

Revision: March 31, 2023

Malibu Plus Fixed (15 and 30 Years)												
PURCHASE AND R&T REFINANCE						CASH-OUT REFINANCE						
Occupancy	# of Units	Max Loan Amount	LTV/CLTV/HCLTV	Min Fico Score	Max DTI	Occupancy	# of Units	Max Loan Amount	LTV/CLTV/HCLTV	Min Fico Score	Max DTI	Max Cash-Out
Primary	1	\$2,000,000	89.99/89.99%	680	45%	Primary	1	\$2,000,000	89.99/89.99%	740	45%	\$500K
		\$2,000,000	80%/80%	660	45%			\$2,000,000	80%/80%	680	45%	\$500K
		\$2,500,000	80%/80%	720	45%			\$3,000,000	80%/80%	740	45%	\$500K
		\$3,000,000	80%/80%	740	45%							
	2-4	\$2,000,000	80%/80%	700	45%		2-4	\$2,000,000	75%/75%	700	45%	\$500K
Second Home	1	\$2,000,000	89.99/89.99%	680	45%	Second Home	1	\$2,000,000	75%/75%	700	45%	\$500K
		\$2,000,000	80%/80%	660	45%			\$3,000,000	75%/75%	740	45%	\$500K
		\$2,500,000	80%/80%	720	45%							
		\$3,000,000	80%/80%	740	45%							
Investment	1	\$2,000,000	80%/80%	680	45%	Investment	1	\$1,000,000	75%/75%	680	45%	\$350K
		\$2,000,000	70%/70%	660	45%			\$2,000,000	75%/75%	720	45%	\$350K
		\$2,500,000	75%/75%	720	45%			\$2,000,000	70%/70%	680	45%	\$350K
	2-4	\$2,000,000	75%/75%	680	45%		2-4	\$1,000,000	70%/70%	680	45%	\$350K
		\$2,000,000	65%/65%	660	45%			\$2,000,000	70%/70%	720	45%	\$350K
								\$2,000,000	65%/65%	680	45%	\$350K

- Required DU or LPA with Approve/Accept Eligible or Approve/Accept Ineligible findings due to loan amount only or maximum LTV on cash-out refinances. Agency-eligible high balance loans are now allowed.
- Minimum loan amount must be \$1 over the current 1-unit conforming loan limits regardless of the subject property county or number of units.
- No mortgage insurance over 80% LTV
- Declining Market as noted by appraiser reduced maximum LTV/CLTV by 10%.
- First time home buyer is limited to 80% LTV/CLTV, Owner-Occupied transaction Only, and Maximum loan amount \$2M

Malibu Plus ARMS (5/6, 7/6, 10/6 SOFR)											
PURCHASE						RATE & TERM REFINANCE					
Occupancy	# of Units	Max Loan Amount	LTV/CLTV/HCLTV	Min Fico Score	Max DTI	Occupancy	# of Units	Max Loan Amount	LTV/CLTV/HCLTV	Min Fico Score	Max DTI
Primary	1	\$1,000,000	70%/70%	700	40%	Primary	1	\$1,000,000	70%/70%	700	40%
		\$1,000,000	80%/80%	720	45%			\$1,000,000	80%/80%	720	45%
		\$1,500,000	80%/80%	720	45%			\$1,500,000	80%/80%	720	45%
		\$2,000,000	80%/80%	720	45%			\$2,000,000	80%/80%	720	45%
		\$2,500,000	80%/80%	740	45%			\$2,500,000	80%/80%	740	45%
		\$3,000,000	80%/80%	740	45%			\$3,000,000	80%/80%	740	45%
First Time Home Buyer	1	\$1,000,000	70%/70%	700	40%						
	1	\$1,250,000	80%/80%	720	450025						
<ul style="list-style-type: none"> Required DU or LPA with Approve/Accept Eligible or Approve/Accept Ineligible findings due to loan amount only or maximum LTV on cash-out refinances. Agency-eligible high balance loans are now allowed. Minimum loan amount must be \$1 over current 1-unit conforming loan limits regardless of the subject property county or number of units. Declining Market as noted by appraiser reduced maximum LTV/CLTV by 10%. 											
Malibu Plus ARMS (5/6, 7/6, 10/6 SOFR)											
CASH-OUT REFINANCE											
Occupancy	# of Units	Max Loan Amount	LTV/CLTV/HCLTV	Min Fico Score	Max DTI	Max Cash-Out					
Primary	1	\$1,000,000	65%/65%	720	45%	\$500K					
		\$1,500,000	65%/65%	740	45%						
		\$2,500,000	65%/65%	760	45%						
		\$3,000,000	65%/65%	760	45%						
<ul style="list-style-type: none"> Required DU or LPA with Approve/Accept Eligible or Approve/Accept Ineligible findings due to loan amount only or maximum LTV on cash-out refinances. Agency-eligible high balance loans are now allowed. Minimum loan amount must be \$1 over the current 1-unit conforming loan limits regardless of the subject property county or number of units. Declining Market as noted by appraiser reduced maximum LTV/CLTV by 10%. First time home buyer cash-out not allowed 											

General Guidelines	
Qualified Mortgage	<ul style="list-style-type: none"> • Loan must be qualified mortgage eligible for sale harbor protection • APR Must be < APOR + 1.50%
Income Verification	<ul style="list-style-type: none"> • 4506-C transcripts required on all loans • Wage earner only requires W-2 transcripts
AUS	<ul style="list-style-type: none"> • DU findings of “Approve/Ineligible” due to loan amount only or maximum LTV on cash-out refinances. • LPA findings of “Accept/Ineligible” due to loan amount only or maximum LTV on cash-out refinances.
Full Amortization	<ul style="list-style-type: none"> • Fully amortized Fixed Rate 15- and 30-years terms • Fully Amortizing 5/6, 7/6 and 10/6 SOFR ARMSs <ul style="list-style-type: none"> ○ 5/6 ARM qualified at the higher of the maximum potential note rate after first adjustment or the fully indexed rate. The fully indexed rate is the sum of the index and the margin. ○ 7/6 and 10/6 ARM products must be qualified at the higher of the Note rate or fully indexed rate. • No mortgage insurance allowed
ARM Parameters	Index: 30 Day average SOFR Index as published by the New York Federal Reserve Margin: 2.750% Interest Rate Caps: 5/6 ARM: 2/1/5 (First, Periodic, Lifetime) 7/6 and 10/6 ARM: 5/1/5 (First, Periodic, Lifetime) Interest Rate Floor: 2.750%
Eligible Property Types	SFR, PUDS, Condos (Established and Fannie Mae approved Condo Projects), 2-4 Units
Credit Scores, Credit, Credit Events, and Disputes	<ul style="list-style-type: none"> • Must have 2 minimum fico scores • Rapid re-score not allowed unless it’s to correct erroneous line items or disputed accounts. • Follows AUS findings for credit tradelines • At least 7 years must have elapsed since Foreclosure, Notice of Default (NOD), Deed-in-Lieu (DIL) measured from the date of completion to the date of application, Bankruptcy discharge or dismissal, or Short Sale.

Eligible Borrowers	<ul style="list-style-type: none"> • US Citizens; Permanent Resident Aliens; non-permanent; Revocable Trust; • Each borrower must have valid Social Security Number. • Maximum of 4 borrowers per loan application are allowed. • Non-Permanent Required VISA Types: E-1, E-2, E-3, G Series (G-1, G-2, G-3, G-4, G-5), H-1 (includes H-1B and H-1C), L-1, L-1A, L-1B, L-2 with EAD, O Series(O-1), TN-1, Canadian NAFTA Visa, TN-2 Mexican NAFTA Visa. • Must have a history of VISA renewals and a minimum of 2 years employment history in the U.S. and qualifying income must e from the U.S. • Mut be able to verity that current employment has a probability of 3 years continuance. VOE form may be used to document. • Funds to close must be deposited in a U.S. financial institution. No funds to close from outside the U.S. are allowed. • Borrower with Diplomatic Immunity / Asylum is not eligible. • DACA is not eligible.
Mortgage Lates	Mortgage late: 0x30 last 24 months
Forbearance	If primary residence housing history reflects a forbearance arrangement, the payment history must reflect 0x30 lates in the most recent 24 months since exiting forbearance
Housing Payment History	<ul style="list-style-type: none"> • A minimum 24-month history of the borrower’s mortgage and/or rental payment history is required with 0x30 payment history. • For rental verification, a standard VOR completed by a professional company or 24 months bank statements or cancelled checks are required. • Borrowers with no mortgage/rental history due to a residency scenario requiring no mortgage or rental payments are eligible with a satisfactory letter of explanation. • If primary residence housing history reflects a forbearance agreement, the payment history must reflect 0x30 in the most recent 24 months since exiting forbearance. The payment history must be provided by the lender/servicer
First Time Homebuyer	<ul style="list-style-type: none"> • Allowed on owner occupied transaction only • Max 80% LTV/CLTV • Maximum loan amount \$2M
Asset depletion	<ul style="list-style-type: none"> • Follows agency guidelines.
Self-Employed and Wage Earner Income Docs	<p>Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 or follow the LPA and the requirements in Sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide or LPA and the aforementioned Freddie Mac guides the guide requirements</p> <p><i>Previous employment must be verified by Written VOE to cover 24 months of employment history.</i></p> <p><i>When tax returns are present all self-employment loss must be accounted for.</i></p>

Ineligible Income	<ul style="list-style-type: none"> • Restricted stock income (RSU) • Capital gain • Educational benefits such as VA benefits or scholarships • One-time signing bonus • Retained earnings • Reverse mortgage loan proceeds • Secondary income that will continue for less than 3 years • Taxable forms of income that the applicant does not declare on federal income tax returns • Value of employment benefit packages that are not received as cash wages • Lump sum payments of lottery earnings that are not ongoing • Student loans/grants • Allowance income • Stipends • Room and board received for the applicant’s principal residence • Severance pay • Any income that is from a business activity that may be permitted by state law, (such as the growing and sale of marijuana), but is against Federal Law
Installment Debts	Cannot be paid down to 10 installments for qualification
Revolving Debts	Allowed; account does not need to be closed; subject to ATR (Ability to repay)
Non-Occupant	Allowed per AUS
Distribution income from retirement	Income may be verified by the following: <ul style="list-style-type: none"> • Distributions from a retirement account (401K, IRA, Keogh, SEP) must be documented with a distribution letter and at least one month bank statements to document the regular payments. • Document to show 3 years continuance.
Gift	<ul style="list-style-type: none"> • LTV > 80%: Requires 3% from borrower own funds. • LTV <= 80%: 100% of gift funds allowed for down payment and closing. • Gift funds can be wired directly to escrow. • Wire needs to show donor’s name as a remitter. • Not allow for reserve • Only allowed on Owner occupied transactions
Rental Income	Refer to agency guidelines

<p>Reserves</p>	<ul style="list-style-type: none"> • Follow the <u>greater</u> of the AUS reserve requirements or below requirements: <ul style="list-style-type: none"> ○ If AUS does not provide minimum reserve requirements follow below requirements: <ul style="list-style-type: none"> ▪ Loan amount <= \$1M: Follows AUS requirements ▪ Loan amount > \$1M and <= \$2M: 3 months PITI(A) reserves ▪ Loan amount >\$2M and <= \$2.5M: 12 months PITI(A) reserves ▪ Loan amount > \$2.5M and <= \$3M: 18 months PITI(A) reserves ▪ LTC/CLTV > 80%: 6 months PITI(A) reserves • Cash-out proceeds from the subject refinance transaction are not eligible for reserves <ul style="list-style-type: none"> ○ Loan amount > \$2M and <= \$2.5M: 18 months PITI(A) reserves • Gift funds not allowed for reserve
<p>Assets</p>	<p>Allowable Assets for down payment, closing and reserves:</p> <ul style="list-style-type: none"> • Checking / Savings • Retirement (vested 100%): 70% of value • Stock: 70% of the stock value • Business Funds: based on percentage of ownership (<i>Cannot be use for reserve</i>) • Life Insurance – 100% of cash value • Government Bonds – 70% of redemption value • HELOC (Home Equity Line of Credit)– allowed but only for closing costs <u>not for reserve.</u> <p>Ineligible Assets:</p> <ul style="list-style-type: none"> • Business assets are not eligible to meet reserve requirements • Gift funds • VOD (verification of deposit) • Cash advances from a credit card • Commission from Sale of Subject Property • Disaster Relief Funds • Funds donated by property seller, builder, real estate agent or any other party not related to the applicant to satisfy down payment requirements • Hedge Funds • Individual Development Accounts • Margin accounts used to secure a margin loan • Pension fund • Personal loan

	<ul style="list-style-type: none"> • Private Stock; unvested stock options • Private Equities • Salary advances • Seller real estate tax credit • Seller real estate tax proration's received or credited at closing • Signature loans • Sweat equity • Uniform Gifts to Minors Act (UGMA) and Uniform Transfers to Minors Act (UTMA) unless the applicant is the account beneficiary and is of legal age • Unsecured financing • Except for Employer Assisted Unsecured Loans for relocating applicants • Nontraditional currencies such as Bitcoin, digital assets, and other cryptocurrencies (including liquidated cryptocurrencies) for income, down payment, closing costs or reserves are ineligible.
Appraisal Requirements	<ul style="list-style-type: none"> • Loan amount <= \$1.5M requires One (1) appraisal • Loan amount > \$1.5M requires Two (2) appraisals • Appraisal must be dated within 120 days prior to the Note date. Recert of value is allowed. Any additional cost needs to be paid by borrower or broker. • Desk review (CDA) is required on all loans: <ul style="list-style-type: none"> ○ CDA > 10% will require field review regardless of LTV. ○ Field review cost needs to be paid by borrower or broker. ○ For ARMs products: <ul style="list-style-type: none"> ▪ If CDA produces a negative variance > 5% and <= 10% to the appraised value <u>and</u> the LTV > 75%: <ul style="list-style-type: none"> • The loan is not eligible; however, the broker has the option to order a Field Review at the brokers or borrowers cost to support the appraised value. ▪ If the field review produces a negative variance > 5% and <= 10% to the appraisal value: <ul style="list-style-type: none"> • The loan will remain ineligible if the LTV is >= 80% based on the field review value. • Appraisals transfer not allowed • PIW/ACE or Exterior (2055) not allowed
Departing Property	<ul style="list-style-type: none"> • Lender to validate market rent. A rental survey maybe required. • Copy of the lease agreement for one-year duration • May use 75% of gross rental income to offset PITIA.
Declining Markets	<p>Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as reported by appraiser.</p>

<p>Seasoning Rate/Term and Cash Out</p>	<p>Rate & Term:</p> <ul style="list-style-type: none"> • Minimum of 6 months seasoning from the note date of the new transaction required if previous refinance was cash-out, including the pay-off of a non-seasoned subordinate lien. • For properties purchased more than six (6) months prior to the closing date the current appraised value may be used to calculate LTV. • For properties purchased within six (6) months of closing date the LTV will be based upon the lesser of the original sales price or the current appraised value conclusion from the appraiser. Original sales price will be determined from the Closing Disclosure from the subject acquisition transaction. • Inherited properties are exempt from this seasoning requirement. LTV will be calculated off current appraised value. • The mortgage amount may include the: <ul style="list-style-type: none"> ○ Principal balance of the existing first lien. ○ Pay off of a purchase second lien. ○ Pay off of a co-owner pursuant to a written agreement. ○ Financing of the payment of prepaid items and closing costs. ○ Pay off of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding \$2,000 within the past 12 months from date of application. Withdrawal activity must be documented with a transaction history of the line of credit. • Cash back to the borrower is limited to the lesser of \$2,000 or 1% of the new loan. • Principal reduction is permitted up to the lesser of \$2,000 or 2% of the new loan. • Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the application date. <p>Cash-Out:</p> <ul style="list-style-type: none"> • Follows FNMA guidelines. If an existing first mortgage is being paid off through the transaction, it must be at least 12 months old at the time of refinance, as measured by the note date of the existing loan to the note date of the new loan. The requirements do not apply to any existing subordinate liens paid off through the transaction or when buying out a co-owner pursuant to a legal agreement. • Properties listed for sale are ineligible for refinance unless the listing was withdrawn prior to the application date. • Texas 50(a)(6) is ineligible. • Investment transactions Cash-out: <ul style="list-style-type: none"> ○ Borrower to sign the <i>Business Purpose & Occupancy Affidavit</i> indicating the loan purpose is for the acquisition, improvement or maintenance of a rental property is required. ○ Cash-out proceeds can only be use for business purpose no personal. If for personal, loan is ineligible.
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Secondary Financing	<ul style="list-style-type: none"> Follows agency guidelines Seller carry back not allowed
Max.# of Financed Properties	<ul style="list-style-type: none"> Follow AUS requirements Maximum up to 15 total properties owned regardless if properties are financed or not
Properties Listed for Sale	Refinances on properties listed for sale are not permitted. Properties previously listed for sale must have been off the market and the listing agreement canceled at least one day prior to the date the application. A copy of the canceled/expired listing should be placed in the file and a search of the current multiple listing services should be completed to verify that the property is not currently listed by a different agency.
Delayed Financing	<ul style="list-style-type: none"> Follows agency guidelines (NOTE: If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the settlement statement for the refinance transaction must reflect that all cash-out proceeds were used to pay off or pay down the loan used to purchase the property.) Delayed is underwritten as R&T refinances and are not subject to cash-out refinancing program limitations. Priced as Cash-Out transactions Property may not be located in Texas
IRS repayment	<ul style="list-style-type: none"> Provide copy of the contract with the IRS. Payment must be included into the DTI. Credit report and title must not indicate any IRS tax lien else any outstanding amount needs to be paid in full at closing.
Minimum Square Footage	400 minimum square footage
Ineligible Properties	Acreage greater than 10 acres (appraisal must include total acreage), Leasehold * Commercially Zoned properties * Agricultural zoned property (unless property is intended for residential use and must have like comps) * Rural Zone properties * New Condos * Condo Gut Conversion * Condo Newly Converted Non-Gut Projects * Condo Hotel * Co-Ops * Hobby Farms * Income Producing properties with acreage * Log Homes * Manufactured Housing * Mixed Used properties * Modular homes * Properties subject to oil and/or gas leases * Title may not be held in a business name * Unique properties * Working farms, ranches or orchards * Mixed Use
Non-Arm's Length Transaction	<p>All of the parties to a transaction should be independent of one another. Except as indicated below if a direct relationship exists between or among the parties, the transaction is a non-arm's length transaction, and the related loan is not eligible for purchase. The following non-arm's length transactions are eligible provided that such transactions and the related circumstances are properly documented:</p> <ul style="list-style-type: none"> Sales or transfers between members of the same family. Transaction may not be due to any adverse circumstances. Property seller acting as his or her own real estate agent. Borrower acting as his or her own real estate agent. Borrower is the employee of the originating lender. Borrower purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord).

	<ul style="list-style-type: none"> • Investment property transactions must be arm's length. • Loan officer is the buyer's agent and the loan officer on the loan. Agents commission cannot be applied to the loan transaction.
Seller Contributions	<p>Seller Contributions: Basis for the limit is now based on CLTV ratio</p> <ul style="list-style-type: none"> ○ Primary Residence and Second Home <ul style="list-style-type: none"> ○ 6%: LTV 75.01 -89.99% ○ 9%: LTV < 75% ○ Investment: 2%
Rent Back	60 days
Delinquent / Tax Lien/ Judgments / Collections	<ul style="list-style-type: none"> • Satisfactory explanation for any delinquent credit from the borrower is required. • Borrower must pay off all delinquent credit that has the potential to impact lien position. • Collection accounts or charged-off accounts do not need to be paid off if the balance of an individual account is less than \$1000.00 or if there are multiple accounts that total balance of all accounts cannot exceed \$2,500.00.
Continuity of Obligation	<p>For a refinance transaction to be eligible for purchase there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction.</p> <p>Continuity of obligation is met when any one of the following exists:</p> <ul style="list-style-type: none"> • At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced. • The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor. • The loan being refinanced and the title to the property are in the name of a natural person or a limited liability company (LLC) as long as the borrower owns at least 25% of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement. • The borrower has recently been legally awarded, the property (divorce, separation or dissolution of a domestic partnership). <p>Loans with an acceptable continuity of obligation may be underwritten, priced and delivered as either cash-out or limited cash-out refinance transactions based on the requirements for each type of transaction.</p>
HERO/PACE	<ul style="list-style-type: none"> • Any item that will include a UCC associated with the property and/or will create an easement on title is ineligible. • Must be paid off in full and remove from title. Paying off a HERO lien is considered cash-out.
Student Loan	Refer to agency guidelines.
Additional Restrictions	Temporary Buydown / Leasehold: Not Allowed

Property Flipping	Seller must have taken title a minimum of 90 days prior to the date of sales contract.
Gift of Equity Transactions	Not allowed
State Restrictions	Texas: A Texas 50(a)(6) transaction is ineligible Illinois Land Trusts: Not eligible
Multiple Financed Properties	Follow AUS requirements
Condos in Litigation	Not allowed
Recasting / Re-amortizing	Not allowed
Contract for Deed/Land Contract	Not allowed
Allowable Age of Credit Report	Age if credit report max at 90 days from the Note Date.
Third Party QC	Third party QC is required on all loans prior to doc.