

### Sequoia NQM

#### LTV/CLTV MATRIX – Owner-Occupied\*\*

Loan Amount	Credit Score	Full Doc 24 months		Full Doc 12 months		Bank Statement/1099 24 mos		Bank Statement/1099 12 mos - AD*	
		Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out
≤ \$1,000,000	760	90%	80%	90%	75%	90%	80%	90%	75%
	720	90%	80%	85%	75%	90%	80%	85%	75%
	700	90%	80%	85%	75%	90%	80%	85%	75%
	680	85%	75%	85%	75%	80%	70%	80%	70%
	660	80%	75%	80%	75%	75%	65%	75%	65%
≤ \$2,000,000	720	90%***	80%	85%	75%	90%***	80%	85%	75%
	700	85%	75%	85%	75%	85%	75%	85%	75%
	680	85%	70%	85%	70%	80%	70%	80%	70%
	660	80%	65%	80%	65%	75%	65%	75%	65%
≤ \$2,500,000	720	80%	70%	80%	70%	80%	70%	80%	70%
	700	80%	65%	80%	65%	80%	65%	80%	65%
	680	75%	65%	75%	65%	75%	65%	75%	65%
	660	70%	60%	70%	60%	70%	60%	70%	60%

\*Asset Depletion Ineligible for Cash-Out

\*\*2nd Homes Limited to 80% LTV/CLTV Cash Out Max LTV 75%

\*\*\*90% Eligibility Only Allowed for Purchase Transactions

#### LTV/CLTV MATRIX – Non-Owner Occupied

Loan Amount	Credit Score	Full Doc 24 months		Full Doc 12 months		Bank Statement/1099 24 mos		Bank Statement/1099 12 mos - AD*	
		Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out
≤ \$1,000,000	720	80%	75%	80%	75%	80%	75%	80%	75%
	700	80%	75%	80%	75%	80%	75%	80%	75%
	680	80%	75%	80%	75%	80%	70%	80%	70%
	660	80%	75%	80%	75%	75%	65%	75%	65%
≤ \$2,000,000	720	80%	75%	80%	75%	80%	75%	80%	75%
	700	80%	75%	80%	75%	80%	75%	80%	75%
	680	80%	70%	80%	70%	80%	70%	80%	70%
	660	80%	65%	80%	65%	75%	65%	75%	65%
≤ \$2,500,000	720	80%	70%	80%	70%	80%	70%	80%	70%
	700	80%	65%	80%	65%	80%	65%	80%	65%
	680	75%	65%	75%	65%	75%	65%	75%	65%
	660	70%	60%	70%	60%	70%	60%	70%	60%

\*Asset Depletion Ineligible for Cash-Out

Sequoia NQM				
	Product	Qualifying Rate	Term	I.O. Term
Available Products	15 Year Fixed	Note Rate	180	N/A
	30 Year Fixed	Note Rate	360	N/A
	30 Year Fixed I.O.	Note Rate	360	120
	40 Year Fixed I.O.	Note Rate	480	120
Prepayment Penalty	Prepayment penalties allowed on Non-Owner occupied properties only			
Interest Only	Allowed up to 85% LTV - Primary Residence Allowed up to 75% LTV - 2nd Home & NOO			
Secondary Financing	Allowed - See LTV/CLTV grid Junior financing must meet the requirements as defined by Fannie Mae Any energy efficiency-based liens, like PACE or HERO are treated like secondary financing. When paid off through loan proceeds and seasoned more than one (1) year, transaction is treated like rate & term If paid with loan proceeds, the loan is considered cash-out			
Property Type	Single Family (attached and detached) PUD Warrantable Condo - Max 80% LTV, Follow FNMA Requirements Non-Warrantable Condo - Considered on a case by case basis, 75% LTV Max 2 - 4 Units - Max 80% LTV/CLTV			
Cash-Out	\$1,000,000 Max for owner occupied properties \$500,000 Max for 2nd Home and Non-Owner occupied properties			
LTV Determination	Rate & Term - use current appraised value Cash-Out owned >= 12 months - use current appraised value Cash-Out owned < 12 months - use lesser of acquisition cost or appraised value			
Delayed Financing	Properties purchased with cash within the past six (6) months (measured from the purchase date of the property to the disbursement date of the new loan) are eligible for a cash-out refinance. Follow Fannie Mae requirements			

Borrower Requirements	
Eligible Borrowers	<p>US Citizens</p> <p>Permanent Resident Alien</p> <p>Non-Permanent Resident Alien, with the following restrictions: Primary Residence ONLY</p>
Non-Permanent Resident	<p>Acceptable visa types are as follows: 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, H-2, H-4), L Series (L-1B, L-2), NATO Series (NATO 1=6), O Series (O-1), TN-1 Canadian NAFTA Visa, TN-2 Mexican NAFTA Visa</p> <p>Additional Requirements: Must have a valid Social Security Number, Max LTV/CLTV 80%, Must have a minimum of two (2) years employment history in US and qualifying income must be from the US (two (2) year history will be based on note date</p> <p>If no two (2) year U.S. employment history, requirement for residency and employment will be reduced to one (1) year with AUS approve/ineligible findings</p> <p>Must verify that current employment has a probability of three (3) year continuance</p> <p>Must have a two (2) year credit history in US and must meet minimum credit requirements (two (2) year history will be based on note date)</p>
First Time Home Buyer	<p>Defined as borrowers who have not owned residential property in the past three (3) years</p> <p>If one (1) borrower is an FTHB and the other borrower is not, then FTHB guidance does not apply</p> <p>Property owned outside of the US is not considered in the FTHB determination</p> <p>Max Loan Amount = \$2,000,000</p> <p>680 Minimum Credit Score</p> <p>Max 43% DTI</p> <p>&gt; 36% DTI 300% max payment shock, &lt;= 36% DTI payment shock does not apply</p> <p><del>12-month income programs not available</del></p>
Multiple Properties Owned	<p>The maximum number of residential 1-4 unit properties owned (financed or free and clear) is six (6)</p> <p>Max exposure to Newfi for any one (1) borrower is five (5) loans or \$5,000,000 UPB</p>
Non-Occupant Co-Borrowers	<p>Not allowed on Bank Statement / 1099 programs / Asset Depletion</p> <p>The primary occupying borrower must have a DTI of no more than 60%</p> <p>A minimum of 5% of the down payment must come from the primary occupying borrower's own funds</p> <p>Non-occupant must be an immediate family member such as a parent, child, grandparent, sibling, domestic partner, or fiancé</p> <p>Cash-Out transactions not allowed</p>
Non-Arm's Length	<p>The following NAL's are eligible with proper documentation:</p> <p>Sale or transfers between members of the same family (transaction may not be due to any adverse circumstances)</p> <p>Property seller acting as his or her own real estate agent</p> <p>Borrower purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history)</p> <p>Investment property loans must be arms length</p>

Credit	
Credit Score	Refer to Matrices for eligibility When multiple borrowers apply, the lowest middle score is the qualifying credit score
Age of Credit Docs	Credit, appraisal, and title valid for 120 days from note date Income and Assets valid for 60 days from note date
Housing Payment History	Maximum of 0x30 in past 12 months
Major Credit Events	Four (4) year seasoning is required on all major credit events Seasoning is measured from date of credit event to note date and includes: Bankruptcy, Foreclosure, Deed-in-Lieu, Short-Sale / Short-Refinance, Modification with principal forgiveness, NOD
Credit Report Security Freeze	If the credit report shows a security freeze and the borrower unfreezes credit after the date of the original credit report, a new report is required to reflect current and updated information
Collections & Charge Offs	Collection and charged-off accounts that do not impact title do not need to be paid off if: Individual accounts less than \$500 and cumulative balance \$2,500 or less AND/OR Medical collections up to \$10,000 cumulative AND/OR Collections and charge-offs that have passed the individual state statute of limitations
Required Credit History	Option #1 - Three (3) for 12 - Three (3) open and active tradelines with a 12-month history OR Option #2 - Two (2) for 24 - Two (2) tradelines open 24 months both showing activity in the most recent 12 months Tradelines with recent serious adverse history are not acceptable Rental verification can be included as a tradeline Student loans can be counted in credit depth as long as they are in repayment and not being deferred
Income	
Debt to Income Ratios (DTI)	50% DTI MAX - All Doc Types Up to 55% DTI - 680+ FICO / 80% LTV Max / Owner Occupied ONLY / 2 Year Full Doc ONLY - 0% payment shock / 3 months additional reserves required - Purchase / Rate & Term / Cash-Out Debt Consolidation (Cash to borrower must meet Rate & Term Guidelines) ONLY
1099 - 12 & 24 Months	Designed for borrowers who receive one (1) or more 1099s / year Can be combined with all other income sources Signed 4506T's and 1099 transcripts are required A borrower prepared and signed narrative that includes type of business, size-number of employees and / or contractors, years in operation, equipment and cost of goods sold - Must be included with the initial credit file  There are two (2) options to support and document income: - Option #1: Use a 10% expense ratio OR - Option #2: Provide a third party prepared Business Expense Statement  Qualifying income is based on the 12 or 24 months average from total of all 1099's minus the expense factor YTD earnings must show that the income is ongoing with the following: - Paystub that reflects YTD earnings OR - YTD bank statements The YTD earnings from the paystub or the total of deposits on the bank statements must be within 10% of the qualifying income Income used is lessor of the income listed on the 1003 or the calculated qualifying income

<p>Personal Bank Statement Income</p>	<p>Intended for borrowers with 50% or more self-employment income            May be combined with non-business income: i.e. SSI, rental income, W2 wages            Multiple bank accounts are allowed  <b>A minimum of 50% ownership in the business is required</b>            Income used is lessor of 1003 or the calculated qualifying income            Third party documentation of self-employment is required to support that the business has been in operation for the previous two (2) calendar years and that the borrower(s) had ownership for same period            May use 100% of qualified deposits in the personal account when there is evidence of a separate business account to show transfers and activity to support business operations            A borrower prepared and signed narrative that includes type of business, size-number of employees and/or contractors, years in operation, equipment and cost, of goods sold - Must be included with the initial credit file</p>
<p>Business Bank Statement Income</p>	<p>Intended for borrowers with 50% or more self-employment income            May be combined with non-business income: i.e. SSI, rental income, W2 wages            Multiple bank accounts are allowed  <b>A minimum of 50% ownership in the business is required</b>            Income used is lessor of 1003 or the calculated qualifying income            Third party documentation of self-employment is required to support that the business has been in operation for the previous two (2) calendar years and that the borrower(s) had ownership for same period            A borrower prepared and signed narrative that includes type of business, size-number of employees and/or contractors, years in operation, equipment and cost, of goods sold - Must be included with the initial credit file</p>
<p>Methods for Calculating Bank Statement Income</p>	<p><b>Method 1: Fixed Expense Ratio 50%</b>  <b>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.</b></p> <p><b>Businesses within an industry that experience higher expense ratios are not eligible for this option and must use Option 2 or Option 3. Businesses that do not qualify for the 50% expense ratio include but not limited to construction, manufacturing, retail/wholesale trade, hospitality, food and beverage services and transportation.</b></p> <p><b>Method 2: Third Party Expense Statement</b>            A CPA, accountant or tax preparer signed and dated statement indicating the percentage of expenses to gross annual sales/revenue            - Must cover the 12 or 24 month period of the bank statements            - Verification evidencing the CPA, accountant or tax preparer's business and a current license are required</p> <p><b>Method 3: Third Part Prepared P&amp;L</b>            A CPA, accountant or tax preparer signed and dated P&amp;L            - Must cover the 12 or 24 months period of the bank statements            - Verification evidencing the CPA, accountant or tax preparer's business and a current license are required            - Gross receipts on P&amp;L must be within a 10% variance of allowable deposits</p>

History of Self-Employment	<p>A two (2) year history of self-employed history required on all loans          Less than two (2) years but greater than one (1) year can be considered case-by-case. Requirements are:</p> <ul style="list-style-type: none"> <li>- Strong previous experience</li> <li>- Job industry-specific training</li> <li>- Previous work history to support lack of self-employment history</li> </ul>	
Tax Transcripts on Full Doc	<p>Required on all Full Doc income used to qualify          Business transcripts not required if business income is reported on 1040</p>	
Tax Transcripts on Bank Statement & 1099	<p>Transcripts and income validation not required for Bank Statements income          Transcripts are required for any non-1040 type full doc income used in conjunction with these 2 income types - i.e. W2 wages, SSI Income should be validated with 2 months bank statements          Transcripts are required for the 1099 program</p>	
Earning Trends	Year to year earnings must be considered in accordance with Appendix Q Part 1026 of regulation Z - Standards for determining Monthly Debt and Income	
	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
Asset Depletion	<p>Asset depletion allowed as qualifying income either on it's own or combined with other income sources.          Transactions using Asset Depletion Income follow the 12 mo Bank Statement / 1 Year 1099 programs for price and eligibility          The following restrictions apply when using Asset Depletion income:</p> <ul style="list-style-type: none"> <li>- Minimum 680 FICO</li> <li>- Max 43% DTI</li> <li>- Non-Occupant Co-Borrowers not allowed</li> <li>- Gift funds ineligible</li> <li>- Max LTV/CLTV 85% for Purchase &amp; R/T transactions</li> <li>- Cash-Out Not Allowed</li> </ul> <p>Asset Depletion Qualifying Method:          Debt Ratio Calculation: Minimum eligible assets required is the lower of \$1,000,000 or 150% of the loan balance. Qualifying income based upon total eligible assets for depletion, less down payment, less out of pocket closing costs, less required reserves, divided by 100.          Income Documentation:</p> <ul style="list-style-type: none"> <li>- All individuals on the asset accounts must be on the Note and Mortgage.</li> <li>- Assets must be verified with most recent three (3) months of account statements or a VOD</li> <li>- Assets must be seasoned 120-days</li> </ul> <p>Ineligible Assets:</p> <ul style="list-style-type: none"> <li>- Equity in Real Estate</li> <li>- Privately traded or restricted / non-vested stocks</li> <li>- Any asset which produces income already included in the income calculation</li> <li>- Assets held in the name of a business</li> </ul>	

Assets	
Business Funds	Business funds allowed for down payment, closing costs, and reserves Must meet cash flow analysis of three (3) months of statements
Gift Funds	Min 5% Borrower contribution required for Primary Residence Minimum 10% Borrower contribution required for NOO Follow FNMA Guidance - Gift funds must be from a family member, fiancé, or domestic partner Gift funds not acceptable for reserves
Paying Off Debt to Qualify	Revolving accounts may be excluded if paid to zero - Account does not need to be closed Installment debt may be excluded if paid off and closed Paying down an installment loan to ten (10) months is allowed - Max DTI 40%
Reserves	All reserve requirements are based on subject property PITI Loan amounts <= \$1,000,000 require six (6) months PITI Loan amounts > \$1,000,000 <= \$1,500,000 require nine (9) months PITI Loan amounts > \$1,500,000 <= \$2,000,000 require twelve (12) months PITI Loan amounts > \$2,000,000 require fifteen (15) months PITI 2nd Homes & NOO require twelve (12) months PITI LTV's > 80% require an additional three (3) months PITI Each additional financed 1-4 family residential property requires two (2) months PITI Twenty-four (24) months PITI max reserve requirement
Source of Reserves	Funds in non-cash holdings, like stocks, bonds & mutual funds must be discounted to 70% Life insurance surrender value 529 accounts Business funds Company sponsored retirement accounts i.e.: 401k
Retirement Accounts Used for Reserves	Discount non-cash holdings to 70% for borrowers 59.5 years and older Discount non-cash holdings to 60% if younger than 59.5 Employer sponsored savings plans (like a 401k) require TOW from employer which allow for hardship withdrawal

Property / Appraisal Information	
Acreage	No more than ten (10) acres
Rural Properties	Owner-Occupied ONLY 80% LTV Max Purchase or Rate & Term Refi ONLY Considered Rural when: Non paved service road, all comps are > 5 miles away from subject property, subject property designated rural by appraiser
Property Flips	The following requirements apply to properties acquired within 90-days prior to the date of sales contract: 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 appraiser
Recently Listed Properties	Properties listed at the time of application are not eligible Properties listed in the past six (6) months prior to the application date are not eligible for cash-out transactions Properties listed in the period between three (3) and six (6) months from app date may be eligible for rate & term refinances
Warrantable Condos	Established projects ONLY Detached units and small projects (2-4 condos) follow FNMA guidance (No HOA review required)
Ineligible Properties	Condotels & resort style condos Unique style homes: earth, dome, etc. Property condition of C5 or C6 Working farms or ranches
Appraisal Requirements	Loan amounts up to and including \$1,500,000 require one (1) appraisal and CDA Up to 10% tolerance on the CDA is allowed If the CDA value is more than 10% below the appraisal value, the lower of the two (2) values must be used If the tolerance exceeds 10% then a field review may be provided to support the appraised value If the field review is within 10% of the original appraised value, then the original appraised value may be used If the variance between the original appraised value and the field review is greater than 10%, a second full appraisal is required and the lesser of the two (2) will be used Loan amounts > \$1,500,000 require two (2) appraisals (No CDA required) Leaseholds are acceptable in areas where commonly accepted and documented via the appraisal with sufficient comps
Appraisal Age	Appraisal must be dated within 120 days of the note date
Transferred Appraisals	Allowed When two (2) appraisals are required, only one (1) appraisal can be transferred
Declining Property Value	Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as noted on the appraisal