PRIME Connect

FULL DOC, EXPRESS DOC, ASSET UTILIZATION AND BANK STATEMENT

PRIMARY RESIDENCE (1-2 Units)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	90%[1,2] (Purchase Only)	$1,000,000	720
	85%[3] (Purchase Only)	$2,000,000	680
	80%	$2,000,000	660
		$2,500,000	680
		$3,000,000	700
CASH OUT	80%	$1,500,000	700
		$2,000,000	720
	75%	$1,500,000	660
		$2,000,000	700
		$2,500,000	720
	70%	$2,000,000	660
		$2,500,000	700
		$3,000,000	720

SECOND HOME (1 Unit)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	85%[3] (Purchase Only)	$1,000,000	680
		$1,500,000	720
	80%	$1,000,000	660
		$2,000,000	680
		$2,500,000	700
	75%	$1,500,000	660
		$2,500,000	680
CASH OUT	75%	$1,500,000	680
		$2,000,000	720
	70%	$1,500,000	660
		$2,000,000	680
		$2,500,000	720
	65%	$2,000,000	660

INVESTMENT (1-4 Units)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	80% (Purchase Only)	$1,500,000	660
		$2,000,000[4]	680
		$2,500,000[4]	700
	75%	$2,000,000[4]	660
CASH OUT	75%	$1,500,000	680
	70%	$2,000,000[4]	660
		$2,500,000[4]	720

[1]Condos – Max 85%
[2]Min loan amount $200k. Interest Only not permitted- No FTHB
[3]Interest Only 40 Yr IO not permitted.
[4]Loans $2MM+ are allowed for 2–4-unit properties only
- Exception: SFR and 2–4-unit properties allowed in California only

Asset Utilization
- Primary and 2nd home – Max 80% LTV/CLTV
- Investment Property – Max 65% LTV/CLTV
- Cash out – Max 60% LTV/CLTV
- Gift funds may not be used

PLUS Connect

FULL DOC, EXPRESS DOC, ASSET UTILIZATION AND BANK STATEMENT

PRIMARY RESIDENCE (1-2 Units)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	80%	$1,500,000	640
		$2,000,000	680
		$2,500,000	720
	75%	$2,000,000	620
		$2,500,000	680
		$3,000,000	700
CASH OUT	80%	$1,000,000	680
	75%	$1,500,000	660
		$2,000,000	680
	70%	$1,500,000	640
		$2,000,000	660
		$2,500,000	700
	65%	$1,500,000	620
		$2,500,000	680

SECOND HOME (1 Unit)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	80%	$1,000,000	640
		$1,500,000	660
		$2,000,000	680
	75%	$1,500,000	640
		$2,000,000	660
		$2,500,000	700
	70%	$2,000,000	640
		$2,500,000	680
CASH OUT	75%	$1,500,000	660
		$2,000,000	700
	70%	$1,000,000	640
		$2,000,000	680
	65%	$2,000,000	660

INVESTMENT (1-4 Units)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	80% (Purchase Only)	$1,000,000	640
		$1,500,000	660
		$2,000,000	680
	75%	$1,500,000	640
		$2,000,000	660
	70%	$2,500,000	680
CASH OUT	75%	$1,500,000	660
		$2,000,000	700
	70%	$1,000,000	640
		$2,000,000	660
	65%	$1,500,000	640
		$2,500,000	680

***Asset Utilization**

- Primary and 2nd home – Max LTV/CLTV 80%
- Investment Property – Max LTV/CLTV 65%
- Cash out – Max LTV/CLTV 60%
- Gift funds may not be used

FLEX CONNECT					
FNMA DO® DOCUMENTATION					
OCCUPANCY	**TRANSACTION TYPE**	**CREDIT GRADE**	**MAX LTV/CLTV**	**MAX LOAN AMOUNT**	**MIN FICO**
PRIMARY 1-2 Units	**PURCHASE RATE AND TERM**	**PRIME** Connect	80%	$2,500,000	660
		PLUS Connect			640
	CASH OUT	**PRIME** Connect	75%	$2,500,000	660
		PLUS Connect			640
SECOND HOME 1 Unit	**PURCHASE RATE AND TERM**	**PRIME** Connect	75%	$2,500,000	680
		PLUS Connect			640
INVESTMENT 1-4 Units	**PURCHASE RATE AND TERM**	**PRIME** Connect	70%	$2,500,000	660
		PLUS Connect			640

<table>
<tr><td>PRODUCTS</td><td>All Products</td><td colspan="3">
<table>
<tr><th>Product</th><th>Term</th><th>IO Term</th><th>Initial Cap</th><th>Periodic Cap</th><th>Life Cap</th></tr>
<tr><td>5/6 ARM</td><td>360 mo</td><td>NA</td><td>2</td><td>1</td><td>5</td></tr>
<tr><td>5/6 ARM</td><td>480 mo</td><td>NA</td><td>2</td><td>1</td><td>5</td></tr>
<tr><td>5/6 ARM IO</td><td>360 mo</td><td>120 mo</td><td>2</td><td>1</td><td>5</td></tr>
<tr><td>5/6 ARM IO</td><td>480 mo</td><td>120 mo</td><td>2</td><td>1</td><td>5</td></tr>
<tr><td>7/6 ARM</td><td>360 mo</td><td>NA</td><td>5</td><td>1</td><td>5</td></tr>
<tr><td>7/6 ARM</td><td>480 mo</td><td>NA</td><td>5</td><td>1</td><td>5</td></tr>
<tr><td>7/6 ARM IO</td><td>360 mo</td><td>120 mo</td><td>5</td><td>1</td><td>5</td></tr>
<tr><td>7/6 ARM IO</td><td>480 mo</td><td>120</td><td>5</td><td>1</td><td>5</td></tr>
<tr><td>30 Yr Fixed</td><td>360 mo</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>30 Yr Fixed IO</td><td>360 mo</td><td>120 mo</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>40 Yr Fixed</td><td>480 mo</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>40 Yr Fixed IO</td><td>480 mo</td><td>120 mo</td><td>NA</td><td>NA</td><td>NA</td></tr>
</table>
</td></tr>
<tr><td>MIN LOAN AMOUNT</td><td>All Programs</td><td colspan="3">$125,000</td></tr>
<tr><td rowspan="3">INTEREST ONLY</td><td>PRIME Connect</td><td colspan="3">Purchase: Max 85% LTV/CLTV Rate & Term and Cash-Out: Max 80% LTV/CLTV
Min FICO 700</td></tr>
<tr><td>PLUS Connect</td><td colspan="3">Purchase/Rate &Term/Cash-Out: Max 80% LTV/CLTV
Min FICO 680</td></tr>
<tr><td>FLEX Connect</td><td colspan="3">Purchase/Rate &Term: Max 80% LTV/CLTV, Cash-Out Max 75% LTV/CLTV</td></tr>
<tr><td>INTEREST ONLY PERIOD</td><td></td><td colspan="3">40 Year Interest Only = 10 year I/O then 30-year amortization
30 Year Interest Only = 10 year I/O then 20-year amortization</td></tr>
<tr><td rowspan="3">QUALIFICATION</td><td>PRIME Connect, Plus Connect</td><td colspan="3">5/6s and 7/6s - greater of Note Rate or the Fully Indexed Rate (rounded)</td></tr>
<tr><td>FLEX Connect</td><td colspan="3">5/6s – greater of the Note Rate + 2% or Fully Indexed rate
7/6s – greater of Note Rate or the Fully Indexed rate</td></tr>
<tr><td colspan="4">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.</td></tr>
<tr><td rowspan="3">DTI</td><td rowspan="2">PRIME Connect and PLUS Connect</td><td>> 85% LTV/CLTV</td><td colspan="2">45% DTI</td></tr>
<tr><td>≤ 85% LTV/CLTV</td><td colspan="2">50% DTI</td></tr>
<tr><td>FLEX Connect</td><td colspan="3">Per DO® (max of 50% DTI)</td></tr>
<tr><td rowspan="2">BORROWER</td><td rowspan="2">Non-Occupant Co-Borrower</td><td>PRIME Connect</td><td colspan="2">Primary Purchase & R&T, 1 Unit Only
Eligible with blended ratios</td></tr>
<tr><td>PLUS Connect</td><td colspan="2">Per FNMA/DO®</td></tr>
</table>

		FLEX Connect	Per FNMA/DO®
	Non-Permanent Resident Aliens	**All Programs**	Max 80% LTV, Primary Purchase & R&T; 1- 2 Unit Only
		FLEX Connect	Per FNMA/DO®
	Limited Partnerships, General Partnerships, Corporations, Limited Liability Company – Eligible (Layered entities not permitted) First Time Homebuyers – Eligible with max 300% payment shock unless rent free Foreign Nationals – Ineligible FLEX Connect – All borrowers must have a valid SSN		
FIRST TIME INVESTOR	**PRIME Connect, PLUS Connect**	Eligible with a 5% LTV/CLTV reduction	
	FLEX Connect	Per FNMA/DO®	

CREDIT EVENTS		**Short Sale, Foreclosure, Bankruptcy**	**12 Month Housing History**
	PRIME Connect	4 Years BK - Ch 7, 11 – based on discharge or dismissal date BK - Ch 13 based on filed date BK – Ch 13 – payment history shows no 30-day lates All bankruptcies must have been discharged/dismissed prior to application. No open bankruptcies allowed.	0 x 30 x 12
	PLUS Connect	2 Years	0 x 60 x 12
		1 Year (additional LLPA applies)	
	FLEX Connect	Follow applicable PRIME or PLUS Connect credit grades	PRIME: 1 x 30 x 12 (per DO®) (no rolling)
			PLUS: 0 x 60 x 12
		For loan casefiles with credit events outside of FNMA allowances, "Extenuating Circumstance (EC)" override in DO® may be used. The loan must still fall within Connect Prime or Connect Plus requirements for seasoning. See Underwriting Guidelines for details	

QUALIFYING FICO	**Full Doc, Express Doc, Asset Utilization and FLEX**	**Bank Statement**
	Primary wage earner	Primary wage earner Borrowers with 50/50 split ownership, need to use the higher of the two mid FICO scores
	No borrower can have a middle FICO score less than 660 (PRIME Connect), 620 (PLUS Connect), FLEX Connect – Per FNMA/DO® (see above matrix for minimum qualifying FICO requirements)	

RESERVES	**PRIME Connect**	**≤$2,000,000**	6 months
		>$2,000,000	9 months
	PLUS Connect	**≤ $1,000,000**	3 months
		≤$2,000,000	6 months
		>$2,000,000	9 months
		R/T Refi, Max 60% LTV/CLTV, Min 0x30x12	No reserves needed
	FLEX Connect	Per FNMA/DO®	
	Departing Residence Pending Sale – An additional 6 months PITIA reserves for the departure residence is required if payment is being excluded and property is under contract. For FLEX Connect, follow FNMA/DO® requirements.		
GIFT FUNDS	Primary Purchase Only >80% LTV/CLTV - Borrower must have 10% of their own funds documented but not required to use ≤80% LTV/CLTV - Borrower must have 5% of their own funds documented but not required to use Gift of equity eligible to a max 75% LTV (Primary Only) FLEX Connect – Follow FNMA for all gift, gift of equity and minimum borrower contribution requirements.		
	If min borrower contribution % is not used towards the down payment, those funds can be used towards reserves.		

MAX CASH OUT		**≥65% to 80% LTV/CLTV**	**>50% to <65% LTV/CLTV**	**≤50% LTV/CLTV**
	PRIME Connect; FLEX PRIME Connect	$500,000	$750,000	$1,000,000
	PLUS Connect; FLEX PLUS Connect	$350,000	$500,000	Unlimited

CASH OUT TRANSACTION

- Cash-Out permitted to meet reserves for all programs.
- Borrower must have owned the property for a minimum of 6 months prior to the application date except for FLEX Connect which will follow FNMA guidelines.

ASSETS

Transaction Type	Asset Statement Requirement
Asset Utilization	4 Months Statements
Purchase	2 Months Statements
Rate/Term Refinance	1 Month Statement
Cash-Out Refinance	1 Month Statement 0 Months required if Cash Out satisfied reserve requirement

One quarterly investment statement, or FNMA approved third party direct pull services100% value of Bank Accounts, Stocks, Bonds, Mutual Funds, Retirement Accounts at vesting percentage

INCOME DOCS (See guidelines for more details)

Full Doc Connect

- Eligible with PRIME Connect and PLUS Connect
- Wage Earner - most recent YTD paystub with at least 30 days earnings or Electronic WVOE (i.e., The Work Number) and 2 years W2 (or tax transcripts ordered by CEL may be used)
- Self-Employed = 2yrs personal & business tax returns w/ YTD P&L

Express Connect

- Wage Earner - most recent YTD paystub with at least 30 days earnings or Electronic WVOE (i.e., The Work Number) and 1-year W2 (or tax transcripts ordered by CEL may be used)
- Self-Employed = 1 year personal and business tax returns with YTD P&L

Bank Statement Connect

- Eligible with PRIME Connect, PLUS Connect and FLEX Connect

Asset Utilization

- Qualified assets with draw schedule of 5 years
- FLEX Connect – Follow FNMA guides w/ a 5-year draw

FLEX Connect

- Follow DO® findings with min 1-year verification of income
- Electronic WVOE (i.e., The Work Number) is acceptable
- Bank Statement product is eligible with FLEX features

BANK STATEMENT INCOME

- 12- or 24- months most recent Personal or Business bank statements
- 2-year history of business ownership - greater than 1 year but less than 2 can be considered as per FNMA.
- Business ownership –Minimum of 25% ownership

BUSINESS BANK STATEMENTS

Borrowers who are using more than 3 business bank accounts must qualify using personal bank statements

FIXED EXPENSE RATIO

All business can qualify using a **50% expense ratio**

Option 1: 50% Expense Factor will be utilized to calculate income

- Any loan with LTV > 85.01 will be required to use 50% expense factor
- Verify borrower is minimum 25% owner of business
- Decreasing or negative ending balances must be addressed
- Cyclical and seasonal trends may be taken into consideration

Option 2: 20% Expense Factor eligible only if all of the following applies to the business

- Max LTV 85%
- Borrower is sole owner and operator of the business (no partners, employees, etc.)
- Service business (no cost of goods, no heavy equipment, machinery, etc.)
- Does not require office space that would incur rent

PERSONAL BANK STATEMENTS

Option 1: Personal bank statements with evidence of business bank account.

- 100% of business deposits in a personal bank account can be used.
- Provide most recent 2 months business statements to validate deposits are from the borrower owned business bank account. (Only giving credit for transfers from the business; or receipt of payroll from business and distributions only)

Option 2: Personal bank statements with no business bank account – service business.

10% Expense factor for Co-mingled bank accounts (Example: Sch C consultants, independent contractors, etc.)

- 12-or 24 months complete personal bank statements from the same account if borrower does not have a separate business bank account
- 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

Option 3: Personal bank statements with no business bank account – non-service business

<table>
<tr><td></td><td colspan="3">

Comingled business and personal with no business account for non-service businesses are considered as business bank statements with the appropriate expense factor applied.

• Deposits from self-employment business only, will be included into bank statement calculation.
• A trend of repeated expense not reported on the credit report may need additional explanation and may be considered a liability
</td></tr>
<tr><td rowspan="3">FLEX CONNECT (DO® Documentation and Bank Statement Income)</td><td colspan="3">FLEX program will utilize Fannie Mae Desktop Underwriter (DO®) with the added guideline allowance of Connect PRIME and Connect PLUS benefits for ease of process. The loan will be underwritten to the FLEX program matrix, the DO® Findings, and the overlays noted below. Any items not addressed in this section will default to FNMA/DO® guidelines. This is a Non-QM program. Refer to full matrix and guidelines for additional process details</td></tr>
<tr><td>Underwriting Process</td><td colspan="2">▪ FNMA DO® is required
▪ FHLMC LP® is not allowed
▪ For underwriting guidelines not addressed in this document or UW Guidelines, please reference the Fannie Mae Seller Guide for details.</td></tr>
<tr><td>DO® (AUS) Requirements</td><td colspan="2">▪ Approve/Eligible
▪ Approve/Ineligible (due to loan amount, loan structure, Interest Only, property (non-warrantable condo) and credit event.
▪ Refer to Credit Event section for details
▪ Note: Refer or Caution findings will not be eligible for delivery, however, may be eligible under Connect Prime or Connect Plus Program and considered a manual UW.</td></tr>
<tr><td rowspan="2">TRADELINES</td><td>PRIME Connect
PLUS Connect</td><td colspan="2">▪ Each borrower must have 2 tradelines, rated at least 12 months, with activity in the last 24 months.
▪ Tradeline may be opened or closed
▪ 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
▪ Non-traditional credit is not allowed as an eligible tradeline</td></tr>
<tr><td>FLEX Connect</td><td colspan="2">Follow DO® Findings</td></tr>
<tr><td>PROPERTY</td><td colspan="3">Primary 1-2 Units / Second Home 1 Unit /Non-Owner 1-4 Units
Rural Properties - eligible for PRIME, PLUS and FLEX Connect
• Primary Residence – Max 75% LTV/CLTV
• 2nd Home – Max 70% LTV/CLTV
• Must be primarily for residential use
Max Financed Properties – Prime/Plus- no limit; FLEX- as per FNMA DO®
CEL exposure to a single borrower/guarantor is limited to $5M UPB or 10 loans.
Live/Work Condos – Follow FNMA
Subject Property Short Term Rentals not permitted
Max Acreage - Max 10 acres
Minimum Square Footage – 500 sq ft. per unit- No kitchenettes
Properties with Business and Residential Use
• Eligible for PRIME, PLUS and FLEX Connect
• Must be a primary residence
• 10% LTV/CLTV reduction – 65% LTV/CLTV floor
• Max 4-Units
Declining Markets requires a 5% LTV reduction; max 80% LTV/CLTV</td></tr>
<tr><td>NON-WARRANTABLE CONDOS</td><td colspan="3">
<table>
<tr><th colspan="2">Non-Warrantable Condos – Limited to two</th></tr>
<tr><td>Products</td><td>All Products</td></tr>
<tr><td>Max LTV</td><td>75%</td></tr>
<tr><td>Presale</td><td>At least 30% of the units must be sold or under bona fide contract</td></tr>
<tr><td>Investor Concentration</td><td>Up to 55% of units can be tenant occupied</td></tr>
<tr><td>Single Entity Ownership</td><td>A single entity can own up to 30% of units</td></tr>
<tr><td>Insurance Coverage</td><td>Exceptions to Fannie Mae minimum coverage requirements</td></tr>
<tr><td>Reserves</td><td><10% replacement, maintenance, and/or deductible</td></tr>
<tr><td>Material Litigation - Structural/Functional litigation against developer</td><td>Ineligible</td></tr>
<tr><td>Delinquent HOA- in excess of Fannie Mae 15% limit</td><td>Ineligible</td></tr>
<tr><td>Newly Converted - Non-full gut rehabs</td><td>Ineligible</td></tr>
</table>
</td></tr>
<tr><td>APPRAISAL REQUIREMENTS</td><td colspan="3">
<table>
<tr><td>PRIME Connect</td><td>Loan amount ≥ $2,000,000 and >65% LTV/CLTV - 2 full appraisals</td></tr>
<tr><td>PLUS Connect</td><td>1 Full appraisal required for all transactions</td></tr>
<tr><td rowspan="2">FLEX Connect</td><td>Follow applicable credit grade (PRIME Connect or PLUS Connect) appraisal requirements.</td></tr>
<tr><td>All appraisals require a third-party desk review
• For CU scores <= 2.5 – no 3rd party review is required
PIWs are ineligible</td></tr>
</table>
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</table>

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<tr><td></td><td>
Hybrid Appraisals
<table>
<tr><td>Approved Vendors</td><td colspan="2">CEL Approved Vendors</td></tr>
<tr><td>Hybrid Appraisal Type</td><td>Purchase, Rate/ Term Cash Out</td><td>Interior Hybrid Appraisal signed by a state licensed/ certified appraiser.</td></tr>
<tr><td>Max Loan Amount</td><td colspan="2">$1,500,000</td></tr>
<tr><td>Property Types</td><td>Eligible</td><td>Ineligible</td></tr>
<tr><td></td><td>• SFR
• PUD
• Condo</td><td>• Rural
• Leaseholds or Properties on leased land
• Irregular or non-residential zoning
• Atypical or extremely custom homes
• Properties on acreage - 5+ Acres
• Properties in need of major repairs
• New construction PUDs / Condos
• Properties subject to inspection
• HPML</td></tr>
<tr><td>Max LTV/CLTV</td><td colspan="2">
<table>
<tr><th></th><th>Purchase</th><th>Rate/Term</th><th>Cash Out</th></tr>
<tr><td>Owner Occupied</td><td>75%</td><td>70%</td><td>60%</td></tr>
<tr><td>2nd Home</td><td>70%</td><td>70%</td><td>60%</td></tr>
<tr><td>Investment</td><td>70%</td><td>65%</td><td>60%</td></tr>
</table>
</td></tr>
</table>
HPML flips require 2nd full appraisal
All appraisals require a third-party valuation product (Desk review/CU/AVM) ordered by ClearEdge
When 2 full appraisals are required – separate product review is not required
At 90% LTV, desk review variance cannot exceed +/- 5%

PRIME and PLUS Connect
CU score of 2.5 and below, no 3rd party review required per chart below
<table>
<tr><td>Purchase/Rate & Term</td><td>≤70% LTV/CLTV</td></tr>
<tr><td>Cash Out</td><td>≤60% LTV/CLTV</td></tr>
</table>
FLEX Connect
For CU score <= 2.5 – no 3rd party review is required
Transferred appraisals acceptable
</td></tr>
<tr><td>RESIDUAL INCOME</td><td>HPML requires Residual Income required per household size: 1 person $1550; 2 persons $2500, Add $150 per additional household member
A variance of 20% is allowed with documented compensating factors
Not required on Non-Owner Properties
FLEX Connect – Per FNMA/DO®</td></tr>
<tr><td>ESCROWS</td><td>Required for HPML loans per CFPB and LTVs > 85%</td></tr>
<tr><td>SUBORDINATE FINANCING</td><td>Allowed behind Fixed and Institutional Financing Only, Primary Residence Only
FLEX Connect – Follow FNMA/DO®</td></tr>
<tr><td>PREPAYMENT PENALTY (INVESTMENT PROPERTIES)</td><td>Applies to all Investment Properties – PRIME Connect, PLUS Connect, FLEX Connect
Hard Prepayment penalties are required on investment property transactions when permissible by state law
Standard Prepayment Penalty Term – Minimum 1 year (see rate sheet for details)
Prepayment Penalty is not allowed in the following states:
DE, IL, KS, MD, MI, MN, MS, NH, NJ, NM, OH, PA, RI, VT</td></tr>
</table>