

PROFIT & LOSS 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	75%	75%	75%	75%	75%	75%	75%	75%	75%
	720	75%	75%	75%	75%	75%	75%	75%	75%	75%
	700	75%	75%	75%	75%	75%	75%	75%	75%	75%
	680									
≤ \$1.5 MM	740	75%	75%	75%	75%	75%	75%	75%	75%	75%
	720	75%	75%	75%	75%	75%	75%	75%	75%	75%
	700	75%	75%	75%	75%	75%	75%	75%	75%	75%
	680									
≤ \$2.0 MM	740	75%	75%	75%	75%	75%	75%	75%	75%	75%
	720	75%	75%	75%	75%	75%	75%	75%	75%	75%
	700	75%	75%	75%	75%	75%	75%	75%	75%	70%
	680									
≤ \$2.5 MM	740	75%	75%	75%	75%	75%	75%	75%	75%	75%
	720	75%	75%	75%	75%	75%	75%	75%	75%	75%
	700	75%	75%	70%	75%	75%	70%	75%	75%	70%
	680									
≤ \$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									
PROFIT & LOSS PROGRAM DETAIL (12 & 24 MONTH)										
PROGRAM HIGHLIGHTS		<ul style="list-style-type: none">• Use Accountant Prepared P&L to document self-employment income• P&L income may be combined with other income types & rental income• Does not require: Bank Statements to support income								
DOCUMENTATION REQUIREMENTS		<ul style="list-style-type: none">• Proof of Business Existence• Borrower's Percentage Ownership & length borrower has owned that %• 3rd Party Prepared Profit & Loss (must cover exactly 12 or 24 months)• Accountant Attestation Letter• Business Narrative								
RESTRICTIONS		<ul style="list-style-type: none">• P&L must be ≤ 90 days old at Closing• P&L income must represent 51%+ of Qualifying Income• Must show reasonable expenses for type of business & size (e.g. employee expenses, cost of goods, etc.)• Incomes above top 10% for Profession/Business Type/Business Size, subject to additional requirements• P&L must be from Allowable Accountant Type								
QUALIFYING INCOME		<ul style="list-style-type: none">• Net income from P&L multiplied by Ownership Percentage, then divided by either 12 or 24 months								
SELF EMPLOYMENT		<ul style="list-style-type: none">• Minimum 25% Business Ownership• Self Employed 2 Years, or 1 Year + 2 year History of Same Type of Work								
ALLOWABLE ACCOUNTANTS		<ul style="list-style-type: none">• CPA, EA, CTEC, Licensed Tax Attorneys, and Chartered Tax Advisors• PTIN tax preparers permitted by exception only								
SHORT-TERM RENTAL RESTRICTIONS		<ul style="list-style-type: none">• When using short-term rental income from subject property - 5% LTV/CLTV reduction from allowable limit per matrix								
VERBAL VOE		<ul style="list-style-type: none">• Proof of continued Biz existence within 10 days of closing								
4506-C		<ul style="list-style-type: none">• Not required unless combined with secondary income using Full Doc standard								
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 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								



PROPERTY TYPES	
ELIGIBLE PROPERTY TYPES	Condos (Warrantable & Non-Warrantable) Condotel Leaseholds Modular PUD SFR 1 Unit with ADU 2-4 Unit
INELIGIBLE PROPERTY TYPES	2-4 Unit Properties with an ADU Agricultural Properties Assisted Living/Continuing Care Facilities Barndominiums Boarding Houses Builder Model Leaseback C5 or C6 Property Condition Grades Community Land Trusts Commercial Properties Cooperatives (Co-ops) Dorm-Style Housing Farms Fractional Ownerships Geodesic Domes Hawaii properties located in lava zones 1 and/or 2 Homes on Native American Land (Reservations) Houseboats Industrial Properties Live-work Projects Log Homes/Log Cabins Manufactured Homes Mixed Use Properties Mobile Homes Office Properties Properties Subject to Rent Control Properties Under Construction Properties used for the cultivation, distribution, manufacture, or sale of Marijuana Properties with evidence of Sinkhole Activity Properties with more than 1 ADU Properties with more than 4 units Second Homes with 2-4 Units Tenants in Common Properties Theme Park Resort Properties Timeshares 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 75%
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 75%
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 75% 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 borrower is living with non-borrower 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)

