

Simple NonQM (SNQ) EZ

Program Code: SNQ EZ-5/6

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
680	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%
N/A	Foreign National (Second Home & Investment)	≤ \$1,500,000	60%	60%	NA	NA
		≤ \$2,000,000	55%	55%		

General Requirements

Product Type	<ul style="list-style-type: none"> ▪ 5/6 ARM
Loan Amount	<ul style="list-style-type: none"> ▪ Max: \$2,000,000 ▪ Min: \$100,000
Loan Purpose	<ul style="list-style-type: none"> ▪ Purchase ▪ Rate/Term ▪ Cash Out
DTI	<ul style="list-style-type: none"> ▪ 43% ▪ Foreign National: 38%
Min FICO	<ul style="list-style-type: none"> ▪ 680
Occupancy	<ul style="list-style-type: none"> ▪ Primary ▪ Second Home ▪ Investment
Property Type	<ul style="list-style-type: none"> ▪ Single Family ▪ 2-4 Units ▪ Condo ▪ PUD
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"> 5/6 ARM: Note Rate + 1%
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. CPA Letter (from CPA that prepared previous 2 yrs tax returns) verifying business ownership. 2 yrs business license + Self Prepared P&L <p>(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.)</p> <ul style="list-style-type: none"> 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
Asset	<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 %. <ul style="list-style-type: none"> ▪ 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) 			
Reserves	<ul style="list-style-type: none"> ▪ Primary: 3 months (PITIA reserve by qual rate). ▪ 2nd Home/Investment: 6 months (PITIA reserve by qual rate). o Qualifying Rate: <ul style="list-style-type: none"> ▪ 5/6 ARM (Note Rate + 1%) 			
Gift	<ul style="list-style-type: none"> ▪ Gift is allowed for 100% of down payment and closing 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. 			
Tradelines	<ul style="list-style-type: none"> ▪ 2 individual tradelines in good standing seasoned for 12 months 			
Credit		<ul style="list-style-type: none"> ▪ Two scores required. Use lower of 2 or middle of 3 scores 		
Housing Event Seasoning	<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. 			
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	
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	Cash-Out <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 			



	<p>be at least 12-month-old of the note date.</p> <ul style="list-style-type: none">▪ 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>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.
<p>Foreign Nationals</p>	<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 Approval.▪ 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.