

FORTRESS DD NQM				
12 or 24 Months Bank Statements & 1 or 2 Year 1099				
Max LTV / CLTV's		Primary Residence		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
740+	<= \$1,000,000	85	85	70
	\$1,000,001 - \$1,500,000	85	85	70
	\$1,500,001 - \$2,000,000	80	80	70
	\$2,000,001 - \$2,500,000	75	75	65
720 - 739	<= \$1,000,000	80	80	70
	\$1,000,001 - \$1,500,000	80	80	70
	\$1,500,001 - \$2,000,000	80	75	70
	\$2,000,001 - \$2,500,000	75	70	65
700 - 719	<= \$1,000,000	80	80	70
	\$1,000,001 - \$1,500,000	75	75	65
	\$1,500,001 - \$2,000,000	75	75	60
	\$2,000,001 - \$2,500,000	70	70	N/A
680 - 699	<= \$1,000,000	75	75	70
	\$1,000,001 - \$1,500,000	70	70	60
	\$1,500,001 - \$2,000,000	65	65	N/A
	\$2,000,001 - \$2,500,000	65	65	N/A
Max LTV / CLTV's		NOO - 2nd Home		
Credit Score	Loan Amount	Purchase	R/T Refinance	Cash-Out Refinance
740+	<= \$1,000,000	75	75	65
	\$1,000,001 - \$1,500,000	75	75	65
	\$1,500,001 - \$2,000,000	75	75	65
720 - 739	<= \$1,000,000	75	75	65
	\$1,000,001 - \$1,500,000	75	75	65
	\$1,500,001 - \$2,000,000	75	75	65
700 - 719	<= \$1,000,000	75	75	65
	\$1,000,001 - \$1,500,000	75	75	65
	\$1,500,001 - \$2,000,000	75	75	60
680 - 699	<= \$1,000,000	75	75	65
	\$1,000,001 - \$1,500,000	70	70	60
	\$1,500,001 - \$2,000,000	65	65	N/A

Property Type Restrictions
Max LTV - 80% Condo & 2-4 Units
State Restrictions
Max LTV - 80% IL & NJ

General Requirements							
Product Type	Product	Qualifying Rate	Term	I.O. Term	Amortization Term	Index	Caps
	5/1 ARM	Greater of Fully Indexed or Note Rate	360	N/A	360	1 Yr Libor	2/2/5
	5/1 ARM I.O.	Greater of Fully Indexed or Note Rate	360	120	240	1 Yr Libor	2/2/5
	5/1 ARM I.O.	Greater of Fully Indexed or Note Rate	480	120	360	1 Yr Libor	2/2/5
	7/1 ARM	Greater of Fully Indexed or Note Rate	360	N/A	360	1 Yr Libor	5/2/5
	7/1 ARM I.O.	Greater of Fully Indexed or Note Rate	360	120	240	1 Yr Libor	5/2/5
	7/1 ARM I.O.	Greater of Fully Indexed or Note Rate	480	120	360	1 Yr Libor	5/2/5
	15 Year Fixed	Note Rate	180	N/A	180	N/A	N/A
	30 Year Fixed	Note Rate	360	N/A	360	N/A	N/A
	30 Year Fixed I.O.	Note Rate	360	120	240	N/A	N/A
	40 Year Fixed I.O.	Note Rate	480	120	360	N/A	N/A
Product Type	5/1 ARM, 7/1 ARM, 30 Year Fixed, 15 Year Fixed, 40 Year Fixed - 10 Year I.O.						
Interest Only	Primary Residence Only						
Loan Amounts	Minimum \$150,000 - Max \$2,500,000 NOO/2nd Home Max Loan Amount - \$2,000,000						
Loan Purpose	Purchase, Rate / Term, Cash-Out						
Occupancy	Primary, Second Home, Investment						
Property Type	SFR, Attached, 2-4 Units, Warrantable Condo						
Cash-Out	Max Cash \$500,000 -FL Condos Not Eligible -IL & NJ Not Eligible						
Appraisals	<p>Appraisals should be dated no more than 120 days prior to the note date Properties with condition ratings of C5 and C6 and/or a quality rating of Q6 are not allowed</p> <p>2nd Appraisal: A second appraisal is required when the loan amount is greater than \$1.5MM and/or the transaction is a flip When a 2nd appraisal is required, value is based on the lower of the two (2) values. 2nd appraisal must be from a different company and appraiser than the first appraisal.</p>						
Appraisal Review Product	<p>CDA from Clear Capital A field review or a second appraisal is also acceptable Appraisal must be submitted to Collateral Underwriter (CU); an eligible score of 2.5 or less is required If the CDA reflects a value of more than 10% below the appraised value, if CDA does not provide a value or the CU score exceeds 2.5 - A field review or a second appraisal is required.</p>						
Rural Property	Not allowed - Max Acreage 5-acres						

Income Requirements		
Income	Personal Bank Statements: 12 or 24-months of personal and 2-months of business bank statements covering the most recent time period. Qualifying income is determined by the lower of total eligible deposits from the 12 or 24-months of personal statements divided by the number of statements or the income disclosed on the initial 1003. 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 covering the most recent time period. Qualifying income is determined by the lower of the income disclosed on the initial 1003 or one of the following analysis methods:	
	Option 1 Fixed Expense Ratio 90%, 70%, 50%, 30%	A business narrative that includes details regarding the industry, size, and operating profile of the business, addressing location/rent, number of employees/contractors, COGS, and physical assets such as trucks/equipment (owned or leased). The business narrative form should be completed by an employee (non-relative of the borrower's business, with knowledge and information of the operations and finances of the business. Typical positions held by this employee would include: Controller, Treasurer, V.P. Finance, Finance Manager, or Accounting Manager. This form can also be completed by a third-party individual with direct knowledge of the borrower's business such as Tax Professional, CPA or an IRS Enrolled Agent.
	90% FER	A business with any of the following characteristics must use the 90% expense ratio: Multiple commercial locations, More than 25 employees, Industry classification of: Retail Trade, Wholesale Trade, Accommodation-Food Service, Agriculture-Forestry-Fishing-Hunting, Construction, Car Dealerships
	70% FER	A business with any of the following characteristics must use the 70% expense ratio: A single commercial location, More than 10 employees but not more than 25 employees Industry classification of: Manufacturing, Transportation-Warehousing, Utilities, Mining-Quarrying-Oil, & Gas Extraction, Other Services, Admin-Support-Waste Management-Remediation, Information
	50% FER	A business with any of the following characteristics must use the 50% expense ratio: Work from home or shared facility, 1 or more employee but no more than 10 employees Industry classification of: Real Estate-Rental and Leasing, Arts-Entertainment-Recreation, Professional-Scientific-Technical Services, Health Care-Social Assistance, Educational Services, Finance and Insurance
30% FER	Any business with the following characteristics must use the 30% expense ratio: Work from home, No Employees Bank Statements must be reviewed for no evidence of payroll related expenditures Business is a service business which does not require any parts or inventory and does not require the use of heavy equipment or vehicles (with the exception of the owner's car). Examples of acceptable business include: Consultant, Accountant, Sales. Examples of unacceptable business include: appliance repair, plumber, painting.	

	Option 2 Business Expense Statement Letter	An Expense Statement specifying business expenses (minimum expense ratio is 10%) as a percent of the gross annual sales/revenue, prepared and signed by either a CPA/accountant, IRS Enrolled Agent or Tax preparer AND documentation showing evidence of the preparers business
	Option 3 Third Party Prepared P&L	12 or 24 months of business bank statements covering the most recent time-period and matching the time-period covered by the P&L AND P&L covering 12 or 24 months, matching the number of bank statements, prepared and signed by either a CPA/accountant, IRS enrolled agent or licensed tax preparer AND documentation showing evidence of the preparers business
	IRS Form 1099	
	2 years or 1 year 1099 Fixed expense ratio of 10% YTD documentation to support continued receipt of income from same source	
Earning Trends	Year to year earnings trends must be considered in accordance with Appendix Q Part 1026 of regulation Z - <i>Standards for determining Monthly Debt and Income</i>	
	Stable or Increasing	Amounts should be averaged
	Declining but Stable	If 24 month average shows a decline, but most recent 12 months has stabilized & there is no reason to believe that the income / employment will not change the most recent 12 month average may be used.
	Declining	Income is ineligible

Underwriting Requirements			
Credit Score	Middle of 3 scores or lower of 2		
Housing History	0x30x12		
Credit History	Foreclosure, Short Sale, Deed in Lieu, Any BK - 48 months seasoning		
Tradelines	2 open and reporting for 24 months or 3 open and reporting 12 months		
DTI Requirements	Max DTI is 43% 50% DTI is allowed with the following: Primary residence only AND 2-Year 1099 or 24-months bank statements only AND Minimum residual income of \$3500		
Residual Income	Residual Income = Gross Monthly Income - Total Monthly Debt		
	Add \$250 for the 1st dependent and \$125 for each additional dependent		
	Occupancy	Max LTV	Min Residual Income
Payment Shock	Primary DTI > 43%		
Reserves	85%		
	\$3,500		
	Max 300% of current housing if DTI > 36%		
Reserves	6 months PITIA		
	Loan Amounts > \$1.5MM = 9 months PITIA		
	Cash-Out proceeds not allowed to satisfy reserve requirement		

Business Assets	<p>If business funds are used, the borrower must be the sole proprietor or 50% owner of the business.</p> <p>Using one of the following methods, an analysis will be performed to determine that the withdrawal of funds will not have a negative impact on the business:</p> <p>Business Expense Coverage Method - Using the most recent business bank statement for income documentation, perform the following calculation: Take the statements ending balance, then SUBTRACT the transactions down payment, SUBTRACT the transactions closing costs, SUBTRACT the program-required reserves, ADD the funds available in personal account(s) to determine the funds available for business expense coverage The funds available for business expense coverage must be a positive number and reflect a minimum of two (2) months of average expenses, as reflected on the Profit and Loss Statement or as determined by using the expense factor.</p> <p>Balance Sheet Method - The balance sheet for the business (signed and dated by the borrower) must reflect positive working capital. Working capital is the sum of the current assets less current liabilities. The result represents the maximum amount of business funds available to use for the down payment, closing costs, and reserves.</p>
Assets	Minimum of 2-months verified, any large deposit must be sourced
Gift Funds	Not Allowed
Document Age	60-days
Prepayment Penalty NOO Only	Prepayment Periods Up to 5-Years Allowed
	PPP not allowed in AK, KS, MI, MN, NM, OH, and RI
	PPP not allowed on loans vested to individuals in IL and NJ
	PPP not allowed on loan amounts less than \$260,404 in PA
	Only declining prepayment penalty structures allowed in MS
COVID	
PPP Loan	A business that has obtained a PPP loan is not prohibited from loan program. An analysis of the most recent bank statements, both standard doc and bank statement doc types, must support ongoing sales activity. The sales activity, deposits, must support the qualifying income.