

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	85% ¹ (Purchase Only)	\$1,500,000	680
		\$2,000,000	660
	80%	\$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
		\$3,000,000	720
	70%	\$2,000,000	660
		\$2,500,000	700
SECOND HOME (1 Unit)	85% ¹ (Purchase Only)	\$1,000,000	680
		\$1,500,000	720
	80%	\$1,000,000	660
		\$2,000,000	680
\$2,500,000		700	
CASH OUT	75%	\$1,500,000	660
		\$2,500,000	680
	70%	\$1,500,000	680
		\$2,000,000	660
		\$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 ²	680
		\$2,500,000 ²	700
	75%	\$2,000,000 ²	660
CASH OUT	75%	\$1,500,000	680
	70%	\$2,000,000 ²	660
		\$2,500,000 ²	720
¹ Interest Only 40 Yr IO not permitted. ² Loan amounts ≥ \$2MM allowed for 2–4-unit properties only, except CA. CA allows SFR and 2–4-unit properties		Asset Utilization <ul style="list-style-type: none"> 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
		\$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

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

PRODUCTS	All Products	<table border="1"> <thead> <tr> <th>Product</th> <th>Term</th> <th>IO Term</th> <th>Initial Cap</th> <th>Periodic Cap</th> <th>Life Cap</th> </tr> </thead> <tbody> <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> </tbody> </table>					Product	Term	IO Term	Initial Cap	Periodic Cap	Life Cap	5/6 ARM	360 mo	NA	2	1	5	5/6 ARM	480 mo	NA	2	1	5	5/6 ARM IO	360 mo	120 mo	2	1	5	5/6 ARM IO	480 mo	120 mo	2	1	5	7/6 ARM	360 mo	NA	5	1	5	7/6 ARM	480 mo	NA	5	1	5	7/6 ARM IO	360 mo	120 mo	5	1	5	7/6 ARM IO	480 mo	120	5	1	5	30 Yr Fixed	360 mo	NA	NA	NA	NA	30 Yr Fixed IO	360 mo	120 mo	NA	NA	NA	40 Yr Fixed	480 mo	NA	NA	NA	NA	40 Yr Fixed IO	480 mo	120 mo	NA	NA	NA
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MIN LOAN AMOUNT	All Programs	\$125,000																																																																																		
INTEREST ONLY	PRIME Connect	Purchase: >80% LTV/CLTV - 30 Yr IO only; 40 Yr IO ineligible Rate & Term and Cash-Out: Max 80% LTV/CLTV Min FICO 700																																																																																		
	PLUS Connect	Purchase/Rate & Term/Cash-Out: Max 80% LTV/CLTV Min FICO 680																																																																																		
	FLEX Connect	Purchase/Rate & Term: Max 80% LTV/CLTV, Cash-Out Max 75% LTV/CLTV																																																																																		
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																																																																																		
QUALIFICATION	PRIME Connect, Plus Connect	5/6s and 7/6s - greater of Note Rate or the Fully Indexed Rate (rounded)																																																																																		
	FLEX Connect	5/6s – greater of the Note Rate + 2% or Fully Indexed rate 7/6s – greater of Note Rate or the Fully Indexed rate																																																																																		
		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	PRIME Connect and PLUS Connect	50% DTI																																																																																		
	FLEX Connect	Per DO® (max of 50% DTI)																																																																																		
BORROWER	Non-Occupant Co-Borrower	PRIME Connect	Primary Purchase & R&T, 1 Unit Only Eligible with blended ratios																																																																																	
		PLUS Connect	Per FNMA/DO®																																																																																	
		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 – See guidelines for details 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 1 Year (additional LLPA applies)		0 x 60 x 12	
	FLEX Connect	Follow applicable PRIME or PLUS Connect credit grades 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		PRIME: 1 x 30 x 12 (per DO®) (no rolling) PLUS: 0 x 60 x 12	
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; PRIME FLEX), 620 (PLUS Connect, PLUS FLEX),				
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	
FLEX Connect	R/T Refi, Max 60% LTV/CLTV, Min 0x30x12		No reserves needed		
	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	<ul style="list-style-type: none"> ▪ Cash-Out permitted to meet reserves for all programs. ▪ Borrower must have owned the property for a minimum of 6 months prior to the Note 				
ASSETS	<ul style="list-style-type: none"> • Asset Statements <ul style="list-style-type: none"> ○ Asset Utilization: 4 months statements ○ All other programs: 1 month statement 				

	<ul style="list-style-type: none"> Statements not required for Cash-Out transactions which satisfy reserves 		
	<ul style="list-style-type: none"> One quarterly investment statement, or FNMA approved third party direct pull services 100% value of Bank Accounts, Stocks, Bonds, Mutual Funds, Retirement Accounts at vesting percentage 		
INCOME DOCS (See guidelines for more details)	Full Doc Connect <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Eligible with PRIME Connect, PLUS Connect and FLEX Connect 	Asset Utilization <ul style="list-style-type: none"> Qualified assets with draw schedule of 5 years FLEX Connect – Follow FNMA guides w/ a 5-year draw 	
	FLEX Connect <ul style="list-style-type: none"> 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 		
	<ul style="list-style-type: none"> 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 		
BANK STATEMENT INCOME	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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> 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.) <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Comingled business and personal with no business account for non-service businesses are considered as business bank statements with the appropriate expense factor applied. <ul style="list-style-type: none"> 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 			
FLEX CONNECT (DO®) Documentation and Bank Statement Income)	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		
	Underwriting Process	<ul style="list-style-type: none"> 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. 	

	DO® (AUS) Requirements	<ul style="list-style-type: none"> 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. 																																							
TRADELINES	PRIME Connect PLUS Connect	<ul style="list-style-type: none"> Each borrower must have 2 tradelines or joint borrowers must have a total of 3 tradelines combined, 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) No authorized user accounts will be used to satisfy minimum tradelines Non-traditional credit is not allowed as an eligible tradeline 																																							
	FLEX Connect	Follow DO® Findings																																							
PROPERTY	Primary 1-2 Units / Second Home 1 Unit /Non-Owner 1-4 Units Rural Properties - eligible for PRIME, PLUS and FLEX Connect <ul style="list-style-type: none"> Primary Residence – Max 75% 2nd Home – Max 70% Investment - Ineligible 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 <ul style="list-style-type: none"> 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 from max borrower qualifies for; Floor: 75% Purchase; 70% Refinance																																							
	NON-WARRANTABLE CONDOS	<table border="1"> <thead> <tr> <th colspan="3">Non-Warrantable Condos – Limited to two</th> </tr> </thead> <tbody> <tr> <td>Products</td> <td colspan="2">All Products</td> </tr> <tr> <td>Max LTV</td> <td colspan="2">75%</td> </tr> <tr> <td>Presale</td> <td colspan="2">At least 30% of the units must be sold or under bona fide contract</td> </tr> <tr> <td>Investor Concentration</td> <td colspan="2">Up to 55% of the units can be tenant occupied</td> </tr> <tr> <td>Single Entity Ownership</td> <td colspan="2">A single entity can own up to 30% of units</td> </tr> <tr> <td>Insurance Coverage</td> <td colspan="2">Exceptions to Fannie Mae minimum coverage requirements</td> </tr> <tr> <td>Reserves</td> <td colspan="2"><10% replacement, maintenance, and/or deductible</td> </tr> <tr> <td>Mandatory Memberships</td> <td colspan="2">Cannot exceed 10% of purchase price</td> </tr> <tr> <td>Material Litigation - Structural/Functional litigation against developer</td> <td colspan="2">Ineligible</td> </tr> <tr> <td>Delinquent HOA- in excess of Fannie Mae 15% limit</td> <td colspan="2">Ineligible</td> </tr> <tr> <td>Newly Converted - Non-full gut rehabs</td> <td colspan="2">Ineligible</td> </tr> <tr> <td>Flood Insurance</td> <td colspan="2">Projects in a flood zone with no master flood coverage are ineligible. Borrower individual policies are not acceptable</td> </tr> </tbody> </table>		Non-Warrantable Condos – Limited to two			Products	All Products		Max LTV	75%		Presale	At least 30% of the units must be sold or under bona fide contract		Investor Concentration	Up to 55% of the units can be tenant occupied		Single Entity Ownership	A single entity can own up to 30% of units		Insurance Coverage	Exceptions to Fannie Mae minimum coverage requirements		Reserves	<10% replacement, maintenance, and/or deductible		Mandatory Memberships	Cannot exceed 10% of purchase price		Material Litigation - Structural/Functional litigation against developer	Ineligible		Delinquent HOA- in excess of Fannie Mae 15% limit	Ineligible		Newly Converted - Non-full gut rehabs	Ineligible		Flood Insurance	Projects in a flood zone with no master flood coverage are ineligible. Borrower individual policies are not acceptable
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APPRAISAL REQUIREMENTS	PRIME Connect	Loan amount ≥ \$2,000,000 and >65% LTV/CLTV - 2 full appraisals																																							
	PLUS Connect	1 Full appraisal required for all transactions																																							
	FLEX Connect	Follow applicable credit grade (PRIME Connect or PLUS Connect) appraisal requirements.																																							
		All appraisals require a third-party desk review <ul style="list-style-type: none"> For CU scores <= 2.5 – no 3rd party review is required PIWs are ineligible																																							
	Hybrid Appraisals	Approved Vendors	CEL Approved Vendors																																						
Hybrid Appraisal Type		Purchase, Rate/ Term Cash Out	Interior Hybrid Appraisal signed by a state licensed/ certified appraiser.																																						
Max Loan Amount		\$1,500,000																																							
Property Types		Eligible <ul style="list-style-type: none"> SFR PUD Condo 	Ineligible <ul style="list-style-type: none"> 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 																																						

				<ul style="list-style-type: none"> • New construction PUDs / Condos • Properties subject to inspection • HPML 					
	Max LTV/CLTV		Purchase	Rate/Term	Cash Out				
		Owner Occupied	75%	70%	60%				
		2nd Home	70%	70%	60%				
		Investment	70%	65%	60%				
	<p>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</p> <p>PRIME and PLUS Connect CU score of 2.5 and below, no 3rd party review required per chart below</p> <table border="1"> <tr> <td>Purchase/Rate & Term</td> <td>≤75% LTV/CLTV</td> </tr> <tr> <td>Cash Out</td> <td>≤65% LTV/CLTV</td> </tr> </table> <p>FLEX Connect For CU score ≤ 2.5 – no 3rd party review is required Transferred appraisals acceptable</p>					Purchase/Rate & Term	≤75% LTV/CLTV	Cash Out	≤65% LTV/CLTV
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Cash Out	≤65% LTV/CLTV								
ESCROWS	Required for HPML loans per CFPB								
SUBORDINATE FINANCING	Allowed behind Fixed and Institutional Financing Only, Primary Residence Only FLEX Connect – Follow FNMA/DO®								
PREPAYMENT PENALTY (INVESTMENT PROPERTIES)	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								