



theSecond Plus Matrix

Effective Date: 02.26.24
Updated on 3/8/2024

Fixed Rate					
Maximum CLTVs					
Standard Doc					
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	
Alt Doc					
\$350,000	740	85%	75%	70%	No Reserves Required
	700	80%	70%	60%	
	680	75%	65%	N/A	
\$500,000	740	80%	70%	65%	
	700	75%	65%	60%	
	680	70%	60%	N/A	
Guidelines					
Product Type	<ul style="list-style-type: none"> Fixed Rate - Fully amortizing terms of 10, 15, 20, 25 & 30 years. 				



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Combined Loan Balance	<ul style="list-style-type: none"> The CLTV of the combined loan balances are restricted as follows: <ul style="list-style-type: none"> Combined loan balance > \$2,000,000 – maximum 80% CLTV Combined loan balance > \$3,000,000 – maximum 75% CLTV Maximum combined loan balance for all liens not to exceed \$4,000,000
City/County/State Restrictions	<p>Max 80% LTV Minimum FICO 720</p> <ul style="list-style-type: none"> Connecticut <p>Max 80% LTV</p> <ul style="list-style-type: none"> Louisiana Idaho San Francisco-Oakland-Hayward, CA San Jose-Sunnyvale-Santa Clara, CA Santa Cruz-Watsonville, CA Boulder, CO Breckenridge, CO Sevierville, TN Phoenix-Mesa-Chandler, AZ Sacramento-Roseville-Folsom, CA <p>Not Eligible</p> <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
Loan amounts	<ul style="list-style-type: none"> \$75,000 minimum \$500,000 maximum
Loan Purpose	<ul style="list-style-type: none"> Stand-alone only Simultaneous/Piggyback
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
Ineligible Loan Features	<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 except for solar panels, see Solar Panels section of the guidelines. <ul style="list-style-type: none"> All Solar Panel loans and leases with PACE/HERO financing must be paid off.
Income	
Standard Doc	<ul style="list-style-type: none"> Standard (full) 1 or 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.



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	<ul style="list-style-type: none"> <ul style="list-style-type: none"> <ul style="list-style-type: none"> ▪ 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
Alt Doc – Personal Bank Statement	<ul style="list-style-type: none"> • 24 or 12-months of Personal and 2-months of business bank statements • Qualifying income is determined by the total eligible deposits from the 24 or 12-months of personal statements divided by the number of statements • The business bank statements must reflect business activity and transfers to the personal account
Alt Doc – Business Bank Statement	<ul style="list-style-type: none"> • 24 or 12-months of business bank statements. Qualifying income is determined by one of the following analysis methods: <ul style="list-style-type: none"> ○ Fixed Expense Ratio (50%) ○ Expense ratio provided by a 3rd party (CPA, EA, or tax preparer) with min ratio of 10% ○ 3rd party prepared Profit & Loss Statement (CPA, EA, or tax preparer)
Alt Doc – 1099	<ul style="list-style-type: none"> • 2-Years or 1-Year 1099 • Fixed Expense Ratio of 10% • YTD documentation to support continued receipt of income
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	
First Lien	<ul style="list-style-type: none"> • First lien documentation requirements: <ul style="list-style-type: none"> ○ Copy of 1st lien Note; and <ul style="list-style-type: none"> ▪ Default interest rate on Note cannot exceed Note rate ▪ If Interest Only and/or ARM, terms of the Note to be reviewed (See DTI Requirements) ○ Copy of most recent monthly mortgage payment statement <ul style="list-style-type: none"> ▪ Utilized to determine if payment includes escrows (See DTI Requirements) • Ineligible First liens with high-risk features which can include, but are not limited to: <ul style="list-style-type: none"> ○ Forbearance, modifications, or deferrals (including COVID-19 related events) completed or reinstated within 12- months of the Note date ○ Loans in active forbearance or deferment ○ Negative amortization including loans with Paid-In-Kind (PIK) features ○ Balloon, if the balloon payment becomes due during the amortization period of the new 2nd lien ○ Reverse Mortgages ○ First liens for the subject property not reporting on credit report <ul style="list-style-type: none"> ▪ e.g., Private party mortgages including any loan not reporting on credit report ○ Loans secured by more than one underlying property, including cross collateralized loans or blanket mortgages ○ Home Equity Line of Credit ○ Note with default interest rate greater than the Note rate.
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, Title Report (or O&E): May not be over 120-days old at time of closing. <ul style="list-style-type: none"> ○ AVM may not be over 30- days old at time of closing.
Credit and Fraud Documentation	<ul style="list-style-type: none"> • Credit report • Gap credit report or Undisclosed Debt Monitoring (UDM) • Fraud report • OFAC
Qualifying Credit Score	<ul style="list-style-type: none"> • Use credit score of the borrower with the highest qualifying income • Middle of 3 scores or lower of 2



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Housing History	<ul style="list-style-type: none"> • 0x30x12 – verification of mortgage history required on all loans • Verify the 1st lien P&I payment with all of the following: <ul style="list-style-type: none"> ○ Copy of 1st lien Note, and ○ Copy of most recent monthly mortgage payment statement
Credit Events	<ul style="list-style-type: none"> • Foreclosure, Short Sale, Deed in Lieu, Bankruptcy: 48-month seasoning
Tradelines	<ul style="list-style-type: none"> • Min: 2 reporting 24-months with/activity in the last 12-months or 3 reporting 12-months w/recent activity • If the primary borrower has three (3) credit score, the minimum tradeline requirement is waived
DTI Requirement	<ul style="list-style-type: none"> • Maximum DTI ratio: <ul style="list-style-type: none"> ○ 50% DTI for CLTV less than or equal to 80% ○ 45% DTI for CLTV greater than 80% • Qualifying payment for first lien: <ul style="list-style-type: none"> ○ Stand-alone: Utilize senior lien mortgage payment from credit report ○ Simultaneous: Utilize 1st lien qualifying method • Fixed rate: Note rate amortized over the total term <ul style="list-style-type: none"> ○ Interest Only: Note rate amortized over the remaining term after the expiration of the interest only period • ARMs: Qualifying rate is the higher of the fully indexed rate or note rate <ul style="list-style-type: none"> ○ Interest Only: Qualifying rate amortized over the remaining term after the expiration of the interest only period
Reserves	<ul style="list-style-type: none"> • Not required
Appraisal and Property	
Eligible Property	<ul style="list-style-type: none"> • Single Family (Attached, Detached, PUD) • 2-4 Unit residential properties (Max CLTV 75%) • Condominiums (Max CLTV 80%)
Ineligible Properties	<ul style="list-style-type: none"> • Property > 10-acres • Manufactured Homes • Agricultural Zoned • Rural • Mixed-Use • Unique Properties
Appraisal	<ul style="list-style-type: none"> • HPML loans that are not Qualified Mortgages require a full appraisal with an interior inspection, regardless of the loan balance. • Any simultaneous transaction requires a full appraisal. • Transferred appraisals are eligible. <p>Loan Amount <=\$250,000</p> <ul style="list-style-type: none"> • AVM within 30- days of the Note date from approved vendor with acceptable FSD and a new Property Condition Report with acceptable findings, or • Exterior Drive-By appraisal (Hybrid or 2055 or 1075), or • New Appraisal (FNMA Form 1004/1025/1073), or • Prior 1st lien appraisal dated within 12- months of subject loan Note date allowed subject to the following: <ul style="list-style-type: none"> ○ The lender on the prior appraisal must be the same as the subject loan, and ○ A new Property Condition Report with acceptable findings, ○ Recertification of value by the original appraiser. <p>Loan Amount >\$250,000</p> <ul style="list-style-type: none"> • New Appraisal (FNMA Form 1004/1025/1073), or • Prior 1st lien appraisal dated within 12- months of subject loan Note Date allowed subject to the following: <ul style="list-style-type: none"> ○ The lender on the prior appraisal must be the same as the subject loan, and ○ A new Property Condition Report with acceptable findings, and ○ Recertification of value by the original appraiser, and ○ AVM within 30- days of the Note date from approved vendor with acceptable FSD. <ul style="list-style-type: none"> ▪ The lower of the Prior Appraisal value or the current AVM will be used to determine CLTV. <p>Secondary Valuation Product</p> <ul style="list-style-type: none"> • Secondary valuation product required in every file • Acceptable review products include one of the following: <ul style="list-style-type: none"> ○ The broker may submit the appraisal report to Collateral Underwriter® (CU®) or Loan Collateral Advisor® (LCA). An eligible score is 2.5 or less. The file must include a copy of the Submission Summary Report (SSR). (Only one score required, if both scores (CU & LCA) provided, both required to be 2.5 or less). If the score exceeds 2.5, the file must include either an enhanced desk review, field review, or second appraisal; or ○ An enhanced desk review product from one of the following choices:



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	<ul style="list-style-type: none"> ▪ ARR from Stewart Valuation Intelligence FKA Pro Teck. ▪ CDA from Clear Capital. ▪ ARA from Computershare. ▪ CCA from Consolidated Collateral Analysis. ▪ VRR from Homegenius Real Estate ▪ Valreview Appraisal Review Value from Valligent (Veros Software Company) ○ If the enhanced desk review product reflects a value more than 10% below the appraised value or cannot provide a validation, the file must include either a field review or a second appraisal. A field review or a second appraisal is acceptable. These may not be from the same appraiser or appraisal company as the original report. ○ AVM within 30- days of Note date (If primary valuation based on an AVM, review must be a different vendor) <ul style="list-style-type: none"> ▪ If two AVMs are ordered, the AVM with the higher FSD (closest to zero) will be treated as the primary valuation product. <ul style="list-style-type: none"> • The second AVM will be treated as the secondary valuation product and must support the primary AVM within 10%. • If both AVMs have the same FSD, the lower of the two property values must be utilized for determining the CLTV. ○ Broker Price Opinion (BPO) 										
AVM	<p>The following are acceptable AVMs</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">AVM Vendor</th> <th style="text-align: center;">Acceptable FSD Score at 90%</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Clear Capital</td> <td style="text-align: center;">≤ 0.13</td> </tr> <tr> <td style="text-align: center;">Collateral Analytics</td> <td style="text-align: center;">≤ 0.10</td> </tr> <tr> <td style="text-align: center;">House Canary</td> <td style="text-align: center;">≤ 0.10</td> </tr> <tr> <td style="text-align: center;">Red Bell Real Estate (Homegenius)</td> <td style="text-align: center;">≤ 0.10</td> </tr> </tbody> </table>	AVM Vendor	Acceptable FSD Score at 90%	Clear Capital	≤ 0.13	Collateral Analytics	≤ 0.10	House Canary	≤ 0.10	Red Bell Real Estate (Homegenius)	≤ 0.10
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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	<p>Loan Amount ≤ \$250,000, provide one of the following</p> <ul style="list-style-type: none"> • Owner and Encumbrance Report (O&E) to include: <ul style="list-style-type: none"> ○ Current Grantee / Owner ○ How property was conveyed to current owner ○ Liens (e.g., mortgage, UCC, other financing) ○ Involuntary liens and judgements ○ Property Tax Information with break-down of all taxes including special assessments ○ Legal Description • ALTA Full Title Policy • ALTA Short Form Residential Limited Coverage Junior Loan Policy <p>Loan Amount > \$250,000, provide one of the following</p> <ul style="list-style-type: none"> • ALTA Full Title Policy • ALTA Short Form Residential Limited Coverage Junior Loan Policy 										
Homeowners Insurance	<ul style="list-style-type: none"> • Hazard Insurance coverage must provide for claims to be settled on a replacement cost basis • Loss payee clause must reflect seller as additional insured 										