



DENALI NQM				
Owner Occupied				
		LTV / CLTV		
Loan Amount	Credit Score	Purchase Rate & Term	Cash-Out	
≤ \$1,000,000	720	90%	80%	
	700	85%	80%	
	660	80%	80%	
≤ \$2,000,000	740	90%	60%	
	720	85%	60%	
	680	80%	60%	
	660	60%	60%	
Second Home				
		LTV / CLTV		
Loan Amount	Credit Score	Purchase Rate & Term	Cash-Out	
≤ \$1,000,000	660	60%	65%	
≤ \$2,000,000	680	80%	N/A	
	660	60%	60%	
DENALI NQM				
Available Products	Product	Qualifying Rate	Term	I.O. Term
	20 Year Fixed	Note Rate	240	N/A
	30 Year Fixed	Note Rate	360	N/A
Minimum Loan Amount	\$159,500 - Missouri \$100,000 - All Other States			
Investment Properties	Investment properties not allowed			
Secondary Financing	Allowed - See LTV/CLTV grid Junior financing can be lender or seller provided and 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	Allowed: Single Family (attached and detached) 2-4 Units (Primary Residence) PUD Warrantable Condo - Follow FNMA Requirements Not Allowed: Non-Warrantable Condo 2 - 4 Units (Second Home)
Cash Out Ownership Seasoning	Property must be owned a minimum of 6 months at note date to be eligible for cash out
Delayed Financing	Not allowed
LTV Determination	Rate & Term - use current appraised value Cash-Out owned >= 9 months - use current appraised value Cash-Out owned < 9 months - use lesser of current appraised value or acquisition cost Cash-Out owned < 6 months - not allowed
Maximum Cash-Out	Max Equity Withdrawal >= 70% LTV up to \$500,000 allowed < 70% LTV up to \$1,000,000 allowed
Borrower Requirements	
Eligible Borrowers	US Citizens Permanent Resident Alien Non-Permanent Resident Alien
Non-Permanent Resident Restrictions	<ul style="list-style-type: none"> - Visa types allowed are H1B and L1 only - Two full uninterrupted years of residence and employment in the United States are required for all borrowers whose income is being considered in qualifying - 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 - 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



First Time Home Buyer	<p>Defined as borrowers who have not owned residential property in the past three (3) years</p> <p>FTHB restrictions:</p> <ul style="list-style-type: none"> - Owner-occupied only - 1 unit property only - 12 months rental history - 7 years on seasoning on credit events - 660 minimum credit score - Maximum DTI is 50% - > 40% DTI requires 300% max payment shock - <= 40% DTI, payment shock does not apply - If one (1) borrower is FTHB and the other is not, then FTHB restrictions do not apply - Property owned outside of the US is not considered in FTHB determination
Multiple Properties Owned	The maximum number of residential 1-4 unit properties financed is four (4)
Max Exposure to Newfi	The max exposure to Newfi for any one (1) borrower is eight (8) loans or \$5,000,000 UPB
Non-Occupant Co-Borrowers	Not allowed
Non-Arm's Length	Not allowed. This includes family to family sales: not allowed.
Credit	
Credit Score	<p>Refer to Matrices for eligibility</p> <p>When multiple borrowers apply, the lowest middle score is the qualifying credit score</p> <p>New credit reports provided solely to increase credit scores are not allowed</p>
Age of Credit Docs	<p>Appraisal and title valid for 120-days from note date</p> <p>Credit, Income, and Assets valid for 90-days from note date</p> <p>YTD P&L age limit is 90-days</p>
Housing Payment History	Maximum of 0x30 in past 12 months
Mortgage/Rental Verification	<p>Institutional Lender/ Landlord</p> <p>Payment history may be documented as follows:</p> <ul style="list-style-type: none"> - 12 months mortgage payment history on the credit report OR - 12 months canceled checks OR - Verification of Mortgage (VOM)/ Verification of Rent (VOR) <p>Non-Institutional Lender/ Landlord</p> <ul style="list-style-type: none"> - Payments must be verified with either canceled checks or bank statements AND - A copy of the note or lease is required to verify payment amount and due date - Verifying housing payments can be eliminated if the following is present: <ul style="list-style-type: none"> - File receives an AUS approve (not allowed on FTHB)



<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>This forbearance guidance applies to all open mortgage accounts</p>
<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 Modifications that were a result of a COVID-19 forbearance plan are acceptable with no restrictions</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>Individual collection and non-mortgage charge-offs equal to or greater than \$250 AND accounts that total more than \$2000 must be paid in full at closing except for:</p> <ul style="list-style-type: none"> - Medical collections with a maximum aggregate balance of \$10,000 - A second mortgage that has been charged off is subject to foreclosure seasoning periods for grade determination based on the charge-off date - Collections and charge-offs that have expired under the state statute of limitations, documentation is required <p>Collections and charge-offs not excluded by one of the above three (3) exceptions must be paid or may remain open with the following:</p> <ul style="list-style-type: none"> - Payments for open charge-offs or collections are included in the DTI (subject to program DTI restrictions). If a payment amount is not known, 5% of the balance may be used as the payment AND/OR - Reserves are sufficient to cover the balance of the charge-offs or collections and meet reserve requirements



<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 four (4) 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 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 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. - There is an established credit history of at least four (4) years. - Requirements can be met by primary borrower or 2 combined borrowers on same application.</p>
<p>Income</p>	
<p>Debt to Income Ratios (DTI)</p>	<p>Max 50% DTI, unless otherwise noted Max 45% DTI when LTV > 85%</p>
<p>Variable Income Overtime/Bonus/Commission</p>	<p>- A Written Verification of Employment (WVOE) is required to show the breakdown of the income types - Variable income earned for less than one year may not be used - Variable income is averaged over the most recent 2 years + YTD, however, if the most recent 12 months, or YTD, is lower, the income is averaged over the shorter period</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>



Business Bank Statement (BBS)	<p>Intended for borrowers with 50% or more self-employment income</p> <p>May be combined with non-business income: i.e. SSI, rental income, W2 wages</p> <p>Multiple bank accounts are allowed</p> <p>A minimum of 25% ownership in the business is required</p>
Co-Mingled Bank Statement (Personal account used for business)	<p>Intended for borrowers with 50% or more self-employment income</p> <p>May be combined with non-business income: i.e. SSI, rental income, W2 wages</p> <p>Multiple bank accounts are allowed</p> <p>Borrower must be 100% owner of the business (borrower plus spouse with 100% ownership is allowed)</p>
Business Narrative	<p>Business narrative is required to be completed by borrower/business owner using business bank statement or co-mingled bank statement income. The business narrative must be in the file prior to submission.</p>
Consistency of Deposits for Bank Statement Income	<p>Deposits will be reviewed and evaluated for consistency in size, number, and type. Inconsistent, or out of trend deposit activity, may require further documentation or be excluded.</p>
Evaluation of Large Deposits for Bank Statement Income	<ul style="list-style-type: none"> - Any deposit exceeding 50% of the average monthly sales of the business is considered a large deposit - Isolated large deposits are deposits that occur very infrequently. These deposits need to be sourced and confirmed as business income or they should be excluded - Six, or more, large deposits in a 12-month period can be considered as consistent and do not necessarily need to be sourced or excluded
Methods for Calculating Bank Statement Income	<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>Personal Bank Statement (PBS)</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>Rental Income on Bank Statement and Alt Doc Income</p>	<ul style="list-style-type: none"> - Use 75% of lease - Document receipt of rents - Deduct rental deposits if rents are deposited into the same account being used to develop the primary business income 	
<p>History of Self-Employment (Full Doc and Alt Doc)</p>	<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 	
<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 - 3rd party WVOE can be used in lieu of W2 transcripts 	
<p>Tax Transcripts on Bank Statement</p>	<p>Transcripts and income validation not required for Bank Statement programs. Transcripts are required for any non-1040 type full doc income used in conjunction with these 2 income types - i.e. W2 wages</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>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. <p>Less than One Year - NOT ELIGIBLE</p>
<p>Departure Property 3 Options</p>	<p>Option 1:</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 AND2. Confirmation that all financing contingencies have been cleared. <p>Option 2:</p> <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 AND2. Proof of receipt of deposit and 1st month's rent AND3. 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>Option 3:</p> <p>If the departure prop is unleased, then the PITI can be offset with market rents from a 1007</p> <p>Positive cash flow from departing residence without a lease in place may not be added to income.</p> <p>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>Accessory Dwelling Unit (ADU) Rents ADUs are becoming increasing 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 - Multi-family or multi-ADU acceptable provided total unit count is less than or equal to four <p>Refinance</p> <ul style="list-style-type: none"> - Appraiser to address ADU rents on a 1007 <p>Purchase</p> <ul style="list-style-type: none"> - Follow guidance above Rental Income Calculation section, however, STR not allowed
<p>Assets</p>	
<p>Business Funds</p>	<p>Business funds allowed for down payment, closing costs, and reserves. Must meet cash flow analysis, three (3) months business bank statements required. Newfi Underwriter will perform cash flow analysis.</p>
<p>Gift Funds</p>	<p>Min 5% Borrower contribution required for Primary Residence & 2nd Home 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</p>
<p>Gifts of Equity</p>	<p>Not allowed. Family sales or any other NAL are not allowed.</p>
<p>Crypto Currency</p>	<p>Cryptocurrencies (including virtual currency that has been liquidated within 90 days of application date). Not allowed. Borrowed funds secured by Virtual Currency. Not allowed.</p>
<p>Paying Off Debt to Qualify</p>	<p>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%</p>
<p>Reserves</p>	<p>All reserve requirements are based on subject property PITI or ITI if applicable Loan proceeds may be used to meet the reserve requirement</p> <ul style="list-style-type: none"> 6 months PITI required for loan amounts of <= \$1.5mm 9 months PITI required for loan amounts > \$1.5mm 2 months PITI on subject property when using 1007 rents with no lease



Acceptable Sources of Reserves	<ul style="list-style-type: none"> - Funds in non-cash holdings (stocks, bonds, mutual funds) are not required to be discounted. - Retirement accounts used for reserves. <ul style="list-style-type: none"> - Employer sponsored savings plans (like a 401k) require TOW from employer which allow for hardship withdrawal (not required for IRA) - Cash-Out proceeds
Unacceptable sources for Reserves	<ul style="list-style-type: none"> - Reserves may not come from a 1031 exchange account - Reserves may not come from gift funds
IPC (Interested Party Contributions)	<p>6% for LTV/CLTV <= 80%</p> <p>4% for LTV/CLTV > 80%</p>
Property / Appraisal Information	
Acreage	No more than fifteen (15) acres
Rural Properties	<p>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>If the seller has owned the property less than 180 calendar days from the date of the purchase contract and the new sales price is higher than the price paid by the seller to acquire the property, this transaction would be ineligible for purchase.</p> <p>The following types of re-sale transactions are not considered property flips; however, these transactions would be ineligible for HPML's.</p> <ul style="list-style-type: none"> - Property being sold by a spouse who acquired the property through a divorce settlement - Property acquired by an employer through a relocation program - Property being sold by an administrator or executor of an estate - Property being sold by a lender, mortgage investor, or mortgage insurance company acquired through foreclosure or deed-in-lieu of foreclosure
Recently Listed Properties	<p>Cash Out</p> <ul style="list-style-type: none"> - Properties listed in the last six (6) months measured from application date are not allowed <p>Rate Term Refinance</p> <ul style="list-style-type: none"> - Properties listed at the time of application are not eligible



Warrantable Condos	Established projects ONLY Detached units and small projects (2-4 condos) follow FNMA guidance (No HOA review required) HOA Review Type: follow FNMA requirements
Non Warrantable Condos	Not allowed
Ineligible Properties	Non warrantable condos Properties with deed restrictions other than age related Condotels & resort style condos Unique style homes: earth, dome, etc. Property condition of C5 or C6 Working farms or ranches Leaseholds
Appraisal Requirements	A second appraisal is required when any of the following exist: - The transaction is a flip (see Property Flipping section) 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.
Appraisal Review	An appraisal review product is required on every loan unless a second appraisal is obtained, one of the three options below is acceptable: - 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 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
Appraisal Age	Appraisal must be dated within 120 days of the note date Re-certs of value are allowed and valid for 120 days.
Transferred Appraisals	Not allowed
Declining Property Value	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% Not allowed on cash out
Texas 50(a)(6) & Texas 50(f)(2)	Not allowed