



# theSecond Matrix

Effective Date: 11.06.23  
Updated 03.27.2024

				Owner Occupied		2 <sup>nd</sup> 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"> <li>O/O &amp; Second Home               <ul style="list-style-type: none"> <li>New Appraisal and AVM supporting value within 10% variance. Greater than 10% variance, use lower of two values.</li> <li>OR -</li> <li>For Non-HPML loans - Previous appraisal within 12 months + CDA. Review value must be equal to or greater than appraisal.</li> </ul> </li> <li>Non-O/O               <ul style="list-style-type: none"> <li>Previous appraisal within 12 months + CDA. Review value must be equal to or greater than appraisal.</li> <li>OR -</li> <li>New 2055 Appraisal and Appraisal Desk Review supporting value within 10% variance. Greater than 10% variance, use lower of two values.</li> </ul> </li> <li>Declining markets maximum 75% CLTV on Owner Occupied/2nd Home. Maximum 70% CLTV on Non-Owner Occupied</li> </ul>
Assets	<ul style="list-style-type: none"> <li>None Required</li> </ul>
Cash-Out	<ul style="list-style-type: none"> <li>Proceeds from second lien may be all cash-out</li> </ul>
Credit Event Seasoning	<ul style="list-style-type: none"> <li>48 months - Foreclosure, short-sale, deed in lieu, bankruptcy. No multiple events in last 7 years.</li> </ul>
Credit Score	<ul style="list-style-type: none"> <li>Lowest of 2 scores, middle of 3 scores.</li> <li>The occupying borrower with the highest income is the primary borrower and their representative credit score is to be used.               <ul style="list-style-type: none"> <li>When borrowers are self-employed and have equal ownership of a business, the lowest representative score of all borrowers is to be used.</li> <li>Minimum credit score for co-borrowers is 500.</li> </ul> </li> <li>Non-traditional credit ineligible.</li> </ul>
Derogatory Credit	<ul style="list-style-type: none"> <li>Charge-offs or Collections acceptable if paid off over 12 months prior.</li> <li>No delinquent tradelines at closing.</li> <li>Open Collections and Charge-offs ≤ \$1,000 may remain open</li> <li>Open Medical collections ≤ \$1000 per occurrence ok.</li> </ul>
DTI	<ul style="list-style-type: none"> <li>50%</li> <li>45% with an I/O senior lien</li> </ul>
Eligible Borrowers	<ul style="list-style-type: none"> <li>US Citizen</li> <li>Non-Permanent Resident Alien (with US Credit)</li> <li>Permanent Resident Alien</li> </ul>



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Geographic Restrictions	<ul style="list-style-type: none"> <li>• Not available in             <ul style="list-style-type: none"> <li>○ Illinois</li> <li>○ Massachusetts</li> <li>○ New Jersey</li> <li>○ New York</li> <li>○ Pennsylvania</li> <li>○ Tennessee</li> <li>○ Texas</li> <li>○ Vermont</li> </ul> </li> </ul>
Housing Lates	<ul style="list-style-type: none"> <li>• 0x30x12 on all mortgages for all borrowers.</li> <li>• Minimum 12-month housing history required</li> </ul>
Ineligible Borrowers	<ul style="list-style-type: none"> <li>• Non-occupant co-borrowers</li> <li>• Vesting is not permitted to be in the name of an LLC, Corporation or Partnership</li> </ul>
Ineligible Senior Liens	<ul style="list-style-type: none"> <li>• Private party mortgages</li> <li>• Loans in active forbearance or deferment</li> <li>• Deferred balance due to a documented hardship may remain open. Without documented hardship, deferred amounts must be paid through closing. 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> </ul>
Senior Lien Payment Calc	<ul style="list-style-type: none"> <li>• 1st lien ARMS with &lt; 3 years fixed period remaining qualified on fully indexed payment</li> </ul>
Property Type	<ul style="list-style-type: none"> <li>• SFR</li> <li>• PUD</li> <li>• Condo-Warrantable</li> <li>• Modular</li> <li>• 2-4 Units max 75% LTV for O/O, 70% for non-O/O</li> <li>• Rural – Full doc only, Primary residence, 5 acres maximum</li> </ul>
Qualifying Payment	<ul style="list-style-type: none"> <li>• Qualifying ratios based on Full Note Rate</li> </ul>
Recently Listed Properties	<ul style="list-style-type: none"> <li>• Properties listed for sale in the last 12 months are not eligible</li> </ul>
Seasoning	<ul style="list-style-type: none"> <li>• &gt; 6 months seasoning no restrictions. Less than 6 months seasoning ineligible</li> </ul>
Terms Available	<ul style="list-style-type: none"> <li>• Full Am: 10 yr, 15 yr, 20 yr &amp; 30 year</li> </ul>
Title Report	<ul style="list-style-type: none"> <li>• Short ALTA - Lenders Policy</li> </ul>
Tradeline Requirement	<ul style="list-style-type: none"> <li>• 3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months.</li> <li>• 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).</li> </ul>
Vesting	<ul style="list-style-type: none"> <li>• Vesting as an individual, Living Trusts and Business Entities allowed</li> </ul>
<b>Documentation Options</b>	
Full Doc – 2 years	<ul style="list-style-type: none"> <li>• Standard Fannie Mae Documentation</li> </ul>
Full Doc – 1 year	<ul style="list-style-type: none"> <li>• NonQM             <ul style="list-style-type: none"> <li>○ NonQM: Alternative Loan Review Form (Exhibit F) or DU Approve/Ineligible finding.</li> </ul> </li> <li>• Wage Earner - 1 year most recent W-2 plus 30 days paystubs</li> <li>• Self-Employed - 1 year most recent tax returns plus either:             <ul style="list-style-type: none"> <li>○ Borrower prepared YTD P&amp;L</li> <li>○ 3 months bank statements verifying cash flow (No P&amp;L)</li> </ul> </li> </ul>
Bank Statements	<ul style="list-style-type: none"> <li>• Personal &amp; Business-Combined or Business (12mo or 24mo):             <ul style="list-style-type: none"> <li>○ At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)</li> <li>○ Asset Depletion allowed with Bank Statement documentation</li> <li>○ Standard expense factors apply: 50% expense factor                 <ul style="list-style-type: none"> <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</li> <li>▪ Minimum expense factor with 3rd party prepared P&amp;L or letter is 20%</li> </ul> </li> </ul> </li> <li>• Personal &amp; Business Separated (12mo or 24mo):</li> </ul>



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- 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)