



# OWNER-OCCUPIED & SECOND HOME PRIME Matrix

Matrix			
Loan Amount	Reserves Month	Max DTI %	FICO
150,000 to 1,000,000	6	50	720
			700
			680
			660
			640
			620
1,000,001 to 1,500,000	9	50	720
			700
			680
			660
			640
			620
1,500,001 to 2,000,000	12	50	720
			700
			680
			660
2,000,001 to 3,000,000	12	50	720
			700
			680

Full Doc 12mo or 24mo Alternative Loan	
Purchase R/T	Cash Out
90	80
90	80
85	80
80	75
75	70
70	65
85	80
85	80
85	75
80	75
70	65
65	60
80	75
80	75
80	70
70	65
75	70
70	65
70	65

Bank Statement 12mo or 24mo	
Purchase R/T	Cash Out
90	80
90	80
85	80
80	75
75	70
70	65
85	80
85	80
85	75
80	75
70	65
65	60
80	75
80	75
80	70
70	65
75	70
70	65
70	65

1099	
Purchase R/T	Cash Out
80	75
80	75
80	75
75	70
N/A	N/A
N/A	N/A
80	75
80	75
75	70
75	70
N/A	N/A
N/A	N/A
75	65
75	65
70	65
70	65
70	65
70	65

P & L Only	
Purchase R/T	Cash Out
75	70
75	70
75	70
75	70
N/A	N/A
N/A	N/A
75	70
75	70
75	65
N/A	N/A
N/A	N/A
70	65
70	65
70	65
70	65
70	65
70	65

WVOE / Asset Depletion	
Purchase R/T	Cash Out
75	70
75	70
75	70
75	70
N/A	N/A
N/A	N/A
75	70
75	70
75	65
N/A	N/A
N/A	N/A
70	65
70	65
70	65
70	65
70	65

LTV Restrictions		
Property Type	Purchase & Rate-Term	LTV
	Condo	80
	Non-Warrantable Condo	75
	Condotel (Max: \$1.5 mil Loan Amount)	75
	2-4 Unit	80
	Modular	75
	Rural	75
	Non-Warr	75
	Condo	75
	Non-Warrantable Condo	75
	<b>Cash-Out - Max \$500K - \$1M Cash out (Max 80% of LoanAmt over \$625K Loan Amount)</b>	

LTV Restrictions Continued				
Property Type	Cash-Out - Max \$500K - \$1M Cash out (Max 80% of LoanAmt over \$625K Loan Amount)	Condotel (Max: \$1.5 mil Loan Amount)		65
		2-4 Unit		75
		Modular		75
		Rural		70
Declining Values	Declining Values			10% LTV Reduction
2nd home	2nd Home			80
Loan Type	Interest Only			85
Housing Lates	**All past due housing payments must be cured by application and remain paid as agreed thru closing.	Multiple 30 day lates but 0x60 (1x60x12 ineligible)		5% LTV Reduction
Credit Event Seasoning	FC, SS, DIL	24-35 months		5% LTV Reduction
	BK 7	24-35 months		5% LTV Reduction
		12-23 months (Cash-Out Not Allowed)		5% LTV Reduction / No Cash-Out
	BK 13	Discharge		-
Reduced Reserves	(max -3 mos. reserves)			5% LTV Reduction
Limited Credit:	Available for borrowers who have a valid FICO (per FNMA guidelines) but do not meet the Standard Tradeline requirements the following restrictions apply:			Min FICO 640
	Purchase	(min. 10% borrowers own funds for Downpayment)		Max 45% DTI
	Rate & Term			
	Cash-Out			
Expanded DTI (50.01-55) Not available for Asset Depletion	Primary	+3 months reserves	680 FICO	Max 1.5 mil loan amount
	2nd Home			
				70

Overlays		
Cash-Out	* Max \$500K - \$1M Cash out (Max 80% of Loan Amount over \$625K Loan Amount)	
Residual Income for DTI >43%	Per VA guideline or \$2500+\$150 per dependent	
FTHB	Min FICO 660; must have 0x30 housing history	
FTHB without rental history (rent free)	Min FICO 660	Max LTV 70%

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# OWNER-OCCUPIED & SECOND HOME PRIME Documentation

Documentation Options			
<b>Full Doc 2Yr</b>	Standard FNMA Documentation	<ul style="list-style-type: none"> <li>Alternative Loan Review Form (Exhibit F) or DU Ineligible finding is required at time of submission</li> <li>2 years tax returns, recent paystub (self-employed YTD P&amp;L) 1040 transcripts required</li> </ul>	
		<b>Full Doc 1Yr</b>	W-2 (12mo)
	Tax Returns (12mo)		<ul style="list-style-type: none"> <li>Self-Employed - 1 year most recent tax returns plus</li> </ul>
<b>Bank Statement</b>	Bank Statement (24mo, 12mo)	<ul style="list-style-type: none"> <li>Personal &amp; Business-<b>Combined</b> or <b>Business</b> (12mo or 24mo):                             <ul style="list-style-type: none"> <li>At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)</li> <li>Asset Depletion allowed with Bank Statement documentation</li> <li>Standard expense factors apply: 50% expense factor                                     <ul style="list-style-type: none"> <li>If business operates &lt; standard expense factor, P&amp;L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required</li> <li>Minimum expense factor with 3rd party prepared P&amp;L or letter is 20%</li> </ul> </li> </ul> </li> </ul>	
		<ul style="list-style-type: none"> <li>Personal &amp; Business <b>Separated</b> (12mo or 24mo):                             <ul style="list-style-type: none"> <li>At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)</li> <li>Asset Depletion allowed with Bank statement documentation</li> </ul> </li> </ul>	
		<ul style="list-style-type: none"> <li>Personal used to qualify, <b>2</b> months business to show business cash flows in order to utilize 100% of business related deposits in personal account (no expense factor)</li> </ul>	
		<ul style="list-style-type: none"> <li>Self-employed (2yrs - 25% or greater ownership) P&amp;L prepared by <b>tax professional</b></li> <li>Minimum expense factor with P&amp;L is 20% for service business and 40% for product business (see guidelines for details)</li> </ul>	
		<ul style="list-style-type: none"> <li>CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period. A gap P&amp;L covering period between end of 12 month P&amp;L and application required when gap is greater than three (3) months.</li> </ul>	
		<ul style="list-style-type: none"> <li>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:                             <ul style="list-style-type: none"> <li>CPA/CTEC/EA prepared or reviewed the most recent 2 years of business tax return filing; and,</li> <li>The business name, borrower's name, and percentage of business ownership by the borrower.</li> </ul> </li> </ul>	
		<ul style="list-style-type: none"> <li>Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub.</li> </ul>	
		<ul style="list-style-type: none"> <li>1099 plus either: Check/check stub or bank statement showing employment deposits (10% expense factor applied, see guidelines for specifics)</li> <li>Qualifying income = 1099 gross - 10% expense factor. Current check stub or bank statement deposits must support amounts consistent with 1099 levels</li> </ul>	
<b>1099</b>	1099 (12mo)		
<b>WVOE</b>	FNMA Form 1005	<ul style="list-style-type: none"> <li>WVOE FNMA Form 1005 completed by HR, Payroll, Company Officer</li> <li><b>2 months personal bank statements supporting WVOE employment wages.</b></li> <li>Borrowers employed by a family owned or managed business are <b>ineligible</b> for WVOE documentation program</li> </ul>	
<b>Asset Depletion</b>	Asset Statement (6mo)	<ul style="list-style-type: none"> <li>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%)</li> <li>Allowable assets divided by 84 months = qualifying income</li> <li>Maximum 50% DTI - No Expanded DTI available</li> </ul>	

Quick References			
<b>Acreage</b>		<ul style="list-style-type: none"> <li>Maximum 20 acres</li> </ul>	
<b>Appraisal</b>		<ul style="list-style-type: none"> <li>Loan amounts &gt; \$2,000,000 = Two Full Appraisals</li> </ul>	<ul style="list-style-type: none"> <li>See guidelines for details</li> </ul>
		<ul style="list-style-type: none"> <li>Loan amounts &lt; \$2,000,000 = 1 Full Appraisal + AVM or FNMA CU Risk score of 2.5 or less</li> <li>2nd Full Appraisal required if AVM Confidence Score is below 90%</li> </ul>	
<b>Assets</b>		<ul style="list-style-type: none"> <li>See guidelines for details</li> </ul>	<ul style="list-style-type: none"> <li>Assets sourced or seasoned for two months unless utilizing assets to document income (6 months)</li> </ul>
		<ul style="list-style-type: none"> <li>Gift funds are acceptable for use toward down payment and loan costs</li> </ul>	
<b>Borrower Eligibility</b>	<b>Citizenship</b>	<ul style="list-style-type: none"> <li>US Citizen</li> </ul>	<ul style="list-style-type: none"> <li>Non-Permanent Resident Alien (with US Credit)</li> </ul>
		<ul style="list-style-type: none"> <li>Permanent Resident Alien</li> </ul>	
<b>Cash-Out</b>		<ul style="list-style-type: none"> <li>Cash-out max is based on LTV (See matrix - Max \$500K - \$1M Cash out based on LTV. If loan amount is over \$625k, cash out is maxed at 80% LTV)</li> </ul>	
		<ul style="list-style-type: none"> <li>Cash-Out example: 625,000 loan amount x 80% allows 500,000 cash out Example 2 : 850,000 loan amount x 80% allows 680,000 cash out</li> </ul>	

## Quick References Continued

<b>Cash-Out</b>		•	Cash-out may be counted toward reserve	•	See guidelines for details		
		•	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				
<b>Compliance</b>		•	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				
<b>Credit</b>	<b>Standard</b>	•	3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months				
	<b>Limited</b>	•	No mortgage or rental history (Lower of Matrix LTV or 70% LTV, 50% DTI)				
	•	Minimum requirements per standard credit are not met	•	Minimum 10% borrower's own funds as down payment			
	•	Valid FICO per FNMA required	•	Maximum 45% DTI			
<b>Consumer Charge-offs and Collections</b>		•	Minimum credit score 640				
		•	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		
<b>Eligible Non-Arm's Length and Interested Party Transactions</b>		•	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		
		•	Existing property Purchase, Primary Residence Only	•	Seller(s) representing themselves as agent in real estate transaction		
<b>Purchase Between Family Members</b>		•	Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction				
		•	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		
<b>First Time Home Buyer</b>		•	Gift of Equity requires a gift letter and the equity gift credit is to be shown on the CD				
		•	Minimum FICO 660	•	Must have documented 0x30 housing history		
<b>Interest Only</b>		•	SOFR 5/6 30yr ARM	5yr Fixed	10yr I/O	20yr Full Amortization after I/O Period	
		•	SOFR 5/6 40yr ARM	5yr Fixed	10yr I/O	30yr Full Amortization after I/O Period	
		•	SOFR 7/6 30yr ARM	7yr Fixed	10yr I/O	20yr Full Amortization after I/O Period	
		•	SOFR 7/6 40yr ARM	7yr 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		
<b>Minimum Property Standards</b>		•	600 sq. ft. for 1 unit properties	•	2+ units no minimum. Size must be	•	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
<b>Property Types</b>		•	SFR	•	Condominium	•	Townhouse
		•	PUD	•	Modular	•	Rowhouse
<b>Condotels</b>		•	D-PUD	•	Non-Warrantable/Condotel		
		•	2 - 4 Unit	•	Rural (Owner Occupied Only)		
		•	Condotel units are categorized as non-warrantable condos.	•	Minimum 500 square feet.		
		•	Kitchen required with full size appliances, refrigerator, stove, oven.	•	Investor concentration ok to 100%		
<b>Ineligible</b>		•	Bedroom required – no studios.				
		•	Properties with hotel, motel in name. Converted hotel or motel	•	Projects with less than 10 units.		
<b>Property Flips</b>		•	Properties with Registration desks/office.	•	Properties that are not located in a resort/destination area (beach, ski, lake)		
		•	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).		
<b>Property Flips</b>		•	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		

## Quick References Continued

	•	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	•	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
<b>Qualifying Payment</b>	•	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 period	
	•	Full Amortization (DSCR):	Qualifying ratios based on Note Rate (PITIA)	
	•	Interest Only (DSCR):	Qualifying ratios based on Note Rate Initial Interest Only payment (ITIA)	
<b>Residual Income</b>	•	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		
<b>Seasoning</b>	•	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: <b>12</b> months seasoning required if the property was owned prior to closing by LLC that is majority-owned by the borrower.		
<b>Seasoning for Property Recently Listed on the Market</b>	•	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.		
<b>Seller Concessions / IPC</b>		• Per FNMA (LTV 75.01 to 90% up to 6% toward closing; 75% or less 9% max Interested Party Contribution)		
<b>States</b>	<b>Ineligible</b>	• TX (No Interest-Only when using Texas Section 50(a)(6) Equity Cash-Out transactions)		
	<b>Eligible</b>	• State eligibility subject to VPM review of applicable docs		
<b>Subordinate Financing</b>		• CLTV max = LTV max		

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