

Primary, 2nd Home and Investment

				Full Doc (1yr or 2 yrs.)		Bank Statement (12 or 24 mos.)		1099/WVOE/P&L 2 yrs.		DSCR	
Loan Amount	Reserves	DTI	FICO	Purchase	Cash Out	Purchase	Cash Out	Purchase	Cash Out	Purchase	Cash Out
\$125,000 - \$199,999	>75% LTV: 6 months ≤ 75% LTV: None	50	750	75	70	75	70	75	70	75	70
			725	75	70	75	70	75	70	75	70
			700	75	70	75	70	75	70	75	70
			675	70	70	70	70	70	70	70	70
			650	70	70	70	70	70	70	70	70
\$200,000 - \$699,999			750	80	75	80	75	80	75	80	75
			725	80	75	80	75	80	75	80	75
			700	80	75	80	75	80	75	80	75
			675	70	70	70	70	70	70	70	70
			650	70	70	70	70	70	70	70	70
\$750,000 - \$1 mil			750	80	75	80	75	80	75	80	75
			725	80	75	80	75	80	75	80	75
			700	80	75	80	75	80	75	80	75
			675	70	70	70	70	70	70	70	70
			650	70	70	70	70	70	70	70	70

State Eligibility	All doc types except DSCR	AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MT, NC, NE, NH, NJ, NM, NV, OH, OK, OR, PA, SC, TN, TX, UT, VA, VT, WA, WI, & WY. Texas - Additional Guidelines Apply: TX50(a)(6) & TX50(f)(2) transactions
	DSCR	Licensed Brokers Only: AZ, CA, ID, MI, MN, MT, NC, NJ, NV, OR, TN, UT, VA Licensed & Unlicensed Brokers: AL, AR, CO, CT, DC, DE, FL, GA, HI, IA, IL, IN, KS, KY, LA, MA, MD, ME, MO, MS, NE, NH, NM, NY, OH, OK, PA, RI, SC, TX, VT, WA, WV, WI, WY
Prepay Penalty Options		No Prepay, 3yr, 5yr options
Prepayment Penalty Structures	5% Fixed	5% of any outstanding balance during the prepayment penalty term available for DSCR only. Applies to payoff due to sale or refinance.
Prepayments Ineligible in these states:		KS, MI, MN, NM, NJ, OH, PA

LTV Restrictions			
Cash Out	Cash Out is unlimited. Subject property cannot be vacant.		75%
Property Type	Rural* < max. \$750k Loan Amount, min. 650 FICO	Purchase	70%
		Refinance	65%
	Manufactured Home	Purchase	70%
		Refinance	65%
	Non-Warrantable Condo*	Purchase	-5%
		Refinance	-10%
	Condotel*	Purchase	70%
Refinance		65%	
Declining Market			-5%
Housing Lates	1x30x12 allowed Must have 0x60x24 BK, FC	1x30x12 priced @ 675 FICO (less than 675 FICO allowed per matrix above) Priced @ 675 FICO	70%
Credit Events	24-35 months	(less than 675 FICO allowed per matrix above) 12 mos. reserves Priced @ 675 FICO	70%
	Forbearance & Loan mod ≤ 6mos	(less than 675 FICO allowed per matrix above) Priced @ 675 FICO	-10%
	SS/DIL/Modification 13-23 months	(less than 675 FICO allowed per matrix above) Priced @ 675 FICO	70%

\* Requires exception review from Management.

Overlays			
First Time Home buyer	Primary with 12 months housing history cannot exceed 3x rental payment shock.		
	Primary Purchase without housing history	Full Doc and 12 months Bank statement only	43% DTI
	Investment without rental history	DSCR	1.0 DSCR Ratio
Interest Only: (30 Yr. Fixed, 5/1ARM, 7/1 ARM)	Min. 650 FICO	Minimum Loan Amount ≥ \$250k	

## Documentation Options

<b>Full Doc</b>	1yr or 2yrs.	<ul style="list-style-type: none"> <li>No documentation submitted should have a social security number. Only ITIN numbers allowed to reflect on documents.</li> <li>ITINs may utilize a written VOE dated within 30 days of funding in lieu of a paystub and W-2s / tax returns, and most recent bank statement that includes ACH / Direct Deposit of payroll as validation to the written VOE.</li> <li>Written VOE completed in full by employer (Verbal verification of VOE also required) verifying most recent one or two years and current YTD earnings on a current pay stub OR</li> <li>Signed 1040's under ITIN numbers for most recent one or two years &amp; current pay stub reflecting year-to-date earnings</li> </ul>
<b>Bank Statement</b>	Personal / Business Bank Statements (24mo, 12mo)	<ul style="list-style-type: none"> <li>1. Most recent month's personal or business bank statements with all pages is required for all months. Use of up to three (3) accounts' statements is acceptable on a consecutive basis. A borrower may not transition from one account to another and then revert back to the original or previous account statement(s).</li> <li>2. Income is determined by using the gross monthly amount of deposits.</li> <li>3. Max six (6) NSF checks in the last twelve (12) months. Loans are not subject to the max number of NSF checks requirement when they are (a) (i) 80% or below LTV and (ii) have a loan amount of \$1,500,000 and below or (b) are approved on a case-by-case by Senior Management.</li> <li>4. Acceptable documentation supporting the existence of the business for the most recent two (2) years must be obtained.</li> <li>If business bank statements are provided, (including personal bank statements used as a business account), use a maximum of 50%* of the deposits as qualifying income. The qualifying income will be further reduced by multiplying the deposits by the percentage of ownership by the applicant(s). The minimum allowable percentage of ownership is 25% per applicant utilizing the account.</li> <li>If personal statements are provided, 100% of the deposits will be used as qualifying income.</li> <li>If it is determined that the personal bank statements are being used as a business account for a sole proprietor business type, then we will treat as a business account and a maximum of 50%* of the deposits will be used as qualifying income. Underwriters should take care to consider the type of business and appropriate haircut to deposits when in their discretion the business has a limited overhead (i.e.: a 1099 employee).</li> <li>An LOE from the borrower is required explaining their business name, what their business does, the number of employees, how it is set up (Incorporated, LLC, Sole Proprietor, etcetera), and what they consider their income to be on a monthly basis. If the information for the above items is already located in another part of the file, the LOE does not need to explicitly confirm it.</li> <li>A personal account with multiple owners listed at any point in the qualifying timeline of utilized statements must all be on the loan application regardless of individual contributions to the deposits / qualifying income.</li> <li>Limited case-by-case exceptions for account holders to not be on the loan are account holders listed as "Payable On Death" or similar "in trust" (not to be confused with a Trust Account) designations for successor ownership.</li> <li>A business account with multiple owners on the statement does not require all owners to be applicants for the loan.</li> <li>When utilizing the 24-month variant of this program with declining income, the lessor of the last 24-months or 12-month documented period will be used for qualifying.</li> <li>* A business expense haircut under 50% may be considered by Underwriter when validated by (i) a CPA Letter that directly states the experienced overhead for Applicant's business AND (ii) Underwriter, in their sole discretion, finds that ratio to be consistent with the Applicant's industry. However, in no instance would a ratio of less than a 25% overhead factor to business statements will be considered.</li> </ul>
<b>P &amp; L Only 2 years</b>	CPA, CTEC, EA (24 mo.)	<ul style="list-style-type: none"> <li>Self Employed Borrowers (two-year (2-year) history required by (i) CPA Letter or (ii) Business License);</li> <li>Owner Occupied only</li> <li>No First Time Home Buyers;</li> <li>SFR / Condo / Townhouse Property Types;</li> <li>No rural properties;</li> <li>A "third-party" prepared profit and loss statement for their self-employed business(es) on the preparer's letterhead;</li> <li>Statement from a licensed unaffiliated 3rd party tax preparer that they have prepared or reviewed the corresponding tax returns for the covered period;</li> <li>In no event can the preparer be an employee of the Applicant or their business; and <ul style="list-style-type: none"> <li>Bank Statements for the most recent 60 days to track current year to date, which should show gross deposits consistent (within 90%) to the revenue of the P&amp;L;</li> </ul> </li> <li>P&amp;L Statement should cover the past two (2) fiscal years and YTD for the business and in no event less than 24 months;</li> <li>P&amp;L Statement to be signed by "third-party" preparer;</li> <li>Underwriter will calculate qualifying income by dividing net profit by the number of months in the covered period (subject to ownership percentage).</li> </ul>
<b>1099</b>	2 yrs.	<ul style="list-style-type: none"> <li>Self Employed Borrowers (two-year (2-year) history required by (i) CPA Letter or (ii) Business License);</li> <li>Owner Occupied only</li> <li>No First Time Home Buyers;</li> <li>SFR / Condo / Townhouse Property Types;</li> <li>No rural properties;</li> <li>IRS Form(s) 1099 to document prior two (2) year(s) income; and</li> <li>Bank Statements for the most recent 60 days to document current year to date, which should show gross deposits consistent with the 1099s; and</li> <li>Underwriter will calculate income by determining if there is an overhead to the business in a manner consistent with reviewing personal versus business bank statements. If the Applicant's business revenue reflected on the 1099 would have measurable expenses to generate a net income, a 50% haircut would apply. A business expense haircut under 50% may be considered by Underwriter when validated by (i) a CPA Letter that directly states the experienced overhead for Applicant's business AND (ii) Underwriter, in their sole discretion, finds that ratio to be consistent with the Applicant's industry.</li> </ul>
<b>Asset Depletion</b>	Asset Statement	<ul style="list-style-type: none"> <li>Borrowers with verifiable cash (held in appropriate banking institution) or other liquid assets may use those assets to qualify with a Letter of Explanation defining the source and contemplated depletion of these assets over the course of the loan term to pay obligations. In the event that the borrower has sufficient liquid assets to pay off the loan in full "ATR-in-Full" or "AiF" program, this asset source as fulfilling the DTI / Residual income prong of the ATR test. In that event, Sections for Maximum DTI and Residual Income will not apply. Borrower will need to provide most recent two (2) months assets statements for qualification. Underwriting should take care to consider the minimum amount of funds in the account versus the amount needed for qualification and if the account is being otherwise depleted.</li> </ul>
<b>DSCR</b>		<ul style="list-style-type: none"> <li>If a vacant property is being purchased, qualifying rents are taken from the 1007 or 1025 Appraisal report, as applicable, for qualifying income.</li> <li>Short term rentals with 12-month ledgers from condotel management companies, property managers, AirBnB, VRBO, etcetera as documentation for actual rents are acceptable. Properties qualifying with short term rentals are limited to 75% &amp; 70% LTV / CLTV for Purchase or Refinance transactions respectively.</li> </ul>

Quick References		
General Eligibility		
Age of Documents		<ul style="list-style-type: none"> <li>All items are from the Note Date unless otherwise specified:</li> <li>Credit Report/Title Report: 90 days</li> <li>VOM/VOR: 30 days</li> <li>Payoff Demand: 29 days from closing date</li> <li>WVOE: 30 days</li> <li>Paystub: 30 days</li> <li>Bank Statement (Income): 45 days from statement ending date</li> <li>Appraisal 120 days</li> </ul>
First Time Home Buyer		<ul style="list-style-type: none"> <li>Cannot have a primary residence ownership within the last 3 yrs.</li> <li>FTHB cannot have payment shock &gt; 3x current rental payment. If borrower is not currently paying any rental payments for investment property, payment shock does not apply.</li> <li>Primary Residence without 12 mos. history or is rent free, borrower is limited to 70% max LTV, 43% DTI for Full doc or 12 month bank statement program</li> <li>Investment DSCR Purchase without housing payment is limited to 70% max LTV, 1.0 DSCR minimum.</li> </ul>
Investment Properties		<ul style="list-style-type: none"> <li>The dwelling is leased and occupied as a principal year-round residence to individuals other than the owner.</li> <li>Vacant investment properties are not eligible for a refinance transaction.</li> <li>Max number of investment properties a borrower may own including subject to 20 properties, whether mortgaged or not.</li> </ul>
		<ul style="list-style-type: none"> <li>All borrowers purchasing or refinancing a one- to four-family investment property must execute a One- to Four-Family Rider with loan documents and provide rent-loss insurance coverage. If the subject is qualified with the full PITIA payment, then no rent loss coverage will be required.</li> </ul>
Non-Occupant Co-Borrower		<ul style="list-style-type: none"> <li>Exception basis, subject to management review and approval.</li> </ul>
Refinance	Rate and term Refinance	<ul style="list-style-type: none"> <li>The borrower may receive incidental cash back up to \$1,000.00 or 1.0% of the loan amount, whichever is greater, not to exceed \$5,000.00 on rate-and-term refinance transactions subject to state regulations. Maximum amount of principal paydown at Closing is limited to the lessor of 2% of the loan amount or \$2,500. Otherwise a redraw is required.</li> </ul>
	Cash-Out	<ul style="list-style-type: none"> <li>Cash-in-hand from a cash out refinance may be used toward reserves.</li> </ul>
		<ul style="list-style-type: none"> <li>Subject property cannot be vacant</li> </ul>
		<ul style="list-style-type: none"> <li>Max 75%, not available in TX</li> </ul>

Credit		
Borrower Eligibility	Citizenship	<ul style="list-style-type: none"> <li>Applicant's ITIN letter (CP565 Notice) issued by the Department of Treasury / Internal Revenue Service.</li> <li>Government Issued Photo ID</li> </ul>
Collections, Charge Offs, Repo		<ul style="list-style-type: none"> <li>Collections and charge offs may remain unpaid subject to the following circumstances: <ul style="list-style-type: none"> <li>Medical; or</li> <li>Two (2) years or more since the date of last activity; or</li> <li>When credit report references an original creditor that differs from the current collection agency, the date last active on that original account reflects a date greater than 2 years ago.</li> </ul> </li> </ul>
Credit	Standard	<ul style="list-style-type: none"> <li>&gt; 65% LTV: A minimum credit depth of three (3) acceptable tradelines aged individually for a minimum of two (2) years is required.</li> <li>For LTVs less than or equal to 65%, three (3) tradelines are required but only one (1) of the tradelines needs to be seasoned greater than two (2) years.</li> </ul>
Forbearance / Modification Agreement		<ul style="list-style-type: none"> <li>6 month seasoning threshold, measured off the date of acceptance to the subject loan's application date. Subject to 12 months reserve requirement and 10% LTV reduction for less than 6 months.</li> <li>Any real estate loan more than 120-days delinquent will be considered "in foreclosure" unless performing under a written forbearance or modification agreement.</li> </ul>
Foreclosure / 120 days late		<ul style="list-style-type: none"> <li>Foreclosures on investment properties, other than the subject property will be considered the only mortgage if there is no mortgage on the borrower's principal residence. In such cases, the mortgage rating on the investment property is considered the mortgage rating and used for determining the borrower's pricing grade.</li> <li>The look back period for foreclosure is based on the following: <ul style="list-style-type: none"> <li>The date a foreclosure action or forbearance is cured, or</li> <li>The applicant is no longer reported 120 days delinquent, or</li> <li>The property was sold at a foreclosure sale.</li> </ul> </li> <li>A borrower with two (2) or more unrelated foreclosures within the last 36 months will be eligible on a case-by-case basis but in no event exceed a 65% maximum LTV.</li> </ul>
Rent Payments / VOR		<ul style="list-style-type: none"> <li>A rental payment history covering the last twelve (12) months requires verification by ONE of the following: <ol style="list-style-type: none"> <li>Legible copy of twelve (12) months canceled checks (front and back) or money orders – amount of checks / money orders must be consistent and match the amount of monthly rent reflected on the 1003.</li> <li>Verification of Rent (VOR) or a rating from credit reporting agency if from rental agency. A VOR can be accepted from a private party at LTVs of 75% or less.</li> <li>Bank statements for the last twelve (12) months which consistently show payment made for rent amount.</li> </ol> </li> <li>NOTE: IF BORROWER RENTS FROM RELATIVE OR SELLER A VOR WILL NOT BE ACCEPTABLE, CANCELLED CHECKS OR BANK STATEMENTS WILL BE REQUIRED ALONG WITH THE LEASE AGREEMENT.</li> </ul>
Rolling Delinquency		<ul style="list-style-type: none"> <li>6 Rolling 30 day delinquencies are considered one (1) event or 1x30. Any other 30 day lates after that is considered an individual 30 day late event and will not be eligible.</li> </ul>
Student Loans		<ul style="list-style-type: none"> <li>Independent of any actual or potential deferment, the monthly payment will be included in the debt-to-income ratio for qualifying.</li> <li>At LTVs of 65% or less on purchase and 60% or less on refinances: <ul style="list-style-type: none"> <li>Student loans with greater than three (3) years from their DLA do not need to be paid off nor, if remaining outstanding, included in the DTI ratio; and</li> <li>Student loans in collection status for longer than three (3) year old do not need to be paid off, nor, if remaining outstanding, included in the DTI ratio.</li> </ul> </li> </ul>

Income and Assets		
Assets		<ul style="list-style-type: none"> <li>Funds to close are to be properly verified on purchase-money transactions and where applicable on rate / term refinances. Verification of funds is not required for cash-out refinances.</li> <li>Verification of the seasoning of funds to close is not required on loans of: <ul style="list-style-type: none"> <li>65% or less LTV / CLTV for the <b>consumer</b> transactions; or</li> <li>70% or less LTV / CLTV for Business Purpose / DSCR loans; or</li> <li>If the amount of assets / funds to close is <b>greater than</b> \$50,000, it will be required to be documented regardless of LTV / CLTV.</li> </ul> </li> </ul>

Income and Assets (Continued)			
Assets (Continued)	•	Earnest money and deposits exceeding two percent (2%) of the sales price or \$1,000.00, whichever is less, requires verification by one of the following: • Copy of check (canceled or not canceled) with certified escrow deposit receipt. • Bank statement showing the check cleared with certified escrow deposit receipt.	
Fixed Income	•	Current award / retirement letter; AND • Copy of the most recent bank statement showing automatic deposit (deposit must specifically reference the source of the deposit); OR • 1099 for most recent year	
Gift Funds	•	• <b>Primary Residence</b> – No limit to amount of transaction • <b>Investment Property or Second Homes</b> – Applicant(s) will be required to contribute a portion of their own sourced and seasoned funds to the transaction of the <b>larger</b> of (a) 15% of the purchase price OR (b) \$50,000.	
ITIN Income	•	Full Doc: ITINs may utilize a written VOE dated within 30 days of funding in lieu of a paystub and W-2s / tax returns, as otherwise required for Full Doc. In supplement, file should also document the most recent bank statement that includes ACH / Direct Deposit of payroll as validation to the written VOE.	
Reserves	•	Cash-in-hand from a cash out refinance may be used toward reserves.	
	•	Unacceptable sources of funds include, but are not limited to:	
Residual Income		The borrower(s) income is subject to a test for gross residual income based on the following table for dependent family members:	
		Family Members	Minimum Residual Income
		1	\$500
		2	\$1,000
		3	\$1,250
		4+	+ per dependent

Property			
Acreage	•	25 acres, comp sales must support subject	
Appraisal	•	120 days of funding	
	•	Appraisal transfer accepted	
	•	Appraisal Review Waterfall Process	
	o	Collateral Underwriter (CU) Score must be <2.5 (1-4 Units) <b>or</b> ;	
	o	Automated Valuation Model (AVM) equal to or greater than 90% of the original appraisal and a 90% Confidence Score <b>or</b> ;	
	o	Desk Review - Supported value within 10% variance of original appraisal	
		Second Appraisal Required for HPML reflecting below:	
Departure Property	•	• To prevent “flipping”, Primary purchase transaction subject to HPML Section 35 (primary residence) where the seller of the property acquired the property: o 90 days or fewer prior to the date of the resale agreement and the resale price exceeds the seller’s original purchase price by more than 10%; or o 91-180 days prior to the date of the resale agreement and the resale price exceeds the seller’s original purchase price by more than 20%.	
	•	The additional appraisal cannot be charged to the borrower and must include: 1. A comparison of the previous purchase price with the current purchase price; 2. Changes in market conditions; and 3. Any improvements made to the property since its previous purchase.	
		80% of the market rents may be used to offset the PITIA payment of this property and is determined by one of the following:	
	•	1. Appraiser; 2. Internet Rental Companies (Rent Range, Zillow, realtor.com, etcetera); or 3. Market Survey	
Property Inspections		100% of the rents may be used to offset the PITIA payment of the property if documented by both of the following:	
	•	1. Copy of executed rental agreement; and 2. Proof of receipt of security deposit.	
Property Types	•	SFR	Non-Warrantable Condo
	•	Condo	Condotel
Ineligible Property Types	•	• Agricultural use properties (crops, lumber, animals of any kind); • Construction to Perm • Cooperatives, sometimes referred to as an “Owners Proprietary Lease”; • Day Care • Economic life of property is less than term of the loan; • Unique Properties; Industrial; Earth berm Homes, Geodesic Domes; Log Cabins; • Illegal use of property – Zoning or building code violations; • Leaseholds ; • Mixed use; Own-Your-Own Apartments; • Multi-Family • Mobile Homes; Mobile Home Parks or Converted Mobile Home Parks; • Manufactured Homes of a “single-wide” variety or constructed prior to 1976; • Properties in less than average condition; • Properties with no permanent heat source (except for areas not required by code);	
		• Properties that are not suitable for year-round use; • Properties zoned: industrial, manufacturing, exclusive farm use (EFU), forest commercial (FC); • Properties located on a Native American Reservation; • Properties reported to have a different highest and best use than the present use; • Properties in areas built up “under 25%”; • Properties with deferred maintenance, deterioration, or structural damage that may seriously affect the structural integrity or pose a health and safety hazard. Properties that are deemed uninhabitable by local municipalities. Properties displaying significant disrepair that it is prohibitive and not feasible to restore the structure to a habitable condition; • Refinance of vacant properties; properties recently listed within 6 mos. • Timeshares; • Vacant land; and / or • Working Farms or Ranches	

Property (Continued)				
Property Value Determination	•	<b>Purchase:</b> Value of the subject property is the lesser of: Appraised Value or Purchase Price.		
	•	<b>Refinance:</b> Properties owned <b>12 months or more</b> , appraised value is used. Properties purchased <b>less than 12 months</b> or ownership changed within the previous 12 months, the lesser of the lowest transfer value in the previous 12 months or Appraised value.		
Property Flips	•	Properties that have sold more than once in the previous twelve (12) months must be prudently analyzed for value discrepancies and to ensure the property has not been involved in a “pyramid or flip” scheme. A “pyramid or flip” scheme is initiated in an effort to inflate property values within a certain market area. Examining recent changes to title on the property and information disclosed on the appraisal report may uncover possible “pyramid or flip” schemes.		
Rural Properties*	•	Properties that are classified as “rural” and built up “under 25%” are considered under a case-by-case basis. Properties with a marketing time in excess of six (6) months may be subject to an additional LTV reduction. A property may be classified as rural or with rural influence as stated by the appraiser or if it is located: <ul style="list-style-type: none"><li>• On a gravel road and does not have adequate utilities available in service;</li><li>• On more than five (5) acres of land;</li><li>• In a neighborhood under 25 percent “built-up”;</li><li>• Appraiser classifies the property as rural; or</li><li>• In a remote or isolated area.</li></ul>		

Miscellaneous							
For Sale by Owner		Arms-length transactions where there is no realtor commission being paid and no MLS listing require the following: <ul style="list-style-type: none"><li>• The seller must be vested on title for no less than one (1) year;</li><li>- Exception can be made if being sold by a contractor where property has undergone substantial capital improvement;</li><li>• Properties in foreclosure are not eligible;</li><li>• The buyer and seller cannot waive normal inspections for pest / termite or roof certification after these items were stipulated as part of the initial purchase agreement; and</li><li>• A copy of the inspection reports when completed.</li></ul>					
Interest Only	•	CMT 5/1 30yr ARM	5yr Fixed	5yr I/O	25yr Full Amortization after I/O Period		
	•	CMT 7/1 30yr ARM	7yr Fixed	5yr I/O	25yr Full Amortization after I/O Period		
Maximum Contributions	•	30yr Fixed		5yr I/O	25yr Full Amortization after I/O Period		
		Limited to NRCCs only by the seller for Primary Residence					
	•	≤65% CLTV max 6% >65% CLTV max 3%					
Non-Arm's length transaction		2nd Home and Investment Properties are max at 3% contributions to NRCCs regardless of LTV					
		A non-arm's length transaction is a transaction in which two or more parties to the transaction are related or associated in any manner. Examples of non-arm's length transactions are:					
	•	<ul style="list-style-type: none"><li>• Buyer and seller are related or associated in business.</li><li>• Developer and buyer are related or associated in business.</li><li>• Broker and buyer or seller are related or associated in business.</li><li>• Seller is buyer's employer or vice-versa.</li><li>• Buyer is the real estate agent for the seller.</li></ul> Non-arm's length transactions generally carry a higher risk and must be carefully analyzed for concealed credits, cash paid outside of escrow, double escrows, and other unacceptable lending criteria. The down payment must be fully sourced and satisfactorily documented.					
Number of Loans to Borrower		Limitation to the number of open loans with the same borrower at any one time to a maximum of four (4) or an aggregate amount of \$5,000,000, whichever is less for first mortgages only apply. If there are more than three (3) loans to one borrower:					
	•	<ul style="list-style-type: none"><li>• One (1) loan must be on an owner-occupied principal residence. The appraisal may not include comparable sales from other properties owned by the borrower(s).</li><li>• Adjoining properties or units in the same condominium complex are limited to a maximum of two (2) loans.</li><li>• For multiple investment loans to one borrower, the borrower(s) should have demonstrated a history of successfully owning and managing investment properties for at least two (2) years. The loan file must include rental agreements and / or tax returns as required by the loan program or required at the discretion of the underwriter.</li></ul>					
Qualifying Payment	•	Interest Only: DSCR: IO payment, all other programs: fully amortized payment					
	•	ARM: higher of the fully indexed rate or the note rate					
	•	ARM Requirements:	Floored at Start Rate / 1 Yr. CMT			Caps: 2.0% Initial Change Cap / 2.0% Annual Cap / 6.0% Life Cap	
	•	ARM Margin	≥ 750	≥ 725	≥ 700	≥ 675	≥ 650
	•		AAA	AA	A	BBB	BB
	•		3	3.25	3.5	3.75	4
Seasoning		<b>Purchase:</b> Properties that have sold more than once in the previous twelve (12) months or transfers within 12 months must be analyzed for value discrepancies and to ensure the property has not been involved in a “pyramid or flip” scheme.					
	•	<ul style="list-style-type: none"><li>• Seasoning requirements may apply on purchase or refinance transactions when determining the current value for properties that have experienced the following;</li><li>• Recent and / or frequent change(s) of ownership;</li><li>• Refinance where the property is not currently vested in the owner's name; or</li><li>• Recent property transfer data (i.e.: REO resale data as shown on the appraisal report) that does not support the appraised value.</li></ul>					
	•	<b>Refinance</b> where an applicant that is added to title via quit claim <b>must be on title for at minimum 90 days</b>					
Seasoning for Property Recently Listed	•	Properties listed within 6 months from application date is ineligible					
Short Payoff	•	A refinance transaction wherein a Borrower is paying off an existing lien for less than the amount to pay the account in full, but will allow a homeowner to keep their home, will be treated in the same manner as a short sale for credit grading and documentation. The maximum LTV is the lower of 65% or a minus five percent (-5%) LTV reduction from the top LTV allowed based on the credit grade. Cash-out refinances can pay off debts with only incidental cash in hand allowed.					

Miscellaneous (Continued)			
States	Ineligible	•	TX Cash-Out
	Eligible	•	State eligibility subject to licensed states
Subordinate Financing		•	CLTV max = LTV max

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