

# COMMUNITY EQUITY ADVANTAGE

## MATRIX

Units	Loan Amount	CLTV	FICO	DTI
1 Unit	\$300,000	90%	760	45%
	\$350,000	85%	720	
	\$400,000	80%	760	
	\$300,000		700	
	\$250,000	75%	680	
	\$100,000	75%	660	

## ELIGIBILITY

<b>AUS</b>	Manual Underwriting only. Must meet Fannie Mae Selling guidelines
<b>Age of documentation</b>	<ul style="list-style-type: none"> <li>Credit documentation used to determine eligibility must be no more than 90 days from the Note Date</li> <li>Title Policy must be dated within 120 days of the Note Date</li> </ul>
<b>Appraisal</b>	<p>Primary Valuation Requirements:</p> <ul style="list-style-type: none"> <li>Loan amount <math>\leq</math> \$250,000               <ul style="list-style-type: none"> <li>AVM with exterior property inspection                   <ul style="list-style-type: none"> <li>AVM must be dated within 60 days of the Note Date</li> <li>Exterior property inspection must be dated within 120 days of the Note Date</li> <li>Approved AVM providers require a Forecast Standard Deviation (FSD) score                       <ul style="list-style-type: none"> <li>Clear Capital - <math>\leq</math> 0.13</li> </ul> </li> </ul> </li> <li>Exterior-only appraisal (Form 2055), or</li> <li>Full interior/exterior appraisal (Form 1004/1073)</li> </ul> </li> <li>Loan amount <math>&gt;</math> \$250,000               <ul style="list-style-type: none"> <li>Full interior/exterior appraisal (Form 1004/1073)</li> </ul> </li> <li>HPML Non QM – regardless of loan amount               <ul style="list-style-type: none"> <li>Full interior/exterior appraisal (Form 1004/1073)</li> </ul> </li> </ul> <p>Age of documentation:</p> <ul style="list-style-type: none"> <li>AVM must be dated within 60 days of the Note Date</li> <li>Property inspection when AVM used as the valuation must be dated within 120 days of the Note Date</li> <li>Appraisal products (effective date) must be no older than 180 days from Note Date. After 120 days, an acceptable 1004-D, recertification of value is required</li> <li>HOA Questionnaires must be no older than 180 days from the Note Date</li> <li>O&amp;E report must be dated within 60 days of the Note Date</li> </ul>
<b>Assets</b>	<p>No asset verification is required unless assets are required for:</p> <ul style="list-style-type: none"> <li>Cash to Close; or</li> <li>Payoff of Debt; or</li> <li>Utilizing assets as an income source (i.e., Capital Gains or Dividends and Interest)</li> </ul> <p>When assets are required, the most recent two (2) months statements are required.</p>
<b>Borrower Eligibility</b>	<p>Eligible:</p> <ul style="list-style-type: none"> <li>U.S. Citizen</li> <li>Permanent resident alien</li> <li>Inter Vivos revocable living trust</li> </ul> <p>Ineligible:</p> <ul style="list-style-type: none"> <li>Non-occupant co-borrowers</li> <li>Non-permanent residents</li> <li>Foreign Nationals</li> <li>Borrowers with diplomatic immunity</li> <li>Trusts (Land; Irrevocable; Bank; Qualified Personal; Blind; Real Estate)</li> <li>Limited partnerships, general partners, corporations, and limited liability companies</li> <li>Borrowers with only an ITIN</li> </ul>

<p><b>Credit</b></p>	<p><b>Credit Scores</b>  All borrowers must have more than 1 score</p> <ul style="list-style-type: none"> <li>• One borrower with 2 or 3 scores <ul style="list-style-type: none"> <li>○ Lower of 2 as represented</li> <li>○ Middle of 3 as represented</li> </ul> </li> <li>• Two borrowers with 2 or 3 scores <ul style="list-style-type: none"> <li>○ Determine lowest score for each borrower, lowest score of that result is representative score (2 scores)</li> <li>○ Determine middle score for each borrower, lowest score of that result is representative score (3 scores)</li> </ul> </li> </ul> <p><b>Minimum Tradelines</b>  For a credit report and credit score to be considered valid, all of the following requirements must be met for each borrower <b>contributing income</b>:</p> <ul style="list-style-type: none"> <li>• Minimum 3 open tradelines, with at least 1 tradeline open for a minimum 24 months from the application date</li> <li>• 1 tradeline must have had activity in the past 12 months from the application date</li> <li>• The minimum of 3 tradelines must have had no significant adverse credit, such as charge offs or collections</li> <li>• Authorized user accounts, and self-reported or other non-traditional credit ratings are ineligible for use in developing or supporting a credit score.</li> <li>• Borrower not permitted to open a new tradeline after application to meet the minimum tradeline requirement</li> </ul> <p><b>Disputed Tradelines</b></p> <ul style="list-style-type: none"> <li>• All disputed tradelines must be included in the DTI if the account belongs to the borrower unless documentation authenticates the dispute.</li> <li>• Derogatory accounts must be considered in analyzing the borrower's willingness to repay. However, if a disputed account has a zero balance and no late payments, it can be disregarded.</li> <li>• Disputed tradelines do not need to be resolved/removed from the credit report</li> </ul> <p><b>Frozen Credit</b></p> <ul style="list-style-type: none"> <li>• Credit reports with bureaus identified as "frozen" are required to be unfrozen and a current credit report with all bureaus unfrozen is required.</li> </ul> <p><b>Credit Events</b></p> <ul style="list-style-type: none"> <li>• Past Due Accounts: must be brought current</li> <li>• Collection Accounts or Charge-Offs: must be paid off at, or prior to closing if account is &gt;\$1,000 or if aggregate of accounts exceeds \$2,500</li> <li>• Judgments, and Liens (including tax liens): must be paid off at, or prior to closing</li> <li>• Bankruptcies (Chapters 7, 11, 13): Must be seasoned for 4 years from application date; borrowers with multiple bankruptcies are ineligible</li> <li>• Foreclosure or Pre-Foreclosure (120+ days delinquent): Must be seasoned for 4 years from application date</li> <li>• Deed-in-Lieu of Foreclosure: must be seasoned for 4 years from application date</li> <li>• Short Sale: must be seasoned for 4 years from application date</li> <li>• Notice of Default (NOD): must be seasoned for 4 years from application date</li> <li>• Forbearance Agreements: Borrower(s) must have completed/exited the forbearance agreement and made no less than 4 months acceptable payments prior to the application date</li> <li>• The 12-month housing history requirement would include pre-forbearance and post-forbearance payments. The months during forbearance are not considered in meeting the 12-month requirement</li> <li>• No waiting period required if the borrower(s) accepted but didn't use the forbearance plan</li> </ul> <p><b>Credit Inquiries</b></p> <ul style="list-style-type: none"> <li>• Recent credit inquiries within 120 days of the credit report date not resulting in a new account on the credit report will require a letter of explanation from the borrower</li> <li>• If additional credit was obtained, a verification of the debt must be acquired, and the new debt must be included in the DTI.</li> </ul> <p><b>Payment History</b></p> <ul style="list-style-type: none"> <li>• Inclusive of all liens regardless of position</li> <li>• Applies to all mortgages on all financed properties</li> <li>• At least one of the borrowers must have a minimum 12-month payment history with 0x30x12</li> </ul>
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	<p>When the existing lien is not seasoned for 12 months, the prior mortgage or rent history is required to complete the full 12-month payment history.</p> <p>When no borrower on the application has a 12-month housing history, the application is ineligible.</p>
<b>Documentation</b>	<p>Full documentation</p> <p>Required Documents</p> <ul style="list-style-type: none"> <li>• 1008</li> <li>• Mortgage Statement for Subject Property 1st lien to confirm mortgage is not an ineligible 1st lien (First Liens – Ineligible section)</li> <li>• If unable to confirm eligible 1st lien, obtain original 1st mortgage note</li> <li>• Ability to Repay Attestation</li> </ul>
<b>Federal Tax Debt</b>	<p>If the most recent federal tax return, tax extension, or tax transcripts indicate a borrower owes money to the IRS, the following are required:</p> <ul style="list-style-type: none"> <li>• Evidence of payment of taxes due in the form of a cancelled check, credit card statement, bank statement, or screenshot of the receipt from the taxing authority if paid online</li> <li>• If taxes due have not been paid, sufficient liquid assets to pay the debt must be documented</li> <li>• When a borrower has entered into an installment agreement with the taxing authority to repay delinquent income taxes, the monthly payment amount may be included in the DTI in lieu of requiring payment in full if</li> <li>• There is no indication on the credit report, preliminary title commitment, or other loan file documentation that a Notice of Federal Tax Lien has been filed against the borrower in the county in which the subject property is located</li> <li>• The following documentation must be obtained: <ul style="list-style-type: none"> <li>○ An approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due, and</li> <li>○ at least one payment must have been made prior to closing, and</li> </ul> </li> </ul> <p>Evidence the borrower is current on the payments associated with the tax installment plan. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date.</p>
<b>Financed Properties</b>	Maximum four financed properties, including the subject property
<b>First Lien (Eligible)</b>	The first lien must be seasoned a minimum of 6 months, measured from the Note date of the existing first lien to the Note date of the new closed end second loan
<b>First Lien (Ineligible)</b>	<ul style="list-style-type: none"> <li>• Loans in active forbearance or deferment</li> <li>• HELOC</li> <li>• Interest Only features</li> <li>• Loans with negative amortization feature</li> <li>• Reverse Mortgages</li> <li>• Outstanding terms greater than 30 years</li> <li>• Balloon loans with a maturity date before the maturity date of the second subject lien</li> <li>• Private first liens</li> </ul>
<b>Geographic Restrictions</b>	Not eligible in TN, and TX
<b>Hazard Insurance</b>	Follow ML requirements
<b>HPML</b>	<p>Permitted with the following requirements:</p> <ul style="list-style-type: none"> <li>• A full interior/exterior appraisal (Form 1004/1073)</li> </ul>
<b>Income</b>	Follow Fannie Mae manual guidelines
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>• Minimum loan amount \$100,000</li> <li>• Maximum loan amount \$400,000 <ul style="list-style-type: none"> <li>○ Maximum combined loan amount (total amount of 1st and 2nd liens combined) \$3,000,000</li> <li>○ Use the current balance of the first lien and the loan amount for the subject transaction to calculate the combined loan amount</li> </ul> </li> </ul>



<b>Loan Features</b>	<p>The following are ineligible:</p> <ul style="list-style-type: none"> <li>• Amortization recast</li> <li>• Assumptions</li> <li>• Prepayment penalty</li> <li>• Temporary buydown</li> <li>• Escrow Holdbacks</li> </ul>
<b>Number of Borrowers</b>	Maximum of 4 borrowers permitted
<b>Occupancy</b>	Primary Residence only
<b>Payment History</b>	<ul style="list-style-type: none"> <li>• Inclusive of all liens regardless of position</li> <li>• Applies to all mortgages on all financed properties</li> <li>• At least one of the borrowers must have a minimum 12-month payment history with 0x30x12</li> </ul> <p>When the existing lien is not seasoned for 12 months, the prior mortgage or rent history is required to complete the full 12-month payment history.</p> <p>When no borrower on the application has a 12-month housing history, the application is ineligible</p>
<b>Power of Attorney</b>	Not permitted
<b>Property Financing</b>	No more than two mortgage liens on a single property (i.e., the first lien and the new second lien). Financing that is subordinate to the second lien is not permitted
<b>Properties</b>	<p>Eligible:</p> <ul style="list-style-type: none"> <li>• 1-unit</li> <li>• Condo: Fannie Mae warrantable: Warranty form and all supporting documentation required <ul style="list-style-type: none"> <li>◦ Condos -minimum 400 square feet</li> </ul> </li> <li>• PUD</li> <li>• Maximum 10 acres</li> <li>• Minimum 750 square feet</li> </ul> <p>Ineligible:</p> <ul style="list-style-type: none"> <li>• Properties listed for sale within six months of the application date</li> <li>• 2-4 units</li> <li>• Non-warrantable condominiums</li> <li>• Manufactured Homes</li> <li>• Coops</li> <li>• Properties in Declining Markets</li> <li>• Timeshares</li> <li>• Unique Properties</li> <li>• Log Homes</li> <li>• Condotels</li> <li>• Houseboats</li> <li>• Agricultural property (working farm or ranch)</li> <li>• Mixed-use properties</li> <li>• Commercial Properties</li> <li>• Properties greater than 10 acres</li> <li>• Properties on Indian Reservations</li> <li>• Properties in litigation</li> <li>• Properties held as a leasehold</li> <li>• Properties with C5 or C6 Condition Rating</li> <li>• Properties with less than 750 square feet <ul style="list-style-type: none"> <li>◦ Condos with less than 400 square feet</li> </ul> </li> <li>• Properties used as agricultural or zoned for, commercial, or industrial</li> <li>• Timeshares</li> </ul>
<b>Rebuttable Presumption</b>	<p>Permitted with the following requirements:</p> <ul style="list-style-type: none"> <li>• All federal and state HPML loan requirements are met</li> </ul>
<b>Reserves</b>	Not Required
<b>Tax Transcripts</b>	<ul style="list-style-type: none"> <li>• Tax transcripts for personal tax returns for the most recent 2 years are required when tax returns are used to document borrower's income, or any loss and must match the documentation in the loan file</li> <li>• Borrower(s) obtained tax transcripts are not permitted</li> </ul>



<b>Terms</b>	20 and 30 year term
<b>Title Requirements</b>	Loan amounts less than or equal to \$250,000 <ul style="list-style-type: none"><li>• Owner and Encumbrance Property Report – dated within 60 days of the note date</li><li>• Property Tax Information required to be verified</li></ul> Loan amounts greater than \$250,000 <ul style="list-style-type: none"><li>• Full ALTA Loan Policy – dated within 120 days of the note date.</li></ul>