

ARCHES GARDEN AUS							
Purchase / Rate & Term						Reserves	
Occupancy	Property Type	Max Loan Amount <=	Max LTV <=	Max CLTV <=	Credit Score		
Primary	SFR, SFA, PUD, & Condo	\$1,000,000	70%	70%	700	Follow the greater of the AUS reserve requirements or reserve requirements listed below: LA <= \$1,000,000 - Follow AUS Requirements LA > \$1,000,000 <= \$2,000,000 - 3 Months PITI LA > \$2,000,000 <= \$2,500,000 - 12 Months PITI LA > \$2,500,000 <= \$3,000,000 - 18 Months PITI	
		\$2,000,000	80%	80%	720		
		\$3,000,000	80%	80%	740		
Cash-Out							
Primary	SFR, SFA, PUD, & Condo	\$1,000,000	65%	65%	720		
		\$2,000,000	65%	65%	740		
		\$3,000,000	65%	65%	760		

ARCHES GARDEN AUS						
Available Products	Product	Qualifying Rate	Term	Margin	Caps	Index
	15 Year Fixed	Note Rate	180	N/A	N/A	N/A
	7/6 ARM	Greater of Note Rate or Fully Indexed Rate	360	2.75%	5% - 1% - 5%	30-Day Avg SOFR
	10/6 ARM	Greater of Note Rate or Fully Indexed Rate	360	2.75%	5% - 1% - 5%	30-Day Avg SOFR
APR / APOR	No higher priced covered transactions allowed. All loans must be QM Safe Harbor					
Minimum Loan Amount	\$1 above the current 1-unit conforming loan limit regardless of the subject property county or # of units					
AUS Decision Requirements	DU Approve/Eligible, LPA Accept or DU Approve/Ineligible, LPA Accept/Ineligible for loan amount or maximum LTV on cash-out refinances only is required					
Secondary Financing	Allowed - See LTV/CLTV grid Junior financing must meet the requirements as defined by Fannie Mae					
Property Type	Single Family Residence (Detached & Attached) PUD Condo (All condo's must meet FNMA warrantable condo requirements) - no litigation of any kind allowed					
Max Cash-Out	\$500,000					
Property Value Determination	Purchase: Current Appraised Value Rate & Term: Current appraised value can be used after 6-months of ownership. Owned less than 6-months use lesser of purchase price or current appraised value Cash-Out: Current Appraised Value					
Lien & Ownership Seasoning	Rate & Term: 6-months seasoning on previous cash-out or transaction paying off non-seasoned 2nd Cash-Out: 6-month ownership seasoning required					
Continuity of Obligation	One of the following must be met: At least one (1) borrower who is obligated on the new loan is also obligated on the existing loan being refinanced At least one (1) borrower has been on title and residing in the property for at least 12-months and has either paid the mortgage for the last 12-months or can demonstrate a relationship with the current obligor At least one (1) borrower has recently been legally awarded the property (divorce, separation, or dissolution of domestic partnership) The loan being refinanced and the title to the property are in the name of a natural person or in the name of a limited liability company (LLC) as long as the borrower owns at least 25% percent of the LLC Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement					

<p>Delayed Financing</p>	<p>Delayed financing refinances in which the borrower(s) purchased the subject property for cash within 90-days 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 program limitations Property may not be located in Texas</p>
<p>Borrower Requirements</p>	
<p>Eligible Borrowers</p>	<p>US Citizens Permanent Resident Alien Non-Permanent Resident Alien</p>
<p>Non-Permanent Resident</p>	<p>Non-Permanent Resident Aliens are eligible. A non-permanent resident alien is someone who is:</p> <ul style="list-style-type: none"> - Not a U.S. Citizen - Granted the right to live and work in the U.S. on a temporary basis, and a lawful non-permanent resident of the U.S. (Visa Holder) <p>Acceptable Visa types are as follows:</p> <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 Series (O-1) - TN-1, Canadian NAFTA visa - TN-2, Mexican NAFTA visa <p>Must have a valid Social Security Number Must have history of visa renewals and a 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 first - No funds to close from directly outside the U.S. are allowed</p>
<p>Frist Time Homebuyer</p>	<p>A first-time homebuyer is defined as a borrower who has not had ownership interest in a property within the last three (3) years from the application date \$1,000,000 Max Loan Amount</p>

Multiple Properties Owned	The maximum number of residential 1-4 unit properties financed is five (5) - Properties owned free and clear are NOT included in this limitation Max exposure to Newfi for any one (1) borrower is five (5) loans or \$5,000,000 UPB
Max # of Borrower's	Maximum of 4 borrowers per loan
Non-Occupant Co-Borrowers	Allowed per AUS - Blended ratios OK
Credit	
Credit Score	See matrix When multiple borrowers apply, the lowest middle score is the qualifying credit score
Age of Documentation	Income & Assets - 60-days Credit, Title & Appraisal - 120-days
Housing Payment History	0x30x24 For rental verification, a standard VOR completed by a professional management company or 24-months bank statements or canceled checks required
Major Credit Events	Foreclosure, Deed-In-Lieu, Bankruptcy, Short Sales, NOD, 120/150 day lates - Seven (7) years seasoning is required
Collections & Charge Offs	At or prior to loan closing, all delinquent credit that will impact title - including delinquent taxes, judgments, charge-off accounts, tax liens and mechanics liens - must be paid off Collection and charged-off accounts that do not impact title do not need to be paid off if the sum total of all derogatory accounts is less than \$1,000 or if there are multiple accounts total balance of all accounts cannot exceed \$2,500
Required Credit History	AUS approval required
Business Liabilities	Business debt in borrowers name can be excluded following FNMA guidance: <ul style="list-style-type: none"> - The account does not have history of delinquency - 12-months canceled checks showing debt paid by the business are provided - The cash flow analysis of the business takes payment of the obligation into consideration
Forbearance - Mortgage Accounts	Forbearance on Primary Residence requires most recent 24-months 0x30 after forbearance period is over NOO & 2nd Home - Follow FNMA

Income	
Debt to Income Ratios (DTI)	Maximum 45% DTI Credit Scores < 720 - Maximum 40% DTI
Paying Off Debt to Qualify	Follow FNMA 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
Income	Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020 If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements must be followed
Tax Transcripts	Required on all income used to qualify, Transcripts can match income type
P&L's	Full year P&L required if most recent tax forms are due but not filed
Self-Employed	Year to date P&L required - Needs to be no older than 60-days from note date 3-months business bank statements with ending period same as YTD P&L Balance sheet dated within 60-days from note date
Rental Income	Requires one (1) year 1040
Unacceptable Income	RSU Cannabis Boarder Income Auto Allowances
Declining Income	Follow FNMA

Assets	
Business Funds	Business funds allowed for down payment and closing costs Loan must meet the FNMA requirements for use of business assets
Gift Funds	Allowed per FNMA guidance
Gift of Equity	Not allowed
Reserves	See matrix
Source of Reserves	Gift funds, equity lines of credit, and cash-out proceeds cannot be used for reserves TOW needs to be provided for any employer sponsored plans
Paycheck Protection Plan	These loans cannot be included in assets or counted as income
Property / Appraisal Information	
Acreage	No more than twenty (20) acres Properties with greater than 10 acres must have three comparables with similar acreage
PIW	Property Inspection Waiver (PIW) not allowed
Recently Listed Properties	Listing must be canceled or expired prior to the closing date
Condos	All condominiums must meet FNMA warrantable condo requirements Condo review type (Full or Limited) determined by FNMA requirements Detached Condos and small projects (2-4 units) do not require condo review Projects with any litigation are ineligible Minimum square footage 400 New projects are ineligible

Ineligible Properties	<ul style="list-style-type: none"> Properties zoned Rural 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 Lava zones 1 & 2
Oil & Gas Leases	Not allowed
Leasehold	Not allowed
HERO / PACE / Solar Panels	<p>Any item that will include a UCC associated with the property and/or will create an easement on title is ineligible</p> <p>PACE / HERO Liens cannot be subordinated, must be paid off. If paid with loan proceeds transaction will be considered cash-out</p>
Appraisal Requirements	<ul style="list-style-type: none"> Two (2) full appraisals are required for loan amounts > \$1,500,000 All Loan Amounts require one (1) appraisal and CDA (Regardless of FNMA CU Score) 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%, the loan is ineligible
Appraisal Age	Appraisal must be dated within 120 days of the note date, recerts of value allowed
Transferred Appraisals	Not allowed, no exceptions
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