

Matrix				Full Doc 12mo or 24mo Alternative Loan		Bank Statement 12mo or 24mo		1099		P & L Only		WVOE / Asset Depletion	
Loan Amount	Reserves Month	Max DTI %	FICO	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
125,000 to 1,000,000	6	50	720	90	80	90	80	80	75	75	70	80	75
			700	90	80	90	80	80	75	75	70	80	75
			680	85	80	85	80	80	75	75	70	75	70
			660	80	75	80	75	75	70	75	70	75	70
			640	75	70	75	70	N/A	N/A	N/A	N/A	N/A	N/A
			620	70	65	70	65	N/A	N/A	N/A	N/A	N/A	N/A
1,000,001 to 1,500,000	9	50	720	85	80	85	80	80	75	75	70	80	75
			700	85	80	85	80	80	75	75	70	80	75
			680	85	75	85	75	75	70	75	70	75	70
			660	80	75	80	75	75	70	75	65	75	65
			640	70	65	70	65	N/A	N/A	N/A	N/A	N/A	N/A
			620	65	60	65	60	N/A	N/A	N/A	N/A	N/A	N/A
1,500,001 to 2,000,000	12	50	720	80	75	80	75	75	65	70	65	70	65
			700	80	75	80	75	75	65	70	65	70	65
			680	80	70	80	70	70	65	70	65	70	65
			660	70	65	70	65	70	65	70	65	70	65
2,000,001 to 3,000,000	12	50	720	75	70	75	70	70	65	70	65	70	65
			700	70	65	70	65	70	65	70	65	70	65
			680	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
	Cash-Out -LTV < 60%: Unlimited Cash-Out. LTV > 60% (Max 80% of Loan Amount up to \$1mil.)	Modular
		75
		Rural
		75
	Non-Warr	75
		Condo
		75
	Non-Warrantable Condo	75
		75

LTV Restrictions Continued						
Property Type	Cash-Out -LTV < 60%: Unlimited Cash-Out. LTV > 60% (Max 80% of Loan Amount up to \$1mil.)		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.		1x30x12		No reduction	
			Mtg lates > 1x30 but 0x60		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	75
	Rate & Term					
	Cash-Out					70
Expanded DTI (50.01-55)	Primary	+ 3 months reserves	680 FICO	Max 1.5 mil loan amount	80	
	2nd Home				70	
		Asset Depletion	Not Allowed			Not Allowed

Overlays					
Cash-Out Max	LTV < 60%: Unlimited Cash-Out. LTV > 60% (Max 80% of Loan Amount up to \$1mil.)				
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 housing history (rent free)	Full / Bank Statement Doc Only	Max Loan Amount	Max DTI	FICO	
	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 tax returns, recent paystub (self-employed YTD P&L) 1040 transcripts required	
Full Doc 1Yr	W-2 (12mo)	•	Alternative Loan Review Form (Exhibit F) or DU Ineligible finding is required at time of submission	
	Tax Returns (12mo)	•	Wage Earner - 1 year most recent W-2 or 1 year tax returns plus 30 days paystubs	
		•	Self-Employed - 1 year most recent tax returns plus either:	• YTD P&L (Borrower prepared ok with tax returns on full doc only)
Bank Statement	Bank Statement (24mo, 12mo)	•	3 months bank statements verifying cash flow (No P&L)	
		•	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	
		•	Minimum expense factor with 3rd party prepared P&L or letter is 20%	
		•	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 factor)	
P & L Only	P & L (12 mo.) [CPA, CTEC, EA]	•	Self-employed (2yrs - 25% or greater ownership) P&L prepared by tax professional	
		•	Minimum expense factor with P&L is 20% for service business and 40% for product business (see guidelines for details)	
		•	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.	
		•	No other income documentation type other than Asset Depletion can be combined with the P&L for the self-employed borrower.	
		•	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 or reviewed the most recent 2 years of business tax return filing; and,	
		•	The business name, borrower's name, and percentage of business ownership by the borrower.	
		•	Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub.	
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	
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	
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 84 months = qualifying income	
		•	Maximum 50% DTI - No Expanded DTI available	

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	
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.	
Cash-Out		•	LTV < 60%: Unlimited Cash-Out. LTV > 60% (Max 80% of Loan Amount up to \$1mil.)	
		•	Example: 850,000 loan amount x 80% allows 680,000 cash out	
		•	Cash-out may be counted toward reserve requirement	• 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	

Quick References Continued											
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	Standard	• 3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months									
		• No mortgage or rental history (Lower of Matrix LTV or 70% LTV, 50% DTI)									
	Limited	• 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					
• Minimum credit score 640											
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									
	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									
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					
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				7yr Fixed		10yr I/O		20yr Full Amortization after I/O Period	
		• SOFR 7/1 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	
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		• Non-Warrantable/Condotel				
		• PUD	• Modular	• Rowhouse	• 2 - 4 Unit		• Rural (Owner Occupied Only)				
Condotels	Eligible	• 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%					
		• Bedroom required – no studios.									
	Ineligible	• Properties with hotel, motel in name. Converted hotel or motel				• Projects with less than 10 units.					
		• Properties with Registration desks/office.				• Properties that are not located in a resort/destination area (beach, ski, lake)					
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					

Quick References Continued

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 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)
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	•	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.	
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.	
Seller Concessions / IPC		•	Per FNMA (LTV 75.01 to 90% up to 6% toward closing; 75% or less 9% max Interested Party Contribution)
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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