| Olympic Standalone Closed End 2nd | | | | | | |
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| CLTV MATRIX | | | | | | |
| **Loan Purpose** | **Occupancy** | **Property Type** | **Credit Score** | **CLTV** | **Max Loan Amount** | **Max DTI** |
| **Rate & Term / Cash-Out** | Primary / Second Home | SFR, PUD, Condo, 2-4 Units | 720 | 90%* | $350,000 | 50% |
| | | | 700 | 80% | $400,000 | |
| | | | 680 | 75% | $500,000 | 50% |
| | | | 660 | 70% | $500,000 | |
| | | | 720 | 75% | $750,000 | 50% |
| | | | 700 | 70% | $750,000 | |
| **Rate & Term / Cash-Out** | Investor | SFR, PUD, Condo, 2-4 Units | 720 | 75% | $500,000 | 50% |
| | | | 700 | 70% | $500,000 | |
| *Max CLTV for Texas is 80% | | | | | | |

| Fixed Rate Closed End 2nd | |
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| **Overview** | This product generally follows FNMA, however, overlays are listed in each section to follow. |
| **Term** | 10 / 15 / 20 / 30 Year Fixed |
| **QM Points and Fees** | 5% Limit |
| Title Seasoning | Rate & Term Refinance: No title seasoning is required<br><br>Cashout Refinance: Generally, no title seasoning required, however, a minimum of one borrower must have a demonstrated equity position or financial obligation, if not, a 3 month title seasoning is required |
| LTV Determination | Rate & Term: Use current appraised value<br><br>Cashout:<br>- Owned ≥ 6 months, use current appraised value<br>- Owned < 6 months, use the lower of current appraised value or acquisition cost |
| Min Loan Amount | $75,000 |
| Max Loan Amount | $750,000 |
| Max Combined Loan Amount | $3,000,000 |
| Occupancy | Owner Occupied, 2nd Home, Non-owner Occupied |
| Geographic Restrictions | 2nd Liens Not Available in the following states: MA, MN, MS, SD, TN |

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| Texas 50(a)(6)<br>- Cash Out Refi of Homestead/Primary | - No CIC with CD with Docs<br>- Must close on or after the 12-month anniversary of the closing date (date document signed) of the previous 50(a)(6) loan, regardless of whether it has been paid in full<br>- No non-occupant co-borrowers<br>- For a primary residence, if there is an existing Texas Cash Out Loan (A6) you cannot have a second lien<br>- Max CLTV is 80%<br>- Interest Only is not permissible<br>- 12-Day Notice rule applies<br>- 2% cap on designated points and fees (different calculation than federal)<br>- 2-4 units not allowed |
| Texas 50(f)(2)<br>- R&T Refi of Existing 50(a)(6) | - No CIC with CD with Docs<br>- Must close on or after the 12-month anniversary of the closing date (date document signed) of the previous 50(a)(6) loan, regardless of whether it has been paid in full<br>- No non-occupant co-borrowers<br>- Max CLTV is 80%<br>- 12-Day Notice rule applies<br>- Zero cash back – not even a penny |
| Title Policy | All the following are acceptable:<br>- Short Form or Limited Form<br>- Full Lender Title Report<br>- Newfi ordered Owner and Encumbrance Report (O&E) for loan amounts ≤ $400,000<br>Note: When using Newfi ordered O&E report, Closing Protection Letter is not required |

| Borrower Requirements | |
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| Eligible Borrowers | U.S. Citizens<br>Permanent Resident Aliens<br>Non-Permanent Resident Aliens<br>- per Fannie Mae standards, valid EAD or VISA required |
| Ineligible Borrowers | Non-occupying co-borrowers<br>Foreign Nationals<br>Borrowers with diplomatic immunity or otherwise excluded from US jurisdiction<br>Borrowers without a valid Social Security Number |
| Vesting | Allowed:<br>- Individual<br>- Revocable Family Trust<br>Not Allowed:<br>- Irrevocable Trusts<br>- Blind Trusts<br>- Entities |
| Ineligible 1st Liens | - Temporary Buydown (If still within buydown period)<br>- Negative Amortizations<br>- Assumable loans<br>- Reverse 1st lien mortgage<br>- Balloon notes which are due less than 5 years from note date*<br>- Interest Only feature with less than 5 years remaining from note date<br>* First mortgages with a deferred balance less than $25,000 are not considered as balloons |
| PACE / HERO Loans / Add'l subordinate financing | Not allowed |
| Multiple Properties Owned | The maximum number of residential 1-4 unit properties owned (financed or free and clear) is 5. |

| Credit & Liabilities | |
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| Overview: Credit & Liabilities | If not specifically addressed below follow FNMA |
| Credit Score | Refer to Matrices for eligibility<br>When multiple borrowers apply, the lowest middle score is the qualifying credit score<br>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 |
| Required Credit History | If the primary wage earner has 3 credit scores, the minimum tradeline requirement is met.<br>If the primary wage earner has only 2 scores, one of the following three (3) options must be met.<br>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.<br><br>Primary wage earner ONLY must meet tradeline requirement<br>Tradelines with recent serious adverse history are not acceptable<br>Rental verification can be included as a tradeline<br>Student loans can be counted in credit depth as long as they are in repayment and not being deferred<br><br>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<br>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<br>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.<br>- At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.<br>- The borrower has an established credit history for at least eight (8) years. |
| Age of Credit Docs | Credit, and Title valid for 120-days from note date<br>Appraisal, Income, and Assets valid for 90-days from note date |
| Housing History | 0x30 in past 12-months required.<br>1x30 in months 13 to 24 allowed<br>Waiting period is defined as day 1 of the month which was late to the note date of our transaction. |
| Collections & Charge Offs | Collections and charged-off accounts that do not impact title do not need to be paid off if:<br>- Individual accounts less than $500 and cumulative balance $2,500 or less<br>- Medical related collections<br>- Collections and charge-offs that have passed the individual state statute of limitations |

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| Major Credit Events | Waiting periods for major credit events are as follows:<br>Foreclosure - 7 years<br>DIL / Short Sale / Short Refi / Charge Off - 4 years<br>BK-7 and BK-11 - 4 years<br>BK-13 (all) - 4 years<br>Multiple BK filings in the past 7 years - 5 years<br>Modifications with debt forgiven or debt restructured - 4 years<br><br>Seasoning is measured from date of credit event to note date<br>Extenuating circumstances criteria for shortened waiting periods is not allowed |
| Modifications | Simple rate reduction (refinance) or COVID related forbearance modifications with no missed payments are acceptable |
| ARM & Interest Only<br>1st Mortgage | If 7 years or more remaining of reduced payment before change date, qualify at current payment<br>If less than 7 years remaining, qualify at fully indexed payment as determined from note, monthly statement, or other conclusive documentation |
| Installment Debt | - The monthly payment may be excluded from the DTI calculation provided there are ten (10) or fewer payments remaining (leases excluded)<br>- Paying down installment debt to 10 payments or less to qualify is allowed (leases excluded)<br>- Installment debt may be excluded provided it is paid in full and the debt retired at closing (leases excluded)<br>- Business debt in borrower's name may be excluded with documentation to verify that the business has made 12 months of timely payments and the debt is accounted for as an expense in the business tax returns<br>- Student loans, whether deferred, in forbearance, or in repayment, 1% of the unpaid balance or the actual documented payment<br>- To exclude contingent mortgage liabilities, document that the individual making the payment is also obligated on the mortgage and document most recent 12 months timely payments<br>- Timeshares are considered installment debt, not a mortgage<br>- Non-mortgage debt paid by others can be excluded if evidence of 12 months of timely payments are provided showing another party is paying |
| Revolving Debt | A valid minimum payment on the credit report or current statement is used in the DTI calculation:<br>- Revolving debt may be paid off to qualify<br>- no monthly payment is required for the DTI calculation<br>- can be paid at closing or prior to closing, if paid prior to closing, funds used to pay off account must be verified<br>- Revolving debt may not be paid down to qualify<br>- If there is no minimum payment amount is listed on the credit report and no supplemental documentation to support a payment is provided, then use the greater of $10.00 or 5% of the outstanding balance<br>- Business debt in borrower's name may be excluded with documentation to verify that the business has made 12 months of timely payments and the debt is accounted for as an expense in the business tax returns. |
| Debt Paid Through Transaction | For debts being retired though subject refinance, balances to be paid will be taken from the credit report. Updated credit supplements or current documentation from the credit provider can also be used to show the UPB to be retired. |

| Income & Assets | |
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| Overview: Income & Assets | If not specifically addressed below follow FNMA. Standard income documentation is 1-Year. |
| Income | Salaried and variable income documentation<br>Recent paystub with YTD income AND<br>One (1) year W2 AND<br>VVOE dated no more than 10 business days prior to note date<br><br>Self Employed is allowed with the following limitations:<br>- Unlimited number of Schedule C allowed<br>- Maximum three (3) business entities, 1065 or 1120.<br>- 1065/1120 used only to hold real estate are excluded from the business entity count<br><br>Self Employed Income Documentation:<br>- Most recent year complete tax return AND<br>- Proof of 2-years of self-employment in business used for qualifying income AND<br>- VVOE dated within 30 calendar days of note date (self employed VVOE means proof of current business activity)<br><br>Rental Income<br>Most recent year complete tax return - Including Schedule E |
| Length of Self Employment | A minimum of a two (2) year history of self-employment is considered stable and effective. Self-employment activity under two (2) years may be acceptable provided it meet the FNMA guidance shown below:<br><br>*However, the income of a person who has less than a two-year history of self-employment may be considered, as long as the borrower's most recent signed personal and business federal income tax returns reflect a full year (12 months) of self-employment income from the current business. The loan file must also contain documentation to support the history of receipt of prior income at the same (or greater) level and*<br>*- in a field that provides the same products or services as the current business, or*<br>*- in an occupation in which they had similar responsibilities to those undertaken in connection with the current business.*<br><br>*In such cases, the lender must give careful consideration to the nature of the borrower's level of experience, and the amount of debt the business has acquired.* |
| Variable Income<br>Overtime/Bonus/Commission | - A Written Verification of Employment (WVOE) is required to show the breakdown of the income types<br>- Variable income earned for less than one year may not be used<br>- Variable income is averaged over the most recent 1 year + YTD, however, if YTD is lower, the income is averaged over the shorter period |

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| 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). Examples of income not derived from self-employment include salary and retirement income. |
| Restricted Stock Units (RSU) | Time-based awards are allowed. Time-based is by far the most common and is addressed here.<br>- Minimum 12-month history of RSU income is required from the current employer<br>- Stock must be publicly traded<br>Income Calculation<br>- 200 day moving average share price multiplied by the total number of vested shares over the previous 24 months, divided by 24.<br>For borrowers with less than 24 months, the actual number of months is used (still needs to be >= 12 months)*<br><br>*Time frames listed above are based on note date<br>Performance based RSU are not eligible |
| Proof of Self-Employment | Verify the existence of the business within 30-calendar days of the note date and ensure that the business is active:<br>- A letter from tax professional, regulatory agency, or licensing bureau certifying two (2) years self-employment in the same business **AND**<br>- A phone listing and/or a business address using internet search<br>Unless one of the following applies:<br>- Not required when business income is positive and not being considered for qualification<br>- Not required when business income is negative and used to discount other income |
| P&L | P&Ls not required |
| Alimony and Child Support | - Must document that support will continue for at least three (3) years from note date<br>- Copy of divorce decree, separation agreement or other type of legal agreement/court document<br>- Document at least six (6) months receipt of full, on-time and consistent payments |
| Pension | At least one of the following must be provided to verify income:<br>- Award letter(s) from the organizations providing the income<br>- Copy of retirement award letter or benefit statement<br>- Copy of financial or bank account statement<br>- Copy of signed federal income tax return<br>- An IRS W2 form, or<br>- An IRS 1099 form |

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| IRA Distributions | There are 2 methods or using these distributions:<br>Method 1. From an average of historical distributions found on 1099 or 1040<br>Method 2. From evidence of a current monthly automatic distribution<br><br>The following documentation is required:<br>Method 1<br>- Account Statement(s) reflecting available balance for withdrawals.<br>- Prior year 1099-R or 1040<br>- Income will be averaged based upon withdrawals over 12-months as evidenced on the tax document<br><br>Method 2<br>- Account Statement(s) reflecting available balance for withdrawals<br>- Evidence of automatic withdrawal (the document must reflect a termination date of not less than 36 months from application date)<br>- Current distribution amount will be used for income<br><br>Determine that the income is expected to continue for at least three (3) years from the application date. Funds do not need to be discounted for market driven financial products.<br>**NOTE:** If an early withdrawal penalty applies due to the borrower's age, an IRA distribution is not an eligible income source. |
| Social Security Income | - When borrower receives his/her own benefits, whether retirement or disability, the benefit is expected to continue, and proof of a 3-year continuance is not required<br>- Benefits based upon another person's account for retirement, disability, or supplemental income require proof of 3-year continuance<br><br>Social Security Income can be documented with any of the 4 methods below:<br>- Social Security Administration's (SSA) Award letter,<br>- SSA-1099,<br>- Most recent signed federal income tax returns (or tax transcripts), or<br>- Proof of current receipt |
| REO Held in Entities | - No P&L or Balance sheets are required<br>- No proof of current self-employment is required |
| VVOE Requirements | - Wage earners require a VVOE to be completed with an effective date no earlier than 10 business days prior to the note date<br>- Self Employed require proof business is active no more than 30 calendar days prior to the note date<br><br>Entities that only hold real estate: neither proof of 2 years self-employment nor proof of current business activity are required<br>Self-employed loss or disregarded positive income: neither proof of 2 years self-employment nor proof of current business activity are required |

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| Ineligible Income | Non-occupying co-borrowers<br>Cannabis related whether wage earner or self-employed<br>Self-employed income requiring more than three business tax returns (REO inside of entities excluded) |
| Transcripts | Transcripts are not required. The following are required:<br>- Signed 4506-C is included with closing docs and must be signed<br>- If 1040 are used to qualify, they must also be signed. Wet signed or e-signed is allowed. |
| Assets | Funds to close are generally not required - In circumstances where funds to close are required the following is needed:<br>One (1) month recent complete bank statement<br>Gift funds are ineligible<br>Follow Fannie Mae for large deposit requirements<br>Reserves are not required |
| **Property Types** | |
| Eligible Properties | Single Family (attached and detached)<br>PUD<br>2-4 Units<br>Warrantable Condo in established projects - Follow agency requirements |
| Accessory Dwelling Units (ADUs) | ADUs are becoming increasingly 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:<br>- Appraisal shows the ADU to be legal or zoning compliant<br>- Appraiser to provide comparables with ADUs<br>- Market-accepted multi-ADU acceptable provided total unit count is less than or equal to four |
| Ineligible Properties | New condo projects<br>Properties listed for sale within the last 6-months (based on application date)<br>Condotels / Co-Ops<br>Unique Properties (such as a log home)<br>Properties with more than 10 acres<br>Manufactured / Mobile Homes<br>Leaseholds / Land Trusts<br>Non-Warrantable Condos<br>Farms/working farms<br>Rural properties<br>Lava Zones 1 & 2 |

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| Property Insurance | Property coverage must meet one of the 3 options listed below:<br>1. 100% of the dwelling replacement cost as determined by the insurer, typically evidenced by an RCE (replacement cost estimator) OR<br>2. 100% of the combined loan amounts: UPB of the first mortgage plus our second mortgage loan amount OR<br>3. Coverage provides for 100% guaranteed replacement cost |
| Roof Coverage | Roof coverage required, however, less than full replacement cost on roof coverage is acceptable |
| **Valuation Requirements** | |
| Valuation Requirements | AVM from one of the vendors listed below, showing a confidence score of 80% or higher AND a satisfactory Property Condition Report (PCR)<br>- Black Knight<br>- Clear Capital<br>- CoreLogic<br>- House Canary<br>- Veros<br><br>OR<br>Full appraisal<br><br>For the following transactions a full appraisal is required, AVMs are not allowed:<br>- Loan amounts > $400,000<br>- Any HPML transaction<br>- 2 to 4 unit properties<br><br>*PCR must show average or better condition |
| Appraisal/AVM Age | AVM/PCR must be dated within 60 days of the note date<br>Appraisal must be dated within 90 days of note date<br>Re-cert of value (1004D) allowed and must be dated with 60 days of note date<br>Original Appraisal must be dated within 180 days of the note date |
| Subject Property Rent Survey (1007) | When using subject rents an Underwriter sourced online estimate of rent may be used when either of the following apply:<br>- AVM being used for value<br>- Full appraisal is being used and a 1007 has not been included |
| Transferred Appraisals | Not allowed |
| Using Appraisal from Previous Transaction | Allowed provided lender and borrower are the same as for the current transaction |