Glacier Closed End Second

LTV/CLTV MATRIX – Owner-Occupied

Loan Amount	Credit Score	Bank Statement 12-24 Months
		Rate & Term & Cash-Out
≤ $350,000	680	80%
≤ $500,000	680	70%

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Available Products	**Product**	**Qualifying Rate**	**Term**	**I.O. Term**	
	10 Year Fixed	Note Rate	120	N/A	
	15 Year Fixed	Note Rate	180	N/A	
	20 Year Fixed	Note Rate	240	N/A	
	30 Year Fixed	Note Rate	360	N/A	
Minimum Loan Amount	$150,000				
Max Combined Loan Amount	$2,500,000				
Interest Only	Not allowed				
PACE / HERO Loans	Any energy efficiency-based liens, like PACE or HERO must be retired, cannot be subordinated.				
Property Type	Single Family (attached and detached) PUD Warrantable Condo - Follow FNMA Requirements				
Maximum Cash-Out	No limit				
Ownership Seasoning	No seasoning requirement				
LTV Determination	Rate & Term - use current appraised value Cash-Out owned >= 12 months - use current appraised value Cash-Out owned < 12 months - use lesser of acquisition cost or appraised value				
Geographic Restrictions	2nd Liens Not Available in the following states: MA, MN, MS, SD, TN, TX				
Ineligible Transactions	TX 50(a)(6) Concurrent purchase or refi of the 1st mortgage Listed in the last 3-months on cashout				

Ineligible 1st Mortgage	- Loans with modifications to original terms - Negative Amortization - Assumable loans - Reverse 1st lien mortgage - Balloon Notes - Loans with Interest Only feature - Private 1st mortgage - HELOC 1st mortgage - Term greater than 30 years - All borrowers on 1st mortgage must be borrowers on 2nd mortgage
Borrower Requirements	
Eligible Borrowers	US Citizens Permanent Resident Alien Non-Permanent Resident Alien
Non-Permanent Resident	Non-Permanent Resident Alien - Visa types allowed E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, L-2, P-1, P-2, P-3, O-1, R-1, TN - 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
Ineligible Borrowers	- Irrevocable trust - Land trust / Blind trust - Borrower with diplomatic immunity - Entity of any type - Any material parties to the transaction on HUD's Limited Denial of Participation (LDP) or General Services Administration (GSA) or any other exclusionary list - Borrower who is also the Developer/Builder of subject property development for projects of 5 or more units - ITIN or foreign national - Workers in the cannabis industry or any federal illegal business
Multiple Properties Owned	The maximum number of residential 1-4 unit properties owned (financed or free and clear) is six
Max Exposure to Newfi	The max exposure to Newfi for any one borrower is 10 loans or $5,000,000 UPB The max exposure rule is not automatic. The loans should not be secured to properties in the same micro-geographic area, for example, same block, subdivision, PUD project, or condo project. Each scenario is reviewed on its own merit and particular characteristics.
Non-Occupant Co-Borrowers	Not allowed

Credit and Liabilities	
Credit Score	Refer to Matrices for eligibility When multiple borrowers apply, the lowest middle score is the qualifying credit score
Age of Credit Docs	Appraisal and title valid for 120-days from note date Credit, Income, and Assets valid for 90-days from note date YTD P&L age limit is 90-days
Housing Payment History	Maximum of 0x30 in past 24 months
Major Credit Events	All major housing or credit events carry a seven-year waiting period - Foreclosure, short sale, short refi, DIL, and mortgage charge off - BK 7, BK 11, and BK 13 - Modifications - Forbearance with missed payments
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
Collections & Charge Offs	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: - 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 - A balance on a charged-off mortgage does not need to be addressed unless attached to our subject property Collections and charge-offs not excluded by one of the above three (3) exceptions must be paid or may remain open with the following - 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 *Note: A combination of reserves and debt service can be used to address open balances. For example: $10,000 collection balance can be addressed by $5,000 extra reserves and $5,000 debt serviced at $250 per month.

Required Credit History	<u>If the primary wage earner has 3 credit scores</u>, the minimum tradeline requirement is met. Note: if the credit scores are derived from thin credit, for example authorized user accounts or new accounts with minimal usage, the borrower will need to qualify with one of the three (3) options below. <u>If the primary wage earner has only 2 scores</u>, one of the following three (3) 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. Primary wage earner ONLY must meet tradeline requirement 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 being deferred 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. Please note: a satisfactorily documented housing history, not reported on the credit report, can be used to meet the tradeline minimums.
Paying Off Debt to Qualify	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 10 months is allowed - Max DTI 40%

Installment Debt	- The monthly payment may be excluded from the DTI calculation provided there are 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 allowed with a DTI < 40% - Business debt in borrower's name may be excluded with documentation to verify that the business has made 6 months of timely payments and the debt is accounted for as an expense in the business tax returns. Only allowed with full documentation income - Student loans, whether deferred, in forbearance, or in repayment, 0.5% of the unpaid balance or the actual documented payment - 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 - Timeshares are considered installment debt, not a mortgage - 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	The minimum payment on the credit report or current statement is used in the DTI calculation: - Revolving debt may not be paid down to qualify - Revolving debt may be excluded if account is paid off, funds used to pay off account must be verified - 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 - Business debt in borrower's name may be excluded with documentation to verify that the business has made 6 months of timely payments and the debt is accounted for as an expense in the business tax returns. Only allowed with full documentation income - Non-mortgage debt paid by others can be excluded if evidence of 12 months of timely payments are provided showing another party is paying

Alt Doc Income		
Debt to Income Ratios (DTI)	Max DTI 45%	
Ineligible Income	Income related to any aspect of the cannabis industry	
Earning Trends	Year to year earnings must be considered in accordance with Appendix Q Part 1026 of regulation Z - Standards for determining Monthly Debt and Income	
	Stable or Increasing	Amounts should be averaged
	Declining but Stable	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.
	Declining	Income is ineligible
Business Bank Statement (BBS)	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 25% ownership in the business is required	
Co-Mingled Bank Statement (Personal account used for business)	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 Borrower must be 100% owner of the business (borrower plus spouse with 100% ownership is allowed)	
Percentage of Business Owned	Proof of the percentage ownership of the business providing the qualifying income is required for all bank statement program options: Personal, Co-Mingled, and Business. Typically, the borrower will provide formation docs or a letter from the borrower's tax preparer, however, if the borrower self-prepares or his/her business structure is not an entity, proving the ownership position can be difficult. Listed below are some alternatives when this issue arises: - For borrowers using Business Bank statements, a letter from the bank confirming the borrower is the only owner of the account will be acceptable to meet the percentage of ownership requirement - For borrowers using Personal or Co-Mingled bank statements, an LOE prepared by the borrower providing a very brief (one sentence) explanation of the work they do and an affirmation they self-file and are a sole proprietor can be accepted to meet the percentage of ownership requirement. The LOE must be signed and dated by borrower and reviewed during the underwriting process	

Business Narrative	A business narrative is required to be completed by the borrower, or loan officer, when using business bank statement or co-mingled bank statement income. The business narrative must be in the file prior to submission.
Tax Preparer Letter Requirements	In many cases our Alt Doc guidance requires the tax preparer letter to indicate the individual prepared the borrower's tax returns, this requirement is general but not absolute, below please find the requirement for each specific situation. The most common qualification levels for "CPA Letter" preparers are Certified Public Accountant (CPA), Enrolled Agent (EA), Attorney, and Licensed Tax Preparer (PTIN). Please note that a PTIN is the lowest level of qualification allowed to legally prepare tax returns, requires no professional training, specific education, work experience or certification. Here are the specific qualification requirements by product type. Bank Statement Programs PTIN: required to have prepared the tax returns CPA, EA or Attorney: not required to have prepared the tax returns **Please note that tax preparer letters must not contain any exculpatory or qualifying language: the assumption is the person writing the letter will have either prepared or reviewed the borrower's tax returns, per the requirements above.
Consistency of Deposits for Bank Statement Income	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.
Evaluation of Large Deposits for Bank Statement Income	- 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
Non-Sufficient Funds (NSF) and Overdraft Protection on Bank Statement Loans	Acceptable NSF/overdraft tolerances: The most recent 12 months are reviewed. - 1 / 3 / 3: If there are 1 or more occurrences in the most recent 3 months, then 3 occurrences are allowed - 0 / 3 / 5: If there are 0 occurrences in the most recent 3 months, then 5 occurrences are allowed Note: multiple NSFs/overdrafts happening on the same day are counted as 1 occurance

Methods for Calculating Bank Statement Income	**Method 1: Fixed Expense Ratio 50%** A 50% fixed expense ratio is applied to total allowed deposits to determine the net business income **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 - Must cover the 12 or 24 month period of the bank statements - The individual providing the statement, or the individual's firm, must have prepared the borrower's most recent tax returns - Verification evidencing the CPA, accountant or tax preparer's business and a current license are required - A PTIN must also have prepared the borrower's most recent tax returns **Method 3: Third Party Prepared P&L** A CPA, accountant or tax preparer signed and dated P&L - 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 15% variance of allowable deposits - A PTIN must also have prepared the borrower's most recent tax returns
Personal Bank Statement (PBS)	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
Rental Income Along with Bank Statement and Alt Doc Income	- Use 75% of a long-term lease or 80% of STR host report - Document receipt of rents - Deduct rental deposits if rents are deposited into the same account being used to develop the primary business income
History of Self-Employment (Full Doc and Alt Doc)	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: - Strong previous experience - Job industry-specific training - Previous work history to support lack of self-employment history
Tax Transcripts on Bank Statement, 1099, and CPA Gross Receipts	Transcripts and income validation not required for Bank Statement or 1099 1 & 2 year programs. Transcripts are required for any non-1040 type full doc income used in conjunction with these 2 income types - i.e. W2 wages (see section on transcripts for alternatives)

Contributory Full Doc Income	
Full Doc Requirements	Contributory full doc income is allowed. Follow FNMA if not addressed below.
Ineligible Income	Income related to any aspect of the cannabis industry
For Wage / Salaried Borrowers	- The most recent paystub reflecting 30 days of YTD earnings AND - W2(s) AND - Verbal verification of employment (VVOE) for each employer providing qualifying income with an effective date no more than 10-business days prior to the note date. An email from the borrower's employer that identifies the name and title of the verifier may be used in lieu of a VVOE AND - Executed 4506T for each borrower as well as tax transcripts for each borrower (W2 or 1040 transcripts acceptable)
VVOE Requirements (Full Doc and Alt Doc)	- 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 (both Full Doc and Alt Doc) 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 must be completed on or before the note date
Variable Income Overtime/Bonus/Commission	- Income may be used on 1 or 2 year documentation type - 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 or 1 year + YTD, however, if the most recent 12 months, or YTD, is lower, the income is averaged over the shorter period
Max # of Business Entities	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.
Tax Transcripts on Full Doc	- Required on all income used to qualify - Transcripts can match income type - Business transcripts not required if business income is reported on 1040 - Signed 1040s are not required - 3rd party WVOE can be used in lieu of W2 transcripts - Transcripts not required for subject investment property rental income

Assets	
Business Funds	May be used for down payment and reserves on all income types with the following: - Business funds may be used up to the borrower's percentage of ownership - If account co-owner is also an owner or purchaser of the subject property, then assets can be used to the combined percentage of ownership - Perform a cash flow analysis to determine that the use of business funds will not have a negative impact on the business, if income from the business is being used to qualify - Analysis of large deposits is generally not required, however, any recent large deposits outside the trend that approximate the required funds to close should be addressed to ensure they are not borrowed funds
Crypto Currency	Not eligible
Reserves	Loan proceeds may be used to meet the reserve requirement Greater than 75% CLTV requires 2 months PITI
Acceptable Sources of Reserves	- Funds in non-cash holdings (stocks, bonds, mutual funds) are not required to be discounted. - Retirement accounts used for reserves. - 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	- Reserves may not come from a 1031 exchange account - Reserves may not come from gift funds

Property / Appraisal Information	
Acreage	No more than ten (10) acres
Property Zoning	Zoning designations are determined by the City or County based on the property location, each governing entity has their own unique zoning titles or descriptions. The property's specific zoning will describe, in general, what type of activity is allowed, and the density that is allowed. Regardless of what the zoning designation is for the subject property, the property must meet the 3 requirements listed below. - The current usage of the subject property is residential - Residential must be an allowed usage of the subject property zoning - Residential must be the highest and best use of the subject property, as defined by the appraiser As long as the property passes the 3 question test listed above, the zoning designation is acceptable.
Non-Residential Improvements	Any non-residential improvements, like shops, storage structures, barns or animal shelters must meet the criteria listed below: - Must be minor in scope - Common for the area - They must have no impact on the property being residential in nature - They must be given only nominal contributory value by the appraiser and not impact marketability
Horse Improvements	Must be minor in nature and consistent with owner usage only. In general, a 1 to 4 horse stable is acceptable. Small fenced off riding areas are usually acceptable. Any improvements that indicate usage for more than the owner, like grandstands, parking areas, guest quarters or excessive vehicles, will make the property ineligible. The horse improvements must meet the following test: - Must be minor in scope - Common for the area - They must have no impact on the property being residential in nature They must be given only nominal contributory value by the appraiser and not impact marketability
Rural Properties	Not allowed
Recently Listed Properties	- Rate & Term: Properties listed at the time of application are eligible provided listing is cancelled prior to going to closing - Cash Out: Properties listed for sale in the past three (3) months are not allowed, three (3) months is counted from listing cancellation date to note date

Warrantable Condos (Established Projects Only)	PROJECT REQUIREMENTS - Project has been created and exists in complete compliance with all applicable local, state and all other regulations and laws - Meets all Fannie Mae insurance requirements - Borrower is required to carry HO-6 if the master insurance does not cover walls-in with betterments and improvements - Project documents do not give a unit owner or any other party priority over the rights of the first mortgage - Annual budget allocation to reserves < 10% allowed with the following: - Appraisal shows no major repairs required AND - A lower annual allocation permitted if the following reserve balance thresholds are met: - 7% to 9.99% requires reserve fund balance of 50% of annual budget - 5% to 6.99% requires reserve fund balance of 75% of annual budget - 3% to 4.99% requires reserve fund balance of 100% of annual budget REVIEW TYPES Any of the following review methods may be used as applicable to the property and transaction STANDARD REVIEW - Limited or Full Project review determined as per Fannie Mae's specific transaction eligibility - Project Questionnaire Addendum is required - Florida condos allow for limited review to a maximum of 70% LTV / 75% LTV REVIEW WAIVER - Detached condo units do not require a project review - 2 -10-unit projects do not require a project review CPM WITH FNMA APPROVAL A Condo Project Manager reflecting the project was reviewed and evaluated by FNMA is allowed and will satisfy the review requirement. The CPM certificate must show an unexpired FNMA approval. - Broker to provide initial PDF of CPM approval. Newfi will not pull the initial CPM certification - Just prior to the closing process, Newfi will provide an updated PDF reflecting a date which is no more than 10 calendar days from loan funding date PROJECT QUESTIONNAIRE ADDENDUM - Both full and limited review require a Project Questionnaire Addendum. Newfi form is available, other lender forms can be used if they provide functionally the same content. The purpose of the addendum is to determine the physical condition of the project.
Non Warrantable Condos	Not allowed

Ineligible Properties	- Mixed used properties - Properties not readily accessible by roads that meet local standards - Properties not suitable for year-round occupancy - Agricultural properties, including farms, ranches, or orchards - Manufactured or mobile homes - Condo-hotels or timeshares - Cooperatives - Boarding houses / Bed & Breakfast - Properties with zoning violations - Dome or geodesic homes - Group Homes, for example, assisted living and drug/alcohol rehab facilities - Homes on Native American Land - Log homes and log style - Hawaii properties in Lava Zones 1 and 2 - Properties used for marijuana cultivation activities - Leaseholds - 2-4 units
Property Insurance	1-4 UNIT RESIDENTIAL Building Coverage Property coverage must meet one of the three options listed below: - 100% of the dwelling replacement cost as determined by the insurer, typically evidenced by an RCE (replacement cost estimator) OR - 100% of the loan amount OR - Guaranteed replacement cost Roof Coverage - Roof coverage required, however, less than full replacement cost on roof coverage is acceptable Deductibles - Allow for greater than 5% deductible. Maximum of 10% CONDO MASTER Building Coverage Property coverage must meet one of the options listed below: - Guaranteed replacement cost coverage or its equivalent OR - Extended replacement cost coverage or its equivalent OR - A replacement cost value estimate provided by the insurer OR - Project's insurance risk appraisal

Property Insurance (con't)	Roof Coverage Roof coverage required, however, less than full replacement cost on roof coverage is acceptable Deductibles - Allow for greater than 5% deductible. Maximum of 10% - A maximum of $50,000 per unit when per unit deductibles are in place INDIVIDUAL UNIT (HO-6) When Required - Interior or improvements are not covered by the master - Master has per unit deductible Coverage - Amount sufficient to cover portions of the interior improvements not covered by the Master - Amount of per unit deductible, if the master has same - Perils: if the master has per unit deductible for specific perils, the unit owners policy must include coverage for that peril - Coverage must be on replacement cost
Appraisal Requirements	Loan Amounts <= $250,000 - AVM with an 80% Confidence Factor and Property Condition Report (PCR)* OR - Full appraisal Loan Amounts > $250,000 - Full appraisal Full appraisal required on HPML transactions *PCR must show average or better condition For full appraisals, properties with Condition Ratings of C5 and C6 and/or a Quality Rating of Q6 are not allowed

Appraisal Age	AVM/PCR must be dated within 60 days of the note date Appraisal must be dated within 120 days of note date - Re-cert of value (1004D) allowed and must be dated with 60 days of note date - Properties with Condition Ratings of C5 and C6 and/or a Quality Rating of Q6 are not allowed
Transferred Appraisals	Allowed
Appraisals from a Previous Transaction	Allowed provided lender and borrower are the same as for the current transaction
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%