

CLEAREDGE CONNECT

FULL DOC CONNECT, EXPRESS CONNECT and BANK STATEMENT CONNECT

Owner / Second Home / Non-Owner

Purchase / Rate & Term

OCCUPANCY	LOAN AMOUNT	FICO	LTV/CLTV		RESERVES	
			Fully Amortized	Interest Only	Full Doc / Express Connect	Bank Statement Connect
Primary SFR, PUD, 2-4 Unit, Condos	\$1,000,000	720	85%	80% - Full/Express Doc 75% - Bank Statement	6 months	12 months
		700	80%			
		680	75%			
	\$1,500,000	700	80%	80% - Full/Express Doc 75% - Bank Statement	12 months	
			75%	75%		
			70%	70%		
Second SFR, PUD, 1 Unit, Condos	\$1,500,000	720	75%	70%	12 months	12 months
	\$2,000,000		70%	65%		
Non-Owner SFR, PUD, 2-4 Unit, Condos	\$1,000,000	720	70%	65%	12 months	12 months
	\$1,500,000		65%	60%		

Cash-Out

Primary SFR, PUD, 2-4 Unit, Condos	\$1,000,000	720	75%	70%	12 months	12 months
	\$2,000,000		70%	65%		
Second SFR, PUD, 1 Unit, Condos	\$1,000,000	720	60%	55%	12 months	N/A
	\$2,000,000		55%	50%		
Non-Owner SFR, PUD, 2-4 Unit, Condos	\$1,000,000	720	60%	55%	12 months	N/A
	\$1,500,000		55%	50%		

ASSET CONNECT

Owner / Second Home

Purchase / Rate & Term

OCCUPANCY	LOAN AMOUNT	FICO	LTV/CLTV	RESERVES
Primary SFR, PUD, 2-4 Unit, Condos	\$1,000,000	720	80%	12 months
	\$1,500,000		75%	
	\$2,000,000		70%	
Second SFR, PUD, 1 Unit, Condos	\$1,000,000	720	75%	12 months
	\$1,500,000		70%	

PRODUCTS	5/1 ARM, 5/1 ARM I/O, 7/1 ARM, 7/1 ARM I/O, 30 Yr Fixed, 40 Yr Fixed I/O	
MIN LOAN AMOUNT	\$150,000	
QUALIFICATION	5/1s and 7/1s- greater of Note Rate or the Fully Indexed Rate (rounded) For I/O's calculate payment based on (1) the Qualifying Rate described above, (2) the original balance, and (3) a term that equals the amortization term (i.e. 360 months for 40 year I/O). Qualifying payment for I/O must include principal component.	
DTI	Max DTI 50% - All Programs	
RESIDUAL INCOME	HPML requires Residual Income = 1 person \$1550; 2 persons \$2500, Add \$150 per additional household member Not required on Non-Owner Properties or Asset Connect	
BORROWER	Non-Occupant Co-Borrower- Max 80% LTV, Primary Purchase & R&T, 1 Unit Only - eligible with blended ratios Non-Permanent Resident Aliens - Max 80% LTV, Primary Purchase & R&T; 1 Unit Only Foreign Nationals are Ineligible Limited Partnerships, General Partnerships, Corporations, Limited Liability Company First Time Homebuyers Eligible First Time investors are ineligible	
INCOME DOCS (See guidelines for more details)	Full Doc Connect	Express Connect
	<ul style="list-style-type: none"> Wage Earner = 2-years W2s plus most recent YTD paystub with at least 30 days earnings Self-Employed = 2 year personal and business tax returns with YTD P&L 	<ul style="list-style-type: none"> Wage Earner = 1-year W2s plus most recent YTD paystub with at least 30 days of earnings Self-Employed = 1 year personal and business tax returns with YTD P&L
	Bank Statement Connect	
BANK STATEMENT CONNECT	See below for more details	
	<ul style="list-style-type: none"> 12 months most recent Personal or Business bank statements If business income was materially impacted by COVID-19 - Provide 15 months statements- 12 months used to assess income, dismiss 3 months however cannot be most recent 2 months 2-year history of business ownership required Business ownership - Borrower must be majority owner. Minimum of 25% ownership Use the lower of monthly income disclosed on the initial 1003 or income derived from applicable qualifying method. See CEL Underwriting Guidelines for more details 	
	Option 1 - FIXED EXPENSE RATIO	Option 2 - THIRD PARTY EXPENSE RATIO 20% floor
	All business will qualify using a 50% expense ratio if one of the following options are not applicable a) 70% Expense Ratio (Real Estate Development or Heavy Manufacturing) b) 20% Expense Ratio (restricted as follows) <ul style="list-style-type: none"> Service business (no goods, parts or materials needed) Sole practitioner (no partners, employees or contractors) Works out of the home (does not rent any space- office/warehouse) Does not require any heavy equipment/machinery/vehicles 	CPA/Tax Attorney/Enrolled Agent/PTIN 3 rd party must have filed most recent business tax returns - 20% floor Tax Professional must verify the borrower's ownership percentage To determine net income, multiply eligible business deposits by the following: 100% minus the Expense Ratio as described above.
	PERSONAL BANK STATEMENTS	
<ul style="list-style-type: none"> 12 months personal bank statements - average total eligible deposits 2 months of business bank statements must be provided to validate borrower utilizes separate bank accounts Borrowers who are using more than 3 businesses to qualify must use personal bank statements option Borrowers are qualified using assets, rather than a traditional source of income Additional income not permitted when Asset Connect program is being used. 		

ASSET CONNECT	<ul style="list-style-type: none"> Assets must be verified to cover the loan amount (subject property) with sufficient additional reserves to cover all monthly debt (revolving, installment, alimony/child support, and other monthly debt) for a period of no less than two years, plus the program reserve requirement. A DTI will not be calculated when the borrower is qualifying on assets alone. 		
ASSET CONNECT (Cont.)	Asset Type		Qualifying Amount
	Checking, Savings, Money Market Accounts		100%
	Annuities*, Mutual Funds, Publicly Traded Stocks and Bonds		75%
	Retirement Accounts (401(k) IRA, SEP, KEOGH)**		70%
	<p>*Annuities must permit withdrawal without penalty</p> <p>**If a distribution plan has begun, the asset account is not eligible for Asset Connect.</p>		
CREDIT EVENTS	<p>No housing event permitted on any real estate within 4 years*</p> <p>*Housing Event = Foreclosure, Short Sale, Deed in Lieu, Default Modification, Notice of Default or 120+ Delinquent</p> <p>No Bankruptcy 7, 11, 13 (discharged or dismissed) within 4 years</p> <p>COVID-19 related deferral or forbearance requests – Eligible as cash out refinance</p>		
MORTGAGE HISTORY	0 X 60 x 12 for any REO		
RENTAL HISTORY	0 X 60 X 12		
QUALIFYING FICO	Full Doc and Express Connect		Bank Statement Connect
	Use the qualifying credit score of the primary earner		Use the qualifying credit score of the primary earner Borrowers with 50/50 split ownership, need to use the higher of the two mid FICO scores
			Highest mid FICO
	No borrower can have a middle FICO score less than 680		
TRADELINES	<p>Each borrower must have 3 trade lines ≥ 12 months OR 2 trade lines ≥ 24 months.</p> <ul style="list-style-type: none"> Tradelines may be opened or closed Tradelines activity is not required. Eligible tradelines cannot have any derogatory history in previous 24 months 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. No authorized user accounts will be used to satisfy minimum tradelines 		
GIFT FUNDS	<p>Primary Purchase Only</p> <p>Full Doc - Borrower must have 5% of their own funds documented but not required to use</p> <p>Bank Statement Connect - Borrower must have 10% of their own funds towards the down payment</p> <p>Gift funds cannot be used toward reserves</p>		
RESERVES	<p>Refer to matrices above for reserve requirements</p> <p>No additional reserves needed for additional financed properties</p>		
ASSETS	<p>Most Recent 2 months Asset Statements, Quarterly Statement or FNMA approved third party direct pull services</p> <p>100% value of Bank Accounts, Stocks, Bonds, Mutual Funds, Retirement Accounts at vesting percentage</p>		
PROPERTY	<p>Primary 1-4 Units / Second Home 1 Unit / Non-Owner 1-4 Units</p> <p>Non-Warrantable Condos are ineligible</p> <p>Rural Properties are ineligible</p> <p>Max Financed Properties = 15 residential</p> <p>Declining Markets requires a 5% LTV reduction</p> <p>Max 5 Acres</p>		
APPRAISAL REQUIREMENTS	<p>1 Full appraisal required for all transactions</p> <p>HPML flips require 2nd full appraisal</p> <p>All appraisals require a third-party desk review by ClearEdge</p>		
CASH-OUT	<p>Cash-Out permitted to meet reserves</p> <p>Max Cash-Out \$500,000</p>		
ESCROWS	Required for HPML loans per CFPB		
SUBORDINATE FINANCING	LTV=CLTV, Allowed behind Fixed and Institutional Financing Only, Primary Residence Only		
PAYMENT SHOCK	Max 300%		
ELIGIBLE STATES	AZ, CA, CO, NV, OR, UT, WA		
COVID-19 ADDENDUM	Please refer to COVID-19 addendum for details		
PREPAYMENT PENALTY (INVESTMENT PROPERTIES)	<p>Applies to all Investment Properties</p> <p>Hard Prepayment penalties are required on investment property transactions when permissible by state law</p> <ul style="list-style-type: none"> Standard Prepayment Penalty Term – 1 year (see rate sheet for details) 		