STG MORTGAGE
The Foundation Of Trust

1099

STAR SERIES 1
Non-QM 10/15/2025

1099 MATRIX (12 & 24 MONTH)										
LOAN AMOUNT	MIN FICO	PRIMARY RESIDENCE			SECOND HOME			INVESTMENT		
		P	R/T	C/O	P	R/T	C/O	P	R/T	C/O
		LTV/CLTV								
≤ $1.0 MM	740	80%	80%	80%	80%	80%	80%	80%	80%	75%
	720	80%	80%	80%	80%	80%	75%	80%	80%	75%
	700	80%	80%	80%	80%	80%	75%	80%	80%	75%
	680	80%	80%	75%	80%	80%	75%	75%	75%	75%
≤ $1.5 MM	740	80%	80%	80%	80%	80%	80%	80%	80%	75%
	720	80%	80%	80%	80%	80%	75%	80%	80%	75%
	700	80%	80%	80%	80%	80%	75%	80%	80%	75%
	680	80%	80%	75%	80%	80%	75%	75%	75%	75%
≤ $2.0 MM	740	80%	80%	80%	80%	80%	75%	80%	80%	75%
	720	80%	80%	80%	80%	80%	75%	80%	80%	75%
	700	80%	80%	75%	80%	80%	75%	80%	80%	70%
	680	80%	80%	70%	80%	80%	70%	75%	75%	70%
≤ $2.5 MM	740	80%	80%	75%	80%	75%	75%	75%	75%	75%
	720	80%	80%	75%	80%	75%	75%	75%	75%	75%
	700	75%	75%	70%	75%	75%	70%	75%	75%	70%
	680	75%	75%	65%	75%	75%	70%	75%	75%	65%
≤ $3.0 MM	740	75%	75%	70%	75%	75%	70%	70%	70%	60%
	720	75%	75%	70%	75%	75%	70%	70%	70%	60%
	700	75%	75%	65%	70%	70%	65%	70%	70%	60%
	680	70%	70%	65%	70%	70%	65%	65%	65%	

1099 PROGRAM DETAIL (12 & 24 MONTH)	
PROGRAM HIGHLIGHTS	• For borrowers with a history of 1099 (independent contractor) income • 1099 income may be combined with other income types & rental income • Does not require: Tax Returns
DOCUMENTATION REQUIREMENTS	• 1 or 2 years of 1099s • Year-to-date earnings statement/ledger • 1099 IRS-Transcripts or a Written VOE from Contract Employer • Business Narrative
RESTRICTIONS	• Must be paid directly to borrower (not a business name) • Limited to 1 contract employer (up to 3 allowed if common in industry) • Must be for services only (goods not permitted) • Contract employer may not be owned by a family member • 1099 income must represent 51%+ of Qualifying Income
QUALIFYING INCOME	• A 10% expense ratio will be used in calculating the income • When 24 months of 1099 information is provided, the lower of the 12 month or 24 month calculation must be used • Greater than 20% decline from 24 month to 12 month calculation requires documentation and further review to ensure income stability
SELF EMPLOYMENT	• Self Employed 2 Years, or 1 Year + 2 year History of Same Type of Work
ALLOWABLE ACCOUNTANTS	• CPA, EA, CTEC, Licensed Tax Attorneys, and Chartered Tax Advisors • PTIN tax preparers permitted by exception only
SHORT-TERM RENTAL RESTRICTIONS	• When using short-term rental income from subject property - 5% LTV/CLTV reduction from allowable limit per matrix
VERBAL VOE	• VVOE within 10 days of closing
4506-C	• Signed IRS Form 4506-C for 1099 Forms

TERMS	
AVAILABLE TERMS	30 YR Amortization: Fixed 30 | Fixed 30 I/O | 5/6 ARM | 5/6 ARM I/O | 7/6 ARM | 7/6 ARM I/O 40 YR Amortization: Fixed 40 I/O | 5/6 ARM I/O | 7/6 ARM I/O
ARM QUALIFYING	Greater of the Note Rate or Fully Indexed (Margin + Index)
INTEREST-ONLY	10 YR I/O Period | MIN 700 FICO
I/O LTV LIMITS	MAX LTV/CLTV 80% | > $2.0MM to $2.5 MM - MAX LTV/CLTV 75% | > $2.5MM to $3.0MM - MAX LTV/CLTV 70%
I/O QUALIFYING	Qualify at amortizing term (30 YR I/O Qualify at 240 Months, 40 YR I/O Qualify at 360 Months)
LOAN AMOUNT	MIN $150K | MAX $3.0MM
SUBORDINATE FINANCING	Permitted

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PROPERTY TYPES	
ELIGIBLE PROPERTY TYPES	Condos (Warrantable & Non-Warrantable) | Condotel | Leaseholds | Modular | PUD | SFR | 1 Unit with ADU | 2-4 Unit
INELIGIBLE PROPERTY TYPES	Agricultural/Farm Properties | C5 or C6 condition | Commercial/Industrial/Office Properties | Co-ops | Log Cabins | Manufactured Homes | Mixed Use Properties | Second Homes with 2-4 Units | Unique Properties | Vacant Lots
ACCESSORY DWELLING UNIT (ADU)	Eligible for all occupancies | May use rental income from ADU to qualify | MAX of 1 ADU unit per property | 2-4 Unit properties with ADUs are not permitted
RURAL	Primary Residence & Second Home only | MAX 10 acre | MAX LTV/CLTV 75% | 3 comps within 10 miles
MAX ACREAGE	10 acres
CONDO-WARRANTABLE	No Restrictions | Must meet Fannie Mae or Freddie Mac requirements
CONDO-NON-WARRANTABLE	MAX LTV/CLTV 80%
CONDOTEL	Purchase MAX LTV/CLTV 75% | Rate/Term & Cash-Out MAX LTV/CLTV 65% | MAX Loan Amount $1.0MM
2-4 UNIT	Second Homes not permitted | ADUs not permitted
APPRAISAL REQUIREMENTS	
LOAN AMOUNT (≤ $2MM)	1 Full Appraisal and a secondary valuation (CU Score, LCA Score, or CDA)
LOAN AMOUNT ($2MM+)	2 Full Appraisals, use the lower value for qualifying
SECONDARY VALUATION	File must contain either a CU or LCA Score of 2.5 or less, or a Collateral Desktop Analysis (CDA) is required
COLLATERAL DESKTOP ANALYSIS (CDA REPORT)	When CDA is required, it must support appraisal within 10% | CDAs more than 10% below appraisal require two Full Appraisals | CDA with "High Risk" score may not be used and file must contain two Full Appraisals
DECLINING MARKETS	5% LTV/CLTV reduction from allowable limit per matrix for LTV > 65%
UNDERWRITING	
DTI	MAX DTI 50%
RESIDUAL INCOME	$1,500
RESERVE REQUIREMENTS	Loan Amount < $1MM = 3 months | ≥ $1MM to $1.5MM = 6 months | > $1.5MM = 9 months Rate-Term Refi w/ LTV/CLTV ≤ 65% - No Reserves Required | Cash-out amount may be used to meet reserve requirement
CASH-OUT LIMITS	Maximum Cash-in-Hand: LTV/CLTV > 65% - $1MM | LTV/CLTV ≤ 65% - No limit Maximum Total Cash-Out (includes non-mortgage debts): No limit
QUALIFYING FICO SCORE	Midscore from Primary Wage Earner (highest income earner) on the file | MIN 640 FICO required for all borrowers
TRADELINES	Borrowers with 3 FICO Scores - No Tradeline Requirement | All others - 3 tradelines reporting for last 12 months or 2 tradelines reporting for 24 months, with activity in past 12 months
DOCUMENT AGE	MAX 120 days old at Closing (Income, Assets, Credit Report, Appraisal, Title)
ASSET STATEMENTS	U.S. Based: 1 Month | Foreign Assets: 2 Months
FOREIGN ASSETS	All Foreign Assets including Downpayment, Closing Costs & Reserves must be held in U.S. based account for 30 days
ELIGIBLE BORROWERS	US Citizen | Permanent Resident Alien | Non Permanent Resident Alien
INELIGIBLE BORROWERS	Foreign National | ITIN
BORROWER RESTRICTIONS	Non Permanent Resident - Purchase & Rate/Term Only, Max LTV/CLTV 80%
NON-OCCUPANT CO-BWR	Not permitted
CREDIT EVENTS	BK 7 & 13 seasoning - 48 months discharge/dismissal date | SS, DIL, FC, Mod, 120+ housing late seasoning - 48 months
HOUSING HISTORY	0x30x12
< 12 MONTHS HOUSING HISTORY OR RENT-FREE	MAX LTV/CLTV 80% | Primary Residence only | 10% MIN borrower contribution (own funds) | Any available portion of housing history must reflect 0X30 | 6 months reserves after closing | LOE from the borrower and rent-free housing provider
RENT-FREE RESTRICTIONS	Rent-free only allowed when bwr is living with non-bwr spouse | Spouse must show 0x30x12 housing history
ALIMONY/CHILD SUPPORT	Document 3 year continuance & most recent 12 months evidence of on time receipt
UNPAID COLLECTIONS	Medical - No Limits | Non-Medical from last 24 months - $2K MAX (total of all accounts) | Non-Medical older than 24 months - $2.5K MAX per account
FIRST-TIME HOME BUYER RESTRICTIONS	FTHB defined as all borrowers have not owned real estate in past 3 years | Primary Residence & Second Home only No I/O
SELLER CONTRIBUTIONS	Primary Residence & Second Home - MAX 6% | Investment Properties - MAX 3%
GIFT FUNDS	Primary Residence - when LTV/CLTV > 75%, borrower must contribute 5% own funds Second Home & Investment Properties - borrower must contribute 10% own funds
GIFT OF EQUITY	Primary Residence & Second Home - Permitted | Investment Properties - Not permitted
LISTED FOR SALE	Removed from Market: Rate/Term: 1 month, Cash-Out: 6 months, Cash-Out under 6 months: refer to full guidelines
CASH-OUT SEASONING	6-12 months | Primary: 75% MAX LTV/CLTV, 2nd Hm/Inv: 70% MAX LTV/CLTV (N/A for: inherited/court award/delayed fin.)
RATE-TERM SEASONING	None Required - Used Appraised Value
PREPAYMENT PENALTY	Available on Business Purpose Loans | Lengths - 1 to 5 Years | Structure - 6 months of interest
PREPAYMENT PENALTY RESTRICTIONS	Not allowed in: AK | KS | MD | ME | MN | ND | NM | OH | VT Certain Restrictions in: AR | IA | IL | IN | KY | MI | MO | MS | NJ | OK | PA | RI | TX | WA
TEXAS	Texas 50(a)(6), Texas 50(a)(4) and Texas 50(f)(2) - Permitted | Closing doc review by attorney required at CTC
INELIGIBLE STATES	AK | AR | HI | OK | MO | ND | NM | NY | SD | WY | U.S. Possessions or Territories
ENTITY VESTING	Business purpose loans may be vested in LLC, LP, GP, CORP or S CORP
ESCROW ACCOUNTS	Required for the following: LTV > 80% | Properties in Flood Zones | Higher Priced Mortgage Loans (HPML)