

Matrix				DSCR		Bank Statement 12mo or 24mo		P & L Only		Asset Depletion		Full Doc 12mo or 24mo	
Loan Amount	Reserves Month	Max DTI %	FICO	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out
125,000 to 1,000,000	6	50	720	80	75	80	75	75	70	75	70	80	75
			700	80	75	80	75	75	70	75	70	80	75
			680	75	70	75	70	75	65	75	65	75	70
			660	75	70	75	70	70	65	70	65	75	70
1,000,001 to 1,500,000	9	50	720	80	70	80	75	70	65	70	65	80	75
			700	80	70	80	75	70	65	70	65	80	75
			680	75	70	75	70	65	65	70	65	75	70
			660	70	65	75	70	60	65	60	70	65	70
1,500,001 to 2,000,000	12	50	720	70	65	70	60	70	60	65	60	70	65
			700	70	65	70	60	65	60	65	60	70	65
			680	65	60	70	60	65	60	65	60	70	65
			660	65	60	70	60	65	60	65	60	70	65
2,000,001 to 3,000,000	12	50	720	65	55	70	60	65	60	65	60	70	60
			700	65	55	70	60	65	60	65	60	70	60
			680	60	55	70	60	65	60	65	60	70	60

LTV Restrictions			
Property Type	Purchase & Rate-Term	Condo	LTV 75%
		Non-Warrantable Condo	75% (No Foreign Nat'l)
		Condotel (Max \$1.5mil Loan Amount)	75% (No Foreign Nat'l)
		2-4 Unit	75%
		Modular	75%
	Cash-Out - LTV ≤ 60%: Unlimited Cash-Out LTV > 60% (Max 80% of Loan Amount up to \$1mil.)	Condo	70%
		Non-Warrantable Condo	70% (No Foreign Nat'l)
		Condotel (Max \$1.5mil Loan Amount)	65% (No Foreign Nat'l)
		2-4 Unit	70%
		Modular	70%
Loan Type	Interest Only		80%
Declining Values	Declining Values		10% LTV Reduction
Housing Lates	*All past due housing payments must be cured by application and remain paid as agreed thru closing.	1x30x12	No Reduction
		Mtg lates > 1x30 but 0x60	5% LTV Reduction
Credit Event Seasoning	FC, SS, DIL	24-35 months	5% LTV Reduction
	BK 7	24-35 months	5% LTV Reduction
		12-23 months	5% LTV Reduction / No Cash-Out
	BK 13	Discharge	-

LTV Restrictions Continued					
Reduced Reserves	Maximum -3 mos. Reserves				5% LTV Reduction
Expanded DTI (50.01-55)	Investment	+3 months reserves	Min 680 FICO	Max 1.5 mil loan amount	75% Max LTV
	Asset Depletion	Not Allowed			Not Allowed
DSCR .75 to .999	No Cash-Out	Min 700 FICO			5% LTV Reduction

Overlays					
Cash-Out		LTV ≤ 60%: Unlimited Cash-Out.	LTV > 60% (Max 80% of Loan Amount up to \$1mil.)		Unlimited for Properties Owned Free & Clear
Credit	Standard	No Mortgage or Rental History	Max 50% DTI		Lower of Matrix LTV or 70% LTV
First Time Investor		Mortgage History Required	Min. 660 FICO	Max Loan Amount \$750,000	
Residual Income for DTI >43%		Per VA guideline or \$2500+\$150 per dependent			
Prepayment Penalty Structures	6 months interest	6 months interest on the amount paid greater than 20% of the original Unpaid Principle Balance. Applies to payoff due to sale or refinance.			States not permitted: AK, DE, MN, NH, NM, OH, IL, CO, MI, NJ, RI PA (Min. \$301,022 Loan Amount)
	5% Fixed	5% of any outstanding balance during the prepayment penalty term available for DSCR only. Applies to payoff due to sale or refinance.			
Unleased Properties		Purchase (Full, BK, P&L Doc type)	Qualify with Market Rents		
		Refinance (Full, BK, P&L Doc type)	Max 1 vacancy for 2-4 units - Use Market Rent for Vacancy		
		DSCR	Refinance with previous rent housing history documented		
					5% LTV Reduction

Foreign National						
Foreign National (DSCR Only)		Minimum 1.10 DSCR	12 mos reserves	Min 660 FICO	Max 1.5 mil loan amount	5% LTV Reduction
Foreign National	VISA Types allowed:	B-1, B-2, H-2, H-3, I, J-1, J-2, O-2, P-1, P-2, TN NAFTA, Laser Visa				
	Documentation	•	Copy of the borrowers valid and unexpired passport (including photograph)			
		•	Copy of the borrower's valid and unexpired visa (including photograph) OR an I-797 form with valid extension dates and I-94.			
		•	Borrowers from countries participating in the State Department's Visa Waiver Program (VWP) are not required to provide a valid visa. The credit file should be documented with a current print out of the participating countries with the borrower's country of origin highlighted.			
		•	Participating countries can be found at:	https://travel.state.gov/content/visas/en/visit/visa-waiver-program.html		
	All parties involved on transaction must be screened through exclusionary lists, must be cleared through OFAC's SND list, search of Specially Designated Nationals & Blocked Persons List may be completed via US Department of Treasury:					
	All borrowers must complete IRS form W-8BEN					
	Documents signed by Borrowers outside of the United States must be notarized by a U.S. embassy or consular official. The certificate of acknowledgment must meet the standard notarial requirements and must include the embassy or consular seal					
	Without Qualifying US Credit		Must provide evidence of the following:			
				Two (2) credit or banking reference letters from verified financial institutions in the borrower's country of origin		
a.			Each letter of reference must state the type and length of the relationship, how the account is held, payment amount, outstanding balance and status of account including a minimum 12 month payment history.			
b.			A single reference source may provide verification of multiple accounts. Individual account detail must be provided.			
c.			The letter must mention the borrower by name.			
d.			Name, title, and contact information of the person signing the letter must be included.			
e.			Currency must be converted to U.S. Dollars and signed and dated by certified translator.			
f.	All documents must be translated into English.					
Housing History Required		Evidence of 2 yr mortgage and/or rental housing history with 0x30x12 or documentation of free and clear property ownership.				
Automated Debit Payment		An executed Automatic Debit Payment Agreement (ACH) Form (Exhibit C) from a U.S. Bank, including either the bank routing number, account number, and account type or a voided check is required for transactions involving a Foreign National.				
Foreign National	Assets held in Foreign Accounts		May be used as source of funds to close and meet reserve requirements. Gift funds not allowed.			
			Closing funds and reserves must be transferred to a US domiciled account in borrower's name at least 10 days prior to closing.			
			Assets held in foreign accounts must be documented as follows:			
			•	Assets must be verified in U.S. Dollar equivalency at the current exchange rate via either www.xe.com or the Wall Street Journal conversion table.		
	•	A copy of the two (2) most recent statements of that account. If the funds are not seasoned a minimum of sixty (60) days, a letter of explanation is required along with the information to comprise a sixty (60) day chain of funds.				

Foreign National Continued

Foreign National	State Restrictions	Loans in the State of Florida must adhere to the restrictions imposed by Florida SB 264 affecting Foreign Nationals from the following countries:
		<ul style="list-style-type: none"> • China, Russia, Iran, North Korea, Cuba, Venezuela, Syria



NON OWNER PRIME Documentation

Documentation Options

Full Doc 2Yr	Standard FNMA Documentation	<ul style="list-style-type: none"> • Alternative Loan Review Form (Exhibit F) or DU Ineligible finding is required at time of submission • 2 years tax returns, recent paystub (self-employed YTD P&L) 1040 transcripts required 		
	Full Doc 1Yr	W-2 (12mo)	<ul style="list-style-type: none"> • Alternative Loan Review Form (Exhibit F) or DU Ineligible finding is required at time of submission • Wage Earner - 1 year most recent W-2 or 1 year tax returns plus 30 days paystubs 	
Tax Returns (12mo)		<ul style="list-style-type: none"> • Self-Employed - 1 year most recent tax returns plus • 1040 Transcripts required 	<ul style="list-style-type: none"> • YTD P&L (Borrower prepared ok with tax returns on full doc only) • 3 months bank statements verifying cash flow (No P&L) 	
Bank Statement	Bank Statement (24mo, 12mo)	<ul style="list-style-type: none"> • Personal & Business-Combined or Business (12mo or 24mo): • At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership) • Asset Depletion allowed with Bank Statement documentation • Income documented separately (SSI, W2, etc.) but included in deposits being reviewed must be backed out of deposits. Gross rents from any REOs are to be backed • Standard expense factors apply: 50% expense factor <ul style="list-style-type: none"> • If business operates < standard expense factor, P&L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required • PTIN is acceptable if documented as employed by 3rd party tax preparation service • Minimum expense factor with 3rd party prepared P&L or letter is 20% 		
		<ul style="list-style-type: none"> • Personal & Business Separated (12mo or 24mo): • At least one of the borrowers must be self-employed for at least 2 years (25% or greater ownership) • Asset Depletion allowed with Bank statement documentation • 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) 		
		<ul style="list-style-type: none"> • Self-employed (2yrs - 25% or greater ownership) • CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period. A gap P&L covering period between end of 12 month P&L and application required when gap is greater than three (3) months. • A letter from the CPA, CTEC or EA on their business letterhead showing address, phone number, and license number is required with the following information: <ul style="list-style-type: none"> • CPA/CTEC/EA prepared the most recent year's business tax return filing; and, • PTIN's are not acceptable to prepare/sign P&L statements • The business name, borrower's name, and percentage of business ownership by the borrower. • Business License for the past 2 years • Minimum expense factor with P&L is 20% for service business and 40% for product business (see guidelines for details) • No other income documentation type other than Asset Depletion can be combined with the P&L for the self-employed borrower. • Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub. • Borrower (Not Tax Preparer) to complete Borrower Income Questionnaire 		
		<ul style="list-style-type: none"> • Most recent 6 months asset documentation verified by: cash in bank (100%); stocks, bonds, and/or mutual funds (90%); IRAs, 401K, and/or retirement accts (80%) • Allowable assets divided by 84 months = qualifying income • Maximum 50% DTI - No Expanded DTI available 		
		<ul style="list-style-type: none"> • Interest Only: <ul style="list-style-type: none"> • DSCR (Gross Rents / ITIA) • Qualifying ratios based on Note Rate Initial Interest Only payment (ITIA) • Full Amortization: <ul style="list-style-type: none"> • DSCR (Gross Rents / PITIA) • Qualifying ratios based on Note Rate (PITIA) • For Purchase: The 1007 is used to determine DSCR • For Refinance: The lower of the lease agreement or rent survey is used to determine DSCR 		
		<ul style="list-style-type: none"> • Refinance Only: Short term leases are eligible. DSCR is calculated using the leases throughout the year and average over the 12 month period. If there are months where the • Refinance Only: On-line Services such as VRBO/AirBNB/ are eligible. DSCR is calculated by using a 12-month look back period AND either <ul style="list-style-type: none"> • 1) 12 monthly statements documenting receipt of rents or 2) An annual statement provided by the on-line service to document receipt of rents • If a consecutive 12 month period cannot be documented, the property will be considered unleased. • 20% vacancy factor applies to SFR refinances only. See guidelines for limitations and treatment of vacant unit(s) 		
Asset Depletion	Asset Statement (6mo)			
DSCR Calculation				
DSCR .99-.75				

Quick References

Assets		<ul style="list-style-type: none"> See guidelines for details Gift funds are acceptable for use toward down payment and loan costs 	<ul style="list-style-type: none"> Assets sourced or seasoned for two months unless utilizing assets to document income (6 months) 	
Borrower Eligibility	Citizenship	<ul style="list-style-type: none"> US Citizen 	<ul style="list-style-type: none"> Permanent Resident Alien (with US Credit) 	<ul style="list-style-type: none"> Foreign Nationals (DSCR Only)
		<ul style="list-style-type: none"> Non-Permanent Resident Alien (with US Credit) Current VISA E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, NATO, O-1, R-1, TN NAFTA. Provide EAD when applicable. 		
Cash-Out		<ul style="list-style-type: none"> LTV ≤ 60%: Unlimited Cash-Out. LTV > 60% (Max 80% of Loan Amount up to \$1mil.) Example: 850,000 loan amount x 80% allows 680,000 cash out 		
		<ul style="list-style-type: none"> Cash-out may be counted toward reserve 	<ul style="list-style-type: none"> See guidelines for details 	
		<ul style="list-style-type: none"> Property owned between 6-12 months - LTV/CLTV is based on lower of the appraised value or purchase price plus documented improvements. Less than 6 mos. seasoning not allowed 		
Compliance		<ul style="list-style-type: none"> No Section 32 or state High Cost 	<ul style="list-style-type: none"> Points and Fees max 5% limit 	
		<ul style="list-style-type: none"> Loans must comply with all applicable federal and state regulations 		
		<ul style="list-style-type: none"> Fully documented Ability to Repay including Borrower Attestation (Excluding DSCR) 		
		<ul style="list-style-type: none"> Impounds required on LTV > 80% or HPML loans unless otherwise specified by applicable state law 		
Credit	Standard	<ul style="list-style-type: none"> 3 tradelines reporting for 12+ months or 2 tradelines reporting for 24+ months all with activity in the last 12 months No mortgage or rental history (Lower of Matrix LTV or 70% LTV, 50% DTI) 		
		Following may remain open:		
Consumer Charge-offs and Collections		<ul style="list-style-type: none"> Collections and charge-offs < 24 months old with a maximum cumulative balance of \$2,000 	<ul style="list-style-type: none"> All medical collections regardless of amount 	
		<ul style="list-style-type: none"> Collections and charge-offs ≥ 24 months old with a maximum of \$2,500 per occurrence 	<ul style="list-style-type: none"> Collections and charge-offs that have expired under the state statute of limitations on debts; evidence of expiration must be documented 	
Gift		<ul style="list-style-type: none"> Gift funds are allowed for paying off debt, equity contribution refinances, and for closing costs and down payments. 		
		<ul style="list-style-type: none"> Gift funds may not be used to meet reserve requirements. 		
		<ul style="list-style-type: none"> Gift funds may not be used for first time investors or Foreign National. 		
Investor History		<ul style="list-style-type: none"> Acceptable Donors: Fannie Mae guidelines should be used for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt; 		
		<ul style="list-style-type: none"> Borrower must have a history of owning and managing at least one property for a minimum of 12 months within the most recent 36 months on DSCR product Borrower must have a housing history for all investor products 		
Investor Types	First Time Investor	<ul style="list-style-type: none"> Primary mortgage history is required 	<ul style="list-style-type: none"> Minimum FICO 660 	<ul style="list-style-type: none"> Maximum loan amount \$750,000
		<ul style="list-style-type: none"> Any borrower who has not owned at least one investment property for a minimum of 12 months at any time within the most recent 36 months Gift funds not allowed for First Time Investor. 		
	Experienced Investor	<ul style="list-style-type: none"> Borrower who has owned and managed at least 1 investment property for 12 months or more within the most recent 36 mos. 		
		<ul style="list-style-type: none"> Borrower must have satisfactory 12 month primary mortgage and/or rental payment history within 3 yrs prior to loan application. Payment to private lender or landlords must be evidenced by most recent 6 mos. cancelled checks. 		
	Professional Investor	<ul style="list-style-type: none"> DSCR Only: Provides reduced documentation on non-subject properties for the borrower who has a strong investor track record documenting the following: 		
		<ul style="list-style-type: none"> Currently owns 5 properties (Primary residence included). 		
		<ul style="list-style-type: none"> Has 5 years credit depth reported on credit report. 		
		<ul style="list-style-type: none"> At least 3 mortgages are reported on credit report within the last three (3) years. No minimum months reporting required. No delinquencies allowed on months reported. 		
		<ul style="list-style-type: none"> Required Information: 		
		<ul style="list-style-type: none"> All properties owned by borrower to be listed on REO schedule. All information completed on REO schedule (mortgage balances, gross rents, etc.). 		
<ul style="list-style-type: none"> Reduced Documentation 				
<ul style="list-style-type: none"> Housing History not required All properties owned by borrower to be listed on REO schedule. All information completed on REO schedule (mortgage balances, gross rents, etc.). 				
Quick References Continued: Properties				
Interest Only	<p>All doc types but DSCR: Qualifying ratios are based on fully amortized P&I payments over the scheduled remaining loan term after the interest only period has expired. <i>IE: 30 yr IO product is qualified at fully amortized payment for 20 yrs.</i></p> <p>DSCR: Use Note Rate of IO payment to calculate ITIA.</p>			
	<ul style="list-style-type: none"> SOFR 5/1 30yr ARM 	<ul style="list-style-type: none"> 5yr Fixed 	<ul style="list-style-type: none"> 10yr I/O 	<ul style="list-style-type: none"> 20yr Full Amortization after I/O Period
	<ul style="list-style-type: none"> SOFR 5/1 40yr ARM 	<ul style="list-style-type: none"> 5yr Fixed 	<ul style="list-style-type: none"> 10yr I/O 	<ul style="list-style-type: none"> 30yr Full Amortization after I/O Period
	<ul style="list-style-type: none"> SOFR 7/1 30yr ARM 	<ul style="list-style-type: none"> 7yr Fixed 	<ul style="list-style-type: none"> 10yr I/O 	<ul style="list-style-type: none"> 20yr Full Amortization after I/O Period
	<ul style="list-style-type: none"> SOFR 7/1 40yr ARM 	<ul style="list-style-type: none"> 7yr Fixed 	<ul style="list-style-type: none"> 10yr I/O 	<ul style="list-style-type: none"> 30yr Full Amortization after I/O Period
	<ul style="list-style-type: none"> 30yr Fixed 		<ul style="list-style-type: none"> 10yr I/O 	<ul style="list-style-type: none"> 20yr Full Amortization after I/O Period

		• 40yr Fixed	10yr I/O	30yr Full Amortization after I/O Period	
Acreage		• Maximum 20 acres			
Appraisal		• Loan amounts > \$2,000,000 = Two Full Appraisals	• See guidelines for details		
		• Loan amounts < \$2,000,000 = 1 Full Appraisal + AVM or FNMA CU Risk score of 2.5 or less			
		• 2nd Full Appraisal required if AVM Confidence Score is below 90%			
		• All 1 unit investor appraisals require form 1007 Single Family Comparable Rent Schedule			
		• DSCR Rate and Term: If owned less than six (6) months LTV/CLTV is based on purchase price. If owned less than 12 months but more than six (6) months, the LTV/CLTV is based on the lower of the appraised value or purchase price plus documented improvements.			
Minimum Property Standards		• 600 sq. ft. for 1 unit properties	• 2+ units no minimum. Size must be	• Maximum deferred maintenance cannot exceed \$2,000	
		• Property constructed for year-round use	• Permanently affixed continuous heat	• No health or safety issues both internal or external	
Property: Condotels	Eligible	• Condotel units are categorized as non-warrantable	• Minimum 500 square feet.		
		• Kitchen required with full size appliances, refrigerator,	• Investor concentration ok to 100%		
	Ineligible	• Bedroom required – no studios.			
		• Properties with hotel, motel in name. Converted hotel	• Projects with less than 10 units.		
		• Properties with Registration desks/office.	• Properties that are not located in a resort/destination area (beach, ski, lake)		
Property Flips		When the subject property is being resold within 365 days of its acquisition by the seller and the sales price has increased more than 10%, the transaction is considered a “flip.” The following should be used to determine the 365-day period: the acquisition date (the day the seller became the legal owner of the property), and the purchase date (the day both parties executed the purchase agreement).			
		• Property seller on the purchase contract must be the owner of record	• The property was marketed openly and fairly, through a multiple listing service, auction, FSBO offering (documented), or developer marketing		
		• Flip transactions must comply with the TILA HPML Appraisal Rule in Reg Z	• Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.)		
		• Increases in value are to be documented with commentary from the appraiser and recent	• All transactions must be arm’s length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction		
Property Types		• SFR	• Condominium	• Townhouse	
		• PUD	• Modular	• Rowhouse	
			• D-PUD	• Non-Warrantable Condo / Condotel	
			• 2 - 4 Unit	• Rural (Owner Occupied Only)	
Seasoning		• Rate and Term: No seasoning. At least 1 borrower from the existing loan must be in the new loan.			
		• Cash Out: 6 months from existing Note date to application date of new loan.			
		• LLC Cash Out: 12 months seasoning required if the property was owned prior to closing by LLC that is majority-owned by the borrower.			
Seasoning for Property Recently Listed on the Market		• For all transaction types, subject property must be taken off the market on or before application date.			
		• For Cash-Out refinances, loans must be seasoned for at least 6 months from the listing contract expiration date to the new Note date.			
		• Cash-out DSCR with prepayment penalty ok with no seasoning.			
States	Ineligible	• TX (No Interest-Only when using Texas Section 50(a)(6) Equity Cash-Out transactions)			
Quick References Continued: Miscellaneous					
Prepayment Penalty Option	• Prepayment penalty must be in compliance with the terms and limitations of the applicable state or federal law				
Qualifying Payment		• Full Amortization:	Qualifying ratios based on greater of Note Rate or Fully Indexed Rate (PITIA)		
		• Interest Only (DTI):	Qualifying ratios based on greater of Note Rate or Fully Indexed Rate (PITIA), fully amortized payment on remaining term		
		• Full Amortization (DSCR):	Qualifying ratios based on Note Rate (PITIA)		
Qualifying Payment		• Interest Only (DSCR):	Qualifying ratios based on Note Rate Initial Interest Only payment (ITIA)		
		• Full Amortization (DSCR):	Qualifying ratios based on Note Rate (PITIA)		
Residual Income		• Interest Only (DSCR):	Qualifying ratios based on Note Rate Initial Interest Only payment (ITIA)		
		• Required on DTI > 43% only	• Per VA or \$2,500 plus an additional \$150/dependent		
	• VA Residual Income Calc per VA Form #26-6393 and VA Residual Income Tables in VA Lending Manual Chapter 4.9				
Seller Concessions / IPC	• Max 3% on Investor product				
Subordinate Financing	• CLTV max = LTV max				
	• Subordinate Financing payment must be included in DSCR calculation				

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