

## CLEAREDGE CONNECT

### FULL DOC CONNECT, EXPRESS CONNECT, ASSET UTILIZATION 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	\$1,500,000	720	85% Bank Statement Connect - Purchase Only	80% - Full/Express Doc 75% - Bank Statement Min 700 FICO	6 months	12 months
		680	80%			
	\$2,000,000	700	80%	75%	12 months	
	\$3,000,000	700	75%	70%	12 months	
Second SFR, PUD, 1 Unit, Condos	\$1,000,000	700	80%	75%	9 months	12 months
	\$1,500,000	720	75%	70%	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	700	75%	70%	12 months	12 months
	\$1,500,000		75%	70%		
	\$2,000,000	720	70%	65%		
Second SFR, PUD, 1 Unit, Condos	\$1,000,000	700	70%	65%	12 months	N/A
	\$1,500,000		720	65%		
	\$2,000,000	720	60%	55%		
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%	

<b>PRODUCTS</b>	5/1 ARM, 5/1 ARM I/O, 7/1 ARM, 7/1 ARM I/O, 30 Yr Fixed, 40 Yr Fixed I/O, 40yr I/O Adjustable Rate Mortgage	
<b>MIN LOAN AMOUNT</b>	\$125,000	
<b>QUALIFICATION</b>	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.	
<b>DTI</b>	Max DTI 50% - All Programs	
<b>RESIDUAL INCOME</b>	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	
<b>BORROWER</b>	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	
<b>INCOME DOCS</b> (See guidelines for more details)	<b>Full Doc Connect</b> <ul style="list-style-type: none"> <li>Wage Earner = 2-years W2s plus most recent YTD paystub with at least 30 days earnings</li> <li>Self-Employed = 2 year personal and business tax returns with YTD P&amp;L</li> </ul>	<b>Express Connect</b> <ul style="list-style-type: none"> <li>Wage Earner = 1-year W2s plus most recent YTD paystub with at least 30 days of earnings</li> <li>Self-Employed = 1 year personal and business tax returns with YTD P&amp;L</li> </ul>
	<b>Bank Statement Connect</b> See below for more details	
<b>BANK STATEMENT CONNECT</b>	See below for more details <ul style="list-style-type: none"> <li>12 months most recent Personal or Business bank statements</li> <li>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</li> <li>2-year history of business ownership required</li> <li>Business ownership – Borrower must be majority owner. Minimum of 25% ownership</li> <li>Use the lower of monthly income disclosed on the initial 1003 or income derived from applicable qualifying method.</li> <li>See CEL Underwriting Guidelines for more details</li> </ul>	
	<b>BUSINESS BANK STATEMENTS</b>	
	<b>Option 1 – FIXED EXPENSE RATIO</b> All business will qualify using a <b>50% expense ratio</b> if one of the following options are not applicable a) <b>70% Expense Ratio</b> (Real Estate Development or Heavy Manufacturing) b) <b>20% Expense Ratio</b> (restricted as follows)	<b>Option 2 - THIRD PARTY EXPENSE RATIO   20% floor</b> CPA/Tax Attorney/Enrolled Agent/PTIN <ul style="list-style-type: none"> <li>3<sup>rd</sup> party must have filed most recent business tax returns</li> <li>Tax Professional must verify the borrower's ownership percentage – 20% floor</li> <li>To determine net income, multiply eligible business deposits by the following: 100% minus the Expense Ratio as described above.</li> </ul>
	<b>PERSONAL BANK STATEMENTS</b> <ul style="list-style-type: none"> <li>12 months personal bank statements – average total eligible deposits</li> <li>2 months of business bank statements must be provided to validate borrower utilizes separate bank accounts</li> <li>Borrowers who are using more than 3 businesses to qualify must use personal bank statements option</li> </ul>	

<b>ASSET CONNECT</b>	<ul style="list-style-type: none"> <li>Borrowers are qualified using assets, rather than a traditional source of income</li> <li>Additional income not permitted when Asset Connect program is being used.</li> <li>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.</li> <li>A DTI will not be calculated when the borrower is qualifying on assets alone.</li> </ul>										
	<table border="1"> <thead> <tr> <th>Asset Type</th> <th>Qualifying Amount</th> </tr> </thead> <tbody> <tr> <td>Checking, Savings, Money Market Accounts, Equity proceeds from concurrent sale</td> <td>100%</td> </tr> <tr> <td>Annuities*, Mutual Funds, Publicly Traded Stocks and Bonds</td> <td>75%</td> </tr> <tr> <td>Retirement Accounts (401(k) IRA, SEP, KEOGH)**</td> <td>70%</td> </tr> </tbody> </table>		Asset Type	Qualifying Amount	Checking, Savings, Money Market Accounts, Equity proceeds from concurrent sale	100%	Annuities*, Mutual Funds, Publicly Traded Stocks and Bonds	75%	Retirement Accounts (401(k) IRA, SEP, KEOGH)**	70%	
	Asset Type	Qualifying Amount									
	Checking, Savings, Money Market Accounts, Equity proceeds from concurrent sale	100%									
Annuities*, Mutual Funds, Publicly Traded Stocks and Bonds	75%										
Retirement Accounts (401(k) IRA, SEP, KEOGH)**	70%										
<p>* Annuities are permitted with attestation from borrowers' asset manager or account representative confirming terms, penalties etc.  **If a distribution plan has begun, the asset account is not eligible for Asset Connect.</p>											
<b>CREDIT EVENTS</b>	<p>No housing event permitted on any real estate within 4 years*  *Housing Event = Foreclosure, Short Sale, Deed in Lieu, Default Modification, Notice of Default or 120+ Delinquent  No Bankruptcy 7, 11, 13 (discharged or dismissed) within 4 years  COVID-19 related deferral or forbearance requests – Eligible as cash out refinance</p>										
<b>MORTGAGE HISTORY</b>	0 X 60 x 12 for any REO										
<b>RENTAL HISTORY</b>	0 X 60 X 12										
<b>QUALIFYING FICO</b>	<b>Full Doc and Express Connect</b>		<b>Bank Statement Connect</b>								
	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								
			Asset Connect Highest mid FICO								
No borrower can have a middle FICO score less than 680											
<b>TRADELINES</b>	<p>Each borrower must have 3 trade lines ≥ 12 months OR 2 trade lines ≥ 24 months.</p> <ul style="list-style-type: none"> <li>Tradelines may be opened or closed</li> <li>Tradelines activity is not required. Eligible tradelines cannot have any derogatory history in previous 24 months</li> <li>Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks/debits)</li> <li>Borrower(s) not using income to qualify are not required to meet the minimum tradeline requirements listed above.</li> <li>No authorized user accounts will be used to satisfy minimum tradelines</li> </ul>										
<b>GIFT FUNDS</b>	<p>Primary Purchase Only  Full Doc - Borrower must have 5% of their own funds documented but not required to use  Bank Statement Connect - Borrower must have 10% of their own funds towards the down payment  Gift of equity eligible to a max 75% LTV  Gift funds cannot be used toward reserves</p>										
<b>RESERVES</b>	<p>Refer to matrices above for reserve requirements  No additional reserves needed for additional financed properties</p>										
<b>ASSETS</b>	<p>Most Recent 2 months Asset Statements, Quarterly Statement or FNMA approved third party direct pull services  100% value of Bank Accounts, Stocks, Bonds, Mutual Funds, Retirement Accounts at vesting percentage</p>										
<b>PROPERTY</b>	<p>Primary 1-4 Units / Second Home 1 Unit / Non-Owner 1-4 Units  Non-Warrantable Condos are ineligible  Rural Properties are ineligible  Max Financed Properties = 15 residential  Declining Markets requires a 5% LTV reduction  Max 5 Acres</p>										
<b>APPRAISAL REQUIREMENTS</b>	<p>1 Full appraisal required for all transactions  HPML flips require 2nd full appraisal  All appraisals require a third-party desk review by ClearEdge</p>										
<b>CASH-OUT</b>	<table border="1"> <thead> <tr> <th colspan="2">Max Cash Out</th> </tr> </thead> <tbody> <tr> <td>LTV ≥ 65%</td> <td>\$500,000</td> </tr> <tr> <td>LTV &lt; 65%</td> <td>\$750,000</td> </tr> </tbody> </table>			Max Cash Out		LTV ≥ 65%	\$500,000	LTV < 65%	\$750,000		
	Max Cash Out										
	LTV ≥ 65%	\$500,000									
LTV < 65%	\$750,000										
Cash-Out permitted to meet reserves											
<b>ESCROWS</b>	Required for HPML loans per CFPB										
<b>SUBORDINATE FINANCING</b>	LTV=CLTV, Allowed behind Fixed and Institutional Financing Only, Primary Residence Only										
<b>PAYMENT SHOCK</b>	Max 300% for FTHB. Not applicable for Asset Connect.										
<b>COVID-19 ADDENDUM</b>	Please refer to COVID-19 addendum for details										
<b>PREPAYMENT PENALTY (INVESTMENT PROPERTIES)</b>	<p>Applies to all Investment Properties  Hard Prepayment penalties are required on investment property transactions when permissible by state law</p> <ul style="list-style-type: none"> <li>Standard Prepayment Penalty Term – 1 year (see rate sheet for details)</li> </ul>										