

Purchase / Rate and Term Refinance				
Primary Residence				
Property Type	FICO	Max Loan	Maximum LTV/CLTV	Reserves
1-4 Units	720	\$3,000,000	80%	N/A
	680	\$3,000,000	75%	
		\$2,000,000	85%	
	660	\$2,000,000	80%	
		\$1,000,000	90%*	
	620	\$2,000,000	65%	
\$1,000,000		75%		

* Rate and Term Max LTV 85%

Second Home				
Property Type	FICO	Max Loan	Maximum LTV/CLTV	Reserves
1-4 Units	720	\$3,000,000	75%	N/A
	680	\$3,000,000	70%	
		\$2,000,000	80%	
	660	\$2,000,000	70%	
		\$1,000,000	75%	
	620	\$2,000,000	60%	
\$1,000,000		65%		

Investment Property				
Property Type	FICO	Max Loan	Maximum LTV/CLTV	Reserves
1-4 Units	720	\$3,000,000	75%	N/A
	680	\$3,000,000	70%	
		\$2,000,000	80%	
	660	\$2,000,000	70%	
		\$1,000,000	75%	
	620	\$2,000,000	60%	
\$1,000,000		65%		

Cash Out Refinance					
Primary Residence					
Property Type	FICO	Max Loan	Maximum LTV/CLTV	Reserves	Maximum Cash Out
1-4 Units	720	\$2,500,000	70%	N/A	No limit to 65% LTV
		\$2,000,000	75%		
	680	\$2,500,000	65%		
		\$2,000,000	70%		
	660	\$2,000,000	65%		
		\$1,000,000	70%		
	620	\$2,000,000	60%		
		\$1,000,000	65%		

Second Home					
Property Type	FICO	Max Loan	Maximum LTV/CLTV	Reserves	Maximum Cash Out
1-4 Units	720	\$2,500,000	70%	N/A	No limit to 65% LTV
		\$2,000,000	75%		
	680	\$2,500,000	65%		
		\$2,000,000	70%		
	660	\$2,000,000	65%		
		\$1,000,000	70%		
	620	\$2,000,000	60%		
		\$1,000,000	65%		

Investment Property					
Property Type	FICO	Max Loan	Maximum LTV/CLTV	Reserves	Maximum Cash Out
1-4 Units	720	\$2,500,000	70%	12 Months	No limit to 65% LTV
		\$2,000,000	75%		
	680	\$2,500,000	65%		
		\$2,000,000	70%		
	660	\$2,000,000	65%		
		\$1,000,000	70%		
	620	\$2,000,000	60%		
		\$1,000,000	65%		

Program Overview

Hometown Equity Mortgage offers loans to borrowers utilizing accumulated liquid assets as a basis for qualification rather than through traditional income documentation.

Loans in this program must meet ATR / QM requirement as defined in our guidelines. This program is designed for Applicants who are sound credit risks based on a commonsense approach to underwriting.

Highlights include the following:

- Loan amounts up to \$3MM
- Interest only available with 30 or 40 year term
- No income documentation necessary
- Credit scores down to 620
- Recent Credit Events Allowed
- All occupancy types allowed
- 7/6 and 10/6 ARM, 15, 30, and 40 FRM (40 year term IO only)
- Multiple financed properties allowed

Eligibility Requirements	
Topic	Guideline
Borrower Eligibility	<ul style="list-style-type: none"> • US Citizen • Permanent Resident Alien • Non-Permanent Resident Alien with the following visas: E, G, H, L, O, P, and TN • First time home buyer-see Housing Payment History guideline below • Non-Occupant Co-Applicants-see Underwriting Guidelines
Occupancy	<ul style="list-style-type: none"> • Primary • Second Home • Investment Properties
Property Types	<ul style="list-style-type: none"> • 1-4 unit attached and detached properties • Warrantable Condos • PUDs • Mixed use properties that comply with FNMA's guidelines-see Underwriting Guidelines
Eligible Transactions	<p>Purchase, including non-arm's length transactions-</p> <ul style="list-style-type: none"> • See Underwriting Guidelines <p>Rate and Term Refinance</p> <ul style="list-style-type: none"> • No title seasoning required • Payoff of first and second, <ul style="list-style-type: none"> o The second must be seasoned >6 months with no draw or used to purchase the subject • Recoup of funds expended to improve the subject property. <ul style="list-style-type: none"> o Improvements must have been completed within the last 6 months preceding the application date, funds must have been Applicant's own. o Cash out amount not to exceed documented improvement costs • Buyout accompanied by an executed buyout agreement • Delayed Financing <ul style="list-style-type: none"> o When the subject property was purchased for cash within the 6 months preceding the application date, funds may be recouped up to the Applicant's documented contribution. o Gifted funds are not deemed to be Applicant's own funds <p>Cash-Out Refinance</p> <ul style="list-style-type: none"> • Refinances which do not fit into the rate and term guidelines are deemed to be cash out • 6 months seasoning required measured from deed transfer to application • Max cash out allowed: <ul style="list-style-type: none"> o No limit for LTVs up to 65, \$500k for LTVs above 65 • Value to be utilized must be supported-see Underwriting Guidelines

Credit Requirements	
Topic	Guideline
Minimum Tradelines	<ul style="list-style-type: none"> • Minimum of 3 tradelines • Must have a 24 month credit history • One tradeline must have been active in the last 6 months <ul style="list-style-type: none"> ◦ May also be used for the 24 month history • Tradeline do not have to be open • If the spouse is the only co-borrower, the primary borrower need only meet the tradeline requirement <ul style="list-style-type: none"> ◦ Only one borrower is required to meet this guideline • See Underwriting Guidelines for more details and alternatives.
Credit Score	<ul style="list-style-type: none"> • 620 minimum FICO score • Use the lowest middle score for pricing and guideline purposes. • If there is a primary borrower, use their FICO score <ul style="list-style-type: none"> ◦ A borrower that provide $\geq 75\%$ of the qualifying assets are considered the primary borrower
Housing Payment History	<ul style="list-style-type: none"> • Housing payment History <ul style="list-style-type: none"> ◦ 0x30x12 ◦ 0x60x24 • First-time Homebuyer <ul style="list-style-type: none"> ◦ Must document a 12-month history during the last 36 months <ul style="list-style-type: none"> • Must be 0x30 ◦ Living rent free or no history <ul style="list-style-type: none"> • 75% max LTV • 10% own funds contribution • Primary and second home only
Derogatory Credit Events	<ul style="list-style-type: none"> • Significant Events <ul style="list-style-type: none"> ◦ Bankruptcy ◦ Foreclosure ◦ Short sale & Short Pay ◦ Modification ◦ Dee-in-lieu ◦ Pre-foreclosure events (NOD & Lis Pendens) • Seasoning Requirements <ul style="list-style-type: none"> ◦ 0-2 years, not eligible ◦ 2-4 years - 75% max LTV ◦ > 4 years, no restrictions • Judgment/Tax Lien <ul style="list-style-type: none"> ◦ Must meet one of the following: <ul style="list-style-type: none"> • Paid off prior to or at closing, or • Show 6 month satisfactory payment history, include payment in debt service, subordinate if recorded • Collections/Charge-Offs <ul style="list-style-type: none"> ◦ May be excluded if individually less than \$250 or ◦ in aggregate less than \$1,000. <ul style="list-style-type: none"> • If greater, must be paid off prior to or at closing. • Medical collections are excluded from this requirement regardless of amount.

Asset & Income Requirements	
Topic	Guideline
DTI	<ul style="list-style-type: none"> No DTI is calculated <ul style="list-style-type: none"> Qualification is based on assets only Loan must meet residual income requirements <ul style="list-style-type: none"> Calculated at qualifying assets / 48 - monthly obligations See the underwriting guidelines for minimum requirements
Documentation Requirements	<ul style="list-style-type: none"> Six months of statements for accounts which are being used towards funds to close and the post-closing reserve requirement. <ul style="list-style-type: none"> Balances must be verified within 60 days of the note date. Two months of statements for accounts which are being used solely for funds to close
Income Calculation Options	<p>Qualification is determined solely based on the Applicant's liquid assets and assets that they can liquidate without restriction.</p> <p>Option 1 Mortgage Only</p> <ul style="list-style-type: none"> Total post-closing assets must meet 125% of the outstanding mortgage debt for which the Applicant has personal liability, including the proposed mortgage(s) on the subject property. <p>Option 2 Simplified</p> <ul style="list-style-type: none"> Total post-closing assets must meet 120% of the proposed mortgage(s) on the subject property plus 30% of all other outstanding debt (mortgage and consumer). <p>Option 3 Traditional</p> <ul style="list-style-type: none"> Total post-closing assets must meet the sum of the below: <ul style="list-style-type: none"> 100% of loan amount 60 months of total debt service (do not include subject property's PITIA or PITIA on rented properties with documented rental income) 60 months of net rental losses on rental properties (do not include subject property's PITIA) <p>Rental Calculation (Option 3 Only)</p> <ul style="list-style-type: none"> Rental properties are calculated based on 75% of lease less PITIA to determine impact on debt service. Net rent can never exceed \$0 for determining impact. For example, a property with a lease of \$1,600 and PITIA of \$1,500 would have a \$300 per month added to debt service ($\\$1,600 * 75\% - \\$1,500 = \\$300$). Other owned properties require additional reserves.

Asset & Income Requirements	
Topic	Guideline
Income Calculation Options (continued)	<p>Asset Calculations (All Options)</p> <ul style="list-style-type: none"> • Assets are determined based on the below calculation: <ul style="list-style-type: none"> o Cash and cash equivalents: 100% of face value o Marketable securities (excludes unvested RSUs and Stock options): 80% o Retirement funds: 70% unless if Applicant is of retirement age, then use 80%. <ul style="list-style-type: none"> • If utilizing retirement account, document Applicant's ability to access the funds. o Cash surrender value of life insurance/annuity: 100% o Bitcoin: 50% (100% if liquidated) <p>The balance of any loans secured against financial assets being used for asset qualification will be netted against the asset's value before application of the discount.</p>
Asset Accounts	<p>See above requirements for utilizing cash, marketable securities, and retirement funds as funds to close, post-closing reserves, and asset qualification</p> <ul style="list-style-type: none"> • If the borrower is liquidating funds from non-retirement sources, document liquidation and the ending balance • If the borrower is liquidating from retirement accounts, document the liquidation and end balance • 1031 exchanges are eligible for investment properties. <ul style="list-style-type: none"> o See Underwriting Guidelines for more detail. • Business funds may be used for funds to close provided the Applicant(s) <ul style="list-style-type: none"> o Own(s) a minimum of 51% combined ownership of the business. o The amount funds that may be utilized is based on the Applicant's percent age of ownership. o Applicant(s) must provide either: <ul style="list-style-type: none"> • A letter from the borrower's CPA, EA, or licensed tax preparer stating that the borrower (s) may access the business funds and that the withdrawal will have no adverse impact; or • A letter from the borrower(s) stating that they may access the business funds and Cash Flow Analysis to document that the withdrawal will have no adverse impact- see Underwriting Guidelines • Cash out proceeds may not be used to meet the reserve requirement
Gift Funds	<ul style="list-style-type: none"> • Gift funds are allowed for funds to close only. <ul style="list-style-type: none"> o A 5% contribution from the borrower's own funds is required • Gifts must be documented in compliance with Fannie Mae's requirements and be from immediate family members-see Underwriting Guidelines. • Gifts of equity are allowed <ul style="list-style-type: none"> o Max 75 LTV o No borrower contribution is required on a primary residence or a second home. o A 5% borrower contribution is required for investment properties

Other Program Highlights / Requirements	
Topic	Guideline
Alimony & Child Support	<ul style="list-style-type: none"> Must be included in the debt service.
Installment Debt	<ul style="list-style-type: none"> Installment loans must be included in the debt service. Installment debt with less than 10 months' worth of payments remaining may be excluded, provided there are assets to make the remaining payments. Borrower may pay down the debt to less than the sum of 10 months' worth of payments. <ul style="list-style-type: none"> The assets used must be sourced. Loans secured by financial assets (margin loan, 401(K) loan, etc.) do not need to be included in the debt service provided the asset balance exceeds the loan balance.
Appraisals	<ul style="list-style-type: none"> Loan amount up to \$2MM, one appraisal required Loan amount over \$2MM, two appraisals required In instances where one appraisal is required, said appraisal must have a CU score less than or equal to 2.5. If the CU score exceeds 2.5 or is unavailable, a CDA with a variance less than 10% is required. Loan amounts above \$1.5MM and up to \$2MM may not utilize the CU score in lieu of obtaining a CDA. <p>Purchases</p> <ul style="list-style-type: none"> Use the lesser of purchase price or appraised value <p>Refinances</p> <ul style="list-style-type: none"> If owned less than 12 months <ul style="list-style-type: none"> Use the lesser of the purchase price or appraised value Exception <ul style="list-style-type: none"> Current value must be supported by a CDA with a variance \leq 10% Properties in Geographical Restriction Area 2 are not eligible for the exception
Geographical Restrictions	<ul style="list-style-type: none"> Area 1 – New Jersey, Connecticut <ul style="list-style-type: none"> Max LTV 85% Area 2 – Counties: Essex (NJ), San Francisco (CA) <ul style="list-style-type: none"> 75% Max LTV for R/T refinances 70% Max LTV on Cash-out refinances
Reserves	<ul style="list-style-type: none"> No reserves required <ul style="list-style-type: none"> See calculation method for liquidity requirements
Title & Vesting	<ul style="list-style-type: none"> Individual names as joint tenants, community property, or tenants in common Living trusts meeting FNMA's requirements Blind Trusts-see Underwriting Guidelines for requirements Limited Liability Corporations-see Underwriting Guidelines for requirements Partnerships/Corporations-see Underwriting Guidelines

Other Program Highlights / Requirements	
Topic	Guideline
Pre-payment Penalties	<ul style="list-style-type: none"> • Prepayment penalties may be placed on investment properties for a period of at least one year in an amount equal to two percent of the original principal balance <ul style="list-style-type: none"> o See Underwriting Guidelines for requirements. • Price implications apply for prepayment penalty terms less than three years, including no prepayment penalty.
Minimum Loan Amount	<ul style="list-style-type: none"> • \$150,000