

Sequoia NQM					
LTV/CLTV MATRIX – Owner-Occupied**					
Loan Amount	Credit Score	Full Doc 1-2 years		Bank Statement 12-24 Months, 1099 1-2 Years, Asset Depletion*	
		Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out
≤ \$1,000,000	720	95%	85%	90%	85%
	700	90%	85%	90%	85%
	680	90%	80%	90%	80%
	660	85%	75%	85%	75%
≤ \$2,000,000	720	90%	85%	90%	85%
	700	90%	80%	90%	80%
	680	85%	75%	85%	75%
	660	85%	75%	85%	75%
≤ \$2,500,000	720	85%	75%	85%	75%
	700	85%	70%	85%	70%
	680	80%	70%	80%	70%
	660	75%	65%	75%	65%
≤ \$3,500,000	740	85%	70%	85%	70%
	720	80%	70%	80%	70%
	700	75%	65%	75%	65%
≤ \$4,000,000	740	75%	65%	75%	65%
	720	70%	65%	70%	65%
	700	70%	60%	70%	60%
*Asset Depletion Ineligible for Cash-Out					
**2nd Homes - Max \$2.5MM Loan Amount, Purchase / Rate & Term Max 85% LTV/CLTV, Cash Out Max 75% LTV/CLTV					
**2nd Homes - Max \$3.5MM Loan Amount, Purchase / Rate & Term Max 80% LTV/CLTV, Cash Out Max 70% LTV/CLTV					

LTV/CLTV MATRIX – Non-Owner Occupied					
Loan Amount	Credit Score	Full Doc 1-2 years		Bank Statement 12-24 Months, 1099 1-2 Years, Asset Depletion*	
		Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out
≤ \$1,000,000	720	85%	75%	85%	75%
	700	85%	75%	85%	75%
	680	85%	75%	85%	75%
	660	85%	75%	85%	75%
≤ \$2,000,000	720	85%	75%	85%	75%
	700	85%	75%	85%	75%
	680	80%	75%	80%	75%
	660	80%	70%	80%	70%
≤ \$2,500,000	720	80%	75%	80%	75%
	700	80%	70%	80%	70%
	680	75%	70%	75%	70%
≤ \$3,000,000	720	80%	70%	80%	70%
	700	75%	65%	75%	65%

*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	
Second Homes	<p>Loan Amounts <= \$2.5MM the following LTV restrictions apply: Purchase / Rate & Term - Max 85% LTV/CLTV Cash Out - Max 75% LTV/CLTV</p> <p>Loan Amounts <= \$3.5MM the following LTV restrictions apply: Purchase / Rate & Term - Max 80% LTV/CLTV Cash-Out - Max 70% LTV/CLTV</p>				
Prepayment Penalty	Prepayment penalties allowed on Non-Owner occupied properties only. Prepayment penalty is equal to 6 months interest on 80% of unpaid principal balance. PPP Not Allowed in the following states: - DC, Illinois, Maryland, Michigan, Minnesota, New Jersey, Ohio, South Carolina PPP Allowed in the following states w/ restrictions: - North Carolina: Allowed for loan amounts > \$150,000				
Minimum Loan Amount	\$100,000				
Interest Only	Allowed at all LTV's 660 Minimum Credit Score Required				
Secondary Financing	Allowed - See LTV/CLTV grid Junior financing must meet the requirements as defined by Fannie Mae Junior financing used for purchase or fixed 2nd's seasoned for 12 months can be paid off for transaction to be considered rate & term. If junior financing is a HELOC, total draws within previous 12-months cannot exceed the lesser of 2% or \$5,000 to be considered rate & term.				

PACE / HERO Loans	Follow FNMA Any energy efficiency-based liens, like PACE or HERO, when paid off through loan proceeds, the transaction is treated like a rate & term. Cannot be subordinated.
Property Type	Single Family (attached and detached) PUD Warrantable Condo - Follow FNMA Requirements Non-Warrantable Condo - Considered on a case by case basis via exception. 2 - 4 Units
Maximum Cash-Out	>= 70% LTV up to \$500,000 allowed < 70% LTV up to \$1,000,000 allowed <= 50% LTV up to \$3,000,000 allowed
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	US Citizens Permanent Resident Alien Non-Permanent Resident Alien

<p>Non-Permanent Resident</p>	<p>Borrower with the following visa types are eligible with no restrictions: 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>Any residency status that meets FNMA guidelines is allowed provided the requirements listed below are met:</p> <ul style="list-style-type: none"> - Must have a minimum of two (2) years residency and employment history in the U.S. and qualifying income is based on the two (2) years income, the two (2) year history is measured by note date. - Must have a two (2) year U.S. credit history and must meet program credit profile, the two (2) year history is measured from note date. - The requirement for residency, credit, employment may be reduced to one (1) year with AUS Approve/Ineligible (Ineligible for loan amount, DTI, and/or reserves)
<p>First Time Home Buyer</p>	<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>
<p>Multiple Properties Owned</p>	<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>
<p>Non-Occupant Co-Borrowers</p>	<p>Non-Occupant income is allowed on full doc only Primary occupying borrower must have a DTI of 75% or less. Combined DTI cannot exceed 40% if occupant DTI exceeds 60%. True blended ratios allowed and no borrower contribution required at LTV's <= 70%. At LTV's > 70% a minimum of 5% of down payment must come from occupying borrower's own funds. At LTV's > 70% occupant borrower is responsible for 50% of the reserve requirement. Cash-Out transactions not allowed.</p>
<p>Non-Arm's Length</p>	<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) Borrower is a mortgage broker or loan officer, or works for submitting broker. Borrower is related to realtor and/or loan officer who is representing them only. 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	Appraisal and title valid for 120-days from note date Credit, Income, and Assets valid for 90-days from note date YTD P&L age limit is 90-days
Housing Payment History	Maximum of 0x30 in past 12 months
Forbearance	<p>Forbearance allows for borrower experiencing financial hardship to pause making mortgage payments. A recent forbearance, due to COVID-19, may be eligible based upon the following:</p> <ol style="list-style-type: none"> 1. Borrowers who entered into forbearance but continued to make timely payments and remained employed without income disruption, are eligible without any other requirements. 2. Borrowers who participated in forbearance and missed payments have two options: <ol style="list-style-type: none"> a) Pay loan current by making all missed payments from borrower verified funds. b) Make three monthly payments in lender modification plan after exiting forbearance. Third payment must be made prior to note date. Evidence the borrower has exited forbearance or entered the modification plan is required.
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
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

<p>Required Credit History</p>	<p>If the primary wage earner has 3 credit scores, the minimum tradeline requirement is met. If the primary wage earner has only 2 scores, one of the following four (4) options must be met. Multiple borrowers with the same income need to meet either the 3 credit score threshold or meet one (1) of the minimum tradeline requirements listed below.</p> <p>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</p> <p>Option #1 - 3 of 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 Option #2 - 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 Option #3 - 8 for 8: No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history. - At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months. - The borrower has an established credit history for at least eight (8) years. Option #4 - AUS 4 for 4: AUS approval and no fewer than four (4) tradelines are reporting, one (1) of which must be a mortgage or a rental history. - At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months. - There is an established credit history of at least four (4) years. - Requirements can be met by primary borrower or 2 combined borrowers on same application.</p>
<p>Income</p>	
<p>Debt to Income Ratios (DTI)</p>	<p>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 LTV's > 90% - 40% DTI Max</p>
<p>Max # of Business Entities</p>	<p>No limit on the number for Schedule C. A transaction may have up to two (2) 1065 and/or 1120 entities between all the borrowers. REO held inside an entity is generally not considered an entity for this purpose provided the entity's sole activity is to hold real estate. An entity with a percentage of ownership that does not require business returns is not considered in this calculation for max number of entities. Transactions that exceed the number of entities may be approved case by case via exception.</p>

<p>1099 - 1 & 2 Years</p>	<p>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. Minimum expense ratio is 5%. 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 - Bank Statements, YTD or 4 months (whichever is less) The YTD earnings from the paystub or the total of deposits on the bank statements must be within 10% of the qualifying income used is lessor of the income listed on the 1003 or the calculated qualifying income Tax transcripts not required</p>
<p>1099 Documented No Expenses</p>	<p>Often 1099 employees have transitioned from a W2 job doing the same functions. If the following can be provided, the tax returns are not required and the borrower will be treated like a wage earner for income qualification purposes. - 2-years 1099 from the same employer - 1099 transcripts - YTD earnings validated by paystubs, pay vouchers, WVOE, etc. - Documentation from employer that borrower has no job-related expenses</p>
<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 A minimum of 20% ownership in the business is required 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</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 A minimum of 25% ownership in the business is required</p>

<p>Methods for Calculating Bank Statement Income</p>	<p>Method 1: Fixed Expense Ratio 50% A 50% fixed expense ratio is applied to total allowed deposits to determine the net business income</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 Signed 1040's are not required</p>	
<p>Tax Transcripts on Bank Statement & 1099</p>	<p>Transcripts and income validation not required for Bank Statement or 1099 1 & 2 year programs. 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>Year to year earnings must be considered in accordance with Appendix Q Part 1026 of regulation Z - Standards for determining Monthly Debt and Income</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>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: - Minimum 680 FICO/Max 45% DTI/Non-Occupant Co Borrowers not allowed/Gift funds ineligible - Max LTV/CLTV 85% for Purchase & R/T transactions - Cash-Out Not Allowed</p> <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 84. Income Documentation: Eligible Assets</p> <ul style="list-style-type: none"> • 100% of checking , savings and money market accounts • 80% of stocks, bonds and mutual funds • 80% of retirement assets if the borrower is of retirement age – 59 ½ • 70% of retirement assets if the borrower is not of retirement age <p>- 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> <p>Ineligible Assets: - 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</p>
<p>Short Term Rental Income</p>	<p>Qualifying income can be used for property that is rented on a short-term basis through services like Airbnb and VRBO. The borrower must document a minimum of one tax year of income and expenses to use as a qualifying income source.</p> <p>Two Year Rental History</p> <ul style="list-style-type: none"> - In lieu of current leases the borrower must document the property has been subject to short term rental for a minimum of two (2) years. - Income of the type must be averaged over a two (2) year period unless the income trend is declining. A current YTD ledger of rental payments received must also be included and support the two (2) year average. - A host report or equivalent service provider pay history and proof of property listing on website. <p>Greater Than One Year but Less Than Two Years</p> <p>For a rental property with less than two (2) tax year history but at least one (1) tax year reporting, short term rental income may still be used provided that the following requirements are met:</p> <ul style="list-style-type: none"> - A current YTD ledger of rental payments received included to support the income reported on Schedule E. - Airbnb host report or equivalent service provider pay history and proof of property listing on website. - Rental survey (1007) is required, gross income limited to 125% of market rents. <p>Less than One Year - NOT ELIGIBLE</p>

<p>Accessory Dwelling Unit (ADU) Rents</p>	<p>ADUs are becoming increasingly popular in many locations across the US as housing gets more scarce and more expensive. Using rents from an ADU are acceptable with the following requirements:</p> <ul style="list-style-type: none"> - Appraisal shows the ADU to be legal - Appraiser to provide comparables with ADUs <p>Refinance</p> <ul style="list-style-type: none"> - Appraiser to address ADU rents on a 1007 - Document a 24-month history of the ADU being rented on a refinance
<h3>Assets</h3>	
<p>Business Funds</p>	<p>Business funds allowed for down payment, closing costs, and reserves Must meet cash flow analysis of three (3) months of statements</p>
<p>Gift Funds</p>	<p>Min 5% Borrower contribution required for Primary Residence & 2nd Home with LTV > 75%. 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</p>
<p>Crypto Currency</p>	<p>Crypto currency that has been converted to USD is an acceptable source of funds provided the crypto can be acceptably documented. Recently this asset type has gained more widespread popularity and documentation has improved. The documentation must show the acquisition date of the asset and it must show a sufficient history to meet 60-day seasoning requirements. Not all crypto currencies or crypto brokerages will provide for adequate documentation. An abundance of care must be used in reviewing statements provided.</p>
<p>Paying Off Debt to Qualify</p>	<p>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%</p>
<p>Transactions Not Requiring Reserves</p>	<p>Reserves are not required for Rate & Term Refinances when the below parameters are met:</p> <ul style="list-style-type: none"> - DTI < 50% - Monthly P&I reduction of 10% or more <p>*For interest only loans the P&I reduction is based on a fully amortized qualifying payment</p>
<p>Reserves</p>	<p>All reserve requirements are based on subject property PITI If transaction fits 2 categories listed below, only the larger requirement applies.</p> <ul style="list-style-type: none"> 6 months PITI required for LTV ≤ 85% 12 months PITI required for LTV > 85% 9 months PITI required for loan amounts > \$1.5mm 12 months PITI required for loan amounts > \$2.5mm <p>Other REO (Additional reserves is a one-time addition to requirement): 6 months additional subject property PITI if subject property loan amount is ≤ \$1.5mm</p>

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% Employer sponsored savings plans (like a 401k) require TOW from employer which allow for hardship withdrawal
IPC (Interested Party Contributions)	Owner Occupied & 2nd Home - 6% for LTV's <= 80%, 4% for LTV's > 80% NOO - 3% for all LTV's
Property / Appraisal Information	
Acreage	No more than twenty (20) acres
Rural Properties	<p>Purchase or Rate & Term Refi ONLY Owner-Occupied & 2nd Homes - 80% LTV Max Non-Owner Occupied - 70% LTV Max</p> <p>Considered Rural when 2 of the 3 listed below are present or the appraiser has designated the property as rural:</p> <ul style="list-style-type: none"> - Non paved service road - 2 or more comps are > 5 miles away from the subject property - Subject surrounding area is less than 25% built up
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	<p>A second appraisal is required when any of the following exist:</p> <ul style="list-style-type: none"> - The loan amount is greater than \$1,500,000 and LTV is greater than 75% - The loan amount is greater than \$2,000,000 - The transaction is a flip (see Property Flipping section) <p>When a second appraisal is required, the value is based on the lower of the two (2) values. The second appraisal must be from a different company and appraiser than the first appraisal.</p>
Appraisal Review	<p>An appraisal review product is required on every loan unless a second appraisal is obtained, one of the three options below is acceptable:</p> <ul style="list-style-type: none"> - 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	<p>Appraisal must be dated within 120 days of the note date Re-certs of value are not allowed</p>
Transferred Appraisals	<p>Allowed When two (2) appraisals are required, only one (1) appraisal can be transferred</p>
Declining Property Value	<p>Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as noted on the appraisal</p>