

NQHEM-Plus				
FICO	Loan Amount	Purchase	R/T	Cash-Out
720	\$1,000,000	90%	80%	80%
	\$1,500,000	85%	80%	80%
	\$2,000,000	80%	75%	75%
	\$3,000,000	75%	70%	70%
	\$4,000,000	70%	N/A	N/A
700	\$1,000,000	90%	80%	80%
	\$1,500,000	85%	80%	80%
	\$2,000,000	80%	75%	75%
	\$3,000,000	70%	65%	65%
	\$3,000,000	70%	65%	65%
680	\$1,000,000	85%	80%	80%
	\$1,500,000	85%	75%	75%
	\$2,000,000	80%	70%	70%
	\$3,000,000	70%	65%	65%
	\$3,000,000	70%	65%	65%
660	\$1,000,000	80%	75%	75%
	\$1,500,000	80%	75%	75%
	\$2,500,000	70%	65%	65%
Housing History				
0x30x12				
Housing Event				
48 Months				

NQHEM				
FICO	Loan Amount	Purchase	R/T	Cash-Out
700	\$1,000,000	85%	80%	80%
	\$1,500,000	85%	80%	80%
	\$2,000,000	80%	75%	75%
	\$3,000,000	70%	65%	65%
680	\$1,000,000	85%	80%	80%
	\$1,500,000	80%	75%	75%
	\$2,000,000	80%	70%	70%
	\$3,000,000	70%	65%	65%
660	\$1,000,000	80%	75%	75%
	\$1,500,000	80%	75%	75%
	\$2,000,000	70%	65%	65%
620	\$1,000,000	75%	70%	70%
	\$1,500,000	70%	65%	65%
	\$2,000,000	65%	N/A	N/A
600	\$1,000,000	70%	65%	65%
Housing History				
	1x30x12	0x60x12	0x90x12	
Purchase	85%	80%	70%	
Refinance	80%	75%	N/A	
Max Loan Amount	\$3,000,000	\$1,500,000	\$1,000,000	
Housing Event				
BK/FC/SS/DIL/Mod	≥36 Mo	≥24 Mo	≥12 Mo	
Purchase	85%	80%	70%	
Refinance	80%	75%	N/A	
Max Loan Amount	\$3,000,000	\$1,500,000	\$1,000,000	

Occupancy Restrictions – 2 <sup>nd</sup> Home / Investment	Reserves	State Restrictions
Max LTV/CLTV 80% - Purchase 75% - Rate/Term 75% - Cash-Out  Max Loan Amount: \$2,500,000	LTV ≤ 85%: 6-months of PITIA LTV > 85%: 12-months of PITIA Loan Amount > \$1.5M: 9-months of PITIA Loan Amount > \$2.5M: 12-months of PITIA Cash out may be used to satisfy requirement	CT, IL, NJ – Max LTV/CLTV: Purchase 85%, Refinance 80%

DTI			
Full Doc Bank Statement Gig Qualifier	<ul style="list-style-type: none"> <li>Maximum DTI is 50%</li> <li>DTI above 43 must meet residual income guidelines                             <ul style="list-style-type: none"> <li>See Underwriting Guidelines</li> </ul> </li> <li>DTI may be increased to 55 with the following:                             <ul style="list-style-type: none"> <li>Min FICO: 680</li> <li>Max LTV: 70</li> <li>Purchase or Rate/Term Refinance only</li> <li>Minimum Residual Income:</li> </ul> </li> <li>Greater of .5% of the loan amount or \$2k.</li> <li>Increased requirement may be waived with an additional 6 months PITIA reserves</li> </ul>	Asset Qualifier	<ul style="list-style-type: none"> <li>No DTI is calculated                             <ul style="list-style-type: none"> <li>Qualification is based on assets only</li> </ul> </li> <li>Loan must meet residual income requirements                             <ul style="list-style-type: none"> <li>Calculated at qualifying assets / 48 – monthly obligations</li> <li>See the underwriting guidelines for minimum requirements</li> </ul> </li> </ul>

Program Requirements	
Alimony & child support	<ul style="list-style-type: none"> <li>Must be included in the DTI.</li> </ul>
Installment Debt	<ul style="list-style-type: none"> <li>Installment loans must be included in the DTI.</li> <li>Installment debt with less than 10 months' worth of payments remaining may be excluded, provided there are assets to make the remaining payments.</li> <li>Borrower may pay down the debt to less than the sum of 10 months' worth of payments.                             <ul style="list-style-type: none"> <li>The assets used must be sourced.</li> </ul> </li> <li>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.</li> </ul>
Appraisals	<ul style="list-style-type: none"> <li>Loan amounts up to \$2MM, one appraisal required</li> <li>Loan amounts over \$2MM, two appraisals required</li> <li>In instances where one appraisal is required, said appraisal must have a CU score less than or equal to 2.5.</li> <li>If the CU score exceeds 2.5 or is unavailable, a CDA with a variance less than 10% is required.</li> <li>Loan amounts above \$1.5MM and up to \$2MM may not utilize the CU score in lieu of obtaining a CDA.</li> </ul> <p>Purchases</p> <ul style="list-style-type: none"> <li>Use the lesser of purchase price or appraised value</li> </ul> <p>Refinances</p> <ul style="list-style-type: none"> <li>If owned less than 12 months                             <ul style="list-style-type: none"> <li>Use the lesser of the purchase price or appraised value</li> <li>Exception                                     <ul style="list-style-type: none"> <li>Current value must be supported by a CDA with a variance <math>\leq</math> 10%</li> <li>Properties in Geographical Restriction Area 2 are not eligible for the exception</li> </ul> </li> </ul> </li> </ul>
Geographical Restrictions	<ul style="list-style-type: none"> <li>Area 1 – New Jersey, Connecticut, Illinois &amp; NY                             <ul style="list-style-type: none"> <li>Max LTV 85% Pur, 80% Refi</li> </ul> </li> <li>Area 2 – Counties: Essex (NJ), San Francisco (CA)                             <ul style="list-style-type: none"> <li>75% Max LTV for R/T refinances</li> <li>70% Max LTV on Cash-out refinances</li> </ul> </li> <li>Texas Cash Out - See Underwriting Guidelines</li> </ul>
Reserves	<ul style="list-style-type: none"> <li>DTI <math>&gt;</math>50 and increased residual income requirement not met:                             <ul style="list-style-type: none"> <li>additional 6 months PITIA</li> </ul> </li> <li>Other real estate owned:                             <ul style="list-style-type: none"> <li>2 months of each property's PITIA-See Underwriting Guidelines for an alternative</li> </ul> </li> </ul>
Title & Vesting	<ul style="list-style-type: none"> <li>Individual names as joint tenants, community property, or tenants in common</li> <li>Living trusts meeting FNMA's requirements</li> <li>Blind Trusts-see Underwriting Guidelines for requirements</li> <li>Limited Liability Corporations-see Underwriting Guidelines for requirements</li> <li>Partnerships/Corporations-see Underwriting Guidelines</li> </ul>
Arm Terms	<ul style="list-style-type: none"> <li>Margin = 5.00%</li> <li>Index = 30 Day Average of SOFR</li> <li>Caps = 5/1/5</li> <li>Floor Rate = Note Rate</li> <li>Adjustment Period = 6 Months</li> </ul>
Interest Only	<ul style="list-style-type: none"> <li>Interest Only features are allowed on ARMs and FRMs</li> <li>The IO period is 10 years.</li> <li>Standard guidelines apply.</li> <li>40-year term: max 80 LTV</li> </ul>
Qualifying Payment	<p>To determine the P&amp;I component of the Qualifying Payment, utilize the below (except as otherwise specified):</p> <ul style="list-style-type: none"> <li>Fixed Rate:                             <ul style="list-style-type: none"> <li>Utilize the start rate over the amortizing term</li> </ul> </li> <li>Amortizing ARM:                             <ul style="list-style-type: none"> <li>Utilize the greater of the start rate or the index plus margin, amortized over full term of the loan</li> </ul> </li> <li>FRM/ARM with IO Feature:                             <ul style="list-style-type: none"> <li>Utilize the greater of the start rate or the index plus margin, amortized over 20 years</li> </ul> </li> </ul>
Pre-Payment Penalties	<ul style="list-style-type: none"> <li>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"> <li>See Underwriting Guidelines for requirements.</li> </ul> </li> <li>Price implications apply for prepayment penalty terms less than three years, including no prepayment penalty.</li> </ul>
Minimum Loan Amount	<ul style="list-style-type: none"> <li>\$150,000</li> </ul>

Rural Properties	<ul style="list-style-type: none"> <li>Max LTV of 65%</li> </ul>
Acreage	<ul style="list-style-type: none"> <li>Maximum 20 Acres</li> </ul>
<b>Eligibility Requirements</b>	
Borrower Eligibility	<ul style="list-style-type: none"> <li>US Citizen</li> <li>Permanent Resident Alien</li> <li>Non-Permanent Resident Alien with the following visas: E, G, H, L, O, P, and TN</li> <li>First time home buyer-see Housing Payment History guideline below</li> <li>Non-Occupant Co-Borrowers-see Underwriting Guidelines</li> </ul>
Occupancy	<ul style="list-style-type: none"> <li>Primary</li> <li>Second Home</li> <li>Investment Properties</li> </ul>
Property Types	<ul style="list-style-type: none"> <li>1-4 unit attached and detached properties</li> <li>Warrantable Condos</li> <li>Non-Warrantable Condos</li> <li>PUDs</li> <li>Mixed use properties that comply with FNMA's guidelines-see Underwriting Guidelines</li> </ul>
Eligible Transactions	<p>Purchase, including non-arm's length transactions-</p> <ul style="list-style-type: none"> <li>See Underwriting Guidelines</li> </ul> <p>Rate and Term Refinance</p> <ul style="list-style-type: none"> <li>No title seasoning required</li> <li>Payoff of first and second, <ul style="list-style-type: none"> <li>The second must be seasoned &gt;6 months with no draw or used to purchase the subject</li> </ul> </li> <li>Recoup of funds expended to improve the subject property. <ul style="list-style-type: none"> <li>Improvements must have been completed within the last 6 months preceding the application date, funds must have been Borrower's own.</li> <li>Cash out amount not to exceed documented improvement costs</li> </ul> </li> <li>Buyout accompanied by an executed buyout agreement</li> <li>Delayed Financing <ul style="list-style-type: none"> <li>When the subject property was purchased for cash within the 6 months preceding the application date, funds may be recouped up to the Borrower's documented contribution.</li> </ul> </li> <li>Gifted funds are not deemed to be Borrower's own funds</li> </ul> <p>Cash-Out Refinance</p> <ul style="list-style-type: none"> <li>Refinances which do not fit into the rate and term guidelines are deemed to be cash out</li> <li>6 months seasoning required measured from deed transfer to application</li> <li>Max cash out allowed: <ul style="list-style-type: none"> <li>No limit for LTVs up to 75, \$1M for LTVs above 75</li> </ul> </li> <li>Value to be utilized must be supported-see Underwriting Guidelines</li> </ul>
<b>Credit Requirements</b>	
Minimum Tradelines	<ul style="list-style-type: none"> <li>Minimum of 3 tradelines</li> <li>Must have a 24-month credit history</li> <li>One tradeline must have been active in the last 6 months <ul style="list-style-type: none"> <li>May also be used for the 24-month history</li> </ul> </li> <li>Tradeline do not have to be open</li> <li>If the spouse is the only co-borrower, the primary borrower need only meet the tradeline requirement <ul style="list-style-type: none"> <li>Only one borrower is required to meet this guideline</li> </ul> </li> <li>See Underwriting Guidelines for more details and alternatives.</li> </ul>
Credit Score	<ul style="list-style-type: none"> <li>600 minimum FICO score</li> <li>Use the lowest middle score for pricing and guideline purposes.</li> <li>If there is a primary borrower, use their FICO score <ul style="list-style-type: none"> <li>A borrower that provides <math>\geq 75\%</math> of the qualifying assets are considered the primary borrower</li> </ul> </li> </ul>
First Time Homebuyer	<p>First-time Homebuyer</p> <ul style="list-style-type: none"> <li>Must document a 12-month history during the last 36 months</li> <li>Must be 0x30</li> </ul>

	<ul style="list-style-type: none"> <li>Living rent free or no housing history             <ul style="list-style-type: none"> <li>75% max LTV</li> <li>10% own funds contribution</li> <li>Primary and second home only</li> </ul> </li> </ul>
Derogatory Credit Events	<p><b>Significant Events</b></p> <ul style="list-style-type: none"> <li>Bankruptcy, Foreclosure, Short Sale &amp; Short Pay, Modification, Dee-in-lieu, Pre-Foreclosure Events (NOD &amp; Lis Pendens)             <ul style="list-style-type: none"> <li>See matrix above for seasoning</li> </ul> </li> <li>Judgment / Tax Lien: Must meet one of the following:             <ul style="list-style-type: none"> <li>Paid off prior to or at closing, or</li> <li>Show 3 month satisfactory payment history, include payment in DTI, subordinate if recorded</li> </ul> </li> <li>Collection:             <ul style="list-style-type: none"> <li>May be excluded if individually less than \$250 or in aggregate less than \$1,000. If greater, must be paid off prior to or at closing.</li> <li>Medical collections are excluded from this requirement regardless of amount.</li> </ul> </li> <li>Charge-Offs:             <ul style="list-style-type: none"> <li>Not required to be paid off</li> </ul> </li> </ul>
<b>Assets</b>	
Asset Accounts	<ul style="list-style-type: none"> <li>Use 100% of cash and cash equivalents</li> <li>Use 80% of face value for non-retirement asset accounts</li> <li>Use 70% of retirement assets if Borrower is under 59.5, 80% if over</li> <li>If the Borrower is liquidating funds from non-retirement sources, document liquidation and end balance</li> <li>If the Borrower is liquidating from retirement accounts, document the liquidation and end balance</li> <li>1031 exchanges eligible for investment properties             <ul style="list-style-type: none"> <li>see Underwriting Guidelines</li> </ul> </li> <li>Business funds may be used provided the Borrower(s) own(s) a minimum of 51% combined ownership of the business.             <ul style="list-style-type: none"> <li>The amount of funds that may be utilized is based on the Borrower's percentage of ownership.</li> <li>Borrower(s) must provide either:                 <ul style="list-style-type: none"> <li>A letter from 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</li> <li>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</li> </ul> </li> </ul> </li> </ul>
Gift Funds	<ul style="list-style-type: none"> <li>Gift funds are allowed for funds to close only.             <ul style="list-style-type: none"> <li>A 5% contribution from the borrower's own funds is required</li> </ul> </li> <li>Gifts must be documented in compliance with Fannie Mae's requirements and be from immediate family members-see Underwriting Guidelines.</li> <li>Gifts of equity are allowed             <ul style="list-style-type: none"> <li>Max 75 LTV</li> <li>No borrower contribution is required on a primary residence or a second home.</li> <li>A 5% borrower contribution is required for investment properties</li> </ul> </li> </ul>
<b>Income Requirements</b>	
<b>Full Doc</b>	
Wage Earner	<p><b>Documentation Requirements</b></p> <ul style="list-style-type: none"> <li>Provide the last two years' W-2's</li> <li>The most recent 30 consecutive days of paystubs including year to date income with the most recent one dated within 60 calendar days of the note date.</li> </ul> <p><b>Qualification:</b></p> <ul style="list-style-type: none"> <li>If Applicant receives bonus, commission, or overtime, obtain a written VOE to determine a history and continuance.             <ul style="list-style-type: none"> <li>Generally, a two-year history is required</li> <li>1-2 years can be used on a case-by-case basis with positive factors to offset and a reasonable expectation of continuance.</li> </ul> </li> <li>HEM reserves right to request tax returns in its sole discretion.</li> <li>Restricted stock units:             <ul style="list-style-type: none"> <li>Restricted stock units may be used as qualifying income.</li> <li>Applicant must have a two-year history of receipt and a three-year continuance on vesting.</li> </ul> </li> <li>Stock options:             <ul style="list-style-type: none"> <li>Stock options may be used as qualifying income.</li> <li>Applicant must have a two-year history of receipt and exercise.</li> </ul> </li> </ul>
Self Employed	<ul style="list-style-type: none"> <li>Applicants must generally be self-employed for 2 years; however, 1-2 years is acceptable with 2 years previous employment in same line of work and no gaps.</li> <li>Provide the most recent one or two years' personal and/or business federal tax returns as applicable.</li> </ul>

	<ul style="list-style-type: none"> <li>○ If providing two years of income documents, take 24-month average of income if increasing, 12-month average if decreasing. If decreasing, additional documentation may be required.</li> <li>○ A year end and/or year to date profit and loss statement and balance sheet dated within 60 calendar days of funding may be required.</li> <li>○ See Underwriting Guidelines for additional information.</li> <li>● Verification of current business revenues and operations required prior to closing, to be verified with the following:             <ul style="list-style-type: none"> <li>○ Applicant to provide an LOE on the nature of their business and any impact from COVID</li> <li>○ Most recent two (2) business bank statements prior to application supporting the profit and loss statement provided</li> <li>○ Most recent one (1) business bank statement prior to funding supporting the profit and loss statement</li> </ul> </li> </ul>				
<p>Other Income</p>	<p><b>Asset Distribution</b></p> <ul style="list-style-type: none"> <li>● Applicants may supplement income disclosed via traditional income sources by annuitizing their assets.</li> <li>● They may set up a monthly distribution and document receipt of at least one monthly distribution prior to closing.</li> <li>● The distribution must have at least 7 years of continuance based on the effective value of the asset as of the distribution commencement.</li> <li>● Verify current balance within 60 days of the note date.</li> <li>● Retirement accounts are ineligible if Applicant is under 59.5             <ul style="list-style-type: none"> <li>○ See Underwriting Guidelines</li> </ul> </li> </ul> <p><b>Passive Asset Utilization</b></p> <ul style="list-style-type: none"> <li>● Applicants may supplement income disclosed via traditional sources by depleting assets available over a 10-year term with no rate of return imputed.</li> <li>● All assets necessary to complete the transaction, including post-closing reserves, must be deducted in order to complete the calculation.</li> <li>● Verify current balance with the most recent full monthly statement available as of the note date. Standard asset haircuts are utilized             <ul style="list-style-type: none"> <li>○ See Asset Accounts.</li> </ul> </li> </ul> <p><b>Rental Income:</b></p> <ul style="list-style-type: none"> <li>● <b>Method 1   Tax Returns</b> <ul style="list-style-type: none"> <li>○ Utilize the net figure on schedule E page 1 of most recent year's tax return adding back depreciation, amortization, and interest.</li> <li>○ Subtract the principal and interest component of the mortgage payment.</li> <li>○ Current insurance, taxes, and homeowner's association dues do not need to be documented.</li> <li>○ Document the unit in question is rented with most recent month's rent check.</li> </ul> </li> <li>● <b>Method 2   Lease</b> <ul style="list-style-type: none"> <li>○ Use 75% of current lease less documented PITI plus HOA dues and/or common charges.</li> <li>○ If lease is materially greater than income listed on tax return(s),</li> <li>○ Applicant to provide supporting explanation/documentation.</li> <li>○ Document the unit in question is rented with most recent month's rent check.</li> <li>○ Rental income from a vacant property may only be used on the subject property on a purchase transaction.</li> </ul> </li> </ul> <p><b>Other Sources</b></p> <ul style="list-style-type: none"> <li>● Document most recent 1-2 years receipt on tax returns and supporting tax documentation, current receipt, and expectation of at least three years' continuance</li> </ul>				
<p><b>Alternative Documentation</b></p>					
<p>Bank Statement</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; text-align: center; vertical-align: middle;">Self Employed</td> <td> <ul style="list-style-type: none"> <li>● Applicants generally must have been self-employed for at least two years.                             <ul style="list-style-type: none"> <li>○ A CPA, EA, or licensed tax preparer letter or equivalent document verifying self-employment must be provided in all cases.</li> <li>○ Applicants must provide an LOE on the nature of their business and how it was impacted by COVID.</li> <li>○ At underwriter's discretion, current business existence and operations may be re-verified prior to closing and updated bank statements may be required.</li> </ul> </li> </ul> </td> </tr> <tr> <td style="text-align: center; vertical-align: middle;">Income Documentation</td> <td> <p><b>Personal Bank Statements</b></p> <ul style="list-style-type: none"> <li>● Provide the most recent 12 or 24 months of personal bank statements.</li> <li>● Evaluate deposits to verify that they are part of Applicant's income stream.</li> <li>● Any that are abnormal to Applicants typical deposits must be sourced/documentated to be considered as part of income.</li> <li>● Total all eligible deposits and divide by number of statements provided to determine monthly income.</li> <li>● Provide the most recent 3 months of business statements to verify that income is coming from Applicant's business.</li> <li>● Transfers from only one account are allowed.</li> <li>● Transfers between personal accounts not considered income.</li> <li>● An applicant who provides personal statements but does not meet the above outlined criteria will have their statements treated as business statements.</li> </ul> <p><b>Business Bank Statements</b></p> <ul style="list-style-type: none"> <li>● Provide the most recent 12 or 24 months of business bank statements.</li> </ul> </td> </tr> </table>	Self Employed	<ul style="list-style-type: none"> <li>● Applicants generally must have been self-employed for at least two years.                             <ul style="list-style-type: none"> <li>○ A CPA, EA, or licensed tax preparer letter or equivalent document verifying self-employment must be provided in all cases.</li> <li>○ Applicants must provide an LOE on the nature of their business and how it was impacted by COVID.</li> <li>○ At underwriter's discretion, current business existence and operations may be re-verified prior to closing and updated bank statements may be required.</li> </ul> </li> </ul>	Income Documentation	<p><b>Personal Bank Statements</b></p> <ul style="list-style-type: none"> <li>● Provide the most recent 12 or 24 months of personal bank statements.</li> <li>● Evaluate deposits to verify that they are part of Applicant's income stream.</li> <li>● Any that are abnormal to Applicants typical deposits must be sourced/documentated to be considered as part of income.</li> <li>● Total all eligible deposits and divide by number of statements provided to determine monthly income.</li> <li>● Provide the most recent 3 months of business statements to verify that income is coming from Applicant's business.</li> <li>● Transfers from only one account are allowed.</li> <li>● Transfers between personal accounts not considered income.</li> <li>● An applicant who provides personal statements but does not meet the above outlined criteria will have their statements treated as business statements.</li> </ul> <p><b>Business Bank Statements</b></p> <ul style="list-style-type: none"> <li>● Provide the most recent 12 or 24 months of business bank statements.</li> </ul>
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Income Documentation	<p><b>Personal Bank Statements</b></p> <ul style="list-style-type: none"> <li>● Provide the most recent 12 or 24 months of personal bank statements.</li> <li>● Evaluate deposits to verify that they are part of Applicant's income stream.</li> <li>● Any that are abnormal to Applicants typical deposits must be sourced/documentated to be considered as part of income.</li> <li>● Total all eligible deposits and divide by number of statements provided to determine monthly income.</li> <li>● Provide the most recent 3 months of business statements to verify that income is coming from Applicant's business.</li> <li>● Transfers from only one account are allowed.</li> <li>● Transfers between personal accounts not considered income.</li> <li>● An applicant who provides personal statements but does not meet the above outlined criteria will have their statements treated as business statements.</li> </ul> <p><b>Business Bank Statements</b></p> <ul style="list-style-type: none"> <li>● Provide the most recent 12 or 24 months of business bank statements.</li> </ul>				

		<ul style="list-style-type: none"> <li>Multiple accounts may be used; however, the same calculation method must be applied across all accounts provided.</li> <li>The Applicant(s) combined must own 50% or more of the business to utilize business bank statements.</li> </ul> <p><b>1 Page Bank Statements</b></p> <ul style="list-style-type: none"> <li>Provide page 1 of a Business Bank Statement for the company reflected on the P&amp;L</li> <li>Provide a 12- or 24-month Profit &amp; Loss statement prepared by a Certified Public Accountant (CPA), an IRS Enrolled Agent (EA), or a CTEC registered tax preparer.</li> <li>The credit file must contain documentation showing the one of the following             <ul style="list-style-type: none"> <li>CPA is currently licensed in their state</li> <li>the EA is currently active (Screen shot of the IRS web site)</li> <li>the CTEC is active (Screen shot from CTEC web site).</li> </ul> </li> <li>The borrower must own a minimum of 50% of the business</li> <li>The P&amp;L must be dated within 30-days of the loan application</li> <li>The preparer must attest they have prepared the borrower's most recent tax return and provide the borrower's ownership percentage</li> <li>Qualifying income is the net income from the P&amp;L divided by the period covered (24 or 12-months) multiplied by the borrower's ownership percentage.</li> </ul>
	<p>Income Calculations Methods</p>	<p><b>Method 1   Uniform Expense Ratio</b></p> <ul style="list-style-type: none"> <li>Multiply eligible deposits received by a 50% expense ratio.</li> <li>Multiply result by Applicant's ownership percentage and divide by number of statements provided.             <ul style="list-style-type: none"> <li>The expense ratio must be reasonable to Applicant's line of work and if the applicant qualifies; no further information is required.</li> </ul> </li> <li>Any abnormal deposits will need to be sourced and documented.</li> </ul> <p><b>Method 2   Profit and Loss Statement</b></p> <ul style="list-style-type: none"> <li>Provide a CPA, EA, or licensed tax preparer prepared profit and loss statement covering the period of bank statements provided.</li> <li>As long as business statements support eligible deposits of at least 75% of the gross receipts listed on the P&amp;L, use the net income on the P&amp;L for qualifying based on the Applicant's pro-rata share of ownership.</li> <li>Any abnormal deposits will need to be sourced and documented. Income utilized to qualify must be reasonable based on the Applicant's line of work.</li> </ul> <p><b>Method 3   CPA Letter for Expense Ratio</b></p> <ul style="list-style-type: none"> <li>Provide a letter from Applicant's CPA, EA, or licensed tax preparer stating the business' expense ratio based on the most recent year's tax return.             <ul style="list-style-type: none"> <li>The letter may not include any exculpatory language.</li> </ul> </li> <li>Multiply the expense ratio by the business' total deposits over the period shown on bank statements.</li> <li>Deduct that figure from the total deposits.</li> <li>Multiply net deposits by the Applicant's pro-rata ownership percentage and divide by the number of statements provided.</li> <li>Income utilized to qualify must be reasonable based on the Applicant's line of work.</li> </ul> <p><b>All Methods:</b></p> <ul style="list-style-type: none"> <li>Comingled accounts will be treated as business accounts for purposes of determining income.</li> <li>NSFs:</li> <li>NSFs are counted on an "instance" basis.</li> <li>A max of 3 instances is allowed if 12 months of statements are provided</li> <li>A max of 6 instances is allowed if 24 months of statements are provided. See Underwriting Guidelines for additional detail.</li> </ul> <p><b>Income trend:</b></p> <ul style="list-style-type: none"> <li>Bank statements should show a stable or increasing trend.</li> <li>If the trend is declining and/or irregular, additional documentation may be required at underwriter's discretion.</li> </ul>
	<p>Co Borrower</p>	<ul style="list-style-type: none"> <li>Full documentation from a Co-Applicant who is not self-employed may be used to supplement bank statement.</li> <li>See full documentation guidelines for additional information on acceptable sources.</li> <li>Taxable income is counted on a "gross" amount regardless of the net deposit shown on bank statements.</li> </ul>
	<p>Other Income</p>	<p><b>Rental Income</b></p> <ul style="list-style-type: none"> <li>Utilize 75% of the current lease income less PITIA on a net basis.</li> <li>Do not include rental deposits as part of the bank statement income stream.</li> <li>Document receipt of rental income.</li> <li>Rental income may not be used to qualify on a vacant unit, except on the subject property on a purchase transaction.</li> </ul>

		<p><b>Other Income Sources</b></p> <ul style="list-style-type: none"> <li>Borrowers who have supplemental income sources may utilize them to qualify provided the history of receipt and continuance requirements under the full documentation guidelines are met.</li> <li>The borrower utilizing 1099 income must still earn the majority of their income from activity calculated via 1099s and the applicable expense ratio.</li> <li>The acceptable supplemental income sources are limited to:             <ul style="list-style-type: none"> <li>social security</li> <li>pension</li> <li>alimony</li> <li>child support</li> <li>asset distribution/utilization</li> <li>second job income.</li> </ul> </li> </ul>
GIG Qualifier	Product Eligibility	<ul style="list-style-type: none"> <li>The borrower must be compensated in the form of commission or as an independent contractor</li> <li>1099s need to cover a complete calendar year</li> </ul>
	Documentation Requirements	<p>The following documents are required for the file:</p> <ul style="list-style-type: none"> <li>Most recent one or two years of 1099(s)</li> <li>Documentation of year-to-date income, within 60 days of the note date</li> <li>A CPA, EA, or licensed tax preparer completed profit and loss statement or expense ratio letter (as applicable)</li> <li>1099 transcripts</li> <li>A narrative from the borrower explaining the nature of their business and how it was impacted by COVID</li> </ul> <p>At the underwriter's discretion, verification of current business revenues and/or operations may be required prior to closing</p>
	Income Calculations Options	<ul style="list-style-type: none"> <li>Provide the most recent one or two years of 1099s.</li> <li>An expense ratio must be developed using one of the two below Options.             <ul style="list-style-type: none"> <li>If gross receipts are stable or increasing year over year, use a 24-month average of net income.</li> <li>If gross receipts are declining, a 12-month average shall be utilized.</li> </ul> </li> </ul> <p><b>Option 1   Uniform Expense Ratio</b></p> <ul style="list-style-type: none"> <li>Apply a 25% expense factor to all eligible gross receipts.</li> <li>The expense ratio must be reasonable to the borrower's line of work and the borrower qualifies; no further information is required.</li> </ul> <p><b>Option 2   Profit and Loss Statement</b></p> <ul style="list-style-type: none"> <li>Provide a CPA, EA, or licensed tax preparer prepared profit and loss statement covering the most recent two calendar years, depending on the 1099s provided.</li> <li>The gross receipts on the 1099s must support at least 90% of the gross receipts listed on the P&amp;</li> <li>Use the net income on the P&amp;L for qualifying.</li> </ul> <p><b>Option 3   CPA Letter for Expense Ratio</b></p> <ul style="list-style-type: none"> <li>Provide a letter from Borrower's CPA, EA, or licensed tax preparer stating the borrower's expense ratio based on the most recent year's tax return.</li> <li>The letter may not include any exculpatory language.</li> <li>Multiply the expense ratio by the gross receipts shown on the 1099s.</li> <li>Deduct that figure from the gross receipts and average the results over the number of months of 1099s provided.</li> </ul> <p>Income trend: 1099 gross receipts should show a stable or increasing trend. If the trend is declining and/or irregular, additional documentation may be required at underwriter's discretion.</p>
	Co-Borrower	<ul style="list-style-type: none"> <li>Full documentation from a Co-Borrower may be used in addition to the 1099 income.</li> <li>See full documentation guidelines for additional information on acceptable sources.</li> </ul>
	Other Income	<p><b>Rental Income</b></p> <ul style="list-style-type: none"> <li>Utilize 75% of the current lease income less PITIA on a net basis.</li> <li>Do not include rental deposits as part of the bank statement income stream.</li> <li>Document receipt of rental income.</li> <li>Rental income may not be used to qualify on a vacant unit, except on the subject property on a purchase transaction.</li> </ul> <p><b>Other Income Sources</b></p> <ul style="list-style-type: none"> <li>Borrowers who have supplemental income sources may utilize them to qualify provided the history of receipt and continuance requirements under</li> </ul>

		<p>the full documentation guidelines are met.</p> <ul style="list-style-type: none"> <li>• The borrower utilizing 1099 income must still earn the majority of their income from activity calculated via 1099s and the applicable expense ratio.</li> <li>• The acceptable supplemental income sources are limited to:             <ul style="list-style-type: none"> <li>○ social security</li> <li>○ pension</li> <li>○ alimony</li> <li>○ child support</li> <li>○ asset distribution/utilization</li> <li>○ second job income.</li> </ul> </li> </ul>
WVOE Only	Eligibility	<ul style="list-style-type: none"> <li>• Two-year history with same employer is required.</li> <li>• Minimum credit score: 600</li> <li>• Primary Residence Only</li> <li>• FTHB maximum LTV 70%, no gift funds allowed.</li> <li>• Borrower(s) employed by family members or related individuals are not eligible.</li> <li>• Only eligible source of income is limited to Wage/Salary.</li> </ul>
	Documentation Requirements	<ul style="list-style-type: none"> <li>• 24-month 0x30 housing history required.</li> <li>• Paystubs, Tax Returns, 4506-C, or W-2's not required.</li> <li>• Two (2) Months Personal Bank Statements required to support the WVOE.</li> <li>• The bank statements must reflect deposits from the employer supporting at least 65% of gross wage/salary reflected on the WVOE.</li> </ul>
Asset Qualifier	Documentation Requirements	<ul style="list-style-type: none"> <li>• 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"> <li>○ Balances must be verified within 60 days of the note date.</li> </ul> </li> <li>• Two months of statements for accounts which are being used solely for funds to close</li> </ul>
	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><b>Option 1   Mortgage Only</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b>Option 2   Simplified</b></p> <ul style="list-style-type: none"> <li>• 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).</li> </ul> <p><b>Option 3   Traditional</b></p> <ul style="list-style-type: none"> <li>• Total post-closing assets must meet the sum of the below:             <ul style="list-style-type: none"> <li>○ 100% of loan amount</li> <li>○ 60 months of total debt service (do not include subject property's PITIA or PITIA on rented properties with documented rental income)</li> <li>○ 60 months of net rental losses on rental properties (do not include subject property's PITIA)</li> </ul> </li> </ul> <p><b>Rental Calculation (Option 3 Only)</b></p> <ul style="list-style-type: none"> <li>• Rental properties are calculated based on 75% of lease less PITIA to determine impact on debt service.</li> <li>• Net rent can never exceed \$0 for determining impact.</li> <li>• 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).</li> <li>• Other owned properties require additional reserves.</li> </ul> <p><b>Asset Calculations (All Options)</b></p> <ul style="list-style-type: none"> <li>• Assets are determined based on the below calculation:             <ul style="list-style-type: none"> <li>○ Cash and cash equivalents: 100% of face value</li> <li>○ Marketable securities (excludes unvested RSUs and Stock options): 80%</li> <li>○ Retirement funds: 70% unless if Applicant is of retirement age, then use 80%.                 <ul style="list-style-type: none"> <li>▪ If utilizing retirement account, document Applicant's ability to access the funds.</li> </ul> </li> <li>○ Cash surrender value of life insurance/annuity: 100%</li> <li>○ Bitcoin: 50% (100% if liquidated)</li> </ul> </li> </ul> <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>