

# HELOAN 1

(Standalone 2<sup>nd</sup> TD)

Program Code: HELOAN-1 -30, -20, -15, -10

Loan Amt	Min FICO	Max CLTV								
		Primary			2 <sup>nd</sup> Home			Investment		
		Full Doc	Bank Stmt, 1099, WVOE	P&L	Full Doc	Bank Stmt, 1099, WVOE	P&L	Full Doc	Bank Stmt, 1099, WVOE	P&L
75,000-350,000	720	90%	85%	80%	80%	75%	70%	80%	75%	70%
	700	90%	80%	75%	80%	70%	65%	80%	70%	65%
	680	85%	75%	70%	75%	65%	60%	75%	65%	60%
	660	80%	70%	65%	70%	60%	55%	70%	60%	55%
350,001-450,000	720	85%	80%	75%	80%	70%	65%	80%	70%	65%
	700	85%	75%	70%	75%	65%	60%	75%	65%	60%
	680	80%	70%	65%	70%	60%	55%	70%	60%	55%
	660	75%	65%	60%	65%	55%	50%	65%	55%	50%
450,001-600,000	720	80%	75%	70%	75%	65%	60%	75%	65%	60%
	700	80%	70%	65%	70%	60%	55%	70%	60%	55%
	680	75%	65%	60%	65%	55%	50%	65%	55%	50%
	660	70%	60%	55%	60%	50%	45%	60%	50%	45%
Max Combined Lien Bal		\$2,000,000			\$3,000,000			\$3,500,000		\$4,000,000
Max CLTV		90%			85%			75%		65%

Income Doc Type	
<b>Full Doc</b>	<p><b>*Standard Documentation : (1 or 2 yrs)</b></p> <ul style="list-style-type: none"> <li>○ Borrowers must have 2 years employment history</li> <li>○ Salaried: 1 or 2 years W-2 and 30 days most recent paystub</li> <li>○ Self-Employed: 1 or 2 years personal and business tax returns with all schedules AND YTD P&amp;L (borrower prepared OK) OR 3 months business bank statements to support income on tax returns</li> <li>○ Tax transcripts</li> </ul>
<b>Alt Doc</b>	<p><b>*Bank Statement (12 or 24 months)</b></p> <p><b>Personal &amp; Business Combined OR Business Only</b></p> <ul style="list-style-type: none"> <li>▪ Borrowers must be self-employed for at least 2 years with 25% or greater ownership in business verified by their CPA, CTEC, or EA</li> <li>▪ Standard expense factors apply: 50% expense factor</li> <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 Minimum expense factor with 3rd party prepared P&amp;L or letter is 20%</li> </ul> <p><b>Personal &amp; Business Separated</b></p> <ul style="list-style-type: none"> <li>▪ Borrowers must be self-employed for at least 2 years with 25% or greater ownership in business</li> <li>▪ 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)</li> </ul> <p><b>*12 Month P &amp; L</b></p> <ul style="list-style-type: none"> <li>▪ Borrowers must be self-employed for at least 2 years with 25% or greater ownership in business</li> <li>▪ Minimum expense factor with P&amp;L is 20% for service business and 40% for product business:                         <ul style="list-style-type: none"> <li>- Service Business: Offers services such as Accounting, Consulting, Counseling, Financial Planning, Insurance, Therapy, Real Estate.</li> <li>- Product Business Sells goods such as Contracting or Construction, Food Services, Manufacturing, Restaurant, Retail.</li> </ul> </li> <li>▪ Business license for the past 2 years.</li> <li>▪ A signed letter from the CPA, CTEC (CA Tax Education Council) or EA (Enrolled Agent) on their business letterhead showing address, phone number, and license number is required with the following information:</li> </ul>

<b>Alt Doc (Cont.)</b>	<ul style="list-style-type: none"> <li>-CPA/CTEC/EA confirms they have prepared the most recent year's business tax return filing; and, The business name, borrower's name, and percentage of business ownership by the borrower.</li> <li>- CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period.</li> <li>- PTIN's are not acceptable to sign/prepare P&amp;L statements.</li> </ul> <p><b>*1099 ( 1 or 2 yrs)</b></p> <ul style="list-style-type: none"> <li>▪ Borrower may not have any ownership interest in the company providing the 1099 income</li> <li>▪ Most recent 1 year IRS Form 1099 from employer(s). Borrower must have 2 years of 1099 employment history.</li> <li>▪ Current paystub or bank statement showing employment deposits from each 1099 payor required. Current receipt must support qualifying income or income may not be used.</li> <li>▪ Calculation: 1099 income minus 10% expense factor divided by 12 months.</li> <li>▪ Verification of 2 years receipt of 1099 and Schedule C filing required if only 1 year is used</li> <li>▪ Transcripts required</li> </ul> <p><b>*WVOE</b></p> <ul style="list-style-type: none"> <li>▪ WVOE FNMA Form 1005 completed by HR, Payroll, Company Officer plus 2 mos personal bank statements supporting wages</li> <li>▪ Borrowers employed by a family owned or managed business are ineligible for WVOE documentation program</li> </ul>
<b>General Requirements</b>	
<b>Max DTI</b>	<ul style="list-style-type: none"> <li>▪ 50%</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>▪ Primary Residence</li> <li>▪ Second Home</li> <li>▪ Investment</li> </ul>
<b>Product Type</b>	<ul style="list-style-type: none"> <li>▪ 30-Yr Fixed</li> <li>▪ 20-Yr Fixed</li> <li>▪ 15-Yr Fixed</li> <li>▪ 10-Yr Fixed</li> </ul>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>▪ Stand-Alone Cash-Out (Simultaneous/Piggyback not allowed)</li> </ul>

<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>Min: \$75,000</li> <li>Max: \$600,000</li> </ul>
<b>Property Type</b>	<ul style="list-style-type: none"> <li>Single Family</li> <li>2-4 Units *</li> <li>PUD</li> <li>Fannie Mae Warrantable Condo *</li> <li>Rural – Primary Only, Max 10 acres</li> </ul>
<b>Declining Market</b>	<ul style="list-style-type: none"> <li>Owner Occupied/2nd Home Max CLTV: 75%</li> <li>Non-Owner Occupied Max CLTV: 70%</li> </ul>
<b>Seasoning</b>	<ul style="list-style-type: none"> <li>Properties owned less than 6 months are ineligible.</li> <li>Properties listed for sale within 6 months of Note date are ineligible.</li> <li>Properties that have been on the market within 6 months of the note date are ineligible.</li> <li>Any previous cash out refinance from subject within 6 months, either the 1<sup>st</sup> or a 2<sup>nd</sup> lien, Max CLTV 80%.</li> </ul>
<b>Senior Lien</b>	<ul style="list-style-type: none"> <li>Senior Lien Interest Only Max DTI: 45%.</li> <li>Senior Lien ARM with &lt; 3 years fixed period remaining must qualified on fully indexed payment</li> </ul>
<b>Ineligible Senior Liens</b>	<ul style="list-style-type: none"> <li>Loans in active forbearance or deferment. Deferred balance due to a documented hardship may remain open. Without documentation, the deferred balance must be paid through closing</li> <li>Loans with negative amortization</li> <li>Reverse mortgages</li> <li>Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien.</li> <li>Mortgages not reporting on credit report</li> <li>Private Party</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>No Section 32 or state High Cost</li> <li>Loans must comply with all applicable federal and state regulations</li> <li>Fully documented Ability to Repay including Borrower Attestation</li> <li>Higher-Priced Mortgage Loans (HPML) and Higher-Priced Covered Transactions (HPCT) are permitted subject to complying with all applicable regulatory requirements.</li> </ul>
<b>State Restrictions</b>	<ul style="list-style-type: none"> <li>Texas not Permitted</li> <li>Maryland not Permitted</li> </ul>
<b>Escrow Impound</b>	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>
<b>Document Age</b>	<ul style="list-style-type: none"> <li>Income documents: 60 days</li> <li>Credit documents: 90 days</li> <li>Appraisal: 120 days (With Recertification of Value: 180 days)</li> </ul>
<b>General Underwriting Guidelines</b>	
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Qualifying score is the lowest of 2 scores or middle of 3 scores from the primary income earner.</li> <li>Non-traditional credit ineligible.</li> </ul>
<b>Tradelines</b>	<ul style="list-style-type: none"> <li>3 tradelines reporting for 12+ mo. or 2 tradelines reporting for 24+ mo. all with activity in the last 12 mo.</li> </ul>

<b>Tradelines(Cont.)</b>	<ul style="list-style-type: none"> <li>On primary residence only, borrowers who do not have the minimum tradelines are acceptable with a current mortgage history on their credit reporting 0x30x12 (No Private Party Mortgages).</li> </ul>
<b>Housing History</b>	<ul style="list-style-type: none"> <li>0x30x12</li> <li>Subject Senior Lien Must be on reporting on Credit report</li> </ul>
<b>Housing Event Seasoning</b>	<ul style="list-style-type: none"> <li>48 months - Foreclosure, short-sale, deed in lieu, bankruptcy.</li> <li>No multiple events in last 7 years.</li> </ul>
<b>Derogatory Credit</b>	<ul style="list-style-type: none"> <li>Open charge-offs or collections (including medical) with a balance of \$1,000 or more per occurrence must be paid at closing</li> <li>No delinquent tradelines at closing</li> </ul>
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>US Citizen</li> <li>Permanent Resident Alien</li> <li>Non-Permanent Resident Alien (with US Credit). (Allowable visas: E1, E2, E3, EB5, G1 through G5, H1, L1, NATO, O1, R1, TN NAFTA). Visa must be current. If visa will expire within 6 months of loan closing date, documentation of extension steps and fees paid as shown by the USCIS website is required.</li> </ul>
<b>Ineligible Borrower</b>	<ul style="list-style-type: none"> <li>Non-occupant co-borrowers</li> <li>DACA and Asylee borrowers not allowed</li> <li>Irrevocable Trust</li> </ul>
<b>Required Forms</b>	<ul style="list-style-type: none"> <li>Borrower must complete and submit Ability-to-Repay Borrower Attestation &amp; Borrower Contact Consent Form</li> <li><a href="#">Click to download Ability-to-Repay Borr Attestation Form</a></li> <li><a href="#">Click to download Borrower Contact Consent Form</a></li> </ul>
<b>Title Vesting</b>	<ul style="list-style-type: none"> <li>Individuals</li> <li>Joint tenants</li> <li>Tenants in Common</li> <li>Inter Vivos Revocable Trust</li> <li>Business Entity – Investment properties ONLY if Current Vesting is in:           <ul style="list-style-type: none"> <li>Limited Liability Company (LLC)</li> <li>Limited and General Partnerships</li> <li>Corporations</li> </ul> </li> </ul>
<b>Business Entity</b>	<ul style="list-style-type: none"> <li>Permitted on Investment Properties if current vesting is already in the name of the borrower's business.</li> <li>All persons with &gt;= 25% interest in the business entity must apply for the loan and meet credit requirements</li> <li>Max 4 members</li> <li>Entity Documents:           <ul style="list-style-type: none"> <li>Operating Agreement</li> <li>Articles of Organization</li> <li>EIN/ Tax Identification Number</li> <li>Certificate of Good Standing</li> </ul> </li> </ul>
<b>Assets/Reserves</b>	<ul style="list-style-type: none"> <li>None Required</li> </ul>
<b>Title Report</b>	<ul style="list-style-type: none"> <li>ALTA Short Form – Lenders Policy</li> </ul>
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>Primary / 2nd Home           <ul style="list-style-type: none"> <li>New Residential Appraisal and AVM supporting value within 10% variance. Lower of two values to be used.</li> <li>Declining Market Max 75% CLTV</li> </ul> </li> </ul>

<b>Appraisal(Cont.)</b>	<ul style="list-style-type: none"> <li>▪ Investment                             <ul style="list-style-type: none"> <li>○ Full Appraisal OR 2055 Appraisal + Residential Appraisal Review supporting value within 10% variance. If review variance is greater than 10% the lower of the two is to be used to determine CLTV.</li> <li>○ Declining Market Max 70% CLTV</li> </ul> </li> </ul>
<b>Minimum Property Standard</b>	<ul style="list-style-type: none"> <li>▪ GLA must be at least 600 sq ft</li> <li>▪ Property constructed for year-round use</li> <li>▪ Permanently affixed continuous heat source</li> <li>▪ Maximum deferred maintenance cannot exceed \$2,000</li> <li>▪ No health or safety issues both internal and external</li> </ul>
<b>Ineligible Property</b>	<ul style="list-style-type: none"> <li>▪ Adult Assisted Living/Care Facilities</li> <li>▪ Agricultural of Commercial Zoned Properties</li> <li>▪ Condotels</li> <li>▪ Co-ops</li> <li>▪ Non-Warrantable Condo</li> <li>▪ Deed-restricted properties</li> <li>▪ Income producing properties (ie: Ranches, Orchards, etc)</li> <li>▪ Log Homes</li> <li>▪ Land Trust</li> <li>▪ Manufactured/Mobile Homes</li> <li>▪ Mixed-Use</li> <li>▪ Multiple Dwellings on Single Lot (1 Legal ADU acceptable on SFR)</li> <li>▪ Property &gt; 10 acres</li> <li>▪ Room and Board Facilities</li> <li>▪ Rural 2<sup>nd</sup> Homes and Investment Properties</li> <li>▪ Unique Properties (ie: Geodesic domes, etc)</li> <li>▪ Working Farms and Hobby Farms</li> </ul>
<b>Solar Liens</b>	<ul style="list-style-type: none"> <li>▪ All Solar liens, UCC filings, Notice of Producer Contracts, etc must be removed from title and loans must paid-off prior to or at closing</li> </ul>
<b>Maximum Financed Properties</b>	<ul style="list-style-type: none"> <li>▪ The maximum number of financed properties to any one borrower is limited to twenty (20) residential properties including subject property.</li> </ul>