



STG  **MORTGAGE**
The Foundation Of Trust

Lending Guidelines

Vertex Closed End Second Products

04/16/2026

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1.0 INTRODUCTION

1.1 Overview and Underwriting Philosophy

This document serves to provide guidance and consistency in the underwriting and review of the loan and its characteristics related to the borrower and property. STG Mortgage evaluates many elements of the loan but primarily relies on the evaluation of the borrower's ability to repay the loan. In addition to ability-to-repay (ATR), STG Mortgage's programs take into consideration—with the expectation of full verification and examination—the borrower's income stability and employment history, credit history, asset position, and the property being used for collateral. Each loan is assessed on the basis of its individual merits with a comprehensive approach to the borrower's ability and willingness to repay. To this end, STG Mortgage's programs consider the benefit to the borrower on each loan.

1.2 Underwriting Criteria

The Guidelines are intended to reference and supplement the Fannie Mae Seller Guide. For specific information concerning qualification requirements that are not referenced in this document, Originators should refer to the Fannie Mae Seller Guide. For specific loan characteristic and eligibility requirements related to LTV, FICO, DTI, etc., refer to the Matrix.

1.2.1 Ability-To-Repay (ATR)

STG Mortgage recommends the [Ability-To-Repay Borrower Attestation](#) or similar document be included with all loan files.

1.2.2 Underwriting Documentation

All loans must be manually underwritten. The Underwriting Approval, Income Calculation Worksheet, and the Underwriter's determination of ATR is required as part of the credit package. As an option, the underwriter may utilize an AUS Recommendation for guidance on income documentation in lieu of documentation requirements on the Matrix.



2.0 CLOSED END SECOND PROGRAM AND REQUIREMENTS

2.1 Closed End Second Program Overview

The Closed End Second lien can be standalone or in combination with a new first lien (piggyback). When used in combination with a new first mortgage, the income documentation used for qualifying must be the same for both liens.

See Matrix for details and program specifics.

- Closed End Seconds are designed for primary, second home and investment borrowers. For both QM and Non-QM transactions, with flexibility in mortgage history, credit history, and/or payment and documentation options. This program offers expanded credit parameters for multiple borrower profiles while utilizing standard and alternative document types. On piggyback transactions, the income documentation type for the Closed End Second must match the requirements of the first lien approval. The available documentation types are:
 - Full Doc 1 or 2 Yrs: Standard FNMA Documentation
 - Alt Doc Bank Statements: 12, 24 Bank Statements
 - Alt Doc 1099: 1yr or 2yr 1099 Statement
 - Alt Doc WVOE: FNMA Form 1005
 - Alt Doc P&L Only: 12 month P&L Statement
 - DSCR: Investor DSCR (Debt Service Coverage Ratio)

2.2 Eligible Closed End Second Products

The following loan products are eligible.

- Fully Amortizing Fixed Rate
 - Qualifying ratios are based on PITIA payment with the principal and interest payments amortized over the loan term.
 - 10, 15, 20, 30 year fixed rate
- Interest-Only Fixed Rate
 - 20, 30 year fixed rate
 - Qualifying ratios are based on PITIA payment with the principal and interest amortized over the remaining term after the expiration of the interest-only period
 - 20-year Fixed Rate – 3-year interest-only with 17-year amortization
 - 30-year Fixed Rate – 3-year interest-only with 27-year amortization
 - Restrictions:
 - Primary Residence only
 - Max 80% CLTV
 - Min 700 credit score
- Balloon Notes (**launching Q3, 2026**)
 - 30/15, 40/15
 - See Matrix for limitations.

2.3 Ineligible First Liens

A copy of the most recent first mortgage statement is required to determine eligibility. Statement date to be within 90 days of Note date. Additional first mortgage documentation may be required to provide sufficient data for underwriting. The following are not permitted:



- Loans in active forbearance or deferment. Deferred balances from modifications seasoned greater than 12 months may remain open. If seasoned less than or equal to 12 months, deferred balances must be paid through closing. First lien must be out of forbearance at time of application to be eligible.
- Loans with negative amortization.
- Reverse mortgages.
- Private Party Mortgages.
- Balloon loans where the balloon payment comes due during the amortization period of the second loan.
 - Mortgages not reporting on credit report. See [Housing History](#) for additional information.

2.4 Interest-Only First Liens

Interest-Only first liens are acceptable when qualified at a maximum DTI of 50%. The interest-only first lien should be qualified using a fully-amortized payment on the remaining term after the I/O period.

Example: Interest-only loans with a 10 year interest-only period and a 30 year term would qualify using a fully amortizing payment over 240 months.

First lien ARMS with < 3 years fixed period remaining qualify on fully indexed payment.

First lien ARMS with > 3 years fixed period remaining qualify on current payment.

2.5 Maximum Combined Liens

The maximum combined first and second lien balance is based on the loan amount and CLTV. See Matrix for limits.

2.6 Documentation Age

Documents	Age of Documents from Note Date
Credit Documents	120 Days
Income Documents	90 Days
Asset Documents	90 Days
Appraisal	120 Days; if 120 days aging is exceeded, a recertification of value is required <ul style="list-style-type: none"> • With recertification of value, original appraisal cannot be aged over 365 days
Title Report	120 Days

2.7 Properties Listed for Sale

Properties that have been on the market within 6 months of the Note date are ineligible.

Note: DSCR Closed End Second loans with a prepayment penalty (where allowable by state) are eligible with no seasoning, so long as the subject property has been taken off the market prior to application date.

2.8 Property Ownership Seasoning/Title Seasoning

Properties owned less than 6 months from the Note date are ineligible.



2.9 State and Federal High Cost Loans

Not permitted.

2.10 Legal Documentation

Available Fannie Mae security instruments, notes, riders/addenda, and special purpose documents can be utilized for loan documentation.

2.11 Interest Credit

Loans closed within the first 10 days of the month may reflect an interest credit to the borrower.

2.12 Assumability

Closed End Second products are not assumable.

2.13 Escrows

Closed End Second loans with escrows are not permitted.

2.14 Property Hazard Insurance

Following Fannie Mae (FNMA) guidance, the property insurance policy must provide the claims to be settled on a replacement cost basis. The coverage amount must be at least equal to the lesser of:

- 100% of the replacement cost of the improvements as of the current property insurance effective date, or
- The unpaid principal balance of all liens, provided it equals no less than the replacement cost value of the improvements.

Follow FNMA guidance for additional information.

STG Mortgage is to be added as additional loss payee as shown below.

STG Mortgage Inc. ISAOA/ATIMA
18401 Von Karman Avenue
Suite 440
Irvine, CA 92612
STG Loan #

2.15 Flood Insurance

Flood insurance is required for any property located within any area designated by the Federal Emergency Management Agency (FEMA) as a Special Flood Hazard Area (SFHA). A SFHA is typically denoted as Flood Zone A or Zone V (coastal areas). Properties in Flood Zone A or V must be located in a community which participates in the FEMA program to be eligible for financing.

When located in a special flood hazard area, flood insurance must be maintained throughout the duration of the loan.



2.15.1 Flood Certificate

Determination whether a subject property is in a flood zone must be established by a Flood Certificate provided by the Federal Emergency Management Agency (FEMA). Flood Cert from CoreLogic or ServiceLink is preferred. The appraisal report should also accurately reflect the flood zone.

The flood insurance requirement can be waived if:

- Subject property improvements are not in the area of Special Flood Hazard, even though part of the land is in Flood Zone A or V; or
- Borrower obtains a letter from FEMA stating that its maps have been amended so that the subject property is no longer in an area of Special Flood Hazard.

2.15.2 Minimum Flood Insurance Coverage

For reference, the minimum amount of flood insurance required for most first mortgages secured by 1-unit properties and individual PUD units is the lower of:

- 100% of the replacement cost of the insurable value of the improvements.
- The maximum insurance available from the National Flood Insurance Program (NFIP), which is currently \$250,000 per dwelling; or,
- The unpaid principal balance of the mortgage.

The minimum amount of flood insurance required for a PUD or condo project is the lower of:

- 100% of the insurable value of the facilities; or,
- The maximum coverage available under the appropriate National Flood Insurance Program (NFIP).

The flood policy for a PUD or condominium project must cover any common element buildings and any other common property located in a SFHA.

2.16 Prepayment Penalty

Prepayment penalties are only eligible for Closed End Second loan transactions on investment properties (business purpose only).

- DSCR Closed End Second loans require a minimum 1 year prepayment penalty where allowable by state.

For all other loan transactions (primary residence, second home, non-business purpose investment), prepayment penalties are prohibited.

Note: States may impose different definitions of points and fees, rate/APR, or prepayment penalties that apply under HOEPA. States may also use different triggers in each category for determining whether a loan will be a "high-cost mortgage" (or equivalent terms) under state law. Prepayment penalty must be in compliance with the terms and limitations of the applicable state or federal law. Refer to [Closed End Second Lien Prepayment Penalty Chart](#) for PPP compliance guidance.

2.16.1 Prepayment Penalty Terms

Prepayment penalties are 6 months of interest.

2.17 Title Reports

The following are eligible title report types:



- ALTA
- Jr. ALTA
- ALTA Lite
- ALTA Short Form – Lender’s Policy

2.18 Subordinate Financing

All existing subordinate liens must be satisfied at or prior to closing, with the exception of those solar liens addressed in [Solar Liens](#) (subject to CLTV limits referenced in the Matrix).



3.0 CLOSED END SECOND PROPERTY ELIGIBILITY

3.1 Appraisals

All Closed End Second loans require a full appraisal. Must have 3 comps within 10 miles.

3.2 Declining Markets

- Primary and Second Homes: Maximum 75% CLTV
- Investment: Maximum 70% CLTV

3.3 Minimum Property Standards

Minimum property standards include but may not be limited to:

- 600 square feet.
- Property constructed for year-round use.
- Permanently affixed continuous heat source.
- Maximum deferred maintenance cannot exceed \$2,000.
- No health or safety issues either internal or external.

3.4 Eligible Property Types

- SFR, PUD, Leaseholds, 1 Unit with ADU, 2-4 Units, Warrantable Condos

3.5 Ineligible Property Types

- Agricultural Properties
- Assisted Living/Care Facilities
- C5 or C6 condition
- Commercial/Industrial/Office Properties
- Condotels
- Co-ops
- Deed-restricted properties
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Income producing properties with acreage
- Land Trust
- Log Homes/Log Cabins (including Faux log homes)
- Manufactured/Mobile/Modular Homes
- Mixed-Use Properties
- Multiple dwellings on single lot (Legal ADU's are acceptable)
- Non-Warrantable Condos
- Room and Board Facilities
- Second Homes with 2-4 Units
- Tenants in Common Properties
- Unique Properties
- Vacant Lots
- Working Farms and Hobby Farms



3.6 Rural Properties

- Primary Residence only
- Maximum 10 acres
- Maximum 75% CLTV
- Must have 3 comps within 10 miles

3.7 Acreage Limitations

Maximum 10 acres

3.8 Texas Loans

- Texas loans are eligible.
- Texas 50(a)(6) i.e. Texas Cash-Out Refinances: Interest/Only not permitted
- Non-business purpose loans in the state of Texas: MAX 10% APR

3.9 State Ineligibility

For all doc types except DSCR, the following states are ineligible:

AK | AR | HI | OK | MD | MO | ND | NM | NY | SD | WY | U.S. Possessions or Territories

For DSCR loans, the following states are ineligible:

ND | U.S. Possessions or Territories

3.10 Title Vesting and Ownership

Ownership must be fee simple or leasehold.

Acceptable forms of vesting are:

- Individuals
- Joint tenants
- Tenants in Common
- Inter Vivos Revocable Trust
- Business Entity – Investment properties only. With current vesting in:
 - Limited Liability Company (LLC)
 - Limited and General Partnerships
 - Corporations

3.10.1 Inter Vivos Revocable Trust

Inter Vivos Revocable Trusts are allowed when the requirements outlined below are met.

- The trust must be established by 1 or more natural persons, solely or jointly.
- The primary beneficiary of the trust must be the individual(s) who is establishing the trust.
- Trust must be in the borrower's name.
- Trust must state that the borrower(s) have a right to revoke the Trust during their lifetimes.
- Income and assets of at least 1 borrower of the individuals establishing the Trust must be used to qualify for the mortgage.
- Trust must comply with all applicable state and local laws and regulations.
- Trustees must have the power to mortgage the property.



- Trust must become effective during the lifetime of the person establishing the trust. Provide copy of Trust Agreement or Trust Certificate (where allowed by law) reviewed and approved by Title company. Title must not contain any title exceptions and offer full title protection without exception to the trust.

3.10.2 Business Entity Vesting

Vesting solely in the name of a business entity (LLC, partnership or corporation) is acceptable on investment properties only. Underwriters must ensure loans that are secured by properties vested in a business are solely business purpose loans for the purchase or refinance of an investment property.

For partnerships and corporations, loans must be originated only in the individual borrower(s) names (eligible for vesting only). For LLC’s, loan application is allowed to remain in the name of the entity with a personal guaranty.

The following standards apply:

- All persons with > 25% interest in the business entity (“Interested Persons”) must apply for the loan and meet credit requirements.
- Maximum of 4 individual members/partners/shareholders. No entities or trusts as members, partners or shareholders.
- Persons who sign the note or a personal guaranty must sign an Occupancy Affidavit prior to closing.
- Collateral documents must be signed as follows:

Note Signature	Required Security Instrument Signature	Personal Guarantee Required
Only Interested Persons	Both Business Entity and all Interested Persons	No
Only Business Entity	Only Business Entity: or Both Business Entity and all Interested Persons	Yes, for all Interested Persons
Interested Persons and Business Entity	Only Business Entity: or Both Business Entity and all Interested Persons	No

The following documentation must be provided:

- Formation and Operating documents
 - Articles of Incorporation and Bylaws
 - Certificate of Formation and Operating Agreement, or
 - Partnership Agreement
- Tax Identification Number
- Certificate of Good Standing

3.11 Power of Attorney

Use of a Power of Attorney (POA) is not permitted.



3.12 Leasehold Properties

In areas where leasehold estates are commonly accepted and documented via the Appraisal, loans secured by leasehold estates are eligible for purchase. The mortgage must be secured by the property improvements and the borrower's leasehold interest in the land. The leasehold estate and any improvements must constitute real property, be subject to the mortgage lien, and be insured by the lender's title policy.

Leaseholds must meet all FNMA eligibility requirements (i.e. term of lease).

3.13 Solar Liens

Underwriters are responsible for determining the ownership and any financing structure of the subject property's solar panels in order to properly underwrite the loan and maintain the lien position of the mortgage. This includes, but is not limited to, the review of power purchase leases/agreements, UCC filings, credit report, preliminary title reports and other applicable documents.

In order to determine if the solar obligation should be included in the CLTV and/or DTI, and whether a subordination document will be required, reference the Fannie Mae Seller Guide.

Existing PACE/HERO financing must be paid-in-full prior to or at closing.

3.14 Limitations on Financed Properties

Primary and Second Home Occupancy

- The maximum number of financed properties the combined borrowers may have is limited to 20 residential properties including subject property.
- Commercial properties and residential > 5-units excluded from calculation.

Investment Occupancy

- There is no limit on the number of financed properties.

3.15 Disaster Areas

The underwriter is responsible for identifying geographic areas impacted by disasters and taking the appropriate steps to ensure the subject property has not been adversely affected.

Subject properties that have been adversely affected by disaster events that receive a formal disaster declaration issued by local, state or federal departments of emergency management must follow the procedures listed below. The following guidelines apply to properties located in FEMA declared disaster areas, as identified on the FEMA website at <http://www.fema.gov/disasters>.

In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as earthquakes, hurricanes, floods, landslides, tornadoes, wildfires, volcanic eruptions, civil unrest or terrorist attacks, additional due diligence should be used to determine if the disaster guidelines should be followed.

Guidelines for disaster areas should be followed for 90 days from the disaster period end date or the date of the event, whichever is later.



3.15.1 Appraisals Completed Prior to Disaster Event, or Appraisals Not Completed

When the appraisal was completed prior to the disaster incident, or the appraisal has not been completed, an interior and exterior inspection of the subject property is required.

- Inspection must be completed by licensed third-party professional to certify the condition of the subject property and to identify any impact to habitability or marketability.
- Inspection report must include photographs of front, rear and street view of the property.
- Any damage must be repaired and re-inspected prior to purchase.
- For flood and hurricane only disaster events, when the appraisal was completed prior to the disaster, external only Disaster Area Inspection Report (DAIR) allowed.
- An appraisal update or final inspection from the appraiser must also be obtained.
- Appraiser must comment on the adverse event and certify there has been no decline in value.
- Maximum deferred maintenance cannot exceed \$2,000.

3.15.2 Appraisals Completed After Disaster Event

When the inspection date of the appraisal is after the disaster event, the following requirements must be met:

- Appraiser must comment on the adverse event and any effect on marketability or value.
- Maximum deferred maintenance cannot exceed \$2,000.

3.15.3 Disaster Event Occurs after Closing, but Prior to Loan Purchase

Loan is ineligible for purchase until an appraisal update or final inspection from the appraiser is obtained:

- A Post Disaster Inspection (PDI) Report from Clear Capital or Damage Assessment Report from ProTeck may be utilized, any indication of damage reflected on the report will require a re-inspection by the appraiser.
- The appraiser may perform an inspection (Fannie Mae Form 1004D) and comment on the adverse event and certify that there has been no change to the value.
- Maximum deferred maintenance cannot exceed \$2,000.

3.16 Declining Markets

Properties in which the appraiser is reporting a declining trend in values for the subject's market area are limited to a maximum 75% CLTV on primary residence and second homes, 70% CLTV on investment properties.

The underwriter may use third party sources to review the appraisal. If the underwriter determines that the market is declining, the maximum CLTVs for declining markets will apply.

3.17 Condominiums

Fannie Mae eligible condominium projects are allowed.

Follow the review process required by Fannie Mae for Limited Review.

Detached Condos/Site Condos meeting the Fannie definition are eligible for single-family dwelling LTV/CLTV.



4.0 TRANSACTION TYPES

4.1 Eligible Transactions

- Purchase
- Cash-Out Refinance

4.1.1 Title Seasoning

Properties owned less than 6 months from the Note date are ineligible.

4.1.2 Standalone Cash-out

Standalone loans are available for cash-out on Primary, Second Home or Investment Properties. A letter of explanation regarding the use of loan funds must be provided for cash-out refinance transactions.

4.1.3 Prior Cash-Out Refinance Seasoning

If any cash-out refinance transactions have taken place (either first or second lien) on the subject property within the prior 6 months, the maximum CLTV is 80%.

4.1.4 Piggyback Purchase

Closed End Seconds can be combined with a new first mortgage for the purchase of a Primary, Second Home or investment Property.

When the product is combined with a new first mortgage in a purchase transaction, the required income and asset documentation will follow the AUS Recommendations and/or the first mortgage loan approval.

The following credit requirements will default to the AUS Recommendation and/or the first loan approval:

- Housing history limit of 0x30x12 can be waived if allowed by first loan approval.
- FTHB overlays can be waived if allowed by first loan approval.
- Minimum tradelines requirements are waived when the first lien has an AUS Approve/Eligible or Approve/Ineligible Recommendation.

A copy of the appraisal and original pictures used for the first mortgage is required for the file. Appraisal waivers not accepted.

4.1.5 Cross Collateral

Cross collateral loan transactions are not eligible with Vista Point.

4.2 Non-Arm's Length

Non-arm's length transactions ineligible.



5.0 BORROWER ELIGIBILITY AND REQUIREMENTS

Refer to Fannie Mae guidelines for all definitions of eligibility status.

5.1 Fraud Report and Background Check

All loans must include a third-party fraud detection report for all borrowers. Report findings must cover standard areas of quality control including, but not limited to: borrower validation, social security number verification, criminal records, and property information (subject property and other real estate owned). All high-level alerts on the report must be addressed by the seller. If the seller cannot electronically access the fraud report to clear high-level alerts within the fraud provider's system, an Underwriter's Certification from the seller is acceptable. The Certification must address each individual high alert and explain what actions were taken to satisfy the issues. It must be signed and dated by a member of the seller's underwriting staff or operations management personnel.

5.2 Non-Occupant Co-Borrowers

Non-Occupant co-borrowers are ineligible.

5.3 First-Time Home Buyers (FTHB)

A First-Time Home Buyer (FTHB) is defined as a borrower who has no ownership interest (sole or joint) in a residential property during the 3 year period preceding the date of the purchase of the subject property.

First-Time Home Buyer's are only permitted on Piggyback Purchase transactions. A First-Time Home Buyer's housing history defaults to the first lien requirements.

5.4 Residency

5.4.1 U.S. Citizen

Eligible without guideline restrictions.

5.4.2 Permanent Resident Alien

Eligible without guideline restrictions.

A permanent resident alien is a non-U.S. citizen authorized to live and work in the U.S. on a permanent basis. Acceptable evidence of lawful permanent residency must be documented and meet one of the following criteria:

- I-551: Permanent Resident Card (Green Card) issued for 10 years that has not expired
- I-551: Conditional Permanent Resident Card (Green Card) issued for 2 years, that has an expiration date, and is accompanied by a copy of USCIS form I-751 requesting removal of the conditions
- Un-expired Foreign Passport with an un-expired stamp reading as follows: "Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until mm-dd-yy. Employment Authorized."



5.4.3 Non-Permanent Resident Alien

Eligible without guideline restrictions. All borrowers signing the mortgage note must have a valid Social Security Number.

A Non-Permanent Resident Alien is a non-U.S. citizen authorized to live and work in the U.S. on a temporary basis.

Legal Status Documentation:

- Visa types allowed: E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, NATO, O-1, R-1, TN NAFTA
- Visa must be current. If the visa will expire within 6 months of the loan closing date, additional documentation is required. Document that extension steps and fees paid as shown by the USCIS website.
- When applicable, valid employment authorization doc (EAD) required for US employment if not sponsored by current employer

5.4.4 Ineligible Borrowers

The following borrowers are ineligible:

- Irrevocable Trust.
- Land Trust.
- Individual possessing diplomatic immunity or otherwise excluded from US jurisdiction.
- Any material parties (company or individual) to transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administrative (GSA) Excluded Party list or any other exclusionary list.
- Foreign Nationals.
- Borrowers without a valid Social Security Number.
- Borrowers who are party to a lawsuit.



6.0 CREDIT

6.1 Credit Report

A tri-merge credit report is required for every borrower. All applicants must have a valid Social Security number. Fannie Mae guidelines should be utilized for processing and documenting all required credit reports and determining borrower's credit eligibility.

Borrower explanations are to be provided for any Disputed Tradelines with derogatory information reported in the last 2 years.

For borrowers who have a security freeze on their credit, the security freeze must be removed and credit repulped.

6.2 Loan Integrity and Fraud Check

Data integrity is critical to quality loan file delivery and mitigation of fraud risk. All loans must be submitted to an automated fraud and data check tool (i.e. FraudGuard, DataVerify, etc.). A copy of the findings report must be provided in the loan file along with any documentation resolving any deficiencies or red flags noted.

6.3 Credit Inquiries

Lenders must inform borrowers that they are obligated to notify the lender of any new extension of credit, whether unsecured or secured, that takes place during the underwriting process and up to the consummation of the loan.

For all inquiries within the most recent 90 days of the credit report date, a signed letter of explanation from the borrower or creditor is required to determine whether additional credit was granted as a result of the borrower's request. If new credit was extended, borrower must provide documentation on the current balance and payment; based on the verification of all new debt/liabilities, the borrower should be qualified with the additional monthly payment. If no credit was extended, borrower must state the purpose of the inquiry.

6.4 Credit Report Update

The underwriter is to confirm there are no new or higher debt obligations for the borrower by using a gap credit report, soft-pull or undisclosed credit monitoring (UDM) report. This type of report is required if Note date is greater than 30 days after the date of the credit report relied upon for underwriting. The gap credit report, soft-pull or UDM report is to be dated within 30 days of the Note date.

When new liabilities are discovered via the credit refresh, they must be added to the DTI. New inquiries must also be addressed.

These requirements do not apply to loans documented under DSCR.



6.5 Housing History

Borrowers must have satisfactory mortgage and/or rent payment history in the 3 years prior to loan application. All files must be documented with 1 of the following:

- Purchase: 12-month housing history consisting of mortgage reported on credit or VOR from management company. Combination of mortgage and rent history covering 12 months acceptable.
- Cash-out: 6 months current first lien reporting on credit report, OR 1 of the following:
 - VOM from an institutional lender.
 - Legally inherited property supported by cancelled checks to first lien.

6.6 Consumer Credit

6.6.1 Consumer Credit History

Applicants with current credit delinquencies are ineligible.

30-day charge accounts (e.g. Amex) can remain open if borrower has sufficient funds in reserve (cash-out funds included) to cover the balance.

6.6.2 Consumer Credit Charge-offs and Collections

Open charge-offs or collections < \$1,000 per occurrence are acceptable. Open medical collections < \$1,000 per occurrence are acceptable.

6.6.3 Consumer Credit Counseling Services

Borrowers enrolled in credit counseling are ineligible.

6.6.4 Judgment or Liens

All judgements, garnishments and all outstanding liens must be paid off prior to or at loan closing.

6.6.5 Income Tax Liens

All income tax liens (federal, state, local) must be paid off prior to or at loan closing.

6.7 Credit Event Seasoning

No foreclosure actions (NOI, NOD), short-sale, deed in lieu, bankruptcies in last 48 months. No multiple credit/housing events (FC, BK, SS/DIL) in the last 84 months.

6.8 Credit Score

The Representative Credit Score is to be used for the Credit Decision. The tri-merge report must return at least 2 scores for each borrower.

Minimum credit score for co-borrowers is 620.



6.8.1 Representative Credit Score (Full Doc, Bank Statement, 1099, WVOE & P&L)

For all doc types except Asset Utilization & DSCR, a borrowers' representative credit score is the lower of 2 scores or the middle of 3 scores.

For loans with multiple borrowers: The occupying borrower with the highest income is the primary borrower and their representative credit score is to be used. When borrowers are self-employed and have equal ownership of a business, the lowest highest representative score of all borrowers is to be used.

6.8.2 Representative Credit Score (Asset Depletion & DSCR Loans)

For Asset Depletion & DSCR loans, the lowest representative score of all borrowers is to be used.

6.9 Standard Tradelines Requirements

If the borrower whose score is being used to determine the representative credit score has 3 credit scores, the tradeline requirement is waived and no tradeline analysis is required.

The primary wage-earner must meet either of the minimum tradeline requirements listed below:

- At least 3 tradelines reporting for a minimum of 12 months with activity in the last 12 months; or,
- At least 2 tradelines reporting for a minimum of 24 months with activity in the last 12 months.

On Primary Residence only, borrowers who do not have the minimum tradelines are acceptable with a current mortgage history on their credit report reporting 0x30x12 (no private party mortgages).

Valid tradelines have the following characteristics:

- The credit line must be reflected on the borrower's credit report.
- The account must have activity in the last 12 months but may be open or closed.
- Student loans may be counted as tradelines as long as they are in repayment and are not deferred.
- An acceptable 12 or 24-month housing history not reporting on credit may also be used as a tradeline (VOR from professional management company).

The following are not acceptable to be counted as valid tradelines:

- Liabilities in deferment status
- Accounts discharged through bankruptcy
- Authorized user accounts
- Charge-offs
- Collection accounts
- Foreclosures
- Deed-in-lieu foreclosures
- Short sales
- Pre-foreclosure sales

On piggyback loans, minimum tradelines are waived when the first lien has an AUS with Approve/Eligible or Approve/Ineligible Recommendation.



6.10 Obligations / Liabilities not appearing on Credit Report

6.10.1 Housing and Mortgage Related Obligations

All properties owned by the borrower must be fully documented. These obligations must be verified using reasonably reliable records such as taxing authority or local government records, homeowner's association billing statements, information obtained from a valid and legally executed contract.

The monthly mortgage payment (PITIA) used for qualification consists of the following:

- Principal and Interest
- Hazard and flood and insurance premiums
- Real Estate Taxes
- Special Assessments
- Association Dues
- Any subordinate financing payments.
- Premiums and similar charges that are required by the creditor (i.e., mortgage insurance)

6.10.2 Current Debt Obligations, Child Support, Alimony or Maintenance Obligations

A lender may use a credit report to verify a borrower's current debt obligations, unless the lender has reason to know that the information on the report is inaccurate or disputed.

Monthly alimony, child support or separate maintenance fees should be current at time of application and must be included in the borrower's DTI ratio. The file should contain supporting documentation as evidence of the obligation, such as a final divorce decree, property settlement agreement, signed legal separation agreement, or court order. If payments are past due, the borrower is ineligible.



7.0 ASSETS

7.1 Document Options

For purchase files, documentation of sufficient funds from acceptable sources for down payment, closing costs, prepaid items, debt payoff are required and follow first lien approval when applicable. FNMA guidelines used to verify funds. All documentation to follow AUS requirements when applicable.

7.1.1 Required Assets

Closed End Second liens do not require reserves to be verified. The underwriter is responsible for verifying any cash required to close or pay off debts. For piggyback second liens, the second mortgage file must contain all required asset documentation from the first mortgage.

7.2 Ineligible Qualifying Assets

Ineligible Qualifying Assets	
Asset Type	
Assets held in the name of a Non-Profit, Charity or Church/Religious Organization	
Bridge Loans	
Cash Advances	
Cash-on-hand	
Down Payment Assistance Programs	
Gift or Grant Funds Which Must be Repaid	
Non-vested Restricted Stock Units (RSU)	
Non-vested Retirement Funds	
Non-vested Stock Options	
Proceeds of SBA/PPP Loan	
Rent Credit (Lease to Own Arrangements)	
Section 8 Voucher Assistance	
Security Deposits for Rental Properties Owned	
Sweat Equity	
Unsecured Loans	



8.0 INCOME DOCUMENTATION

8.1 Income Analysis

For standalone second liens, the income documentation and calculation should follow the Fannie Mae Selling Guide with 2 years verification unless otherwise noted by the program document requirements.

For piggyback loans, the income documentation and calculation follow first lien approval.

8.1.1 Income Worksheet

Standalone loans using bank statement program must include underwriter's income calculations.

Income analysis for borrowers with multiple businesses must show income/(loss) details separately, not in aggregate.

8.1.2 Employment and Income Verification

For standalone loans, most recent 2 years employment is required to be documented and verified for all income/documentation types unless otherwise noted by specific program requirements.

If any borrower is no longer employed in the position disclosed on the Form 1003, loan will be ineligible for purchase.

A 2 year employment history is required for the income to be considered stable and used for qualifying.

When the borrower has less than a 2 year history of receiving income, underwriter must provide written analysis to justify the stability of the income used to qualify the Borrower.

For piggyback loans, documentation to follow first lien approval.

8.2 Debt to Income Ratio / DTI

Standard Debt-to-Income ("DTI") maximums as per Matrix.

DTI is calculated and reviewed for adherence to Fannie Mae guidelines and inclusion of all income and liability expenses.

8.3 Documentation Options

For standalone loans, wage earners may use the Full Doc or WVOE programs. Self-employed borrowers may use the Full Doc, Bank Statement, 1099, or P&L programs.

For piggyback loans, follow first lien documentation requirements. Documentation used for the Closed End Second must be the same as used for the first lien.



8.4 Full Doc Income

8.4.1 Full Doc for Standalone

Wage/Salaried borrowers:

- W-2s for most recent 1 or 2 years and current paystubs reflecting 30 days of YTD earnings.
- W-2 transcripts.
- A verbal VOE from each employer within 10 days of the note date for wage and salaried employees.

Self-employed borrowers:

- 1 or 2 years tax returns (business and personal) including all schedules.
- Current YTD P&L (borrower prepared ok), or 3 months bank statements.
- Qualifying income based on tax returns. P&L or bank statement to support tax return income.
- Tax transcripts.
- For self-employed verify existence of business within 30 days of the note date with 1 of the following:
 - Letter from business tax professional.
 - On-line verification from regulatory agency or licensing bureau.
 - Certification verifying business existence through direct contact or internet search.

Other Miscellaneous Income

- Treatment of miscellaneous income sources follow FNMA guidelines.

8.4.2 Full Doc for Piggyback

Documentation requirements to follow first lien requirements.

8.5 Alternative Income Documentation: 12 or 24 months Bank Statements

8.5.1 Alt-Doc: 12 or 24 months Bank Statements

For self-employed borrowers. Bank statements (personal and/or business) may be used as an alternative to tax returns to document a self-employed borrower's income.

The Primary Borrower (greater than 50% of income) should be self-employed for at least 2 years (25% or greater ownership) to qualify for this program. If there are less than 2 years but more than 1 year of self-employment with the same business, the borrower may qualify if they can evidence at least:

- 2 years of previous employment in the same industry/line-of-work of the current business, OR
- 1 year previous employment in the same industry/line-of-work and 1 year of formal education or training in the same industry/line-of-work.

No 4506-C/tax transcripts/Tax Returns (4506-C required for salaried co-borrowers)

8.5.2 Alt-Doc: Bank Statement Restrictions

See Matrix for acceptable credit, max CLTV, loan amount, combined lien amount and DTI for the transaction.

The bank accounts should not reflect more than 3 instances of NSF/overdrafts/insufficient funds occurring in the most recent 12-month period, or 6 instances in the most recent 24-month period. Business bank statements must be operating account(s) reflecting normal business expenses.



- If the bank account has overdraft protection that is linked to another account with the same financial institution, an overdraft would not be considered as an NSF so long as the account does not reflect a negative balance at day's end & shows the transfer from the linked account.

8.5.3 Alt-Doc: Bank Statement Documentation

Self-Employed Borrowers

- A borrower with a 25% or greater ownership interest in a business is considered self-employed and must be evaluated as a self-employed borrower.
- Borrower must document 2 years current continuous self-employment with business license or statement from corporate accountant/CPA confirming the same.
 - Other documentation from third parties may be acceptable on a case by case basis (e.g., letter from an attorney).
 - Acceptable business license must be verified by third party (e.g., government entity, borrower's business attorney). Borrowers whose self-employment cannot be independently verified are not eligible.
 - In instances where a license is not required (e.g., choreographer), a letter from a CPA confirming employment may be accepted in lieu of a license.

1099 Contractor

- A borrower who is a "1099 contractor" may be considered self-employed for this program with confirmation from a CPA that the borrower is a 1099 contractor and files Schedule C or Schedule E with the IRS (personal tax returns). Borrower cannot have ownership of 1099 Payor's business.

8.5.4 Alt-Doc: Bank Statement Supplemental Income Documentation

In addition to the income being calculated with Bank Statements (i.e. self-employment income) the file may use additional supplemental sources of income which must be documented as follows:

Non-taxable Income (if included in deposits)

- Non-taxable income may be grossed up by 15% for qualifying (e.g., Social Security).
- Supporting documentation is required to validate deposits.

Retirement and Other Income (if included in deposits)

- Retirement income and other fixed documentable income is allowed for qualifying income for both a self-employed borrower and for any non-self-employed or retired co-borrower.
- Non-taxable income may be "grossed up" by 15%.
- Other non-retirement income from the self-employed borrower (e.g., W-2 wage income) may be used. This other income must be fully documented (i.e., may not use the bank statement documentation).
- Supporting documentation is required to validate deposits.

Rental Income (if included in deposits)

- Rental income used for qualification must be documented with lease(s). Use 75% of lease rent amount minus PITIA for net rental income.
- An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires is allowed.
- Supporting documentation is required to validate deposits.
- ADU: For properties defined as a one-unit property with an accessory unit (ADU), rental income may be qualified from the accessory unit subject to the following:



- Appraisal must reflect that the zoning compliance is legal (permits are not required to establish zoning compliance),
- The appraisal must include at least 2 sales comparables with an accessory unit, and Form 1007 must include at least one rental comparable with an accessory unit in which the ADU receives rental income.
- The following are considered on a case-by-case basis:
 - One-unit property with 2 accessory units
 - Two-unit property with a single accessory unit
- Refinance: Market rent for the accessory unit should be documented on Form 1007, and the file must include a copy of the current lease with 2 months proof of current receipt.
- Purchase: Use the lesser of the market rent on Form 1007 or the lease agreement.
- For short-term leases, VRBO/Air BNB or similar services are allowed per the below formula:
 - Use a 12 month average (from bank statement deposits) of the Airbnb deposit income LESS a 20% vacancy factor and LESS the PITIA on the non-owner property to calculate either a negative or positive for the property.

Employed Borrowers

- Most recent paystub including year-to-date earnings (covering minimum of 30 days) and two years W-2s; or,
- Traditional Written Verification of Employment with 30 days of paystubs and 2 years W-2s.
- Must have 2 years continuous employment in the same line of work.
 - Gaps of 90 days or less may be accommodated with adequate explanation.
- W-2 only and/or 1099 transcripts from the IRS are required for the wage earning or retirement income borrower.

8.5.5 Alt-Doc: Bank Statement Income Analysis

Bank statements are used to calculate and show consistency of income for the self-employed borrower.

When using 12 or 24 months of bank statements, no P&L is required.

8.5.5.1 Personal Bank Statement Program

Requirements:

- If the borrower maintains separate bank accounts for personal and business, only personal bank statements are used for qualifying.
- The borrower is to provide the most recent 24 or 12 months consecutive personal bank statements and 2 months business bank statements (to support the borrower does maintain separate accounts, and to show business cash flows in order to utilize 100% of business-related deposits in personal account).
- The deposits are analyzed and averaged to determine monthly income.
 - No expense factor.
 - Deposits to a personal account from sources other than self-employment are not to be included.
- When the borrower is an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification.

Expense Factor:

- No expense factor for Personal Bank Statement Program.



8.5.5.2 Business Bank Statement Program

Requirements:

- If only using business bank statements, borrower is to provide the most recent 24 or 12 months consecutive business bank statements.
- The bank statements are analyzed per [Alt-Doc : Business and/or Combined Bank Statement Income Analysis](#).
- The bank statements should show a trend of ending balances that are stable over the 24 or 12 month period.
 - Large deposits inconsistent with history must be documented as business income.
 - Net deposits must not reflect any other income sources already taken into consideration (i.e. deduct SS payments, W-2 wage earnings, etc., that have already been used for income calculation).
- Maximum of 3 businesses may be used to qualify on a loan.

Expense Factor:

- Standard expense factor applies; 50% expense factor.
- The underwriter may use an expense factor higher than the standard 50% when the analysis of the bank statements reflect higher expenses.
- If the type of business operates more efficiently or typically has a materially different expense factor (lower than 50%), then the expense factor per a CPA/CTEC/EA letter may be applied. PTIN acceptable if documented as employed by a 3rd party tax preparation service.
 - When a CPA or tax preparer produced statement is provided, apply the stated expense factor to calculate the qualifying income. Provide either of the following:
 - A CPA/CTEC/EA produced written statement/letter specifying the actual expense ratio of the business (including cost of goods sold and all other business expenses) based on the most recent year's filed tax returns. Such statement shall not include unacceptable disclaimer or exculpatory language regarding its preparation. See [Sample of CPA Letter for Bank Statement Program \(Expense Factor\)](#).
 - The expense factor per the CPA/CTEC/EA produced statement must be reasonable.
 - A CPA/CTEC/EA-produced Profit and Loss (P&L) statement, covering the same period as the bank statements (12 or 24 months) can be provided as long as the following applies:
 - CPA/CTEC/EA who prepared the P&L acknowledges in writing that they have prepared or reviewed the P&L.
 - PTIN acceptable if documented as employed by a 3rd party tax preparation service.
 - The accompanying statement does not have unacceptable disclaimer or exculpatory language regarding its preparation.
 - The annual deposits on the bank statements must be at least 75% of the gross receipts per the P&L.

8.5.5.3 Personal & Business Bank Statements Combined

Requirements:

- If personal and business bank activity are combined in 1 bank account, borrower is to provide the most recent 24 or 12 months consecutive bank statements from the same account.
- The bank statements are analyzed per Business Bank Statement Analysis guidance in [Alt-Doc : Business and/or Combined Bank Statement Income Analysis](#) to determine qualifying income.
- When the borrower is an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification.



Expense Factor:

- Standard expense factor applies; 50% expense factor.
- The underwriter may use an expense factor higher than the standard 50% when the analysis of the bank statements reflect higher expenses.
- If the type of business operates more efficiently or typically has a materially different expense factor (lower than standard expense factor), then the expense factor per a CPA/CTEC/EA letter may be applied. PTIN acceptable if documented as employed by a 3rd party tax preparation service.
 - When a CPA or tax preparer produced statement is provided, apply the stated expense factor to calculate the qualifying income. Provide either of the following:
 - A CPA/CTEC/EA produced written statement/letter specifying the actual expense ratio of the business (including cost of goods sold and all other business expenses) based on the most recent year's filed tax returns. Such statement shall not include unacceptable disclaimer or exculpatory language regarding its preparation. See [Sample of CPA Letter for Bank Statement Program \(Expense Factor\)](#).
 - The expense factor per the CPA/CTEC/EA produced statement must be reasonable.
- A CPA/CTEC/EA-produced Profit and Loss (P&L) statement, covering the same period as the bank statements (12 or 24 months) can be provided as long as the following applies:
 - CPA/CTEC/EA who prepared the P&L acknowledges in writing that they have prepared or reviewed the P&L.
 - PTIN acceptable if documented as employed by a 3rd party tax preparation service.
 - The accompanying statement does not have unacceptable disclaimer or exculpatory language regarding its preparation.
 - The annual deposits on the bank statements must be at least 75% of the gross receipts per the P&L.

8.5.5.4 Business and/or Combined Bank Statement Income Analysis

Using bank statements to document qualifying income requires the underwriter to review each set of statements differently according to the type of business and the detail of information contained in the statements.

Unlike a paystub, W2 or tax return, bank statements do not contain the same details from one bank to another. All bank statements will contain the same general information such as deposits, debits, balances etc. The information that will vary widely will be the details shown for each debit or deposit source. Some accounts will contain copies of checks written while most will not.

The underwriter will have to understand and analyze the following to determine a supportable qualifying income:

- Research the business type: The underwriter must have an understanding of the type of business the statements represent and the expected deposits and expenses for the business both in dollar amounts and frequency. The underwriter must review the address(es) of the business to ensure the location could support the type and size of business reported if applicable.
- The underwriter will have to categorize the type of bank statements being reviewed as either combined personal and business or business only. Statements cannot be categorized based solely on the account "name". The activity in the details are to be used to determine the account type.
- The underwriter will have to review the individual electronic and check debit activity to determine that the expense ratio being applied is accurate and supported by the statements.
- When the bank statement debit activity reflects expenses higher than the standard expense ratios the underwriter is to analyze the monthly debits to determine the representative expenses for the business.



- The underwriter will have to recognize when the bank statements provided are insufficient to determine a supportable qualifying income. Often additional statements or “other” accounts may be required to provide a complete income picture.

Personal and Business Bank Statements Combined

These are accounts that are typically used by small business owners for both business and personal use. The account activity will show deposits from business activity as well as all other sources of income (wages from spouse, second job, SSI, rents, etc.).

Business Bank Statement

These are accounts that are used solely for business revenue and expenses. The account will typically show revenue and expense activity for only the business. Occasionally the account could show deposits or liability payments that are not business related.

- An acceptable business account will reflect business revenue deposits and business expense payments. An account showing deposits and only transfers to other accounts is not sufficient to analyze the business expenses and determine qualifying income.
- Trust accounts or Client Trust accounts are not acceptable documentation for determining qualifying income. The Operating account for the business must be used to accurately analyze business expenses.

Initial Deposit Review

Using an income worksheet the underwriter is to document the total deposits from the monthly statement. The underwriter will review the individual deposits on the statement and itemize deposits that are not allowable (unknown wires, transfers from other accounts, refunds, unusually large deposits). Income documented separately (SSI, W2, etc.) but included in deposits being reviewed must be backed out of deposits. Gross rents from any REOs are to be backed out of the deposit totals.

- From statement to statement the underwriter can recognize a deposit pattern of regular dollar amounts, frequency and source. From this pattern and the underwriter knowledge of business type, the threshold for unusual deposit amounts will be apparent. Additional documentation of unusual deposits will be required to be included as business revenue.
- underwriter to research deposits/wires that the source is identified to insure the deposit is business revenue. The underwriter will be able to identify deposits that are from business financing sources and not to be included as revenue.
- Deposits that are inconsistent in type, size or source are to be noted by underwriter for further review after several months have been completed. The underwriter can often determine a deposit as acceptable or not after multiple months of activity for deposits and debits are reviewed.

Review of Debits

The underwriter is to review each statement debit activity for the purpose of supporting the business expense factor used to determine qualifying income. Subject to the information provided for each debit, the underwriter will be able to determine the accuracy of the expense factor.

- Debits from the account are to be reviewed for consistency with the business type and expense factor applied or provided in the case of a CPA P&L. A business with a 40% expense factor per the P&L will not have 60% of the monthly deposits paid out to 3rd parties over a 12 or 24 month period. The underwriter will be able to support the expense factor provided or determine the accurate expenses of the business with the review of the debit activity and checks paid.
- Debits that are known personal liabilities (as per credit report) are not viewed as business operating expenses. Undisclosed liabilities that occur regularly are to be researched to determine if additional documentation is required to categorize the expense as business or personal.



- Debits that are paid to the same sources that a deposit has been received from must be backed out of the deposit totals.
- Debits that are reversals or adjustments to a deposit item are to be backed out of the deposit total for that statement period.

Review of Checks Paid

All bank statements will itemize checks paid during the statement period. Some statements will also include copies of each check.

- Statements without copies of checks: With a list of the checks written during the statement period, the information an underwriter can capture is limited. The approach with checks written from a business account is to treat them as business expenses unless documented as otherwise by a copy of the cancelled check.
- Statements with copies of checks: With the copies of cancelled checks the underwriter will have clarity as to whether the payment is an expense of the business. The payee name, memo line and the endorsement of the check will provide information that can assist the underwriter's review and assessment of the business expenses.

8.6 Alternate Income Documentation: 1099

8.6.1 Alt-Doc: 1099

This program is designed for borrowers who are paid on a 1099 basis and would benefit from alternative loan qualification methods. Most recent 1 year or 2 years IRS Form 1099(s) may be used as an alternative to tax returns to document the borrower's income.

8.6.2 Alt-Doc: 1099 Restrictions

See Matrix for acceptable credit, max CLTV, loan amount, combined lien amount and DTI for the transaction.

- Borrower cannot have any ownership interest in the company(s) providing 1099 income.
- 1099 statements must be payable to the individual borrower(s). 1099 statements payable to a business entity owned by the borrower(s) are not eligible.

8.6.3 Alt-Doc: 1099 Requirements and Documentation

Requirements:

- Most recent 1 year or 2 years IRS Form 1099(s) from employer(s). Borrower must have 2 year history of 1099 employment.
- Current paystub or bank statement deposit for each 1099 source utilized for qualification (e.g. if borrower provided 1099 forms from five separate sources, then a separate paystub/bank statement deposit must be provided from each of the five 1099 sources to support current receipt).
- Third party documentation (CPA/CTEC/EA) supporting a 2 year employment history when 1 year 1099 used.
- IRS 1099 transcripts are required for each 1099 provided.
- 1099 Income that is not supported by documentation of current receipt cannot be used for qualification.

Expense Factor:

- A 10% expense factor should be used.
- 1099 income minus 10% expense factor / 12 months = Qualifying Income.



See below example for qualification of 1099 income, with a borrower obtaining 1099 income from 2 different sources:

Borrower's 1099 Sources	1099 Income
1099 Form #1	\$25,000
1099 Form #2	\$35,000
Total 1099 Income	\$60,000
Minus 10% Expense Factor	(\$6,000)
1099 Income less Expense Factor	\$54,000
1099 Income less Expense Factor / 12 months	\$54,000 / 12 months
QUALIFYING INCOME	\$4,500 / month

8.7 Alternative Income Documentation: WVOE

8.7.1 Alt-Doc: WVOE

This program is designed for wage or salaried borrowers providing a streamlined loan qualification method.

8.7.2 Alt-Doc: WVOE Restrictions

See Matrix for acceptable credit, max CLTV, loan amount, combined lien amount and DTI for the transaction.

This documentation program is not available to borrowers employed by a family member.

8.7.3 Alt-Doc: WVOE Requirements and Documentation

Acceptable documentation forms

- FNMA Form 1005 plus 2 months personal bank statements
- Equifax (The Work Number)
- Finicity (TXVerify)
- Any other acceptable online income data vendor

Form 1005 must be fully completed (current gross pay, YTD earnings, past 2 years earnings) by an authorized company representative (Owner, Officer, HR). When Form 1005 is provided as specified above, 2 months personal bank statements supporting WVOE employment wages must be provided.

8.8 Alternative Income Documentation: P&L Only

8.8.1 Alt-Doc: P&L Only

This program is designed for borrowers who are self-employed and would benefit from alternative loan qualification methods. A CPA/CTEC/EA completed and signed P&L may be used as an alternative to tax returns to document a self-employed borrower's income. No other income documentation type other than Asset Depletion can be combined with the P&L for the self-employed borrower.

No 4506-C/tax transcripts/Tax Returns.



8.8.2 Alt-Doc: P&L Only Qualifying Income

The borrower's qualifying income will be based on the net income as shown on the P&L statement (multiplied by the borrower's ownership percentage).

8.8.3 Alt-Doc: P&L Only Requirements and Documentation

Requirements:

- CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period.
 - PTINs are not acceptable to sign/prepare P&L statements.
- A signed letter from the CPA, CTEC (CA Tax Education Council) or EA (Enrolled Agent) on their business letterhead showing address, phone number, and license number is required with the following information. See [Sample of CPA Letter for P&L Program](#) for example letter.
 - CPA/CTEC/EA confirms they have prepared and/or reviewed the most recent year's business tax return filing; and,
 - The business name, borrower's name, and percentage of business ownership by the borrower.
- Evidence the business has been in operation for 12 months or greater.
- Evidence of business ownership percentage if the business is a corporate entity and the P&L covers the business as a whole (not just the borrower's share of the business).
 - Borrower must have at least 25% ownership of the business.
 - Acceptable forms of documentation include a business license, signed written statement from the CPA/CTEC/EA, an Operating Agreement, Articles of Incorporation/Articles of Organization, a Partnership Agreement, or a Business Certificate filed with a governmental agency.
 - Documentation showing sole member entity or sole proprietor is acceptable to indicate 100% ownership.
- Third-party documentation must be provided from which the borrower's ownership percentage can be determined. Documents which are not required to list all owners do not meet this requirement.
- Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub.

P&L statements not meeting the aforementioned requirements, or which are suspicious in nature, may require additional verification.

8.9 Alternative Income Documentation: Asset Depletion (6 months Asset Statements)

On stand-alone loans, Asset Depletion can be used as a stand-alone income qualifier or in combination with all documentation types except DSCR to determine or augment qualifying income.

Employment and income are not required to be disclosed on the 1003 loan application for loans where Asset Depletion is the sole income qualifier.

8.9.1 Asset Depletion: Restrictions

See Matrix for requirements, restrictions & qualifying criteria.

Cash-out proceeds from the subject transaction may not be used in the depletion calculation.

When Asset Depletion is \geq 50% of total qualifying income:

- Primary Residence only
- MIN 700 credit score



- Piggyback transactions not permitted

When Asset Depletion is < 50% of total qualifying income:

- Use matrix for majority income type
- Piggyback transactions not permitted

8.9.2 Asset Depletion: Requirements & Documentation

Statements covering the most recent six (6) months are required for each asset used for qualifying. Quarterly statements covering the most recent two (2) quarters are acceptable.

8.9.3 Asset Depletion: Assets and Qualification Analysis

Borrower is qualified utilizing the most recent six (6) months asset documentation verified: cash in bank (100%), stocks (90%), bonds (90%), IRA's (80%), 401K (80%), mutual funds (90%), and/or retirement accounts (80%).

The total allowable assets less required reserves are divided by 60 months to determine the qualifying monthly income to be used in calculating the debt-to-income ratio (DTI).

Assets – Reserves / 60 months = Qualifying Income

Total monthly liabilities / Qualifying Income = DTI

8.9.4 Asset Depletion: Eligible Asset Types for Loan Qualification

Considered assets must be comprised of the following readily marketable assets which must be available to the borrower and are limited as follows:

- Bank Deposits – Checking, Saving, Money Market accounts = 100%
- Publicly traded stocks and bonds = 90% (stock options not allowed)
- Mutual Funds = 90%
- Retirement accounts (401K plans, SEP or KEOUGH accounts) = 80%
 - Can only be used if distribution is not already set up

For eligible asset types, any debt tied to that asset must be netted out. Example: stocks bought on margin or 401K loan against the 401K account.

Assets must be in liquid or semi-liquid form. No privately-held stock, deferred compensation or non-regulated financial companies.

8.9.5 Asset Depletion: Ineligible Asset Types for Loan Qualification

Ineligible asset types:

- Business funds
- Non-liquid assets (automobiles, artwork, business net worth, etc.)
- Life insurance – Face Value not allowed
 - Cash value of a vested life insurance policy is allowed at 100%
 - When used for reserves, the cash value must be documented but does not need to be liquidated or received by borrower
- Annuities of any type are not allowed

Cryptocurrency



8.10 Investor Debt Service Coverage Ratio: DSCR

8.10.1 DSCR: Investor DSCR (Debt Service Coverage Ratio)

This program is designed for experienced real estate investors and qualifies borrowers based on cash-flows solely from the subject property. Only standalone cash-out transactions are eligible for this program.

The borrower must have a history of owning and managing commercial or residential investment real estate for a period of at least 12 months within the most recent 36 months. Proof of this investor experience must be in loan file. See also [DSCR: Professional Investor Streamlined Documentation Requirements](#).

No borrower employment or income should be included on the loan application.

Borrower must acknowledge the loan is a "business purpose loan" via the [Occupancy Affidavit](#).

DSCR loans are classified as business loans. TRID and ATR requirements do not apply.

8.10.2 DSCR: Restrictions

See Matrix for acceptable credit, max CLTV, loan amount, combined lien amount and DSCR for the transaction.

Not eligible for owner occupied or second home.

Not eligible for purchase/piggyback transactions, or transactions involving first-time investors.

Pre-payment penalty must be in compliance with the terms and limitations of the applicable state or federal law.

First-Time Investors are not eligible for this transaction type.

Must have 1 Year Landlord Experience and Primary Housing Expense & Housing History (No Rent-Free Situations)

8.10.3 DSCR: Documentation

Income used to qualify borrower is based upon cash flow from subject property. All DSCR Closed End Second loans must include a Form 1007 Comparable Rent Schedule for long-term rental leases. For short-term rental leases, Form 1007 or an Alternative Short-Term Rental Analysis form developed by the Appraisal Management Company (AMC) must be provided.

A 4506-C is NOT required.

For long term rentals that are occupied, provide a copy of the current lease. Alternatively, an expired lease agreement that has verbiage that states the lease agreement becomes a month to-month lease once the initial lease/rental term expires is acceptable.

All borrowers must provide the following:

- A complete schedule of all real estate owned, indicating financed and "free and clear" properties.



- Mortgage/lien rating for the subject property and the primary residence.
- Documented proof that lien-free properties are truly “free and clear” of all liens.

8.10.3.1 DSCR: Refinance Currently Leased 1-4 Units

DSCR is calculated using lower of lease agreement or rent survey.

If existing lease agreement(s) show a higher rental amount than the market rent from form 1007, the higher rents may be used with receipt of most recent 3 months payments (e.g. cancelled checks, bank statements, etc.), or as per the terms on the lease agreement for new leases.

If the market rent on Form 1007 is greater than the existing lease, the higher market rents may be used up to 120% of the lease amount to qualify (e.g. lease is \$1,400 and Form 1007 is \$1,800, then \$1,680 may be used to qualify). A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007. Otherwise, a copy of the lease is required.

8.10.3.2 DSCR: Refinance Vacant Single Unit Property

Utilize rent survey (Form 1007) to calculate DSCR. The underwriter must have a reasonable explanation for why the property is currently vacant, such as recently renovated or recently purchased.

8.10.3.3 DSCR: Refinance 2-4 Unit with a Vacancy

Eligible with maximum of 1 vacant unit. Use lower of lease agreements or market survey for leased units. Use market survey for vacant unit to calculate DSCR.

If existing lease agreement(s) show a higher rental amount than the market rent from form 1007, the higher rents may be used with receipt of most recent 3 months payments (e.g. cancelled checks, bank statements, etc.), or as per the terms on the lease agreement for new leases.

If the market rent on Form 1007 is greater than the existing lease, the higher market rents may be used up to 120% of the lease amount to qualify (e.g. lease is \$1,400 and Form 1007 is \$1,800, then \$1,680 may be used to qualify). A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007. Otherwise, a copy of the lease is required.

8.10.3.4 DSCR: Accessory Dwelling Unit (ADU)

For properties defined as a 1-unit property with an accessory dwelling unit (ADU), rental income may be qualified from the accessory unit subject to the following:

- Appraisal must reflect that the zoning compliance is legal (permits are not required to establish zoning compliance),
- The appraisal must include at least 2 sales comparables with an accessory unit, and Form 1007 must include at least 1 rental comparable with an accessory unit in which the ADU receives rental income.
- The following are considered on a case-by-case basis:
 - 1-unit property with up to 3 ADU's
 - 2-unit property with up to 2 ADU's
 - 3-unit property with a single ADU
 - ADU's are not allowed on 4-unit property
- Market rent for the accessory unit should be documented on Form 1007, and the file must include a copy of the current lease with 2 months proof of current receipt.



8.10.3.5 DSCR: Short-Term Leases

In order to use short-term rental income, the property must have been owned and rented on a short-term basis for a minimum of 12 months.

Short Term Rental is defined as a property that is rented based on a nightly rate charge. Any leases or rentals that include a monthly rental amount are considered long-term rental (LTR).

Parameters for Short Term Rental are as follows:

- Nightly rate charge must be provided
- Property must be located in an established short term rental market and confirmed in the property appraisal
 - Short-term rents may not be utilized if state or local (city or county, etc.) regulations restrict the ability of the subject property to be rented on a short-term basis.
- Gross rents reduced by 20% for specific costs (advertising, cleaning, etc.)
- Use the leases used throughout the year and average over the 12 month period. If there are months where the property is vacant, use zero for that month in the average. The average should be supported by the comparable rent schedule (within reason).
 - If subject property leased on a short-term basis utilizing an on-line service such as VRBO/Air BNB; gross monthly rents can be determined by using a 12 month look back period and either 12 monthly statements or an annual statement provided by the on-line service to document receipt of rental income. If documentation cannot be provided covering a 12 month period, the property will be considered unleased.

8.10.4 DSCR: Housing History

A satisfactory housing payment history for the previous 12 months is required for the borrower's primary residence, as well as the subject property. If housing payment history(s) are verified using a VOM or VOR (private mortgage, landlord, etc.), no additional documentation (e.g. cancelled checks) is required. Any housing event or mortgage tradeline delinquency reported on the credit report for any property owned by the borrower needs to be included in the housing history eligibility. For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required.

- If a borrower has less than 12-months primary housing history verified, a 12-month satisfactory mortgage history from another REO owned by the borrower may be utilized.
- If borrower is a Professional Investor, see next section.

8.10.5 DSCR: Professional Investor Streamlined Documentation Requirements

Provides reduced documentation on non-subject properties for the borrower who has a strong investor track record exhibited by the following:

- Currently owns 5 properties (Primary residence included).
- Has 5 years credit depth reported on credit report.
- At least 3 mortgages are reported on credit report within the last 3 years. No minimum months reporting required. No delinquencies allowed on months reported.

Reduced Documentation:

- Mortgage histories on non-subject properties are not required.
- Borrower housing history not required.



Required Information:

- At least 5 properties owned by the borrower to be listed on REO schedule.
 - For properties not listed on the credit report, these can be included in the REO.
- All information completed on REO schedule (mortgage balances, gross rents, etc.).

8.10.6 DSCR: Qualification

Loan qualification is based on Debt Service Coverage Ratio (DSCR) for the subject property.

- Use Note Rate to calculate PITIA for use in Debt Service Coverage Ratio (DSCR).

Debt to Income (DTI) ratio is not calculated.

DSCR (Debt Service Coverage Ratio)

The debt service coverage ratio is calculated by taking the gross rents divided by the PITIA of the subject property.

- No vacancy factor.
- Use the Note Rate to calculate PITIA.
- Minimum DSCR: 1.00

8.11 Non-Profit Organizations

Income derived from the Control/Ownership of non-profits, charities, and churches/religious organizations is not permitted to be used in qualifying. Only normal W2 wages paid by one of these organizations may be used in qualifying.

8.12 Ineligible Sources of Income

Ineligible Sources of Income
Income Type
Boarder income
Education benefits
Expense account reimbursement
Gambling income (except lottery winnings continuing for 5 years)
Income derived from illegal activities
Income from an OFAC sanctioned country, entity, or person
Business Income from Non-Profits, Charities or Churches/Religious Organizations
Lump-Sum distributions from non-retirement/non-trust investments
Marijuana or Cannabis related wage or business income
Mortgage credit certificates
Rental income from a second home
SBA loan or paycheck protection funds
Tax refunds
Trailing spouse or co-borrower income



9.0 FIRST LIEN DOCUMENTATION REQUIREMENTS

For the Closed End Second product, the following documentation is needed to evidence the loan terms of the existing first mortgage.

Standalone Closed End Second

- Paid current (within 90 days) first mortgage statement showing the following:
 - Current principal balance.
 - Fully amortized.
 - Term.
- Copy of the note.
- HOA statement (if applicable).
- HOI, flood insurance (if applicable), flood cert.

Piggyback Second

- Follow first lien income requirements.
- First mortgage approval reflecting Second.
- DU Approve/Eligible or Approve/Ineligible, or LP Accept.
- Purchase agreement (if applicable).
- HOA statement (if applicable).
- HOI, flood insurance (if applicable), flood cert.
- Closing instructions reflecting Second.
- Full appraisal from first mortgage and any additional collateral evaluation.



10.0 DOING BUSINESS WITH STG MORTGAGE

10.1 Licensing

STG Mortgage originates loans where it is properly licensed or where no license is required. The regulatory requirements and legal interpretations may change frequently. Please visit <https://stgmortgage.com/licenses/> for the state license numbers, the latest information on STG Mortgage's licensed states and where STG Mortgage is permitted to originate DSCR loans without a license.

For all Non-DSCR transactions, STG Mortgage only works with licensed mortgage originators (MLOs) who are registered in the NMLS system and properly licensed both nationally and in the subject property state.

For DSCR Transactions, STG Mortgage complies with all state laws and requires MLOs to be licensed if state law mandates it. For states which do not require MLO licensure on DSCR transactions, STG Mortgage will permit non-licensed individuals to originate DSCR transactions in compliance with state law. Visit <https://stgmortgage.com/licenses/> for a comprehensive list of state licensing requirements and exemptions.

10.2 Equal Housing Lender

STG Mortgage is an Equal Housing Lender. As prohibited by federal law, we do not engage in business practices that discriminate on the basis of race, color, religion, national origin, sex, marital status, age (provided you have the capacity to enter into a binding contract), because all or part of your income may be derived from any public assistance program, or because you have, in good faith, exercised any right under the Consumer Credit Protection Act. The federal agency that administers our compliance with these federal laws is the Federal Trade Commission, Equal Credit Opportunity, Washington, DC, 20580.

10.3 STG Mortgage Loss Payee

STG Mortgage Inc. ISAOA/ATIMA
18401 Von Karman Avenue
Suite 440
Irvine, CA 92612
STG Loan #

10.4 Taxes & Insurance Due at Closing

STG Mortgage requires that any property tax bills or insurance bills which will become due within 60 days of closing be paid as part of the transaction.

If taxes on the subject property are due and payable within 60 days but the county or city will not accept payment yet, then an escrow account is required to be set up by the title company to avoid any exceptions on the final title policy.

If a title company requires an escrow account when the due date is beyond 60 days, then all parties must adhere to the title company's requirements.

10.5 Homeowners Association Dues

HOA dues must be current or paid current at time of closing.



11.0 PROGRAM FORMS

11.1 Occupancy Affidavit

Loan Number: _____

Occupancy Affidavit

Borrower: _____

Co-Borrower(s): _____

Property Address: _____

I/We the undersigned certify that:

____ **Primary Residence** – I/We will occupy the Property as my/our principle residence within 60 days after the date of closing as stated in the Mortgage or Deed of Trust I/we executed. I/We will continue to occupy the Property as my/our principal residence for at least 1 year after the date of occupancy, unless Lender otherwise agrees in writing.

____ **Second Home** – I/We will occupy the Property as second home (vacation, etc.) while maintaining a principal residence elsewhere.

____ **Investment Property** – I/We will not occupy the Property as a principal residence or second home. I/We will not occupy for more than 14 days in any calendar year. The Property is an investment to be held or rented rather than for household or personal use.

INVESTMENT PROPERTY ONLY (the following must be completed on an investment property loan)

____ I/We understand that consumer protection laws applicable to consumer loans will not apply to this loan, including the Truth in Lending Act (15 U.S.C. § 1601 et seq.), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 et seq.), Gramm-Leach Bliley Act (15 U.S.C. §6802-6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 et seq.), and Homeowners Protection Act (12 U.S.C. § 4901 et seq.).

REFINANCE ONLY (the following must be completed on a refinance transaction)

____ I/We the undersigned, certify that the property referenced above is NOT currently listed for sale or under contract to be listed for sale.

I/We the undersigned acquired this property on this date: _____, _____.

I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to 30 years in federal prison or a fine of up to \$1,000,000, or both under the provisions of Title 18, United States Code, Sec 1001.et seq.

I/We understand that failure to comply with the requirement in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the lender to exercise it’s remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

_____	_____	_____	_____
Borrower Signature	Date	Borrower Name	Date
_____	_____	_____	_____
Borrower Signature	Date	Borrower Name	Date



11.2 Ability-To-Repay Borrower Attestation

Ability-to-Repay Borrower Attestation

Date: _____

Application No: _____

This Important Ability-to-Repay Notice is being provided to each borrower prior to the signing of the loan documents, but after federal Truth in Lending disclosures have been provided.

In reviewing your credit application, [_____] has considered and verified the following information as it relates to your ability to repay this loan according to its terms as required by applicable law: (1) your current and reasonably expected income and/or assets (other than the value of the dwelling and any attached real property); (2) your current employment status (to the extent that employment income is relied on to determine repayment ability); (3) the monthly payment for principal and interest on the loan; (4) the monthly payment on any simultaneous loan that [_____] knows or has reason to know will be made; (5) the monthly payment for mortgage-related obligations (e.g., property taxes, certain insurance premiums, fees and special assessments for condominiums, and homeowners association, ground rent, and leasehold payments); (6) your current debt obligations, alimony, and child support; (7) your monthly debt- to-income ratio and/or residual income; and (8) your credit history.

Below and in the attached Application Form (Uniform Residential Loan Application on Fannie Mae Form 1003) is the information that [_____] has been used and considered in making this loan, as required by applicable law:

Employment and Income:

Current Monthly Income: _____
Current Monthly Income from Assets: _____

Housing Expenses:

Principal and Interest Payment: _____
Real Estate Taxes: _____
Homeowner’s Insurance: _____
Association Dues: _____
Other: _____
Total Housing Payment: _____

Debts:

Installment and Revolving monthly debt payments: _____
Other Obligations (including alimony and child support payments): _____
Total Monthly Other Debts: _____

The information listed above was provided by you in your application and interview, and/or in third-party records and other documents (such as credit reports and tax records). Based on its consideration of this information, [_____] has made a reasonable and good faith determination that you have the reasonable ability to repay this loan according to its terms.

[_____] wants to make sure that the information listed above is correct and complete.
[_____] is in the business of making loans and collecting loan payments—it has no desire to make a loan that cannot be repaid under the terms of the agreement.

By your signature(s) below, you are confirming that:

- (1) You have read and understand this Important Ability-to-Repay Notice, and the information listed above is correct and complete.
- (2) Your current or reasonably expected income or assets (other than the value of the dwelling and any attached real property) is/are consistent with the information listed above.
- (3) Your current employment status is consistent with the information listed above and/or attached.
- (4) Your current housing expenses, debts, and other obligations (including alimony and child support payments) are consistent with the information listed above.
- (5) You have not applied for or opened any new credit accounts, defaulted on any credit accounts, filed for bankruptcy, or had any judgments entered against you by a court.
- (6) You have not experienced any other changes from the time you signed or otherwise completed the information listed above and in the attached Uniform Residential Loan Application (Form 1003) that would reduce your reasonable ability to repay this loan according to its terms.

Borrower(s):

Signature

Date

Signature

Date



11.3 Borrower Contact Consent Form

BORROWER CONTACT CONSENT FORM

(Information Optional)

To insure we have the correct contact information for servicing your loan, please provide the following information.

By signing, I authorize my mortgage servicer (its transfers and/or assigns) to contact me regarding the servicing of my loan using the following contact information.

Mailing address for your mortgage statements and other correspondence:

- Same as the subject property
Please use this mailing address instead:

Three horizontal lines for mailing address input.

Cell phone number:

- I choose not to provide a cell phone number.

I understand that by providing a cell phone number and by signing this form, I am giving the holder of my mortgage Note and its billing servicer permission to use the cell phone number to contact me regarding my loan.

Borrower: _____

Co-Borrower: _____

Email address:

- I choose not to provide an email address.

I understand that by providing an email address, I am giving the holder of my mortgage Note and its billing servicer permission to use this email to contact me regarding my loan.

Borrower: _____

Co-Borrower: _____

Signature(s)

Borrower _____

Date _____

Co-Borrower _____

Date _____



11.4 Sample of CPA Letter for Bank Statement Program (Expense Factor)

[Firm's Letterhead]

[Firm's Name]

[Address]

[City, State, ZIP Code]

[Phone Number]

[Email Address]

[Website]

[Date Prepared]

I attest that I am not related to or affiliated with [Borrower Name] or [Business Name], apart from a professional accounting relationship. I have either completed or reviewed the taxes for [Business Name] and determined the following:

[Borrower Name] has owned ___% of [Business Name] for ___ months.

[Business Name] has existed for ___ months.

The expense ratio for [Business Name] is: ___%.

Sincerely,

["Wet" Signature]

[Printed Accountant Name]

[Accountant License Type] [License Number]

The purpose of this letter is to document expense factor. See [Business Bank Statement Program](#) and/or [Personal & Business Bank Statements Combined](#).



11.5 Sample of CPA Letter for P&L Program

[Firm's Letterhead]

[Firm's Name]

[Address]

[City, State, ZIP Code]

[Phone Number]

[Email Address]

[Website]

[Date Prepared]

I attest that I am not related to or affiliated with [Borrower Name] or [Business Name], apart from a professional accounting relationship. I have reviewed the business records and/or financial working papers for [Business Name] to arrive at my conclusions and prepared the profit and loss dated [Date].

I attest that [Business Name] has existed since [Date] and borrower [Borrower Name] has owned ____% of this business since [Date].

Sincerely,

["Wet" Signature]

[Printed Name]

[Title] [Accountant License Type] [License Number]

The purpose of this letter is to document the borrower's relationship with accountant, ownership percentage and length of ownership. See [Alt-Doc: P&L Only Requirements and Documentation](#).

CPA, CTEC, EA, Chartered Tax Accountant, Tax Attorney are acceptable. PTIN & other preparer types are not acceptable.



11.6 Closed End Second Lien Prepayment Penalty Chart

Prepayment Penalties are only allowed on business purpose loans. Prepayment penalties are 6 months of interest.

States With No Prepayment Penalty Restrictions (All Prepayment Penalties Are Allowed)								
AL	CO	FL	ID	MA	NH	OR	TN	WI
AZ	CT	GA	IN	MT	NV	SC	UT	WV
CA	DE	HI	LA	NE	NY	SD	WA	WY

States Where Prepayment Penalty Is Not Permitted						
AK	IA	KY	MI	MS	NM	RI
AR	IL	MD	MN	ND	OH	VA
DC	KS	ME	MO	NJ	OK	VT

Certain states are listed as prepayment penalty not permitted when their states laws do permit some prepayment penalty. STG Mortgage has intentionally included these states in the Not Permitted category due to complexity with the state law or state law prescribing a prepayment structure which is not accepted in the secondary market.

For example: Ohio allows prepayment penalties, however they restrict them to 1% and investors do not regularly purchase such small prepayment penalties.

States With Prepayment Penalty Restrictions			
State	PPP Allowed When:	PPP Structures	No PPP Allowed When:
NC	Loan Amount \geq \$101K	No Restriction	Loan Amount $<$ \$101K
PA	Loan Amount $>$ \$329,411 (for 2026) and 1-2 Unit, or any 3-4 Unit	No Restriction	Loan Amount \leq \$329,411 (for 2026) and 1-2 Unit
TX	Purchase, or Non-Homestead Refinances	No Restriction	Homestead Refinances

