



EquityChoice								
CLTV/HCLTV MATRIX								
Loan Purpose	Occupancy	Property Type	Credit Score	1st Lien Term	Max CLTV*	Max Loan Amount	Max DTI	Max EC LTV
Rate & Term / Cash-Out	Primary	SFR, PUD (detached only)	680*	<=20 Years	65%	\$500,000	45%	16%
				>20 <=30 Years	60%			
				>30 Years	55%			
*In all instances, an Interest-Only (IO) 1st Lien dictates that the max CLTV is 5% lower than it would be with an Fully Amortizing 1st Lien and mandates a FICO score of at least 720.								
EquityChoice General								
Overview	This product is a subordinate lien with a fixed interest rate and a shared appreciation component, with no required monthly payment							
Broker Compensation	<ul style="list-style-type: none"> - Product is structured as borrower paid - Approved Broker paid 125 bps 							
Term	10 yr Fixed (120 months)							
QM Points and Fees	5% Limit							
Title/Occupancy Seasoning	<ul style="list-style-type: none"> - At least one borrower must have been on title for a minimum of 24 months - Must be owner occupied and at least one borrower must have resided in the property as a primary residence for a minimum of 24 months 							
Min Loan Amount	\$85,000							
Max Loan Amount	\$500,000							
Geographic Restrictions	Available in Arizona, California, Colorado, Connecticut, Delaware, Georgia*, Idaho, Kentucky, Louisiana, Maine, Michigan, Montana, North Carolina**, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, South Carolina *The minimum loan balance for properties in GA must be >\$250,000 **The minimum loan balance for properties in NC must be ≥\$125,000							
Title Policy	Short Form Alta Title Policy Required							



Borrower Requirements	
Eligible Borrowers	<ul style="list-style-type: none"> - U.S. Citizens - Permanent Resident Aliens • Permanent Resident Aliens with an Alien Registration Card (Green Card) are eligible for financing with the same terms as U.S. Citizens
Ineligible Borrowers	<ul style="list-style-type: none"> - Non-Permanent Resident Aliens - Non-occupying co-borrowers - Foreign Nationals - Borrowers with diplomatic immunity or otherwise excluded from US jurisdiction
Vesting	<p>Allowed:</p> <ul style="list-style-type: none"> • Individual • Trust <p>Not Allowed:</p> <ul style="list-style-type: none"> • Irrevocable Trusts • Blind Trusts • Entities
Ineligible 1st Liens	<ul style="list-style-type: none"> - Shared Appreciation Products - Negative Amortization - Construction Loans - Reverse Mortgage - Balloon Notes - Private Mortgages <p>Note: there must be a first mortgage in place - free and clear properties are not eligible</p>
PACE / HERO Loans	Any property encumbered with an energy efficiency-based lien, like PACE or HERO, makes the property ineligible Cannot be subordinated or paid off
Multiple Properties Owned	The maximum number of residential 1-4 unit properties owned (financed or free and clear) is three (3)
Credit & Liabilities	
Overview: Credit & Liabilities	If not specifically addressed below follow FNMA
Credit Score(s)	<ul style="list-style-type: none"> - Refer to Matrices for eligibility (see above) - When multiple borrowers apply, the lowest middle score is the qualifying credit score - A minimum of two (2) credit scores required for each borrower
Credit Report Security Freeze	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. One frozen bureau is acceptable



Credit & Liabilities (Continued)	
Required Credit History	<ul style="list-style-type: none"> - There is no minimum tradeline requirement but there must be a mortgage history on the subject property of at least 24 months - All mortgages must be on the credit report, no private mortgages, no VOM or alternative documentation for mortgage history allowed on any mortgage regardless of subject or REO
Age of Credit Docs	<ul style="list-style-type: none"> - Appraisal: valid for 90-days from note date - Title: valid for 60-days from note date - Income and Assets: valid for 90-days from note date
Housing History	Maximum of 0x30 in past 24-months - all mortgages, subject or REO
Collections & Charge Offs	<p>Collections and charged-off accounts that do not impact title do not need to be paid off if:</p> <ul style="list-style-type: none"> • Individual or aggregated balances are <=\$1,500 • Medical collections have no dollar limit • Collections and charge-offs that have passed the individual state statute of limitations
Major Credit Events	<ul style="list-style-type: none"> - Seven (7) 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, NOD - Extenuating circumstances criteria for shortened waiting periods is not allowed
Installment Debt	<ul style="list-style-type: none"> - The monthly payment may be excluded from the DTI calculation provided there are ten (10) or fewer payments remaining, and the payment does not exceed 5% of the borrower's qualifying income - Paying down installment debt to 10 payments or less to qualify is not allowed - Business or personal debt in borrower's name may not be excluded even with documentation - Installment debt may be excluded provided it is paid in full and the debt is retired at closing - Contingent liabilities may not be excluded - Student loans, whether deferred, in forbearance, or in repayment qualify at 1% or actual documented payment - Timeshares are considered installment debt, not a mortgage
Revolving Debt	<ul style="list-style-type: none"> - Minimum payment on the credit report is used in the DTI calculation (documentation cannot be provided to override credit report) - Revolving debt may be paid off to qualify: <ul style="list-style-type: none"> • No monthly payment is required for the DTI calculation • Can be paid at closing or prior to closing. If paid off prior to closing, funds used to pay off account must be verified - Revolving debt may not be paid down to qualify - Business or personal debt in borrower's name may not be excluded even with documentation that another is paying - If no minimum payment amount is listed on the credit report and no supplemental documentation to support a payment is provided, the greater of \$10.00 or 5% of the outstanding balance will be used



Income & Assets	
Overview: Income & Assets	Standard income documentation is 1-Year (See guidelines for items not addressed in matrix)
Income	<p>Salaried and variable income:</p> <ul style="list-style-type: none"> • Paystubs covering last 30 days with YTD income AND • One (1) year W2 AND • VVOE dated no more than 10 business days prior to note date <p>Self Employed limited to Schedule C borrowers (no limit to Schedule C sources) and/ or one (1) additional 1120-S, 1065 or 1120 source:</p> <ul style="list-style-type: none"> • Most recent year complete tax return AND • Proof of 2-years of self-employment in business used for qualifying income AND • VVOE dated within 30 calendar days of close (self employed VVOE means proof of current business activity) <p>Rental Income:</p> <ul style="list-style-type: none"> • Most recent year complete tax return - Including Schedule E (rental income must be documented on filed 1040 to be used)
Variable Income Overtime/Bonus/Commission	<ul style="list-style-type: none"> - A Written Verification of Employment (WVOE) is required to show the breakdown of the income types - Variable income earned for less than two years may not be used - Variable income that is declining cannot be averaged and must be calculated on current year if deemed stable by UW
Wage / Salaried Borrowers with Incidental Self-Employment	The review and analysis of self-employed income activity is not required when a borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss)
Proof of Self-Employment	<p>Verify the existence of the business within 30-calendar days of the note date and ensure that the business is active:</p> <ul style="list-style-type: none"> • Letter from tax professional, regulatory agency, or licensing bureau certifying two (2) years self-employment in the same business or 3 current invoices from clients within 30-days AND • A phone listing and/or a business address using internet search <p>Additional documentation verifying the existence of the business is not required if:</p> <ul style="list-style-type: none"> • Business income is positive and not being considered for qualification • Business income is negative and used to discount other income
P&L	Not required
Alimony and Child Support	<ul style="list-style-type: none"> - Must document that support will continue for at least three (3) years from note date - Copy of divorce decree, separation agreement or other type of legal agreement/court document - Document at least six (6) months receipt of full, on-time and consistent payments
Cannabis	Wage income or self-employment income derived from the Cannabis industry is not allowed.
Pension	<ul style="list-style-type: none"> - Award letter(s) from the organizations providing the income OR - One (1) prior year 1099-R will be acceptable in lieu of award letter WITH 30-days current proof of receipt is required



Income & Assets (Continued)	
IRA Distributions	<p>There are 2 methods or using these distributions: Method 1: From an average of historical distributions found on 1099 or 1040 Method 2: From evidence of a current monthly automatic distribution</p> <p>The following documentation is required: Method 1</p> <ul style="list-style-type: none"> • Account Statement(s) reflecting available balance for withdrawals • Two prior years 1099-R or 1040 • Income will be averaged based upon withdrawals over the past 24-months. <p>Method 2</p> <ul style="list-style-type: none"> • Account Statement(s) reflecting available balance for withdrawals • Evidence of automatic withdrawal (document must reflect a termination date of not less than 36 months from application date) • Current distribution amount will be used for income <p>If income is from a 401K or IRA distribution:</p> <ul style="list-style-type: none"> • Income is expected to continue for at least three (3) years from the note date • Funds do not need to be discounted for market driven financial products if there are no early withdrawal penalty • If an early withdrawal penalty applies due to the borrower's age, it must be applied to the IRA/401K balance
Social Security Income	<ul style="list-style-type: none"> - When borrower receives his/her own benefits, whether retirement or disability, the benefit is expected to continue. A copy of the award letter as well as one (1) month receipt of payment is required - Benefits based upon another person's account for retirement, disability, or supplemental income require a copy of the award letter, current proof of receipt, and evidence of a three-year continuance
Length of Self Employment	<ul style="list-style-type: none"> - A minimum of a two (2) year history of self-employment is considered stable and effective - Self-employment activity under two (2) years is not acceptable
REO Held in Entities	<p>Real Estate holdings vested in a business entity, where the entity's sole purpose is for holding real estate, are treated like REO and not subject to self-employed income documentation requirements:</p> <ul style="list-style-type: none"> • No P&L or Balance sheets are required • No proof of current self-employment is required
VVOE Requirements	<ul style="list-style-type: none"> - Wage earners require a VVOE to be completed with an effective date no earlier than 10 business days prior to the note date - Self Employed require proof business is active no more than 30 calendar days prior to the note date - For both wage earner and self-employed, the VVOE can be completed on or after the note date <p>Note: For Entities that only hold real estate, neither proof of 2 years self-employment nor proof of current business activity are required Note: For Self-employed loss or disregarded positive income, neither proof of 2 years self-employment nor proof of current business activity are required</p>



Income & Assets (Continued)	
Ineligible Income	<ul style="list-style-type: none"> - RSU, Capital Gains, Foreign Income - Non-occupying co-borrowers - Income produced, or in relation to, cannabis or hemp - Notes Receivable income
Transcripts	Not Required, but a 4506 must be present for each borrower
Assets	<p>Reserves must, at a minimum, equal 110% of the loan amount</p> <p>Eligible Reserves:</p> <ul style="list-style-type: none"> • Checking, Savings, IRA, 401K, Stocks, Bonds, Mutual Funds • Business funds can be used with documented evidence of 100% ownership of business • Other Real Estate Owned <p>Ineligible Reserves:</p> <ul style="list-style-type: none"> • Pension • Gift Funds • Restricted Stock Options <p>Additional Information:</p> <ul style="list-style-type: none"> • Eligible Reserves do not need to be discounted • 401K must be reduced by any outstanding loans, if applicable • Two (2) months recent complete bank statement or quarterly statements must be provided • Large deposits greater than 50% of the monthly income must be documented as borrower's own funds • Cash to close, if required, must be documented beyond the reserve requirement • Terms of Withdrawal (TOW) required if employer sponsored retirement plan



Property Types	
Eligible Properties	<ul style="list-style-type: none"> - Single Family (detached only) - PUD (detached only)
Ineligible Properties	<ul style="list-style-type: none"> - 2-4 Units - Properties listed for sale within the last 6-months (based on application date) - Condos/Condotels/Co-Ops - Unique Properties (such as a log home) - Properties with more than 5 acres - Manufactured/Mobile Homes - Leaseholds/Land Trusts - Non-Warrantable Condos - Farms/working farms/Hobby farms - Rural properties: <ul style="list-style-type: none"> A property is classified as Rural if: <ul style="list-style-type: none"> • The appraiser indicates in the neighborhood section of the report as rural location; or • The following two (2) conditions exists: <ul style="list-style-type: none"> ◦ The property is located on a gravel road and ◦ Two of the three comparable properties are more than 5 miles from the subject property - Lava Zones 1 & 2
Valuation Requirements	
Valuation Requirements	<ul style="list-style-type: none"> - All loans require a Full Appraisal, no exception - Transferred appraisals are not allowed - Properties with Condition Rating of C5, C6 or a Quality Rating of Q6 are ineligible - Property must be minimum of 700 square feet - Cannot be on land of more than 5 acres and cannot be on more than 1 parcel
Appraisal/AVM Age	<ul style="list-style-type: none"> - Appraisal must be dated within 90-days of note date - Re-certs of value are not allowed, if appraisal is over 90 days a new appraisal is required
Transferred Appraisals	Not Allowed
Appraisal from Previous Transaction	Allowed provided lender and borrower are the same as the current transaction and the appraisal meets the 90-day requirement (no recerts)