CONSTELLATION - PROFIT & LOSS (P&L)

6/3/2026

PROFIT & LOSS MATRIX (12 MONTH)					
OCCUPANCY	LOAN PURPOSE	NUMBER OF UNITS	MAX LOAN AMOUNT	MIN CREDIT SCORE	MAX LTV/CLTV
PRIMARY RESIDENCE	Purchase & Rate/Term	1-4 Unit	$2.0 MM	700	75%
SECOND HOME	Purchase & Rate/Term	1-2 Unit	$1.0 MM	700	70%
			$1.5 MM	720	70%

PROFIT & LOSS PROGRAM DETAIL (12 MONTH)	
PROGRAM HIGHLIGHTS	• Use Accountant Prepared P&L to document self-employment income • P&L income may be combined with other income types & long-term rental income • No bank statements required to support P&L for loan amounts under $1.0MM • Does not require: Tax Returns • Asset Depletion may supplement other income sources (no minimum asset requirement)
DOCUMENTATION REQUIREMENTS	• Proof of Business Existence • Borrower's Percentage Ownership & length borrower has owned that % • 3rd Party Prepared Profit & Loss (must cover exactly 12 months) which must be ≤ 60 days old as of Application Date • Accountant Attestation Language | See full guidelines for details • Business Narrative • Loan Amount > $1,000,000 requires two (2) month's business bank statements to support the P&L within 80%
RESTRICTIONS	• P&L income must represent 51%+ of Qualifying Income • Must show reasonable expenses for type of business & size (e.g. employee expenses, cost of goods, etc.) • Incomes above top 10% for Profession/Business Type/Business Size, subject to additional requirements • P&L must be from Allowable Accountant Type and must be signed and dated by both Accountant and Borrower • Short-Term Rental (STR) not permitted
QUALIFYING INCOME	• Net income from P&L multiplied by Ownership Percentage, then divided by 12 months
ASSET DEPLETION INCOME	• Primary Residence & Second Home: 60 months | Investment Property: 240 months | No gift funds or business funds | 2 months Asset Statements required (VODs & online printouts not permitted)
SELF-EMPLOYMENT	• Minimum 50.01% Business Ownership • Self-Employed for at least 2 Years
LESS THAN 2 FULL YEARS OF SELF-EMPLOYMENT RESTRICTIONS	• Not permitted on P&L program
ALLOWABLE ACCOUNTANTS	• CPA, EA, CTEC, PTIN, Licensed Tax Attorneys, and Chartered Tax Advisors
VERBAL VOE	• VVOE for non-self-employed income within 10 days of Note Date and/or proof of continued business existence within 20 days of Note Date
4506-C & TAX TRANSCRIPTS	• Only required when qualifying with non-self-employed income | Borrower provided transcripts not permitted
TERMS & RESTRICTIONS	
AVAILABLE TERMS	Fixed 30 YR | Interest-Only 30 YR, 40 YR
INTEREST-ONLY	10 YR I/O Period | Not permitted in age restricted communities
I/O LTV LIMITS	MAX LTV/CLTV 80%
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 $2.0MM
TEMPORARY BUYDOWN	Available (1-0), (1-1), (2-1) and (3-2-1) | Purchase only | Primary and Second Home only | Not permitted on Interest-Only products Must be seller or builder funded | Realtor/Lender funded not permitted | Not permitted in age restricted communities
SUBORDINATE FINANCING	Not permitted on Condotels | Gift funds not permitted when Subordinate Financing present
UNDERWRITING EXCEPTIONS	Not permitted

STG MORTGAGE
The Foundation Of Trust

CONSTELLATION - PROFIT & LOSS (P&L)

6/3/2026

UNDERWRITING SPECIFICATIONS	
UNDERWRITING TYPE	Manual UW
RESIDUAL INCOME	Not required
DTI	DTI ≤ 45%: No Restrictions DTI 45.01% to 50%: 3 additional months Reserves required

RESERVE REQUIREMENTS

Loan Amount	DTI ≤ 45%	DTI > 45%
≤ $1.0MM	3 Months	6 Months
> $1.0MM and ≤ $2.0MM	6 Months	9 Months
> $2.0MM	9 Months	12 Months

Additional Reserve Requirements	Months
Each Additional financed REO	2 Months
FTHB w/o 12mth housing history	3 Months
MAX Total Reserve Requirement	15 Months

Cash-out amount may be used to meet reserve requirement

Reserve Relief: No Reserves required for R/T Refis with < $1.5MM (Primary & Second Homes Only) when Payment is Decreasing | See program summary for additional details

CASH-OUT LIMITS	Cash-out refinances not permitted
PROPERTY TYPES	
ELIGIBLE PROPERTY TYPES	Condos (Warrantable & Non-Warrantable) | PUD | SFR | 1-3 Unit with ADU | 2-4 Unit | Leasehold
LOG HOMES	Now Permitted as of 02/26/2026
INELIGIBLE PROPERTY TYPES	3d printed homes, Assisted living projects, Barndominium, Bed and breakfast properties, Berm Home, Boarding house, Builder model leaseback (purchase transactions), Commercial utilized properties, Condo with deed restrictions, Condotels converted from motels, Co-ops, Geodesic/Dome homes, Indian/Tribal land, Industrial properties, Land trusts, Leasehold estate condo project, Manufactured Home, Mixed Use, Mobile home, Properties located adjacent to or containing environmental hazards, Properties encumbered with private transfer fee covenants, Properties located in a Coastal Barrier Resource System (CBRS), Properties not suitable for year-round occupancy, Properties with a C5 or C6 Condition rating, Properties > 10 acres, Properties with deed or resale restrictions (except for age restricted communities), Shouses, Tenants in Common Properties, Tiny Homes
ACCESSORY DWELLING UNIT (ADU)	MAX of 1 ADU unit per property | 4 Unit properties with ADUs are not permitted | Short-term rental income not permitted
RURAL	Primary Residence & Second Home only | MAX 10 acre | MAX LTV/CLTV 75% | 3 comps within 10 miles
MAX ACREAGE	10 acres
HERO/PACE/SOLAR PANELS	Any energy efficient liens like HERO or PACE must be paid off, subordination not permitted | Solar must meet guideline requirements
CONDO - WARRANTABLE	MAX LTV/CLTV 80% | Must meet FNMA full review requirements | Investor review required (allow 3 business days)
CONDO - NON-WARRANTABLE	MAX LTV/CLTV 80% | Investor review required (allow 3 business days)
CONDOTEL	MAX LTV/CLTV 75%
2 UNIT	Second Home Restrictions: Purchase & Rate/Term only | See program summary for additional requirements for second homes
3 UNIT	Second Homes not permitted
4 UNIT	ADUs not permitted | Second Homes not permitted
APPRAISAL REQUIREMENTS	
LOAN AMOUNT (≤ $2.0MM)	1 Full Appraisal and a secondary valuation (CDA) | Re-use of appraisal from previous transaction not permitted | 3 comps within 10 miles required
LOAN AMOUNT (> $2.0MM)	2 Full Appraisals, use the lower value for qualifying | Re-use of appraisal from previous transaction not permitted | 3 comps within 10 miles required
SECONDARY VALUATION	Files without 2 full appraisals: Collateral Desktop Analysis (CDA)
COLLATERAL DESKTOP ANALYSIS (CDA REPORT)	When CDA is required, it must support appraisal within 10% | CDAs more than 10% below appraisal require two Full Appraisals | CDA with "High Risk" score may not be used and file must contain two Full Appraisals
APPRAISAL COMPARABLES	Minimum of 3 comps within 10 miles from most recent 12 months
DECLINING MARKETS	5% less than the MAX LTV/CLTV allowed per the product matrix
TRANSFERRED APPRAISAL	Primary & Second Home: Permitted | See program summary for additional details
UNDERWRITING	
QUALIFYING FICO SCORE	Minimum of 2 scores is required | 1 Borrower: Midscore | Multiple Borrowers: Lowest of all mid scores
TRADELINES	Standard Requirement: Each borrower must have at least 3 open tradelines reporting for a minimum of 12 months, with at least 1 reporting for 24 months | Alternative Tradeline Requirements: See full guidelines
DOCUMENT AGE	Credit, Income & Assets: 90 days | Appraisal: 120 days
ASSET STATEMENTS	2 most recent months or most recent quarterly statement
ELIGIBLE BORROWERS	U.S. Citizen | Permanent Resident |Non-Permanent Resident
INELIGIBLE BORROWERS	Foreign National | ITIN | Irrevocable Trusts| Borrowers with diplomatic immunity | Borrowers with DACA or temporary protected status
BORROWER RESTRICTIONS	Non-Permanent Resident: Primary Residence only
NON-OCCUPANT CO-BWR	Primary Residence only | 1 Unit Only | 5% LTV/CLTV reduction from allowable limit per matrix | Occupying borrower must have an income
RESTRICTED STOCK INCOME (RSU)	Not permitted
CREDIT EVENTS	Minimum 24 months from discharge or dismissal date for all credit events | If < 48 months: MAX $1.5MM & additional 3 months reserves required | 120 day mortgage late is considered a Foreclosure
HOUSING HISTORY	0x30x12 for all mortgages and rental payments within the 12 months prior to closing
< 12 MONTHS HOUSING HISTORY OR RENT-FREE	Rent Free allowed with satisfactory letter of explanation from whom they are residing (signed by borrower and rent-free provider) | Rent-free provider must be a relative | FTHB: See program summary for rent-free restrictions
UNPAID COLLECTIONS/CHARGE-OFFS	Non-medical collection or charged-off accounts occurring in the most recent 24 months with a cumulative total exceeding $2,000 must be paid off
FIRST-TIME HOME BUYER RESTRICTIONS	FTHB defined as all borrowers have not owned real estate in past 3 years | Primary Residence only | MAX Loan Amount $1.5MM | See program summary for rent-free restrictions
INTERESTED PARTY CONTRIBUTIONS (IPC)	Primary Residence & Second Home: MAX 9% | LTV> 75%: MAX 6%
GIFT FUNDS	If LTV/CLTV > 80%: 5% own funds required | Subordinate financing not permitted when gift funds used | Not permitted with Asset Depletion income | Gift funds MAY be used for Reserves (must be deposited prior to closing when used for Reserves)
BUSINESS ASSETS	Permitted | See full guidelines for additional requirements/restrictions
LISTED FOR SALE	Rate/Term: Removed from market Prior to Note Date
CASH-OUT SEASONING	6 months seasoning required
RATE-TERM SEASONING	No seasoning requirement
ESCROW HOLDBACK	Not permitted
NON-ARM'S LENGTH	Permitted | See full guidelines for additional requirements/restrictions
TEXAS 50(a)(6)	2-4 unit not permitted | Interest Only not permitted | Non-occupant Co-borrowers not permitted | New Subordinate Financing not permitted | Resubordination of HELOCs or Third Liens not permitted | Power of Attorney not permitted
INELIGIBLE STATES	AK | AR | CT | HI | MO | ND | NM | NY | OK | SD | WY | U.S. Possessions or Territories
TEMPORARY GEOGRAPHIC RESTRICTIONS	Primary Residence Only for Philadelphia County in Pennsylvania and the Baltimore Metro Area in Maryland
ENTITY VESTING	Not permitted
TRUSTS	Inter Vivos Revocable Trusts permitted | See full guidelines for additional requirements/restrictions
MORTGAGE INSURANCE	Not required
ESCROW ACCOUNTS	Required for the following: LTV > 80% (90% for primary residence in California)| Properties in Flood Zones | Higher Priced Mortgage Loans (HPML)