

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		<ul style="list-style-type: none"><li>• For borrowers with a history of 1099 (independent contractor) income</li><li>• 1099 income may be combined with other income types &amp; rental income</li><li>• Does not require: Tax Returns</li></ul>								
DOCUMENTATION REQUIREMENTS		<ul style="list-style-type: none"><li>• 1 or 2 years of 1099s</li><li>• Year-to-date earnings statement/ledger</li><li>• 1099 IRS-Transcripts or a Written VOE from Contract Employer</li><li>• Business Narrative</li></ul>								
RESTRICTIONS		<ul style="list-style-type: none"><li>• Must be paid directly to borrower (not a business name)</li><li>• Limited to 1 contract employer (up to 3 allowed if common in industry)</li><li>• Must be for services only (goods not permitted)</li><li>• Contract employer may not be owned by a family member</li><li>• 1099 income must represent 51%+ of Qualifying Income</li></ul>								
QUALIFYING INCOME		<ul style="list-style-type: none"><li>• A 10% expense ratio will be used in calculating the income</li><li>• When 24 months of 1099 information is provided, the lower of the 12 month or 24 month calculation must be used</li><li>• Greater than 20% decline from 24 month to 12 month calculation requires documentation and further review to ensure income stability</li></ul>								
SELF EMPLOYMENT		<ul style="list-style-type: none"><li>• Self Employed 2 Years, or 1 Year + 2 year History of Same Type of Work</li></ul>								
ALLOWABLE ACCOUNTANTS		<ul style="list-style-type: none"><li>• CPA, EA, CTEC, Licensed Tax Attorneys, and Chartered Tax Advisors</li><li>• PTIN tax preparers permitted by exception only</li></ul>								
SHORT-TERM RENTAL RESTRICTIONS		<ul style="list-style-type: none"><li>• When using short-term rental income from subject property - 5% LTV/CLTV reduction from allowable limit per matrix</li></ul>								
VERBAL VOE		<ul style="list-style-type: none"><li>• VVOE within 10 days of closing</li></ul>								
4506-C		<ul style="list-style-type: none"><li>• Signed IRS Form 4506-C for 1099 Forms</li></ul>								
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								



PROPERTY TYPES	
<b>ELIGIBLE PROPERTY TYPES</b>	Condos (Warrantable & Non-Warrantable)   Condotel   Leaseholds   Modular   PUD   SFR   1 Unit with ADU   2-4 Unit
<b>INELIGIBLE PROPERTY TYPES</b>	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
<b>ACCESSORY DWELLING UNIT (ADU)</b>	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
<b>RURAL</b>	Primary Residence & Second Home only   MAX 10 acre   MAX LTV/CLTV 75%   3 comps within 10 miles
<b>MAX ACREAGE</b>	10 acres
<b>CONDO-WARRANTABLE</b>	No Restrictions   Must meet Fannie Mae or Freddie Mac requirements
<b>CONDO-NON-WARRANTABLE</b>	MAX LTV/CLTV 80%
<b>CONDOTEL</b>	Purchase MAX LTV/CLTV 75%   Rate/Term & Cash-Out MAX LTV/CLTV 65%   MAX Loan Amount \$1.0MM   Primary Residence & Second Homes permitted by exception only
<b>2-4 UNIT</b>	Second Homes not permitted   ADUs not permitted
APPRAISAL REQUIREMENTS	
<b>LOAN AMOUNT (≤ \$2MM)</b>	1 Full Appraisal and a secondary valuation (CU Score, LCA Score, or CDA)
<b>LOAN AMOUNT (\$2MM+)</b>	2 Full Appraisals, use the lower value for qualifying
<b>SECONDARY VALUATION</b>	File must contain either a CU or LCA Score of 2.5 or less, or a Collateral Desktop Analysis (CDA) is required
<b>COLLATERAL DESKTOP ANALYSIS (CDA REPORT)</b>	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
<b>DECLINING MARKETS</b>	5% LTV/CLTV reduction from allowable limit per matrix for LTV > 65%
<b>FLIPS/RAPID APPRECIATION</b>	Additional valuation may be required. See Guidelines
UNDERWRITING	
<b>DTI</b>	MAX DTI 50%
<b>RESIDUAL INCOME</b>	\$1,500
<b>RESERVE REQUIREMENTS</b>	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
<b>CASH-OUT LIMITS</b>	Maximum Cash-in-Hand: LTV/CLTV > 65% - \$1MM   LTV/CLTV ≤ 65% - No limit Maximum Total Cash-Out (includes non-mortgage debts): No limit
<b>QUALIFYING FICO SCORE</b>	Midscore from Primary Wage Earner (highest income earner) on the file   MIN 640 FICO required for all borrowers
<b>TRADELINES</b>	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
<b>DOCUMENT AGE</b>	MAX 120 days old at Closing (Income, Assets, Credit Report, Appraisal, Title)
<b>ASSET STATEMENTS</b>	U.S. Based: 1 Month   Foreign Assets: 2 Months
<b>FOREIGN ASSETS</b>	All Foreign Assets including Downpayment, Closing Costs & Reserves must be held in U.S. based account for 30 days
<b>ELIGIBLE BORROWERS</b>	US Citizen   Permanent Resident Alien   Non Permanent Resident Alien
<b>INELIGIBLE BORROWERS</b>	Foreign National   ITIN
<b>BORROWER RESTRICTIONS</b>	Non Permanent Resident - Purchase & Rate/Term Only, Max LTV/CLTV 80%
<b>NON-OCCUPANT CO-BWR</b>	Not permitted
<b>CREDIT EVENTS</b>	BK 7 & 13 seasoning - 48 months discharge/dismissal date   SS, DIL, FC, Mod, 120+ housing late seasoning - 48 months
<b>HOUSING HISTORY</b>	0x30x12
<b>&lt; 12 MONTHS HOUSING HISTORY OR RENT-FREE</b>	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
<b>RENT-FREE RESTRICTIONS</b>	Borrowers living rent-free with anyone other than spouse are subject to rent-free restrictions
<b>ALIMONY/CHILD SUPPORT</b>	Document 3 year continuance & most recent 12 months evidence of on time receipt
<b>UNPAID COLLECTIONS</b>	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
<b>FIRST-TIME HOME BUYER RESTRICTIONS</b>	FTHB defined as all borrowers have not owned real estate in past 3 years   Primary Residence & Second Home only No I/O
<b>SELLER CONTRIBUTIONS</b>	Primary Residence & Second Home - MAX 6%   Investment Properties - MAX 3%
<b>GIFT FUNDS</b>	Primary Residence - when LTV/CLTV > 75%, borrower must contribute 5% own funds Second Home & Investment Properties - borrower must contribute 10% own funds
<b>GIFT OF EQUITY</b>	Primary Residence & Second Home - Permitted   Investment Properties - Not permitted
<b>LISTED FOR SALE</b>	Removed from Market: Rate/Term: 1 month, Cash-Out: 6 months, Cash-Out under 6 months: refer to full guidelines
<b>CASH-OUT SEASONING</b>	6-12 months   Primary: 75% MAX LTV/CLTV, 2nd Hm/Inv: 70% MAX LTV/CLTV (N/A for: inherited/court award/delayed fin.)
<b>RATE-TERM SEASONING</b>	None Required - Used Appraised Value
<b>PREPAYMENT PENALTY</b>	Available on Business Purpose Loans   Lengths - 1 to 5 Years   Structure - 6 months of interest
<b>PREPAYMENT PENALTY RESTRICTIONS</b>	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
<b>TEXAS</b>	Texas 50(a)(6), Texas 50(a)(4) and Texas 50(f)(2) - Permitted   Closing doc review by attorney required at CTC
<b>INELIGIBLE STATES</b>	AK   AR   HI   OK   MO   ND   NM   NY   SD   WY   U.S. Possessions or Territories
<b>TEMPORARY GEOGRAPHIC RESTRICTIONS</b>	Primary Residence Only for Philadelphia County in Pennsylvania and the Baltimore Metro Area in Maryland
<b>ENTITY VESTING</b>	Business purpose loans may be vested in LLC, LP, GP, CORP or S CORP
<b>ESCROW ACCOUNTS</b>	Required for the following: LTV > 80%   Properties in Flood Zones   Higher Priced Mortgage Loans (HPML)

