



Sequoia NQM - Loan Amounts > \$3MM					
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	R/T Refinance and Cash-Out Refinance	Purchase	R/T Refinance and Cash-Out Refinance
> \$3,000,000 <= \$4,000,000	720	70%	N/A	70%	N/A
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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
	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	Not Allowed
Geographic Restrictions	<p>The States and MSAs listed below are subject to the following limitations:</p> <ul style="list-style-type: none"> - Maximum \$2 Million Loan Amount - A 5% Reduction to Max LTV <p>States: Arizona, Connecticut, Idaho, Illinois, Montana, New Jersey, Oregon, Tennessee, Utah</p> <p>MSAs (Metropolitan Statistical Area): San Francisco-Oakland-Hayward, CA San Jose-Sunnyvale-Santa Clara, CA Santa Cruz-Watsonville, CA Boulder, CO Breckenridge, CO Cape Coral-Fort Myers, FL Naples-Immokalee-Marco Island, FL North Port-Sarasota-Bradenton, FL Punta Gorda, FL Boone, NC Austin-Round Rock, TX Aberdeen, WA</p> <p>*Use this link to access a zip code list of the above states/MSA's link</p>
Exceptions	Not allowed. Exceptions to these guidelines will not be considered. This includes Credit Score, LTV, loan amounts, etc.
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.
Escrows - Impound Accounts	Escrow accounts can be waived



<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 & term. Cannot be subordinated.</p>
<p>Property Type > \$3,000,000</p>	<p>Single Family (attached and detached) PUD Warrantable Condo 2 - 4 Units</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 Alien: - Visa types allowed E-1, E-2, E-3, EB-5, G-1 through G-5, H-1B, L-1, L-2, NATO, O-1, R-1, TN NAFTA - 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 - Visa must be current. If the visa will expire within six (6) months following the close date, additional documentation is required: evidence that the proper extension steps have been followed per the U.S. Citizenship and Immigration Services (USCIS) website, along with proof of payment receipt and proof that the extension was done in the timeframe required by USCIS. Max 70% LTV. No gift funds</p>
<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 The following requirements apply to first-time homebuyer transactions: - Primary residence only - Minimum 680 credit score - DTI may not exceed 45% - Minimum six (6) months of reserves - 12-month rental history is required, reflecting 0x30</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 ten (10) loans or \$5,000,000 UPB</p>



<p>Non-Occupant Co-Borrowers</p>	<p>Purchase and Rate/Term only</p> <ul style="list-style-type: none"> - 5% LTV reduction from max LTV - 60% DTI maximum for occupant borrower - non-occupant must be on title or added to title
<p>Non-Arm's Length</p>	<p>ELIGIBLE NON-ARM'S LENGTH TRANSACTIONS:</p> <ul style="list-style-type: none"> - Renter(s) purchasing from landlord <ul style="list-style-type: none"> - 24 months of cancelled checks to prove timely payments are required - A verification of rent (VOR) is not acceptable - Purchase between family members <ul style="list-style-type: none"> - Full Documentation only - Gift of Equity requires a gift letter, and the equity gift credit is to be shown on the CD - Must provide a 12-month mortgage history on the existing mortgage securing the subject property, confirming the Family Sale is not a foreclosure bailout <p>NON-ARM'S-LENGTH RESTRICTIONS:</p> <ul style="list-style-type: none"> - Primary residences only - Borrower to provide verification of earnest money deposit - Maximum LTV/CLTV of 80% - For-Sale-By-Owner (FSBO) transactions must be arm's-length - Employer to employee sales or transfers are not allowed - Property trades between buyer and Seller are not allowed - Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves
<p>Credit</p>	
<p>Credit Score</p>	<p>Refer to Matrices for eligibility 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>Maximum of 0x30 in past 12 months</p>



Mortgage/Rental Verification	<p>A 12-month rental history is required for all Verus programs when the borrower is renting their current primary residence. The following documents are required:</p> <ul style="list-style-type: none"> - A verification of rent (VOR) <ul style="list-style-type: none"> - A third-party VOR is required for any file when the borrower is currently renting - Any VOR completed by a private party or any non-institutional landlord must be supported by alternative documentation showing the most recent 6-month history (cancelled checks, rental statements including payment history, etc.)
Living Rent-Free	<p>Borrowers who live rent-free or without a complete 12-month housing history are allowed, with the following restrictions:</p> <ul style="list-style-type: none"> - DTI may not exceed 43% - Any available portion of a 12-month housing history must be paid as agreed - Borrower(s) who own their primary residence free and clear are not considered living rent-free - Borrower(s) who sold a primary residence within the past six (6) months
Forbearance	<p>Greater than 12 Months from Note Date:</p> <ul style="list-style-type: none"> - Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated greater than 12 months from the Note date of the subject transaction and having a 0x30x12 Housing History <p>Within 12 Months of Note Date:</p> <ul style="list-style-type: none"> - Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated within 12 months of the Note date of the subject transaction are not allowed
Major Credit Events	<p>Four (4) year seasoning is required on all major credit events</p> <p>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>
Credit Report Security Freeze	<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>
Collections & Charge Offs	<p>Collection and charged-off accounts that do not impact title do not need to be paid off if:</p> <p>Individual accounts less than \$500 and cumulative balance \$2,500 or less AND/OR Medical collections up to \$10,000 cumulative AND/OR</p> <p>Collections and charge-offs that have passed the individual state statute of limitations</p>



<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 two (2) 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>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</p>
<p>Income</p>	
<p>Debt to Income Ratios (DTI)</p>	<ul style="list-style-type: none"> - Standard Max 50% - Primary Residence - Up to 55% allowed: <ul style="list-style-type: none"> - Min residual income of \$3,500 - Standard Doc 2-years - Minimum 12-months reserves - First Time Home Buyer not eligible
<p>Residual Income</p>	<p>Minimum \$2,500 required</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>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 50% ownership in the business is required</p>
<p>Co-mingled 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 100% ownership in the business is required (co-owned with spouse acceptable)</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>1099 Program (Alt Doc)</p>	<p>Permitted for individual(s) earning 100% commission or for independent contractors.</p> <ul style="list-style-type: none"> - 1-year or 2-years of 1099s or 1099 transcript(s) permitted <ul style="list-style-type: none"> - One of the following Business expense analysis methods: - 90% Net Margin (10% Expense Factor) - 3rd Party prepared P&L (CPA, EA, accountant, tax preparer) - A minimum 2-year self-employment history is required (e.g., 1099 income) - Qualifying income is the 12 or 24 monthly average from the total number of 1099's minus the expense factor from the method chosen above - YTD earnings must be documented to support the ongoing receipt of income showing on the 1099s by: <ul style="list-style-type: none"> - Checks or a single check stub(s) with YTD totals if available, or - Bank statements (YTD) - The YTD earnings from the total of check stubs or the tally of deposits from bank statements must be within 10% or greater than prior year earnings



<p>Methods for Calculating Bank Statement</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</p>	
<p>Tax Transcripts on Full Doc</p>	<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 	
<p>Tax Transcripts on Bank Statement, and 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, and rental income (see section on transcripts for alternatives)</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 style="text-align: center;">Asset Depletion</p>	<p>Asset depletion allowed as qualifying income either on its 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 43% DTI - Minimum 680 Credit Score - Gift funds ineligible - Non-Occupant Co Borrowers 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 84. 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
<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. Two Year Rental History</p>



<p>Long Term Rental Income</p>	<ul style="list-style-type: none"> - Rental income from other properties must be documented with the borrower’s most recent signed federal income tax return that includes Schedule E. Leases are required for properties where rental income is being used to qualify and the property was acquired during or subsequent to the most recent tax filing year or the rental property was out of service for an extended period. For commercial properties a copy of the lease or rent roll is required - Proposed rental income from the comparable rent schedule, reflecting long term rental rates, may be used for qualifying if there is not a current lease or assignment of lease on purchase of an investment property - Properties with expired leases that have converted to month to month per the terms of the lease will require bank statements for the lesser of 2 months or the time period after the lease expired - A 25% vacancy factor must be applied to the gross rent used for qualifying. Multiply the gross rent by 75% and subtract the PITIA to arrive at the rental income/loss used for qualifying - Commercial properties owned on schedule E must be documented with a rent roll and evidence that the primary use and zoning of the property is commercial
<p>Departure Property</p>	<ul style="list-style-type: none"> - If the borrower’s current principal residence is pending sale but the transaction will not close prior to the subject transaction, the current PITIA and proposed PITIA must be used in qualifying the borrower. The current PITIA may be excluded provided the credit file is documented with the following: <ul style="list-style-type: none"> - The executed sales contract for the current residence, and - Confirmation that any financing contingencies have been cleared. - If the borrower plans to convert their departure residence to a rental property, the current PITIA and proposed PITIA must be used in qualifying the borrower. The current PITIA may be excluded provided the credit file is documented with all the following: <ul style="list-style-type: none"> - Market Rent Analysis, Single Family Comparable Rent Schedule (Fannie Mae® Form 1007) - Copy of a current lease - Evidence of proof of receipt of damage deposit and first month’s rent.
<p>Accessory Dwelling Unit (ADU) Rents</p>	<p>If the property contains an accessory unit, the property is eligible under the following conditions:</p> <ul style="list-style-type: none"> - The property is defined as a one-unit property - There is only one accessory unit on the property; multiple accessory units are not permitted - The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use - The borrower qualifies for the mortgage without considering any rental income from the accessory unit - For properties located in California, if zoning (current or grandfathered) permits an accessory unit, the rental income may be included, subject to the following: <ul style="list-style-type: none"> - Appraisal reflects the accessory is legal and the appraisal report includes at least one comp with an accessory unit - Refinance – The market rent for the accessory unit should be documented on FNMA Form 1007 and the file must include a copy of a current lease with two (2) months proof of current receipt



Assets	
Business Funds	Business funds allowed for down payment, closing costs, and reserves Useable funds are limited to the borrower's % of ownership in the business Must meet cash flow analysis of three (3) months of statements
Gift Funds	Min 5% Borrower contribution required. 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
Reserves	All reserve requirements are based on subject property PITI 12 months PITI required
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)	6% for LTV's



Property / Appraisal Information	
Acreage	No more than 20 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"> - 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>
Condos	<p>Established projects ONLY</p> <p>Detached units and small projects (2-4 condos) follow FNMA guidance (No HOA review required)</p> <p>HOA Review Type; follow FNMA requirements</p> <ul style="list-style-type: none"> - up to 50% influence allowed - up to 60% investor concentration allowed - up to 20% single entity ownership allowed - maximum of 20% of total units delinquent on HOA dues by 60 days or more <p>Litigation:</p> <p>Projects involved in litigation are acceptable provided the lawsuit(s) are not structural in nature which impact the subject unit and do not affect the marketability of the project units and potential damages do not exceed 25% of HOA reserves or documentation from the insurance carrier or attorney representing the insurance carrier that the insurance carrier has agreed to conduct defense and the HOA insurance policy is sufficient to cover the litigation expense.</p>



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</p> <p>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</p> <p>Re-certs of value are allowed and valid for 120 days.</p>
Transferred Appraisals	<p>Allowed</p> <p>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>