theLender

10.27.26

the 2nd Plus

the2nd Plus - Eligibility				
Loan Amount/Credit Score/CLTV Matrix				
Standard Doc				
Loan Amount	**Credit Score**	**Primary**	**Second Home**	**Investment**
$350,000	740	90	80	75
	700	85	80	65
	680	75	75	NA
$500,000	740	85	75	75
	700	85	75	65
	680	75	70	NA
Alt Doc				
Loan Amount	**Credit Score**	**Primary**	**Second Home**	**Investment**
$350,000	740	85	75	70
	700	80	70	60
	680	75	65	NA
$500,000	740	80	70	65
	700	75	65	60
	680	70	60	NA

Housing History	Credit Event Seasoning	Forbearance, Modification, or Deferral	First Time Home Buyer
0x30x12	BK/FC/SS/DIL: ≥ 48 Mo See Non-Agency Guide for details	See Non-Agency Guide for details	Not Allowed

State Eligibility

Not available in

- Illinois, Massachusetts, New Jersey, New York, Pennsylvania, Tennessee, Texas, Vermont, Hawaii
- State Overlays for CT, FL:
  - Single Family, Condominiums: Max CLTV 80%, min credit score 720
  - 2-4 Unit: Max CLTV 75%, min credit score 720

Declining Market

If the appraisal report identifies the property in a declining market, the maximum CLTV is limited to 80% for all transactions.

General Requirements

Product and Term	• Fixed Rate - Fully amortizing terms of 10, 15, 20, 25 & 30 years.
Loan Amounts	• Min: $50,000 • Max: $500,000
Combined Loan Balance	• The CLTV of the combined loan balances are restricted as follows: ○ 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
Loan Purpose	• Stand-Alone Cash Out (minimum ownership of 6 months required) • Simultaneous/Piggyback
Occupancy	• Primary, Second Home, Investment
Cash-Out	• Max cash-out: $500,000
Eligible Borrower	• U.S. Citizen • Permanent Resident Alien • Non-Permanent Resident Alien: Max 80% CLTV
Ineligible Loan Features	• 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 Non-Agency Guidelines. ○ All Solar Panel loans and leases with PACE/HERO financing must be paid off.

Income Requirements

Standard Doc	• Wage/Salary: Paystubs, 1-year or 2-years W-2's, IRS Form 4506-C, Verbal VOE • Self-Employed: 1-year or 2-years of Personal and Business (If applicable) Tax Returns, YTD P&L, IRS Form 4506-C
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

© 2026 Hometown Equity Mortgage, LLC dba theLender | NMLS #133519. All Rights Reserved. Program terms and conditions apply, subject to change. Intended for use by mortgage professionals only and not for distribution to consumers.

	• 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: ○ 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)
IRS Form 1099	• 1-year or 2-years 1099 • Fixed Expense Ratio of 10% • YTD documentation to support continued receipt of income
Desktop Underwriter (DU) or Loan Prospector (LP)	• Final AUS findings must be included in the loan file ○ Fannie Mae: DU Approve/Eligible, or ○ Freddie Mac: LPA Accept/Eligible • Ineligible, Caution, or Refer with Caution not allowed • For simultaneous purchase transactions only • Findings permitted to be used for income, asset, and liability documentation • Appraisal must follow the requirements of this program (appraisal waiver option from findings not eligible) • Max DTI based upon CLTV restrictions for this program.
Written VOE	• FNMA Form 1005 • Two (2) most recent months of personal bank statements reflecting deposit(s) from employer on each of the statements • Max CLTV 80%
Underwriting Requirements	
Eligibility Criteria	• For criteria that is not referenced in this matrix, follow the Closed End Second chapter in the Non-Agency Guidelines
First Lien	• First lien documentation requirements: ○ Copy of 1st lien Note; and ▪ 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 ▪ 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: ○ 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 ○ 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
Credit and Fraud	• Credit report • Credit Score Model- Classic FICO® only. VantageScore® 4.0 and FICO® Score 10T are ineligible. • Gap credit report or Undisclosed Debt Monitoring (UDM) • Fraud report • OFAC
Qualifying Credit Score	• Use representative credit score of the borrower with the highest qualifying income
First Lien Payment Verification	• Verify the 1st lien P&I payment with all of the following: ○ Copy of 1st lien Note, and ○ Copy of most recent monthly mortgage payment statement
Mortgages not on the Credit Report	12-months mortgage payment history is to be documented, as follows: • Proof of payments through one of the following: ○ 12-months cancelled checks, ACH payment, bank transfer/wire, or electronic payment method from the borrower ▪ Payments made in cash are not eligible, or • 12-months mortgage statements for the review period, or • 12-months loan payment history from the creditor/servicer • Proof of borrower's payment for the most recent 6-months is required, or • 12-months Verification of Mortgage form (VOM) completed by the creditor/servicer • Proof of borrower's payment for the most recent 6-months is required, or • Credit supplement • Proof of borrower's payment for the most recent 6-months is required For the subject property First Lien: • Copy of the Note and mortgage statement for the review period are required.
Tradelines	• Min: 2 reporting 24-months with/activity in the last 12-months or 3 reporting 12-months w/recent activity

© 2026 Hometown Equity Mortgage, LLC dba theLender | NMLS #133519. All Rights Reserved. Program terms and conditions apply, subject to change. Intended for use by mortgage professionals only and not for distribution to consumers.

	• If the primary borrower has three (3) credit score, the minimum tradeline requirement is waived
Reserves	• None required
Assets	• Asset verification required if funds needed to consummate the transaction
DTI Requirements	• Maximum DTI ratio: ○ 50% DTI for CLTV less than or equal to 80% ○ 45% DTI for CLTV greater than 80% • Qualifying payment for first lien: ○ **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 • 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 • Interest Only: Qualifying rate amortized over the remaining term after the expiration of the interest only period
Age of Documents	• Credit Documents: May not be over 120-days old at the time of closing. • Appraisals, Title Report (or O&E): May not be over 120-days old at time of closing. ○ AVM may not be over 90- days old at time of closing.
Appraisal and Property	
Property Type	• Single Family (Attached, Detached, PUD) • 2-4 Unit residential properties (Max CLTV 75%) • Condominiums (Max CLTV 80%) • Rural: Not eligible
Appraisals	• **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. **Loan Amount ≤$250,000** • AVM within 90- 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 ○ One (1) unit property, with or without an accessory dwelling unit • New Appraisal: Appraisal Form - Must be UAD compliant. Either UAD 2.6 legacy forms (1004, 1073, 1025) or UAD 3.6 (URAR) is acceptable, or • Prior 1st lien appraisal dated within 12- months of subject loan Note date allowed subject to the following: ○ 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. • Broker Price Opinion (BPO) from one of the following: ○ Clear Capital, or ○ Consolidated Analytics, or ○ Computershare, or ○ Stewart Valuation Intelligence **Loan Amount >$250,000** • New Appraisal: Appraisal Form - Must be UAD compliant. Either UAD 2.6 legacy forms (1004, 1073, 1025) or UAD 3.6 (URAR) is acceptable, or • Prior 1st lien appraisal dated within 12- months of subject loan Note Date allowed subject to the following: ○ 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 90- days of the Note date from approved vendor with acceptable FSD. ▪ The lower of the Prior Appraisal value or the current AVM will be used to determine CLTV **Secondary Valuation Product** • Secondary valuation product required in every file • Acceptable review products include one of the following: ○ The Underwriter 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:

© 2026 Hometown Equity Mortgage, LLC dba theLender | NMLS #133519. All Rights Reserved. Program terms and conditions apply, subject to change. Intended for use by mortgage professionals only and not for distribution to consumers.

<table>
<tr><td></td><td>

ARR from Stewart Valuation Intelligence FKA Pro Teck.
CDA from Clear Capital.
ARA from Computershare.
CCA from Consolidated Analytics.
VRR from Homegenius Real Estate
Valreview Appraisal Review Value from Valligent (Veros Software Company)

If the enhanced desk review or BPO 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 90- days of Note date (If primary valuation based on an AVM, review must be a different vendor)

If two AVMs are ordered, the AVM with the higher FSD (closest to zero) will be treated as the primary valuation product.

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)

If two BPOs are ordered, the BPO with the lowest value will be treated as the primary valuation product.

If two BPOs are ordered, they must be completed by different brokers.
</td></tr>
<tr><td>AVM and FSD Score</td><td>
The following AVM vendors are acceptable:
<table>
<tr><th>AVM Vendor</th><th>Acceptable FSD Score</th></tr>
<tr><td>Clear Capital</td><td>0.00 to 0.13</td></tr>
<tr><td>Collateral Analytics / ICE</td><td>0.00 to 0.10</td></tr>
<tr><td>House Canary</td><td>0.00 to 0.10</td></tr>
<tr><td>Red Bell Real Estate (Homegenius)</td><td>0.00 to 0.10</td></tr>
</table>
</td></tr>
<tr><td>Property Condition Report</td><td>

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.

</td></tr>
<tr><td>Recently Listed Properties</td><td>

Properties currently listed for sale or previously listed for sale within the past 6-months are not eligible

</td></tr>
<tr><td>Title Insurance</td><td>
<u>Loan Amount ≤$250,000, provide one of the following</u>

Owner and Encumbrance Report (O&E) to include:

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

<u>Loan Amount >$250,000, provide one of the following</u>

ALTA Full Title Policy
ALTA Short Form Residential Limited Coverage Junior Loan Policy

</td></tr>
<tr><td>Flood Certificate and Flood Insurance</td><td>

Flood determination required for every loan file
Properties within a flood zone require evidence of insurance coverage in accordance with the HFIAA

Loss payee clause must reflect HEM as additional insured.

</td></tr>
<tr><td>Escrows</td><td>

Escrows for taxes and hazard insurance not required

</td></tr>
<tr><td>Hazard Insurance</td><td>

Hazard Insurance coverage must provide for claims to be settled on a replacement cost basis
Loss payee clause must reflect HEM as additional insured

</td></tr>
</table>

© 2026 Hometown Equity Mortgage, LLC dba theLender | NMLS #133519. All Rights Reserved. Program terms and conditions apply, subject to change. Intended for use by mortgage professionals only and not for distribution to consumers.