

Simple Non-QM (SNQ) EZ

Program Code: SNQ EZ-5/6, 7/6

FICO	Occupancy Type	Max Loan Amount	Max LTV/CLTV/HCLTV			
			Purchase & R/T		Cash-Out	
			1 Unit SFR/PUD/ 2-4 Units	Condo	1 Unit SFR/PUD/ 2-4 Units	Condo
700+	Primary & Second Home	≤ \$1,500,000	70%	65%	65%	60%
		≤ \$2,000,000	65%	60%	60%	55%
	Investment	≤ \$1,500,000	65%	60%	60%	55%
		≤ \$2,000,000	60%	55%	55%	50%
680-699	Primary & Second Home	≤ \$1,500,000	65%	60%	60%	55%
		≤ \$2,000,000	60%	55%	55%	50%
	Investment	≤ \$1,500,000	60%	55%	55%	50%
		≤ \$2,000,000	55%	50%	50%	45%
Foreign National (Second Home & Investment)		≤ \$1,500,000	60%	60%	NA	NA
		≤ \$2,000,000	55%	55%		

General Requirements

Product Type	▪ 5/6 ARM
Loan Amount	▪ Max: \$2,000,000 ▪ Min: \$100,000
Loan Purpose	▪ Purchase ▪ Rate/Term ▪ Cash Out
DTI	▪ 43% ▪ Foreign National: 38%
Min FICO	▪ 680
Occupancy	▪ Primary ▪ Second Home ▪ Investment
Property Type	Eligible ▪ Single Family ▪ 2-4 Units ▪ PUD

Property Type - continued	<ul style="list-style-type: none"> ▪ Condo <p>Ineligible</p> <ul style="list-style-type: none"> ▪ Condo Hotel ▪ Non warrantable Condo ▪ Leasehold Estate ▪ Boarding Houses ▪ Manufactured homes ▪ Timeshare or segmented ownership projects ▪ Mixed Use ▪ 4 Units + ADU
Escrow Impound	<ul style="list-style-type: none"> ▪ Optional ▪ Flood Insurance mandatory
Appraisal	<ul style="list-style-type: none"> ▪ Loan amount ≤ \$1,500,000: One appraisal with AVM ▪ Loan amount > \$1,500,000: Two full appraisals ▪ Transferred appraisal not acceptable ▪ Rural - Less than 10 Acreage
Qualifying Rate	<ul style="list-style-type: none"> ▪ Introductory or fully indexed interest rate (margin + 30-Day Average SOFR index as of the lock date) whichever is higher.
Listing History	<ul style="list-style-type: none"> ▪ Subject property cannot be listed for sale at the application date for R&T and C/O.
Condo & Attached PUD	<ul style="list-style-type: none"> ▪ Must be warrantable by Fannie Mae ▪ HOA Cert required ▪ Master Insurance Policy/ HO-6 required ▪ HOA Current Budget required
Max Financed Properties	<ul style="list-style-type: none"> ▪ 10
Ineligible Transaction	<ul style="list-style-type: none"> ▪ For sale by owner transactions not allowed (Except Gift of Equity) ▪ Employed by a family member or related individuals are not eligible for qualification ▪ Borrowers vesting on title with undivided % of ownership or as tenants in common
Gift of Equity	<ul style="list-style-type: none"> ▪ Primary residence only ▪ Gift letter must be received ▪ Foreclosure bailout is not allowed
Geography Limit	<ul style="list-style-type: none"> ▪ CA & TX Only
General Underwriting Guidelines	
Income	<p>Self Employed</p> <ul style="list-style-type: none"> ▪ For application received on or before 6/30: YTD and one full year of interim Profit & Loss Statement completed by an independent third-party. ▪ For application received on or after 7/1: YTD Profit & Loss Statement completed by an independent third-party.

<p>Income - continued</p>	<ul style="list-style-type: none"> ▪ CPA Letter (from CPA that prepared previous 2 yrs tax returns) verifying business ownership. ▪ 2 yrs business license + Self Prepared P&L (If the nature of business does not require a business license, borrower LOE explaining nature of business + CPA prepared P&L can be provided in lieu of business license.) ▪ Schedule C and 1099 SE borrowers can utilize 3rd party verifiable licenses(e.g realtor, insurance agents, broker, etc) ▪ Borrower P&L allowed <p>Salary or Wage-Earning Employees</p> <ul style="list-style-type: none"> ▪ Written VOE form (FNMA Form 1005) completed by employer ▪ Employed by a family member or related individuals are not eligible for qualification
<p>Rental Income</p>	<ul style="list-style-type: none"> ▪ Purchase - Form 1007 or Form 1025, as applicable, and copy of current lease agreement. ▪ If the property is not currently rented or if the existing lease is not being transferred to the borrower, then lease agreements are not required and Form 1007 or Form 1025 may be used. ▪ Net rental income shall be calculated by subtracting the PITIA from 75% of the gross rental income figure. ▪ If rental income is used from additional properties borrower owns, it must be verified with fully executed lease agreement (must be current or verbiage stating month to month). ▪ If rent is used to qualify on departing property (within 3 months of departure) a copy of security deposit check and lease agreement are required.
<p>Conversion of Primary Residence</p>	<p>When borrower is applying to purchase a new primary residence and the borrower is selling or converting the current primary residence, the following conditions must be met.</p> <p>Pending Sale of current primary residence If the current residence is pending sale, and the sale is not completed at the time of subject loan closed, the following requirements apply:</p> <ul style="list-style-type: none"> ▪ Both the existing and proposed PITI must be used to qualify the borrower, unless an executed sale contract for the current residence without financing contingencies is documented. ▪ If the borrower has less than 20 % equity in the current primary residence - reserves of 6 months' PITI for both properties are required. ▪ If the borrower has 20% or greater equity in the current primary residence documented by a current property valuation- a reserve of 2 months' PITI for both properties is required. <p>Conversion of Primary Residence to Second Home or Investment</p>

<p>Conversion of Primary Residence - continued</p>	<ul style="list-style-type: none"> ▪ If rent from departing property is used to qualify within 3 months of departure, fully executed lease agreement and proof of security deposit required. ▪ If a second home, both the existing and the proposed PITI must be used to qualify the borrower. ▪ If the borrower has less than 20 % equity in the current primary residence - reserves of 6 months' PITI for both properties is required. ▪ If the borrower has 20% or greater equity in the current primary residence documented by a current property valuation- reserve of 2 months' PITI for both properties are required.
<p>Asset</p>	<ul style="list-style-type: none"> ▪ 1 month bank statement ▪ Large deposit needs to be sourced if it exceeds 50% of monthly income. ▪ Large deposit from business account - Uncommon or unusual compared to normal business transaction, evidenced through income, or documentation must be addressed and verified. ▪ When business assets are used for closing costs, Self-employed borrowers can only use amount corresponding to ownership %. ▪ Foreign assets used for down payment and/or closing costs must be transferred to US Institutional account prior to ordering loan docs. ▪ IRA/401K - able to use 70% (Deduct 20% penalties and 10% tax) ▪ Stocks/Bonds/Mutual Funds: Able to use 70%
<p>Reserves</p>	<ul style="list-style-type: none"> ▪ Primary: 3 months (PITIA reserve by qual rate). ▪ 2nd Home/Investment: 6 months (PITIA reserve by qual rate). ▪ Cash out proceeds can be used for reserves.
<p>Gift</p>	<ul style="list-style-type: none"> ▪ Gift is allowed for all or part of down payment, closing cost and reserves for Primary Residence & 2nd Home ▪ Gift is not allowed for Investment & Foreign National borrowers ▪ If borrower receives gift funds prior to closing, proof of wire transfer (copy of check) from donor's account required ▪ Gift from trust account is not acceptable.
<p>Tradelines</p>	<ul style="list-style-type: none"> ▪ 2 individual tradelines in good standing seasoned for 12 months
<p>Credit</p>	<ul style="list-style-type: none"> ▪ Two scores required. Use lower of 2 or middle of 3 scores.
<p>Housing Event Seasoning</p>	<ul style="list-style-type: none"> ▪ BK/FC: 4 years ▪ DIL/SS: 2 years ▪ Collection, Judgements & Charge offs - Must be paid prior or at closing. ▪ Multiple housing events are not allowed. <p>Loan Modification/Forbearance</p> <ul style="list-style-type: none"> ▪ 12-month seasoning required. ▪ 3-month payment history required. ▪ No missed payments since exiting plan.

Acceptable Number of Late Payments (Housing & Installment/Revolving)		Maximum Allowed	Past 12 Month	Past 24 Month
	Housing	x30	0	2
		x60	0	1
	Installment/Revolving (Opened Acct Only)	x30	3	4
		x60	0	1

Other Debt	<p>Following is a list of items that may be considered debt:</p> <ul style="list-style-type: none"> ▪ Projected monthly total housing expense. ▪ Installment debts with more than 10 months’ balance including student loans in repayment status, auto loans, and home equity loans. ▪ Lines of credit / revolving credit (Use 5% of the outstanding balance or a verified minimum monthly payment) ▪ Child support or alimony if more than 10 months remaining. Copy of divorce decree required. ▪ Ongoing contributions by the borrower to a pooled savings arrangement. ▪ Any other debts with 10 or more payments that have a material effect on the borrower’s ability to pay. ▪ Any contingent liabilities (e.g. co-signed auto loan) the borrower is obligated to pay unless the borrower shows 6 months of cancelled checks showing that another party has been making timely payments or the debt has been assigned to another through a court order, and if applicable, title has been transferred. ▪ Open 30-day charge accounts require the balance to be paid in full every month. Borrower must demonstrate funds to cover the account balance. The verified funds must be an addition to any funds required for down payment, closing costs and financial reserves. If the borrower paid off the account balance prior to closing, evidence of payoff may be provided in lieu of verifying funds to cover the account balance. ▪ Payments on installment debts secured by a financial asset including 401(K)s, certificates of deposit, and margins do not have to be included in the total debt ratio. ▪ Deferred Student Loans – Use 1% of the outstanding balance. ▪ Subordinate financing – For HELOCS, use monthly payment on credit or if there is none, use current balance with current rate amortizing over 5 years. <p>The formula used to calculate total monthly debt ratio is shown below:</p>
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Other Debt-continued	Total monthly debt / total income = total debt ratio
Additional Properties Owned by Borrower	<ul style="list-style-type: none"> ▪ All properties that are applicant owns must be listed on 1003 ▪ Borrower owning multi properties, the following criteria will apply: <ul style="list-style-type: none"> o A Mortgage history will be required for all financed properties o VOM if the property is not showing on the credit report o VOM and three months cancelled check (Properties are financed by a Private Lender)
Refinance	<p>Cash-Out</p> <ul style="list-style-type: none"> ▪ 6-month seasoning required. Delayed Financing is Acceptable ▪ Cash-out purpose letter required. ▪ Existing first mortgage is being paid off through the transaction, it must be at least 12-month-old of the note date. ▪ One borrower must have been on the title for at least for 6 months prior to the disbursement of the new loan. ▪ Ownership must be transferred out of the LLC and into the name of the individual borrower(s) prior to initial. ▪ If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower’s six-month ownership requirement. <p>Texas Cash-Out</p> <ul style="list-style-type: none"> ▪ A loan may not be closed sooner than 12 months after the closing of a previous. ▪ Only one outstanding loan on a property at one time. ▪ Each owner of the home and spouse must acknowledge the loan. ▪ 12 days waiting period for closing must be met ▪ Apply to primary residences only ▪ Power of Attorney is not allowed. ▪ Borrower may not be charged in excess of 2% of the loan amount in total fees. (Excludes fees related to appraisal, property, survey, title insurance premium, homeowner’s insurance, property taxes, Per-diem and endorsement) ▪ A title insurance policy written on Texas Land Title Association forms including T42 and T42.1 endorsements are required. ▪ All documents must be reviewed by the attorney and provide all signed attorney documents if available. ▪ Surveys are required. <p>Rate & Term</p> <ul style="list-style-type: none"> ▪ Subject property cannot be listed for sale and listing must be withdrawn prior to the application date. ▪ The borrower may only receive cash back in the amount that is the lesser of \$2,000 or 2% of the new loan amount. ▪ Seasoning not required for value. ▪ At least one borrower on the new loan must be an owner (on title) of the subject property at the time of the initial application.

Foreign Nationals	<ul style="list-style-type: none"> ▪ Copy of unexpired passport ▪ Valid VISA (B-1, B-2, E-1, E-2, G1-G5, I, J-1, J-2, K-1) or proof of ESTA waiver required. ▪ F1 and F2 type are not allowed ▪ Borrower must have U.S. address when applying for loan. ▪ Foreign assets used for down payment, closing costs, and/or reserves must be transferred to US Institutional account prior to Doc. ▪ Automatic payment setup with Investor ▪ 12 months PITIA reserve by qual rate. ▪ 100% own contribution for down payment and reserves required. ▪ 2nd Home and Investment only ▪ No POA ▪ DTI: 38% ▪ Credit Report to be pulled to check if there's any negative history. No Fico score required ▪ All documents must be translated by a certified translator.
Other	<ul style="list-style-type: none"> ▪ Copy of seller's trust certification is required when seller is a trust.