

Blue Color: Differences from PRIME

Primary Residence

Loan Amount	Reserves Month	Max DTI %	FICO
150,000 to 1,000,000	6	50	740
			720
			700
			680
			660
1,000,001 to 1,499,999	9	50	740
			720
			700
			680
			660
1,500,000 to 1,999,999	9	50	740
			720
			700
			680
			660
2,000,000 to 2,499,999	12	50	740
			720
			700
			680
			660
2,500,000 to 3,000,000	12	50	740
			720
			700

Primary Residence

Full Doc 2 Years or 1099		Streamlined Doc 1 Year or 1099		Asset Depletion		Bank Statement 12Mo or 24 Mo		P & L Only 12 Mo		WVOE	
Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out
90	80	90	80	85	N/A	90	80	80	80	80	80
85	75	85	75	85	N/A	85	75	80	75	80	75
85	75	85	75	85	N/A	85	75	80	75	80	75
80	70	80	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
85	75	85	75	85	N/A	85	75	80	75	80	75
85	75	85	75	85	N/A	85	75	80	75	80	75
80	70	80	70	N/A	N/A	80	70	80	70	80	70
75	70	75	70	N/A	N/A	75	70	75	70	75	70
85	75	85	75	85	N/A	85	75	80	75	80	75
80	70	80	70	80	N/A	80	70	80	70	80	70
80	70	80	70	80	N/A	80	70	80	70	80	70
75	65	75	65	N/A	N/A	75	65	75	65	75	65
75	60	75	60	N/A	N/A	75	60	75	60	75	60
80	70	80	70	80	N/A	80	70	80	70	80	70
80	70	80	70	80	N/A	80	70	80	70	80	70
75	65	75	65	75	N/A	75	65	75	65	75	65
70	60	70	60	N/A	N/A	70	60	70	60	70	60
70	N/A	70	N/A	N/A	N/A	70	N/A	70	N/A	70	N/A
75	65	75	65	75	N/A	75	65	75	65	75	65
75	65	75	65	75	N/A	75	65	75	65	75	65
70	60	70	60	70	N/A	70	60	70	60	70	60

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Second Home

Loan Amount	Reserves Month	Max DTI %	FICO
150,000 to 1,000,000	6	50	740
			720
			700
			680
			660
1,000,001 to 1,499,999	9	50	740
			720
			700
			680
			660
1,500,000 to 1,999,999	9	50	740
			720
			700
			680
			660
2,000,000 to 2,499,999	12	50	740
			720
			700
			680
			660
2,500,000 to 3,000,000	12	50	740
			720
			700

Second Home

Full Doc 2 Years or 1099		Steamlined Doc 1 Year or 1099		Asset Depletion		Bank Statement 12Mo or 24 Mo		P & L Only 12 Mo		WVOE	
Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out
85	75	85	75	N/A	N/A	85	75	80	75	80	75
85	75	85	75	N/A	N/A	85	75	80	75	80	75
85	75	85	75	N/A	N/A	85	75	80	75	80	75
80	70	80	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
85	75	85	75	N/A	N/A	80	75	80	75	80	75
85	75	85	75	N/A	N/A	80	75	80	75	80	75
85	70	85	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
75	70	75	70	N/A	N/A	75	70	75	70	75	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
75	65	75	65	N/A	N/A	75	65	75	65	75	65
70	60	70	60	N/A	N/A	70	60	70	60	70	60
75	65	75	65	N/A	N/A	75	65	75	65	75	65
75	65	75	65	N/A	N/A	75	65	75	65	75	65
75	65	75	65	N/A	N/A	75	65	75	65	75	65
70	N/A	70	N/A	N/A	N/A	70	N/A	70	N/A	70	N/A
65	N/A	65	N/A	N/A	N/A	65	N/A	65	N/A	65	N/A
70	60	70	60	N/A	N/A	70	60	70	60	70	60
70	60	70	60	N/A	N/A	70	60	70	60	70	60
70	60	70	60	N/A	N/A	70	60	70	60	70	60

Investment

Loan Amount	Reserves Month	Max DTI %	FICO
150,000 to 1,000,000	6	50	740
			720
			700
			680
			660
1,000,001 to 1,499,999	9	50	740
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			680
			660
1,500,000 to 1,999,999	9	50	740
			720
			700
			680
			660
2,000,000 to 2,499,999	12	50	740
			720
			700
			680
			660
2,500,000 to 3,000,000	12	50	740
			720
			700

Investment					
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Full Doc 2 Years or 1099		Steamlined Doc 1 Year or 1099		Asset Depletion		Bank Statement 12Mo or 24 Mo		P & L Only 12 Mo		WVOE	
Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out
85	75	85	75	N/A	N/A	85	75	80	75	80	75
85	75	85	75	N/A	N/A	85	75	80	75	80	75
85	75	85	75	N/A	N/A	85	75	80	75	80	75
80	70	80	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
85	75	85	75	N/A	N/A	80	75	80	75	80	75
85	75	85	75	N/A	N/A	80	75	80	75	80	75
85	70	85	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
75	70	75	70	N/A	N/A	75	70	75	70	75	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
80	70	80	70	N/A	N/A	80	70	80	70	80	70
75	65	75	65	N/A	N/A	75	65	75	65	75	65
70	60	70	60	N/A	N/A	70	60	70	60	70	60
75	65	75	65	N/A	N/A	75	65	75	65	75	65
75	65	75	65	N/A	N/A	75	65	75	65	75	65
75	65	75	65	N/A	N/A	75	65	75	65	75	65
70	N/A	70	N/A	N/A	N/A	70	N/A	70	N/A	70	N/A
65	N/A	65	N/A	N/A	N/A	65	N/A	65	N/A	65	N/A
70	60	70	60	N/A	N/A	70	60	70	60	70	60
70	60	70	60	N/A	N/A	70	60	70	60	70	60
70	60	70	60	N/A	N/A	70	60	70	60	70	60

LTV Restrictions					
LTV Restrictions For Prime+					
					LTV
Property Type	Purchase & Rate-Term			Condo	85%
				Non-Warrantable Condo	80%
				2-4 Unit	85%
				Rural - OO	75%
				Rural - 2nd Home	70%
Property Type	Cash-Out -LTV			Condo	85%
				Non-Warrantable Condo	80%
				2-4 Unit	85%
				Rural	Ineligible
Borrower Eligibility				Permanent Resident Alien	Eligible No Restrictions
				Non - Permanent Resident Alien	Max 80% LTV, No Cash Out
Declining Markets					5% LTV Reduction
Interest Only					Max 85% LTV, 700 FICO
State Restriction Florida	Full Doc or Bank Statement:				Max 80% LTV
	1099, P&L, WVOE Asset Depletion				Max 75% LTV
	P&L Only Requires 3 Months of Supporting Bank Statements				Max 75% LTV

Credit						
Housing Lates				0X30X12		
Credit Event Seasoning	Foreclosure, Short Sale, Default Modification, Notice of Default or 120+ Days Delinquent			48 Months		Seasoning for all Credit Events are defined as date of discharge/dismissal or property resolution completion date, to note date.
	Bankruptcy 7, 11, 13					
Expanded DTI (50.01-55)	Primary Only	700 FICO	Max 80% LTV	1.5X Minimum Residual Income See Residual Income Section		NO FTHB
	Asset Depletion - Not Eligible					
Cash-Out Max	LTV < 60%: Unlimited Cash-Out LTV > 60% (Max \$750,000.)					
Cash-Out Proceeds	May be used as Reserves					
Residual Income for DTI >43%	Per VA guideline or \$2500+\$150 per dependent					
FTHB	No Interest Only					
Non-Occupant Co-Borrower	1 Unit, Owner Occupied, Max 43% DTI, Max 80% LTV, Cash-Out Not Allowed					
Non-Permanent Resident Alien	Purchase and Rate/Term Refinance Only,Cash-out Not Allowed.					80%
Reserves for Additional Financed Properties	Additional 2 Consecutive Months of PITIA/ITIA per each financed Property					
FTHB without rental housing history (rent free)	Full / Bank Statement Doc Only		Max Loan Amount	Max DTI	FICO	LTV
	Standard Tradelines only		\$1.0M	45%	700	80%
	No gifts allowed				680	75%
	Occupant Borrowers Only				660	70%

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Documentation Options		
Full Doc 2Yr	Standard FNMA Documentation	Alternative Loan Review Form (Exhibit F) or DU Ineligible finding is required at time of submission
		2 Years W2's or 1040 Tax Returns, YTD 30 Days Paystub and VVOE
		For Self-Employed: 2 Years Tax Returns (Personal and Business), K-1's, and YTD P&L
Streamline Doc 1Yr	W-2 (12mo)	- Alternative Loan Review Form (Exhibit F) or DU Ineligible finding is required at time of submission - Wage Earner - 1 year most recent W-2 or 1 year tax returns plus YTD 30 days paystubs and VVOE
	Tax Returns (12mo)	Self-Employed - 1 year most recent tax returns (Personal & Business), plus YTD P&L (Borrower prepared ok with tax returns on full doc only)
Bank Statement	Bank Statement (24mo, 12mo)	Personal & Business Combined or Business (12mo or 24mo):
		At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)
		Asset Depletion allowed with Bank Statement documentation
		Income documented separately (SSI, W2, etc.) but included in deposits being reviewed must be backed out of deposits. Gross rents from any REOs are to be backed out of the deposit totals.
		Standard expense factors apply: 50% expense factor
		If business operates < standard expense factor, P&L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required
		PTIN is acceptable if documented as employed by 3rd party tax preparation service
		Minimum expense factor with 3rd party prepared P&L or letter is 10%
		Personal & Business Separated (12mo or 24mo):
		At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)
		Asset Depletion allowed with Bank statement documentation
		Personal used to qualify, 2 months business to show business cash flows in order to utilize 100% of business related deposits in personal account (no expense fac
P & L Only	P & L (12 mo.) [CPA, CTEC, EA]	Self-employed (2yrs - 25% or greater ownership)
		CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period. A gap P&L covering period between end of 12 month P&L and application required when gap is greater than three (3) months.
		A letter from the CPA, CTEC or EA on their business letterhead showing address, phone number, and license number is required with the following information:
		CPA/CTEC/EA prepared the most recent year's business tax return filing; and,
		PTIN's are not acceptable to prepare/sign P&L statements
		The business name, borrower's name, and percentage of business ownership by the borrower.
		Business License for the past 2 years
		Minimum expense factor with P&L is 20% for service business and 40% for product business (see guidelines for details)
		No other income documentation type other than Asset Depletion can be combined with the P&L for the self-employed borrower.
		Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub.
WVOE	FNMA Form 1005	WVOE FNMA Form 1005 completed by HR, Payroll, Company Officer plus
		2 months personal bank statements supporting WVOE employment wages or EVOE from WorkNumber, Finicity, etc)
		Borrowers employed by a family owned or managed business are ineligible for WVOE documentation program

Documentation Options (Continued)			
WVOE	FNMA Form 1005	•	Maximum 80% LTV, Minimum FICO 660
1099	1099 (12mo)	•	1099 plus either: Check/check stub or bank statement showing employment deposits (10% expense factor applied, see guidelines for specifics)
		•	Qualifying income = 1099 gross - 10% expense factor. Current check stub or bank statement deposits must support amounts consistent with 1099 levels
Asset Depletion	Asset Statement (6mo)	•	Most recent 6 months asset documentation verified by: cash in bank (100%); stocks, bonds, and/or mutual funds (90%); IRAs, 401K, and/or retirement accts (80%)
		•	Allowable assets divided by 60 months = qualifying income
		•	Maximum 50% DTI - No Expanded DTI available - Max 85% LTV, Minimum FICO 700, No Cash Out, Owner Occupied Only

Quick References					
Acreage		•	Maximum 20 acres		
Appraisal		•	Loan amounts > \$2,000,000 = Two Full Appraisals	•	See guidelines for details
		•	Loan amounts < \$2,000,000 = 1 Full Appraisal + AVM or FNMA CU Risk score of 2.5 or less		
		•	2nd Full Appraisal required if AVM Confidence Score is below 90%		
Assets		•	See guidelines for details	•	Assets sourced or seasoned for two months unless utilizing assets to document income (6 months)
		•	Gift funds are acceptable for use toward down payment and loan costs		
		•	Gift funds are not acceptable for First Time Investors		
Borrower Eligibility	Citizenship	•	US Citizen	•	Permanent Resident Alien
		•	Non-Permanent Resident Alien (with US Credit) Current VISA E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, NATO, O-1, R-1, TN NAFTA. Provide EAD when applicable.		
		•	Max 80% LTV, CLTV and No Cash-Out		
Cash-Out		•	LTV < 60%: Unlimited Cash-Out.	LTV > 60% Max Cash Out \$750,000	Unlimited Cash-Out for Properties Owned Free & Clear
		•	Cash-out may be counted toward reserve requirement	•	See guidelines for details (Ineligible on Asset Depletion)
		•	Property owned between 6-12 months - LTV/CLTV is based on lower of the appraised value or purchase price plus documented improvements. Less than 6 mos. seasoning not allowed		
Compliance		•	No Section 32 or state High Cost	•	Points and Fees max 5% limit
		•	Loans must comply with all applicable federal and state regulations		
		•	Fully documented Ability to Repay including Borrower Attestation		
		•	Impounds required on LTV > 80% or HPML loans unless otherwise specified by applicable state law		
Credit		•	3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months		
		•	Minimum credit score 660		
Consumer Charge-offs and Collections		•	Following may remain open:		
		•	Collections and charge-offs < 24 months old with a maximum cumulative balance of \$2,000	•	All medical collections regardless of amount
		•	Collections and charge-offs ≥ 24 months old with a maximum of \$2,500 per occurrence	•	Collections and charge-offs that have expired under the state statute of limitations on debts; evidence of expiration must be documented
Eligible Non-Arm's Length and Interested Party Transactions		•	Existing property Purchase, Primary Residence Only	•	Seller(s) representing themselves as agent in real estate transaction
		•	Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction		
First Time Home Buyer	With Housing History	•	Minimum FICO 660	•	Must have documented 0x30 housing history
	Without Housing History	•	Full Doc or Bank Bank Statement Only	•	Standard tradelines required
		•	No gifts allowed	•	Non-occupying co-borrowers not allowed

Quick References (Continued)									
Purchase Between Family Members	• Full Documentation and Bank Statement Documentation only				• Must provide a 12-month mortgage history on existing mortgage securing subject property confirming Family Sale is not a foreclosure bailout				
	• Gift of Equity requires a gift letter and the equity gift credit is to be shown on the CD								
Interest Only	• Qualifying ratios are based on fully amortized P&I payments over the scheduled remaining loan term after the interest only period has expired. IE: 30 yr IO product is qualified at fully amortized payment for 20 yrs.								
	• SOFR 5/1 30yr ARM			5yr Fixed		10yr I/O		20yr Full Amortization after I/O Period	
	• SOFR 5/1 40yr ARM			5yr Fixed		10yr I/O		30yr Full Amortization after I/O Period	
	• SOFR 7/1 30yr ARM			5yr Fixed		10yr I/O		20yr Full Amortization after I/O Period	
	• SOFR 7/1 40yr ARM			5yr Fixed		10yr I/O		30yr Full Amortization after I/O Period	
	• 30yr Fixed				10yr I/O		20yr Full Amortization after I/O Period		
	• 40yr Fixed				10yr I/O		30yr Full Amortization after I/O Period		
Minimum Property Standards	• 600 sq. ft. for 1 unit properties			• 2+ units no minimum. Size must be supported by market comparison				• Maximum deferred maintenance cannot exceed \$2,000	
	• Property constructed for year-round use			• Permanently affixed continuous heat source				• No health or safety issues both internal or external	
Property Types	• SFR		• Condominium		• Townhouse		• D-PUD		
	• PUD		• Modular		• Rowhouse		• 2 - 4 Unit		• Rural (Owner Occupied Only)
Property Types - Ineligible	• Condotels		• Log Cabins		• Mixed-Use		• Multi-Family 5+ Units		• Manufactured Housing
	• Florida Cono Projects subject to Florida SB-4D requirements for Structural Integrity Studies and Milestone Structural Inspections.								
Property Flips	• When the subject property is being resold within 365 days of its acquisition by the seller and the sales price has increased more than 10%, the transaction is considered a “flip.” The following should be used to determine the 365-day period: the acquisition date (the day the seller became the legal owner of the property), and the purchase date (the day both parties executed the purchase agreement).								
	• Property seller on the purchase contract must be the owner of record				• The property was marketed openly and fairly, through a multiple listing service, auction, FSBO offering (documented), or developer marketing				
	• Flip transactions must comply with the TILA HPML Appraisal Rule in Reg Z				• Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.)				
	• Increases in value are to be documented with commentary from the appraiser and recent comparable sales				• All transactions must be arm’s length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction				
Qualifying Payment	• Full Amortization:		Qualifying ratios based on greater of Note Rate or Fully Indexed Rate (PITIA)						
	• Interest Only (DTI):		Qualifying ratios based on greater of Note Rate or Fully Indexed Rate (PITIA), fully amortized payment on remaining term after I/O per						
Rental Income (Short-Term)	• Short Term Leases (including but limited to VRBO/AirBNB) are NOT eligible								
Residual Income	• Required on DTI > 43% only				• Per VA or \$2,500 plus an additional \$150/dependent				
	• VA Residual Income Calc per VA Form #26-6393 and VA Residual Income Tables in VA Lending Manual Chapter 4.9								
Seasoning for Property Recently Listed on the Market	• For all transaction types, subject property must be taken off the market on or before application date.								
	• For Cash-Out refinances, loans must be seasoned for at least 6 months from the listing contract expiration date to the new Note date.								
Seasoning	• Rate and Term: No seasoning. At least 1 borrower from the existing loan must be in the new loan.								
	• Cash Out: 6 months from existing Note date to application date of new loan. LTV/CLTV is the lower of the purchase price or appraised value.								
	• LLC Cash Out: 12 months seasoning required if the property was owned prior to closing by LLC that is majority-owned by the borrower.								
Seller Concessions / IPC	• Primary and 2nd homes: Per FNMA (LTV 75.01-90% up to 6% toward closing - 75% LTV of less max 9%								
	• Investment: Max 3% of the lesser of property's sales price or appraised value								

Quick References (Continued)			
States	Ineligible	•	TX (No Interest-Only when using Texas Section 50(a)(6) Equity Cash-Out transactions)
	Eligible	•	State eligibility subject to VPM review of applicable docs
Subordinate Financing		•	CLTV max = LTV max

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