



Sequoia DSCR >= 1.00

LTV/CLTV MATRIX – Investment Property

Loan Amount	Credit Score	>= 1.00 DSCR		
		Purchase	Rate & Term	Cash-Out
≤ \$1,000,000	700	80%	80%	75%
	660	75%	75%	70%
≤ \$1,500,000	700	75%	75%	70%
	660	70%	70%	70%
≤ \$2,000,000	700	70%	70%	65%
	660	70%	70%	65%
≤ \$2,500,000	700	70%	70%	N/A

Sequoia DSCR

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
	40 Year Fixed	Note Rate	480	N/A
	30 Year Fixed I.O.	Note Rate	360	120
	40 Year Fixed I.O.	Note Rate	480	120
Prepayment Penalty	Standard DSCR with a PPP - Prepayment penalty is equal to 6 months interest on 80% of unpaid principal balance. 5% PPP Program - Prepayment penalty charge is 5.000% of the amount prepaid. PPP Not Allowed in the following states: - DC, Illinois, Kansas, Louisiana, Michigan, Minnesota, New Mexico, Ohio PPP Allowed in the following states w/ restrictions: - Iowa: Allowed on 3-4 units only - New Jersey: Allowed only if closing in LLC or Corp. - North Carolina: Prepay terms > 3 years Not Allowed			
Minimum Loan Amount	\$100,000			
Interest Only	Allowed at all LTV's			



<p>Secondary Financing</p>	<p>Allowed - See LTV/CLTV grid            Junior financing <b>can be lender or seller provided and</b> 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 &amp; 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 &amp; term.</p>
<p>PACE / HERO Loans</p>	<p>Follow FNMA            Any energy efficiency-based liens, like PACE or HERO, when paid off through loan proceeds, the transaction is treated like a rate &amp; term.            Cannot be subordinated.</p>
<p>Property Type</p>	<p>Single Family (attached and detached)            PUD            Warrantable Condo            Non-Warrantable Condo - Considered on a case by case base via exception (exception pricing will apply)            2 - 4 Units</p>
<p>Cash-Out            (Equity Withdrawal)</p>	<p>&gt;= 65% LTV up to <b>\$300,000</b> allowed            &lt; 65% LTV up to <b>\$600,000</b> allowed            &lt;= 50% LTV up to <b>\$1,000,000</b> allowed            Cash out limitations do not apply on delayed financing transactions</p>
<p>LTV Determination</p>	<p>Rate &amp; Term: Use current appraised value            Cash-Out - Owned &gt;= 12 months: use current appraised value  <b>Cash-Out - Owned &lt; 12 months: use lesser of current appraised value or acquisition cost</b>            Cash-Out - Owned (delayed financing) &lt; 6 months: use lesser of acquisition cost or appraised value (see delayed financing)</p>
<p>Delayed Financing</p>	<p>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</p>



Borrower Requirements	
Eligible Borrowers	<p>US Citizens            Permanent Resident Alien            Non-Permanent Resident Alien</p>
Non-Permanent Resident	<p>Non-Permanent Resident Alien: Standard</p> <ul style="list-style-type: none"> <li>- Visa types allowed E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, L-2, NATO, O-1, R-1, TN NAFTA</li> <li>- Visas must be current and have at least six (6) months remaining from the close date, if less than six (6) months provide evidence that extension has been requested</li> <li>- If the visa will expire within six (6) months of the loan application a letter from the employer stating the borrower's continued employment and continued visa renewal sponsorship. Employer on the loan application must be same on the unexpired visa</li> </ul> <p>Non-Permanent Resident Alien: Non-standard</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"> <li>- Visas must be current and have at least six (6) months remaining from the close date, if less than six (6) months provide evidence that extension has been requested</li> <li>- If the visa will expire within six (6) months of the loan application a letter from the employer stating the borrower's continued employment and continued visa renewal sponsorship. Employer on the loan application must be same on the unexpired visa</li> <li>- Must have a min of two (2) years residency and employment history in the US and qualifying income is based on the two (2) years income, the two (2) year history is measured by note date</li> <li>- Must have a two (2) year US credit history and must meet program credit profile, the two (2) year history is measured from note date</li> <li>- 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)</li> </ul>
Entity Vesting Requirements	<p>Entity vesting is allowed, the following are required:</p> <ul style="list-style-type: none"> <li>- <b>Entity type must be LLC</b></li> <li>- All entity members must also be borrowers</li> <li>- 4 borrower MAX - U.S. domiciled entities only</li> <li>- Purpose of entity must be for real estate acquisition</li> </ul> <p>Documentation verifying the following must be provided:</p> <ul style="list-style-type: none"> <li>- Verify entity membership</li> <li>- Provide federal entity ID number (EIN)</li> <li>- Show the entity is in good standing</li> </ul>

Investor Experience	<p><b>Experienced Investor</b>  A borrower who has owned one (1) or more non owner-occupied investment properties for at least 12 months (investment and commercial properties can be included) during the most recent 36-month period. Ownership may be documented with the following:</p> <ul style="list-style-type: none"> <li>- Property profiles demonstrating ownership date property was acquired</li> </ul> <p>Verification of the minimum number of properties for an experienced investor is required</p> <p><b>Novice Investor</b>  A Novice Investor does not meet the Experienced Investor requirements and are allowed with the following restrictions:</p> <ul style="list-style-type: none"> <li>- Max LTV/CLTV Purchase, Rate/Term: reduce max allowed LTV by 5%</li> <li>- Max LTV/CLTV Cash-out: reduce max allowed LTV by 5%</li> <li>- Minimum 680 credit score</li> <li>- No mortgage lates on any REO in the most recent 36 months</li> <li>- No major credit events in the most recent 36 months</li> <li>- No gift funds</li> </ul> <p><b>First Time Property Owner</b>  Not allowed. Defined as a borrower who has not owned real estate in the most recent 36 months.</p>
Multiple Loans - Same Borrower	Max exposure to Newfi for any one (1) borrower is 8 loans or \$5,000,000 UPB
Multiple Properties Owned	No Limit
Non-Arm's Length	Non ARM's Length - Allowed case-by-case, max LTV 70%.
<b>Credit</b>	
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 Appraisal recerts allowed, valid for 120-days Credit and Assets valid for 90-days from note date
Housing Payment History	Document the pay history covering the most recent 12 months for the subject property and the borrower's primary residence - The payment history for any other REO is not required or evaluated if provided <ul style="list-style-type: none"> <li>- Max 1X30X12 on mortgage/rental debt for primary residence and subject property allowed</li> <li>- 0X60X12 (aka unlimited 30-day lates) on mortgage/rental debt for primary residence and subject property <ul style="list-style-type: none"> <li>- allowed via exception only. Exception pricing will apply</li> <li>- Experienced Investor only</li> <li>- Reduce Max LTV/CLTV by 10%</li> </ul> </li> <li>- Borrowers living "rent free" in a home they do not own or rent, must provide supporting documentation: property profile and LOE from the owner or lessee</li> </ul>

<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"> <li>1. Borrowers who entered into forbearance but continued to make timely payments and remained employed without income disruption, are eligible without any other requirements.</li> <li>2. Borrowers who participated in forbearance and missed payments have two options:             <ol style="list-style-type: none"> <li>a) Pay loan current by making all missed payments from borrower verified funds.</li> <li>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.</li> </ol> </li> </ol> <p><b>This forbearance guidance applies to all open mortgage accounts</b></p>
<p>Major Credit Events</p>	<p>Three (3) 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  <b>Modifications that were a result of a COVID-19 forbearance plan are acceptable with no restrictions</b></p> <p>&gt;= 2-years seasoning</p> <ul style="list-style-type: none"> <li>- reduce max allowed LTV by 10%</li> <li>- Max \$1,500,000 loan amount.</li> <li>- approved via exception only. Exception pricing will apply</li> </ul>
<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 &amp; Charge Offs</p>	<p>Need not be paid or addressed unless the collection / charge-off impacts title</p>
<p>Required Credit History</p>	<p>Borrowers with three (3) credit scores meet the minimum trade requirement.          Borrowers with only two (2) credit scores must meet one of the following options below:</p> <p>Option #1 - <b>3 of 12</b>: 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</p> <p>Option #2 - <b>2 for 24</b>: 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</p> <p>Option #3 - <b>8 for 8</b>: No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.</p> <ul style="list-style-type: none"> <li>- At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.</li> <li>- The borrower has an established credit history for at least eight (8) years.</li> </ul> <p>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>

Rental Income	
Rental Income - Purchase	<ul style="list-style-type: none"> <li>- Use the lower of estimated market rent from the 1007 or the lease agreement (if applicable)</li> <li>- On the purchase of a vacant or seller occupied property, the rents from a 1007 can be used. In addition, a new lease within 120% of the 1007 can be used provided the first month rent and security deposit are paper trailed to the borrower's bank account or placed into escrow.</li> <li>- Use of short terms rents (STR) may be used to a max LTV of 75%</li> <li>- STR on a purchase can be determined using the methods listed below, other methods may be acceptable, subject to underwriter evaluation. 80% of the actual or estimated gross receipts will be used to determine the qualifying rental income.               <ul style="list-style-type: none"> <li>- STR listed on the 1007</li> <li>- Use of an STR estimate from online service provider AirDNA: Grade B or better score on the Market Report is required. Rentalizer must have 5+ relevant comparables. Minimum 60% occupancy required.</li> <li>- Rental data provided by the seller of the property or seller's property manager</li> </ul> </li> </ul> <p>A 1007 is required on all transactions DSCR is calculated on all transactions</p>
Rental Income - Refi	<ul style="list-style-type: none"> <li>- Use the lower of Estimated market rent from 1007 or lease agreement</li> <li>- If lease amount is higher than market rents it may be used with two (2) months proof of rent received. (First month rent and security deposit may be used in lieu of 2 months rent)</li> <li>- If current lease is expired, it may be used provided the appraisal clearly shows the subject to be occupied and 1007 exceeds current rent</li> <li>- Property acquired, or placed in service, in the two months prior to application date, which are vacant due to borrowers updating the property, can use the 1007 rents. Property must be documented to be in ready to rent condition and listed for rent.</li> <li>- Short term rental income permitted with use of a 12-month look back to determine average monthly rents. Annual or monthly statements from Airbnb or similar service required. If the subject has less than twelve-month history the rent may be used for DSCR purposes provided an AirDNA rentalizer supports the run rate of the actual rents received. 80% of the gross rents will be used for qualifying income.</li> </ul> <p>A 1007 is required on all transactions DSCR is calculated on all transactions</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"> <li>- Appraisal shows the ADU to be legal</li> <li>- Appraiser to provide comparables with ADUs</li> <li>- <b>Multi-family or multi-ADU acceptable provided total unit count is less than or equal to four</b></li> </ul> <p><b>Refinance</b></p> <ul style="list-style-type: none"> <li>- Appraiser to address ADU rents on a 1007</li> <li>- Document a 12-month history of the ADU being rented on a refinance</li> </ul> <p><b>Purchase</b></p> <ul style="list-style-type: none"> <li>- Follow guidance above Rental Income Calculation section, however, STR not allowed</li> </ul>
<p><b>Assets</b></p>	
<p>Gift Funds</p>	<p>Allowed with a minimum of a 10% borrower contribution. Experienced investors only.</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>Assets</p>	<ul style="list-style-type: none"> <li>- Must be dated within 90 days of the note</li> <li>- Only large deposits from a borrower's business need be addressed. See section on business assets for further guidance.</li> <li>- Foreign assets may be used for down payment and closing costs with the following:             <ul style="list-style-type: none"> <li>- Assets must be verified in USD at current exchange rate <a href="http://www.xe.com">http://www.xe.com</a> AND</li> <li>- Two (2) months recent statements</li> </ul> </li> </ul> <p>Non vested or restricted stock accounts are not allowed</p> <p>Joint Accounts: Access letters from co-owners are not required provided our borrower is clearly an account owner</p>
<p>Reserves</p>	<p>All reserve requirements are based on subject property PITI.</p> <p>If transaction fits 2 categories listed below, only the larger requirement applies.</p> <p>4 months PITI required</p> <p>6 months PITI required for loan amount &gt; <b>\$1.0mm</b></p> <p>12 months PITI required for loan amount &gt; <b>\$2.0mm</b></p>



Source of Reserves	<p>IRA and other non-employer related savings plans</p> <p>Funds in non-cash holdings, stocks, bonds, mutual funds are not required to be discounted</p> <p>Life insurance surrender value</p> <p>529 accounts</p> <p>Business funds</p>
Ineligible Source of Reserves	<p>Reserves may not come from a 1031 exchange account</p> <p>Reserves may not come from gift funds</p> <p>Employer sponsored savings plans, like 401k</p> <p>Cash-Out proceeds may not used to meet reserve requirement</p>
Business Funds	<p>Document borrower's ownership position in the business</p> <p>Funds up to the percentage of the borrower's ownership position may be used with no restriction</p> <p>If funds required exceed the borrower's ownership position, the balance of funds may be used with the permission of the other owner(s)</p> <p>Large deposits into a business account do not need to be addressed</p>
IPC (Interested Party Contributions)	3% for all LTV's
<b>Property / Appraisal Information</b>	
Acreage	No more than three (3) acres
Rural Properties	<p>Not allowed</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"> <li>- Non paved service road</li> <li>- 2 or more comps are &gt; 5 miles away from the subject property</li> <li>- Subject surrounding area is less than 25% built up</li> </ul>
Recently Listed Properties	<p>Properties listed at the time of application are not eligible</p> <p>Owner occupied and second home properties listed in the past six (6) months prior to the application date are not eligible for cash-out transactions</p> <p>Investment properties listed in the past six (6) months prior to the application date are eligible for cash-out transactions provided loan is locked with a prepayment penalty</p> <p>For rate &amp; term refinances, property must be off the market prior to application</p>



<p>Condos</p>	<p>Established projects ONLY            Detached units and small projects (2-4 condos) follow FNMA guidance (No HOA review required)            HOA Review Type; follow FNMA requirements</p>
<p>Non Warrantable Condos</p>	<p>The following may be considered via exception. Exception pricing will be applied:</p> <ul style="list-style-type: none"> <li>- Investor concentration up to 70%</li> <li>- Commercial space up to 50%</li> <li>- Single owner/entity concentration up to 25% (for projects of 10 units or less, max 2-units)</li> <li>- Annual budget allocation to reserves &lt; 10% allowed with the following:               <ul style="list-style-type: none"> <li>- Appraisal shows no major repairs required AND</li> <li>- A lower annual allocation permitted if the following reserve balance thresholds are met:                   <ul style="list-style-type: none"> <li>- 7% to 9.99% requires reserve fund balance of 50% of annual budget</li> <li>- 5% to 6.99% requires reserve fund balance of 75% of annual budget</li> <li>- 3% to 4.99% requires reserve fund balance of 100% of annual budget</li> </ul> </li> </ul> </li> </ul>
<p>Ineligible Properties</p>	<p>Condotel            Log homes and log-style homes            Unique style homes: earth, dome, etc.            Property condition of C5 or C6            Agricultural use such as working farms or ranches or orchards  <b>Leaseholds</b></p>
<p>Property Flips</p>	<p>A property is considered a flip if either of the following are true:</p> <ul style="list-style-type: none"> <li>- 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</li> <li>- 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</li> </ul> <p>If the property is a flip based on the guidance above, a second appraisal is required</p>



Appraisal Requirements	<p>A second appraisal is required when any of the following exist:</p> <ul style="list-style-type: none"> <li>- The loan amount is greater than \$2,000,000</li> <li>- The transaction is a flip (see Property Flipping section)</li> </ul> <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"> <li>- CDA from Clear Capital OR</li> <li>- Collateral Underwriter (CU Score) less than 2.5 OR</li> <li>- A field review or a second appraisal is also acceptable – These must be from a different company and appraiser than the first appraisal</li> </ul> <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</p>
Transferred Appraisals	<p>Allowed          When two (2) appraisals are required, only one (1) appraisal can be transferred</p>
Declining Property Value	<p>If the trend of property values is downward, a declining market exists and a 5% LTV reduction from the LTV product matrices for LTVs greater than 70%</p>