

# ZUMA Non-Conforming Matrix

Revision: August 29, 2022

ZUMA PRIME (Primary Residence – Standard Full)				
FICO	Loan Amount	Purchase	Rate/Term	Cash-Out
720+	<= 1,000,000	90	80	80
	1,000,001 -1,500,000	85	80	80
	1,500,001 –2,000,000	80	75	75
	2,000,001 - 3,000,000	75	70	70
	3,000,001 - 3,500,000	70	NA	NA
700 - 719	<= 1,000,000	90	80	80
	1,000,001 –1,500,000	85	80	80
	1,500,001 –2,000,000	80	75	75
	2,000,001 - 3,000,000	70	65	65
680-699	<= 1,000,000	85	80	80
	1,000,001 –1,500,000	85	75	75
	1,500,001 –2,000,000	80	70	70
	2,000,001 - 3,000,000	70	65	65
660-679	<= 1,000,000	80	75	75
	1,000,001 –1,500,000	80	75	75
	1,500,001 - 2,500,000	70	65	65
Housing History: 0x30x12		Occupancy restrictions – Second Home	Occupancy restrictions – Investment	Cash-out
Credit Event Seasoning (BK/FC/SS/DIL/MOD) >= 48 Months		Max LTV/CLTV 80% - Purchase 75% - Rate/Term 75% - Cash-Out \$2.5M Max Loan amount	Max LTV/CLTV 80% - Purchase 75% - Rate/Term 75% - Cash-Out \$2.5M max loan amount	Max Cash-in-Hand: Unlimited
Property Type Restrictions: Condo & 2-4 Units (Max LTV/CLTV 85%) Rural: Not Eligible				Max 80%: Condo FL Max 80%: IL, NJ
State Restrictions: IL, NJ Max LTV (85% Purchase and R/T, Cash-Out 80%)				
Income: <ul style="list-style-type: none"><li>Wage/salary: paystubs, w2, 2 yrs or 1 yr tax returns, 4506C</li><li>Self-employed: 2 yrs or 1 yr of Personal &amp; Business Returns, YTD P&amp;L, 4506C</li><li>Verbal VOE required within 5 days of Note Date</li></ul>		DTI requirements: <ul style="list-style-type: none"><li>Standard max 50%</li><li>Primary residence up to 55% allowed:<ul style="list-style-type: none"><li>Min residual income of \$3500</li><li>Max LTV/CLTV &lt;= 80%</li><li>Standard 2 years full</li><li>Minimum 12-months reserve</li><li>FTHB not eligible</li></ul></li></ul>		Reserves: <ul style="list-style-type: none"><li>LTV &lt;= 80%: 6 months PITIA</li><li>LTV &gt; 80%: 12 months PITIA</li><li>Loan amount &gt; \$1.5M: 9 months PITIA</li><li>Loan amount &gt; \$2.5M: 12 months PITIA</li><li>Cash-Out may be used to satisfy reserves</li></ul>
Gift Funds: Min 5% borrower contribution required Interest Only: Min Fico 660, 90% max LTV/CLTV				
Condo Hotel Max LTV/CLTV: Purchase – 75%: Refinance – R/T & Cash-Out: 65% Occupancy Type: Primary, Second, Investment Min and Max loan amount: \$150K to \$1.5M				Minimum loan amount: \$150K

# ZUMA Non-Conforming Matrix

ZUMA PRIME (Primary Residence – Bank Statements, 1099 & Asset Utilization)				
FICO	Loan Amount	Purchase	Rate/Term	Cash-Out
720+	<= 1,000,000	90	80	80
	1,000,001 – 1,500,000	85	80	80
	1,500,001 – 2,000,000	80	75	75
	2,000,001 – 3,000,000	75	70	70
	3,000,001 – 3,500,000	70	NA	NA
700-719	<= 1,000,000	90	80	80
	1,000,001 – 1,500,000	85	80	80
	1,500,001 – 2,000,000	80	75	75
	2,000,001 – 3,000,000	70	65	65
680-699	<= 1,000,000	85	80	80
	1,000,001 – 1,500,000	85	75	75
	1,500,001 – 2,000,000	80	70	70
	2,000,001 – 3,000,000	70	65	65
660-679	<= 1,000,000 – 1,500,000	80	75	75
	1,500,001 – 2,500,000	70	65	65
<b>Min Loan Amount:</b> \$150K <b>Housing History:</b> 0x30x12 <b>Credit Event Seasoning</b> (BK/FC/SS/DIL/MOD) >= 48 Mos <b>DTI:</b> 50% <b>Interest Only:</b> Min Fico 660, 90% max LTV/CLTV		<b>Occupancy restrictions – Second Home &amp; Investment</b>  <b>Max LTV/CLTV(Pur):</b> 80% <b>Max LTV R&amp;T and Cash-Out:</b> 75% <b>Max Loan Amount:</b> \$2.5M	<b>Cash-Out</b> <b>Max Cash-in-Hand:</b> Unlimited <b>Condo FL:</b> Max 75% <b>State IL, NJ:</b> Max 80%	
<b>Property Type Restrictions:</b> <b>Condo &amp; 2-4 Units:</b> Purchase and R/T 85%, Cash-out 80% <b>Rural:</b> Not eligible		<b>Condo Hotel Max LTV/CLTV:</b> <b>Purchase – 75%: Refinance – R/T &amp; Cash-Out:</b> 65% <b>Occupancy Type:</b> Primary, Second, Investment <b>Min and Max loan amount:</b> \$150K to \$1.5M		<b>Written Verification of Employment and P&amp;L Only:</b> <ul style="list-style-type: none"><li>Max LTV 80% Purchase</li><li>Max LTV 70% Rate &amp; Term and Cash-Out</li><li>WVOE for First Time Home Buyer Purchase 70% LTV Maximum</li></ul>
<b>State Restrictions:</b> IL, NJ (85% Purchase and R/T, Cash-Out 80%)		<b>IRS Form 1099:</b> <ul style="list-style-type: none"><li>2 years or 1-year 1099</li><li>Fixed Expense Ratio of 10%</li><li>YTD Documentation to support continued receipt of income from same source</li></ul>		<b>Asset Utilization:</b> Eligible assets divided by <b>84</b> to determine a monthly income stream
<b>Gift Funds Minimum Contribution:</b> Primary: 5% Investment: 10%		<b>Written Verification of Employment:</b> <ul style="list-style-type: none"><li>FNMA Form 1005</li><li>Two most recent months of personal bank statements</li><li>Evidence within 10-days of the note date that the business is active and operating</li></ul>		
<b>Reserves:</b> <ul style="list-style-type: none"><li>LTV &lt;= 80%: 6-months PITIA</li><li>LTV &gt; 80%: 12-months PITIA</li><li>Loan amount &gt; \$1.5M: 9-months PITIA</li><li>Cash-Out may be used to satisfy reserves</li></ul>		<b>P&amp;L Only</b> <ul style="list-style-type: none"><li>2 years or 1-year P&amp;L Only</li><li>Must be prepare by CPA, CTEC, or EA</li><li>The preparer must attest they have prepared the borrower’s most recent tax return and note borrower’s percentage of ownership</li></ul>		
<b>Personal Bank Statements</b> <ul style="list-style-type: none"><li>24 or 12-months of Personal and 2-months of business bank statements</li><li>The business bank statements must reflect business activity and transfer to the personal account.</li></ul>				
<b>Business Bank Statements</b> 24 or 12-months of business bank statements.: <ul style="list-style-type: none"><li>Fixed Expense Ratio (50%) industry eligibility based upon the completion of the Business Narrative Form</li><li>Expense ratio provided by a 3<sup>rd</sup> party (CPA, CTEC, or EA) min ratio of 10%</li><li>3<sup>rd</sup> party prepared P&amp;L statement (CPA, CTEC, or EA)</li></ul>				

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ZUMA CREDIT FLEX (Primary Residence – Standard Full)									
FICO	Loan Amount			Purchase	Rate/Term			Cash-Out	
700+	<= 1,000,000			85	80			80	
	1,000,001 – 1,500,000			85	80			75	
	1,500,001 – 2,000,000			80	75			75	
	2,000,001 – 2,500,000			70	65			65	
680-699	<= 1,000,000			85	80			80	
	1,000,001 – 1,500,000			80	75			75	
	1,500,001 – 2,000,000			80	70			70	
	2,000,001 – 2,500,000			70	65			65	
660-679	<= 1,000,000			80	75			75	
	1,000,001 – 1,500,000			80	75			75	
	1,500,001 – 2,000,000			70	65			65	
620-659	<= 1,000,000			75	70			70	
	1,000,001 – 1,500,000			70	65			65	
	1,500,001 – 2,000,000			65	NA			NA	
600-619	<= 1,000,000			70	65			NA	
Housing History Restrictions				Housing Event Seasoning Restrictions				Occupancy Restrictions: Second Home & Investment	
Housing History:	1x30x12	0x60x12	0x90x12	BK/FC/SS/DIL/MOD	>= 36 Mo	>= 24 Mo	>= 12 Mo		
Max LTV/CLTV(Pur,R/T)	85	80	70	Max LTV/CLTV(Pur,R/T)	85	80	70	Max LTV/CLTV(Pur)	80
Max LTV Cash-Out	80	75	NA	Max LTV Cash-Out	75	75	NA	Max LTV R&T and Cash-Out	75
Max Loan Amt	\$2.5M	\$1.5M	\$1M	Max Loan Amt	\$2.5M	\$1.5M	\$1M	Max Loan Amt	\$2.5M
Property Type Restrictions: Condos and 2-4 Unit: Purchase & R/T 85% LTV/CLTV; Max Cash-Out 75% LTV/CLTV Rural: Not Eligible					Max DTI: 50%		Condo Hotel Max LTV/CLTV: Purchase – 75%: Refinance – R/T & Cash-Out: 65% Occupancy Type: Primary, Second, Investment Min and Max loan amount: \$150K to \$1.5M		
• Reserves: • LTV <= 80%: 3-months PITIA • LTV > 80%: 6-months PITIA • Cash-Out may be used to satisfy reserves			Income: • Wage/salary: paystubs, w-2, 2 years or 1 year Tax returns, 4506C • Self-employed: 2 years or 1 year personal and business tax returns, YTD P&L, 4506C • Verbal VOE required within 5-days of note date				Cash-Out Max Cash-in-Hand: Unlimited Max 75%: Condo FL Max 75%: IL, NJ		
Interest Only: Min Fico 660, 85% max LTV/CLTV Minimum loan amount \$150K			Gift Funds: Min 5% borrower contribution required for owner occupied, Min 10% for investment				State Restrictions IL and NJ max LTV/CLTV 80%		

# ZUMA Non-Conforming Matrix

ZUMA CREDIT FLEX (Primary Residence – Bank Statements and 1099)									
FICO	Loan Amount			Purchase		Rate/Term		Cash-Out	
700+	<= 1,000,000			85		80		80	
	1,000,001 – 1,500,000			85		80		75	
	1,500,001 – 2,000,000			80		75		70	
	2,000,001 – 2,500,000			70		65		60	
680-699	<= 1,000,000			85		80		80	
	1,000,001 – 1,500,000			80		75		75	
	1,500,001 – 2,000,000			80		70		70	
660-679	<= 1,000,000			80		75		75	
	1,000,001 – 1,500,000			80		75		75	
	1,500,001 – 2,000,000			70		65		65	
620-659	<= 1,000,000			75		70		70	
	1,000,001 – 1,500,000			70		NA		NA	
	1,500,001 – 2,000,000			65		NA		NA	
600-619	<= 1,000,000			70		65		NA	
Housing History Restrictions				Housing Event Seasoning Restrictions				Occupancy Restrictions: Second Home & Investment	
Housing History:	1x30x12	0x60x12	0x90x12	BK/FC/SS/DIL/MOD	>= 36 Mo	>= 24 Mo	>= 12 Mo	Max LTV/CLTV(Purchase)	80
Max LTV/CLTV(Pur,R/T)	80	80	70	Max LTV/CLTV(Pur,R/T)	80	80	70	Max LTV R&T and Cash-Out	75
Max LTV Cash-Out	80	75	NA	Max LTV Cash-Out	75	75	NA	Max Loan Amt	\$2.5M
Max Loan Amt	\$2.5M	\$1.5M	\$1M	Max Loan Amt	\$2.5M	\$1.5M	\$1M	Reserves: <ul style="list-style-type: none"><li>LTV &lt;= 80%: 3-months PITIA</li><li>LTV &gt; 80%: 6-months PITIA</li><li>Cash-out may be used to satisfy requirements</li></ul>	
Property Type Restrictions: Condos and 2-4 Unit: Purchase and R&T 80%, Max Cash-Out 75% LTV/CLTV Rural: Not Eligible					State restrictions: IL, NJ at 80% LTV			DTI Max: 50%	
					Minimum Loan Amount \$150K				
Cash-Out Max Cash-in-Hand: Unlimited Max 75%: Condo FL Max 75%: IL, NJ					Interest Only: Min Fico 660, 85% max LTV/CLTV			Gift Funds: Min 5% borrower contribution required for owner occupied, 10% for investment	
Alt Doc Qualification Options: <ul style="list-style-type: none"><li>24 or 12- months Personal or Business Bank Statements</li><li>24 or 12-months P&amp;L Only</li><li>WVOE</li><li>1099</li></ul>					Written VOE and P&L Only: <ul style="list-style-type: none"><li>Minimum Credit Score: 660</li><li>Max LTV/CLTV Purchase: 80%</li><li>Max LTV/CLTV R&amp;T and Cash-Out: 70%</li><li>Max loan amount \$1.5M</li></ul>			Condo Hotel Max LTV/CLTV: Purchase – 75%: Refinance – R/T & Cash-Out: 65% Occupancy Type: Primary, Second, Investment Min and Max loan amount: \$150K to \$1.5M	

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Topic	ZUMA GENERAL PROGRAM GUIDELINES												
Regulatory Compliance	<ul style="list-style-type: none"><li>• <b>High-Cost Limits:</b> Loans exceeding any applicable federal, state or municipal High-Cost limits are <b>not</b> eligible for purchase (e.g. HOEPA).</li><li>• <b>HPML/HPCT:</b> Higher-Priced Mortgage Loans (HPML) are eligible for purchase when the product eligibility complies with applicable laws.<ul style="list-style-type: none"><li>• The maximum points and fees are limited to 5%.</li></ul></li></ul>												
Eligible Products	<ul style="list-style-type: none"><li>• <b>Fully Amortizing:</b> Qualifying Ratios are based on PITIA payment with the principal and interest payments amortized over the loan term<ul style="list-style-type: none"><li>○ <u>5/6 SOFR:</u> (2/1/5 Cap Structure)<ul style="list-style-type: none"><li>▪ <u>Qualifying Rate (All Doc Types):</u> Qualify borrower(s) at the greater of the Fully-Indexed Rate or Note Rate.</li></ul></li><li>○ <u>7/6 SOFR:</u> (5/1/5 Cap Structure)<ul style="list-style-type: none"><li>▪ <u>Qualifying rate (All Doc Types):</u> qualify borrower(s) at the greater of the Fully-Indexed Rate or Note Rate.</li></ul></li><li>○ <u>15 Year Fixed</u></li><li>○ <u>30 Year Fixed</u></li></ul></li><li>• <b>Interest-Only:</b> Qualifying Ratios are based on PITIA payment with the principal and interest payments amortized over the scheduled remaining loan term at the time of recast after the interest only period has expired.<ul style="list-style-type: none"><li>○ Loan Terms: 360 or 480 Months</li><li>○ <u>5/6 SOFR:</u> (2/1/5 Cap Structure)<ul style="list-style-type: none"><li>▪ <u>Qualifying rate (All Doc Types):</u> qualify borrower(s) at the greater of the Fully-Indexed Rate or Note Rate.</li><li>▪ <u>Interest-Only Period:</u> 10 Year Interest-Only Period</li><li>▪ <u>Amortization Periods:</u> 20 Year or 30 Year</li></ul></li><li>○ <u>7/6 SOFR:</u> (5/1/5 Cap Structure)<ul style="list-style-type: none"><li>▪ <u>Qualifying rate (All Doc Types):</u> qualify borrower(s) at the greater of the Fully-Indexed Rate or Note Rate.</li><li>▪ <u>Interest-Only Period:</u> 10 Year Interest-Only Period</li><li>▪ <u>Amortization Periods:</u> 20 Year or 30 Year</li></ul></li><li>○ <u>30 Year Fixed</u><ul style="list-style-type: none"><li>▪ <u>Qualifying rate (All Doc Types):</u> qualify borrower(s) at the Note Rate.</li><li>▪ <u>Interest-Only Period:</u> 10 Year Interest-Only Period followed by 20 Year Amortization</li></ul></li><li>○ <u>40 Year Fixed</u><ul style="list-style-type: none"><li>▪ <u>Qualifying rate (All Doc Types):</u> qualify borrower(s) at the Note Rate.</li><li>▪ <u>Interest-Only Period:</u> 10 Year Interest-Only Period followed by 30 Year Amortization</li></ul></li></ul></li><li>• The ARM floor is equal to the margin.</li></ul>												
Interest Only Restrictions	<table><tr><th>Zuma Prime</th><th>Zuma Prime</th><th>Zuma Credit Flex</th></tr><tr><td>Occupancy Types</td><td>Primary, Second and Investment</td><td>Primary, Second and Investment</td></tr><tr><td>Minimum Fico</td><td>660</td><td>660</td></tr><tr><td>Maximum LTV/CLTV</td><td>90%</td><td>85%</td></tr></table> <ul style="list-style-type: none"><li>• Investment refers to matrix for max LTV/CLTV restrictions</li><li>• Investment transactions are not eligible for 40-year terms.</li></ul>	Zuma Prime	Zuma Prime	Zuma Credit Flex	Occupancy Types	Primary, Second and Investment	Primary, Second and Investment	Minimum Fico	660	660	Maximum LTV/CLTV	90%	85%
Zuma Prime	Zuma Prime	Zuma Credit Flex											
Occupancy Types	Primary, Second and Investment	Primary, Second and Investment											
Minimum Fico	660	660											
Maximum LTV/CLTV	90%	85%											

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Interested Party Contributions (IPC) Seller Concessions</b>	<p>Owner Occupied / Second Home</p> <ul style="list-style-type: none"> <li>• 6% for LTV ≤ 80%</li> <li>• 4% for LTV &gt; 80%</li> </ul> <p>Non-Owner Occupied</p> <ul style="list-style-type: none"> <li>• May not exceed 3%</li> </ul> <p>Contributions may only be used for closing costs and prepaid expenses and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements.</p>
<b>Escrow</b>	<p>Escrow funds/impound accounts can be waived, with the exception of Flood Insurance Premium, for non-HPML loans or exempt business purpose loans when the following requirements are met:</p> <ul style="list-style-type: none"> <li>• LTV less than 80%</li> <li>• Minimum decision credit score of 720</li> <li>• Minimum 12-months of reserves</li> <li>• Pricing adjustment may apply, see rate sheet.</li> </ul>
<b>Secondary Financing</b>	<p>Secondary financing must be institutional. Existing secondary financing must be subordinated and recorded or refinanced. HELOC CLTV must be calculated at the maximum available line amount unless the borrower can provide documentation the line of credit is past its draw period.</p>
<b>Automated Underwriting System (AUS)</b>	<p><b>Not required</b></p>
<b>Previously Listed Properties</b>	<ul style="list-style-type: none"> <li>• For all cash-out refinances: <ul style="list-style-type: none"> <li>◦ <b>Primary/Second Home:</b> Properties previously listed for sale must be seasoned at least six (6) months from the listing contract expiration date to the loan application date.</li> <li>◦ <b>Investment Properties:</b> A listing expiration of less than six (6) months is permitted with a prepayment penalty. If a property is listed for sale, the listing must be cancelled prior to the note date.</li> </ul> </li> <li>• For all rate and term refinances listing should be 1 day from contract expiration to application date.</li> </ul>
<b>Land Trust and Community Land Trust</b>	<p>Not Allowed</p>
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>• Appraisal Age: Appraisals must be dated within 360 days prior to Note date. Recertification of value required if the report exceed 120 days of the Note Date.</li> <li>• Person Property: Any personal property transferred with a property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal.</li> <li>• Appraisal Transfers: <b>Allowed.</b> Appraisal must be within 90 days of the transfer receipt. Recert of value is allowed and valid up to 12 months from effective date</li> <li>• Appraisal Form: A full Interior &amp; Exterior appraisal report on appropriate Fannie / Freddie form is required for all properties. Property Inspection Waiver (PIW) or exterior-only inspections are not allowed.</li> <li>• Fannie Mae Market Conditions Addendum: A Fannie Mae <i>Form 1004MC Market Conditions Addendum</i>, 1004MC must be included in the loan file.</li> </ul> <p><b>A second appraisal</b> is required when any of the following conditions exist.</p> <ul style="list-style-type: none"> <li>◦ Loan amount is greater than \$2,000,000.</li> <li>◦ The transaction is defined as flip property defined in the Flipped section of this guide</li> <li>◦ As required under appraiser review products section of this guide</li> </ul> <p>When a second appraisal is provided, the transaction is "Appraised Value" will be the lower of the two appraisals. The second appraisal must be from a different company and appraiser than the first appraisal.</p>

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Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Appraisal Review Products (Lender to order)</b>	<p>An appraisal review product is required on every loan file unless a 2<sup>nd</sup> appraisal is obtained. The appraisal review product should provide an “as is” value for the subject property (the “Appraised Value”) as of the date of the subject loan transaction.</p> <p>For files requiring an appraisal review product, three (3) options are available.</p> <ul style="list-style-type: none"> <li>• The lender may submit a appraisal report to Collateral Underwriter (CU) or Loan Collateral Advisor (LCA) . An eligible score is 2.5 or less. The file must include copy of the Submission Summary Report (SSR).</li> <li>• An enhanced desk review product order through the following options: CDA from Clear Capital</li> <li>• A field review or second appraisal is acceptable. These may not be from the same appraiser or appraisal company as the original report. (NOTE: Cost will need to be paid by TPO or borrower)</li> </ul> <p>If the CU or LCA score exceeds 2.5 or the enhanced desk review product reflects a value more than 10% below the appraised value or cannot provide a validation, the next option would be either a field review or second appraisal. These must be from a different appraisal company and appraiser than the original appraisal. (NOTE: Cost will need to be paid by TPO or borrower)</p>
<b>Declining Market</b>	Trend of property values: “Declining Markets” require a 5% LTV reduction from regular LTV matrix for LTVs greater than 70%.
<b>Minimum Sq. Footage</b>	<ul style="list-style-type: none"> <li>• SFR: 700 sq. ft.</li> <li>• Condo: 500 sq. ft.</li> <li>• 2-4 Units: 400 sq. ft. per individual unit</li> </ul>
<b>Appraisal Transfers</b>	Allowed. Refer to JMAC Appraisal Policy for transfer requirements.
<b>Land Trust</b>	<b>Not Allowed</b>
<b>Leasehold</b>	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. Seller must provide documentation and Leaseholds must meet all FNMA eligibility requirements (i.e. term of lease).
<b>Texas</b>	<p>A Texas Section 50(a)(6) mortgage is a home equity loan originated under the provisions of Article XVI, Section 50(a)(6), of the Texas Constitution, which allow a borrower to take equity of a homestead property under certain conditions. All loans must comply with the requirements listed in Texas Constitution.</p> <p>The Following are allowed:</p> <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Rate/Term Refinance</li> <li>• <b>Texas Equity 50(a)(6)</b></li> <li>• <b>Non-Texas Section 50(a)(6)</b> - A seasoned Texas Section 50(a)(6) loan can be refinanced into a non-Texas Section 50(a)(6) loan if certain conditions are met. A Non-Texas Section 50(a)(6) loan is eligible for purchase provided the loan meets standard eligibility criteria and the requirements of the Texas Constitution, including: <ul style="list-style-type: none"> <li>○ The refinanced loan is created at least a year after the initial Texas Equity 50(a)(6) loan was closed;</li> <li>○ The loan amount only covers the actual cost of the refinancing, and does not provide the borrower with additional funds;</li> <li>○ <b>The LTV/CLTV does not exceed 80 percent of the fair market value;</b></li> <li>○ The lender provides the borrower with certain disclosures within 3 business days of application and 12 or more days before the loan is closed; and</li> <li>○ An affidavit that conforms to Section 50(f-1) Article XVI of the Texas Constitution must be prepared and recorded.</li> <li>○ Not allow on interest only programs.</li> </ul> </li> </ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Property Flipping</b>	<p>For properties acquired by the seller of the property within 6 months of application date where the contract price exceeds the sellers acquisition price by the following:</p> <ul style="list-style-type: none"> <li>• More than a 10% price increase if the seller acquired the property in the past 90-days;</li> <li>• More than a 20% price increase if the seller acquired the property in the past 91-180 days</li> </ul> <p>The following additional requirements apply:</p> <ul style="list-style-type: none"> <li>• Second appraisal required</li> <li>• Second appraisal must be dated/delivered prior to the loan consummation/note date;</li> <li>• Property seller on the purchase contract must be the owner of record;</li> <li>• Increases in value should be documented with commentary from the appraiser and recent comparable sales.</li> <li>• Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.)</li> </ul>
<b>Financed Properties</b>	<ul style="list-style-type: none"> <li>• 10 Financed Properties with maximum 15 total owned regardless if they are financed or not.</li> <li>• Maximum Exposure to a single borrower shall not exceed \$5,000,000 in current UPB or ten (10) properties;</li> </ul>
<b>Departing Residence / Departing Primary</b>	<ul style="list-style-type: none"> <li>• If the borrower's current principal residence is pending sale but the transaction will not close prior to the subject transaction, the current PITIA and proposed PITIA must be used in qualifying the borrower. The current PITIA may be excluded provided a credit file is documented with the following: <ul style="list-style-type: none"> <li>◦ The executed sales contract for the current residence, and</li> <li>◦ Confirmation that any financing contingencies have been cleared.</li> </ul> </li> <li>• If the borrower plans to convert their departure residence to a rental property, the current PITIA and proposed PITIA must be used in qualifying the borrower. The current PITIA may be excluded provided the credit file is documented with all the following: <ul style="list-style-type: none"> <li>◦ Market rent analysis, Fannie Mae 1007 rent schedule</li> <li>◦ Copy of a current lease</li> <li>◦ Evidence of proof of receipt of damage deposit and first months' rent.</li> </ul> </li> </ul>

Topic	ZUMA GENERAL PROGRAM GUIDELINES
Property Eligibility	<p><b>Property Condition</b></p> <ul style="list-style-type: none"> <li>• Eligible Property Condition Ratings: C1, C2, C3, C4</li> <li>• Eligible Quality of Construction Ratings: Q1, Q2, Q3, C4</li> </ul> <p><b>ELIGIBLE PROPERTY TYPES</b></p> <ul style="list-style-type: none"> <li>• Single Family (SFR) detached or attached</li> <li>• 2-4 Unit Properties</li> <li>• Planned Unit Development (PUD)</li> <li>• Warrantable Condo exception for condo hotel</li> <li>• Modular homes</li> <li>• Leaseholds (in areas where leaseholds are common)</li> <li>• Properties of 10 acres or less (no truncating allowed)</li> </ul> <p><b>INELIGIBLE PROPERTY TYPES</b></p> <ul style="list-style-type: none"> <li>• Properties located in land trust / community land trust</li> <li>• Mixed Use properties;</li> <li>• Vacant land or land development properties;</li> <li>• Properties not readily accessible by roads that meet local standards;</li> <li>• Properties not suitable for year-round occupancy regardless of location;</li> <li>• Agricultural properties including: farms, ranches, orchards;</li> <li>• Manufactured, or Mobile;</li> <li>• Co-op/timeshare hotels;</li> <li>• Resort Type Projects;</li> <li>• Cooperative share loans;</li> <li>• Boarding houses or bed/breakfast properties;</li> <li>• Properties with zoning violations;</li> <li>• Dome or geodesic homes;</li> <li>• Assisted living facilities;</li> <li>• Homes on Indian reservations (Reservations);</li> <li>• Log homes;</li> <li>• Hawaii properties located in lava zones 1 and/or 2;</li> <li>• Houseboats;</li> <li>• Fractional ownership</li> <li>• Properties used for the cultivation, distribution, manufacture or sale of marijuana</li> <li>• Rural property: <ul style="list-style-type: none"> <li>○ A property is classified as rural: <ul style="list-style-type: none"> <li>▪ The appraiser indicates in the neighborhood section of the report a rural location; or</li> <li>▪ The following two (2) conditions exist: <ul style="list-style-type: none"> <li>• The property is located on a gravel road.</li> <li>• Two of the three comparable properties are more than 5 miles from the subject property.</li> </ul> </li> </ul> </li> </ul> </li> </ul>

# ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Condominiums</b>	<p>To qualify for an acceptable condominium unit, the condominium project must be common for the area and demonstrate good marketability.</p> <ul style="list-style-type: none"> <li>• All loan secured requires a Full HOA Cert with addendum.</li> <li>• Any projects with significant deferred maintenance or have received a directive from a regulatory or inspection agency to mark repairs due to unsafe conditions are not eligible for purchase. Significant deferred maintenance includes deficiencies that meet one or more of the following criteria: <ul style="list-style-type: none"> <li>○ Full or partial evacuation of the building to complete repairs is required for more than seven (7) days or any unknown period of time.</li> <li>○ The project has deficiencies, defects, substantial damage, or deferred maintenance that: <ul style="list-style-type: none"> <li>▪ is severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements;</li> <li>▪ the improvements need substantial repairs and rehabilitation, including many major components; or</li> <li>▪ impedes the safe and sound functioning of one or more of the building's major structural or mechanical elements, including but not limited to the foundation, roof, load bearing structures, electrical system, HVAC, or plumbing.</li> </ul> </li> <li>○ Lender will not purchase loans secured by units in any condo project identified by FNMA as "Unavailable" by Condo Project Manager (CPM).</li> <li>○ See the current Loan/LTV matrix for maximum LTV/CLTVs and loan amounts.</li> <li>○ JMAC project exposure maximum shall be \$5,000,000 or 20% of the total units in the project, whichever is lower.</li> <li>○ Projects consisting entirely of detached (site) units will not require a project review and are eligible for single-family dwelling LTV/CLTV.</li> <li>○ Two- to four-unit condominium projects will not require a project review provided the following are met: <ul style="list-style-type: none"> <li>▪ The project is not a condo hotel, houseboat, or timeshare or segmented-ownership project.</li> <li>▪ The priority of common expense assessments applies.</li> <li>▪ The standard insurance requirements apply.</li> </ul> </li> <li>○ Project has been created and exists in full compliance with applicable local jurisdiction, State, and all other applicable laws and regulations.</li> <li>○ Commercial space allowed up to 50% of project.</li> <li>○ No more than 20% of the total units in the project may be 60 days or more past due on the condominium/HOA fees.</li> <li>○ Investor concentration allowed up to 60%. A higher percentage may be considered when the subject transaction is an investment property when a history of a high percentage of rental units in the project can be demonstrated.</li> <li>○ The project developer may be in control of the condominium association provided the Master Agreement allows for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time frame.</li> <li>○ Single entity ownership allowed up to 20% of the project.</li> <li>○ Projects involved in litigation are acceptable provided the lawsuit(s) are not structural in nature which impact the subject unit and do not affect the marketability of the project units and potential damages do not exceed 25% of HOA reserves or documentation from the insurance carrier or attorney representing the insurance carrier that the insurance carrier has agreed to conduct defense and the HOA insurance policy is sufficient to cover the litigation expense.</li> <li>○ Borrower must carry HO-6 coverage for replacement of such items as flooring, wall covering, cabinets, fixtures, built-ins, and any improvements made to the unit.</li> <li>○ Lender must confirm that the project documents do not give a unit owner or any other party priority over the rights of the first mortgagee.</li> </ul> </li> </ul>
<b>Condo Hotels</b>	<p>Condominium Hotel – (a.k.a. Condo Hotel, Condotel)</p> <ul style="list-style-type: none"> <li>• Projects that are managed and operated as a hotel or motel, even though the units are individually owned.</li> <li>• A project that includes registration services and offers rentals of units on a daily, weekly, or monthly basis.</li> <li>• Occupancy Type: Primary, Second Home, or Investment.</li> <li>• Investor concentration, within the subject project, may exceed established project criteria, up to 100%.</li> <li>• Maximum LTV/CLTV (may vary by product – see Loan/LTV matrix):</li> <li>• R/T and Cash-Out: 65%</li> <li>• Minimum Loan Balance: \$150,000</li> <li>• Maximum Loan Amount: \$1.5 million</li> <li>• Minimum square footage: 500</li> <li>• Fully functioning kitchen – define as a full-size appliance including a refrigerator and stove/oven</li> <li>• Bedroom required</li> </ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Accessory Units</b>	<p>A 1-unit with an accessory unit is acceptable. An accessory unit is typically an additional living area independent of the primary dwelling unit and includes a fully functioning kitchen and bathroom. Some examples may include a living area over a garage and basement units. Whether a property is defined as a one-unit property with an accessory unit or a two-unit property will be based on the characteristics of the property, which may include, but are not limited to, the existence of separate utilities, a unique postal address, and whether the unit is rented. The appraiser is required to provide a description of the accessory unit and analyze any effect it has on the value or marketability of the subject property.</p> <p>If the property contains an accessory unit, the property is eligible under the following conditions:</p> <ul style="list-style-type: none"> <li>• The property is defined as a one-unit property.</li> <li>• There is only one accessory unit on the property; multiple accessory units are not permitted.</li> <li>• The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use.</li> <li>• The borrower qualifies for the mortgage without considering any rental income from the accessory unit.</li> <li>• <b>For properties located in California</b>, if zoning (current or grandfathered) permits an accessory unit, <u>the rental income may be included</u>, subject to the following: <ul style="list-style-type: none"> <li>o Appraisal reflects the accessory is legal and the appraisal report includes at least one comp with an accessory unit.</li> <li>o Refinance – The market rent for the accessory unit should be documented on FNMA Form 1007 and the file must include a copy of a current lease with two (2) months proof of current receipt.</li> </ul> </li> </ul>
<b>Rate &amp; Term Refinance</b>	<ul style="list-style-type: none"> <li>• Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.</li> <li>• Pay off any subordinate loan not used in the acquisition of the subject property, <u>provided one of the following apply</u>: <ul style="list-style-type: none"> <li>o Closed end loan, at least 12 months of seasoning has occurred.</li> <li>o HELOC, at least 12 months of seasoning has occurred and total draws over the past 12 months are less than \$2,000.</li> </ul> </li> <li>• Buying out a co-owner pursuant to an agreement.</li> <li>• Paying off an installment land contract executed more than 12 months from the loan application date.</li> <li>• Other considerations: <ul style="list-style-type: none"> <li>o Cash back in an amount not to exceed the lesser of 2% of the new loan amount or \$5,000 can be included in the transaction.</li> <li>o <b>If the subject property was acquired greater than six (6) months from application date, the appraised value will be used to determine LTV/CLTV. If the property was acquired less than or equal to six (6) months from the application date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV/CLTV. The purchase settlement statement and any invoices for materials/labor will be required.</b></li> <li>o Refinance of a previous loan that provided cash out, as measured from the previous note date to the application date, and is seasoned less than 12 months, will be considered a cash out refinance.</li> </ul> </li> </ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Cash-Out</b>	<ul style="list-style-type: none"> <li>The payoff of delinquent real estate taxes (60-days or more past due) is considered cash out.</li> <li>Cash-out proceeds can be used for required reserves.</li> <li>A letter explaining the use of loan proceeds is required for all transactions.             <ul style="list-style-type: none"> <li>For all investment property transactions, any loan proceeds used to pay off personal debt creates a consumer transaction, and the loan is subject to ATR and TRID. This includes any past draws, regardless of timing, on a HELOC secured by the subject property. Business purpose transactions will require a draw history schedule, along with an attestation from the borrower, in the credit file, that none of the advances were used for personal/consumer use. (<i>Borrower Certification of Business Purpose Disclosure located in HelpCenter</i>)</li> </ul> </li> <li><b>Loans not eligible for cash-out:</b> <ul style="list-style-type: none"> <li>Primary Residence or Second Home properties listed for sale in the past six (6) months.</li> <li>Investment properties listed for sale in the past 6-months unless a three (3) year prepay penalty, per requirements are met.</li> <li>There has been a prior cash out transaction within the past 6-months</li> <li>Payoff of a Land Contract/Contract for Deed</li> <li>Non-owner transaction cash-out for personal use. Can only be for business purpose.</li> </ul> </li> </ul> <p><b>Cash-Out Seasoning:</b> Cash-Out Seasoning is defined as the difference between application date of the new loan and the property acquisition date.</p> <ul style="list-style-type: none"> <li>For properties owned 12 months or longer, the LTV/CLTV is based upon the appraised value.</li> <li>A minimum borrower seasoning of six (6) months is required for a transaction to be eligible for cash-out.</li> <li>If Cash-Out Seasoning is less than twelve (12) months but greater than 6 months, the transaction value is limited to the lower of the current appraised value or the property's purchase price.</li> <li>Cash-out seasoning of less than six (6) months is not allowed when the prior transaction was also a cash-out.</li> <li>Cash-out seasoning of six (6) months or less is allowed with the following restrictions.             <ul style="list-style-type: none"> <li>The lender has documented that the borrower acquired the property through an inheritance or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership</li> </ul> </li> </ul>
<b>Delayed Financing</b>	<p>Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 180 days of the loan application.</p> <ul style="list-style-type: none"> <li>The original purchase transaction was an arms-length transaction.</li> <li>The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).</li> <li>The maximum LTV/CLTV ratio for the transaction is based upon the lower of the current appraised value or the property's purchase price plus documented improvements.</li> <li>The preliminary title search or report must confirm that there are no existing liens on the subject property</li> <li>The transaction is considered cash-out, cash-out Loan/LTV limits apply.</li> <li>The new loan amount can be no more than the actual documented amount of the borrower's initial investment subject to the maximum LTV/CLTV for cash-out transactions.</li> </ul>
<b>Non-Occupant Co-Borrower</b>	<ul style="list-style-type: none"> <li>Allowed for standard full doc and alt doc -bank statement qualifications. <b>The maximum LTV allowed for any income doc is reduce by 5% LTV.</b></li> <li>Borrower and Co-Borrower must complete and sign a Non-Occupant Co-Borrower Certification.</li> <li><b>The non-occupant borrower's is limited to full doc qualification only.</b></li> <li>Occupying borrower(s) must have a DTI ratio of 60% or less. Excluding income/debts of non-occupant borrower.</li> <li><b>Borrower(s) and co-borrower(s) must complete and sign a Non-Occupant Co-Borrower Certification.</b></li> <li>Cash-out transactions not allowed</li> <li>Non-occupant co-borrower needs to be included on title of the subject property.</li> </ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Non-ARM's Length / Interest Party Transaction</b>	<ul style="list-style-type: none"> <li>• <b>NON-ARM'S LENGTH TRANSACTION:</b> A non-arm's length transaction occurs when the borrower has a direct relationship or business affiliation with subject property Builder, Developer, or Seller. Examples of non-arm's length transactions include family sales, property in an estate, employer/employee sales and flip transactions. When the property seller is a corporation, partnership or any other business entity it must be ensured that the borrower is not an owner of the business entity selling the property. A non-arm's length transaction is not intended to bail out a family member who has had difficulties making their mortgage payment. A thorough review of the title report in these cases is required as well as the payment history pattern (VOM on the Seller's mortgage)</li> <li>• <b>ELIGIBLE NON-ARM'S LENGTH AND INTERESTED PARTY TRANSACTIONS:</b> <ul style="list-style-type: none"> <li>○ Seller(s) representing themselves as agent in real estate transaction</li> <li>○ Renter(s) purchasing from Landlord <ul style="list-style-type: none"> <li>▪ 24 months cancelled checks to prove timely payments required</li> <li>▪ A VOR is not acceptable</li> </ul> </li> <li>○ Purchase between family members <ul style="list-style-type: none"> <li>▪ Full Documentation only</li> <li>▪ Gift of Equity requires a gift letter, and the equity gift credit is to be shown on the CD</li> <li>▪ Must provide a 12-month mortgage history on existing mortgage securing subject property confirming Family Sale is not a foreclosure bailout</li> </ul> </li> </ul> </li> <li>• <b>NON-ARM'S LENGTH AND INTERESTED PARTY RESTRICTIONS:</b> <ul style="list-style-type: none"> <li>○ Primary Residences only</li> <li>○ Borrower to provide verification of the earnest money deposit</li> <li>○ Maximum LTV/CLTV: 80%</li> <li>○ For-Sale-By-Owner (FSBO) transactions must be arms-length</li> <li>○ Employer to employee sales or transfers not allowed</li> <li>○ Property trades between buyer and seller not allowed</li> <li>○ <b>Commissions earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves.</b></li> </ul> </li> </ul>
<b>Residency</b>	<p><b>Eligible:</b> Us Citizen, Permanent Resident Alien, and Non-Permanent Resident Alien</p> <p><b>Ineligible:</b> Applicants possessing diplomatic immunity, Borrowers from OFAC sanctioned countries, politically exposed borrowers, any material parties company or individual) to transaction listed on HUD's Limited Denial of Participation (LDP list, and the federal General Services Administrative (GSA) Excluded Party list or any other exclusionary list.</p>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Non-Permanent Resident Alien</b>	<p>An alien admitted to the United States as a lawful temporary resident. Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States. Valid SSN is required.</p> <ul style="list-style-type: none"> <li>Legal Status Documentation <ul style="list-style-type: none"> <li>Visa types allowed: E-1, E-2, E-3, EB-5, G-1 through G-5, H-1B, L-1, NATO, O-1, R-1, TN NAFTA</li> <li>Visa must be current and may not expire within six (6) months following the closing date, in additional documentation is required: evidence that the proper extension steps have been followed per the U.S. Citizenship and Immigration Services (USCIS) website, along with proof of payment receipt and proof that the extension was done in the timeframe required by USCIS.</li> <li>When applicable, a valid Employment Authorization Document (EAD) is required for US employment if borrower is not sponsored by a current employer. If the EAD will expire within six (6) months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower's continued employment and continued EAD renewal. The employer on the loan application must be the same as on the unexpired EAD. The EAD documentation is acceptable up to 540 days if an automatic extension has been granted. If the borrower filed a Form I-765 renewal application on or after May 4, 2022, USCIS will send them a Form I-797C Notice of Action receipt notice that has information regarding the up to 540-day automatic extension. If the borrower is eligible for the automatic extension, this receipt notice, together with the expired EAD (and the borrower's unexpired Form I-94, if the borrower is an H-4, E, or L-2 dependent spouse, including E-1S, E-2S, E-3S and L-2S class of admission codes) will serve as acceptable proof of employment authorization and/or EAD validity during the up to 540-day automatic extension period. See the related USCIS link for further information: <a href="https://www.uscis.gov/eadautoextend">https://www.uscis.gov/eadautoextend</a></li> </ul> </li> <li>Guideline restrictions: <ul style="list-style-type: none"> <li>Full Documentation or Alt Documentation limited to 24-Months only. Maximum LTV/CLTV limited to 80%</li> <li>Non-Occupant Co-Borrowers are not allowed</li> <li>Gift Funds are not allowed</li> <li>U.S. credit requirements detailed under the CREDIT section of this guide should be utilized.</li> </ul> </li> </ul>
<b>First Time Home Buyer (FTHB)</b>	<p>The following requirements apply to first time home buyer transactions:</p> <ul style="list-style-type: none"> <li>Primary residence only</li> <li>Minimum 680 credit score</li> <li>DTI may not exceed 45%</li> <li>Minimum 6 months of reserves</li> <li>12-month rental history required reflecting 0x30.</li> </ul>
<b>Prepays Offered 1, 2, to 3 years</b>	<p><b>Investment Properties Only</b></p> <p>Where permitted by applicable laws and regulations on an investment property, a prepayment charge may be assessed in the period between one (1), two (2), or up to three (3) years following the execution date of the note. The following prepayment structure may be used:</p> <ul style="list-style-type: none"> <li>3% fixed percentage – The prepayment charge will be equal to a fixed percentage and applied to any curtailment or the entire outstanding principal balance during the prepay period. The charge applies to the loans that pay off due to sale or refinance.</li> </ul> <p>The following state restrictions apply:</p> <ul style="list-style-type: none"> <li>Prepayment penalties not allowed in IL, MI, MN, MS, NJ, NM, and OH.</li> <li>Pennsylvania (PA) prepayment penalties are not allowed on loan balances less than an adjusted value as determined by the Dept of Banking &amp; Securities. For calendar year 2022 the amount is \$278,204. The loan amount needs to be &gt; \$278,204 to have prepay.</li> </ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Housing History</b>	<p><b>Mortgage Verification:</b></p> <p>A 12-month housing payment mortgage history is required for all financed properties owned by the borrower. Current means the borrower has made all mortgage payments due in the month prior to the note date. If the credit report does not reflect the current payment history, <u>one of the following additional documents is required:</u></p> <ul style="list-style-type: none"> <li>• A loan payment history from the servicer or third-party verification service,</li> <li>• A payoff statement (for mortgages being refinanced),</li> <li>• The latest mortgage account statement from the borrower, or</li> <li>• A verification of mortgage.</li> </ul> <p>For properties owned free and clear, a property profile report or similar document showing no liens against the property should be included in the credit file. Any balloon notes with an expired maturity date exceeding 30 days requires an extension to avoid being counted as delinquent.</p> <p>If a borrower's mortgage history is not reported on the credit report, a VOM must be provided. Any VOM completed by a private-party Seller, or any non-institutional lender must be supported by alternative documentation showing the most recent 6-month history (cancelled checks, mortgage statements including payment history, etc.).</p> <p>In addition, if the subject transaction is secured by a non-institutional lender, the mortgage payoff statement should be reviewed to determine that no late fees or delinquent interest is included in the payoff amount. For properties owned free and clear, a property profile report or similar document showing no lien against the property should be provided in the credit file.</p> <p>Rolling late payments are not considered a single event. Each occurrence of a contractual delinquency is considered individually for loan eligibility.</p> <p><b>Rental Verification:</b></p> <p>A Verification of rent (VOR)</p> <ul style="list-style-type: none"> <li>• A third-party VOR is required for any file when the borrower is currently renting.</li> <li>• Any VOR completed by a private party, or any non-institutional landlord must be supported by alternative documentation showing the most recent 6-month history (cancelled checks, rental statements including payment history, etc.).</li> </ul> <p><u>Borrowers who live rent free</u> or without a complete 12-month housing history are allowed with the following restrictions.</p> <ul style="list-style-type: none"> <li>• DTI may not exceed 43%</li> <li>• Any available portion of a 12-month housing history must be paid as agreed.</li> <li>• Borrower(s) who own their primary residence free and clear aren't considered living rent free.</li> <li>• Borrower(s) who sold a primary residence within the past 6-months and are currently residing rent free until subject transaction closes are not considered living rent free.</li> </ul>
<b>Credit History</b>	<p>Any non-mortgage account can be no more than 30-days delinquent at time of application. Any delinquent account must either be brought current or paid off at closing.</p> <p>All mortgage accounts must be current at application and remain paid as agreed through closing.</p> <ul style="list-style-type: none"> <li>• If a short sale, deed in lieu of foreclosure, or foreclosure has occurred within the last 12 months, no more than a 1x30x6 is allowed on each revolving debt account and no more than a 1x30x12 is allowed on each installment debt account.</li> </ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Charge-Offs / Collections</b>	<p>Delinquent credit, such as charge-offs of non-mortgage accounts and collections, have the potential to affect loan position or diminish borrower equity.</p> <ul style="list-style-type: none"> <li>Individual collection and non-mortgage charge-off accounts equal to or greater than \$250, and accounts that total more than \$2,000, must be paid in full prior to or at closing. See below for exception.</li> <li>Medical collections may remain open with a max cumulative balance of \$10,000.</li> <li>A second mortgage or junior lien that has been charged off is subject to foreclosure seasoning periods for grade determination, based on the charge-off date.</li> <li>Collections and charge-offs that have expired under the state statute of limitations on debts may be excluded from the DTI calculation. Evidence of expiration must be documented.</li> </ul> <p>Charge-offs and collections not excluded by the above bullet points must be paid or may stay open if using one or a combination of both of the following:</p> <ul style="list-style-type: none"> <li>Payments for open charge-offs or collections are included in the DTI (subject to program DTI restrictions). If a payment amount is not known, 5% of the balance may be used as the payment.</li> <li>Reserves are sufficient to cover the balance of the charge-offs or collections and meet reserve requirements.</li> </ul>
<b>Judgements / Liens</b>	<ul style="list-style-type: none"> <li>All open judgments, garnishments, and all outstanding liens must be paid off prior to or at loan closing.</li> </ul>
<b>Tax Liens</b>	<p>All income tax liens (federal, state, local) must be paid off prior to or at loan closing. Tax liens that do not impact title may remain open provided the following are met;</p> <ul style="list-style-type: none"> <li>The file must contain a copy of the repayment agreement</li> <li>A minimum of 2-payments has been made under the plan with all payments made on time</li> <li>The maximum payment required under the plan is included in the DTI calculation</li> <li>The balance of the lien must be included when determining the maximum CLTV for the program</li> <li>Refinance transactions require a subordination agreement from the taxing authority for liens against the subject property</li> </ul>
<b>Disputed Accounts</b>	<p>When the credit report contains tradelines disputed by the borrower, the credit file should be documented with a credit supplement showing the account(s) have been resolved. If the disputed account balance is \$250 or less, the payment can be included in the total debt calculation and the account can remain in dispute. Total aggregate balance of accounts in dispute remaining unresolved can't exceed \$2,000</p>
<b>Credit Events</b>	<p>Bankruptcy: recent bankruptcies are not allowed. All bankruptcies must be settled a minimum of 12 months.</p> <p>Foreclosure: must be completed a minimum of 12 months.</p> <p>Short Sale/DIL: must be completed a minimum of 12 months.</p>
<b>Forbearance, Modification or Deferrals</b>	<p>Forbearance, loan modifications, or deferrals are treated as a short sale / deed-in-lieu for eligibility and pricing purposes. Any loan payment history that appears to reflect the above may require additional documentation, such as canceled checks or bank statements to show payments were made.</p>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Tradelines</b>	<p>If the primary borrower has three (3) credit scores with 24 months credit history, the minimum tradeline requirement is waived.</p> <p>For loans when the primary borrower has less than three credit scores, each borrower must meet the minimum tradeline requirements, unless the co-borrower is the spouse of the borrower. In that case, only one spouse is required to meet the minimum tradelines outlined below:</p> <ul style="list-style-type: none"> <li>• At least three (3) tradelines reporting for a minimum of 12- months, with activity in the last 12-months, <b>or</b></li> <li>• At least two (2) tradelines reporting for a minimum of 24-months, with activity in the last 12-months</li> </ul> <p>Borrowers who do not meet one of the above tradeline requirements, but have a minimum of two credit scores, can alternatively satisfy the tradeline requirement by meeting the below requirements:</p> <ul style="list-style-type: none"> <li>○ No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.</li> <li>○ At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.</li> <li>○ The borrower has an established credit history for at least eight (8) years.</li> <li>○ Tradelines with recent serious adverse history are not acceptable</li> <li>○ Student loans can be counted in credit depth as long as they are in repayment and not being deferred</li> </ul> <p>The following are <u>not acceptable to be counted as a tradeline</u>: “non-traditional” credit as defined by Fannie Mae, self-reported tradeline, any liabilities in deferment status, accounts discharged through bankruptcy, authorized user accounts, charge-offs, collection accounts, foreclosures, deed in lieu of foreclosure, short sales, or pre-foreclosure sales.</p>
<b>Reserves</b>	<p>The loan program includes minimum reserves as outlined on the Product matrices;</p> <ul style="list-style-type: none"> <li>• Reserve requirements are waived for Rate-And-Term Refinance transactions when the transaction results in a reduction to the monthly principal and interest payment of 10% or greater AND housing history is 1x30x12 or better. Waiver not eligible for DTI greater than 50%. For an Interest Only loan, the reduction is based on the amortizing payment used for loan qualification.</li> <li>• Reserves for a loan with an Interest Only feature are based upon the Interest Only payment amount.</li> <li>• For Adjustable-Rate Mortgages (ARM), the reserves are based upon the initial PITIA, not the qualifying payment.</li> <li>• Proceeds from 1031 Exchange cannot be used to meet reserve requirements</li> </ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Gift Funds</b>	<ul style="list-style-type: none"> <li>Unless otherwise specified, Gift Funds are acceptable if ONE of the following applies: <ul style="list-style-type: none"> <li>For owner occupied transaction a <u>5% down payment</u> has been made by the borrower from their own funds. <ul style="list-style-type: none"> <li>100% Gift Funds are allowed for Prime and Credit Flex for full doc or Alt Doc 24-month bank statement loans only, with a maximum LTV of 75%. Borrower(s) must meet both the reserve and residual income requirements.</li> </ul> </li> </ul> </li> <li>For investment transactions, <u>a minimum of 10% of the down payment</u> must be made by the borrower from their own funds.</li> </ul> <p>A gift can be provided by:</p> <ul style="list-style-type: none"> <li>a relative, defined as the borrower's spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or</li> <li>a fiancé, fiancée, or domestic partner.</li> </ul> <p>The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.</p> <p>The lender must verify that sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account and reflected on the most recent bank statement. Acceptable documentation includes the following:</p> <ul style="list-style-type: none"> <li>a copy of the donor's check and the borrower's deposit slip,</li> <li>a copy of the donor's withdrawal slip and the borrower's deposit slip,</li> <li>a copy of the donor's check to the closing agent, or</li> <li>a settlement statement showing receipt of the donor's check.</li> </ul> <p>When the funds are not transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of a certified check, a cashier's check, or other official check.</p> <ul style="list-style-type: none"> <li>Gift funds may not be used to meet reserve requirements;</li> <li>Gift of Equity allowed for Primary Residence only. Must meet all other guidelines for Gift Funds.</li> </ul>

## ZUMA Non-Conforming Matrix

Consumer Credit	<u>Installment Debt</u> <ul style="list-style-type: none"><li>• Can be excluded if there are 10 or fewer monthly payments remaining. If the payment is substantial and exceeds 5% of the borrower’s qualifying income, there should be strong compensating factors such strong reserves.</li></ul>
	<u>Lease Payment</u> <ul style="list-style-type: none"><li>• Must be included regardless of how many payments are left.</li></ul>
	<u>Student Loan</u> <ul style="list-style-type: none"><li>• If a payment amount is provided on the credit report, that amount can be used for qualifying purposes.</li><li>• If the credit report does not reflect a payment (or reflects \$0), apply 1% of the outstanding balance (even if this amount is lower than the actual fully amortized payment), or a fully amortizing payment using the documented loan repayment terms.</li></ul>
	<u>Deferred Installment Debt</u> <ul style="list-style-type: none"><li>• Must be included as a reoccurring monthly debt obligation.</li></ul>
	<u>Revolving Debt</u> <ul style="list-style-type: none"><li>• Minimum payment is used on credit or current account statement</li><li>• If there is no payment, the greater of \$10 or 5% of the current balance should be included in the DTI calculation</li><li>• If equity lines of credit does not show a minimum payment amount, 5% of the outstanding balance to be included in the DTI ratio calculation</li><li>• Any non-mortgage account can be no more than 30-days delinquent at time of application. Any delinquent account must either be brought current or paid off at closing.</li><li>• All mortgage accounts must be current at application and remain paid as agreed through closing.</li></ul>
	<u>Consumer Credit Counseling Services</u> <ul style="list-style-type: none"><li>• Borrower enrollment in CCCS is allowed when a minimum of 12 months have elapsed on the plan and evidence of timely payments for the most recent 12 months is provided. The CCCS Administrator must also provide a letter allowing the borrower to seek financing on a new home while enrolled in a plan.</li><li>• A monthly consumer credit counseling service plan payment must be included into the DTI calculation.</li></ul>
	<u>Open 30-day Charge Account</u> <ul style="list-style-type: none"><li>• For open 30-day charge accounts that do not reflect a monthly payment on the credit report, or 30-day accounts that reflect a monthly payment that is identical to the account balance, lender must verify borrower funds to cover the account balance. The verified funds must be in addition to any funds required for closing costs and reserves.</li></ul>
	<u>Timeshares</u> <ul style="list-style-type: none"><li>• Treated as a consumer installment debt</li></ul>
	<u>Business Debt</u> <p>A business debt is a financial obligation of a business and can be the sole responsibility of the business or be personally secured by the business owner, making that person also liable for the debt. If the debt is reflected on the borrower’s personal credit report, the borrower is personally liable for the debt and it must be included in the debt-to-income ratio.</p> <p>Debts paid by borrower’s business can be excluded from the DTI ratio with any <u>of the following</u> documentations:</p> <ul style="list-style-type: none"><li>• Most recent 6 months cancelled checks drawn against the business account; or</li><li>• Tax returns reflect the business expense deduction; or</li><li>• Business bank statements showing assets remain after funds to close and reserve requirements are with a balance greater than or equal to the balance of the debt</li></ul> <p>If the business debt is less than six months old, the payment must be included in the DTI ratio.</p>
	<u>Current Debt obligations, Alimony, Child Support, or separate maintenance payments under a divorce decree, separation agreement:</u> <ul style="list-style-type: none"><li>• If payment is more than 10 months, the payment must be included into the borrower’s reoccurring monthly debt obligations. However, voluntary payments do not need to be included.</li></ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Contingent Liability on Cosigned Obligations</b>	<p>Contingent liability applies, and the debt must be included in the underwriting analysis, if an individual applying for a mortgage is a cosigner/co-obligor on:</p> <ul style="list-style-type: none"> <li>• Car loan</li> <li>• Student loan</li> <li>• Mortgage</li> <li>• Any other obligation</li> </ul> <p>The primary obligor has been making regular payments during the previous 12 months and does not have a history of delinquent payments on the loan during that time, the payment does not have to be included in the borrower's monthly obligations.</p>
<b>Employment Offers or Contracts</b>	<p>For borrower(s) starting a new employment, a copy of an executed offer or contract plus first paystub. The first paystub must be dated prior to the note date.</p>
<b>Business Funds</b>	<ul style="list-style-type: none"> <li>• Business funds may be used for down payment, closing costs and for the purposes of calculating reserves.</li> <li>• If Business funds are used, the borrower must be the sole proprietor or 50% owner of the business.</li> <li>• Full Income Documentation <ul style="list-style-type: none"> <li>○ The Lender must perform a business cash flow analysis to confirm that the withdrawal of funds for this transaction will not have a negative impact on the business. The Lender should utilize FNMA Form 1084 or a similar cash flow analysis form to show the business can support the withdrawal of the funds.</li> </ul> </li> <li>• Self-Employed Solutions – 12 or 24-Month Business Bank Statement (May use one of the following methods) <ul style="list-style-type: none"> <li>• Business Expense Coverage: Using the most recent business bank statement(s) used for income documentation perform the following calculation; <div style="margin-left: 40px;"> Statement(s) Ending Balance  - Transaction Down Payment  - Transaction Closing Costs  - Program Required Reserves  <u>+Fund Available from Personal Account(s)</u>  Funds Available for Business Expense Coverage </div> </li> </ul> <p style="margin-left: 40px;">Funds Available for Business Expense Coverage must be a positive number and reflect a minimum of 2 months of average expenses as reflected on the P&amp;L or as determined by the expense facto.</p> </li> </ul> <p>Balance Sheet Method: The balance sheet for the business (signed and dated by borrower) must reflect positive working capital. Working capital is the difference between the current assets less current liabilities. The result represents the maximum amount of business funds available to use towards down payment, closing cost and reserves</p>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Assets</b>	<p>The following may be used as asset documentation for down payment, closing costs, and reserves. See applicable Loan/LTV matrix for minimum reserve requirement. Asset documentation must comprise of one (1) month and be dated within 90 days of the note date.</p> <ul style="list-style-type: none"> <li>Account statements (e.g., checking, savings, share, or brokerage accounts) <ul style="list-style-type: none"> <li>Statements must include the following: <ul style="list-style-type: none"> <li>Name of financial institution</li> <li>Reflect borrower as the account holder (Funds held jointly with a non-borrowing spouse are considered 100% of the borrower's funds)</li> <li>Account number</li> <li>Statement date</li> <li>Time period covered by the statement</li> <li>Available balance in U.S. dollar denomination</li> </ul> </li> <li>Assets held in foreign accounts must be translated to English and verified in US Dollar equivalency at the current exchange rate via either <a href="http://www.xe.com">http://www.xe.com</a> or the Wall Street Journal conversion table. A copy of the most recent statement of that account.</li> </ul> </li> <li>Verification of Deposit completed by the verifying financial institution (Fannie Mae® Form 1006).</li> </ul> <p>Large deposits on any of the above asset documentation must be sourced. Large deposits are defined as any single deposit that represents more than 50% of the borrower's qualifying monthly income.</p> <ul style="list-style-type: none"> <li>Stocks/Bond/Mutual Funds - 100% of account(s) value may be considered for assets.</li> <li>Business funds - Up to 75% of value based on percentage of ownership (Ex: Borrower is 50% owner with \$100K in business account. The amount that can be use is \$37.5K).</li> <li>Vested retirement account funds – 70% may be considered for closing and/or reserves;</li> <li>Cash Value of Life Insurance – 100% of the cash surrender value less any loans may be considered for assets.</li> <li>Non-vested or restricted stock accounts are not eligible for use as down payment or reserves.</li> <li>Non-regulated Financial Assets <ul style="list-style-type: none"> <li>Crypto Currency – Bitcoin and Ethereum are eligible sources of funds for the down payment, closing costs and reserves. Crypto is not an eligible liquid asset for asset utilization/depletion. <ul style="list-style-type: none"> <li>Down payment and closing costs: currency must be liquidated and deposited into an established US bank account.</li> <li>Reserves: Loan file must include a statement meeting the requirements under account statements to document ownership of the crypto holdings. Current valuation, within 30-days of the loan Note date, can only be determined from the Coinbase exchange. 60% of the current valuation will be considered eligible funds.</li> </ul> </li> </ul> </li> </ul> <p>The following are ineligible assets:</p> <ul style="list-style-type: none"> <li>Non-vested or restricted stock accounts</li> <li>Cash-on-hand</li> <li>Sweat equity</li> <li>Gift or grant funds which must be repaid</li> <li>Down payment assistance program</li> <li>Unsecured loans or cash advances</li> </ul>

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES							
Residual Income	Residual Income is the amount of monthly income remaining once a borrower has paid all monthly debt obligations. Residual Income = Gross Monthly Income minus total monthly debt. Minimum Residual Income Requirements are calculated using the table below; \$250 is added for the first dependent and \$125 for each additional dependent. A dependent is any person other than the borrower or spouse in the household.							
	Occupancy		Maximum LTV		Minimum Residual Income			
	Prime - Primary Residence		90%		\$2,500			
	Credit Flex - Primary Residence		85%		\$1,250			
	Prime - Primary Residence – DTI > 50%		80%		\$3,500			
	Prime – Second (Full and Alt Doc)		80%		\$2500			
	Credit Flex – Second		80%		\$2500			
Documentation Options	Various forms of documentation are acceptable depending on borrower income type. Income should be calculated and documented to Fannie Mae guidelines, unless otherwise specified within guidelines. Fannie Mae guidelines prevail regarding sources and types of income as well as income not eligible to be included. <u>A Fannie Mae Form 1084 or Seller equivalent income worksheet should be included and delivered as part of the credit file</u>							
	Doc Type	Full Doc 2 Year	Full Doc 1 Year	WVOE	24 Months Bank Statement /1099 / P&L	12 Months Bank Statements / 1099/ P&L	Asset Utilization	P&L Only
	Income Docs	2 Years W2 / Tax Returns	1 Year W2 / Tax Returns	WVOE Only	24 Months Personal / Business Bank Statements	12 Months Personal / Business Bank Statements	Amortized Liquid Assets	1- or 2-Years P&L
	Tax Returns	Yes	Yes	No	No	No	No	No
	4506C	Yes	Yes	No	No	No	No	No
	Employment	W2 or Self Employed	W2 or Self Employed	W2 Only	Self Employed Only	Self Employed Only	W2 or Self Employed	Self-Employed Only
	<ul style="list-style-type: none"><li>• <b>Note:</b> Part Time, Overtime, Bonus, &amp; Commission Income requires 2 years.</li><li>• <b>Note:</b> Exact 12 or 24 months of bank statements need to be provided not more or less. For P&amp;L needs exactly 1 or 2 years not more or less.</li></ul>							
Wage Earners	W2 only allowed on Full Doc if wage earner only. <ul style="list-style-type: none"><li>• If rental properties exist tax returns will be required either 12 or 24 months based on documentation type.</li></ul>							

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
<b>Alternative Doc Written Verification Of Employment (WVOE)</b>	<p>A written Verification of Employment may be utilized when the only source of earnings is wages/salary.</p> <ul style="list-style-type: none"> <li>• Two-year history with same employer is required.</li> <li>• Completed FNMA Form 1005</li> <li>• Minimum credit score:             <ul style="list-style-type: none"> <li>○ Prime Ascent – 660</li> <li>○ Credit Ascent 660</li> </ul> </li> <li>• Primary Residence Only</li> <li>• 1 to 4-unit properties allowed, cannot use rental income on units for qualification.</li> <li>• 24-month 0x30 housing history required.</li> <li>• Paystubs, Tax Returns, 4506-C, or W-2's not required.</li> <li>• Eligible for Prime and Credit Flex Only             <ul style="list-style-type: none"> <li>○ Max LTV 80% for purchase and R&amp;T. Max LTV for cash-out is 70%</li> </ul> </li> <li>• Must be completed by Human Resource, Payroll Department or Officer of the Company.</li> <li>• 2 Months Personal Bank Statements required to support the WVOE. The bank statements must reflect deposits from the employer supporting at least 65% of gross wage/salary reflected on the WVOE.</li> <li>• FTHB maximum LTV 70%, no gift funds allowed.</li> <li>• Borrower(s) employed by family members or related individuals are not eligible.</li> <li>• Only eligible source of income is limited to Wage/Salary. Supplemental income sources such as rental income not permitted.</li> <li>• An internet search of the business is required with documentation to be included in the credit file to support existence of the business.</li> </ul>

## ZUMA Non-Conforming Matrix

<p><b>Alternative Doc Asset Utilization</b></p>	<p>The Asset Utilization may be used as the sole source of income for loan application or to supplement other income sources. When used to supplement other income sources, the minimum asset requirements under qualification method are waived. Combining asset utilization with Full doc qualification is price as Alt Doc.</p> <ul style="list-style-type: none"> <li>• <b>RESTRICTIONS:</b> <ul style="list-style-type: none"> <li>○ See Matrices for acceptable credit grades, max LTV, and DTI.</li> <li>○ Non-occupant co-borrowers not allowed</li> <li>○ Maximum DTI is 43%</li> <li>○ Minimum 680 credit score</li> <li>○ Gift funds not eligible</li> </ul> </li> <li>• <b>INCOME CALCULATION:</b> <ul style="list-style-type: none"> <li>○ Debt Ratio Calculation: Minimum Eligible Assets required is the lower of \$1,000,000 or 150% of the loan balance. Qualifying income based upon Total Assets Eligible for Depletion, less down payment, less out of pocket closing costs less required reserves, divided by 84. Maximum DTI 43%.</li> </ul> </li> <li>• <b>INCOME DOCUMENTATION:</b> <ul style="list-style-type: none"> <li>○ All individuals listed on the asset account(s) must be on the Note and Mortgage;</li> <li>○ Assets considered for this program must be verified with most recent 3 months of account statements or a VOD;</li> <li>○ Assets must be seasoned 120 days;</li> <li>○ Income other than Asset Depletion must be documented in accordance with the Full Doc program including tax returns and IRS Form 4506-C.</li> </ul> </li> <li>• <b>ASSETS ELIGIBLE FOR DEPLETION:</b> Assets must be liquid and available with no penalty. Additional documentation may be requested to validate the source of the funds. <ul style="list-style-type: none"> <li>○ 100% of Checking, Savings, Marketable securities (i.e. CD's, money market accounts)</li> <li>○ 70% of Stocks, Bonds, and Mutual Funds;</li> <li>○ 70% of Retirement Assets: Eligible if the borrower is of retirement age (at least 59 ½);</li> <li>○ 60% of Retirement Assets: Eligible if the borrower is not of retirement age</li> </ul> </li> <li>• <b>ELIGIBLE TRUST ASSETS INCLUDE:</b> <ul style="list-style-type: none"> <li>○ Assets held in a revocable trust where the trustee to the trust is the borrower.</li> <li>○ Assets in an irrevocable trust where the borrower is the beneficiary, and the borrower has immediate access to the assets of the trust.</li> <li>○ Based upon the asset held in the trust, the above asset percentages apply.</li> </ul> </li> <li>• <b>ASSETS INELIGIBLE FOR DEPLETION:</b> <ul style="list-style-type: none"> <li>○ Equity in real estate</li> <li>○ Privately traded or restricted/non-vested stocks</li> <li>• Any asset which produces income already included in the income calculation</li> <li>• Any assets held in the name of a business</li> <li>• Assets held in an irrevocable trust where the beneficiary of the trust is not the borrower</li> <li>• Assets held in charitable giving trust, donor advised fund, or similar entity where the intended beneficiary is not the borrower.</li> </ul> </li> </ul>
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## ZUMA Non-Conforming Matrix

<p><b>Alt Doc Bank Statement 12- or 24-Month / P&amp;L with Bank Statements/ P&amp;L Only/ IRS Form 1099</b></p>	<p><b>General restrictions</b></p>	<p>12- or 24-months bank statement</p> <ul style="list-style-type: none"> <li>Refer to the matrix for acceptable grades, max LTV and DTI;</li> <li>Borrower must be self-employed for a least 2 years.</li> <li>Business must be in existence for a minimum of 2 years.</li> <li>Nonprofit Entity not eligible.</li> <li>Funds/Deposits in a IOLTA (Trust) ineligible source</li> <li>Tax returns and 4506-C are not required for the bank statement program. <ul style="list-style-type: none"> <li>Alt doc income may be combined with other income sources that are documented as Full Doc but not associated with self-employment, such as wage income from spouse or domestic partner. When wage income is combined with Alt Doc, a tax return is not required for the standard full income documentation. If the 4506-C form is provided, Box 8 should be checked to obtain a transcript for W-2 earnings.</li> </ul> </li> <li>Expenses must be reasonable for the type of business.</li> <li>Pattern of deposits and payment should be consistent.</li> <li>Deposits from alternative payment processing applications (i.e., Square, Venmo) are eligible.</li> <li>Inconsistent or large deposits should be sourced or excluded from the analysis. The definition of a large deposit is any deposit exceeding 50% of the average monthly sales of the business.</li> <li>Changes in deposit pattern must be explained.</li> <li>Income documented separately, but comingled, must be backed out of deposits.</li> </ul>
	<p><b>Personal Account:</b> Account Reflecting Personal income &amp; expenses</p>	<ul style="list-style-type: none"> <li>Most recent 24 or 12 months of consecutive PERSONAL bank statements, the most recent statement dated within 90-days of the note date.</li> <li>Most recent 2 months of BUSINESS bank statements.</li> <li>Verify that the borrower owns a minimum of 20% of the business by providing one of the following: <ul style="list-style-type: none"> <li>CPA letter, Tax Preparer Letter, operating agreement, or equivalent reflecting the borrower's ownership percentage.</li> </ul> </li> </ul> <p><b>Calculation Method</b></p> <ul style="list-style-type: none"> <li>Qualifying income calculated using total deposits from the personal bank statements, minus any inconsistent or large deposits not justified. Qualifying income based upon the total eligible deposits from the statements reviewed divided by the number of statements. The most recent bank statement must be consistent with the qualifying income.</li> <li>If the personal account is jointly owned, and the joint owner is not an owner of the business, deposits that re not readily identifiable as transfers from the business accounts or business deposits must be excluded unless sourced. <ul style="list-style-type: none"> <li>ATM deposits may be included if a consistent pattern of such deposits is present.</li> <li>Two (2) months of business bank statements, which must: <ul style="list-style-type: none"> <li>Evidence activity to support business operations.</li> <li>Reflect transfers to the personal account.</li> </ul> </li> </ul> </li> </ul>
	<p><b>Business Account or Co-Mingled</b> Account in the name of the business reflecting only business income and expenses</p>	<ul style="list-style-type: none"> <li>Verify that the borrower owns 50% of the business by providing one of the following: <ul style="list-style-type: none"> <li>CPA letter, tax preparer letter, operating agreement, or equivalent; reflecting the borrower's ownership percentage.</li> </ul> </li> <li>Non-borrowing owners of the business must provide a signed and dated letter acknowledging the transaction and verifying the borrower's access to the account for income calculations.</li> <li>Net income from the analysis of the bank statements must be multiplied by the borrower's ownership percentage to determine the borrower's qualifying income.</li> <li>The expense analysis method should be reasonable for the type of business being reviewed.</li> </ul>

## ZUMA Non-Conforming Matrix

- **Co-mingled Only:** verify that the borrower is 100% owner of the business (borrower and spouse with combined 100% ownership is also eligible). Co-mingled is defined as an account that the borrower is using for both personal and business used where the borrower **DOES NOT** have a business account set up.
- Alt doc – 24 month or 12 month Bank statements Options: Three (3) options exist to analyze Business Accounts:**
- **Option 1 – Fixed Expense Ratio (50%)**
    - 24- or 12-month of business bank statements, the most recent statement dated within 90-days of the note date.
    - The expense ratio must be reasonable to the Applicant's line of work. Businesses with higher expense ratio are not eligible. (Examples of ineligible businesses, but are not limited to the following: Construction, Manufacturing, Retail / Wholesale Trade, Hospitality, Food & Beverage Services, etc.)
    - Income Calculation Method:
      - Total deposits from all bank statements, less any inconsistent deposit(s), multiplied by 50%, multiplied by ownership percentage, divided by the number of bank statements reviewed.
      - $\text{Deposits} \times (.50) \times (\text{ownership \%}) / 24 \text{ or } 12 = \text{qualifying income}$ 
        - Example:  $\$360,000 \times .50 = \$180,000 \times 1.00 = \$180,000 / 12 = \$15,000$
  - **Option 2 – Business Expense Statement Letter**
    - 24 or 12-months of business bank statements, the most recent statement dated within 90-days of the note date and;
    - An expense statement specifying business expenses (minimum expense ratio is 10%) as a percent of the gross annual sales/revenue, prepared or reviewed and acknowledge by a CPA/accountant, IRS Enrolled Agent, or licensed tax preparer.
    - Income Calculation Method:
      - Total expenses are calculated by multiplying the total deposits by the expense factor provided (subject to a minimum total expense percentage of 10%), multiplied by ownership percentage, divided by a number of bank statements.
      - $\text{Deposits} \times (\text{expense ratio}) \times (\text{ownership \%}) / 24 \text{ or } 12 = \text{qualifying income.}$ 
        - Example:  $\$360,000 \times .75 = \$270,000 \times .50 = \$135,000 / 12 = \$11,250$
  - **Option 3 – 24 or 12 Month Third Party P&L Statement**
    - 24 or 12-months of business bank statements, the most recent statement dated within 90-days of the note date and matching the time-period covered by the P&L and;
    - P&L covering 24 or- 12-months (determined by the months of bank statements provided), prepared or reviewed and acknowledged by a CPA/accountant, IRS Enrolled Agent, or licensed tax preparer. Documentation is required to evidence the preparer's business.
    - Income Calculation Method
      - P&L Sales / Revenue must be supported by the provided bank statements. Total deposits reflected on the bank statements, minus any inconsistent deposits, must be greater than or no more than 20% below sales / revenue reflected on the P&L. The bank statements and P&L must cover the same time period. If the deposits support the sales, qualifying income is the lower of:
        - The Net Income indicated on the P&L divided by the number of statements (24 or 12), or
        - Total deposits reported on the bank statements, minus any inconsistent deposits, divided by the number of statements (24 or 12).

## ZUMA Non-Conforming Matrix

Topic	ZUMA GENERAL PROGRAM GUIDELINES
	<p><b>Alt Doc – P&amp;L covering 24 or 12 Months ONLY, prepared by a CPA, IRS Enrolled Agent (EA), or a CTEC registered tax preparer. The credit file must contain documentation showing the CPA is currently licensed in their state or the EA is currently active (screen shot of the IRS website) or the CTEC is active (Screen shot from CTEC website):</b></p> <ul style="list-style-type: none"> <li>○ 24 or 12 Month CPA, EA, or CTEC compiled P&amp;L Statement <ul style="list-style-type: none"> <li>▪ Minimum 50% business ownership required</li> <li>▪ 24 or 12-month P&amp;L prepared/compiled and signed by a CPA, EA, or CTEC dated within 30-days of the loan application, representing total business sales and expenses for the time period covered, and</li> <li>▪ The preparer must attest they have prepared the borrower's most recent tax returns and provide the borrower's ownership percentage.</li> <li>▪ Qualifying income is the net income from the P&amp;L divided by the time period covered (24 or 12-months) multiplied by the borrower's ownership percentage.</li> <li>▪ Expenses on the P&amp;L must be reasonable for the industry. Underwriter reserves the right to required additional information.</li> </ul> </li> </ul> <p><b>Alt Doc - IRS Form 1099</b>  Permitted for individual(s) earning 100% commission or for independent contractors</p> <ul style="list-style-type: none"> <li>• 1-year or 2-years of 1099 or 1099 transcript(s) permitted <ul style="list-style-type: none"> <li>○ One of the following Business expense analysis methods: <ul style="list-style-type: none"> <li>▪ 90% Net Margin (10% Expense Factor)</li> <li>▪ 3<sup>rd</sup> Party prepared P&amp;L (CA, accountant, tax preparer)</li> </ul> </li> </ul> </li> <li>• A minimum 2-year self-employment history is required.</li> <li>• Qualifying income is the 12 or 24 monthly averages from the total amount of the 1099's minus the expense factor from the method chosen above.</li> <li>• YTD earnings must be documented to support the ongoing receipt of income showing on the 1099's by: <ul style="list-style-type: none"> <li>○ Checks or single check stub(s) with YTD totals if available, or</li> <li>○ Bank statements (YTD). <ul style="list-style-type: none"> <li>▪ The YTD earnings from the total of check stubs or the tally of deposits from the bank statements must be within 10% of the qualifying income; The Alt Doc Loan/LTV matrix should be utilized.</li> </ul> </li> </ul> </li> </ul>

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<b>Rental Income with Alt Doc Qualification</b>	<ul style="list-style-type: none"> <li>▪ <b>Rental Income</b> <ul style="list-style-type: none"> <li>○ Alt Doc income documentation types may include rental income as a secondary source, if the following apply: <ul style="list-style-type: none"> <li>▪ <b>Long Term Rental:</b> <ul style="list-style-type: none"> <li>• A copy of the lease(s) for the rental property is provided in the credit file.</li> <li>• Must provide two (2) months of proof of the receipt of rental income. The deposits must be to a separate bank account. Any deposits in the business bank statements used in the business income analysis are not eligible. <ul style="list-style-type: none"> <li>○ 75% of the verified monthly rental income can be used to offset the PITIA of the rental property.</li> <li>○ If the deposits cannot be validated in a separate account, the full PITIA of the rental unit must be included in the qualifying DTI ratio.</li> </ul> </li> </ul> </li> <li>▪ <b>Short Term Rental:</b> <ul style="list-style-type: none"> <li>• Property leased on a short-term basis utilizing an on-line service such as Airbnb gross monthly rents can be determined by using a 12-month look back period to account for seasonality.</li> <li>• Rents for the look back period must be documented with either 12-monthly statements or an annual statement provided by the on-line service. In the event the borrower owns a single rental property, bank statements with deposits clearly identified/sourced as rental income can be substituted. If two or more rental properties owned, statements from an online service must be provided to associate rents received with the specific property. <ul style="list-style-type: none"> <li>○ 75% of the verified monthly rental income can be used to offset the PITIA of the rental property.</li> </ul> </li> <li>• A Screen shot of the online listing must show the property(s) activity marketed as a short-term rental</li> </ul> </li> </ul> </li> <li>▪ Alt Doc Written verification of employment not eligible to use the above rental income documentation</li> </ul> </li> </ul>
<b>Bank Statements Qualification Non-Sufficient Funds (NSF)</b>	<ul style="list-style-type: none"> <li>• Non-sufficient funds (NSF) or negative balances reflected on the bank statement must be considered. Overdraft protection (fees) associated with a pre-arranged link to savings account or line of credit must also be considered unless one of the following conditions exist: <ul style="list-style-type: none"> <li>○ Overdraft protection from a depository account: Occurrences may be excluded if statements for the linked account confirm that (a) the linked account balance at the time of the transfer exceeded the amount of the overdraft transfer, (b) the linked account's balance did not report as zero or negative at any point during the statement period of the transfer, and (c) the linked account did not itself receive overdraft protection proceeds during the statement period of the transfer.</li> <li>○ Overdraft protection from a line of credit: Occurrences may be excluded if statements for the linked account confirm that (a) the line's credit limit was not exceeded during the statement period of the transfer and (b) a payment amount which equals or exceeds the sum of all overdraft protection occurrences analyzed in the statement period is made within 30 days after the statement close date.</li> <li>○ Occurrences included in the analysis are subject to the following tolerances.</li> <li>○ An occurrence is defined as one or more checks returned the same day.</li> <li>○ If there are one (1) or more occurrences in the most recent two-month time period, up to three (3) occurrences are allowed in the most recent 12-month time period.</li> <li>○ If there are zero (0) occurrences in the most recent three-month time period, up to five (5) occurrences in the most recent 12-month time period are acceptable.</li> <li>○ Exception requests for tolerance deviations must include (a) a letter of explanation from the borrower outlining the reason for the occurrences and an explanation of how and when the issue leading to the occurrences was rectified, and (b) additional compensating factors outlined by the underwriter supporting the viability of income.</li> <li>○ The underwriter must consider the financial strength of a self-employed borrower's business.</li> </ul> </li> </ul>

<p><b>Other sources of income</b></p>	<p><b>Unemployment Benefit Income – not allowed due to limited during of its receipt.</b></p> <p><b>Income derived from cannabis are allowed for wage earners in the industry. Self-employed borrowers (active or passive) are not allowed for income regardless of percentage of ownership.</b></p> <p><b>Pension, Retirement, Annuity</b>          If retirement income is paid in the form of a distribution from a 401(k), IRA, or Keogh retirement account, determine whether the income is expected to continue for at least three (3) years after the date of the mortgage Note. In addition, the borrower must have unrestricted access to the accounts without penalty. Document regular and continued receipt of the income with the following:</p> <ul style="list-style-type: none"> <li>• Pension/Social Security/VA</li> <li>• Award letter(s) from the organizations providing the income,</li> <li>• Two prior years 1099-R will be acceptable in lieu of award letter,</li> <li>• 30-days current proof of receipt</li> <li>• 401K/Keogh/IRA</li> <li>• Account Statement(s) reflecting available balance for withdrawals.</li> <li>• Two prior years 1099-R forms,</li> <li>• One-month proof of current receipt.</li> <li>• Income will be averaged based upon withdrawals over the past 24-months.</li> </ul> <p><b>Rental Income</b>          Rental income may be used for qualifying income subject to the following documentation requirements:</p> <ul style="list-style-type: none"> <li>• Rental income from other properties must be documented with the borrower’s most recent signed federal income tax return that includes Schedule E. Leases are required for all properties where rental income is being used to qualify and the property was acquired during or subsequent to the most recent tax filing year or the rental property was out of service for an extended period. For commercial properties a copy of the lease or rent roll is required.</li> <li>• Proposed rental income from the comparable rent schedule, reflecting long term rental rates, may be used for qualifying if there is not a current lease or assignment of lease on purchase of an investment property.</li> <li>• Properties with expired leases that have converted to month to month per the terms of the lease will require bank statements for the lesser of 2 months or the time period after the lease expired.</li> <li>• A 25% vacancy factor must be applied to the gross rent used for qualifying. Multiply the gross rent by 75% and subtract the PITIA to arrive at the rental income/loss used for qualifying.</li> <li>• Commercial properties owned on schedule E must be documented with a rent roll and evidence that the primary use and zoning of the property is commercial.</li> <li>• Application of Rental Income:             <ul style="list-style-type: none"> <li>○ Primary Residence                     <ul style="list-style-type: none"> <li>▪ The monthly qualifying rental income (as defined above) must be added to the borrower’s total monthly income. (The income is not netted against the PITIA of the property.)</li> <li>▪ The full amount of the mortgage payment (PITIA) must be included in the borrower’s total monthly obligations when calculating the debt-to-income ratio.</li> </ul> </li> <li>○ Investment Property                     <ul style="list-style-type: none"> <li>▪ If the monthly qualifying rental income (as defined above) minus the full PITIA is positive, it must be added to the borrower’s total monthly income.</li> <li>▪ If the monthly qualifying rental income minus PITIA is negative, the monthly net rental loss must be added to the borrower’s total monthly obligations.</li> <li>▪ The full PITIA for the rental property is factored into the amount of the net rental income (or loss); therefore, it should not be counted as a monthly obligation.</li> <li>▪ The full monthly payment for the borrower’s principal residence (full PITIA or monthly rent) must be counted as a monthly obligation.</li> </ul> </li> </ul> </li> </ul> <p><b>Capital Gains</b></p> <ul style="list-style-type: none"> <li>• Document a two-year history with Federal tax returns for the most recent two years, including an IRS Form 1040, Schedule D. Use a two-year average for income if the borrower provides current evidence that they own additional property or assets that can be sold to support the borrower <b>will continue to receive the capital gain income for a minimum of 3-years</b>. Current receipt is not required; however, asset ownership must comply with the Age of Credit Documents section. Capital losses do not have to be considered.</li> </ul> <p><b>Employment offers or Contracts</b></p> <ul style="list-style-type: none"> <li>• For borrower(s) starting new employment, the loan file must contain a copy of an executed offer or contract plus the first paystub. <b>The first paystub must be dated prior to the note date.</b></li> </ul>
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### Housing/Parsonage Income

- Housing or parsonage income may be considered qualifying income if there is documentation that the income has been received for the most recent 12-months and the allowance is likely to continue for the next three years. The housing allowance may be added to income but may not be used to offset the monthly housing payment. Written documentation, such as a WVOE provided by the church, must be obtained. The housing allowance, although not subject to federal income taxes, is subject to self-employment taxes. Gross income on Schedule SE of the borrower's 1040 should include housing allowance paid.

### Restricted Stock Units

- Restricted stock units (RSUs) are issued to an employee through a vesting plan and distribution schedule. RSUs give an employee interest in company stock but have no tangible value until vesting is complete. The RSUs are assigned a fair market value when they vest and considered income with a portion of the shares withheld to pay income taxes upon vesting. The employee receives the remaining shares and can sell them at their discretion. Restricted stock options may be used as qualifying income when all the following requirements are met:
  - Income has been consistently received for the prior 2-years, is continuing, and is identified on the borrower's tax returns as income.
  - RSU income is calculated using a 2-year average.
  - If the RSU income is declining, proof of stability must be provided, and the most conservative average used for qualifying.
  - RSU income must be likely to continue for 3-years.
  - Borrower must be employed at the same company that issued the RSUs.
  - Employer must be a publicly traded entity (e.g., a Fortune 500 company).
  - Non-vested restricted stock is not an acceptable source of income or reserves.
  - Vested RSUs may not be considered as qualifying income if they are also used for down payment, closing costs, and/or reserves.

#### The following documentation is required:

- Evidence that stock is publicly traded.
- Most recent vesting schedule or issuance agreement showing continuance of RSU income for a minimum of 3-years.
- To prove 3-year continuance, take the available RSUs from the Note date multiplied by the 52-week low stock price divided by 36-months. The monthly amount must be greater than or equal to the monthly qualifying amount.
- Evidence of payouts of RSUs for the past 2-years. Acceptable verification includes:
  - Tax returns for the last 2-years reflecting RSU income,
  - Year-end paystubs reflecting the RSU payout, or
  - Employer-provided statement paired with a brokerage or bank statement showing transfer of shares or funds that include the (a) date of the payout and (b) the number of vested shares and their cash equivalent distributed to the borrower.

### Teacher Income

- Teachers are paid on a 9-month, 10-month or 12-month basis. The pay structure should be determined before calculating the monthly income. If unable to determine the pay frequency, documentation such as a copy of their contract or documents from the school district's personnel office, may be required.

### Tip Income

- Tips and gratuity income can be considered if receipt of such income is typical for borrower's occupation (i.e., waitperson, taxi driver, etc.). Income should be received for at least two-years and documented through the most recent year-to-date pay stubs and federal income tax returns for the most recent two-years. Income should be averaged over the time-period verified. If the tip income is not reported on the pay stubs or tax returns, then it may not be included in qualifying income.

### Trust Income

Confirm the trust income by obtaining a copy of the trust agreement or the trustee's statement confirming the following:

- Trust asset statement showing borrower as a beneficiary with current balance evidencing income will continue for three (3) years or
- Trustee statement evidencing borrower is a beneficiary and income will continue for three (3) years.
- Obtain a copy of the borrower's most recent two (2) years tax return verifying receipt of the income.
- Unless this income is received monthly, documentation of current receipt of the income is not required if the income is on the borrower's most recent tax return.

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	<p><b>VA Benefits</b></p> <ul style="list-style-type: none"> <li>Document the borrower's receipt of VA benefits with a letter or distribution form from the VA, <b>along with one-month proof of receipt</b>. Verify that the income can be expected to continue for a minimum of three years from the date of the mortgage Note. (Verification is not required for VA retirement or long-term disability benefits.) Education benefits are not acceptable income because they are offset by education expenses.</li> </ul> <p><b>Ineligible Income Sources</b></p> <ul style="list-style-type: none"> <li>Boarder Income</li> <li>Educational Benefits</li> <li>Gambling winnings</li> <li>Illegal income</li> <li>Mortgage Credit Certificates</li> <li>Mortgage Differential Payments</li> <li>Refunds of federal, state, or local taxes</li> </ul>
<b>HERO/PACE</b>	<b>Not allowed</b>
<b>Document Age</b>	Income and credit documents must be within 90 days of the note date
<b>EPO</b>	<b>9 months</b>
<b>Third Party QC</b>	Required on all loans prior to doc