website at http://www.fema.gov.disasters
- In addition, when there is knowledge of an adverse event occurring near or around the subject property, including but not limited to earthquakes, floods, tornadoes, or wildfires, additional due diligence is required to determine when the disaster area guidelines must be followed
- Guidelines for disaster areas should be followed ninety (90) days from the incident period, unless a completed appraisal dated post-incident is provided

13.4.1 Appraisal Completed Prior to Disaster

- Appraisal update or final inspection from the appraiser must be obtained
- Damage that impacts the safety or habitability of the property or damage in excess of $2000 will not be purchased by Windsor Mortgage

13.4.2 Appraised After Disaster Incident

- Appraiser must comment on the adverse event and any effect on marketability or value
- Damage that impacts the safety or habitability of the property or damage in excess of $2000 will not be purchased by Windsor Mortgage

13.4.3 Disaster Incident Occurs After Closing, Prior to Funding

- A Post Disaster Inspection (PDI) Report from Clear Capital or Damage Assessment Report (DAR) from Pro Teck will need to be provided to Windsor Mortgage
- Any indication of damage reflected on the report will require a re-inspection by the appraiser
- Damage that impacts the safety or habitability of the property or damage in excess of $2000 will not be purchased by Windsor Mortgage

13.4.4 Verbal Verification of Employment

- Seller must obtain a new Verbal Verification of Employment (VVOE) if the disaster event occurs after the original VVOE was completed
- Borrower should still be employed at the same employer listed on the initial 1003 and continuing to receive the same amount of income

13.5 ELIGIBLE PROPERTY TYPES

- One Unit Single Family Residences (Attached, Detached and Modular)
- Single Family properties with ADU (Accessory Unit Dwelling) follow FNMA requirements and restrictions
- Warrantable and Non-Warrantable Condominium Projects meeting all applicable criteria
  - Florida condo projects and associations subject to Florida SB-4D requirements will need Structural Integrity Reserve Studies and Milestone Structural Inspections subject to all state requirements. These properties may be considered on a case-by-case basis and will require an investor exception approval, subject to an LLPA. Please contact your Account Manager for a formal review. 2022D Bill Summaries - The Florida Senate https://www.flsenate.gov/Committees/billsummaries/2022D/html/4

- 2–4 Unit Properties
- PUDs – Attached and Detached
- Townhouses
- Maximum of 20 acres
- For Expanded Prime Plus 3a / 3b and DSCR Plus 3a / 3b, the following minimum property requirements apply: Single family 700 square feet; condominium 500 square feet; 2-4 Unit 400 square feet per individual unit. A full kitchen is required for all property types

13.6 CONDOMINIUM PROJECTS

- Windsor Mortgage accepts both Warrantable and Non-Warrantable Condominium projects
- Sellers may review and approve both FNMA Warrantable and Non-Warrantable condo projects or may request Windsor Mortgage through a third party approved vendor to perform the project review subject to additional fee, as noted in our Seller Manual
- Reviews of Warrantable Condo Projects must follow the Fannie Mae (FNMA) Selling Guide, unless additional criteria are specified, and Non-Warrantable reviews must follow Full Review and Non-Warrantable Condo criteria

13.6.1 Documentation Requirements

- HOA Condominium Questionnaire is required for all units in a condo project. A new review is required for each loan transaction
  - Windsor Mortgage Condominium Project Questionnaire, or similar
- Windsor Mortgage Condominium Project Certification, or similar, must be provided with the loan package on all projects
- Master insurance certificate including HO6, along with all required coverages (all projects)
- Current Budget
- Recorded declarations/CC&R's and by-laws
- Additional documentation may be required by underwriting to complete project review

13.6.2 Review Status Eligibility Types

- Fannie Mae Project Eligibility Review Service (PERS) Approval
  - New and Existing Condominium Project Approvals are acceptable
  - Evidence of the PERS final project approval must be current through the Note date and included in the Mortgage loan file
- Condominium Project Manager (CPM) Approval
  - The project must have a valid, unexpired CPM Seller Certification as of the date of the Note and a copy must be in the Mortgage Loan file. The CPM status designation must reflect a designation that is eligible for sale to Windsor Mortgage
  - In addition, there must not be any change of circumstances since the project information was submitted to CPM that would result in the project not satisfying Fannie Mae's or Windsor Mortgage's eligibility criteria
  - Note: Loans secured by units in projects with a status of "Unavailable" in Condo Project Manager (CPM) will require a Full Condo Project review and may be ineligible for purchase by Windsor Mortgage

13.6.3 Eligible Projects and Project Review Types

- Full Project Review
  - Attached Condo Unit in a New, Established or Newly Converted Project
  - Non-Warrantable Condos Project with NW Condo restrictions noted in Section 13.6.6

- The Project may not exhibit any characteristics that would classify it as an ineligible condominium project under Fannie Mae (FNMA) guidelines, including but not limited to:
  - Condotels, including projects with registration services and/or projects that operate as motel/hotel
  - Projects Subject to Split Ownership Arrangements
  - Projects that Contain Multi-Dwelling Unit Condos
  - Projects with Property that is not Real Estate
  - Projects that Operate as a Continuing Care Community or Facility
  - Non-Incidental Business Arrangements
  - Commercial Space and Mixed-Use Allocation
  - Recreational Leases and Mandatory Memberships
  - Live-Work Projects
  - Litigation or Pre-litigation Activity
  - Single-Entity Ownership
  - Projects in Need of Critical Repairs
  - Projects Terminating or Involved in Insolvency Proceedings

- Project Review Waiver
  - Project review is waived for the following project types but must follow Fannie Mae Guides for acceptability
    - Detached Unit in a New or Established Condo Project
    - New and Established Condo projects with ten units or less
    - Additional requirements:
      - Projects with five to ten units must not be part of a master association or larger development
      - Borrower/Entity Owners may not own more than 50% total units
      - The priority of common expense assessments applies
      - The standard insurance requirements apply
      - The project is not in Condo Project Manager (CPM) with a status of "Unavailable"
      - There are no unaddressed critical repairs outstanding or projects with evacuation orders
    - Unit in a PUD project, **except** for PUD projects consisting of single-width and/or multi-width manufactured homes subject to a community land trust, deed restriction, ground lease, or shared equity arrangement and high LTV refinance loan

13.6.4 Expiration Dates for Project Reviews

Project Review Process Employed	Expiration of Project Review
Full Review for Established Projects	CPM/PERS must have been completed within one year prior to the note date - A new questionnaire is required for each loan transaction as well the Condo Project Certification
Full Review for New Projects	CPM/PERS must have been completed within 180 days prior to the note date - A new questionnaire is required for each loan transaction as well the Condominium Project Certification
Approved by Fannie Mae as reflected in CPM	CPM/PERS Must be valid (unexpired) as of the note date - A new questionnaire is required for each loan transaction as well the Condominium Project Certification

- Loans secured by units in projects that did not meet Fannie Mae's eligibility requirements as of the note date may still be delivered after the project becomes compliant, provided all of the following are met:
  - The project meets applicable Fannie Mae eligibility requirements at the time of delivery
  - All standard mortgage seasoning and other loan-specific requirements are satisfied
  - Example: If a loan closes in a new project that does not yet meet Fannie Mae's pre-sale requirement, the loan may be delivered once the pre-sale threshold is met and all other criteria are fulfilled

13.6.5 Florida Condominium Project Overlays

- The following overlays apply to Florida condos that are three (3) or more stories high and thirty (30) years or older (25 years or older if the building is within 3 miles of the coastline):
  - Evidence is required that the building has completed the required inspections outlined in FL SB-4D
    - If the building has not completed the required inspections, it is ineligible for financing
  - If the inspection revealed a substantial structural deterioration and/or any unsafe or dangerous conditions, evidence that the required repairs have been completed is required, or the project is ineligible
  - Evidence is required that the Association has completed the required structural integrity reserve study, and the budget adequately contains sufficient reserves
    - The monthly HOA fee should be consistent with the budget
- 48 hours prior to closing, Seller must re-verify that the project has maintained its approved status

13.6.6 Restrictions to Non-Warrantable Condominium Projects

- Risk stacking of non-warrantable features are not permitted
- A single owner / entity may not own more than 30% of the units
- Commercial space must be typical to the market, have no negative impact and comprise 49% or less of project space
- Investor concentration up to 70%
- No more than 25% of the total units in the project may be 60 days or more past due on their condo / HOA dues. This figure includes delinquencies for special assessments
- Properties with significant deferred maintenance or critical repairs must adhere to FNMA criteria
- Borrower must carry HO-6 coverage covering the replacement of items inside the unit. Master policy thru association may also have walls in coverage, and if so, that will satisfy the requirement
- If the project is located in a flood zone requiring insurance (per FNMA), both the subject property and complex must have adequate flood insurance
- Seller must confirm that the project documents do not give a unit owner or any other party priority over the rights of the first mortgagee, such as right of first refusal
- Mandatory dues are not allowed
- All common areas must be 100% complete
- HOA should be in control. Projects under builder, developer control may be considered on a case-by-case basis and will require an investor exception approval, subject to an additional LLPA. Please contact your Account Manager for more information.
- HOA reserves must demonstrate a minimum of 10%. No exceptions will be considered on this
- Projects involved in litigation are acceptable as long as the pending lawsuit(s) are not
  - Structural in nature
  - Do not affect marketability of the units

  - Potential for damages do not exceed 25% of the HOA reserves OR with documentation from the insurance carrier and attorney representing the HOA or insurance carrier that the insurance carrier has agreed to provide the defense and the association's insurance is sufficient to cover the litigation

13.7 INELIGIBLE PROPERTIES

- Manufactured Homes
- Residential units with >= 5 units
- Log Homes
  - Faux Log Homes (properties with a Log Cabin aesthetic, IE Log Cabin siding) may be considered on a case-by-case basis and will require an investor exception approval, subject to an additional LLPA. Please contact your Account Manager for more information
- Condotels
- Condominium projects with registration services or restrictions on owner's ability to occupy
- Cooperatives (CO-OPs)
- Leasehold Properties
- Unique Properties
- Unpermitted additions
- Mixed Use Properties
- Builder Model Leaseback
- Boarding Houses
- Bed & Breakfast and Single-Room Occupancy properties
- Group Homes
- Fractional Ownership / Timeshares
- Assisted Living / Continuing Care Facilities
- Mandatory Country Club Memberships
- Zoning Violations
- Properties under Construction
- Barndominiums
- Agricultural zoned properties (may be considered on a case-by-case basis and will require an investor exception approval, subject to an LLPA. Please contact your Account Manager for more information
- Hawaii properties located in lava zones 1 and/or 2
- Multiple dwellings on same lot (legal ADU acceptable, limited to one)
- Working Farms
- C5 or C6 Property Condition Grades
- Live / Work Condos
- Earth Berm Homes
- Geodesic Domes
- Houseboats
- Homes on Native American Land (Reservations)
- Properties used for the cultivation, distribution, manufacture, or sale of Marijuana

- Theme Park Resort Properties

14 ADDITIONAL GUIDELINE REQUIREMENTS

14.1 WINDSOR MORTGAGE SELLER PROGRAM

- The Windsor Mortgage Seller Program is intended to reference and supplement Fannie Mae's Seller Guide. Originators should refer to the Fannie Mae Seller Guide for specific information concerning qualification requirements that are not specifically referenced herein. To the extent there is a difference in standards between the Windsor Mortgage Overlays and the Fannie Mae Guides; Originators may rely on the Windsor Mortgage Overlays

14.2 ABILITY TO REPAY

- All Covered Loans must be designated as ATR compliant and must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(c)

14.3 AGENCY INELIGIBILITY

- All applicable loans are required to have evidence of agency ineligibility
- Documented on the Loan Submission Form (required for every file delivery) or may be satisfied through a DU or LP underwriting findings report in file verifying the loan does not qualify for delivery, or as evidenced on the 1008
- Evidence of agency acceptability is sufficient if evidence Windsor Mortgage pricing and/or terms are more beneficial to the Borrower than the comparable agency product

14.4 HIGH COST

- Federal, State, and Local High-Cost Loans are not permitted. Cured High-Cost loans are also not eligible

14.5 FRAUD

- Windsor Mortgage has a zero-tolerance policy as it related to fraud. A fraud prevention pull is required from Data Verify, Core Logic, SAS or a similar engine

14.6 HAZARD INSURANCE (1-4 UNIT PROPERTIES)

- 100% of the replacement cost value of the improvements as of the current property insurance policy effective date, or the unpaid principal balance of the loan, provided it equals no less than 80% of the replacement cost value of the improvements as of the current property insurance policy effective date.
- For Expanded Prime Plus 3a / 3b and DSCR Plus 3a / 3b, a Replacement Cost Estimator (RCE) from the property insurer or an acceptable third party (e.g., CoreLogic) is required when replacement cost coverage is not documented on the insurance binder, declarations page, or policy documents
- All other coverages/property types follow FNMA policy

14.7 FLOOD INSURANCE (1-4 UNIT PROPERTIES)

- The minimum amount of flood insurance required for first mortgages must be equal to the lesser of
  - 100% of the replacement cost value of the improvements,
  - the maximum coverage amounts available from NFIP, or
  - the unpaid principal balance (UPB) of the loan (or loan amount at the time of origination)

All other coverages/property types follow FNMA policy

14.8 ESCROWS

- Mandatory escrows for taxes and insurance will be required for all HPMLs (5 years)

14.9 ESCROW HOLDBACKS

- Escrow holdbacks are not allowed. Windsor Mortgage will not purchase a loan with an escrow holdback

14.10 ASSUMABILITY

- Fixed rate loans are not assumable
- Adjustable-rate loans may be assumable depending on Note

14.11 MANUAL UNDERWRITE

- All loans must be manually underwritten

14.12 UNIFORM RESIDENTIAL LOAN APPLICATION (URLA)

- All loan applications taken on or after March 1, 2021 (mandatory usage date) must be submitted using the revised URLA

14.13 MAXIMUM FINANCED PROPERTIES

- The maximum number of financed properties to any one Borrower/Guarantor is limited to twenty (20) residential properties
- Maximum Windsor Mortgage exposure to single Borrower/Guarantor: $7.5mm in unpaid principal balance or ten (10) residential properties
- Borrower(s) will be required to meet the subject property reserve requirement plus two months of reserves for each additional financed property, capped at a total of 12 months reserves for all properties (including Subject property)
- Additional reserve requirements for other financed properties are not applicable on DSCR Plus

14.14 POWER OF ATTORNEY

- Limited Power of Attorney (POA) is acceptable for executing closing documents, is specific to the transaction, contains an expiration date, initial 1003 is signed by the Borrower executing the POA
- Not permitted on Entities: LLC, Corporations, Entity Borrowers, etc.
- Not permitted on Cash-Out transactions

14.15 E-SIGNATURES

- E-signatures are permitted with the exception of the following documents: Note, Mortgage, Deed of Trust, Closing Disclosure, Power of Attorney, documents that require a Notary signature, Riders / Addendums, and any state regulated disclosures. These documents require a wet signature

14.16 RECASTS

- Recasts are not permitted. A loan that is Recast without permission will be ineligible to be purchased.

15 PROGRAM MATRICES

15.1 EXPANDED PRIME PLUS – V1.0

FICO & LTV/CLTV Grids		Purchase & Rate / Term Refinance						Cash-Out Refinance					
		Owner Occupied		Second Home		Investment		Owner Occupied		Second Home		Investment	
FICO	Loan Size	Full Doc	Alt-Doc	Full Doc	Alt-Doc	Full Doc	Alt-Doc	Full Doc	Alt-Doc	Full Doc	Alt-Doc	Full Doc	Alt-Doc
740	<= $1.0mm	90	90	85	85	85	85	80	80	75	75	75	75
	<= $1.5mm	85	85	85	80	85	80	75	75	75	75	75	75
	<= $2.0mm	85	85	80	80	80	80	75	75	70	70	70	70
	<= $2.5mm	80	80	75	75	75	75	70	70	65	65	65	65
	<= $3.0mm	75	75	70	70	70	70	65	65	60	60	60	60
	<=$3.5mm	65	65	60	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	85	85	85	85	85	85	75	75	75	75	75	75
	<= $1.5mm	85	85	85	80	85	80	75	75	75	75	75	75
	<= $2.0mm	80	80	80	80	80	80	70	70	70	70	70	70
	<= $2.5mm	80	80	75	75	75	75	70	70	65	65	65	65
	<= $3.0mm	75	75	70	70	70	70	65	65	60	60	60	60
	<= $3.5mm	60	60	60	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	85	85	85	85	85	85	75	75	75	75	75	75
	<= $1.5mm	85	85	85	80	85	80	75	75	70	70	70	70
	<= $2.0mm	80	80	80	80	80	80	70	70	70	70	70	70
	<= $2.5mm	75	75	75	75	75	75	65	65	65	65	65	65
	<= $3.0mm	70	70	70	70	70	70	60	60	60	60	60	60
680	<= $1.0mm	80	80	80	80	80	80	70	70	70	70	70	70
	<= $1.5mm	80	80	80	80	80	80	70	70	70	70	70	70
	<= $2.0mm	75	75	75	75	75	75	65	65	65	65	65	65
	<= $2.5mm	70	70	70	70	70	70	60	60	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	80	80	80	80	80	80	70	70	70	70	70	70
	<= $1.5mm	75	75	75	75	75	75	70	70	70	70	70	70
	<= $2.0mm	75	75	70	70	70	70	60	60	60	60	60	60
	<= $2.5mm	70	70	65	65	65	65	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Income Qualifications

Grid	Documentation Type	Income Requirements	Considerations
Full Doc	Full Documentation	2 Yrs. W2s or 1040 Tax Returns, YTD Paystub, VVOE or 2yrs 1099. For self-employed borrowers: 2 Yrs. Tax Returns (Business, Personal), K1s, YTD P&L or 1099 Qualification	
	Streamlined Documentation	1 Yr. W2s or 1040 Tax Returns, W2 Transcripts, YTD Paystub, VVOE or 1099 Qualification. For self-employed borrowers, 1 Yr. Tax Return (Business, Personal), K1s, YTD P&L	
	Asset Depletion	Qualifying Assets, 60 Month Amortization for DTI	Max 85% LTV, Min 700 FICO, No Cash-Out, OO Only
Alt Doc	12M/24M Bank Statement	Personal – 12/24 months consecutive bank statements Business – 3 options to qualify: Expense Ratio (Fixed), Expense Ratio (3rd party), 3rd Party Prepared P&L	

	12M P&L	CPA/EA/CTEC Prepared (12M P&L)	Max 80% LTV, Min 660 FICO

General Requirements	
Product Type	3/6 ARM, 5/6 ARM, 7/6 ARM, 10/6 ARM, 15 Yr. Fixed, 30 Yr. Fixed, 40 Yr. Fixed (IO)
Loan Amount	$3.5mm max; $150k min
Occupancy	Owner Occupied, 2nd Home, Investment
Max LTV/Min FICO	90%/ 660
Max DTI(1)	55%
Payment History	0x30x12, 0x60x24
Housing Event Seasoning	4+ Years
Interest Only	Eligible (10/20 IO & 10/30 IO), ARMs & Fixed
Interest Only Restrictions	Min 700 FICO, Max 85% LTV
Condominium Review	Full Project Review required

Borrower Eligibility	
First Time Homebuyer (FTHB)	No Interest Only (IO)
Non-Occupant Co-Borrower	1 Unit, OO Only, Max 43% DTI, Max 80% LTV/CLTV, No Cash-Out
Permanent Resident Alien	Eligible, No Restrictions
Non-Permanent Resident Alien	Max 80% LTV/CLTV, No Cash-Out
Foreign National	Not Allowed

Property Type	
2-4 Units	Max 85% LTV/CLTV
Warrantable Condos	Max 85% LTV/CLTV
Non-Warrantable Condos	Max 80% LTV/CLTV
Rural Properties	Owner Occupied (Max 75% LTV/CLTV), and 2nd Home (Max 70% LTV/CLTV), No Cash Out
Declining Markets	5% LTV Reduction

ARM Information	
ARM Margin	4.00%
ARM Caps (3/6m), (5/6m)	2/1/5
ARM Caps (7/6m), (10/6m)	5/1/5
Reset Period	6 Months
Index	30 Day Average SOFR
Index Lookback	45 Days
ARM Floor	Floor = Margin

Cash-Out Requirements	
LTV >60%	$750k (Max Cash-Out)
LTV <=60%	Unlimited Cash-Out

Reserve Requirements	
$150,000 – $500,000	6 Months
$500,001 – $1,000,000	6 Months
$1,000,001 – $2,000,000	9 Months
$2,000,001 – $3,500,000	12 Months
Additional Financed Properties	(2) Months Incremental PITIA/ITIA Per Financed Property
Cash-Out Used as Reserves	Allowable

SHARP (A+) – V1.0

FICO & LTV/CLTV Grids		Purchase & Rate / Term Refinance			Cash-Out Refinance		
		Owner Occupied	Second Home	Investment	Owner Occupied	Second Home	Investment
FICO	Loan Size						
740	<= $1.0mm	90	85	85	75	75	75
	<= $1.5mm	85	80	80	75	70	70
	<= $2.0mm	80	75	75	70	70	70
	<= $2.5mm	75	75	75	65	65	65
	<= $3.0mm	70	70	70	60	60	60
720	<= $1.0mm	85	80	80	75	75	75
	<= $1.5mm	85	80	80	75	70	70
	<= $2.0mm	80	75	75	70	70	70
	<= $2.5mm	75	75	75	65	65	65
	<= $3.0mm	70	70	70	N/A	N/A	N/A
700	<= $1.0mm	85	80	80	75	70	70
	<= $1.5mm	80	80	80	75	70	70
	<= $2.0mm	80	75	75	70	65	65
	<= $2.5mm	75	70	70	65	N/A	N/A
	<= $3.0mm	70	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	80	80	80	75	70	70
	<= $1.5mm	80	75	75	70	65	65
	<= $2.0mm	75	70	70	65	N/A	N/A
	<= $2.5mm	70	70	70	60	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	80	75	75	70	65	65
	<= $1.5mm	75	75	75	65	60	60
	<= $2.0mm	70	70	70	60	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
640	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
620	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
600	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A

Income Qualifications			
Grid	Documentation Type	Income Requirements	Considerations
Full Doc	Full Documentation	2 Yrs. W2s or 1040 Tax Returns, YTD Paystub, VVOE or 2yrs 1099. For self-employed borrowers: 2 Yrs. Tax Returns (Business, Personal), K1s, YTD P&L or 1099 Qualification	
	Streamlined Documentation	1 Yr. W2s or 1040 Tax Returns, W2 Transcripts, YTD Paystub, VVOE or 1099 Qualification. For self-employed borrowers, 1 Yr. Tax Return (Business, Personal), K1s, YTD P&L	
	Asset Depletion	Qualifying Assets, 60 Month Amortization for DTI	Max 85% LTV, Min 700 FICO, No Cash-Out, OO Only
Alt Doc	12M/24M Bank Statement	Personal – 12/24 months consecutive bank statements Business – 3 options to qualify: Expense Ratio (Fixed), Expense Ratio (3rd party), 3rd Party Prepared P&L	
	12M P&L	CPA/EA/CTEC Prepared (12M P&L)	Max 75% LTV, Min 660 FICO

General Requirements	
Product Type	3/6 ARM, 5/6 ARM, 7/6 ARM, 10/6 ARM, 15 Yr. Fixed, 30 Yr. Fixed, 40 Yr. Fixed (IO)
Loan Amount	$3.0mm max; $150k min
Occupancy	Owner Occupied, 2nd Home, Investment
Max LTV/Min FICO	90%/ 660
Max DTI	50%
Payment History	1x30x12, 0x60x24
Housing Event Seasoning	3+ Years
Interest Only	(10/20 IO & 10/30 IO), ARMs & Fixed
Interest Only Restrictions	Min 700 FICO, Max 80% LTV
Interest Only Cash-Out	Permissible
Condominium Review	Full Project Review required

Borrower Eligibility	
First Time Homebuyer (FTHB)	No Interest Only (IO)
Non-Occupant Co-Borrower	1 Unit, OO Only, Max 43% DTI, Max 75% LTV/CLTV, No Cash-Out
Permanent Resident Alien	Eligible, No Restrictions
Non-Permanent Resident Alien	Max 75% LTV/CLTV, No Cash-Out
Foreign National	Not Allowed

Property Type	
2-4 Units	Max 80% LTV
Warrantable Condos	Max 80% LTV
Non-Warrantable Condos	Max 75% LTV
Rural Properties	Owner Occupied (Max 75% LTV/CLTV), and 2nd Home (Max 70% LTV/CLTV), No Cash Out
Declining Markets	5% LTV Reduction

ARM Information	
ARM Margin	4.50%
ARM Caps (3/6m), (5/6m)	2/1/5
ARM Caps (7/6m), (10/6m)	5/1/5
Reset Period	6 Months
Index / Index Lookback	30 Day Average SOFR / 45 days
ARM Floor	Floor = Margin

Cash-Out Requirements	
LTV >60%	$500k (Max Cash-Out)
LTV <=60%	Unlimited Cash-Out

Reserve Requirements	
$150,000 – $500,000	3 Months
$500,001 – $1,000,000	3 Months
$1,000,001 – $2,000,000	6 Months
$2,000,001-- $3,000,000	9 Months
Additional Financed Properties	(2) Months Incremental PITIA/ITIA Per Financed Property
Cash-Out Used as Reserves	Allowable

SHARP (A-) – V1.0

FICO & LTV/CLTV Grids		Purchase & Rate / Term Refinance			Cash-Out Refinance		
		Owner Occupied	Second Home	Investment	Owner Occupied	Second Home	Investment
FICO	Loan Size						
740	<= $1.0mm	85	80	80	75	70	70
	<= $1.5mm	80	75	75	70	65	65
	<= $2.0mm	75	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	85	80	80	75	70	70
	<= $1.5mm	80	75	75	70	65	65
	<= $2.0mm	75	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	80	80	80	70	70	70
	<= $1.5mm	75	75	75	70	65	65
	<= $2.0mm	70	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	75	75	75	70	65	65
	<= $1.5mm	75	70	70	65	65	65
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	75	75	75	65	65	65
	<= $1.5mm	70	70	70	60	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
640	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
620	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
600	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A

Income Qualifications		
Grid	Documentation Type	Income Requirements
Full Doc	Full Documentation	2 Yrs. W2s or 1040 Tax Returns, YTD Paystub, VVOE or 2yrs 1099. For self-employed borrowers: 2 Yrs. Tax Returns (Business, Personal), K1s, YTD P&L or 1099 Qualification
	Streamlined Documentation	1 Yr. W2s or 1040 Tax Returns, W2 Transcripts, YTD Paystub, VVOE or 1099 Qualification. For self-employed borrowers, 1 Yr. Tax Return (Business, Personal), K1s, YTD P&L
	Asset Depletion	Not Permissible
Alt Doc	12M/24M Bank Statement	Personal – 12/24 months consecutive bank statements Business – 3 options to qualify: Expense Ratio (Fixed), Expense Ratio (3rd party), 3rd Party Prepared P&L
	12M P&L	Not Permissible

General Requirements	
Product Type	3/6 ARM, 5/6 ARM, 7/6 ARM, 10/6 ARM, 15 Yr. Fixed, 30 Yr. Fixed
Loan Amount	$2.0mm max; $150k min
Occupancy	Owner Occupied, 2nd Home, Investment
Max LTV/Min FICO	85%/ 660
Max DTI	45%
Payment History	2x30x12, 1x60x24
Housing Event Seasoning	2+ Years
Interest Only	Not Permissible
Condominium Review	Full Project Review required

Borrower Eligibility	
First Time Homebuyer (FTHB)	No Interest Only (IO)
Non-Occupant Co-Borrower	1 Unit, OO Only, Max 43% DTI, Max 75% LTV/CLTV, No Cash-Out
Permanent Resident Alien	Eligible, No Restrictions
Non-Permanent Resident Alien	Max 75% LTV/CLTV, No Cash-Out
Foreign National	Not Allowed

Property Type	
2-4 Units	Max 75% LTV
Warrantable Condos	Max 75% LTV
Non-Warrantable Condos	Max 75% LTV
Rural Properties	Owner Occupied (Max 75% LTV/CLTV), and 2nd Home (Max 70% LTV/CLTV), No Cash Out
Declining Markets	5% LTV Reduction

ARM Information	
ARM Margin	4.50%
ARM Caps (3/6m), (5/6m)	2/1/5
ARM Caps (7/6m), (10/6m)	5/1/5
Reset Period	6 Months
Index	30 Day Average SOFR
Index Lookback	45 Days
ARM Floor	Floor = Margin

Cash-Out Requirements	
LTV >60%	$250k (Max Cash-Out)
LTV <=60%	Unlimited Cash-Out

Reserve Requirements	
$150,000 – $500,000	3 Months
$500,001 – $1,000,000	3 Months
$1,000,001 – $2,000,000	3 Months
Additional Financed Properties	(2) Months Incremental PITIA/ITIA Per Financed Property
Cash-Out Used as Reserves	Allowable

DSCR PLUS – V1.0

FICO & LTV/CLTV Grids		DSCR >= 1.00			DSCR >= 0.75			No Ratio DSCR		
FICO	Loan Size	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out
740	<= $1.0mm	80	80	75	75	75	70	75	75	65
	<= $1.5mm	75	75	70	70	70	65	70	70	60
	<= $2.0mm	75	75	60	65	65	60	65	65	60
	<= $2.5mm	70	70	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	65	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	80	80	75	75	75	70	70	70	60
	<= $1.5mm	75	75	70	70	70	65	65	65	60
	<= $2.0mm	75	75	60	65	65	N/A	N/A	N/A	N/A
	<= $2.5mm	70	70	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	65	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	75	75	70	75	75	65	65	65	60
	<= $1.5mm	75	75	70	70	70	65	65	65	60
	<= $2.0mm	70	70	60	65	65	N/A	N/A	N/A	N/A
	<= $2.5mm	65	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	75	75	65	70	70	60	65	60	60
	<= $1.5mm	70	70	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	65	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	70	70	65	60	60	60	60	60	60
	<= $1.5mm	65	65	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	60	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A

General Requirements	
Product Type	3/6 ARM, 5/6 ARM, 7/6 ARM, 10/6 ARM, 15 Yr. Fixed, 30 Yr. Fixed, 40 Yr. Fixed (IO)
Loan Amount	$3.0mm max; $100k min
Occupancy	Investment Property
Max LTV/Min FICO	80%/ 660
Min DSCR	.75x or No Ratio Permissible
DSCR Calculation	Gross Rent/PITIA (P&I), Gross Rent/ITIA (Interest Only)
DSCR No Ratio	Eligible
Payment History	0x30x12
Housing Event Seasoning	3+ Years
Interest Only	Eligible (10/20 IO & 10/30 IO), ARMs & Fixed
Interest Only Restrictions (DSCR >=1.00)	Min 700 FICO, Max 75% LTV
Interest Only Restrictions (DSCR >=0.75)	Min 700 FICO, Max 70% LTV
Interest Only Restrictions (No Ratio)	Not Permissible
Interest Only Restrictions (Loan Amount)	$2,000,001 - $2,500,000: Max 65% CLTV, $2,500,001 - $3,000,000: Max 60% CLTV
Personal Guaranty	Required
Prepay Penalties by State	Permissible by Law
Short Term Rental	Max 75% LTV. Min 700 FICO. Min DSCR 1.00. Purchase and Rate/Term only; AirDNA is purchase only. See Guide Section 9.2. Max $2.0mm Loan Amount.
First Time Investor	Min DSCR ≥ 1.00. Min FICO > 700. May not be FTHB. Max $2.0mm Loan Amount.
Temporary Buydowns	Ineligible
Condominium Review	Full Project Review required

Borrower Eligibility	
Permanent Resident Alien	Eligible, No Restrictions
Non-Permanent Resident Alien	Max 75% LTV/CLTV, No Cash-Out $2mm Max Loan Amount
Foreign National	Not Allowed

Property Type	
2-4 Units	Max 75% LTV $2mm - $2.5mm Max 65% CLTV $2.5mm - $3mm Max 60% CLTV
Warrantable Condos	Max 75% LTV $2mm - $2.5mm Max 65% CLTV $2.5mm - $3mm Max 60% CLTV
Cooperatives	Not Allowed
Non-Warrantable Condos	Max 75% LTV $2mm Max Loan Amount
Rural Properties	Not Eligible
Declining Markets	5% LTV Reduction

ARM Information	
ARM Margin	5.00%
ARM Caps (3/6m), (5/6m)	2/1/5
ARM Caps (7/6m), (10/6m)	5/1/5
Reset Period	6 Months
Index	30 Day Average SOFR
Index Lookback	45 Days
ARM Floor	Floor = Margin

Cash-Out Requirements	
LTV >60%	$500k (Max Cash-Out) $2mm Max Loan Amount
LTV <=60%	Unlimited Cash-Out $2mm Max Loan Amount

Reserve Requirements	
$100,000 – $500,000	3 Months
$500,001 – $1,000,000	6 Months
$1,000,001 – $2,000,000	6 Months
$2,000,001 – $3,000,000	9 Months
Additional Financed Properties Reserves	None
Cash-Out Used as Reserves	Allowable

16 PROGRAM VARIANTS - 2 & 3

16.1 EXPANDED PRIME PLUS 2A – V3.1

FULL DOC, EXPRESS DOC, ASSET DEPLETION, 1099, BANK STATEMENT, 12/24 MONTH P&L							
FICO & LTV/CLTV Grid		Purchase & Rate / Term Refinance			Cash-Out Refinance		
		Owner Occupied	Second Home	Investment	Owner Occupied	Second Home	Investment
FICO	Loan Size	Alt-Doc	Alt-Doc	Alt-Doc	Alt-Doc	Alt-Doc	Alt-Doc
740	<= $1.0mm	90[1]	85	80	80	75	75
	<= $1.5mm	85	80	80	75	75	75
	<= $2.0mm	85	80	80	75	70	70
	<= $2.5mm	80	75	75	70	65	65
	<= $3.0mm	75	70	70[2]	65	N/A	N/A
	<= $3.5mm	65	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	85	85	80	75	75	75
	<= $1.5mm	85	80	80	75	75	75
	<= $2.0mm	80	80	80	70	70	70
	<= $2.5mm	80	75	75	70	65	65
	<= $3.0mm	75	70	70[2]	65	N/A	N/A
	<= $3.5mm	60	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	85	85	80	75	75	75
	<= $1.5mm	85	80	80	75	70	70
	<= $2.0mm	80	80	80	70	70	70
	<= $2.5mm	75	75	75	65	N/A	N/A
	<= $3.0mm	70	70	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	80	80	80	70	70	70
	<= $1.5mm	80	80	80	70	70	70
	<= $2.0mm	75	75	75	65	65	65
	<= $2.5mm	70	70	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	80	80	80	70	70	70
	<= $1.5mm	75	75	75	70	70	70
	<= $2.0mm	75	65	70	60	60	60
	<= $2.5mm	65	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A

[1] 90% is available for purchase transactions only; rate/term refinance is limited to 85%.

[2] 70% is available for purchase transactions only; rate/term refinance is not eligible at this loan size.

ALL PROGRAMS	Restrictions
No Escrows	85%
Condos (Warrantable)	85%
Loan amount < 200k	85%
Condos (Non-Warrantable)	80%
First Time Homebuyer (FTHB)	85%, No Interest Only
30 Year Interest Only	85%
40 Year Interest Only	80%
Asset Depletion	80% (Owner Occupied Only), Purchase / RT Refi Only, Min FICO 700
Gift of Equity	75%
Bank Statement Income – 3rd Party Expense Ratio	80% (Purchase, Rate-Term)
	75% (Cash-out)
Profit & Loss (P&L) (Max UPB - $2,000,000)	80% (Purchase)
	75% (Rate-Term)
	70% (Cash-out)
Acreage > 10	80%
55% DTI	Min. FICO of 720, Max LTV of 80%, Primary only, no FTHB and 1.5x residual income.
Properties Listed for Sale w/in the Last 12 months	65% (Cash-out)
Declining Markets	5% reduction to max eligibility
Condominium Review	Full Project Review required
Rural Properties	Owner Occupied (Max 75% LTV/CLTV), and 2nd Home (Max 70% LTV/CLTV), No Cash Out

		Product	Term	IO Term	Initial Cap	Periodic Cap	Life Cap
PRODUCTS	All Products	30 Yr Fixed	360 mo	NA	NA	NA	NA
		30 Yr Fixed IO	360 mo	120 mo	NA	NA	NA
		40 Yr Fixed IO	480 mo	120 mo	NA	NA	NA
MIN LOAN AMOUNT	All Programs	$150,000					
INTEREST ONLY	Prime Plus 2a	Allowed					
INTEREST ONLY PERIOD	40 Year Interest Only = 10 year I/O then 30-year amortization; Max 80% LTV/CLTV Min 700 FICO 30 Year Interest Only = 10 year I/O then 20-year amortization; Max 85% LTV/CLTV Min 700 FICO						
DTI	Prime Plus 2a	Up to 55%		• 9 months reserves • Min 720 • Max $1.5M			

			• No 40-yr term • No Interest Only • 1.5x Residual Income Required • Max 80% LTV/CLTV on Primary Residences only • 2nd Homes/Investment properties are ineligible • No P&L, WVOE, or Asset Depletion income doc type as a primary or supplemental income source • No CPA provided expense ratio allowed • Cash-out ineligible
		Max 45%	LTVs/CLTVs >85%
		Max 50%	All other

16.2 EXPANDED PRIME PLUS 2B – V3.1

FULL DOC, EXPRESS DOC, ASSET DEPLETION, 1099, BANK STATEMENT, 12/24 MONTH P&L							
FICO & LTV/CLTV Grid		Purchase & Rate / Term Refinance			Cash-Out Refinance		
		Owner Occupied	Second Home	Investment	Owner Occupied	Second Home	Investment
FICO	Loan Size	Alt-Doc	Alt-Doc	Alt-Doc	Alt-Doc	Alt-Doc	Alt-Doc
740	<= $1.0mm	80	80	80[1]	80	75	75
	<= $1.5mm	80	80	80[1]	75	75	75
	<= $2.0mm	80	80	80[1]	75	70	70
	<= $2.5mm	80	75	70	70	N/A	65
	<= $3.0mm	75	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	80	80	80[1]	75	75	75
	<= $1.5mm	80	80	80[1]	75	75	75
	<= $2.0mm	80	80	80[1]	70	70	70
	<= $2.5mm	80	75	70	70	N/A	65
	<= $3.0mm	75	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	80	80	80[1]	75	75	75
	<= $1.5mm	80	80	80[1]	75	70	70
	<= $2.0mm	80	80	80[1]	70	70	70
	<= $2.5mm	75	75	70	65	N/A	65
	<= $3.0mm	70	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	80	80	80[1]	70	70	70
	<= $1.5mm	80	80	80[1]	70	70	70
	<= $2.0mm	75	75	75	65	65	65
	<= $2.5mm	70	70	70	60	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	80	80	80[1]	70	70	70
	<= $1.5mm	75	75	75	70	70	70
	<= $2.0mm	75	70	70	60	60	60
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
640	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
620	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A

[1] 80% is available for purchase transactions only; rate/term refinance is limited to 75%.

ALL PROGRAMS	MAX LTV/CLTV
No Escrows	85%
Condos (Warrantable)	85%
Loan amount < 200k	85%
Condos (Non-Warrantable)	80%
First Time Homebuyer (FTHB)	85%, No Interest Only
30 Year Interest Only	85%
40 Year Interest Only	80%
Asset Depletion	80%, Owner Occupied Only, Purchase / RT Refi Only, Min 700 FICO
Bank Statement Income – 3rd Party Expense Ratio	80% (Purchase, Rate-Term)
	75% (Cash-out)
Profit & Loss (P&L) (Max UPB - $2,000,000)	80% (Purchase)
	75% (Rate-Term)
	70% (Cash-out)
Acreage > 10	80%
Declining Markets	5% reduction to max eligibility
Condominium Review	Full Project Review required
Rural Properties	Owner Occupied (Max 75% LTV/CLTV), and 2nd Home (Max 70% LTV/CLTV), No Cash Out

		Product	Term	IO Term	Initial Cap	Periodic Cap	Life Cap
PRODUCTS	All Products	30 Yr Fixed	360 mo	NA	NA	NA	NA
		30 Yr Fixed IO	360 mo	120 mo	NA	NA	NA
		40 Yr Fixed IO	480 mo	120 mo	NA	NA	NA
MIN LOAN AMOUNT	All Programs	$150,000					
INTEREST ONLY	Expanded Prime Plus 2b	Min 700 FICO					
INTEREST ONLY PERIOD	40 Year Interest Only = 10 year I/O then 30-year amortization; Max 80% LTV/CLTV 30 Year Interest Only = 10 year I/O then 20-year amortization; Max 85% LTV/CLTV						
DTI	Expanded Prime Plus 2b	Up to 55%		• 9 months reserves • Min 720 • Max $1.5M • No 40-yr term • No Interest Only • 1.5x Residual Income Required • Max 80% LTV/CLTV on Primary Residences only			

			• 2nd Homes/Investment properties are ineligible • No P&L, WVOE, or Asset Depletion income doc type as a primary or supplemental income source • No CPA provided expense ratio allowed • Cash-out ineligible
		Max 45%	LTVs/CLTVs >85%
		Max 50%	All other

16.3 EXPANDED PRIME PLUS 3A – V4.4

STANDARD DOC, BANK STATEMENT, 1099							
FICO & LTV Grid		Purchase			Rate / Term Refinance		
		Owner Occupied	Second Home	Investment	Owner Occupied	Second Home	Investment
FICO	Loan Size	Max LTV	Max LTV	Max LTV	Max LTV	Max LTV	Max LTV
740	<= $1.0mm	90	85	85	85	85	85
	<= $1.5mm	85	80	80	85	80	80
	<= $2.0mm	85	80	80	85	80	80
	<= $2.5mm	80	75	75	80	75	75
	<= $3.0mm	75	70	70	75	70	70
	<= $3.5mm	65	60	N/A	65	60	N/A
720	<= $1.0mm	85	85	85	85	85	85
	<= $1.5mm	85	80	80	85	80	80
	<= $2.0mm	80	80	80	80	80	80
	<= $2.5mm	80	75	75	80	75	75
	<= $3.0mm	75	70	70	75	70	70
	<= $3.5mm	60	60	N/A	60	60	N/A
700	<= $1.0mm	85	85	85	85	85	85
	<= $1.5mm	85	80	80	85	80	80
	<= $2.0mm	80	80	80	80	80	80
	<= $2.5mm	75	75	75	75	75	75
	<= $3.0mm	70	70	70	70	70	70
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	80	80	80	80	80	80
	<= $1.5mm	80	80	80	80	80	80
	<= $2.0mm	75	75	75	75	75	75
	<= $2.5mm	70	70	70	70	70	70
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	80	80	80	80	80	80
	<= $1.5mm	75	75	75	75	75	75
	<= $2.0mm	75	70	70	75	70	70
	<= $2.5mm	70	65	65	70	65	65
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A

STANDARD DOC, BANK STATEMENT, 1099 – CASH-OUT REFINANCE				
FICO & LTV Grid		Cash-Out Refinance		
		Owner Occupied	Second Home	Investment
FICO	Loan Size	Max LTV	Max LTV	Max LTV
740	<= $1.0mm	80	75	75
	<= $1.5mm	75	75	75
	<= $2.0mm	75	70	70
	<= $2.5mm	70	65	65

	<= $3.0mm	65	60	60
	<= $3.5mm	N/A	N/A	N/A
720	<= $1.0mm	75	75	75
	<= $1.5mm	75	75	75
	<= $2.0mm	70	70	70
	<= $2.5mm	70	65	65
	<= $3.0mm	65	60	60
	<= $3.5mm	N/A	N/A	N/A
700	<= $1.0mm	75	75	75
	<= $1.5mm	75	70	70
	<= $2.0mm	70	70	70
	<= $2.5mm	65	65	65
	<= $3.0mm	60	60	60
	<= $3.5mm	N/A	N/A	N/A
680	<= $1.0mm	70	70	70
	<= $1.5mm	70	70	70
	<= $2.0mm	65	65	65
	<= $2.5mm	60	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A
660	<= $1.0mm	70	70	70
	<= $1.5mm	70	70	70
	<= $2.0mm	60	60	60
	<= $2.5mm	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A

P&L STATEMENT WITH 2 MO BANK STATEMENTS

FICO & LTV Grid		Purchase			Rate / Term Refinance		
		Owner Occupied	Second Home	Investment	Owner Occupied	Second Home	Investment
FICO	Loan Size	Max LTV	Max LTV	Max LTV	Max LTV	Max LTV	Max LTV
740	<= $1.0mm	80	80	80	80	80	80
	<= $1.5mm	80	80	80	80	80	80
	<= $2.0mm	80	80	80	80	80	80
	<= $2.5mm	75	75	75	75	75	75
	<= $3.0mm	70	N/A	N/A	70	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	80	80	80	80	80	80
	<= $1.5mm	80	80	80	80	80	80
	<= $2.0mm	80	80	80	80	80	80
	<= $2.5mm	75	75	75	75	75	75
	<= $3.0mm	70	N/A	N/A	70	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	80	80	80	80	80	80
	<= $1.5mm	80	80	80	80	80	80

	<= $2.0mm	80	80	80	80	80	80
	<= $2.5mm	75	75	75	75	75	75
	<= $3.0mm	70	N/A	N/A	70	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	80	80	80	80	80	80
	<= $1.5mm	80	80	80	80	80	80
	<= $2.0mm	75	75	75	75	75	75
	<= $2.5mm	70	70	70	70	70	70
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A

P&L STATEMENT WITH 2 MO BANK STATEMENTS – CASH-OUT REFINANCE				
FICO & LTV Grid		Cash-Out Refinance		
		Owner Occupied	Second Home	Investment
FICO	Loan Size	Max LTV	Max LTV	Max LTV
740	<= $1.0mm	70	70	70
	<= $1.5mm	70	70	70
	<= $2.0mm	70	70	70
	<= $2.5mm	70	65	65
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A
720	<= $1.0mm	70	70	70
	<= $1.5mm	70	70	70
	<= $2.0mm	70	70	70
	<= $2.5mm	70	65	65
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A
700	<= $1.0mm	70	70	70
	<= $1.5mm	70	70	70
	<= $2.0mm	70	70	70
	<= $2.5mm	65	65	65
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A
680	<= $1.0mm	70	70	70
	<= $1.5mm	70	70	70
	<= $2.0mm	65	65	65
	<= $2.5mm	60	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A

	<= $3.5mm	N/A	N/A	N/A
660	<= $1.0mm	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A

Property Type	
Eligible	Single Family: Attached, Detached 2-4 Unit: Max LTV 85% Warrantable Condominium: Max LTV 85% Non-Warrantable Condominium: Max LTV 80%
Ineligible	Condo Hotel (Condotel), Rural

Credit Requirements	
Housing History	0x30x12 and 0x60x24 1x30x12, 0x60x12, and 0x90x12 are ineligible
Credit Event Seasoning	Bankruptcy / Foreclosure / Short Sale / Deed-In-Lieu / Pre-Foreclosure / Mortgage Charge-Off: >= 48 Months
Forbearance, Modification, or Deferral	> 12 Months

State Eligibility	
Ineligible Locations	Investor occupancy in Baltimore City, MD, and Philadelphia County, PA Puerto Rico, Guam, & the US Virgin Islands
State Overlays	CT, FL, IL, NJ, NY: Max LTV limited to 85% for purchase and 80% for refinance, max loan amount limited to $2.0MM

Declining Market	
Declining Market	If the appraisal report identifies the property in a declining market, max LTV is reduced by 5% from the maximum, limited to 85% for purchase and 80% for refinance, max loan amount limited to $2.0MM

General Requirements	
Product Type	Fixed Rate Terms: 15, 30 years
Interest Only	Not Permissible
Loan Amounts	Min: $150,000 Max: $3,500,000
Borrower Eligibility	Non-Permanent Resident Alien: Max LTV 80%, No Cash-Out Foreign National: Ineligible First Time Homebuyer: Primary Residence Only. Max DTI 45%. Minimum 6 months reserves.
Cash-In-Hand	LTV > 60%: Max $750,000 LTV <= 60%: Unlimited
Reserves	$150,000 - $1,000,000: 6 months PITIA $1,000,001 - $2,000,000: 9 months PITIA

	$2,000,001 - $3,500,000: 12 months PITIA Additional financed properties: 2 months PITIA incremental Cash-out proceeds may be used to satisfy the reserve requirement
Asset Depletion	Not Permissible
P&L Statement with Two Months Bank Statements	Max LTV 80% · Min Credit Score 660
Temporary Buydowns	Ineligible
Condominium Review	Full Project Review required

16.4 EXPANDED PRIME PLUS 3B – V4.4

STANDARD DOC, BANK STATEMENT							
FICO & LTV Grid		Purchase			Rate / Term Refinance		
		Owner Occupied	Second Home	Investment	Owner Occupied	Second Home	Investment
FICO	Loan Size	Max LTV	Max LTV	Max LTV	Max LTV	Max LTV	Max LTV
740	<= $1.0mm	80	75	75	80	75	75
	<= $1.5mm	80	75	75	80	75	75
	<= $2.0mm	80	75	75	80	75	75
	<= $2.5mm	75	N/A	N/A	75	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	80	75	75	80	75	75
	<= $1.5mm	80	75	75	80	75	75
	<= $2.0mm	80	75	75	80	75	75
	<= $2.5mm	75	N/A	N/A	75	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	80	75	75	80	75	75
	<= $1.5mm	80	75	75	80	75	75
	<= $2.0mm	80	75	75	80	75	75
	<= $2.5mm	70	N/A	N/A	70	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	80	75	75	80	75	75
	<= $1.5mm	75	75	75	75	75	75
	<= $2.0mm	75	75	75	75	75	75
	<= $2.5mm	70	N/A	N/A	70	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A	N/A	N/A	N/A

STANDARD DOC, BANK STATEMENT – CASH-OUT REFINANCE				
FICO & LTV Grid		Cash-Out Refinance		
		Owner Occupied	Second Home	Investment
FICO	Loan Size	Max LTV	Max LTV	Max LTV
740	<= $1.0mm	80	70	70
	<= $1.5mm	75	70	70
	<= $2.0mm	75	70	70
	<= $2.5mm	70	N/A	N/A

	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A
720	<= $1.0mm	75	70	70
	<= $1.5mm	75	70	70
	<= $2.0mm	70	70	70
	<= $2.5mm	70	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A
700	<= $1.0mm	75	70	70
	<= $1.5mm	70	70	70
	<= $2.0mm	70	70	70
	<= $2.5mm	65	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A
680	<= $1.0mm	70	70	70
	<= $1.5mm	70	70	70
	<= $2.0mm	65	65	65
	<= $2.5mm	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A
660	<= $1.0mm	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A
	<= $3.0mm	N/A	N/A	N/A
	<= $3.5mm	N/A	N/A	N/A

Property Type	
Eligible	Single Family: Attached, Detached Warrantable Condominium: Max LTV 85% Non-Warrantable Condominium: Max LTV 80%
Ineligible	2-4 Unit, Condo Hotel (Condotel), Rural

Credit Requirements	
Housing History	0x30x12 and 0x60x24
Credit Event Seasoning	Bankruptcy / Foreclosure / Short Sale / Deed-In-Lieu / Pre-Foreclosure / Mortgage Charge-Off: >= 48 Months
Forbearance, Modification, or Deferral	> 12 Months

State Eligibility	
Ineligible Locations	Investor occupancy in Baltimore City, MD, and Philadelphia County, PA Puerto Rico, Guam, & the US Virgin Islands
Ineligible	Loans meeting the New York Sub-Prime definition

Declining Market	
Declining Market	If the appraisal report identifies the property in a declining market, max LTV is limited to 75% for rate/term and cash-out transactions, with a 5% LTV reduction off the max LTV.

General Requirements	
Product Type	Fixed Rate Terms: 30 years
Interest Only	Not Permissible
Loan Amounts	Min: $150,000 Max: $2,500,000
Borrower Eligibility	Non-Permanent Resident Alien: Max LTV 80%, No Cash-Out Foreign National: Ineligible
Maximum DTI	45%
Acreage	Property up to 5 acres, not meeting the definition of rural
Cash-In-Hand	LTV > 60%: Max $750,000 LTV <= 60%: Unlimited Not applicable to Delayed Financing transactions
Reserves	$150,000 - $1,000,000: 6 months PITIA $1,000,001 - $2,000,000: 9 months PITIA $2,000,001 - $2,500,000: 12 months PITIA Additional financed properties: 2 months PITIA incremental Cash-out proceeds may be used to satisfy the reserve requirement
Ineligible Documentation Types	Profit & Loss Statement · Written VOE · IRS Form 1099 · Asset Depletion
Temporary Buydowns	Ineligible
Condominium Review	Full Project Review required

16.5 DSCR PLUS 2A – V2.2

FICO & LTV/CLTV Grids		DSCR >= 1.00			DSCR >= 0.75			No Ratio DSCR		
FICO	Loan Size	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out
740	<= $1.0mm	80	80	75	75	75	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	70	70	N/A	N/A	N/A	N/A
	<= $2.0mm	75	75	60	65	65	N/A	N/A	N/A	N/A
720	<= $1.0mm	80	80	75	75	75	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	70	70	N/A	N/A	N/A	N/A
	<= $2.0mm	75	75	60	65	65	N/A	N/A	N/A	N/A
700	<= $1.0mm	75	75	70	70	70	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	70	70	N/A	N/A	N/A	N/A
	<= $2.0mm	70	70	60	65	65	N/A	N/A	N/A	N/A
680	<= $1.0mm	75	75	65	70	70	N/A	N/A	N/A	N/A
	<= $1.5mm	70	70	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	65	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	70	70	65	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	65	65	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	60	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A

General Requirements	
Product Type	15 Yr. Fixed, 30 Yr. Fixed, 40 Yr. Fixed (IO)
Loan Amount	$2.0mm max; $100k min
Occupancy	Investment Property
Max LTV/Min FICO	80% / 660
Min DSCR	.75x
DSCR Calculation	Gross Rent/PITIA (P&I), Gross Rent/ITIA (Interest Only)
DSCR No Ratio	Not Eligible
Payment History	0x30x12
Housing Event Seasoning	3+ Years
Interest Only	Eligible (10/20 IO & 10/30 IO), Fixed
Interest Only Restrictions (DSCR >=1.00)	Min 700 FICO, Max 75% LTV
Interest Only Restrictions (DSCR >=0.75)	Min 700 FICO, Max 70% LTV
Interest Only Restrictions (No Ratio)	Not Permissible

Borrower Eligibility	
Permanent Resident Alien	Eligible, No Restrictions
Non-Permanent Resident Alien	Max 75% LTV/CLTV, No Cash-Out
Foreign National	Not Allowed

Property Type	
2-4 Units	Max 75% LTV
Warrantable Condos	Max 75% LTV
Cooperatives	Not Allowed
Non-Warrantable Condos	Max 75% LTV
Rural Properties	Not Eligible
Declining Markets	5% LTV Reduction

Cash-Out Requirements	
LTV >60%	$500k (Max Cash-Out)
LTV <=60%	Unlimited Cash-Out

Reserve Requirements	
$100,000 – $500,000	3 Months
$500,001 – $1,000,000	6 Months
$1,000,001 – $1,500,000	6 Months
$1,500,001 – $2,000,000	9 Months
DSCR < 1.00 Cash-Out Transactions	<= $1.5mm: 6 Months; > $1.5mm: 9 Months 6 Months minimum
Additional Financed Properties Reserves	None
Cash-Out Used as Reserves	Allowable

Additional Requirements	
Property	• Rural properties not eligible • Declining markets require a 5% LTV reduction from the maximum the borrower otherwise qualifies for • Maximum 10 acres • Short-term rentals: max 75% LTV
First Time Investor	• Min DSCR ≥ 1.00 • Min FICO > 700 • May not also be a First Time Homebuyer
Condominium Review	• Full Project Review required
First Time Homebuyer	• Min DSCR 1.0 • Min FICO 700 • Max Loan Amount $750,000 • Interest-only (IO) and/or 40-year amortization ineligible

16.6 DSCR PLUS 2B – V2.2

FICO & LTV/CLTV Grids		DSCR >= 1.00			DSCR >= 0.75			No Ratio DSCR		
FICO	Loan Size	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out
740	<= $1.0mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

General Requirements	
Product Type	30 Yr. Fixed, 40 Yr. Fixed (IO)
Loan Amount	$1.5mm max; $100k min Loan amounts <= $150,000 require min 1.25 DSCR
Occupancy	Investment Property
Max LTV/Min FICO	75% / 700
Min DSCR	1.00x
DSCR Calculation	Gross Rent/PITIA (P&I), Gross Rent/ITIA (Interest Only)
DSCR No Ratio	Not Eligible
Payment History	0x30x12
Housing Event Seasoning	4+ Years
Interest Only	Eligible (10/20 IO & 10/30 IO) & Fixed
Interest Only Restrictions (DSCR >=1.00)	Min 700 FICO, Max 75% LTV
Interest Only Restrictions (DSCR >=0.75)	Not Eligible
Interest Only Restrictions (No Ratio)	Not Permissible

Borrower Eligibility	
Permanent Resident Alien	Eligible, No Restrictions
Non-Permanent Resident Alien	Not Permitted
Foreign National	Not Allowed

Property Type	
2-4 Units	Max 75% LTV
Warrantable Condos	Max 70% LTV
Cooperatives	Not Allowed
Non-Warrantable Condos	Max 70% LTV
Rural Properties	Not Eligible
Declining Markets	5% LTV Reduction

Cash-Out Requirements	
LTV >60%	$500k (Max Cash-Out)
LTV <=60%	Unlimited Cash-Out

Reserve Requirements	
$100,000 – $500,000	3 Months
$500,001 – $1,000,000	6 Months
$1,000,001 – $1,500,000	6 Months
Cash-Out Transactions	6 Months minimum
Additional Financed Properties Reserves	None
Cash-Out Used as Reserves	Allowable

Additional Requirements	
Property	• Rural properties not eligible – see UW Manual for rural definition • Declining markets require a 5% LTV reduction from the maximum the borrower otherwise qualifies for • Maximum 5 acres • Short-term rentals: not eligible
Geographic Restriction	• Georgia (GA) loans must be closed in an entity to be eligible.
First Time Investor	• Min DSCR ≥ 1.00 • Min FICO > 700
Condominium Review	• Full Project Review required
First Time Homebuyer	• Not Eligible

16.7 DSCR PLUS 3A – V2.3

FICO & LTV/CLTV Grids		DSCR >= 1.00			DSCR >= 0.75			No Ratio DSCR		
FICO	Loan Size	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out
740	<= $1.0mm	80	80	75	75	75	70	N/A	N/A	N/A
	<= $1.5mm	75	75	70	70	70	65	N/A	N/A	N/A
	<= $2.0mm	75	75	60	65	65	60	N/A	N/A	N/A
	<= $2.5mm	70	70	60	65	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	65	65	60	60	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	80	80	75	75	75	70	N/A	N/A	N/A
	<= $1.5mm	75	75	70	70	70	65	N/A	N/A	N/A
	<= $2.0mm	75	75	60	65	65	N/A	N/A	N/A	N/A
	<= $2.5mm	70	70	60	65	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	65	65	60	60	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	75	75	70	75	75	65	N/A	N/A	N/A
	<= $1.5mm	75	75	70	70	70	65	N/A	N/A	N/A
	<= $2.0mm	70	70	60	65	65	N/A	N/A	N/A	N/A
	<= $2.5mm	65	65	60	65	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	65	65	60	60	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	75	75	65	70	70	N/A	N/A	N/A	N/A
	<= $1.5mm	70	70	60	70	70	N/A	N/A	N/A	N/A
	<= $2.0mm	65	65	N/A	65	65	N/A	N/A	N/A	N/A
	<= $2.5mm	65	65	N/A	60	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	65	N/A	N/A	60	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	70	70	65	60	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	65	65	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	60	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	60	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $3.0mm	60	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

General Requirements	
Product Type	30 Yr. Fixed
Loan Amount	$3.0mm max; $100k min
Occupancy	Investment Property
Max LTV/Min FICO	80% / 660
Min DSCR	.75x
DSCR Calculation	Gross Rent/PITIA (P&I)
DSCR No Ratio	Not Eligible
Payment History	0x30x12
Housing Event Seasoning	3+ Years
Interest Only	Not Permissible
Interest Only Restrictions (DSCR >=1.00)	Not Permissible
Interest Only Restrictions (DSCR >=0.75)	Not Permissible

Borrower Eligibility	
Permanent Resident Alien	Eligible, No Restrictions

Property Type	
2-4 Units	Max 75% LTV Purchase, 70% Refinance

Non-Permanent Resident Alien	Max 75% LTV/CLTV, No Cash-Out; Unexpired Visa or EAD Required, Visa Waiver Program Not Allowed
Foreign National	Not Allowed

Warrantable Condos	Max 75% LTV Purchase, 70% Refinance
Cooperatives	Not Allowed
Non-Warrantable Condos	Max 75% LTV
Rural Properties	Not Eligible

Cash-Out Requirements	
LTV >60%	$500k (Max Cash-Out)
LTV <=60%	$1,000,000 (Max Cash-Out)

Reserve Requirements	
$100,000 - $500,000	3 Months
$500,001 - $1,000,000	6 Months
$1,000,001 - $2,000,000	6 Months
$2,000,001 - $3,000,000	9 Months
Additional Financed Properties Reserves	None
Cash-Out Used as Reserves	Allowable

Additional Requirements (Program 3 Detail)	
Short-Term Rental (STR) Income	Ineligible
Declining Market	5% LTV Reduction; Not to Exceed 75% Purchase / 70% Refinance; Max Loan Amount $2.0mm
Condo Hotel (Condotel)	Ineligible
Acreage	Property up to 5 acres
Loan Amount < $150,000	Max LTV/CLTV: 70% Purchase, 65% any Refinance (Min DSCR 1.25)
State Eligibility / Ineligible Locations	IL, NY: 2-4 Unit not eligible Ineligible: Baltimore City MD, Philadelphia County PA, Puerto Rico, Guam, & the US Virgin Islands State overlays (CT, FL, IL, NJ, NY): Max LTV/CLTV limited to 75% Purchase / 70% Refinance, max loan amount limited to $2.0mm
Ineligible Properties	Bed & breakfast, single-room occupancy, and properties zoned agricultural/rural
Condominium Review	Full Project Review required
Prepayment Penalty	Eligible type: six (6) months of interest on the amount prepaid that exceeds 20% of the original principal balance in a given 12-month period. Term of one (1) to five (5) years in accordance with state law. Not allowed in: AK, IL, KS, MD, MI, MN, MS, NH, NJ, NM, OH, PA, RI.
Temporary Buydowns	Ineligible
First Time Investor	Min 700 FICO Min DSCR ≥ 1.00 1-Unit properties only

	Credit event seasoning >= 36 months from any credit event May not also be a First Time Homebuyer
First Time Homebuyer	Not Eligible

16.8 DSCR PLUS 3B – V2.3

FICO & LTV/CLTV Grids		DSCR >= 1.00			DSCR >= 0.75			No Ratio DSCR		
FICO	Loan Size	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out	Purchase	Rate / Term Refi	Cash-Out
740	<= $1.0mm	80	80	75	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	75	75	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	70	70	N/A	N/A	N/A	N/A	N/A	N/A	N/A
720	<= $1.0mm	80	80	75	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	75	75	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	70	70	N/A	N/A	N/A	N/A	N/A	N/A	N/A
700	<= $1.0mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	75	75	70	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	70	70	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	65	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
680	<= $1.0mm	75	75	65	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	70	70	60	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	65	65	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
660	<= $1.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $1.5mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.0mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<= $2.5mm	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

General Requirements	
Product Type	30 Yr. Fixed
Loan Amount	$2.5mm max; $100k min
Occupancy	Investment Property
Max LTV/Min FICO	80% / 680
Min DSCR	1.00x
DSCR Calculation	Gross Rent/PITIA (P&I)
DSCR No Ratio	Not Eligible
Payment History	0x30x12
Housing Event Seasoning	4+ Years
Interest Only	Not Permissible
Interest Only Restrictions (DSCR >=1.00)	Not Permissible
Interest Only Restrictions (DSCR >=0.75)	Not Permissible

Borrower Eligibility	
Permanent Resident Alien	Eligible, No Restrictions
Non-Permanent Resident Alien	Max 75% LTV/CLTV, No Cash-Out; Unexpired Visa or EAD Required, Visa Waiver Program Not Allowed
Foreign National	Not Allowed

Property Type	
2-4 Units	Max 75% LTV Purchase, 70% Refinance
Warrantable Condos	Max 75% LTV Purchase, 70% Refinance
Cooperatives	Not Allowed
Non-Warrantable Condos	Max 75% LTV

Rural Properties	Not Eligible

Cash-Out Requirements	
LTV >60%	$500k (Max Cash-Out)
LTV <=60%	$1,000,000 (Max Cash-Out)

Reserve Requirements	
$100,000 - $500,000	6 Months
$500,001 - $1,000,000	6 Months
$1,000,001 - $1,500,000	6 Months
$1,500,001 - $2,000,000	9 Months
$2,000,001 - $2,500,000	9 Months
Additional Financed Properties Reserves	None
Cash-Out Used as Reserves	Allowable

Additional Requirements (Program 3 Detail)	
Short-Term Rental (STR) Income	Ineligible
Declining Market	5% LTV Reduction; Not to Exceed 75% Purchase / 70% Refinance; Max Loan Amount $2.0mm
Condo Hotel (Condotel)	Ineligible
Acreage	Property up to 5 acres
Loan Amount < $150,000	Max LTV/CLTV: 70% Purchase, 65% any Refinance (Min DSCR 1.25)
State Eligibility / Ineligible Locations	IL, NY: 2-4 Unit not eligible Ineligible: Baltimore City MD, Philadelphia County PA, Puerto Rico, Guam, & the US Virgin Islands State overlays (CT, FL, IL, NJ, NY): Max LTV/CLTV limited to 75% Purchase / 70% Refinance, max loan amount limited to $2.0mm
Ineligible Properties	Bed & breakfast, single-room occupancy, and properties zoned agricultural/rural
Condominium Review	Full Project Review required
Prepayment Penalty	Eligible type: six (6) months of interest on the amount prepaid that exceeds 20% of the original principal balance in a given 12-month period. Term of one (1) to five (5) years in accordance with state law. Not allowed in: AK, IL, KS, MD, MI, MN, MS, NH, NJ, NM, OH, PA, RI.
Temporary Buydowns	Ineligible
First Time Investor	Not Eligible
First Time Homebuyer	Not Eligible

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