

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%	80%	85%	75%	80%	70%	80%	70%
	660	85%	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%	75%	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	75%	65%	70%	60%	70%	60%	70%	60%
≤ \$3,000,000	720	75%	65%	75%	65%	75%	65%	75%	65%
	700	75%	65%	75%	65%	75%	65%	75%	65%
	680	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	660	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*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	85%	75%	80%	75%	80%	75%	80%	75%
	700	85%	75%	80%	75%	80%	75%	80%	75%
	680	85%	75%	80%	75%	80%	70%	80%	70%
	660	85%	75%	80%	75%	75%	65%	75%	65%
≤ \$2,000,000	720	85%	75%	80%	75%	80%	75%	80%	75%
	700	85%	75%	80%	75%	80%	75%	80%	75%
	680	85%	75%	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	75%	65%	70%	60%	70%	60%	70%	60%

*Asset Depletion Ineligible for Cash-Out

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	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 Junior financing used for purchase or seasoned for 12 months can be paid off and transaction considered rate & term			
PACE / HERO Loans	Follow FNMA Any energy efficiency-based liens, like PACE or HERO are treated like secondary financing, when paid off through loan proceeds transaction is treated like a rate & term.			
Property Type	Single Family (attached and detached) PUD Warrantable Condo - Max 85% CLTV, Follow FNMA Requirements Non-Warrantable Condo - Considered on a case by case basis, 75% LTV Max 2 - 4 Units - Max 85% CLTV			
Maximum Cash-Out	>= 75% CLTV up to \$250,000 > 65% CLTV < 75% CLTV up to \$500,000 <= 65% CLTV up to \$1,000,000			
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. Cash-out equity withdrawal not restricted to guideline maximums. Follow Fannie Mae requirements			

Borrower Requirements	
Eligible Borrowers	<p>US Citizens Permanent Resident Alien Non-Permanent Resident Alien, with the following restriction: 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 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 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 Must verify that current employment has a probability of three (3) year continuance 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 If one (1) borrower is an FTHB and the other borrower is not, then FTHB guidance does not apply Property owned outside of the US is not considered in the FTHB determination Max Loan Amount = \$2,000,000 680 Minimum Credit Score Max 45% DTI > 40% DTI 300% max payment shock, <= 40% DTI payment shock does not apply</p>
Multiple Properties Owned	<p>The maximum number of residential 1-4 unit properties owned (financed or free and clear) is six (6) 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 The primary occupying borrower must have a DTI of no more than 60% A minimum of 5% of the down payment must come from the primary occupying borrower's own funds Non-occupant must be an immediate family member such as a parent, child, grandparent, sibling, domestic partner, or fiancé Occupant borrower is responsible for 100% of the reserve requirement Cash-Out transactions not allowed</p>
Non-Arm's Length	<p>The following NAL's are eligible with proper documentation: Sale 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 purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history) 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	Primary wage earner ONLY must meet tradeline requirement 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 Option #1 - Three (3) for 12 - At least three (3) tradelines reporting for a minimum of 12 months, with all three (3) having activity in the last 12 months, accounts can be open or closed OR Option #2 - Two (2) for 24 - At least two (2) tradelines reporting for a minimum of 24 months, with both having activity in the last 12 months, accounts can be open or closed OR Option #3 - Eight (8) for 8 - Minimum eight (8) tradelines reporting, one must be a mortgage (rental history also acceptable) - Minimum one open tradeline reporting for 12-months - Minimum 8 year established history

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 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
Personal Bank Statement Income	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 A minimum of 20% ownership in the business is required 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
Business Bank Statement Income	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 A minimum of 50% ownership in the business is required 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

<p>Methods for Calculating Bank Statement Income</p>	<p>Method 1: Fixed Expense Ratio 50% 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). 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.</p> <p>Method 2: Third Party Expense Statement A CPA, accountant or tax preparer signed and dated statement indicating the percentage of expenses to gross annual sales/revenue</p> <ul style="list-style-type: none"> - 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>Method 3: Third Part Prepared P&L A CPA, accountant or tax preparer signed and dated P&L</p> <ul style="list-style-type: none"> - 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&L must be within a 10% variance of allowable deposits 	
<p>History of Self-Employment</p>	<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"> - Strong previous experience - Job industry-specific training - Previous work history to support lack of self-employment history 	
<p>Tax Transcripts on Full Doc</p>	<p>Required on all Full Doc income used to qualify Business transcripts not required if business income is reported on 1040</p>	
<p>Tax Transcripts on Bank Statement & 1099</p>	<p>Transcripts and income validation not required for Bank Statement or 1099 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</p>	
<p>Earning Trends</p>	<p>Stable or Increasing</p>	<p>Amounts should be averaged</p>
	<p>Declining but Stable</p>	<p>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.</p>
	<p>Declining</p>	<p>Income is ineligible</p>

<p style="text-align: center;">Asset Depletion</p>	<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"> - Minimum 680 FICO/Max 43% DTI/Non-Occupant Co Borrowers not allowed/Gift funds ineligible - Max LTV/CLTV 85% for Purchase & R/T transactions - Cash-Out Not Allowed <p>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 closing costs and required reserves based on below table then divided by 100.</p> <p>Income Documentation:Eligible Assets</p> <ul style="list-style-type: none"> • 100% of checking , savings and money market accounts • 70% of stocks, bonds and mutual funds • 70% of retirement assets if the borrower is of retirement age – 59 ½ • 60% of retirement assets if the borrower is not of retirement age <ul style="list-style-type: none"> - All individuals on the asset accounts must be on the Note and Mortgage. - Assets must be verified with most recent three (3) months of account statements or a VOD - Assets must be seasoned 120-days <p>Ineligible Assets:</p> <ul style="list-style-type: none"> - Equity in Real Estate - Privately traded or restricted / non-vested stocks - Any asset which produces income already included in the income calculation - Assets held in the name of a business
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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%
Transactions Not Requiring Reserves	Reserves are not required for Rate & Term Refinances when the below parameters are met: - DTI < 50% - Monthly P&I reduction of 10% or more *For interest only loans the P&I reduction is based on a fully amortized qualifying payment
Reserves	Subject Property Reserves: 6 months PITI required for Primary Residence 9 months PITI required for Primary Residence with > 80% LTV / CLTV 12 months PITI required for Primary Residence > 85% LTV / CLTV 2nd Homes, NOO, 2-4 Units & Loan Amounts > \$1,000,000 require twelve (12) months PITI Reserve requirements are not cumulative REO Reserves: Each additional financed 1-4 family residential property requires six (6) months PITI – Additional financed property reserve requirement is calculated from financed property PITI
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 Cash-Out proceeds may be used to satisfy reserve requirement
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) HOA Review Type: follow FNMA requirements
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 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 Review	An appraisal review product is required on every loan unless a second appraisal is obtained, one of the three options below is acceptable: - CDA from Clear Capital OR - Collateral Underwriter (CU Score) less than 2.5 OR - A field review or a second appraisal is also acceptable – These must be from a different company and appraiser than the first appraisal If the CDA reflects a value of more than 10% below the appraised value, a field review or a second appraisal is required
Appraisal Age	Appraisal must be dated within 120 days of the note date Re-certs of value are not allowed
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