theLender

Non-QHEM

One to Four (1-4) Units[3,6,7,8,9,10]

Primary Residence[4,5]		Maximum LTV/CLTV		
Minimum Credit Score	**Maximum Loan Amount**	**Purchase[1]**	**Rate/Term[1]**	**Cash-Out**
720	$1,500,000	90[2]	85	80
	$2,000,000	90[2]	80	75
	$2,500,000	80	75	75
	$3,000,000	80	75	70
	$4,000,000	70	70	NA
700	$1,500,000	90[2]	85	80
	$2,000,000	85	80	75
	$3,000,000	75	70	65
	$3,500,000	70	65	NA
680	$1,000,000	90[2]	85	80
	$1,500,000	85	85	75
	$2,000,000	80	80	70
	$2,500,000	70	70	65
	$3,000,000	70	65	65
660	$1,500,000	80	80	75
	$2,500,000	70	70	65
620	$1,000,000	80	75	70
	$1,500,000	70	65	65
	$2,000,000	65	NA	NA
Second Home / Investment[6]		**Maximum LTV/CLTV**		
Minimum Credit Score	**Maximum Loan Amount**	**Purchase[1]**	**Rate/Term[1]**	**Cash-Out**
720	$2,000,000	85	80	75
	$2,500,000	80	75	75
	$3,000,000	80	75	70
	$3,500,000	70	70	NA
700	$2,000,000	85	80	75
	$2,500,000	75	70	65
	$3,000,000	75	70	65
	$3,500,000	70	65	NA
680	$1,500,000	85	80	75
	$2,000,000	80	80	70
	$2,500,000	70	65	65
	$3,000,000	70	65	65
660	$1,500,000	80	80	75
	$2,500,000	70	70	65
620	$1,000,000	80	75	70
	$1,500,000	70	65	65
	$2,000,000	65	NA	NA

LTV Restrictions:

[1]DTI 50.01-55%: Purchase/Rate & Term only, 680 min FICO, & 70% max LTV
[2]Non-Perm. Res. Alien: Max 85% LTV/CLTV
[3]Interest Only 40-yr: Max 80% LTV/CLTV
[4]Gift Funds – Primary Residence: 100% allowed - Full Doc / 24-mo Bank Stmt. All others: 10% LTV reduction unless min 5% of borrower's own funds verified.

[5]FTHB – Primary Residence: $1,500,000 max loan amount
[6]FTHB/FTI – Investment Business Purpose: $1,500,000 max loan amount, 75% max LTV, 700 min FICO, FTI LLPA applies
[7]Non-occupant Co-Borrowers: Require a 5% LTV reduction when LTV is >75%

[8]Documentation Type Restrictions

Written VOE, P&L, and P&L Plus:	• 680 min FICO • 85% max LTV/CLTV – Purchase • 80% max LTV/CLTV – Refinance • $2,500,000 max loan amount
Asset Utilization	660 min FICO

Reserves

- 3 months: > 75% LTV
- 0 months PITIA: ≤ $1,500,000 Ln Amt
- 6 months PITIA: > $1,500,000 Ln Amt
- 9 months PITIA: > $2,500,000 Ln Amt

- **Reserves Waived:** Purchase & Primary Residence with <70% LTV

[9]Credit Requirements

Housing History:	1x30x12	0x60x12 (>1x30x12)	0x90x12 (allows 30 & 60)
Max Loan Amount	$3,000,000	$1,500,000	$1,000,000
Max LTV/CLTV – Purchase	85	80	70
Max LTV/CLTV – Refinance	80	75	NA
Credit Event: BK/FC/SS/DIL	Minimum ≥ 36 Months	Minimum ≥ 24 Months	Minimum ≥ 12 Months

Note: See Credit - Housing History and Credit Event sections for details.

[10]Property Requirements	
Condo Hotel – Maximum loan amount $2,500,000 • Max 85% LTV/CLTV Rural: Max 80% LTV/CLTV Property ≥ 10 acres: Max 80% LTV/CLTV	Declining Market – Maximum loan amount $2,000,000: • Max 85% LTV/CLTV – Purchase • Max 80% LTV/CLTV – Refinance

Program Requirements	

Appraisal	A completed full appraisal with interior/exterior inspection is required:
	• FNMA Forms 1004, 1073, 1025
	  ○ No condition ratings of C5, C6 or quality rating of Q6.
	  ○ Appraisal review required if CU risk score > 2.5 or no score/undetermined. See Non-Agency Guide 1.9.1.3 Appraisal Review Requirements for approved vendors. Appraisal review is not required when 2 appraisals are obtained.
	  ○ 2nd appraisal required for loans > $2,000,000. Appraised value will be the lower of 2 appraisals.
	Appraisal Transfers are acceptable with the following: 1) Transfer letter, 2) AIR Cert, and 3) CDA or AVM.
	• CDA or AVM must not vary more than 10% or a new appraisal will be required.
	• AVM must have either:
	  ○ An FSD score ≤ 0.13, or
	  ○ A confidence score ≥ 90% or
	  ○ A new appraisal will be required.
	• See Cash-Out section for details.
	Declining Market: See LTV Restrictions - Property Requirements, if the appraisal identifies the property in a declining market.

Assets	Minimum 30 days' asset verification
	Eligible Assets:
	• 100% of checking, savings, and money market accounts
	• 100% of acceptable web-based money management accounts such as Venmo
	• 100% of vested retirement accounts
	• 100% of the net stocks and bonds account value
	Large deposits must be sourced.
	Gift Funds: May not be used to meet the reserve requirements.
	  ○ Primary Residence 100% allowed for Full Doc or 24-month Bank Statement.
	  ○ All other Alt Doc options require 10% LTV reductions unless 5% of borrower's own funds verified.
	  ○ Investment/Second Home – Minimum of 10% of borrower's own funds.
	Gift of Equity allowed; subject to the same requirements as gift funds above.
	• Borrower(s) must meet both reserve and residual income requirements.
	Refer to Non-Agency Guide – Section 1.6.2 Asset Documentation for details

Borrower Eligibility	• U.S. Citizen • Permanent Resident Alien • Non-Permanent Resident Alien ○ No non-occupant co-borrowers See LTV Restrictions for max LTV.

Cash-Out	• Unlimited – no seasoning required. LTV is based on appraised value.
	• Ownership < 6 months:
	  ○ No credit exceptions allowed,
	  ○ Additional 6 months reserves required,
	  ○ Full Doc and Bank Statement only
	  ○ Transferred appraisals allowed only when ordered through an approved AMC. Additional valuation product required to confirm value; enhanced appraisal review may also be required.
	• > 75% LTV: use lesser of (purchase price + documented improvements) or appraised value

Credit	Use credit score of the borrower with the highest qualifying income (primary wage earner). Minimum 2 credit scores. • Three credit scores: use middle of 3 • Two credit scores: use lowest of 2 • **Minimum tradeline requirement is waived with 3 credit scores.** **Tradelines:** Minimum 2 reporting 24 or 3 reporting 12 months with activity in last 12. **Credit Event:** Borrower(s) with significant derogatory credit events such as BK, Foreclosure, Short Sale, DIL are eligible provided the credit event meets the seasoning requirement • ≥ 48 Months - no restrictions • See LTV Restrictions - Credit Event for additional max LTV eligibility • Forbearance, Modification or Deferrals – must be completed prior to application. Refer to Non-Agency Guide for details. **Housing History:** The most recent 12-month housing history is required for all REO and for any mortgaged property reported on the credit report; it is not required for free and clear property. • Housing payment must be paid current within 45 days of the loan application date. • 0x30x12 - See LTV Restrictions – Housing History for additional max LTV eligibility.

Document Age	120 Days

DTI	• Max 50%
	  o DTI may be increased to 55% with the following:
	    ▪ See LTV Restrictions for Purchase, Rate/Term for minimum FICO/max LTV.
	    ▪ Minimum Residual Income:
	      ➢ Greater of .5% of the loan amount or $2k,
	• Increased requirement may be waived with an additional 6 months PITIA reserves.

Escrow / Impounds	• HPML loans require escrows for property taxes, hazard insurance, and flood insurance (if applicable). • See waiver options in Section 1.4.5 – Escrow/Impounds for non-HPML and Business Purpose loans.
First Time Homebuyer (FTHB)	• Primary Residence o See LTV Restrictions for max loan amount/LTV. • Investment – Business Purpose only allowed with limitations; refer to Business Purpose section for details
Geographic Restriction	**State Condominium Requirements:** Projects with unacceptable or no inspection are ineligible. • *California:* An inspection is required for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground, as evidenced on the condo questionnaire. If no wood components are present in these structures (i.e., concrete or steel construction), an inspection is not required under California law. • *Florida:* An inspection is required for projects 3 stories or greater and more than 30 years old (or 25 years old if located within 3 miles of the coast). *INELIGIBLE:* • Hawaii properties located in lava zones 1 and/or 2. • Investment Property INELIGIBLE: Baltimore City, MD and Philadelphia County, PA

Income Requirements	**Full Doc**
	• Wage/Salary: Paystubs, W-2's, 1-year or 2-years of Tax Returns, IRS Form 4506-C, Verbal VOE
	• Self-Employed: 1-year or 2-years of Personal and Business Tax Returns, YTD P&L, IRS Form 4506-C
	Alt Doc
	Personal Bank Statements:
	• 12 or 24 months of personal and 2 months of business bank statements.
	• Qualifying income is determined by the total eligible deposits from the 12 or 24 months of personal statements divided by the number of statements.
	• The business bank statements must reflect business activity and transfers to the personal account.
	Business Bank Statements:
	• 12 or 24 months of business bank statements. Qualifying income is determined by one of the following analysis methods:
	  o Standard Expense Factor:
	    ▪ 15% - Consultant / Service Business
	    ▪ 30% - Small business
	    ▪ 50% - Medium to Large Business
	  o Expense ratio provided by a 3rd party (CPA, EA, PTIN, or tax preparer) minimum ratio of 10%
	  o 3rd party prepared Profit & Loss Statement (CPA, EA, PTIN or tax preparer)
	P&L Statement Only:
	• 12 or 24 months CPA/EA/CTEC/Tax Attorney prepared Profit & Loss Statement Only
	• CPA/EA/CTEC/Tax Attorney must attest they have reviewed or prepared all of the borrower's financials, including the tax returns, for the period of the P&L and provide the borrower's ownership percentage.
	• Borrower's living rent free ineligible
	P&L Plus:
	• 3 months bank statements supporting P&L income
	  o Must be within 10%
	• All other P&L program documentation must be met
	Written VOE: FNMA Form 1005
	• 2 most recent months of personal bank statements reflecting deposit(s) from employer on each of the statements.
	IRS Form 1099:
	• 1-year or 2-years 1099
	• < 2 years (≥ 1 year) allowed when W2→1099 with the same employer/position.
	• Fixed Expense Ratio of 10%
	• YTD Documentation to support continued receipt of income from same source.
	Asset Utilization: Eligible assets divided by 60 or 84 to determine a monthly income stream. See Non-Agency Guide for details.
	• See LTV Restrictions above for minimum credit score requirement.
	•Max DTI 43%

Loan Amount	$100,000: Minimum Loan Amount | $4,000,000: Maximum – Primary Residence | $3,500,000: Maximum – Second Home & Investment
Loan Purpose	Purchase, Rate/Term, and Cash-out
Loan Terms	• Fixed Rate Term: 30, 40-years|7/6 ARM, 10/6 ARM (40-year term ARMs available when combined with interest only feature). • Interest Only (IO): ARMs and FRMs; IO period is 10 years. See LTV Restrictions for max LTV.

Max LTV / CLTV	See LTV eligibility	
Occupancy	Primary, Second Home, and Investment	
Prepayment Penalty	Investment - Acceptable Structures include: • 6 months of interest Prepayment periods up to 5-Years eligible, see rate sheet Prepay terms: 12, 24, 36, 48 and 60 months	• IL: Penalties not allowed on loans vested to individuals • MS: Only declining prepayment penalty structures are allowed • NJ: prepayment penalty eligible only when the borrower is a corporate entity (C-Corp, S-Corp or LLC) with documented business purpose. LLC vesting -no credit exceptions allowed. • PA: Penalties not allowed on loan amounts ≤$329,411 • Penalties not allowed in AK, KS, MI, MN, NM, OH & RI
Property Types	**Eligible[11,12]**	**Ineligible**
	• SFR/PUD (detached/attached), Modular • Condo[13] • Condo Hotel[13] • Non-Warrantable Condo[13] • 2-4 Units • Rural (max 20-acres) • Leaseholds	• Manufactured, Mobile homes, houseboats, Dome/geodesic, unique home • Co-op development, Timeshare, fractional ownership, healthcare facilities, nonresidential, income-producing structures on premise • Vacant land/developments, zoning violations or illegal use • Single Room Occupancy, boarding houses, bed/breakfast • Native American Land/Reservations, cultivation/distribution/manufacture or sale of marijuana
	[11]Minimum SQ FT: SFR 500 sq ft, Condo Hotel 500 sq ft, 2-4 Units 400 sq ft per unit; Condo (no min.) requires similar comps size. [12]See LTV Restrictions – Property Requirements for max LTV. [13]See Geographic Restrictions for State condo requirements	
Reserves	• 3 months PITIA: > 75% LTV • 0 months PITIA: ≤ $1,500,000 Loan Amount • 6 months PITIA: > $1,500,000 Loan Amount • 9 months PITIA: > $2,500,000 Loan Amount	• Reserves Waived Purchase & Primary Residence w/ < 70% LTV
	• When both loan amount and LTV reserve requirements apply, the **higher PITIA months** will apply. • Cash out may be used to satisfy requirement.	
	Other Requirements	

Business Purpose	The following requirements apply only to Investment Business Purpose (BP) loans and are in addition to all standard Non-QHEM eligibility and documentation requirements outlined in this matrix, unless otherwise noted:
	• Business Purpose loans are eligible for Alt Doc and Full Doc as outlined in the Income Requirements section.
	• Business Purpose Certification and Occupancy Certification are required.
	• First Time Homebuyers/FTI allowed with the following limitations:
	  ○ 50% max DTI
	  ○ Income Documentation permitted:
	    ▪ Full Doc
	    ▪ Alt Doc – Bank Statement
	    ▪ Alt Doc – 1099
	  ○ Short Term Rental income is not allowed
	  ○ Living rent free is now allowed
	  ○ See LTV Restrictions for max loan amount/max LTV/min FICO
	
	• **Geographic restriction** –Subject to Geographic Restriction section above and the BP specific geographic requirements below:
	  ○ QC & Appraisal Review Required:
	    ▪ DE: New Castle County
	    ▪ MD: Cecil County
	    ▪ NJ: Burlington County, Camden County, Gloucester County, Salem County
	    ▪ PA: Bucks County, Chester County, Delaware County, Montgomery County
	  ○ Enhanced Valuation Review Required: Follow Seasoning & Value Increase Protocols for the following –
	    ▪ FL: ZIP 33837, 34746 & 34747 Communities:
	      ➢ Davenport (Polk County) -Veranda Palms, Reunion, Bellavida, Solara Resort Vacation Villas Replat
	      ➢ Kissimmee (Osceola County) -Watersong Community
	    ▪ NJ: Bergen County, Essex County
	    ▪ NY: Brooklyn, Orange County, Rockland County
	• Loans must be used solely for business or investment purposes.
	  ○ Personal, family, or household use of proceeds is prohibited and renders the loan ineligible.	

	○ Borrower may not occupy the subject investment property. • Refinances: ○ Rate/Term - Paying off HELOC: Must meet the seasoning and draw requirements outlined in Guide section 1.4.1.2 – Rate/Term Refinance. Draws over the life of the loan must not have been used for personal use. ▪ Borrower attestation is required. ▪ Any consumer-purpose draw(s) render the loan ineligible. ○ Cash-Out - Loan proceeds must be 100% for business/investment purposes. • Vesting -Refer to Guide Section 1.3.6.2 – Investment Vesting Requirements. **INELIGIBLE:** • Co-mingled bank statements • DSCR loans (not eligible under Non-QHEM BP) • Primary Residence / Second homes / Mixed-use with personal occupancy **NOTE:** If Business Purpose requirements are not met, and the borrower wishes to proceed as a Consumer Purpose transaction, the loan must be resubmitted as a Consumer Purpose Non-QHEM loan.
HEM Lending Resources	• All loans must be underwritten to the standards contained within this product matrix and HEM Non-Agency Guidelines.
Loan Exposure	• Aggregate exposure must not exceed $9,000,000 or 9 loans. Borrowers with no prior Company loan performance history require Credit Committee approval for above 6 loans.
Settlement Agent Restrictions	**INELIGIBLE:** • Block Land Transfer LLC • Edge Abstract Independence LLC • MidLantic Abstract • Sperry & Hatley, PC (atty Ryan Hatley)

ELIGIBLE TERMS						PRODUCT CODES	
FIXED	NQHEM 30 Yr Fixed Full Doc		NQHEM 30 Yr Fixed Full Doc IO			NQHEM30FFD	NQHEM30FFDIO
	NQHEM 40 Yr Fixed Full Doc		NQHEM 40 Yr Fixed Full Doc IO			NQHEM40FFD	NQHEM40FFDIO
	NQHEM 30 Yr Fixed Alt Doc		NQHEM 30 Yr Fixed Alt Doc IO			NQHEM30FAD	NQHEM30FADIO
	NQHEM 40 Yr Fixed Alt Doc		NQHEM 40 Yr Fixed Alt Doc IO			NQHEM40FAD	NQHEM40FADIO
ARM	**Description**		**Index**	**Caps**	**Margin**	**PRODUCT CODES**	
	7/6 Full Doc	7/6 Full Doc IO	30-Day Avg - SOFR	5/1/5	5.00	NQHEM7AFD	NQHEM7AFDIO
	7/6 Alt Doc	7/6 Alt Doc IO				NQHEM7AAD	NQHEM7AADIO
	10/6 Full Doc	10/6 Full Doc IO				NQHEM10AFD	NQHEM10AFDIO
	10/6 Alt Doc	10/6 Alt Doc IO				NQHEM10AAD	NQHEM10AADIO