

Revised 2/10/2023 v2

Investment Transaction DSCR Qualification													
Fico	Maximum LTV/CLTVs	DSCR 0.750- 0.999			DSCR 1.000 – 1.149			DSCR 1.150 – 1.499			DSCR >= 1.500		
		P	R/T	C/O	P	R/T	C/O	P	R/T	C/O	P	R/T	C/O
720+	<= 1,000,000	70%	70%	65%	75%	75%	70%	80%	75%	70%	80%	75%	70%
	1,000,001 – 1,500,000	70%	65%	65%	75%	70%	70%	75%	70%	70%	75%	70%	70%
	1,500,001 – 2,000,000	65%	60%	60%	70%	65%	65%	70%	65%	65%	70%	65%	65%
	2,000,001 – 2,500,000	60%	NA	NA	70%	NA	NA	70%	NA	NA	70%	NA	NA
	2,500,001 – 3,000,000	60%	NA	NA	70%	NA	NA	70%	NA	NA	70%	NA	NA
	3,000,001 – 3,500,000	NA	NA	NA	70%	NA	NA	70%	NA	NA	70%	NA	NA
680-719	<= 1,000,000	70%	70%	65%	75%	75%	70%	75%	75%	70%	75%	75%	70%
	1,000,001 – 1,500,000	70%	65%	65%	75%	70%	70%	75%	70%	70%	75%	70%	70%
	1,500,001 – 2,000,000	65%	60%	60%	70%	65%	65%	70%	65%	65%	70%	65%	65%
	2,000,001 – 2,500,000	60%	NA	NA	65%	NA	NA	65%	NA	NA	70%	NA	NA
	2,500,001 – 3,000,000	60%	NA	NA	65%	NA	NA	65%	NA	NA	70%	NA	NA
	3,000,001 – 3,500,000	NA	NA	NA	65%	NA	NA	65%	NA	NA	70%	NA	NA
660-679	<= 1,000,000	70%	65%	65%	75%	70%	65%	75%	70%	65%	75%	70%	70%
	1,000,001 – 1,500,000	65%	65%	65%	70%	70%	65%	75%	70%	65%	75%	70%	70%
	1,500,001 – 2,000,000	65%	60%	60%	70%	65%	65%	70%	65%	65%	70%	65%	65%
	2,000,001 – 2,500,000	60%	NA	NA	65%	NA	NA	65%	NA	NA	65%	NA	NA
	2,500,001 – 3,000,000	60%	NA	NA	65%	NA	NA	65%	NA	NA	65%	NA	NA
640-659	<= 1,000,000	NA	NA	NA	65%	NA	NA	65%	NA	NA	65%	NA	NA
	1,000,001 – 2,000,000	NA	NA	NA	65%	NA	NA	65%	NA	NA	65%	NA	NA
Housing History:		Loan amount < \$150K			Min Loan Amount: \$100K			Credit Event Seasoning (BK/FC/SS/DIL)					
<ul style="list-style-type: none"> 1x30x12 no reduction LTV/CLTV 0x60x12 Purchase 75%; R/T & C/O 70% 		<ul style="list-style-type: none"> Purchase 70%; R/T 65% Min DSCR 1.50 			<ul style="list-style-type: none"> Max 2 Acres 			<ul style="list-style-type: none"> >= 36 Mos: No reduction LTV/CLTV >=24 Mos: Purchase 75%; R/T & C/O: 70% < 24 Mos: Not Eligible 					
Interest Only:		Max Cash-Out:			Unleased Properties (Any Unit Vacant):			Property Type restrictions (Condo & 2-4 Units)					
<ul style="list-style-type: none"> Minimum Fico 660 75% Max LTV/CLTV 		<ul style="list-style-type: none"> LTV >= 65%: \$500K LTV < 65%: \$1M IL, NJ: Cash-out 70% LTV/CLTV 			<ul style="list-style-type: none"> DSCR >= 1: 70% max LTV/CLTV DSCR < 1: 65% max LTV/CLTV 			<ul style="list-style-type: none"> Purchase: 75% R&T and Cash-Out max 70% 					
Declining Market:		Not Eligible: Exceptions, Condo Hotels, Foreign Nationals, Rural properties											
<ul style="list-style-type: none"> 5% LTV reduction from max LTV/CLTV greater than 70% 													
Fist Time Investor:		State Restrictions: AZ, CT, ID, IL, MT, NJ, OR, TN and UT <i>reduce max LTV/CLTV by 5% and \$2M Max loan amount.</i>											
<ul style="list-style-type: none"> 75% LTV/CLTV, Fico 680 Housing Events >= 36 Mos, 0x30x36 		State/City Restrictions: Refer to Non-QM Zip code Restrictions List, <i>reduce max LTV/CLTV by 5% and \$2M maximum loan amount.</i>											

Topic	VENICE INVESTOR PROGRAM GUIDELINES
Regulatory Compliance	<ul style="list-style-type: none"> • High-Cost Limits: Allowed • HPML/HPCT: Higher-Priced Mortgage Loans (HPML) are eligible for purchase in this program. • The maximum points and fees are limited to 5%.
Eligible Products	<p>SOFR ARM: 30-day average SOFR</p> <ul style="list-style-type: none"> • 5/6 ARM - 2/1/5: Adjustment = 2.00%; Subsequent Adjustment = 1.00%; Life Cap = 5.00% - Margin = 6.50% • 7/6 ARM - 5/1/5 Adjustment = 5.00%; Subsequent Adjustment = 1.00%; Life Cap = 5.00% - Margin = 6.50% <p>Fixed and ARMs:</p> <ul style="list-style-type: none"> • 5/6 SOFR (2/1/5): Qualify at the Note rate • 7/6 SOFR (5/1/5): Qualify at the Note rate • 30 Year Fixed: Qualify at the Note rate • Interest-Only: Qualifying Ratios are based on ITIA 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"> ○ Loan Terms: 360 ○ <u>5/6 SOFR:</u> (2/1/5 Cap Structure) <ul style="list-style-type: none"> • <u>Qualifying rate (All Doc Types):</u> qualify at the Note Rate. • <u>Interest-Only Period:</u> 10 Year Interest-Only Period • <u>Amortization Periods:</u> 20 Year or 30 Year ○ <u>7/6 SOFR:</u> (5/1/5 Cap Structure) <ul style="list-style-type: none"> • <u>Qualifying rate (All Doc Types):</u> qualify at the Note Rate. • <u>Interest-Only Period:</u> 10 Year Interest-Only Period • <u>Amortization Periods:</u> 20 Year or 30 Year ○ <u>30 Year Fixed</u> <ul style="list-style-type: none"> • <u>Qualifying rate (All Doc Types):</u> qualify at the Note Rate. • <u>Interest-Only Period:</u> 10 Year Interest-Only Period followed by 20 Year Amortization
Prepays Offered 1, 2, 3, 4 to 5 years	<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), three (3), four (4) or up to five (5) years following the execution date of the note. The following prepayment structure options may be used:</p> <ul style="list-style-type: none"> • 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. <p>The following state restrictions apply:</p> <ul style="list-style-type: none"> • Prepayment penalties not allowed in MI, MN, and NM. • Prepayment penalties are not allowed on loans vested to individuals in IL and NJ. Loans must close in company name • Prepayment not allowed for Ohio if loan amount is less than \$107,633. • Pennsylvania (PA) prepayment penalties are not allowed on loan balances less than an adjusted value as determined by the Dept of Banking & Securities. For calendar year 2023 the amount is \$301,022. The loan amount needs to be > \$301,022 to have prepay.

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Escrow	<ul style="list-style-type: none"> • Escrow Holdbacks – Not Allowed • Escrow Funds / Impounds accounts can be waived, with the exception of Flood insurance Premium, with the following restrictions: <ul style="list-style-type: none"> ○ LTV < 80% ○ Minimum Fico Score 720 ○ Minimum 12 months of reserves ○ Pricing adjustment may apply, see rate sheet
Reserves	<ul style="list-style-type: none"> • 2 months PITIA • Loan amount > \$1.5M: 6-months of PITIA • ARM loans – reserves based upon initial PITIA, not the qualifying payment • Reserves for a loan with an Interest Only feature based upon ITIA • Proceeds from 1031 Exchange cannot be used to meet reserve requirements • Net proceeds from a cash-out transactions may be used to meet reserve requirements • Reserve is only required on the subject property • Reserve is waived for R/T 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. For interest only, the reduction is based on the amortized payment used for loan qualification.
Financed Properties	<ul style="list-style-type: none"> • Unlimited Financed properties for Debt Service (DSCR) Qualification. • Exposure to a single borrower not to exceed \$5,000,000 in current unpaid principal balance (UPB) or 10 loans.
Listing Seasoning	<ul style="list-style-type: none"> • For all cash-out refinance: <ul style="list-style-type: none"> ○ Primary/Second Home: <ul style="list-style-type: none"> ▪ Properties previously listed for sale must be seasoned at least six (6) months from the listing contract expiration / cancellation date to application date. ▪ The value will be based on the lesser of the lowest list price or appraised value. ○ Investment Properties: <ul style="list-style-type: none"> ▪ 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. ▪ The value will be based on the lesser of the lowest list price or appraised value. • For Rate and Term refinance, the property needs to be off the market 1 day before taking loan application.
Gift Funds	<ul style="list-style-type: none"> • Allowed for down payment and closing after minimum 10% borrower's contribution. Not allow to meet reserve requirements.

<p>DSCR</p>	<p>Under the Debt Service Coverage documentation, property income is used to qualify the transaction. Debt Service Coverage is available to Experienced purchasing or refinancing investment properties to hold for business purposes. The borrower is required to sign a Certification of Business Purpose and an Occupancy Certification.</p> <ul style="list-style-type: none"> • Experienced Investor: A borrower having a history of owning and managing commercial or investment residential for at least 1 year in last 3 years. For files with more than one borrower, only one borrower must meet the definition. <ul style="list-style-type: none"> ○ Experienced can be documented by one of the following: <ul style="list-style-type: none"> ▪ Complete the REO schedule on the 1003 loan application, or ▪ Provide a property profile report, or ▪ Other 3rd party documentation • First-Time Investor: A borrower that does not meet the Experienced Investor criteria. First time investors must currently own a primary residence for a minimum for at least 1 year within the past 3 years. First Time Investors eligible subject to the following restrictions: <ul style="list-style-type: none"> ○ Min credit score: 680 ○ Maximum LTV/CLTV: 75% ○ No mortgage late payments in the last 36 months (<i>excludes foreign national borrowers</i>) ○ Minimum of 36- months seasoning from any credit event ○ Cash-out transactions not eligible ○ First time home buyer not eligible • Loan amount < \$150,000 the minimum DSCR needs to be 1.50. <p>HOW TO CALCULATE DSCR</p> <p>Debt Service Coverage Ratio is the Monthly Gross Income divided by the PITIA (or ITIA for interest only loans) of the subject property. Gross rents are the lower of the actual rents from lease agreement(s) or market rents from either Fannie Mae 1007 or Form 1025 in the case of multi-family property. The 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser is required on all DSCR transactions. The use of properties which are leased on a nightly, weekly, monthly, or seasonal basis are not allowed when completing the Comparable Rent Schedule.</p> <p>Debt Service Coverage Ratio: The Monthly Gross Income divided by the PITIA or ITIA of the subject property.</p> <p>See the Eligibility matrix for required Debt Service Coverage Ratios:</p> <p>EXAMPLE: DEBT SERVICE COVERAGE RATIO</p> <p>Single Family Purchase Money Transaction Monthly PITIA = \$650 Estimated Monthly Market Rent (Form 1007) = \$850 Existing Lease Monthly Rent = Not Available Gross Market Rent = \$850 (<i>Estimated Monthly Market Rent when a lease is not available for a purchase transaction</i>) Gross Income = \$850 ÷ PITIA (\$650) = DSCR (1.30)</p>
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- **HOW TO FILL OUT LOAN APPLICATION:**
 - Income section needs to be left Blank.
 - If borrower is currently employed, the employment section should be completed including a valid phone number.
 - For REO's section, not all REO's needs to be listed. The REO section needs to be completed to show the borrower meets either First Time Investor or Experienced Investor. List the PITI(A) payment for the subject and primary residence of the borrower if applicable. Property under LLC name is not required to list on application unless borrower needs to prove landlord experience.

- **ASSET DOCUMENTATION**
 - 1 months of Asset verification is required for closing funds and reserves. Large deposits need to be sourced.
 - VOD must be dated within 30 days of loan application date.

- **LEASE REQUIREMENTS:**
 - Unleased Property:
 - More than 1 of the units within the subject property do not have an existing lease (vacant);
 - Unleased Property LTV/CLTV Restrictions if appraisal reflects any unit vacant
 - Refer to Matrix

- **DOCUMENTATION REQUIREMENTS (Long Term Rental)**
 - **Purchase Transactions:**
 - Monthly Gross Rents are the monthly rents established on FNMA Form 1007 or 1025 reflecting long term market rents. |
 - If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent. |
 - A vacant or unleased property is allowed without LTV restriction.
 - **Refinance Transactions:**
 - Required Documentations:
 - FNMA Form 1007 or 1025 reflecting long term market rents and lease agreements
 - If the lease has converted to month to month, then provide most recent two (2) months proof of receipt to evidence continuance of lease.
 - Monthly Gross Rents are determined by the lower of the actual lease amount or market rent from 1007/1025. If using a higher monthly actual lease amount, evidence of 2-months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007 or 1025.
 - A Vacant or unleased properties are allowed, and the maximum LTV allowed is restricted by 5%.

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Topic	VENICE INVESTOR PROGRAM GUIDELINES
	<ul style="list-style-type: none"> • DOCUMENTATION REQUIREMENTS Short Term Rental (e.g. AIRBNB, VRBO, FLIPKEY) <ul style="list-style-type: none"> ○ Short Term Rental Income – Purchase and Refinance transactions <ul style="list-style-type: none"> ▪ A 5% LTV reduction applies to all transactions using short-term rental income when the DSCR is ≥ 1.00 ▪ When the DSCR is < 1.00, the DSCR < 1.00 Eligibility Matrix must be used. ▪ DSCR Calculation: <ul style="list-style-type: none"> • Monthly gross rents based upon a 12-month average to account for seasonality required • Gross rents reduced by 20% to reflect extraordinary costs (i.e. advertising, furnishings, cleaning) associated with operation short-term rental property compared to non-short term property. • DSCR Calculation: $(\text{Gross Rents} * .80) \text{ divided by PITIA} = \text{DSCR}$ ▪ Any of the following methods may be used to determine gross monthly rental income: <ul style="list-style-type: none"> • A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser reflecting long-term or short-term market rents. • A most recent 12-months rental history statement from the 3rd party rental/management service. The statement must identify the subject property/unit, rents collected for the previous 12 months, and all vendor management fees. The rental income will exclude all vendor or management fees. • The most recent 12-month bank statement from the borrower evidencing short-term rental deposits. Borrower must provide a rental record for the subject property to support monthly deposits. <ul style="list-style-type: none"> ○ AIRDNA Rentalizer and Overview reports must meet the following requirements: <ul style="list-style-type: none"> ▪ Rentalizer <ul style="list-style-type: none"> • Only allowed for purchase transaction • Forecast period must cover 12 months from the Note Date • The occupancy rate must be $> 65\%$ • Must have six (6) comparison properties • Must be within two (2) miles of subject property • Must be similar in size, room count, amenities, availability, and occupancy ▪ Overview Report <ul style="list-style-type: none"> • Market grade by zip code • Must be B or greater ▪ Income Calculation <ul style="list-style-type: none"> • $\text{Annual revenue} / 12$

Topic	VENICE INVESTOR PROGRAM GUIDELINES
Asset Documentation	<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 month and be dated within 90 days of the note date.</p> <ul style="list-style-type: none"> • Account statements (e.g., checking, savings, share, or brokerage accounts) <ul style="list-style-type: none"> ○ Statements must include the following: <ul style="list-style-type: none"> ▪ Name of financial institution ▪ Reflect borrower as the account holder (Funds held jointly with a non-borrowing spouse are considered 100% of the borrower’s funds) ▪ Account number ▪ Statement date ▪ Time period covered by the statement ▪ Available balance in U.S. dollar denomination ○ Assets held in foreign accounts must be translated to English and verified in US Dollar equivalency at the current exchange rate via either http://www.xe.com or the Wall Street Journal conversion table. • Verification of Deposit completed by the verifying financial institution (Fannie Mae® Form 1006). <p>Irregular large deposits on any of the above asset documentation would need to be source.</p> <ul style="list-style-type: none"> • Stocks/Bond/Mutual Funds - 100% of account(s) value may be considered for assets. • Business funds - 100% based on percentage of ownership. • Vested retirement account funds – 70% may be considered for closing and/or reserves; • Cash Value of Life Insurance – 100% of the cash surrender value less any loans may be considered for assets. • Non-vested or restricted stock accounts are not eligible for use as down payment or reserves. • Non-regulated Financial Assets <ul style="list-style-type: none"> ○ Crypto Currency – Bitcoin and Ethereum are eligible sources of funds for the down payment, closing costs and reserves. <ul style="list-style-type: none"> ▪ Down payment and closing costs: currency must be liquidated and deposited into an established US bank account. ▪ 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. <p>The following are ineligible assets:</p> <ul style="list-style-type: none"> • Non-vested or restricted stock accounts • Cash-on-hand • Sweat equity • Gift or grant funds which must be repaid • Down payment assistance program • Unsecured loans or cash advances

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<p>Rate / Term Transaction</p>	<ul style="list-style-type: none"> • Proceeds from the transaction are used to pay off an existing first mortgage loan and any subordinate loan used to acquire the property. • Any subordinate loan not used in the acquisition of the subject property provided <u>one of the following apply</u>: <ul style="list-style-type: none"> ○ Closed end loan, at least 12 months of seasoning has occurred. ○ HELOC, at least 12 months of seasoning has occurred and total draws over the past 12 months are less than \$2,000. (For business purpose transactions, any draw over the life of the loan may not have been utilized for personal use. Business purpose transactions will require a draw history schedule, along with a attestation from the borrower, in the credit file, that none of the advances were used for personal/consumer use). • Buying out a co-owner pursuant to an agreement. • Paying off an installment land contract executed more than 12 months from the loan application date. • Other considerations <ul style="list-style-type: none"> ○ 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. ○ 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. ○ 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.
<p>Cash-Out Transaction</p>	<ul style="list-style-type: none"> • A refinance that does not meet the definition of a rate/term transaction is considered cash-out • The payoff of delinquent real estate taxes (60-days or more past due) is considered cash out. • A mortgage secured by a property currently owned free and clear is considered cash-out. • Cash-out proceeds can be used for required reserves. • A letter explaining the use of loan proceeds is required for all transactions (Must be for business purpose). • Loans not eligible for cash-out: <ul style="list-style-type: none"> ○ Investment properties listed for sale in the past 6-months unless a unless there is a minimum of a 1 year prepay penalty, per requirements are met. ○ There has been a prior cash out transaction within 6-months. ○ Payoff of a Land Contract / Contract of Deed ○ When proceeds from the loan transaction are used for consumer purposes, i.e. payoff personal debt, personal tax lien(s), personal judgements, personal collection, or lines of credit secured by subject property. <p>Cash-Out Seasoning: 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"> • For properties owned 12 months or longer, the LTV/CLTV is based upon the appraised value. • A minimum borrower seasoning requirement of six (6) months is required. • If Cash-Out Seasoning is less than twelve (12) months but greater than 6 months, the transaction value is limited to the <u>lower of</u> the current appraised value or the property's purchase price. • Cash-out seasoning of six (6) months or less is allowed with the following restrictions. <ul style="list-style-type: none"> ○ 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.

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<p>Delayed Financing</p>	<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"> ○ The original purchase transaction was an arms-length transaction. ○ The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property). ○ 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. ○ The preliminary title search or report must confirm that there are no existing liens on the subject property ○ The transaction is considered cash-out, cash-out Loan/LTV limits apply. ○ The new loan amount cannot be no more than the actual documented amount of the borrower's initial investment subject to the maximum LTV/CLTV for cash-out transactions.
<p>Tradelines</p>	<p>Lowest Decision Score Amongst All Borrowers:</p> <ul style="list-style-type: none"> • Lower of the two credit scores -or- • Median of the 3 credit scores generated. <p>For each borrower who has three (3) credit scores, the minimum tradeline requirements is waived (all borrowers must be evaluated individually). Each borrower with less than three (3) credit scores must meet the minimum tradeline requirements outlined below.</p> <ul style="list-style-type: none"> • At least three (3) tradelines reporting for a minimum of 12-months with activity in the last 12-months, or • At least two (2) tradelines reporting for a minimum of 24-months with activity in the last 12 months. <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"> • No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history. • At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months. • The borrower has an established credit history for at least eight (8) years. • Tradelines with recent serious adverse history are not acceptable • Student loans can be counted in credit depth as long as they are in repayment and not being deferred <p>The following are not acceptable to be counted as tradelines:</p> <ul style="list-style-type: none"> • "non-traditional" credit as defined by Fannie Mae • collection accounts • any liabilities in deferment status • foreclosures / short sales/ DIL of foreclosures / pre-foreclosures sales • accounts discharged through bankruptcy • authorized user accounts • self-reported tradeline <p>Note: The credit report used to evaluate a loan may not reflect a security freeze. If he borrower(s) unfreeze credit after the date of the original credit report, a new tri-merged report must be obtained to reflect current and updated information from all repositories</p>

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Housing History	<p>Housing history for the DSCR Doc type is limited to verifying the borrower’s primary residence and the subject property if a refinance transaction.</p> <p>Housing history</p> <ul style="list-style-type: none"> Any housing event reported on the credit report for any property owned by the borrower needs to be included in the housing history eligibility. For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required. <p>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, one of the following additional documents is required:</p> <ul style="list-style-type: none"> A loan payment history from the servicer or third-party verification service, A payoff statement (for mortgages being refinanced), The latest mortgage account statement from the borrower, or A verification of mortgage. <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 or rental history is not reported on the credit report, a VOM/VOR must be provided. Any VOM/VOR 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/rental statements including payment history, etc.) must be provided.</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>
Charge-Offs Collections	<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"> 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. Medical collections may remain open with a max cumulative balance of \$10,000. 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. Charge-offs and collections can be ignored unless title is impacted. <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"> Reserves are sufficient to cover the balance of the charge-offs or collections and meet reserve requirements.
Consumer Credit Counseling Services	<p>Borrowers currently participating in Fannie Mae approved credit counseling services are acceptable if most recent 12 months are paid as agreed and the CCCS administrator provides a letter allowing borrower to seek new mortgage financing.</p>
Judgements -or- Liens	<p>All open judgments, garnishments, and all outstanding liens must be paid off prior to or at loan closing.</p>

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Forbearance, Modifications, or Deferrals	<p>Forbearance, Modification, or Deferrals: No longer considered a credit event (except under Foreign National), now considered under housing payment history.</p> <ul style="list-style-type: none"> • Greater than 12 Months from Note Date: Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated <u>greater than 12 months from the Note date</u> of the subject transaction and having a 0x30x12 Housing History are allowed. • Within 12 Months of Note Date: Forbearance, loan modification, or deferrals (including COVID-19 related events) completed or reinstated <u>within 12 months of the Note date</u> of the subject transactions are not eligible.
Disputed Accounts	<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. The total aggregate balance of accounts in dispute remaining unresolved can't exceed \$2,000.</p>
Tax Liens	<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"> • The file must contain a copy of the repayment agreement • A minimum of 6-payments has been made under the plan with all payments made on time • The balance of the lien must be included when determining the maximum CLTV for the program • Refinance transactions require a subordination agreement from the taxing authority
Credit Events	<p>Majority derogatory credit events such as bankruptcy, foreclosure, short sale, DIL and Loan Modifications are based on the discharged / dismissal / completion date to the Note Date.</p>
First Time Home Buyers (FTHB)	<p>Not Allowed</p>
Eligible Borrower(s)	<ul style="list-style-type: none"> • US Citizen • Permanent Resident Alien • Non-Permanent Resident Alien • Foreign National Borrowers
Ineligible Borrower(s)	<ul style="list-style-type: none"> • Applicants possessing diplomatic immunity • Borrowers from OFAC sanctioned countries • Politically exposed borrowers • Any borrower(s) listed on HUD's Limited Denial of Participation (LDP), federal General Services Admin. (GSA) Excluded Party list or any exclusionary list.

Topic	VENICE INVESTOR PROGRAM GUIDELINES
<p>Non-Permanent Resident Alien</p>	<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. A valid SSN is required.</p> <ul style="list-style-type: none"> • Legal Status Documentation <ul style="list-style-type: none"> ○ 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 ○ 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. ○ 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: https://www.uscis.gov/eadautoextend • Guideline restrictions: <ul style="list-style-type: none"> ○ Maximum LTV/CLTV: 70% ○ Gift Funds are not allowed
<p>Minimum Square Footage</p>	<ul style="list-style-type: none"> • SFR: 700 sq. ft. • Condo: 500 sq. ft. • 2-4 Units: 400 sq. ft. per individual unit
<p>Leasehold</p>	<p>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).</p>
<p>Acreage</p>	<p>Maximum Acreage: Maximum 2 acres; No truncating allowed.</p>
<p>Appraisal</p>	<ul style="list-style-type: none"> • 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. • 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. • Appraisal Transfers: Allowed. Appraisal must be within 90 days of the transfer receipt. Recert of value is allowed and valid up to 12 months from effective date. • Appraisal Form: A full Interior & Exterior appraisal report on appropriate Fannie / Freddie form is required for all properties. Property Inspection Waiver (PIW) or exterior-only inspections are not allowed. • Fannie Mae Market Conditions Addendum: A Fannie Mae <i>Form 1004MC Market Conditions Addendum, 1004MC</i> must be included in the loan file. <p>A second appraisal is required when any of the following conditions exist.</p> <ul style="list-style-type: none"> ○ Loan amount > \$2,000,000 ○ The transaction is defined as flip property defined in the Flipped section of this guide ○ As required under appraiser review products section of this guide <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>

Topic	VENICE INVESTOR PROGRAM GUIDELINES
Appraisal Review Products (Lender to order)	<p>An appraisal review product is required on every loan file unless a 2nd 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"> • 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). • An enhanced desk review product order through the following options: CDA from Clear Capital • 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) <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>
Appraisal Transfers	<p>Allowed. Refer to JMAC Appraisal Policy for transfer requirements.</p>
Rural Property	<p>Not allowed</p>
Land Trust and Community Land Trust	<p>Not Allowed</p>
Accessory Units	<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"> • The property is defined as a one-unit property. • There is only one accessory unit on the property; multiple accessory units are not permitted. • 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. • The borrower qualifies for the mortgage without considering any rental income from the accessory unit. • For properties located in California, if zoning (current or grandfathered) permits an accessory unit, <u>the rental income may be</u> included, subject to the following: <ul style="list-style-type: none"> o Appraisal reflects the accessory is legal and the appraisal report includes at least one comp with an accessory unit. 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.

Topic	VENICE INVESTOR PROGRAM GUIDELINES
Property Flipping	<p>A property is considered a “flip” if either of the following are true:</p> <ul style="list-style-type: none"> • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement. • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower’s purchase agreement. <p>If the property is a “flip” as defined above, the following additional requirements apply:</p> <ul style="list-style-type: none"> • A second appraisal must be obtained. • If the loan is subject to Regulation Z, a copy of the second appraisal must be provided to the borrower in compliance with the federal HPML requirements. • The second appraisal must be dated prior to the loan consummation/note date. • The property Seller on the purchase contract must be the owner of record. • Increases in value should be documented with commentary from the appraiser and recent comparable sales. • Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable.
1031 Exchange	Allowed but should be exchanged to like property.

Topic	VENICE INVESTOR PROGRAM GUIDELINES
Property Eligibility	<p>Property Condition</p> <ul style="list-style-type: none"> • Properties with ratings of C5, C6 or Q6 are not allowed unless the issues that caused the ratings are cured prior to docs and the appraiser provides acceptable documentation to show that the property now meets C4 or better condition requirements. <p>ELIGIBLE PROPERTY TYPES</p> <ul style="list-style-type: none"> • Single Family (SFR) • 2-4 Unit Properties • Planned Unit Development (PUD) – Must meet the requirements in <i>Fannie Mae Selling Guide B4-2.3-01</i> not be an ineligible PUD. • Warrantable Condos • Modular Homes <p>INELIGIBLE PROPERTY TYPES</p> <ul style="list-style-type: none"> • Properties located in land trust / community land trust • Vacant land or land development properties; • Properties not readily accessible by roads that meet local standards; • Properties not suitable for year-round occupancy regardless of location; • Agricultural properties including: farms, ranches, orchards; • Rural properties; • Manufactured, and Mobile; • Resort Type Projects; • Cooperative share loans; • Boarding houses or bed/breakfast properties; • Properties with zoning violations; • Dome or geodesic homes; • Assisted living facilities; • Homes on Indian reservations; • Log homes; • Hawaii properties located in lava zones 1 and/or 2; • Houseboats; • Properties used for the cultivation, distribution, manufacture or sale of marijuana

Topic	VENICE INVESTOR PROGRAM GUIDELINES
<p>Condominiums</p>	<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"> • All loan secured requires a Full HOA Cert with addendum. • 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"> ○ Full or partial evacuation of the building to complete repairs is required for more than seven (7) days or any unknown period of time. ○ The project has deficiencies, defects, substantial damage, or deferred maintenance that: <ul style="list-style-type: none"> ▪ is severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements; ▪ the improvements need substantial repairs and rehabilitation, including many major components; or ▪ 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. ○ Lender will not purchase loans secured by units in any condo project identified by FNMA as “Unavailable” by Condo Project Manager (CPM). ○ See the current Loan/LTV matrix for maximum LTV/CLTVs and loan amounts. ○ JMAC project exposure maximum shall be \$5,000,000 or 20% of the total units in the project, whichever is lower. ○ Projects consisting entirely of detached (site) units will not require a project review and are eligible for single-family dwelling LTV/CLTV. ○ Two- to four-unit condominium projects will not require a project review provided the following are met: <ul style="list-style-type: none"> ▪ The project is not a condo hotel, houseboat, or timeshare or segmented-ownership project. ▪ The priority of common expense assessments applies. ▪ The standard insurance requirements apply. ○ Project has been created and exists in full compliance with applicable local jurisdiction, State, and all other applicable laws and regulations. ○ Commercial space allowed up to 50% of project. ○ No more than 20% of the total units in the project may be 60 days or more past due on the condominium/HOA fees. ○ 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. ○ 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. ○ Single entity ownership allowed up to 20% of the project. ○ 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. ○ 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. ○ 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.
<p>Interested Party Contribution (IPC)</p>	<p>May not exceed 3%</p> <p>All seller concessions must be properly disclosed in the sales contract, appraisal and HUD-1 and be compliant with applicable federal, state and local law. Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction. Interested party 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. If a seller concession is present, both the appraised value and sales price must be reduced by the concession amount for LTV/CLTV calculations</p>
<p>Escrow</p>	<ul style="list-style-type: none"> • Escrows / Impound Accounts is not required with additional pricing hit for no impound. Please refer to rate sheet. • Escrow Holdbacks – Not Permitted (No undisbursed Escrow Holdbacks are permitted - all work must be completed)
<p>Eligible States</p>	<ul style="list-style-type: none"> • Nationwide (All Approved Lending States) • NJ and IL restricted for purchase 75% LTV/CLTV and rate/term & Cash-Out to 70% LTV/CLTV

Topic	VENICE INVESTOR PROGRAM GUIDELINES
Secondary Financing	Not allowed
Insurance Requirements	<ul style="list-style-type: none"> • 100% of the insurable value of the improvement, as established by the property insurer -or- • The unpaid principal balance of the mortgage, as long as it at least equals the minimum amount – 80% of the insurable value of the improvements – required to compensate for damage or loss on a replacement cost basis.
Disclosures Required	<ul style="list-style-type: none"> • Borrower Certification of Business Purpose • Occupancy Certification
Power of Attorney	<ul style="list-style-type: none"> • Only allowed on purchase or R&T transactions. • The POA needs to be specific to the transaction and needs to be executed at the final loan documents. The borrower who executed the POA should signed the initial 1003. Any interested party to the transaction (such as a seller, loan officer, realtor, etc) may not act as Power of Attorney. • Foreign National Borrowers not allowed.
HERO/PACE	<ul style="list-style-type: none"> • Not allowed
Non-ARM's Length / Interest Party Transaction	<p>NON-ARM'S LENGTH TRANSACTION: 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.</p> <p>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.</p> <p>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)</p> <ul style="list-style-type: none"> • INTERESTED PARTY TRANSACTION: A Conflict-Of-Interest Transaction occurs when the borrower has an affiliation or relationship with the Mortgage Broker, Loan Officer, Real Estate Broker or Agent, or any other interested party to the transaction. In the case of the Mortgage Broker, Loan Officer, or Real Estate Broker/Agent extra due diligence must be exercised. For example, the seller's real estate agent for the subject property may not act as the loan officer for the borrower(s) purchasing the same subject property. An examination of the relationship among the Mortgage Broker, Title/Escrow Companies, Appraiser and any other party to the transaction must be closely examined. A Letter of Explanation regarding the relationship between the parties is required. • ELIGIBLE NON-ARM'S LENGTH AND INTERESTED PARTY TRANSACTIONS: <ul style="list-style-type: none"> ○ Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction ○ Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves. ○ Seller(s) representing themselves as agent in real estate transaction • NON-ARM'S LENGTH AND INTERESTED PARTY RESTRICTIONS: <ul style="list-style-type: none"> ○ Borrower to provide cancelled check verifying the earnest money deposit ○ Maximum LTV: 75% ○ Employer to employee sales or transfers not allowed ○ Property trades between buyer and seller not allowed ○ Renter(s) purchasing from Landlord not allowed ○ Purchase between family members not allowed ○ Other transactions not listed as eligible above are not allowed ○ For Sale by Owner (FSBO) transactions must be arms-length

Vesting in Limited Liability Companies, Partnerships, Corporations, and S Corporations (each, an “Entity”)

Limited Liability Companies, Partnerships, Corporations, and S Corporations (each, an “Entity”) in accordance with the requirements listed below:

To vest a loan in an Entity, the following requirements must be met:

- Purpose and activities are limited to ownership and management of real property.
- Entity must be domiciled in a U.S. State.
- Any business structure is limited to a maximum of four (4) owners or members.
- Personal guarantees must be provided by all members of the entity. A **personal Guaranties form** is required.
- Each Entity member providing a personal guaranty must complete a Form 1003 or similar credit application indicating clearly that such document is being provided in the capacity of guarantor. The application of each member providing a personal guaranty and their credit score, and creditworthiness will also be used to determine qualification and pricing.
- No correspondent lender shall suggest or encourage the formation of an Entity for the purpose of obtaining a mortgage loan. Such structures shall be initiated and arranged by the members of the entity.
- Each member of the Entity must receive notice of the loan and its terms prior to closing.
- The following Entity documentation must be provided:
 - Limited liability company
 - Entity Articles of Organization, Partnership, and Operating Agreements, if any
 - Tax Identification Number (Employer Identification Number – EIN)
 - Certificate of Good Standing
 - Certificate of Authorization for the person executing all documents on behalf of the Entity
 - Borrowing Certificate (**LLC Borrower Certificate – Single Member** or **LLC Borrowing Certificate – Multiple Members**)
 - Corporation
 - Filed Certificate/Articles of Incorporation (and all amendments)
 - By-Laws (and all amendments)
 - Certificate of Good Standing (Issued by the Secretary of State (SOS) where the Corporation is incorporated)
 - Tax Identification Number (EIN)
 - Borrowing Resolution/Corporate Resolution granting authority of signer to enter loan obligation
 - Receipt of current year franchise tax payment or clear search
 - Partnership
 - Filed Partnership Certificate (if a general partnership, filing with the SOS may not be required)
 - Partnership Agreement (and all amendments)
 - Certificate of Good Standing (Issued by the SOS where the partnership is registered)
 - Tax Identification Number (EIN)
 - Limited partner consents (where required by partnership agreement).
- Documents must be completed and signed as follows
 - Signed as an individual by all members of the Entity:
 - Loan Application (Fannie Mae Form 1003)
 - Completed for each Individual member of the Entity.
 - Section labelled “Title will be held in what Name(s)” should be completed with **only** the LLC name.
 - Signed by Individuals

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	<ul style="list-style-type: none"> ▪ Personal Guaranty <ul style="list-style-type: none"> • Each individual who is providing a personal guaranty. • The guaranty should be executed at loan closing and dated the same date as the Note. • Spousal Consent to Pledge (Required for all loan amounts of \$1,000,000 or greater) • Personal Guaranties from community property states (AZ, ID, NM, TX, WA, WI) must be accompanied with a <u>Spousal Consent to Pledge</u>. ○ Signed by the authorized signer for the entity: <ul style="list-style-type: none"> ▪ Disclosures (GFE, TIL, Notice of Intent to Proceed, Servicing Disclosure, etc.) ▪ Any state or federally required settlement statement ▪ Note, Deed of Trust/Mortgage, and all Riders
Third Party QC	Required on all loans prior to doc
Document Age	Income and credit documents must be within 90 days of the note date
EPO	9 Months