



theSecond Plus Matrix

Effective Date: 08.01.23
Posted on 10.02.2023

Fixed Rate					
Maximum CLTVs					
Loan Amount	Credit Score	Primary	2 nd Home	Investment	Reserves
\$350,000	740	90%	80%	75%	No Reserves Required
	700	85%	80%	65%	
	680	75%	75%	N/A	
\$500,000	740	85%	75%	75%	
	700	85%	75%	65%	
	680	75%	70%	N/A	

Guidelines

Eligible Property	<ul style="list-style-type: none"> • Single Family, • Attached (PUDs), • Warrantable Condo (Max CLTV 80%)
Ineligible Property	<ul style="list-style-type: none"> • 2-4 Units • Non-Warrantable Condo • Property > 10-acres • Manufactured Homes • Agricultural Zoned • Rural • Mixed-Use • Unique Properties
State Restrictions	Max 80% LTV Minimum FICO 720 <ul style="list-style-type: none"> • Connecticut Not Eligible <ul style="list-style-type: none"> • Illinois • Massachusetts • New Jersey • New York • Pennsylvania • Tennessee • Texas • Vermont Puerto Rico, Guam & US Virgin Islands • Any state HEM is not licensed in
Products and Terms	<ul style="list-style-type: none"> • Fixed Rate - Fully amortizing terms of 10, 15, 20, 25 & 30 years
Loan amounts	<ul style="list-style-type: none"> • \$75,000 minimum • \$500,000 maximum



theSecond Plus Matrix

Effective Date: 08.01.23
Posted on 10.02.2023

Loan Purpose	<ul style="list-style-type: none"> Stand-alone only No piggy-back
Occupancy	<ul style="list-style-type: none"> Primary residence 2nd Home – max 80% Investor – max 75%
Cash-out	<ul style="list-style-type: none"> \$500,000
Eligible Borrowers	<ul style="list-style-type: none"> US Citizen Permanent Resident Alien
Ineligible Borrowers	<ul style="list-style-type: none"> Non-Permanent Resident Aliens Foreign Nationals Non-occupant Co-borrowers
Income	
Income	<ul style="list-style-type: none"> Standard (full) 2-year income documentation. <ul style="list-style-type: none"> Wage/Salary – Paystubs covering 30-days including YTD earnings, prior years W-2's Self-employment Income (25% or greater ownership): <ul style="list-style-type: none"> Personal and/or Business tax returns, signed and dated by the borrower(s), including all schedules. An unaudited YTD Profit and Loss Statement (borrower prepared acceptable) signed by the borrower, including business sales, expenses, and net income up to and including the most recent month preceding the loan application date. Two business bank statements, representing the two most recent months from the P&L statement. An income analysis worksheet, (i.e., FNMA Form 1084), is required. Income documentation must meet the standards of Chapters B3-3 to B3-6 of the FNMA Seller Guide dated 6/03/2020. Regardless of the income source (i.e., wage/salary/self-employment) all files must include 2-years of personal tax returns, including all schedules. The tax returns signed by the borrower, or evidence of electronic filing required in each file. Tax transcripts obtained from the IRS are required prior to closing and are used to validate the income. <ul style="list-style-type: none"> Other sources documented per FNMA Seller Guide dated 6/03/2020 include: <ul style="list-style-type: none"> Social Security VA Benefits Pensions Investment/Trust
Ineligible Sources of Income	<ul style="list-style-type: none"> Capital Gains Foreign Income Retained Earnings Income from a business that is state or federally illegal.
Pre-close Reverification of employment	<ul style="list-style-type: none"> Verbal VOE within 10-days wage/salary Business verification for S/E by 3rd party within 10-days of Note Date
Underwriting Requirements	
Manual Underwriting	<ul style="list-style-type: none"> All mortgage loans must be manually underwritten. Automated underwriting is not allowed.
Application	<ul style="list-style-type: none"> FNMA Form 1003 - Current version of the Uniform Residential Loan Application
Age of Documents	<ul style="list-style-type: none"> Credit Documents: May not be over 90-days old at the time of closing. Appraisals: May not be over 120-days old at time of closing.
Gap Credit	<ul style="list-style-type: none"> A Gap report within 10-days of closing or Debt monitoring report required.
Qualifying Credit Score	<ul style="list-style-type: none"> Determine a representative score for each borrower using middle of 3 scores or lower of 2, use lowest representative score amongst all borrowers. Rapid rescoring not allowed.
Housing History	<ul style="list-style-type: none"> 0x30x12 – verification of mortgage history required on all loans
Credit Events	<ul style="list-style-type: none"> Foreclosure – 84 months Short Sale, DIL, Modification – 60 months Bankruptcy – 60 months Forbearance – 24 months of consecutive payments since exiting the plan
Tradelines	<ul style="list-style-type: none"> A minimum of three (3) tradelines <ul style="list-style-type: none"> one currently open and active for at least 24-months based upon the credit report pull date. the other 2 must have reported for a minimum of 12-months but can be open or closed.



theSecond Plus Matrix

Effective Date: 08.01.23
Posted on 10.02.2023

Qualifying Payment	<ul style="list-style-type: none"> 1st Lien PITIA, 2nd lien P&I, other monthly obligations 	
Maximum DTI	<ul style="list-style-type: none"> 80% CLTV: Maximum DTI ratio 50% 90% CLTV: Maximum DTI ratio 45% 	
Appraisal and Property		
Appraisal	<ul style="list-style-type: none"> Loan Amount <=250k (One of the following required) <ul style="list-style-type: none"> AVM from approved vendor with acceptable FSD and a new Property Condition Report with acceptable findings Exterior Drive-By appraisal (Hybrid or 2055) Prior use appraisal dated within 12 months of subject loan Note Date; And <ul style="list-style-type: none"> A new Property Condition Report with acceptable findings; And Recertification of value by appraisal review product from an approved; And Loan must be originated by same lender as the first New Appraisal (FNMA Form 1004/1025/1073) Loan Amount >250k (One of the following required) <ul style="list-style-type: none"> Prior use appraisal dated within 12 months of subject loan Note Date; And <ul style="list-style-type: none"> A new Property Condition Report with acceptable findings; And Recertification of value by appraisal review product from an approved; And And Loan must be originated by same lender as the first; OR AVM from approved vendor with acceptable FSD The transaction value is the lowest of the Prior Appraisal value, Recertification of Value, and AVM New Appraisal (FNMA Form 1004/1025/1073) 	
AVM	The following are acceptable AVMs	
	AVM Vendor	Acceptable FSD Score at 90%
	Clear Capital	≤ 0.13
	Collateral Analytics	≤ 0.10
	House Canary	≤ 0.10
	Red Bell Real Estate	≤ 0.10
Property Condition Report	<ul style="list-style-type: none"> When required, a Property Condition Report (i.e., Clear Capital Property Condition Inspection) should be obtained to include an exterior photo of the subject property along with a rating of the property's physical condition and characteristics. 	
Property	<ul style="list-style-type: none"> Minimum property size 750 Square Feet Condition Rating of C5/C6 not eligible Any property located in a declining market as reported by the appraiser requires a 5% CLTV reduction. 	
Properties Recently Listed for Sale	<ul style="list-style-type: none"> Properties listed for sale in the past 6-months are not eligible 	
Title Insurance	<ul style="list-style-type: none"> Alta Full Title Policy Residential Limited Coverage Junior Policy 	
Homeowners Insurance	<ul style="list-style-type: none"> Use of existing coverage amount is permitted. Loss payee clause must reflect HEM as additional insured. 	
Ineligible Senior Liens	<ul style="list-style-type: none"> Loans in active forbearance or deferment Negative amortization Balloon, if the balloon payment becomes due during the amortization period of the new 2nd lien Reverse Mortgages Private Mortgages 	
Ineligible Loan Characteristics	<ul style="list-style-type: none"> Lien Free Properties – if the subject property is lien free, including delayed financing, ineligible. Unseasoned cash-out – if the existing lien is a cash-out, measured within six (6) months of the note date to note date. • Frequent Refinances – Two (2) or more cash-out refinances in the past twelve (12) months. All existing subordinate liens must be satisfied. No resubordinated permitted 	



theSecond Matrix

Effective Date: 08.15.23
Posted on 10.02.2023

Loan Amount	Max Combined Liens	Max DTI	FICO	Owner Occupied		2 nd Home		Non-Owner Occupied	
				Full Doc	Bank Statement	Full Doc	Bank Statement	Full Doc	Bank Statement
				CLTV		CLTV		CLTV	
\$75,000 - \$350,000	\$2M	50%	720	80%	80%	80%	75%	80%	75%
			700	80%	80%	80%	70%	80%	70%
			680	80%	75%	75%	65%	75%	65%
			660	80%	70%	70%	60%	70%	60%
\$350,001 - \$450,000	\$2.5M	50%	720	80%	80%	75%	70%	80%	70%
			700	80%	75%	75%	65%	75%	65%
			680	80%	70%	70%	60%	70%	60%
			660	75%	65%	65%	55%	65%	55%
\$450,001 - \$550,000	\$2.5M	50%	720	80%	75%	70%	65%	75%	65%
			700	80%	70%	70%	60%	70%	60%
			680	75%	65%	65%	55%	65%	55%
			660	70%	60%	60%	50%	60%	50%

Guidelines

Appraisal Requirements	<ul style="list-style-type: none"> ○ O/O & Second Home <ul style="list-style-type: none"> ○ New Appraisal and AVM supporting value within 10% variance. Greater than 10% variance, use lower of two values. OR - For Non-HPML loans - Previous appraisal within 12 months + CDA. Review value must be equal to or greater than appraisal. • Non-O/O <ul style="list-style-type: none"> ○ Previous appraisal within 12 months + CDA. Review value must be equal to or greater than appraisal. OR - New 2055 Appraisal and Appraisal Desk Review supporting value within 10% variance. Greater than 10% variance, use lower of two values. • Declining markets maximum 75% CLTV on Owner Occupied/2nd Home. Maximum 70% CLTV on Non-Owner Occupied
Assets	<ul style="list-style-type: none"> • None Required
Cash-Out	<ul style="list-style-type: none"> • Proceeds from second lien may be all cash-out
Credit Event Seasoning	<ul style="list-style-type: none"> • 48 months - Foreclosure, short-sale, deed in lieu, bankruptcy. No multiple events in last 7 years.
Credit Score	<ul style="list-style-type: none"> • Lowest of 2 scores, middle of 3 scores. Qualifying score is lowest of all borrowers. • Non-traditional credit ineligible.
Derogatory Credit	<ul style="list-style-type: none"> • Charge-offs or Collections acceptable if paid off over 12 months prior. • No delinquent tradelines at closing. • Open Medical collections < \$1000 per occurrence ok.
DTI	<ul style="list-style-type: none"> • 50% • 45% with an I/O senior lien
Eligible Borrowers	<ul style="list-style-type: none"> • US Citizen • Non-Permanent Resident Alien (with US Credit) • Permanent Resident Alien
Geographic Restrictions	<ul style="list-style-type: none"> • Not available in <ul style="list-style-type: none"> ○ Illinois ○ Massachusetts ○ New Jersey ○ New York



theSecond Matrix

Effective Date: 08.15.23
Posted on 10.02.2023

	<ul style="list-style-type: none"> ○ Pennsylvania ○ Tennessee ○ Texas ○ Vermont
Housing Lates	<ul style="list-style-type: none"> ● 0x30x12 on all mortgages for all borrowers. ● Minimum 12-month housing history required
Ineligible Borrowers	<ul style="list-style-type: none"> ● Non-occupant co-borrowers ● Vesting is not permitted to be in the name of an LLC, Corporation or Partnership
Ineligible Senior Liens	<ul style="list-style-type: none"> ● Private party mortgages ● Loans in active forbearance or deferment ● Deferred balance due to a documented hardship may remain open. Without documented hardship, deferred amounts must be paid through closing. Negative amortization ● Reverse mortgages ● Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien
Senior Lien Payment Calc	<ul style="list-style-type: none"> ● 1st lien ARMS with < 3 years fixed period remaining qualified on fully indexed payment
Property Type	<ul style="list-style-type: none"> ● SFR ● PUD ● Condo-Warrantable ● Modular ● 2-4 Units max 75% LTV for O/O, 70% for non-O/O
Qualifying Payment	<ul style="list-style-type: none"> ● Qualifying ratios based on Full Note Rate
Recently Listed Properties	<ul style="list-style-type: none"> ● Properties listed for sale in the last 12 months are not eligible
Seasoning	<ul style="list-style-type: none"> ● > 6 months seasoning no restrictions. Less than 6 months seasoning ineligible
Terms Available	<ul style="list-style-type: none"> ● Full Am: 10 yr, 15 yr, 20 yr & 30 year
Title Report	<ul style="list-style-type: none"> ● Short ALTA - Lenders Policy
Tradelines Requirement	<ul style="list-style-type: none"> ● 3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months.
Vesting	<ul style="list-style-type: none"> ● Vesting as an individual, Living Trusts and Business Entities allowed
Documentation Options	
Full Doc – 2 years	<ul style="list-style-type: none"> ● Standard Fannie Mae Documentation
Full Doc – 1 year	<ul style="list-style-type: none"> ● NonQM <ul style="list-style-type: none"> ○ NonQM: Alternative Loan Review Form (Exhibit F) or DU Approve/Ineligible finding. ● Wage Earner - 1 year most recent W-2 plus 30 days paystubs ● Self-Employed - 1 year most recent tax returns plus either: <ul style="list-style-type: none"> ○ Borrower prepared YTD P&L ○ 3 months bank statements verifying cash flow (No P&L)
Bank Statements	<ul style="list-style-type: none"> ● Personal & Business-Combined or Business (12mo or 24mo): <ul style="list-style-type: none"> ○ 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 ○ Standard expense factors apply: 50% expense factor <ul style="list-style-type: none"> ▪ 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): <ul style="list-style-type: none"> ○ 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)