## theSecond Matrix

				Owner Occupied		2 <sup>nd</sup> Home			Non-Owner Occupie		
				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%	
	\$2.5M	50%	720	80%	80%	75%	70%		80%	70%	
*****			700	80%	75%	75%	65%		75%	65%	
\$350,001 - \$450,000			680	80%	70%	70%	60%		70%	60%	
			660	75%	65%	65%	55%		65%	55%	
	\$2.5M		720	80%	75%	70%	65%		75%	65%	
		50%	700	80%	70%	70%	60%		70%	60%	
\$450,001 - \$550,000			680	75%	65%	65%	55%		65%	55%	
			660	70%	60%	60%	50%		60%	50%	
				Gui	idelines						
Appraisal Requirements		<ul> <li>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.</li> <li>Non-O/O         <ul> <li>Previous appraisal within 12 months + CDA. Review value must be equal to or greater than appraisal.</li> <li>OR - 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		None Required									
Cash-Out		Proceeds from second lien may be all cash-out									
Credit Event Seasoning		<ul> <li>48 months - Foreclosure, short-sale, deed in lieu, bankruptcy. No multiple events in last 7 years.</li> </ul>									
Credit Score		<ul> <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> <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> <li>Not-indefinitely intelligible.</li> <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> <li>50%</li> <li>45% with an I/O senior lien</li> </ul>									
Eligible Borrowers		US Citizen     Non-Permanent Resident Alien (with US Credit)     Permanent Resident Alien									



Geographic Restrictions	<ul> <li>Not available in         <ul> <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> <li>0x30x12 on all mortgages for all borrowers.</li> <li>Minimum 12-month housing history required</li> </ul>
Ineligible Borrowers	<ul> <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> <li>A copy of the most current 1st mortgage statement is required to determine eligibility. Statement date to be within 60 days of Note date. Additional 1st mortgage documentation may be required to provide sufficient data for underwriting.</li> <li>Private party mortgages</li> <li>Loans in active forbearance or deferment         <ul> <li>Deferred balance due to a documented hardship may remain open.</li> <li>Without documented hardship, deferred amounts must be paid through closing.</li> </ul> </li> <li>Negative amortization         <ul> <li>Reverse mortgages</li> <li>Balloon loans that the balloon payment comes due during the amortization period of the 2nd lien</li> </ul> </li> </ul>
Senior Lien Payment Calc	<ul> <li>1st lien ARMS with &lt; 3 years fixed period remaining qualified on fully indexed payment</li> </ul>
Property Type	<ul> <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, reduce CLTV by 10%</li> </ul>
Qualifying Payment	Qualifying ratios based on Full Note Rate
Recently Listed Properties	<ul> <li>Properties listed for sale in the last <sup>6</sup>/<sub>0</sub> months are not eligible</li> </ul>
Seasoning	<ul> <li>&gt; 6 months seasoning no restrictions. Less than 6 months seasoning ineligible</li> </ul>
Terms Available	• Full Am: 10 yr, 15 yr , 20 yr & 30 year
Title Report	Short ALTA - Lenders Policy
Tradeline Requirement	<ul> <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	Vesting as an individual, Living Trusts and Business Entities allowed
	Documentation Options
Full Doc – 2 years	Standard Fannie Mae Documentation
Full Doc – 1 year	<ul> <li>NonQM         <ul> <li>Alternative Loan Review Form 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> <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> <li>Personal &amp; Business-Combined or Business (12mo or 24mo):         <ul> <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</li> <li>If business operates &lt; standard expense factor, P&amp;L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled</li> </ul> </li> </ul>

	Agent) required
	<ul> <li>Minimum expense factor with 3rd party prepared P&amp;L or letter is 20%</li> </ul>
•	Personal & Business Separated (12mo or 24mo):
	<ul> <li>At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership)</li> </ul>
	<ul> <li>Asset Depletion allowed with Bank statement documentation</li> </ul>
	o 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)