

Eligibility Matrix

Occupancy/Transaction type	Units	Max Loan Amount	FICO	Max LTV/CLTV	Max DTI	Occupancy/Transaction type	Units	Max Loan Amount	FICO	Max LTV/CLTV	Max DTI	
Primary - Purchase or Rate/Term Refinance	1	\$1,000,000	720	*90%	40%	Second Home -Purchase or Rate/Term Refinance	1	\$1,000,000	720	80%	43%	
		\$1,500,000	740	*90%	40%			\$1,500,000	740	80%	43%	
		\$2,000,000	700	80%	43%			\$2,000,000	720	75%	43%	
		\$2,500,000	740	75%	43%			\$2,500,000	760	75%	43%	
		\$2,500,000	720	70%	43%			\$2,500,000	720	70%	43%	
		\$3,000,000	780	75%	43%			Second Home - Cash-out Refinance	1	\$1,000,000	740	70%
	\$3,000,000	740	70%	43%	\$1,000,000	720	65%			38%		
2-4	\$2,000,000	700	75%	43%	\$2,000,000	760	70%			38%		
Primary - Purchase FTHB	1	\$1,500,000	720	80%	43%	\$2,000,000	740			65%	38%	
	2-4	\$1,500,000	700	75%	43%	\$2,500,000	780			65%	38%	
Primary - Cash-out Refinance	1	\$1,000,000	720	80%	38%	Investment - Purchase or Rate/Term Refinance	1	\$2,500,000	760	60%	38%	
		\$1,000,000	700	75%	38%			\$1,000,000	720	70%	43%	
		\$1,500,000	740	80%	38%			\$1,500,000	740	70%	43%	
		\$1,500,000	720	75%	38%			\$2,000,000	760	70%	43%	
		\$2,000,000	760	75%	38%		\$2,000,000	740	60%	43%		
		\$2,000,000	740	70%	38%		2-4	\$1,000,000	720	65%	43%	
		\$2,500,000	760	70%	38%			\$1,500,000	740	65%	43%	
		\$2,500,000	740	65%	38%			\$2,000,000	760	65%	43%	
					\$2,000,000			740	55%	43%		
*Purchase transactions only eligible for LTV/CLTV > 80%, 30 year fixed only												
*Maximum cash-out is \$500K for Primary, \$350K for 2 nd Home (calculated as remaining loan proceeds after paying off current mortgage)												

Program Guidelines

Loan Terms	30 and 15 year fixed, 10/6 ARM, 7/6 ARM, 5/6 ARM with SOFR (Purchase LTV over 80% is 30 year fixed only)
Mortgage Insurance	Not required
Minimum Loan Amount	Must be \$1 over the current agency loan limit
Eligible Borrowers	<ul style="list-style-type: none">US citizensPermanent resident aliens (front and back copy of resident alien card required)Non-permanent resident aliens - must be legally present in the U.S. with an acceptable visa type (E, G, H, L, NATO, O, TN-1, TN-2). Primary residence, SFR only with maximum LTV 70%Inter-vivos revocable trusts <p>All borrowers must have a valid social security number</p> <p>Maximum 4 borrowers on the loan</p> <p>Non-occupant co-borrower is not allowed</p>
Properties	<ul style="list-style-type: none">Eligible : Single family, PUD, Condo (Agency eligible for full review - minimum 400 sq ft.), and 2-4 unitsIneligible : Condo with litigation, Manufactured, Properties with income producing attributes, Mixed Use, Leasehold, etc.
Appraisal Requirements	<ul style="list-style-type: none">Age of report : 120 days from closing. Once report is expired, a new appraisal is required2 full appraisal is required for loan amounts > \$1.5 MM. LTV is based on lower of twoDesk review is ordered and reviewed by New Wave Underwriter, additional conditions may applyTransfer appraisal is not allowedFEMA declared disaster area : Re-inspection is required after incident end date by original appraiser to confirm no damage <p>Declining market value – Reduce maximum LTV/CLTV by 10%</p>
Maximum Number of Financed Properties	4, including subject (Properties held in the name of LLC or other corporation, commercial properties, and unimproved land can be excluded)
Housing Payment History	<p>Minimum 24 months verified housing payment history is required</p> <ul style="list-style-type: none">Housing payment history must reflect 0 x 30 days within 24 months and documented with one of the followings : Credit Report, 24 month cancelled check or bank statements, or 12 months cancelled check with VOM for the prior 12 monthsFor rental verification, standard VOR completed by a professional management company (individual landlord not acceptable) or a signed lease with either 24 months bank statements or cancelled checks are requiredBorrower with no mortgage/rental history is eligible with satisfactory LOE, if scenario is acceptable (i.e. living rent-free)
Age of Credit Documents	No older than 90 days from closing
Credit Requirements	<ul style="list-style-type: none">Must have at least 2 credit scores for each borrower. All 3 bureaus must be unfrozenEach borrower contributing income must have 3 open and active trade lines for 24 months. 2 of 3 trade lines must show activity within the last 12 months. One trade line must be an installment, rent or mortgage account. Authorized user accounts are not consideredAll liens, judgments, charge-offs, collections and past-due must be paid off on or prior to closing. LOE is required to address the circumstancesNon-permanent resident aliens must have 2 years credit history in US

Derogatory Credit Event (Including NOD)	<ul style="list-style-type: none">• 7 years waiting period from application date. LOE is required to address the circumstances• Loan modification : Allowed for owner occupied only, 48 months of consecutive/timely payment history must be documented. Proof that it was not caused by a distress situation is required. Any forgiveness/curtailment of principal or interest is not eligible
Occupancy	<ul style="list-style-type: none">• Primary residence : At least one of the borrowers must occupy. Providing housing for parents or child is not allowed• 2nd home : 1 unit only, must have reasonable distance from primary residence, Sch E reporting more than 30 days rental income is ineligible• Investment property : Must not be occupied by borrower
Employment and Income	<p>Minimum 2 years employment history. Gaps over 30 days within 2 year requires LOE and borrower must have been employed at current job for at least 6 months. Extended gap (over 6 months) requires documented 2 years work history prior to absence</p> <p><u>Wage earner</u></p> <ul style="list-style-type: none">▪ Most recent paystubs covering 30 days with YTD, 2 years W-2▪ When employed by family, CPA for that family business must provide letter to prove borrower has no ownership along with 2 years 1040▪ Other non-base Salary including Overtime, Bonus, and/or Commission income requires 2 years history of receipt with WVOE (Year-end paystub will not satisfy). Paystubs and W-2s are still required▪ Verbal VOE must cover 24 months of employment, including previous job▪ Non-permanent resident aliens must have 2 years employment history in US, and 3 years of continuance of employment needs to be verified through VOE▪ Salaried borrower who also owns 25% or more of ownership over business is required to provide YTD P&L and balance sheet for that business <u>even if income from that business is not being used to qualify</u>. Any loss must be deducted from income <p><u>Self employed</u></p> <ul style="list-style-type: none">▪ 2 years W-2, most recent 2 years signed/dated tax return for both individual and business, and most recent paystub covering 30 days periods when officer compensation is paid▪ An unaudited YTD P&L, no older than 60 days from the Note Date, most recent 3 months business bank statement, and Balance Sheet (In case an audited P&L is obtained, business bank statement is not required). Bank statements must support P&L▪ Income cannot be used if it has declined by 20% or more from the prior tax period▪ If tax return for last year is not filed yet, 12 months P&L and balance sheet as of Dec 31(or end of fiscal year) is required▪ Borrower who owns 25% or more of ownership over business is required to provide YTD P&L and balance sheet for that business <u>even if income from that business is not being used to qualify</u>. Any loss must be deducted from income▪ PPP or any other type of SBA loans cannot be used as income or asset▪ Verification of active business is required within 5 days prior to closing. It must be from 3rd party such as CPA, regulatory agency or applicable licensing bureau <p><u>Rental Income</u></p> <ul style="list-style-type: none">▪ Rental history must be documented with Sch E▪ Lease agreements are required for all properties where rental income is used. Expired lease that has converted to month to month requires bank statements for lessor of [12 months] or [the time period after lease expiration]▪ Lease from management company or other types (i.e. Airbnb) is not allowed▪ 75% of gross rental income will be used if property was purchased during or after the most recent tax return year▪ For investment purchase, proposed rental income may be used if there is not a current lease on subject property▪ Commercial rental income from Sch E must be documented with a rent roll. Zoning and primary use must be commercial▪ Departing residence rental can be used with lease agreement and evidence of security deposit receipt, only if borrower has equity of 25% or more over that property (value must be evidenced by full appraisal or exterior only appraisal within 6 months from application date, or AVM listing prior sale price)▪ Boarder income from primary residence, 2nd home rental income cannot be used <p><u>Other Income</u></p> <ul style="list-style-type: none">▪ Retirement or Pension : Award letter, 2 month bank statement with regular deposit. Distribution from retirement account (401K, IRA, Keogh, SEP) must be documented with distribution letter. Must continue minimum 3 years▪ Social Security : Award letter, and 2 month bank statements with regular deposit▪ Alimony and Child Support : Divorce decree/other legal agreement. 12 months evidence of receipt and 3 years of continuance required▪ RSU income is not acceptable
Debts	<ul style="list-style-type: none">• Revolving debts can be excluded only when account is paid in full and <u>closed</u>• 30 day charge accounts require additional reserve at the amount of current balance to be excluded• Installment accounts must be included regardless of months remaining• Contingent liability which borrower is primary obligor must be included (i.e. borrower financed auto for their business and business pays the loan. If the loan is in borrower’s name, debt must be included)• When real estate is owned by borrower but borrower is not on note, mortgage payment can be excluded with 12 months cancelled checks showing another party is making payments. Tax and insurance still need to be included

	<ul style="list-style-type: none">• Pending sale property’s PITI must be included• Proof of IRS tax payment is required. If tax installment plan was set up, must have a minimum 3 months timely payment history. If history is less than 3 months, tax owed must be paid in full prior to closing• Deferred student loan – 1% of balance will be used for monthly payment• HELOC must be paid off and closed unless it’s subordinated. When subordinated, either credit report amount or 1% of maximum line amount will be used. If HELOC has zero balance and no draws within 24 months of application, no payment will be included documented with withdrawal activity <p>Gift funds cannot be used to payoff any debts</p>
Assets and Reserves	<p>Most recent 2 months bank statement (VOD not acceptable)</p> <ul style="list-style-type: none">• All large deposit must be sourced, otherwise needs to be deducted from eligible asset balance• Must be liquid asset• Funds to close must be from US financial institution only• Stocks, bonds, retirement accounts will be discounted at 70% for reserves• Business funds can be used for down payment and closing cost, but not reserves. CPA letter must verify (1) Amount of business asset borrower has access to based on % of ownership, (2) the funds are not a loan (3) withdrawal will not negatively impact the business• Gift funds are acceptable for LTV/CLTV 80% or lower on primary residence and second home only. Borrower still must contribute at least 5% from their own funds. Gift funds cannot be used to payoff any debts• Gift of equity not allowed <p><u>Reserves (PITI for property x months)</u></p> <ul style="list-style-type: none">• HELOC, Gift funds, and cash-out from refinance are not acceptable source <p>Subject</p> <ul style="list-style-type: none">▪ Loan amount ≤ \$1MM : 12 months▪ > \$1MM to ≤ \$2MM : 15 months (2nd home 18 months)▪ > \$2MM to ≤ \$3MM : 30 months▪ First time home buyer : 18 months▪ Investment property : 18 months <p>REO</p> <ul style="list-style-type: none">▪ 6 months for each financed property▪ 6 months for departure residence
Interested Party Contribution (IPC)	<ul style="list-style-type: none">• IPC can only be used for closing costs and prepaid expenses, not down payment.• Maximum 6% for primary residence & Second Home• Maximum 2% for investment property• Exceeding IPC after above use is considered as sales concessions, will be deducted from sale price to determine LTV
Title Ownership	Individual, Joint Tenants, Tenants in Common
Escrows & Title	<ul style="list-style-type: none">• Tax and insurance must be impound• Any existing tax or liens must be removed or paid in full through escrow• Any item that will include a UCC associated with the property <u>(Solar/HERO/PACE, etc.) on title is ineligible</u>
Power of Attorney	Follow Agency guideline
Purchase	<ul style="list-style-type: none">• If Seller has taken title to the subject property within 90 days prior to the date of sales contract,<ul style="list-style-type: none">▪ Property seller on the purchase contract is the owner of record,▪ Second full appraisal is required,▪ Increases in value should be documented with commentary from the appraiser.• Personal property may not be included in the purchase agreement/sales contract. Personal property items should be deleted from the sales contract or reasonable value must be documented and the sales price to be adjusted• Transaction must be arm’s length, except sales between family member or borrower is purchasing from current landlord <u>(Investment property must be arm’s length)</u>
Rate & Term	<ul style="list-style-type: none">• Cash-back to borrower is limited to \$2,000• Minimum of 6 months seasoning from the note date is required if previous refinance was cash-out, including the pay-off of a non-seasoned subordinate lien• For properties purchased within six (6) months of closing date, the <u>LTV will be based upon the lesser of the original sales price or the current appraised value</u> conclusion from the appraiser. Original sales price will be determined from the Closing Disclosure from the subject acquisition transaction. Inherited properties are exempt from this seasoning requirement - LTV will be calculated off current appraised value• Payoff of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding \$2,000 within the past 12 months from date of application. Withdrawal activity must be documented with a transaction history of the line of credit.• Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the date of application• Delayed financing in which the borrowers purchased the subject property for cash within 90 days from application is acceptable as rate and term. Not eligible for Texas

Cash-Out	<ul style="list-style-type: none">• Maximum cash-out \$500K for primary, \$350K for 2nd home• 6 months title seasoning required. Inherited properties are exempt from seasoning• Properties that have been listed for sale within the past 6 months of application date are not eligible for a cash-out refinance. If the property was listed within the previous 6 – 12 months from application date, a letter from the borrower explaining the reason for retaining the property is required• If the subject property was purchased within the 6 – 12 months period prior to the closing date for the new loan, the LTV will be based on the lesser of the sales price or the current appraised value. The original purchase transaction must be documented by a Closing Disclosure confirming that no mortgage financing was used to obtain the subject property• Not eligible for Texas
Subordinate Financing	Permitted on purchase and rate & term refinance transactions only up to maximum LTV, CLTV as per matrix (based on fully drawn balance). If existing HELOC is resubordinated, monthly payment amount on credit report will be used. If no payment is shown, 1% of maximum line will be used for qualifying
Continuity of Obligation	<p>Continuity of obligation must be met</p> <ul style="list-style-type: none">▪ At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.▪ The borrower has been on title for at least 12 months, residing in the property for the last 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor▪ The borrower has been added to title through a transfer from a trust, LLC or partnership – borrower must have been beneficiary/creator or 25% or more owner of LLC or partnership prior to transfer▪ The borrower has recently been legally awarded, the property (divorce, separation or dissolution of a domestic partnership)