

PRIME Connect			
FULL DOC, EXPRESS DOC, ASSET UTILIZATION, 12/24 BANK STATEMENT, 1099 AND 12/24 MONTH P&L			
PRIMARY RESIDENCE (1-3 Units)			
TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	90% ^{1,3,4,5,6} (Purchase Only)	\$1,000,000	720
	85% ^{1,4,5} (Purchase Only)	\$1,500,000	680
	80%	\$2,000,000	660
		\$2,500,000	680
		\$3,000,000	700
70%	\$3,500,000	720	
CASH OUT	80% ⁴	\$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% ^{1,4,5} (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	
	70%	\$1,500,000	680
\$2,000,000		720	
\$1,500,000		660	
\$2,000,000		680	
75%	\$2,000,000	720	
	\$2,500,000	700	
	\$2,500,000	660	
	\$2,000,000	680	
65%	\$2,000,000	660	
	\$2,000,000	660	
	\$2,000,000	660	
	\$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
		\$2,000,000 ²	660
75%	75%	\$1,500,000	680
		\$2,000,000 ²	660
		\$2,500,000 ²	720
70%	70%	\$2,000,000 ²	660
		\$2,000,000 ²	660
		\$2,500,000 ²	720

¹Interest Only 40 Yr IO not permitted.
²Loan amounts \geq \$2MM allowed for 2–4-unit properties only, except CA. CA allows SFR and 2–4-unit properties
³Max DTI 45%
⁴12/24 Month P&L – Max 80% Purchase/Rate & Term; Max 75% Cash Out
⁵Non-Warrantable Condo – Max 80%
⁶Condos – Max 85%

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, 12/24 BANK STATEMENT, 1099 AND 12/24 MONTH P&L			
PRIMARY RESIDENCE (1-3 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	\$1,000,000	680
	75%	\$1,500,000	660
		\$2,000,000	680
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	65%	\$1,500,000	640
		\$2,500,000 ²	680

¹12/24 Month P&L – Max 80% Purchase/Rate & Term; Max 75% Cash Out

²Loans \$2M+ 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 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 1-3 Units	PURCHASE RATE AND TERM	PRIME Connect	80%	\$2,500,000 ²	660
		PLUS Connect			640
	CASH OUT	PRIME Connect	75%	\$2,500,000 ²	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 ¹	660
		PLUS Connect			640

¹Loans \$2M+ are allowed for 2-4 unit properties only

- Exception: SFR and 2-4 unit properties allowed in California only

²12/24 Month P&L – Max 80% Purchase/ Rate and Term; 75% Cash Out

PRODUCTS	All Products	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		
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 to the nearest .125)		
	FLEX Connect	5/6s – greater of the Note Rate + 2% or Fully Indexed rate 7/6s – qualify at the Note Rate <ul style="list-style-type: none"> HPML/HPCT qualify at the greater of the 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 PLUS Connect	Max 50% Max 45% DTI on LTVs >85%		
	FLEX Connect	Per DO® (max of 50% DTI)		
BORROWER	Non-Occupant Co-Borrower	PRIME Connect/PRIME FLEX Eligible on all programs	Primary Purchase & R&T, 1 Unit Only Eligible with blended ratios	
		PLUS Connect/PLUS FLEX	Per FNMA/DO®	
	Non-Permanent Resident Aliens	PRIME/PLUS Connect	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 – <ul style="list-style-type: none"> Defined as not having owned a property/rental in the last 7 years All borrowers must have a valid SSN First Time Investor Foreign Nationals – Ineligible				
CREDIT EVENTS	PRIME Connect	Short Sale, Foreclosure, Single BK, NOD, 120+ Delinquent		
		4 Years BK - Ch 7, 11,13 – based on discharge or dismissal date	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.			
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), 640 (PLUS FLEX), 620 (PLUS Connect) First Time Investor – Min 700 FICO			
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	Follow DO®. Cash out may be used for reserves. Loans with layered risk may require additional borrower assets to meet reserve requirements.			
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	<p>Primary Purchase Only Borrower must have 5% of their own funds documented but not required to use; borrowers with no housing history must have 10% 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.</p>		
MAX CASH OUT		≤70% LTV/CLTV	>70% LTV/CLTV
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 • FNMA approved third party direct pull services are eligible (i.e. Blend) • 100% value of Bank Accounts, Stocks, Bonds, Mutual Funds, Retirement Accounts at vesting percentage 		
INCOME DOCS (Available for all programs)	Full Doc (2 year)/Express Doc (1 year)		1099
	12/24 Month Bank Statements		Asset Utilization
	FLEX Connect		12/24 Month P&L
BANK STATEMENT INCOME	<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 ▪ 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		
	<p style="text-align: center;">FIXED EXPENSE RATIO</p> <p>Option 1: 50% Expense Factor</p> <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 <p>Option 2: 20% Expense Factor</p> <ul style="list-style-type: none"> • Borrower is sole owner and operator of the business (no partners, employees, etc.) • Consultant, contractor or service business with minimal cost of goods, no heavy equipment or machinery and less than 10% of income goes toward any office space (must be documented) • Decreasing or negative ending balances must be addressed • Cyclical and seasonal trends may be taken into consideration <p>Option 3: Third Party Expense Ratio 15% Floor</p> <ul style="list-style-type: none"> • Max LTV 80% Purchase/Rate & Term; 75% Cash Out • Third party must attest to having filed most recent 1 or 2 years business tax returns • The Tax Professional will provide an expense statement specifying business expenses as a percentage of the gross revenue – 20% floor 		

	<ul style="list-style-type: none"> The Tax Professional must certify that the Expense Ratio represents an accurate summary of the applicable cash expenses of the business Tax Professional must verify the name of the business and borrower's ownership percentage Tax Professional license must be verified To determine net income, multiply eligible business deposits by the following: 100% minus the Expense Ratio as described above CPA letter must be on letterhead and originate from CPA office, DocuSign not allowed <p>**Note: Self-employed borrowers who file their own tax returns are not eligible**</p>				
PERSONAL BANK STATEMENTS	<p>Option 1: Personal bank statements with evidence of business bank account.</p> <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) <p>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.)</p> <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 <p>Option 3: Personal bank statements with no business bank account – non-service business</p> <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 				
P&L INCOME 12/24 MONTH	<ul style="list-style-type: none"> Max 80% Purchase/Rate & Term; 75% Cash Out Min 680 FICO Max \$2M loan amount Primary Residence Only Must be US based business Self-Employed borrowers only. Must own >= 50% of respective business Most recent 12 or 24 -month P&L wet signed and dated by Preparer and Borrower. P&L end date must be less than 90 days old at closing Two months business bank statement for the most recent two months reflected on the P&L Bank statement deposits must support 80% of the monthly average revenue from the P&L. If the most recent 2 months of the bank statements do not support 80% of the gross revenue, continuous bank statements may be added to the analysis until the tolerance is met. Profit & Loss statements must be completed by an independent licensed CPA/EA/PTIN/CTEC in good standing Preparer must attest to having filed or reviewed the most recent 1 or 2 years business tax returns and that they are not related to or associated with the borrower or borrower's business. Preparer's license and contact information must be included. Business must have been owned and operated for a minimum of 2 years Borrower narrative on nature of business required 				
FLEX CONNECT (DO® Documentation and Bank Statement Income)	<p>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.</p> <table border="1" data-bbox="235 1722 1578 1980"> <tr> <td data-bbox="235 1722 552 1806">Underwriting Process</td> <td data-bbox="552 1722 1578 1806"> <ul style="list-style-type: none"> FNMA DO® is required FHLMC LP® is not allowed </td> </tr> <tr> <td data-bbox="235 1806 552 1980">DO® (AUS) Requirements</td> <td data-bbox="552 1806 1578 1980"> <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. </td> </tr> </table>	Underwriting Process	<ul style="list-style-type: none"> FNMA DO® is required FHLMC LP® is not allowed 	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.
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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) Authorized user or self-reported accounts may not be used to satisfy minimum tradelines Authorized user or self-reported accounts may be excluded from DTI Non-traditional credit is not allowed as an eligible tradeline 																																																
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PROPERTY	Primary 1-3 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 1-4 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">80%</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 70% of units can be tenant occupied</td> </tr> <tr> <td>Commercial Space</td> <td colspan="2">Up to 50%</td> </tr> <tr> <td>Recreational Leases</td> <td colspan="2">Eligible</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>Delinquent HOA</td> <td colspan="2">Up to 25%</td> </tr> <tr> <td>Master Coverage Deductible</td> <td colspan="2">10% deductible max allowed. Coverage less than full replacement cost is ineligible. ACV not permitted.</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>Insurance Coverage</td> <td colspan="2">Coverage amount less than the replacement cost is ineligible (Actual Cash Value is not permitted)</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	80%		Presale	At least 30% of the units must be sold or under bona fide contract		Investor Concentration	Up to 70% of units can be tenant occupied		Commercial Space	Up to 50%		Recreational Leases	Eligible		Single Entity Ownership	A single entity can own up to 30% of units		Delinquent HOA	Up to 25%		Master Coverage Deductible	10% deductible max allowed. Coverage less than full replacement cost is ineligible. ACV not permitted.		Reserves	<10% replacement, maintenance, and/or deductible		Mandatory Memberships	Cannot exceed 10% of purchase price		Material Litigation - Structural/Functional litigation against developer	Ineligible		Insurance Coverage	Coverage amount less than the replacement cost is ineligible (Actual Cash Value is not permitted)		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																																																
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		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 New construction PUDs / Condos 																																															

				<ul style="list-style-type: none"> • Properties subject to inspection • HPML 		
		Max LTV/CLTV				
			Owner Occupied	Purchase	Rate/Term	Cash Out
			2nd Home	75%	70%	60%
			Investment	70%	70%	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, PLUS and FLEX Connect CU score of 2.5 and below - no 3rd party review required Transferred appraisals acceptable</p>					
ESCROWS	<ul style="list-style-type: none"> ▪ Required for HPML loans per CFPB 					
SUBORDINATE FINANCING	<p>Secondary financing allowed for primary residence only Re-subordination allowed for refinances LTV = CLTV per matrix FLEX Connect – Follow FNMA/DO®</p>					
PREPAYMENT PENALTY (INVESTMENT PROPERTIES)	<p>Applies only to Investment Properties – PRIME Connect, PLUS Connect, FLEX Connect Hard Prepayment penalties may be required on investment property transactions when permissible by state law. Buydown options are available to reduce or remove prepayment penalty Prepayment Penalty is not allowed in the following states: DE, IL, KS, LA, MD, MI, MN, MS, NH, NJ, NM, OH, PA, RI, VT</p> <ul style="list-style-type: none"> • Prepayment Penalty is not allowed on ARM transactions in the state of Indiana • Prepayment Penalty in the state of Kentucky is not allowed on refinances from the same lender • Prepayment Penalty in the state of South Carolina is not allowed for loan amounts <=\$765,000 					