



ARCHES GARDEN - JUMBO

15 Year Fixed Rate
ARMS 5/1 7/1 10/1 LIBOR

Property Type	Min Loan Amount >	Max Loan Amount <=	LTV/CLTV	Min Credit Score	Reserves	Max DTI	Available Terms
SFR, SFA, Condo & PUD	\$510,400	\$1,000,000	80%/80%	720	12 Months	43%	15 Year Fixed & ARM
	\$1,000,000	\$1,500,000	80%/80%	720	15 Months	43%	15 Year Fixed & ARM
	\$1,500,000	\$2,000,000	80%/80%	720	15 Months	43%	15 Year Fixed & ARM
	\$2,000,000	\$2,500,000	75%/75%	720	30 Months	43%	15 Year Fixed & ARM

Primary Cash Out

Property Type	Min Loan Amount >	Max Loan Amount <=	LTV/CLTV	Min Credit Score	Reserves	Max DTI	Available Terms
SFR, SFA, Condo & PUD	\$510,400	\$1,000,000	65%/65%	720	12 Months	38%	15 Year Fixed & ARM
	\$1,000,000	\$1,500,000	65%/65%	720	15 Months	38%	15 Year Fixed & ARM
	\$1,500,000	\$2,000,000	65%/65%	740	15 Months	38%	15 Year Fixed & ARM
	\$2,000,000	\$2,500,000	65%/65%	740	30 Months	38%	15 Year Fixed & ARM

Max Cash Out \$500,000

Primary Purchase for First Time Home Buyer (FTHB)							
Property Type	Min Loan Amount >	Max Loan Amount <=	LTV/CLTV	Min Credit Score	Reserves	Max DTI	Available Terms
SFR, SFA, Condo & PUD	\$510,400	\$1,000,000	80%/80%	720	18 Months	43%	15 Year Fixed & ARM

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Occupancy	<ul style="list-style-type: none"> • Primary • Second homes and non-owner occupied properties are NOT eligible
Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-out refinance
Available Products	<ul style="list-style-type: none"> • 15 Year Fixed • 5/1, 7/1, 10/1 LIBOR ARM P&I
Qualifying Rate: Fully Amortizing	<ul style="list-style-type: none"> • 5/1 ARM: The higher of the fully indexed rate or the initial note rate + 2% • 7/1 & 10/1 ARM: The higher of the fully indexed rate or the initial note rate
Documentation	<ul style="list-style-type: none"> • Full Documentation Only
Secondary Financing	<ul style="list-style-type: none"> • Permitted up to maximum LTV/CLTV per matrix • Subordinate liens must not have negative amortization, no balloon within 5 years, and no prepayment penalties • In cases in which a HELOC is resubordinated to the subject mortgage: <ul style="list-style-type: none"> ○ Monthly amount on credit report will be used ○ If no monthly payment amount is shown on credit report, 1% minimum payment of the maximum line amount will be used for qualifying ○ A credit report supplement showing the minimum monthly payment is also acceptable ○ If HELOC has a zero balance and no draws within 24 months of application, no payment need be included in DTI ○ Withdrawal activity must be documented with a transaction history for the line of credit
Property Type	<ul style="list-style-type: none"> • Single family (attached and detached) • Condo

	<ul style="list-style-type: none"> • PUD
Rate and Term	<ul style="list-style-type: none"> • Lesser of 1% or \$2,000 max cash back is allowed
ARM Margins, Caps & Floor	<ul style="list-style-type: none"> • Margin: 2.25% 5/1, 7/1 & 10/1: Caps 2% /2% /5%. Floor 2.25% Index: 1-year LIBOR
Mortgage Insurance	<ul style="list-style-type: none"> • Not required at any LTV

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Eligible Borrowers	<ul style="list-style-type: none"> • US citizens • Permanent resident alien • Non-permanent resident alien
Non-Permanent Resident	<ul style="list-style-type: none"> • Must be legally present in the U.S. with an acceptable visa type. Acceptable visa types are as follows: <ul style="list-style-type: none"> ○ E Series (E-1, E-2, E-3) ○ G Series (G-1, G-2, G-3, G-4, G-5) ○ H Series (H-1B, H-1C) ○ L Series (L-1, L-1A, L-1B, Spouse L-2 with EAD) ○ NATO Series (NATO 1 – 6) ○ O ATO Series (NATO 1 – 6) ○ TN-1, Canadian NAFTA visa ○ TN-2, Mexican NAFTA visa <p style="margin-left: 40px;"><i>See USCIS.gov for more information</i></p> • Must have a valid Social Security Number • Maximum LTV/CLTV of 70% • Must have minimum of two (2) year employment history in the U.S. and qualifying income must be from the U.S. • Must be able to verify that current employment has a probability of three (3) year continuance. VOE form may be used to document. • Must have a two (2) year credit history in U.S. and must meet minimum credit requirements • Funds to close must be deposited in a U.S. financial institution. No funds to close from outside the U.S. are allowed. • Owner-occupied, single family primary residences only

<p>First Time Home Buyer (FTHB)</p>	<ul style="list-style-type: none"> • FTHB is defined as ALL borrowers have not owned a home in the US within the previous three (3) years from the application date <ul style="list-style-type: none"> ○ Owner Occupied only ○ Max Loan Amount \$1,000,000 ○ 18 Months PITI Reserves ○ 80% LTV/CLTV Maximum
<p>Non-Occupant Co-Borrowers</p>	<ul style="list-style-type: none"> • Non-occupant co-borrower allowed • Non-occupant co-borrower income NOT allowed
<p>Non-Arm's Length</p>	<ul style="list-style-type: none"> • The following NALs are eligible with proper documentation: <ul style="list-style-type: none"> ○ Sales or transfers between members of the same family (transaction may not be due to any adverse circumstances) ○ Property seller acting as his or her own real estate agent ○ Borrower acting as his or her own real estate agent ○ Borrower purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history)
<p>Delayed Financing Refinance</p>	<ul style="list-style-type: none"> • Delayed financing refinances in which the borrowers purchased the subject property for cash within 90 from the date of the application are eligible • Cash back to the borrower in excess of the original purchase price or appraised value (whichever is less) is not allowed • Delayed financing refinances are underwritten as rate and term refinances and are not subject to cash-out refinancing program limitations • Property may not be located in Texas
<p>Multiple Properties Financed</p>	<ul style="list-style-type: none"> • Borrowers may not own more than four (4) residential 1-4 unit financed properties regardless of the occupancy of the subject property • Six (6) months PITI reserves for each additional financed property owned • Financed properties held in the name of an LLC or other corporation, commercial properties and unimproved land may be excluded

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Credit Score	<ul style="list-style-type: none"> • Refer to Matrices • When multiple borrowers apply, the lowest middle score is the qualifying credit score
Age of Credit Docs	<ul style="list-style-type: none"> • Credit docs valid for 90 days from note date • Appraisal valid for 120 days from note date
Credit Events	<ul style="list-style-type: none"> • Seven (7) year seasoning required on all major credit events • Seasoning is measured form the date of credit event to the application date
Minimum Credit History	<ul style="list-style-type: none"> • Three (3) open and active tradelines with 24 months history • Two (2) tradelines must have activity within the most recent six (6) months of application date • One (1) tradeline must be installment, mortgage, or rental history • Rental history may be used as one (1) of the three tradelines • Borrowers not meeting the three tradeline requirement above are acceptable if they meet the following criteria: <ul style="list-style-type: none"> ○ Minimum of eight (8) tradelines (one must be mortgage or rental) ○ One trade must be open for a minimum of 12 months ○ Minimum ten (10) year credit history
Open 30-Day Charge Accounts	<ul style="list-style-type: none"> • For open 30-day charge accounts (i.e. American Express), the borrower must have sufficient verified liquid assets to pay off the balance in addition to any reserve requirements to exclude the payment
Housing Payment History	<ul style="list-style-type: none"> • A 24-month housing history required: 0X30 in last 24 months • Borrowers with no mortgage/rental history due to a residence scenario not requiring current mortgage or rental payments are eligible with a satisfactory letter of explanation

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<p>Self-Employment</p>	<ul style="list-style-type: none"> • Self-employed (S/E) borrowers are eligible: <ul style="list-style-type: none"> ○ A borrower is considered S/E when they have 25% or more ownership interest in a business ○ A Wage earner borrower with an incidental side business that does not provide qualifying income will not be considered as S/E ○ Declining income from S/E of 20%, or more, is ineligible for qualifying income ○ Two (2) business entities max per transaction ○ For determining the number of qualifying entities, rental properties held in an entity are counted in the total max of 2. Sch C are not counted against the 2 max. • Year-to-date P&L and Balance Sheet are required if note date is beyond 90 days from the end of the last fiscal year. Depending on the type of business, micro P&Ls and business bank statements may also be required case by case.
<p>Employment Gaps</p>	<ul style="list-style-type: none"> • A two (2) year minimum of employment and income is required for all borrowers • Employment gaps greater than 30 days during the most recent two (2) year period require a borrower LOE • All borrowers contributing income for qualification must be employed at present employer for a minimum of six (6) months to qualify if there is a gap in the employment greater than six (6) months during the previous two (2) years • VVOE or WVOE for all jobs in the last two (2) years required to confirm dates of employment
<p>Max DTI</p>	<ul style="list-style-type: none"> • See matrices

<p>Departing Residence</p>	<ul style="list-style-type: none"> • The rental income from the departing residence may be used if the property has a loan to value of 75% or less as evidenced with one of the following: <ul style="list-style-type: none"> ○ Current appraisal (no more than six months old from application date) OR ○ Exterior only appraisal (2055) OR ○ Automated Valuation Model (AVM) • A 25% expense / vacancy deduction must be applied to all rental income • Copy of the signed lease is required • Reserves of six months PITI on the departure property must be documented in addition to the required reserves for the subject property
<p>Rental Income</p>	<ul style="list-style-type: none"> • Rental income from other properties must be documented with the borrower's most recent signed federal income tax return that includes Schedule E • Leases are required for all properties where rental income is being used to qualify • Rental income for properties with leases from management companies or other rental companies (i.e. Airbnb and VRBO) is not allowed • Properties with expired leases that have converted to month to month per the terms of the lease will require bank statements for the lesser of 12 months or the time period after the lease expired • Commercial properties owned on schedule E must be documented with a rent roll and evidence that the primary use and zoning of the property is commercial
<p>Appendix Q</p>	<ul style="list-style-type: none"> • If not otherwise addressed, all income sources and method of calculation must meet most recent Appendix Q standards for Determining Monthly Debt and Income
<p>Unreimbursed Business Expenses</p>	<ul style="list-style-type: none"> • Unreimbursed business expenses prior to 2018 just be deducted from income and borrower must be self-employed in order to deduct business expenses
<p>Tax Transcripts</p>	<ul style="list-style-type: none"> • Two (2) years tax transcripts are required

- Transcripts must be obtained within 5-business days of transcript service becoming available
- Borrower-obtained transcripts are not acceptable
- W2 transcripts are acceptable for W-2 borrowers
- Transcripts and supporting income documentation provided must be consistent

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Assets	<ul style="list-style-type: none"> • Bank or brokerage statements for the most recent two (2) consecutive months are required • Large deposits, defined as a single deposit that exceeds 50% of the total monthly qualifying income, must be sourced • Large deposits that cannot be sourced may be subtracted from asset amount
Gift Funds	<ul style="list-style-type: none"> • Gift funds are an acceptable source of funds as follows for primary residences and second homes with LTV/CLTV <= to 80% as follows: <ul style="list-style-type: none"> ○ Gift donor must be a relative, defined as a borrower’s spouse, child or other dependent or by any other individual who is related to the borrower by blood, marriage, adoption or legal guardianship or a fiancé or domestic partner ○ Borrower must contribute 5% of their own funds ○ Gift of equity is not eligible ○ Gift funds may NOT be used to pay off installment debt to qualify • Gift funds may NOT be used to pay off revolving debt to qualify
Paying Off Debt to Qualify	<ul style="list-style-type: none"> • Installment debt may be paid off to qualify either before or at closing • Revolving debt may be paid off to qualify either before or at closing with appropriate documentation to evidence that the account has been closed • Paying down of debt is not permitted
Reserves	<ul style="list-style-type: none"> • Refer to matrices for reserve requirements • For borrowers owing multiple properties, 6 months PITI for each additional 1-4 unit financed property is required. • Business funds, gift funds and equity lines cannot be used for reserves
Retirement Accounts	<ul style="list-style-type: none"> • Vested funds from Individual Retirement Accounts (IRA/SEP/Keogh accounts) and tax-favored retirement savings accounts (401(k) accounts) are acceptable sources of funds for reserves

	<ul style="list-style-type: none"> • Ownership of the account and verification that the account is vested and allows withdrawals regardless of current employment status is required • When used for reserves, 70% of the value of market-based assets may be considered, and liquidation is not required
<p style="text-align: center;">Liabilities</p>	<ul style="list-style-type: none"> • All installment debt regardless of number of months remaining must be used in DTI calculation • Child support payments of ten (10) months or fewer may be excluded • Debts that are not a contingent liability that are paid by another entity such as borrower’s business or debts being paid by a family member must be included in the DTI calculation
<p style="text-align: center;">Installment Debt</p>	<ul style="list-style-type: none"> • Debt that is not a contingent liability must be included in DTI. A contingent liability is defined as a debt paid by a party or entity other than the borrower where said party or entity and not the borrower is the primary obligor. If the borrower is the primary obligor on any liability the debt must be included in the DTI. Example: Borrower financed the purchase of a car for their business and the business pays the loan. If the loan is in the borrower’s name, then the debt must be included in the DTI.

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Second Homes	<ul style="list-style-type: none"> • Property may not be a time share, subject to a rental agreement or other shared ownership arrangements • Property must be a reasonable distance from the borrower’s primary residence • Rental income and expenses on Schedule E of the borrower’s personal tax returns(s) must not exceed 30 rental days • Rental income from a second home cannot be used to qualify the borrower
Condo Eligibility	<ul style="list-style-type: none"> • Full Condo review required, unless 2-4 condo OR detached condo follow FNMA • Annual budget • E&O and liability insurance minimum \$1MM • Projects with any litigation are ineligible • Minimum square footage 400 • New projects ineligible • Low/Mid/High rise are eligible
Acreage	<ul style="list-style-type: none"> • Maximum lot size 20 acres • Properties with greater than 10 acres need to have three comparables with similar acreage
Property Flips	<ul style="list-style-type: none"> • The following requirements apply to properties acquired within 90 days prior to the date of sales contract: <ul style="list-style-type: none"> ○ Property seller on the purchase contract is the owner of record ○ Second full appraisal is required ○ Increases in value should be documented with commentary from the appraiser
Chain of Title	<ul style="list-style-type: none"> • All transactions require minimum 12 month chain of title
Recently Listed Properties	<ul style="list-style-type: none"> • Listing must be canceled or expired prior to the application date

HERO/PACE/Solar Panels	<ul style="list-style-type: none"> Any item that that will include a UCC associated with the property and/or will create an easement on title is ineligible
Oil and Gas Leases	<ul style="list-style-type: none"> Properties with oil and gas lease(s) are not allowed
Appraisal Requirements	<ul style="list-style-type: none"> For loan amounts up to and including \$1,500,000, one full appraisal is required For loan amounts greater than \$1,500,000, appraisals are required LTV will be based on lower of the two (2) values All inconsistencies between the two (2) appraisals must be addressed and reconciled A CDA is required on all loans regardless of the loan amount If the CDA produces a value in excess of a 10% negative variance then a field review may be ordered to support the original appraised value, if the field review produces a value in excess of a 10% negative variance the loan is ineligible
Appraisal Age	<ul style="list-style-type: none"> Appraisals must not be over 120 days old from the note date If appraisal is over 120 days old a new appraisal is required For new construction an appraisal update on form 1004D is required
Transferred Appraisals	<ul style="list-style-type: none"> Transferred appraisals considered on loan amounts up to \$1,500,000
Declining Property Value	<ul style="list-style-type: none"> Reduce maximum LTV/CLTV by 10%, max 70% LTV/CLTV for any property located in an area of declining property values as noted on the appraisal
Ineligible Property Types	<ul style="list-style-type: none"> Manufactured Homes Factory Built Housing Properties with income producing attributes Properties with oil and gas lease(s) Condo hotel units, non-warrantable condominiums, condominiums with HOA in litigation Log homes Timeshare units Geothermal homes Unique properties

- Mixed use properties, including home businesses i.e.: daycare
- Working farms
- Hobby farms
- Commercial properties
- Agriculturally zoned properties (agricultural/residential eligible)
- Properties held as leasehold