



1000 Series Portfolio Products

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***** The above products all require a Manual Underwrite; no AUS required *****

Residual Income: See residual income requirement for each program

Non-Agency Hybrid ARM 1000 SERIES

| | |
|---|---|
| Product Description | 1000 Series Non-Agency Hybrid ARM Wholesale and Retail, ARM. |
| Program Numbers | 1000 - 5/1 ARM 1000 - 5/1 Interest Only ARM |
| Non-Arms Length | Not allowed |
| ARM ADJUSTMENTS | Applicable to 5/1 ARM, and 5/1 I.O. ARM |
| Index | 1 Year Libor |
| Margin | 2.25% |
| Annual Adjust. Cap | 2% |
| Lifetime Cap | 5% |
| Floor Rate | 2.25% |
| First Adjust. Cap | 2% |
| Temporary Buydown | Not Permitted |
| Prepayment Penalty | Not Permitted |
| Qualifying Rate | 5/1 ARM = Greater of fully indexed rate, or Note rate 5/1 I.O. ARM = Note rate based on fully amortizing principal and interest payment |
| Max Debt Ratio | 42% Also, must meet residual income requirements on I.O. loans. |
| Payment Shock | Max 250% for first time homebuyer |
| Non-Occupant Co-borrower | Allowed; must be family member. Occupant borrower must qualify with their own income and assets; max D/R 42% for occupant borrower |
| Types of Financing | Purchase, Rate Term Refinance, Cash Out Refinance |
| Max Loan Amount | \$2,000,000 |
| Min Loan Amount | Fully amortized loan = Conforming loan amount, plus \$1. I.O. ARM Loan = \$250,000 |
| Eligible Property Type | 1-2 Units, Condo, PUD |
| Eligible Borrowers | U.S. Citizens, Permanent Resident Aliens |
| Mortgage Insurance | Not Applicable |
| Employment | Minimum 2 year history of employment in the United States is required. |
| Income, including Employment Related Assets as Qualifying Income, and Foreign Income | Use Standard documentation and calculation for most income types: base, OT, bonus, cmmnsn, self employed, rent... This program also allows <u>Employment Related Assets as Qualifying Income</u>. Asset must be individually owned by borrower or co-owner of the asset must be co-borrower of the mortgage loan. Assets must be liquid and available. Non-self employed; severance package or lump sum retirement distribution as deposited to verified account is acceptable. 401k, IRA, SEP, Keogh; borrower must have unrestricted access & require most recent statement. Net assets = (a) Asset amount less penalty if account was completely distributed. (b) Asset amount less amount used for down payment, closing costs, and reserves. (c) 30% remaining value of any stocks, bonds, or mutual funds, after calculation in (b). Ineligible assets are non-employment related assets, ie stock options, non-vested restricted stock, lawsuits, lottery winnings, sale of R.E., inheritance, divorce proceeds, checking and savings accounts. Calculation of Net Documented Assets: Net income from aforementioned, divided by loan term. Loan must also meet the following: Purchase and Rate/Term refinance only, O/O and 2nd home only. If the above parameters can not be met, employment related assets may still be eligible under standard income guidelines, ie Interest/Dividend, Retirement, Annuity, Pension. <u>Foreign Income</u> may be allowed if the following requirements are met: Most recent 2 years 1040s reflecting the foreign income. All income must be translated to US dollars. |

| | |
|--|---|
| Residual Income Required | Residual income is required on Interest Only loans, only. See Separate Residual Income Certification Form. |
| Appraisal | Loan Amount \leq \$1.5m requires one appraisal. Loan amounts $>$ \$1.5m require 2 full appraisals. |
| Appraisal Review | CDA or 2 nd appraisal required when: loan amounts \leq \$1.5m, or LTV/CLTV/HCLTV $>$ 75% for purchase or rate/term refinance, or LTV/CLTV/HCLTV $>$ 65% on a cash out refinance, or subject is a flip within 180 days of prior sale and sales price is $>$ 10% more than previous sale price. If CDA is unable to determine a value, a 2 nd appraisal will be required. 2 nd appraisal is required for loan amounts $>$ \$1.5m. |
| Declining Markets | Reduce max LTV by 5% |
| Rural Property | Reduce max LTV by 5% |
| Value Determination | Lesser of 2 appraisals, or appraisal and CDA. Property owned $<$ 6 months, not eligible for cash out refinance. Property owned \leq 12 months, value is based on lesser of purchase price or appraised value, regardless of any improvements made post purchase. |
| Property Restrictions | Max 10 acres, subject may not be income producing |
| Delegated | Not Delegated, 2 nd signature is required for all loan amounts |
| Impounds | Required |
| Max Cash Out | See LTV matrix |
| Credits/Concessions | O/O LTV \leq 75% is 6%, LTV $>$ 75% is 3% 2 nd home and investment property is 3% |
| 2nd Home | Units are not allowed. |
| Investment Property | Units are not allowed. 1031 exchange is allowed. |
| Max # Financed Properties | 5 |
| Document Expirations | Credit, Income, Assets, Title = 90 days, Appraisal = 120 days |
| Minimum Credit Score | 700 – see LTV matrix |
| Gifts & Borrower Contribution | Allowed on O/O and 2 nd home only, and must be from a family member, after borrower minimum contribution is met, which is 5% on O/O, 10% on 2 nd Home, and 15% on investment property. Gift of Equity is not allowed. Gift funds may not be used for reserves. |
| First Time Homebuyer | See Reserve Requirement matrix – additional reserves are required. See Housing Payment History section. Max loan amount \$1,250,000. Max payment shock 250%. |
| Credit | Non-traditional credit not allowed. Minimum depth of credit history: 3 open trades with minimum 24 month history each, 2 reporting active in most recent 6 months. OR 8 satisfactory tradelines; 1 a mortgage, 1 reporting over most recent 12 months, minimum, and minimum 7 years established credit history. Accounts in deferment, included in BK, authorized user accounts, judgment, charge off, collection, foreclosure, deed in lieu, short sale, or pre-foreclosure may not be included in minimum tradeline requirement. All past due accounts must be brought current. |
| Housing Payment History | Minimum 24 months housing payment history required. First Time Homebuyer; require minimum 12 month's rent payment history. 0X30 in past 24 months. |
| Major Adverse Credit | BK, Foreclosure, Pre-foreclosure, Short Sale, Deed in Lieu must be completed, discharged/dismissed minimum 7 years prior to application date. Loan Mod not allowed in past 7 years unless it was lender initiated and not due to a distressed situation. All past due accounts must be brought current. |
| Debt Pay Down | Debts may not be paid down to qualify |
| Reserve Requirement | See Reserve Matrix below |

| Reserve Requirements¹ (PITI/HOA) | | | | |
|---|--|---------------------|---------------------------|--------------------------------|
| Units | Occupancy | Maximum Loan Amount | 5/1 ARM Reserves Required | 5/1 ARM I.O. Reserves Required |
| 1 | Primary | 1m | 6 ² | 12 |
| | | >1m - 1.5m | 9 ³ | 15 |
| | | >1.5m – 2m | 12 | 18 |
| | 2 nd Home & Investment Property | 1m | 12 | 18 |
| | | >1m – 1.5m | 18 | 24 |
| | | >1.5m – 2m | 24 | 30 |
| 2 | Primary | 1m | 12 | 18 |
| | | >1m – 1.5m | 18 | 24 |
| | | >1.5m – 2m | 24 | 30 |

**** Subordinate financing is not allowed when LTV/CLTV/HCLTV > 80%****

| Primary Residence⁴ Purchase and Rate/Term Refinance | | | | | |
|--|------------------------|---------------------|------------------------------|-----------------------------------|------------------|
| Units | Maximum LTV/CLTV/HCLTV | Maximum Loan Amount | Minimum Credit Score 5/1 ARM | Minimum Credit Score 5/1 ARM I.O. | Maximum Cash Out |
| 1 | 89.90 ⁵ | 1,500,000 | 740 | NA ⁵ | 5k |
| | 80 | 2,000,000 | 740 | 740 | |
| | 80 | 1,500,000 | 720 | 720 | |
| | 80 | 1,000,000 | 700 | 720 | |
| | 75 | 1,500,000 | 700 | 720 | |
| | 75 | 1,750,000 | 720 | 720 | |
| | 70 | 2,000,000 | 720 | 720 | |
| 2 | 75 | 1,500,000 | 720 | 720 | 5k |
| | 70 | 1,250,000 | 700 | 720 | |

| Cash Out Refinance | | | | | |
|---------------------------|------------------------|---------------------|------------------------------|-----------------------------------|------------------|
| Units | Maximum LTV/CLTV/HCLTV | Maximum Loan Amount | Minimum Credit Score 5/1 ARM | Minimum Credit Score 5/1 ARM I.O. | Maximum Cash Out |
| 1 | 70 | 1,000,000 | 720 | 720 | 250,000 |
| | 65 | 1,250,000 | 700 | 720 | 350,000 |
| | 60 | 1,500,000 | 700 | 720 | 350,000 |
| | 55 | 1,500,000 | 700 | 720 | 500,000 |
| 2 | 65 | 1,500,000 | 720 | 720 | 250,000 |

¹ If borrower owns any other financed properties, additional 2 months reserves are required. If borrower is converting present o/o property to 2nd home or investment property, or current residence is pending sale, require additional 6 months reserves on the greater of current residence PITI/HOA or new/subject PITI/HOA

² 12 months reserves required if first time homebuyer

³ 12 months reserves required if first time homebuyer or LTV > 80%

⁴ 1st time homebuyer; max loan amount \$1,250,000, O/O, one unit only allowed, and payment shock may not exceed 250%

⁵ I.O. is not allowed with LTV/CLTV/HCLTV > 80%

See next page for 2nd Home and Investment Property

** Subordinate financing is not allowed when LTV/CLTV/HCLTV > 80% **

| 2nd Home | | | | | |
|---|-------------------------------|----------------------------|-------------------------------------|--|-------------------------|
| Purchase and Rate/Term Refinance | | | | | |
| Units | Maximum LTV/CLTV/HCLTV | Maximum Loan Amount | Minimum Credit Score 5/1 ARM | Minimum Credit Score 5/1 ARM I.O. | Maximum Cash Out |
| 1 | 80 | 1,000,000 | 720 | 720 | 5k |
| | 75 | 1,500,000 | 720 | 720 | |
| | 70 | 1,750,000 | 720 | 720 | |
| | 65 | 2,000,000 | 720 | 720 | |
| | 70 | 1,250,000 | 700 | 720 | |
| | 65 | 1,500,000 | 700 | 720 | |

Cash out is not allowed

| Investment Property | | | | | |
|---|-------------------------------|----------------------------|-------------------------------------|--|-------------------------|
| Purchase and Rate/Term Refinance | | | | | |
| Units | Maximum LTV/CLTV/HCLTV | Maximum Loan Amount | Minimum Credit Score 5/1 ARM | Minimum Credit Score 5/1 ARM I.O. | Maximum Cash Out |
| 1 | 70 | 1,000,000 | 720 | 720 | 5k |

Cash out is not allowed

Expanded QM Tier 1 and Tier 2 Program 1000 SERIES

| | |
|--|---|
| Product Description | 1000 Series Expanded QM, Tier 1 and Tier 2 Wholesale and Retail, Fixed & ARM. |
| Program Numbers | 1000 - Fixed 1000 - 7/1 ARM |
| Non-Arms Length | Allowed on Primary Residence only. Requires CDA appraisal review; see next page. |
| ARM ADJUSTMENTS | Applicable to 7/1 ARM only |
| Index | 1 Year Libor |
| Margin | 4.25% |
| Annual Adjust. Cap | 2% |
| Lifetime Cap | 5% |
| Floor Rate | 4.25% |
| First Adjust. Cap | 5% |
| Temporary Buydown | Not Permitted |
| Prepayment Penalty | Not Permitted |
| Qualifying Rate | Fixed = Note Rate ARM = Greater of the Note Rate or Fully Indexed Rate. |
| Max Debt Ratio | 42% Also, must meet residual income requirements on I.O. loans. |
| Payment Shock | Max 250% for first time homebuyer |
| Non-Occupant Co-borrower | Allowed; must be family member. Occupant borrower must qualify with their own income and assets for minimum 15% contribution; max D/R 42% for occupant borrower |
| Types of Financing | Purchase, Rate Term Refinance, Cash Out Refinance |
| Max Loan Amount | \$1,000,000 |
| Min Loan Amount | \$150,000 |
| Eligible Property Type | 1-4 Units, Condo, PUD |
| Eligible Borrowers | U.S. Citizens, Permanent Resident Aliens |
| Mortgage Insurance | Not Applicable |
| Employment | Minimum 2 year history of employment in the United States is required. |
| Income, Including Employment Related Assets as Income | Use Standard documentation and calculation for most income types: base, OT, bonus, cmmns, self employed, rent... This program also allows <u>Employment Related Assets as Qualifying Income</u> . Asset must be individually owned by borrower or co-owner of the asset must be co-borrower of the mortgage loan. Assets must be liquid and available. Non-self employed; severance package or lump sum retirement distribution as deposited to verified account is acceptable. 401k, IRA, SEP, Keogh; borrower must have unrestricted access & require most recent statement. Net assets = (a) Asset amount less penalty if account was completely distributed. (b) Asset amount less amount used for down payment, closing costs, and reserves. (c) 30% remaining value of any stocks, bonds, or mutual funds, after calculation in (b). Ineligible assets are non-employment related assets, ie stock options, non-vested restricted stock, lawsuits, lottery winnings, sale of R.E., inheritance, divorce proceeds, checking and savings accounts. Calculation of Net Documented Assets: Net income from aforementioned, divided by loan term. Loan must also meet the following: Purchase and Rate/Term refinance only, O/O and 2 nd home only. If the above parameters can not be met, employment related assets may still be eligible under standard income guidelines, ie Interest/Dividend, Retirement, Annuity, Pension |

| | |
|--|--|
| Residual Income Required | Residual income is required on all loans, only. See Separate Residual Income Certification Form. |
| Appraisal | Subject may not have been listed for sale in the 60 days prior to application date. If C/O refi and listed for sale in 61-180 days prior to application date then max LTV/CLTV/HCLTV is 65%. One full appraisal is required for all loan amounts, LTVs, and occupancy types. |
| Appraisal Review | CDA with less than 10% variance from appraised value is required if: Loan amount is > \$750,000 and CLTV/HCLTV >70%; Cash out refi and CLTV/HCLTV > 65%; Investment property & CLTV/HCLTV >70%; Flips with purchase contract date < 180 days following close of prior sale and price has increased >10%; All non-arm's length transactions. |
| Declining Markets | Reduce max LTV by 5% |
| Rural Property | Reduce max LTV by 5% |
| Value Determination | Lesser of appraisal and CDA. Property owned < 6 months, not eligible for cash out refinance. Property owned <= 12 months, value is based on lesser of purchase price or appraised value, regardless of any improvements made post purchase. |
| Property Restrictions | Max 10 acres, subject may not be income producing |
| Delegated | Not Delegated, 2 nd signature is required for all loan amounts |
| Impounds | Required |
| Max Cash Out | See LTV matrix |
| Credits/Concessions | O/O LTV <= 75% is 6%, LTV > 75% is 3% 2 nd home and investment property is 3% |
| 2nd Home | Units are not allowed. |
| Investment Property | 2-4 Units are allowed. 1031 exchange is allowed. |
| Max # Financed Properties | 5 |
| Document Expirations | Credit, Income, Assets, Title = 90 days, Appraisal = 120 days |
| Minimum Credit Score | 600 – see LTV matrix |
| Gifts & Borrower Contribution | Allowed on O/O and 2 nd home only, and must be from a family member, after borrower minimum contribution is met, which is 15% of the sales price. Gift of Equity is not allowed. Gift funds may not be used for reserves. |
| First Time Homebuyer | See Reserve Requirement matrix – additional reserves are required. See Housing Payment History section. Max loan amount \$1,250,000. Max payment shock 250%. |
| Credit | EXPANDED QM TIER 1: 0X30 in past 24 months. Minimum 3 acceptable tradelines, 2 of which must be open and reporting for the past 12 months, and minimum 24 month total credit history. EXPANDED QM TIER 2: 0x30 in past 12 months, and 0X90 in past 24 months. Minimum 2 acceptable tradelines one of which must be open and reporting for the past 12 months, and minimum 24 months total credit history. The following account types may not be used to meet the minimum tradeline requirement: Non-traditional credit, deferred loans, accounts discharged through BK, authorized user accounts, charge-offs, collections, foreclosures, pre-foreclosures, deed in lieu, & short sale. |
| Housing Payment History | Minimum 24 months housing payment history required; rent and/or mortgage |
| Major Adverse Credit | Required waiting period, per event. Foreclosure – 2 years; Short sale, deed in lieu, pre-foreclosure – 1 year; BK Ch 7 or 11 – 2 years from discharge or dismissal, Ch 13 – one year from discharge or two years from dismissal. All past due accounts must be brought current. |
| Debt Pay Down | Debts may not be paid down to qualify |
| Reserve Requirement | See LTV/Reserve Matrix below |

| Primary Residence⁶ | | | | | |
|---|----------------------------|--------------------------------|-------------------------------------|--|---------------------------------|
| Purchase and Rate/Term Refinance | | | | | |
| Property Type | LTV/CLTV/ HCLTV | Maximum Loan Amount | Minimum Credit Score | # months PITI/HOA Reserves Required | Maximum Cash Out |
| 1 Unit | 80 | \$1,000,000 | 660 | 6 | 5k |
| | 75 | | 640 | 6 | |
| | 70 | | 620 | 6 | |
| | 60 | | 600 | 6 | |
| 2-4 Units | 75 | | 660 | 9 | |
| | 70 | | 640 | 9 | |
| | 65 | | 620 | 9 | |
| | 55 | | 600 | 9 | |
| Cash Out Refinance⁷ | | | | | |
| Property Type | LTV/CLTV/ HCLTV | Maximum Loan Amount | Minimum Credit Score | # months PITI/HOA Reserves Required | Maximum Cash Out |
| 1 Unit | 75 | \$1,000,000 | 660 | 6 | 150,000 |
| | 70 | | 640 | 6 | 150,000 |
| | 65 | | 620 | 6 | 250,000 |
| | 60 | | 600 | 6 | 250,000 |

See next page for 2nd home and investment property

⁶ If borrower has multiple financed properties, 2 months additional reserves are required. If borrower is converting present primary home to 2nd home or investment property, or present primary home is pending sale, additional 6 months reserves are required on that property.

⁷ Is subject listed for sale in 61-180 days prior to application date, CLTV/HCLTV limited to 65%

| 2nd Home⁸ | | | | | |
|---|-----------------------|----------------------------|-----------------------------|--|-------------------------|
| Purchase and Rate/Term Refinance | | | | | |
| Property Type | LTV/CLTV/HCLTV | Maximum Loan Amount | Minimum Credit Score | # months PITI/HOA Reserves Required | Maximum Cash Out |
| 1 Unit | 75 | \$750,000 | 660 | 9 | 5k |
| | 70 | | 640 | 9 | |
| | 65 | | 620 | 9 | |
| | 60 | | 600 | 9 | |

Cash out is not allowed

| Investment Property⁸ | | | | | |
|---|-----------------------|----------------------------|-----------------------------|--|-------------------------|
| Purchase and Rate/Term Refinance | | | | | |
| Property Type | LTV/CLTV/HCLTV | Maximum Loan Amount | Minimum Credit Score | # months PITI/HOA Reserves Required | Maximum Cash Out |
| 1 Unit | 75 | \$750,000 | 700 | 12 | 5k |
| | 70 | | 660 | | |
| | 65 | | 620 | | |
| 2-4 Units | 70 | \$1,000,000 | 660 | | |
| | 65 | | 640 | | |
| | 60 | | 620 | | |

Cash out is not allowed

⁸ If borrower has multiple financed properties, 2 months additional reserves are required