



WHOLESALE MORTGAGE BANKERS

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Portfolio Program P1 Program Matrix

Mortgage Eligibility

Occupancy Types

Primary Residence

Rent back to seller is allowed up to max 30 days.

Multiple Financed Properties for the Same Borrower:

If the subject property is a primary residence or second home, there is no limit to number of financed properties.

If the subject property is an investment property, max financed properties is 10 including subject.

Aggregate Loan Limit: 5,000,000.

LOAN PURPOSE

Purchase Transactions

Ineligible Purchase Transactions:

- a. Non-arm's length transactions
- b. For sale by owners transactions
- c. realtor/broker acting as listing/selling agent as well as the mortgage loan originator
- d. seller acting as the mortgage loan originator,
- e. borrower's family member acting as the mortgage loan originator and real estate broker at the same time. Transaction includes unacceptable at-interest characteristics are not permitted.

Property Flips

If subject property is owned by seller for less than 90 days, property purchase price cannot be 30% or more than seller's acquisition cost.

Limited Cash-Out Finance Transactions

Rate and Term with 2nd TD:

The junior lien must have 12 months seasoning from closing date of the refinanced mortgage in order to be considered a rate-and-term refinance. If the junior lien is not seasoned for at least 1 year and it is being paid off with the new mortgage loan, the new mortgage is considered a cash-out refinance.

Cash-Out Refinance Transactions

Minimum 6 months title seasoning on cash out.

Continuity of obligation must exist.

Delayed Financing

Cash-Out loans for borrowers who purchase the subject property within the past six months (measured from the date on which the property was purchased to the disbursement date of the new mortgage loan) may be eligible for a delayed financing exception, provided that the transaction meets the following requirements:

The original purchase transaction was an arms-length transaction. If the seller of the property was an LLC, the principals of the LLC must be documented.

The original purchase transaction is documented by a HUD-1 Settlement Statement, which confirms that no mortgage financing was used to obtain the subject property.

The preliminary title search or report must confirm that there are no existing liens on the subject property (i.e. "free & clear" property).

The source of funds used for the purchase transaction must be documented and must be borrower's own funds.

All other cash-out refinance eligibility requirements must be met and cash-out pricing is applied.

Continuity of Obligation

Continuity of obligation occurs on a refinance transaction when at least one of the borrower(s) on the existing mortgage is also a borrower on the new refinance transaction secured by the subject property.

Exceptions to Continuity of Obligation:

The borrower on the new refinance was added to title prior to loan application date. (6 months title seasoning for C/O still required).

The borrower acquired the property thru inheritance, divorce, separation, or dissolution of domestic partnership.

The borrower was 100% owner of LLC, Corp, Limited Partnership prior to transfer title to borrower. The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent 6 months to new loan disbursement date.

The borrower on the new refinance transaction has been added to title through a transfer from a trust and the borrower is a beneficiary/creator of the trust.

Borrower Eligibility

Loan to Trusts: An inter-vivos revocable trust/living trust/revocable living trust are not allowed.

POA: POA must executed prior to signing the loan documents.

LOE stating relationship between the borrower and attorney-in-fact and the reason for using POA from borrower must be included.

POA cannot be an interested party in the transaction (i.e. real estate agent, seller, or closing agent).

Borrowers

INCOME

Employment and Other Sources of Income

All employment gaps over 120 days should be reviewed carefully.

Self-Employment Income

Self-employed: more than 25% ownership interest in the business.

Employment

Home based employment is allowed only for licensed professionals only (i.e. CPA, Attorney, Real Estate Broker (Not Real Estate Agent), Architect, etc.)

RED FLAGS:

No company website

No company email address

No employment on credit report

Google search can't find the business info

1. Wage Earners:

Current Employment must reflect on the Credit Report

Public Listing of Employment: 411.com, superpages.com, etc

Verbal Verification of Employment will be requested to the company's phone number from public listings.

Written Verification of Employment

Written VOE will include

(d) Date of Employment

(e) Position

(f) Possibility of continuance of employment

2. Self-Employed:

For application received on or before 6/30:

YTD and prior year P&L

For application received on or after 7/1:

YTD P&L

All P&L must be signed by CPA or equivalent.

CPA letter to include: verifying business ownership in the same line of business over the last 2 years at the same location and CPA filed borrower's 2 most recent tax returns.

*Self-employed borrower who filed his/her own tax returns are not eligible.

*The employment must be consistent with Credit Report.

3. Commission Income Employee

(a) Commission borrowers who has verifiable licenses (e.g. realtors, insurance agents, etc)

- License
- CPA letter
- P&L signed by the CPA
- Verbal verification from employer
- NO WVOE

(b) Commission borrowers who are not able to show verifiable licenses (e.g. retail sales person)

- CPA letter to confirm that they have been filling taxes as Schedule C for the past 2 years.
- Verbal Verification from employer
- WVOE
- No P&L

4. Rental Income

All rental income will be based on 75% of lower of lease agreement or rental survey.

Gross Rental Income – PITIA = Qualifying Rental Income

Borrower who doesn't have an employment but generates income from rental income only:

Use qualifying rental income

Provide all related documents for PITIA

Employment section on 1003 will be blank

No CPA letter

Only subject property will be required to have rental survey, if the subject is NOO

Asset

Gift:

For Purchase -

100% gift is allowed for down payment, closing costs, and reserves for ALL occupancies

For Refinance -

100% gift is allowed for closing costs and reserves for ALL occupancies

Reserve:

For Purchase and R&T -

If using own funds, can use funds from liquid, retirement, stock, insurance, etc. accounts

For Cash-Out -

If using own funds, can use funds from liquid account only (liquid = checking, savings, or money market account)

Reserve Requirement:

If LTV \leq 60% - 6 months Principal and Interest required (just PI, not PITIA)

If LTV $>$ 60% - 12 months Principal and Interest required (just PI, not PITIA)

Cash-Out Net Proceeds:

Cash-Out Net Proceeds can be used to satisfy the reserve requirement

CREDIT

| Mortgage / Rent | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| Max Allowed | Past 12 months | Past 24 months | Past 36 months |
| X30 | 1 | 2 | 4 |
| X60 | 0 | 1 | 2 |
| X90 | 0 | 0 | 0 |
| Installment / Revolving Debt | | | |
| Max Allowed | Past 12 months | Past 24 months | Past 36 months |
| X30 | 3 | | 4 |
| X60 | 0 | 1 | 2 |
| X90 | 0 | 1 | 1 |

Loan Modification, Short Sale, and Deed in Lieu: 5 years / 2 years / 2 years

Bankruptcy: 3 years

Foreclosure: 5 years

No multiple of same events, other events and/or combined events including Loan Modification, SS, DIL, BK and Foreclosures are allowed.

LOE is required for Loan Modification, SS, DIL, BK and Foreclosure

1. Loan Modification

Documents to verify the loan modification date if not presented on credit report

2. Short-Sale and Deed in Lieu

Documents to verify the date of short-sale.

3. Bankruptcy

Re-established credit is defined as a minimum of 2 accounts that have been open and active for the past 1 year. These accounts must be in good standing (no late payments) and documented by a traditional credit report.

Credit Inquiries

LOE is required with verifying either account has been opened or not and the reason.
If account has been opened but not showing on credit report, an estimated balance and payment are required on LOE.

LIABILITIES

Debt-to-Income Ratios

Max DTI is 38/43%

Monthly Debt Obligations

Co-Signed Obligations: Promissory Note must show the borrower as a co-signer.

Monthly Debt can be excluded with 6 months cancelled checks

Debts Paid Off At or Prior to Closing

Installment account with less than 10 months balance can be excluded from monthly debt. Borrower may pay down or pay off the installment prior to closing.

Property

Condominium / PUD Project Eligibility

All condo and attached PUD require HOA Questionnaire.

LTV ≤50% on established condo, a limited HOA Questionnaire

Max number of loans to project is 20%

New Condo Project

70% of total units in the project or subject legal phase must have been conveyed or be under contract for sale.

50% of total units must be OO / Second Home

Ineligible Condo & PUD Projects

50% or more commercial space

Any types of litigation

15% or more HOA dues delinquent

Project is more than 8 units, max exposure to single entity is 30%

Project is less than 8 units, mx exposure to single entity is 50%

Project is subject to resale restrictions. (Age restriction is exempted for senior condo)

Appraisal Requirements

Any appreciation within 6 months greater than 20% of acquired value, will require Desk Review.