



| Sequoia DSCR >= 1.00 (Condo Hotel Only)  |                    |                 |             |           |
|--|--------------------|-----------------|-------------|-----------|
| LTV/CLTV MATRIX – Investment Property    |                    |                 |             |           |
| Loan Amount                              | Credit Score       | >= 1.00 DSCR    |             |           |
|  |                    | Purchase        | Rate & Term | Cash-Out  |
| ≤ \$1,000,000                            | 700                | 75%             | 65%         | 65%       |
|  | 660                | 75%             | 65%         | 65%       |
|  | 620                | 70%             | 65%         | 65%       |
| ≤ \$1,500,000                            | 700                | 75%             | 65%         | 65%       |
|  | 660                | 75%             | 65%         | 65%       |
|  | 620                | 65%             | N/A         | N/A       |
| DSCR < 1.00 (SFR, PUD, Condo, 2-4 Units) |                    |                 |             |           |
| LTV/CLTV MATRIX – Investment Property    |                    |                 |             |           |
| Loan Amount                              | Credit Score       | < 1.00 DSCR     |             |           |
|  |                    | Purchase        | Rate & Term | Cash-Out  |
| ≤ \$1,000,000                            | 700                | 75%             | 70%         | 70%       |
|  | 660                | 70%             | 65%         | 65%       |
| ≤ \$1,500,000                            | 700                | 70%             | 65%         | 65%       |
|  | 660                | 70%             | 65%         | 65%       |
| ≤ \$2,000,000                            | 700                | 65%             | 60%         | 60%       |
|  | 660                | 65%             | 60%         | 60%       |
| ≤ \$2,500,000                            | 700                | 60%             | N/A         | N/A       |
|  | 660                | 60%             | N/A         | 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       |



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| <p>Prepayment Penalty</p>      | <p>Standard DSCR with a PPP - Prepayment penalty is equal to 6 months interest on 80% of unpaid principal balance.<br/>           5% PPP Program - Prepayment penalty charge is 5.000% of the amount prepaid.<br/>           PPP Not Allowed in the following States:<br/>           - DC, Illinois, Kansas, Louisiana, Michigan, Minnesota, New Mexico, Ohio<br/>           PPP Allowed in the following States w/ restrictions:<br/>           - Iowa: Allowed on 3-4 units only<br/>           - Illinois, New Jersey: Allowed only if closing in LLC or Corp.<br/>           - North Carolina: Prepay terms &gt; 3 years Not Allowed<br/>           - Pennsylvania: Allowed on loan amounts &gt;= \$301,022</p>   |
| <p>Geographic Restrictions</p> | <p>The States and MSAs listed below are subject to the following limitations:<br/>           - Maximum \$2 Million Loan Amount<br/>           - A 5% Reduction to Max LTV</p> <p>States:<br/>           Arizona, Connecticut, Idaho, Illinois, Montana, New Jersey, Oregon, Tennessee, Utah</p> <p>MSAs (Metropolitan Statistical Area):<br/>           San Francisco-Oakland-Hayward, CA<br/>           San Jose-Sunnyvale-Santa Clara, CA<br/>           Santa Cruz-Watsonville, CA<br/>           Boulder, CO<br/>           Breckenridge, CO<br/>           Cape Coral-Fort Myers, FL<br/>           Naples-Immokalee-Marco Island, FL<br/>           North Port-Sarasota-Bradenton, FL<br/>           Punta Gorda, FL<br/>           Boone, NC<br/>           Austin-Round Rock, TX<br/>           Aberdeen, WA</p> <p><a href="#">*Use this link to access a zip code list of the above states/MSA's link</a></p> |
| <p>Exceptions</p>              | <p><b>Not allowed.</b> Exceptions to these guidelines will not be considered. This includes Credit Score, LTV, loan amounts, etc.</p>   |
| <p>Minimum Loan Amount</p>     | <p>\$150,000</p>  |
| <p>Interest Only</p>           | <p>Allowed at all LTV's - Min Credit Score 660</p>  |



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| Secondary Financing        | <p>Allowed - See LTV/CLTV grid</p> <p>Junior financing must meet the requirements as defined by Fannie Mae</p> <p>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.</p> <p>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>   |
| Escrows - Impound Accounts | <p>Escrow accounts can be waived when the following requirements are met:</p> <ul style="list-style-type: none"> <li>- Minimum decision credit score of 720</li> <li>- Minimum 12-months of reserves</li> </ul>   |
| PACE / HERO Loans          | Any energy efficiency-based liens, like PACE or HERO, must be retired, They cannot be subordinated.   |
| Property Type              | <p>Single Family (attached and detached)</p> <p>PUD</p> <p>Warrantable Condo and Condotel</p> <p>2 - 4 Units</p>  |
| Cash-Out                   | <p>&gt;= 65% LTV up to \$500,000 allowed</p> <p>&lt; 65% LTV up to \$1,000,000 allowed</p> <p>Cash out limitations do not apply on delayed financing transactions</p>   |
| Not Eligible for Cash-Out  | <ul style="list-style-type: none"> <li>- Prior cash out in most recent 6 months</li> <li>- Paying off a land contract</li> <li>- Using proceeds to pay personal debt; tax liens, collections, judgements, etc.</li> </ul>   |
| LTV Determination          | <p>Rate &amp; Term:</p> <ul style="list-style-type: none"> <li>- owned &gt;= 6 months - use current appraised value</li> <li>- owned &lt; 6 months - use lesser of acquisition cost or appraised value</li> </ul> <p>Cash Out:</p> <ul style="list-style-type: none"> <li>- owned &gt;= 12 months - use current appraised value</li> <li>- owned &gt; 6 &lt; 12 months - use lesser of acquisition cost or appraised value</li> <li>- owned &lt;= 6 months - see delayed financing</li> </ul> |
| Delayed Financing          | <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.</p> <p>Follow Fannie Mae requirements</p>   |



| Borrower Requirements       |   |
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| Eligible Borrowers          | US Citizens<br>Permanent Resident Alien<br>Non-Permanent Resident Alien   |
| Non-Permanent Resident      | Non-Permanent Resident Alien:<br>- 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<br>- 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<br>- 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.<br><br>Max 70% LTV.<br>No gift funds |
| Entity Vesting Requirements | Entity vesting is allowed for LLC only. Corporations and Partnerships not allowed.<br>The following are required:<br>- All entity members must also be borrowers<br>- 4 borrower MAX - U.S. domiciled entities only<br>- Purpose of entity must be for real estate acquisition<br><br>Documentation verifying the following must be provided:<br>- Verify entity membership<br>- Provide federal entity ID number (EIN)<br>- Show the entity is in good standing  |



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| Investor Experience            | <p>Experienced Investor: Borrower must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in last 3 years.<br/>           First Time Investor: A borrower not meeting the experienced investor criteria.</p> <p>First Time investors eligible subject to the following restrictions:</p> <ul style="list-style-type: none"> <li>▪ Min credit score: 680</li> <li>▪ Max LTV: 75%</li> <li>▪ No mortgage late payments during the past 36 Mo</li> <li>▪ &gt;= 36 Mo from any credit event</li> <li>▪ Cash-out not eligible</li> </ul> <p>First time Property Owner: not allowed. Defined as a borrower who has not owned real estate in the most recent 36 months.</p> <p>The timelines for all 3 Experience Level categories listed above is counted backwards from our note date.</p> |
| Multiple Loans - Same Borrower | Max exposure to Newfi for any one (1) borrower is 10 loans or \$5,000,000 UPB   |
| Multiple Properties Owned      | No Limit  |
| Non-Arm's Length               | Non ARM's Length - Not allowed  |
| <b>Credit</b>                  |   |
| Credit Score                   | <p>Refer to Matrices for eligibility<br/>           When multiple borrowers apply, the lowest middle score is the qualifying credit score</p>   |
| Age of Credit Docs             | <p>Appraisal and title valid for 120-days from note date<br/>           Appraisal recerts allowed, valid for 120-days<br/>           Credit and Assets valid for 90-days from note date</p>   |
| Housing Payment History        | <p>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</p> <ul style="list-style-type: none"> <li>- 1x30x12 – No reduction</li> <li>- 0x60x12 – Max 70% LTV Purchase &amp; Max 65% LTV Rate/Term &amp; Cash-out</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>   |
| Significant Credit Events      | <p>BK/Foreclosure/Short Sale/Deed in Lieu:</p> <ul style="list-style-type: none"> <li>&gt;=36 Mo – No reduction</li> <li>&gt;=24 Mo – Max 75% LTV Purchase &amp; Max 70% LTV Rate/Term &amp; Cash-out</li> </ul>  |



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| <p>Forbearance</p>                                | <p>Greater than 12 Months from Note Date:<br/>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 are allowed.</p> <p>Within 12 Months of Note Date:<br/>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 eligible</p>   |
| <p>Credit Report Security Freeze</p>              | <p>Not allowed. 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>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>Tradelines with recent serious adverse history are not acceptable</p> <p>Rental verification can be included as a tradeline</p> <p>Student loans can be counted in credit depth as long as they are in repayment and not being deferred</p> |
| <p><b>Rental Income</b></p>                       |  |
| <p>Rental Income - Purchase<br/>(Condo Hotel)</p> | <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</li> </ul> <p>A 1007 is required on all transactions</p> <p>DSCR is calculated on all transactions</p>  |



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| <p>Rental Income - Refi<br/>(Condo Hotel)</p> | <ul style="list-style-type: none"><li>- Use the lower of Estimated market rent from 1007 or lease agreement</li><li>- Required documentation:<ul style="list-style-type: none"><li>- FNMA Form 1007 or 1025 reflecting long term market rents, and lease agreement.</li><li>- If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease.</li></ul></li><li>- Monthly Gross Rents are determined by the higher of the actual lease amount or market rent from 1007/1025. If using a higher monthly actual lease amount, evidence of 2-months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007 or 1025.</li><li>- A vacant or unleased property is allowed, and the maximum LTV allowed is restricted by 5%.</li><li>- DSCR Calculation:<ul style="list-style-type: none"><li>- Debt Service Coverage Ratio is the Monthly Gross Rents divided by the PITIA of the subject property. See this matrix for required Debt Service Coverage Ratios.</li><li>- Gross rents divided by PITIA = DSCR</li></ul></li></ul> <p>1007 required on all transactions<br/>DSCR calculated on all transactions</p> |
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| <p>Short Term Rental<br/>(Condo Hotel)</p> | <p>Short-Term Rental Income – Purchase and Refinance Transactions:</p> <ul style="list-style-type: none"> <li>- A 5% LTV reduction applies to all transactions using short-term rental income when the DSCR is <math>\geq 1.00</math></li> <li>- When the DSCR is <math>&lt; 1.00</math>, the sub-1.00 DSCR Eligibility Matrix must be used.</li> <li>- DSCR Calculation:             <ul style="list-style-type: none"> <li>- Monthly gross rents based upon a 12-month average to account for seasonality required.</li> <li>- Gross rents reduced by 20% to reflect extraordinary costs (i.e., advertising, furnishings, cleaning) associated with operating short-term rental property compared to non-short term property.</li> <li>- <math>(\text{Gross Rents} * .80) \text{ divided by PITIA} = \text{DSCR}</math>.</li> </ul> </li> <li>- Any of the following methods may be used to determine gross monthly rental income:             <ul style="list-style-type: none"> <li>- A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents.</li> <li>- A most recent 12-month rental history statement from the 3rd party rental/management service. The statement must identify the subject property/unit, rents collected for the previous 12-months, and all vendor management fees. The rental income will exclude all vendor or management fees.</li> <li>- The most recent 12-month bank statements from the borrower evidencing short-term rental deposits. Borrower must provide rental records for the subject property to support monthly deposits.                 <ul style="list-style-type: none"> <li>- AIRDNA Rentalizer and Overview reports must meet the following requirements:                     <ul style="list-style-type: none"> <li>- Rentalizer                             <ul style="list-style-type: none"> <li>- Only allowed for purchase transaction</li> <li>- Forecast period must cover 12 months from the Note date</li> <li>- The occupancy rate must be <math>&gt; 65\%</math></li> <li>- Must have six (6) comparison properties</li> <li>- Must be within two (2) miles of subject property.</li> <li>- Must be similar in size, room count, amenities, availability, and occupancy</li> </ul> </li> <li>- Overview Report                             <ul style="list-style-type: none"> <li>- Market grade by zip code</li> <li>- Must be B or greater</li> </ul> </li> <li>- Income Calculation                             <ul style="list-style-type: none"> <li>- <math>\text{Annual revenue} / 12</math></li> </ul> </li> </ul> </li> </ul> </li> </ul> </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>   |





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| Assets                               | <ul style="list-style-type: none"> <li>- Must be dated within 90 days of the note</li> <li>- One (1) month recent statements</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></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> |
| Reserves                             | <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>2 months PITI required</p> <p>6 months PITI required for loan amount &gt; \$1.5mm</p> <p>12 months PITI required for loan amount &gt; \$2.5mm</p> <p>Cash-Out proceeds may be used to meet reserve requirement.</p>  |
| Source of Reserves                   | <p>IRA and other non-employer related savings plans (70% of account balance)</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> <p>Cash-Out proceeds may be used to satisfy reserve requirement</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>  |
| 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>Large deposits into a business account do not need to be addressed</p>   |
| IPC (Interested Party Contributions) | <p>3% for all LTV's</p>  |



| Property / Appraisal Information |  |
|----------------------------------|--|
| Acreage                          | No more than two (2) 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>Properties listed in the past six (6) months prior to the application date are not eligible for cash-out transactions unless minimum three year prepayment penalty is applied</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"> <li>- up to 50% influence allowed</li> <li>- up to 60% investor concentration allowed</li> <li>- up to 20% single entity ownership allowed</li> <li>- maximum of 20% of total units delinquent on HOA dues by 60 days or more</li> </ul> <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> |
| Condominium Hotel                | <p>Allowed</p> <ul style="list-style-type: none"> <li>- Projects that are managed and operated as a hotel or motel, even though the units are individually owned.</li> <li>- A project that includes registration services and offers rentals of units on a daily, weekly, or monthly basis.</li> <li>- Investor concentration, within the subject project, may exceed established project criteria, up to 100%.</li> <li>- Purchase: 75%</li> <li>- R/T and Cash-Out: 65%</li> <li>- Maximum Loan Amount: \$1.5 million</li> <li>- Minimum Loan Balance: \$150,000</li> <li>- Minimum square footage: 500</li> <li>- Fully functioning kitchen – define as full-size appliances including a refrigerator and stove/oven</li> <li>- Bedroom required</li> <li>- No Foreign Nationals</li> </ul>  |



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| Ineligible Properties    | <p>Log homes and log-style homes</p> <p>Unique style homes: earth, dome, etc.</p> <p>Property condition of C5 or C6</p> <p>Agricultural use such as working farms or ranches or orchards</p>  |
| Property Flips           | <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</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</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>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>  |