

PRIME CONNECT				
RATE & TERM/CASH OUT				
Full Doc/Express Doc/Bank Statements/1099/P&L ⁵ /WVOE ⁷				
Max Loan Amount	Min FICO	Max CLTV		
		Primary Residence	Second Home	Investment ⁴
\$125,000 - \$350,000	720	90% ^{1,2,3,5,7,8}	80% ^{1,8}	80% ^{1,9}
	700 (Full/Express/1099 Doc only) ⁶	90% ^{1,2,3,5,7,8}		
	700	85% ^{1,2,5,7,8}		
	680	80% ^{1,5,7,8}	75%	70%
\$350,001 - \$500,000	720 (Full/Express/1099 Doc only) ⁶	85% ^{1,2,5,7,8}	75%	70%
	700	80% ^{1,5,7,8}		
\$500,001 - \$750,000	720	75%	70%	65%

¹3-4 unit – Max 75%

²Warrantable and Non-Warrantable Condo – Max 80% CLTV

³Bank Statements – Max 85%

⁴Investment properties are for business purpose only. Cash out transactions must be used for business purpose.

⁵P&L income type – Primary Residence Only – Max 75%

⁶Excludes Bank Statements and P&L doc types

⁷WVOE - Max 75% - Primary Residence only

⁸Declining Market – Primary and Second Home – Max 75%

⁹Declining Market – Investment – Max 70%

INVESTOR CONNECT-DSCR ^{1,2,5}		
RATE & TERM/CASH OUT		
Minimum 1.0		
Max Loan Amount	Min FICO	Max CLTV ^{3,4}
		Investment
\$100,000 - \$350,000	720	75% ⁶
	700	70%

¹Short Term Rentals not permitted

²Non-Warrantable Condo not allowed

³Unleased property recently rehabbed or is listed for rent is allowed. CLTV reduction is 5%

⁴3-4 unit – Max 65%

⁵DSCR is for business purpose only. Cash out transactions must be used for business purpose.

⁶Declining Market – Max 70%

PRODUCT FEATURES	
TERM	10, 15, 20, 30-year Fixed Rate – Fully amortizing Loans in the states of IN, KS, MI, SC, and WA will amortize on a 365/365 calendar
PRODUCT	Closed end second must have a 1 st lien Concurrent closing ineligible
PREPAYMENT PENALTY	Not permitted on primary residences or second homes PPP prohibited in KS, NJ, NM Three Prepayment Penalty structure options are available: - Standard Prepayment Penalty: Penalty term of six month's advance interest on the amount prepaid that exceeds 20% of the original balance of the note – 1,2,3,4, or 5-year term - Flat Structure: 3-, 4-, or 5-year prepayment term can be selected at a 5% flat rate instead of a tiered structure. - Tier structure as indicated below:

STATE ELIGIBILITY and LICENSING						
		5 Year PPP	4 Year PPP	3 Year PPP	2 Year PPP	1 Year PPP
	Payoff Year 1 (Max Prepay)	Other States: 5% OH Only: 1% VA Only: 2%	Other States: 5% OH Only: 1% VA Only: 2%	Other States: 5% OH Only: 1% VA Only: 2%	Other States: 3% OH Only: 1% VA Only: 2%	Other States: 3% OH Only: 1% RI and VA Only: 2%
	Payoff Year 2	Other States: 4% OH Only: 1% VA Only: 2%	Other States: 4% OH Only: 1% VA Only: 2%	Other States: 4% OH Only: 1% VA Only: 2%	Other States: 3% OH Only: 1% VA Only: 2%	
	Payoff Year 3	Other States: 3% OH Only: 1% VA Only: 2%	Other States: 3% OH Only: 1% VA Only: 2%	Other States: 3% OH Only: 1% VA Only: 2%		
	Payoff Year 4	Other States: 2% OH Only: 1%	Other States: 2% OH Only: 1%			
	Payoff Year 5	All States: 1%				
	State Restrictions:					
	State	Standard PPP Allowed	Flat PPP Allowed	Tiered PPP Allowed	Special Rules	
	Kentucky	Y	Y	Y	PPP prohibited on refinance loans that are paying off same lender	
	Illinois	Y	Y	Y	PPP may only be charged to entities (LLC, Corp, Partnership)	
	Minnesota	Y	Y	Y	PPP prohibited on conforming loan amounts	
	Mississippi	N	N	Y		
	Montana	Y	N	N		
	North Carolina	Y	Y	Y	PPP prohibited on loans <=\$100k or less	
	Ohio	N	N	Y	Max 5 yr PPP and max cannot exceed 1% penalty	
	Pennsylvania	Y	Y	Y	PPP prohibited on loans for 1-2 units with loan amount <\$319,777	
	Rhode Island	N	N	Y	Max 1 year PPP and cannot exceed 2% penalty	
	Virginia	N	N	Y	Max 5-year PPP and cannot exceed 2%	
HIGH COST	Section 32 and State High-Cost loans are ineligible					
STATE ELIGIBILITY and LICENSING	Primary Residence/Second home properties are eligible in the following states: AL, AR, AZ, CA, CT, DE, DC, FL, GA, ID, IL, IN, KS, KY, LA, MD, ME, MI*, MN, MO, MS, MT, NC, NE, NH, NM, NV, OH, OK, OR, PA, RI, SC, UT, VA, WA, WI					

	MI requires broker state license for subordinate liens Investment properties are eligible in the following states: AL, AR, AZ, CA, CO, CT, District of Columbia, DE, FL, GA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MS, MT, NC, NE, NH, NM, NV, NY, OH, OK, OR, PA, RI, SC, TN, TX, UT, VA, WA, WI *MI requires broker state license for subordinate liens Investment properties do not require broker to be licensed for Wholesale loans in the following states: AL, AR, CO, CT, DC, DE, FL, GA, IL, IN, KS, KY, LA, MA, MD, ME, MO, MS, NC, NH, NM, NY, OH, OK, PA, RI, SC, TN, TX, VA, WA, WI Investment properties do not require sellers to be licensed for Non-Delegated loans in the following states: AL, AR, CO, CT, DC, DE, FL, GA, IL, IN, KS, KY, LA, MA, MD, ME, MO, MS, MT, NC, NE, NH, NM, NY, OH, OK, PA, RI, SC, TN, TX, VA, WA, WI Disclaimer: This guide does not constitute legal advice and brokers and sellers are responsible for ensuring that they are properly licensed.
DOCUMENTATION	1ST Lien Note and most recent Mortgage Statement must be provided (must be 30 days of the note date) - If 1ST Lien closed in the name of an entity, guarantee and applicable entity documents must be provided
GENERAL ELIGIBILITY	
MANUAL	Where matrix is silent, follow PRIME Connect guidelines for Full Doc, Bank Statements, and 1099. For DSCR, follow Investor Connect.
BORROWER	- US citizens - Lawful Permanent Resident Alien of the United States - Intervivos Revocable Trusts - Non-Occupant Co-Borrower (must be non-occupant co-borrower on the 1st lien) - No changes in borrowers or vesting permitted unless removing a co-borrower or adding co-borrower whose income is not used to qualify. - Vesting (Investment purpose only): Title vesting may be in an LLC as long as the borrower(s) have 25% ownership interest, and it is documented by the organization documentation
INELIGIBLE BORROWERS	- Administrative (GSE) Excluded Party Lists - Any parties to a transaction listed on HUD's Limited Denial of Participation (LDP) list, or the federal General Services - Borrowers involved in active litigation or pending separation/divorce - Borrowers with diplomatic immunity - Foreign Nationals - Irrevocable, Land, or Blind Trusts - POA for signing is ineligible - Vesting in retirement vehicles
ELIGIBLE LIEN POSITION	2nd lien only - No existing lien can be subordinated to 3rd position
OWNERSHIP SEASONING	- Borrower must have owned property for 6 months prior to the note date - Cash Out used to pay off an existing subordinate lien must be seasoned 12 months (from Note date to Note date)
MINIMUM LOAN AMOUNT	- Full Doc/Bank Statement/1099: \$125,000 - DSCR: \$100,000
COMBINED MAXIMUM LOAN AMOUNT	\$3,500,000
ASSETS	Asset verification required if funds needed to consummate the transaction
INELIGIBLE 1ST LIENS	1st lien seasoned <180 days - ARMs (unless loan qualifies at 1st lien life cap payment & cannot adjust for 36 months) - Balloon - CEMA transactions - HELOC - Loan terms > 40 years - Loans in active forbearance or deferment (Prior natural disaster or hardship forbearances eligible if seasoned >=12 months and included in CLTV) - Loans with fixed interest-only where there is less than five years of interest only period remaining from the new CES Note Date - Negative Amortization - Construction Loan - Private Party - Properties with a PACE lien (unless satisfied with subject loan) - Reverse Mortgage
CREDIT	

DTI	Max 50% The current I/O payment on the 1st mortgage is used to calculate DTI or DSCR. 1st mortgage (P)ITI(A) per mortgage statement is used when calculating DTI or DSCR.
CREDIT SCORE	Qualifying FICO - Full Doc/Bank Statements: Mid-score for the Primary Income-Earner - DSCR: Highest mid FICO score (use highest mid FICO of guarantor if more than one guarantor) Min FICO: - Full Doc/Bank Statements: 680 - DSCR: 700 - No borrower can have a mid-score <660
ASSUMABLE	Loans are not assumable
DSCR	- DSCR is calculated using the lesser of 1007 or lease - If current lease exceeds market rent, borrower may use that amount up to 115% of market rent with most recent 3 months of evidence of rent receipts - Minimum 1.0 DSCR - Rented properties require lease agreements - Unleased property recently rehabbed or is listed for rent is allowed. CLTV reduction is 5% - Short-term rental properties not allowed - All DSCR CES must include a Comparable Rent Schedule
HOUSING HISTORY	- Minimum 12 months housing/rental history required 0x30x12
CREDIT EVENTS	<u>Short Sale, Deed in Lieu, Default Modification, Notice of Default, 120+ Delinquent, Foreclosure, and Bankruptcy</u> 4 years BK – Ch 7, 11, 13 – based on discharge or dismissal date Multiple credit events are ineligible
COLLATERAL	
ELIGIBLE PROPERTY TYPES	- SFR 2-4 units - PUD - Townhome - Warrantable and Non-Warrantable Condo (NWC - Prime only) - State Condominium Requirement - California Balcony Bill – SB326: An inspection is required for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground. Projects with an unacceptable or no inspection are ineligible. - Rural/Ag properties ineligible - Short-Term Rentals ineligible - See PRIME Connect/INVESTOR Connect for ineligible property types
OCCUPANCY	- Owner-Occupied - Second Homes - Investment
ACREAGE LIMITATION	2 acres
SOLAR PANELS	- Properties with solar panels are eligible for purchase, however, should not be included in property valuation - Solar panel agreements are permitted in accordance with FNMA guidelines
TITLE INSURANCE	<=\$250,000 – ALTA Residential Limited Coverage Junior Loan Policy insuring the second lien amount >\$250,000 – ALTA Standard Coverage Policy insuring the second lien amount
VALUATION	<u>All Loans:</u> - Declining Markets: - Primary and 2nd Homes – Maximum 75% CLTV - Investment – Maximum 70% CLTV - Desk Review not required HPML – Full appraisal (1004,1025,1073)

	Non-HPML – Loan amount <=\$400k • AVM w/90% confidence factor and Property Condition Inspection from: ○ Clear Capital ○ Collateral Analytics ○ CoreLogic ○ HouseCanary ○ Homegenius ○ Quantarium ○ Veros • Full Appraisal required when AVM has less than 90% Confidence Factor. Non-HPML – Loan amount >\$400k ○ Full appraisal (1004,1025, 1073) Transfer appraisals are allowed
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INCOME/EMPLOYMENT

INCOME DOCUMENTATION	<i>Follow PRIME Connect Full Doc (2 year)/Express Doc (1 year)/1099</i>	<i>Follow Prime Connect 12/24 Month Bank Statement</i>	<i>Follow Prime Connect 12/24 Month Profit & Loss</i>	<i>Follow WVOE (Written Verification of Employment)</i>
	• Wage Earner – most recent YTD paystub or Electronic VOE (i.e., The Work Number) and 1 or 2 years W2 • Self Employed = 1 or 2 years personal & business tax returns w/YTD P&L • 1099 – follow Prime connect	• 12-or-24-month Bank Statements. • 50%, 20%, or CPA/EA/CTEC provided expense factor • Expense ratio must be reasonable for the industry • Expense factor <50% - Max 85% • Third Party Expense Ratio – Max 75% CLTV	• 12-or-24-month P&L • Completed by CPA/EA/CTEC • Expense ratio must be reasonable for the industry • Primary Residence Only	• Fannie Mae Form 1005 • Only source of income is wages/salary • Primary Residence only
	• PTINS are ineligible across all programs and cannot be used to prepare P&L or provide 3rd party expense ratio. They can attest to borrower business ownership percentage.			