



Sequoia NQM - ITIN					
LTV/CLTV MATRIX - Primary & NOO					
Loan Amount	Credit Score	Full Doc 1-2 years		Bank Statement 12-24 Months, 1099 1-2 Years	
		Purchase Rate & Term	Cash-Out	Purchase Rate & Term	Cash-Out
≤ \$1,500,000	660	80%	70%	80%	70%
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Available Products	Product	Qualifying Rate	Term	I.O. Term	
	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. Prepayment penalty is equal to 6 months interest on 80% of unpaid principal balance. PPP Not Allowed in the following states: - DC, Illinois, Kentucky, Maryland, Michigan, Minnesota, New Jersey, Ohio, South Carolina PPP Allowed in the following states w/ restrictions: - Iowa: Allowed on 3-4 units only - North Carolina: Allowed for loan amounts > \$150,000				
Minimum Loan Amount	\$100,000				
Interest Only	Allowed at all LTV's and Occupancy Types				
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. Exception pricing will apply. 2 - 4 Units
Maximum Cash-Out	Owner Occupied - \$500,000 Non-Owner Occupied - \$350,000
LTV Determination	Rate & Term - use current appraised value Cash-Out owned \geq 6 months - use current appraised value Cash-Out owned (delayed financing) $<$ 6 months - use lesser of acquisition cost or appraised value (see delayed financing)
Delayed Financing	Properties purchased with cash, or debt not secured to the subject property, 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	ITIN or SSN required. Must have 4 years of U.S. work history. Borrower will not have legal US residency status.
First Time Home Buyer	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 680 Minimum Credit Score Max 45% DTI > 40% DTI 300% max payment shock, \leq 40% DTI payment shock does not apply
Multiple Properties Owned	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>	<p>Non-occupant income is allowed Cash-Out transactions are not allowed</p> <p>Blended Ratios are allowed using one of the two following options:</p> <p>Option 1: - Occupying borrower must have a DTI \leq 75% (if occupant DTI exceeds 60%, combined DTI cannot exceed 40%) AND - a minimum of 5% of the down payment must come from occupying borrower's own funds AND occupant borrower is responsible for 50% of the reserve requirement</p> <p>Option 2: - True blended ratios are allowed at \leq 70% LTV/CLTV - No occupant contribution required for down payment or reserves</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>
<p>Credit</p>	
<p>Credit Score</p>	<p>Minimum FICO score 660 When multiple borrowers apply, the lowest middle score is the qualifying credit score</p>
<p>Age of Credit Docs</p>	<p>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</p>
<p>Housing Payment History</p>	<p>0x30x12</p>

<p>Forbearance</p>	<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.
<p>Major Credit Events</p>	<p>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</p>
<p>Credit Report Security Freeze</p>	<p>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</p>
<p>Collections & Charge Offs</p>	<p>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>
<p>Required Credit History</p>	<p>Primary wage earner ONLY must meet tradeline requirement. There are four (4) options: 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</p>

Income	
Required Work History	Primary wage earner must have a minimum of four years continuous work history in the U.S. Short periods of non-employment are acceptable
Debt to Income Ratios (DTI)	50% DTI MAX - All Doc Types
Max # of Business Entities	<p>No limit on the number for Schedule C.</p> <p>A transaction may have up to two (2) 1065 and/or 1120 entities between all the borrowers.</p> <p>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.</p> <p>An entity with a percentage of ownership that does not require business returns is not considered in this calculation for max number of entities.</p> <p>Transactions that exceed the number of entities may be approved case by case via exception.</p>
1099 - 1 & 2 Years	<p>Designed for borrowers who receive one (1) or more 1099s / year</p> <p>Can be combined with all other income sources</p> <p>There are two (2) options to support and document income:</p> <ul style="list-style-type: none"> - Option #1: Use a 10% expense ratio OR - Option #2: Provide a third party prepared Business Expense Statement. Minimum expense ratio is 5%. <p>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:</p> <ul style="list-style-type: none"> - Paystub that reflects YTD earnings OR - Bank Statements, YTD or 4 months (whichever is less) <p>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</p> <p>Tax transcripts not required</p>
1099 Documented No Expenses	<p>Transcripts and income validation not required for Bank Statement or 1099 income</p> <p>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>CPA Gross Receipts</p>	<p>The CPA Gross Receipts program is designed for self-employed borrowers only. Transcripts are not required. Borrower(s) must be 100% owners of the business. Evidence of the borrower’s business and ownership position must be verified. Business gross receipts for the most recent tax year are based on data provided by the borrower's CPA. A gap between tax year data provided and funded date cannot exceed 12 months.</p> <ul style="list-style-type: none"> - CPA Letter – Must be from CPA / Licensed Tax Preparer who prepared and filed borrower’s business tax returns. <p>Letter must address:</p> <ul style="list-style-type: none"> o Percentage of ownership in business (100% required or not eligible) o Total gross receipts for the most recent tax year o Confirm CPA / Licensed Tax Preparer prepared and filed borrower’s taxes <ul style="list-style-type: none"> - YTD gross receipts must be documented to support, within 15%, the monthly average amount reflected by the CPA letter. The lessor of 4-months, or year to date, of business bank statements must be used to support the CPA provided gross receipts. Co-mingled or personal accounts are not allowed. - Use one (1) of the following business expense methods: <ul style="list-style-type: none"> o 50% Expense Factor o CPA / Tax Preparer provided expense statement
<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

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"> - Strong previous experience - Job industry-specific training - Previous work history to support lack of self-employment history 	
Tax Transcripts on Full Doc	<ul style="list-style-type: none"> - Required on all income used to qualify - Transcripts can match income type - Business transcripts not required if business income is reported on 1040 - Signed 1040's are not required - 3rd party WVOE can be used in lieu of W2 transcripts - Transcripts not required for subject investment property rental income 	
Tax Transcripts on Bank Statement & 1099	<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, and rental income (see section on transcripts for alternatives)</p>	
Earning Trends	<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>	
	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	

<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"> - Max 45% DTI/Non-Occupant Co Borrowers not allowed/Gift funds ineligible - Max LTV/CLTV 80% for Purchase & R/T transactions - Cash out max LTV 75% - Max cash out withdrawal \$500,000 (does not apply to delayed financing) <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 <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
<p style="text-align: center;">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>Departure Property</p>	<p>If the current residence is pending sale but the transaction will not close prior to the subject transaction, the current PITI may be excluded with the following:</p> <ol style="list-style-type: none"> 1. The executed sales contract for the current residence AND 2. Confirmation that all financing contingencies have been cleared. <p>If the current residence will become a rental property, the net rental income may be used to offset carrying costs or to add to qualifying income. The following 3 items are required</p> <ol style="list-style-type: none"> 1. Copy of current lease AND 2. Proof of receipt of deposit and 1st month's rent AND 3. Evidence rent is near market, either a 1007 or other underwriter/loan officer obtained confirmation of market rent is required. 4. Use lease and apply the 75% rule to determine cash flow. <p>If the departure prop is unleased, then the PITI can be offset with market rents from a 1007 Positive cash flow from departing residence without a lease in place may not be added to income. Use 1007 rent and apply the 75% rule to determine cash flow.</p> <p>An additional 2 months of PITI on our subject property is required when using only the 1007 on the departure property.</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

Assets	
Funds to Close	If funds to close are in non-cash holdings (stocks, bonds, mutual funds), verification of liquidation is required, however, proof of liquidation is waived if holdings are equal to 120% of funds to close.
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 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
Crypto Currency	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.
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	All reserve requirements are based on subject property PITI 6 months PITI required Other REO (Additional reserves is a one-time addition to requirement): 6 months additional PITI
Source of Reserves	Funds in non-cash holdings (stocks, bonds, mutual funds) are not required to be discounted. Retirement accounts used for reserves. - Employer sponsored savings plans (like a 401k) require TOW from employer which allow for hardship withdrawal (not required for IRA)
IPC (Interested Party Contributions)	Owner Occupied - 6% NOO - 3%

Property / Appraisal Information	
Acreage	No more than twenty (20) acres
Rural Properties	<p>Allowed Reduce max allowed LTV by 5%</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	<p>A property is considered a flip if either of the following are true:</p> <ul style="list-style-type: none"> - The purchase price exceeds the seller's acquisition cost by more than 10% if the property was acquired 90 or fewer days prior to the borrower's purchase contract date - The purchase price exceeds the seller's acquisition cost by more than 20% if the property was acquired 91 – 180 days prior to the borrower's purchase contract date <p>If the property is a flip based on the guidance above, a second appraisal is required</p>
Recently Listed Properties	<p>Properties listed at the time of application are not eligible</p> <p>Properties listed in the past six (6) months prior to the application date are not eligible for cash-out transactions</p> <p>Properties listed in the period between three (3) and six (6) months from app date may be eligible for rate & term refinances</p>
Warrantable Condos	<p>Established projects ONLY</p> <p>Detached units and small projects (2-4 condos) follow FNMA guidance (No HOA review required) HOA Review Type: follow FNMA requirements</p>
Non Warrantable Condos	<p>The following may be considered via exception. Exception pricing will be applied:</p> <ul style="list-style-type: none"> - Investor concentration up to 70% - Commercial space up to 50% - Single owner/entity concentration up to 25% (for projects of 10 units or less, max 2-units) - Annual budget allocation to reserves < 10% allowed with the following: <ul style="list-style-type: none"> - Appraisal shows no major repairs required AND - A lower annual allocation permitted if the following reserve balance thresholds are met: <ul style="list-style-type: none"> - 7% to 9.99% requires reserve fund balance of 50% of annual budget - 5% to 6.99% requires reserve fund balance of 75% of annual budget - 3% to 4.99% requires reserve fund balance of 100% of annual budget
Ineligible Properties	<p>Condotels & resort style condos</p> <p>Unique style homes: earth, dome, etc.</p> <p>Property condition of C5 or C6</p> <p>Working farms or ranches</p>

Appraisal Requirements	<p>A second appraisal is required when any of the following exist:</p> <ul style="list-style-type: none"> - 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 <p>If the CDA reflects a value of 10% or less below the appraised value, the appraised value is accepted If the CDA reflects a value of more than 10% below the appraised value, a field review or a second appraisal is required</p>
Appraisal Age	<p>Appraisal must be dated within 120 days of the note date Re-certs of value are allowed and valid for 120 days</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>
Texas 50(a)(6)	<p>A Texas 50(a)(6) mortgage is a loan originated under the provisions of Article XVI, Section 50(a)(6), of the Texas Constitution, which allows a borrower to take equity out of a homestead property under certain circumstances. Any cash back is considered cash-out. Primary residence allowed only. All borrowers must be on title and occupy.</p> <ul style="list-style-type: none"> - Max LTV / CLTV is 80% - No interest-only - No prepayment penalties - Only 1 Unit properties are allowed: SFR (attached or detached), PUD (attached or detached), Condominium - New subordinate financing is not permitted, HELOC subordinate financing is not permitted (existing HELOC must be closed), an existing Texas 50(a)(6) second mortgage may not be re-subordinated to a new Texas 50(a)(6). Must be paid off at closing - At least one new full appraisal is required - No Foreign Nationals - 1-year seasoning of prior Texas 50(a)(6) loan required - Loan cannot close until 12 calendar days after the “Notice Concerning Extensions of Credit” is signed - Borrower-paid fees cannot exceed 2% of loan amount