



theSecond Matrix

Effective Date: 11.06.23

				Owner Occupied		2 nd Home		Non-Owner Occupied	
				Full Doc	Bank Statement	Full Doc	Bank Statement	Full Doc	Bank Statement
Loan Amount	Max Combined Liens	Max DTI	FICO	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 Collections and Charge-offs ≤ \$1,000 may remain open 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



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	<ul style="list-style-type: none"> ○ Massachusetts ○ New Jersey ○ New York ○ 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 ● Rural – Full doc only, Primary residence, 5 acres maximum
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. ● On Primary residence only, borrowers who do not have the minimum tradelines are acceptable with a current mortgage history on their credit report reporting 0x30x12 (no private party mortgages).
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



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- 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)