

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	\$1,500,000	700	80%	43%	Investment - Purchase or Rate/Term Refinance	1	\$1,000,000	720	70%	43%
	2	\$1,500,000	700	75%	43%			\$1,500,000	740	70%	43%
Primary - Cash-out Refinance	1	\$1,000,000	700	75%	38%		2-4	\$1,000,000	720	65%	43%
Second Home -Purchase or Rate/Term Refinance	1	\$1,000,000	720	80%	43%			\$1,500,000	740	65%	43%
Second Home - Cash-out Refinance		\$1,500,000	740	80%	43%						
		\$1,000,000	740	70%	38%						
		\$1,000,000	720	65%	38%						

Program Guidelines

Loan Terms	30 year fixed only
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). Must have a history of visa renewals and minimum 2 years of employment history in U.S.Inter-vivos revocable trusts All borrowers must have a valid social security number Maximum 4 borrowers on the loan Non occupant co-borrower is allowed
Properties	<ul style="list-style-type: none">Eligible : Single family, PUD, Condo (Follow Agency guideline for review type), and 2-4 units (Investment only)Ineligible : 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. 1004D is required after expirationDesk 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
Maximum Number of Financed Properties	Follow agency requirements
Housing Payment History	No minimum requirement. Follow AUS
Age of Credit Documents	Follow AUS and COVID related agency requirements
Credit Requirements	<ul style="list-style-type: none">Must have at least 2 credit scores for each borrower. All 3 bureaus must be unfrozenNo minimum credit requirements. Follow AUSCollections, liens, charge-off accounts must be paid off as required by AUS
Derogatory Credit Event (Including NOD)	7 years waiting period from application date. LOE is required to address the circumstances
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 allowed2nd home : Must have reasonable distance from primary residence, Sch E reporting more than 30 days rental income is ineligibleInvestment : Signed Business Purpose & Occupancy Affidavit is required (Form is available on our website)
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-2When employed by family, CPA for that family business must provide letter to prove borrower has no ownership along with 2 years 1040Other 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 requiredVerbal VOE must cover 24 months of employment, including previous jobNon-permanent resident aliens must have 2 years employment history in US, and 3 years of continuance of employment needs to be verified through VOESalaried 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 paidAn 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



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	<ul style="list-style-type: none">Income cannot be used if it has declined by 20% or more from the prior tax periodIf 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 requiredBorrower 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 incomePPP or any other type of SBA loans cannot be used as income or assetVerification 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 ELease 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]75% of gross rental income will be used if property was purchased during or after the most recent tax return yearCommercial rental income from Sch E must be documented with a rent roll. Zoning and primary use must be commercialDeparting 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 yearsSocial Security : Award letter, and 2 month bank statements with regular depositAlimony and Child Support : Divorce decree/other legal agreement. 12 months evidence of receipt and 3 years of continuance requiredRSU income is not acceptable
Debts	<ul style="list-style-type: none">30 day charge accounts require additional reserve at the amount of current balance to be excludedInstallment accounts must be included regardless of months remainingContingent 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)Pending sale property’s PITI must be includedDeferred student loan – 1% of balance will be used for monthly paymentHELOC must be paid off and closed unless it’s subordinated
Assets and Reserves	<p>Follow AUS and COVID related agency requirements for source of funds</p> <p><u>Reserves (PITI for property x months) : Follow greater of AUS or below requirement</u></p> <ul style="list-style-type: none">Loan amount ≤ \$1MM : 6 months, > \$1MM : 9 month2nd home/Investment : 12 monthsAdditional 6 months for departing residence being converted to investment propertyHELOC, Gift funds, and cash-out from refinance are not acceptable source
Interested Party Contribution (IPC)	<ul style="list-style-type: none">Can only be used for closing costs and prepaid expenses, not down paymentMaximum 9% if LTV ≤ 75%, Maximum 6% if LTV > 75% for primary residence and 2nd home. Maximum 2% for InvestmentExceeding 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">Impound is required for flood insurance onlyAny existing tax or liens must be removed or paid in full through escrowAny 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">Seller must have taken title to the subject property at least 90 days prior to date of sales contractPersonal 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 adjustedNon arm’s length transaction is allowed for primary only
Rate & Term	<ul style="list-style-type: none">Cash-back to borrower is limited to \$2,000Minimum of 6 months seasoning from the note date is required if previous refinance was cash-out debt consolidation of first and non-purchase money second. Closing Disclosure for prior transaction is requiredProperties listed for sale are ineligible unless the listing was withdrawn (or expired) prior to the date of applicationDelayed 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">6 months title seasoning is requiredProperties listed for sale are ineligible unless the listing was withdrawn (or expired) prior to the date of applicationNot eligible for Texas
Subordinate Financing	Allowed up to maximum LTV, CLTV as per matrix