



Effective 04/15/2023

PRIME PLUS GUIDELINE MATRIX

INCOME

| Eligibility | Description | | | | |
|------------------------------|--|--|-----|-------|-----|
| Income Types | Full Document: 1 or 2 Years • W-2 & Paystubs • Tax Returns Bank Statements: Personal or Business • 12 or 24 Months Bank Statements: 2 Years self-employed in same business required Asset Qualifier: Assets post close must be greater than 110% of the loan amount + reserves Asset Qualifier: Income equals Qualified Assets / 60 months Asset Income Lift: Income equals Qualified Assets / 120 months Asset Income Lift: Must be paired with Full Doc, Bank Statements, or 1099 Income | | | | |
| Bank Statement Expense Ratio | Fixed Expense Ratio: | Number of FTE/Contractors | 0 | 1 - 5 | 5+ |
| | | Service Business | 20% | 40% | 60% |
| | | Product Business | 40% | 60% | 80% |
| | Business Expense Letter: | Letter from CPA/accountant, IRS enrolled agent, or tax preparer subject to a minimum total expense percentage of 10% | | | |
| Profit and Loss Statement: | Expense factor provided on a profit and loss statement prepared by a CPA/accountant, IRS enrolled agent, or tax preparer subject to a minimum total expense percentage of 10% | | | | |
| Debt Ratio | 45% Max DTI when LTV is greater than 80% 50% Max DTI when LTV is equal to or less than 80% 43% Max DTI for Asset Qualifier income method 45% Max DTI for Income Lift income method 43% Max DTI when living rent free 45% Max DTI when Interest Only | | | | |
| Residual Income | Minimum \$1,250 plus \$250 is required for the first dependent and then \$125 for each additional dependent to a max requirement of \$1,750.00 | | | | |
| Payment Shock | 250% when DTI is greater than 45% 300% when DTI is equal to or less than 45% | | | | |

LOAN TYPE RESTRICTIONS

| Transaction Type | Fico | 2 Year (All Document Types) | | | | |
|---------------------|-----------|-----------------------------|----------|----------|----------|----------|
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Purchase | 760 + | 90% | 90% | 80% | 70% | 70% |
| | 740 - 759 | 90% | 90% | 80% | 70% | 70% |
| | 720 - 739 | 90% | 90% | 80% | 70% | 70% |
| | 700 - 719 | 90% | 85% | 80% | 70% | 70% |
| | 680 - 699 | 85% | 85% | 80% | 70% | 70% |
| | 660 - 679 | 80% | 80% | 80% | 70% | 70% |
| Transaction Type | Fico | 2 Year (All Document Types) | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Rate/Term Refinance | 760 + | 80% | 80% | 75% | 70% | 70% |
| | 740 - 759 | 80% | 80% | 75% | 70% | 70% |
| | 720 - 739 | 80% | 80% | 75% | 70% | 70% |
| | 700 - 719 | 80% | 80% | 75% | 70% | 70% |
| | 680 - 699 | 80% | 80% | 75% | 70% | 70% |
| | 660 - 679 | 80% | 80% | 75% | 70% | 70% |
| Transaction Type | Fico | 2 Year (All Document Types) | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Cash Out Refinance | 760 + | 80% | 75% | 70% | 65% | 60% |
| | 740 - 759 | 80% | 75% | 70% | 65% | 60% |
| | 720 - 739 | 80% | 75% | 70% | 65% | 60% |
| | 700 - 719 | 80% | 75% | 70% | 65% | 60% |
| | 680 - 699 | 75% | 75% | 70% | 65% | 60% |
| | 660 - 679 | 70% | 70% | NA | NA | NA |
| Transaction Type | Fico | Second Home | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Purchase | 760 + | 80% | 80% | 75% | 70% | 65% |
| | 740 - 759 | 80% | 80% | 75% | 70% | 65% |
| | 720 - 739 | 80% | 80% | 75% | 70% | 65% |
| | 700 - 719 | 75% | 75% | 70% | 65% | 60% |
| | 680 - 699 | 75% | 75% | 70% | 65% | 60% |
| | 660 - 679 | NA | NA | NA | NA | NA |

| LOAN TYPE RESTRICTIONS CONTINUED | | | | | | |
|-------------------------------------|---|-------------|-------------------|----------|------------------|----------|
| Transaction Type | Fico | Second Home | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Rate/Term Refinance | 760 + | 75% | 75% | 70% | 70% | 65% |
| | 740 - 759 | 75% | 75% | 70% | 70% | 65% |
| | 720 - 739 | 75% | 75% | 70% | 70% | 65% |
| | 700 - 719 | 75% | 75% | 70% | 65% | 60% |
| | 680 - 699 | 75% | 75% | 70% | 65% | 60% |
| | 660 - 679 | NA | NA | NA | NA | NA |
| Transaction Type | Fico | Second Home | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Cash Out Refinance | 760 + | 70% | 70% | 65% | 60% | 60% |
| | 740 - 759 | 70% | 70% | 65% | 60% | 60% |
| | 720 - 739 | 70% | 70% | 65% | 60% | 60% |
| | 700 - 719 | 70% | 70% | 65% | 60% | 60% |
| | 680 - 699 | 65% | 65% | 60% | 60% | 60% |
| | 660 - 679 | NA | NA | NA | NA | NA |
| PRODUCT TYPE RESTRICTIONS | | | | | | |
| Eligibility | Max LTV Purchase | | Max LTV Rate/Term | | Max LTV Cash Out | |
| Asset Qualifier | 80% | | 75% | | 70% | |
| Interest Only | 80% | | 80% | | 75% | |
| Foreign National | 75% | | 70% | | 70% | |
| Non-Permanent Resident | 75% | | 70% | | 70% | |
| Non-Warrantable Condo | 75% | | 75% | | 70% | |
| Condotel | 70% | | 65% | | 65% | |
| PRODUCT | | | | | | |
| Eligibility | Description | | | | | |
| Fixed Products | 30 Year fixed or 40 Year fixed interest only | | | | | |
| Arm Products (30 Year Amortization) | 5 year 6 month SOFR arm • 7 year 6 month SOFR arm Margin 3.5% • Index: 30-day average SOFR • Floor: Start rate 2.0% Initial cap / 2.0% Annual cap / 5.0% Life cap | | | | | |
| Interest Only Term | 120 Months • Qualify off of 30 year amortization | | | | | |
| Loan Amount | Minimum loan amount \$150,000 • Maximum loan amount \$3,000,000 Loan amounts down to \$75,000 by exception | | | | | |
| Prepayment Penalty | Not Allowed | | | | | |
| Escrows | Escrows are required | | | | | |

| PRODUCT CONTINUED | |
|---|--|
| Cash Out Proceeds | Max cash in hand limited to \$500,000 for LTV greater than 65% Max cash in hand limited to \$1,000,000 for LTV equal to or less than 65% |
| Seasoning | No seasoning to use appraised value for a Rate and Term Refinance 3 months seasoning for a Cash Out Refinance <ul style="list-style-type: none"> • Max loan amount lesser of \$750,000 or purchase price plus improvements • Minimum Fico of 680 6 months seasoning for a Cash Out Refinance <ul style="list-style-type: none"> • No additional restrictions No seasoning required to use appraised value on properties obtained through inheritance, divorce, or separation |
| Occupancy | Primary and Second Home only |
| Secondary Financing | Max CLTV of 75% |
| Land Contract • Lease with Option to Purchase | Eligible as a rate and term refinance if seasoned for 12 months with a payment history of 0x30 for 12 months supported by canceled checks |
| Texas Cash Out 50(a)(6) | Max 80% LTV • Financed points cannot exceed 80% LTV • 12 day waiting period required |
| Delayed Financing | Eligible when a property was purchased by a borrower for cash with 180 days of the loan application <ul style="list-style-type: none"> • Purchase loan/LTV limits apply |
| Fees | \$1,295 Underwriting Fee • \$1,495.00 Bank Statement Underwriting Fee \$150.00 Desk Review Fee If applicable: \$250.00 Texas Legal Document Review • \$695.00 Processing Fee If applicable: \$250.00 Entity Review Fee |
| BORROWER | |
| Eligibility | Description |
| Eligible Borrowers | US Citizen • Permanent Resident • Non-Permanent Resident • Foreign National |
| Foreign National | Minimum credit score 680 • Default score of 680 when US credit unavailable 12 Months Reserves • Second Home Only • See guide for visa requirements |
| Max Borrowers | Max 4 individuals |
| Vesting | Natural persons • US Domiciled Entity • Living Trusts |
| First Time Homebuyer | Max 45% DTI • 12 months cancelled rent checks required Max 90% LTV with > 700 fico • Max 80% LTV with < 700 fico Max payment shock of 250% |
| Exposure | No more than \$5,000,000 or 15 properties to one single borrower |
| CREDIT | |
| Eligibility | Description |
| Qualifying Credit Score | Minimum score 660 A minimum of two scores must be reporting Use the lower of two or middle of three credit scores to determine the decision score Use the lowest decision score amongst all borrowers |

| CREDIT CONTINUED | |
|---|---|
| Mortgage / Primary Rating | All mortgages must be current at the time of closing |
| Mortgage / Primary Rating | 0 x 30 x 12 months |
| Consumer Credit | No requirement |
| Credit Event Seasoning (BK, FC, SS, FB, Mod) | 48 Months |
| Covid Forbearance | Eligible if all missed payments are repaid or 3 regular payments over 90 days have been paid after forbearance has ended. |
| Charge-Offs and Collections | 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. Medical collections are excluded up to a cumulative balance of \$10,000 |
| Judgements and Liens | All open judgments, garnishments, and outstanding liens affecting title must be paid off prior to or at closing. |
| Tradelines | One (1) active tradeline rated for 24 months and Two (2) tradelines rated 12 months open or closed • One (1) mortgage tradeline rated for 12 months open or closed in last 24 months and One (1) additional tradeline |
| ASSETS / RESERVES | |
| Eligibility | Description |
| Assets | Seasoned for 60 days Large deposits that exceed 50% of the qualifying income must be sourced |
| Reserves | 0 Months PITI when LTV ≤ 65% 6 Months PITI when LTV > 65% 12 Months PITI for loan amounts greater than \$1,500,000 regardless of LTV 12 Months PITI for foreign nationals Loan proceeds can be used for reserves |
| Concessions | 6% for LTV ≤ 80% • 4% for LTV > 80% LTV Must be used for closings costs and prepaids |
| Gift Funds | Gift funds are allowed with a minimum 5% borrower contribution with a max 80% LTV or Gift funds are allowed with no borrower contribution to a max 75% LTV on Primary Home Gift funds are allowed with a minimum 10% borrower contribution for Second Home |
| Gift Equity | A gift of equity is allowed with a minimum 5% borrower contribution with a max 80% LTV or A gift of equity is allowed with no borrower contribution to a max 75% LTV on Primary Home A gift of equity is allowed with a minimum 10% borrower contribution for Second Home |
| PROPERTY | |
| Eligibility | Description |
| Property Type | SFR 1 - 4 Units • PUD • Condo • Non-Warrantable Condo • Condotel |
| Non - Warrantable Condo | 680 Min Fico • Reduce Max LTV 5% / New Construction 10% |

| PROPERTY CONTINUED | |
|--|---|
| Property Condition | C4 or better |
| Minimum Sq Ft | SFR & PUD 600 sq ft • Condo Units 500 sq ft • 2-4 Units 500 sq ft |
| Acreage | Max 10 acres • No rural properties |
| Appraisal Requirements | Approved AMC required • SSRs required unless transferred SFR - 1004 • 2 to 4 Units - 1025 • Condo - 1073 Second appraisal required for loan amounts greater than \$1,500,000 Appraisal must be dated within 120 days of the Note Desk review required on all loans without a second appraisal |
| Appraisal Transfers | Allowed with signed transfer letter from lender, invoice, and first generation report |
| Listed for Sale | Listing must be canceled prior to the Note date for a Rate and Term Refinance Listing must be canceled 90 days prior to the Note date for a Cash Out Refinance The lessor of the recent list price or appraised value will be used within 6 months of the listing |
| Unavailable States | AK, DC, DE, HI, LA, MO, ND, NV, NY, SD, VA, VT |
| COMPLIANCE | |
| Eligibility | Description |
| Max Broker Fees | <ul style="list-style-type: none"> • Loan Amounts < \$150,000: Max broker compensation which includes borrower paid compensation, lender paid compensation, and business purpose premium & total fee compensation which includes all other fees charged by the broker such as the credit report fee, processing fee, etc. is 5% in aggregate. • Loan Amounts > \$150,000: Max broker compensation which includes borrower paid compensation, lender paid compensation, and business purpose premium is 3%. Total fee compensation which includes all other fees charged by the broker such as the credit report fee, processing fee, etc. is 5% in aggregate. • Stacking Fees does not affect or allow the broker to charge in excess of the above max compensation. |
| High Cost | No High Cost Loans (Max 5% of Amount Financed or Rate 6.5% above APOR) |
| Section 32 | No Section 32 |
| Ability to Repay | All loans require the ability to repay |
| State and Federal Laws | All federal and state regulations must be followed |
| <p>This information is intended for the exclusive use of licensed real estate and mortgage lending professionals. Distribution to the general public is prohibited. This is not a commitment to lend. Rates and programs are subject to change without notice. Other restrictions and limitations may apply. Granting of loan is subject to the credit and policy requirements of Foundation Mortgage Corporation, NMLS 5057</p> | |



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| | | Service Business | 20% | 40% | 60% |
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LOAN TYPE RESTRICTIONS

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| | 700 - 719 | 85% | 85% | 80% | 70% | 70% |
| | 680 - 699 | 80% | 80% | 75% | 70% | 65% |
| | 660 - 679 | 80% | 80% | 75% | 70% | 65% |
| | 640 - 659 | 80% | 80% | 70% | NA | NA |
| | 620 - 639 | 75% | 75% | 65% | NA | NA |
| | 600 - 619 | 70% | 65% | NA | NA | NA |
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| | 660 - 679 | 80% | 80% | 75% | 70% | 65% |
| | 640 - 659 | 80% | 75% | 65% | NA | NA |
| | 620 - 639 | 75% | 75% | 65% | NA | NA |
| | 600 - 619 | 70% | 65% | NA | NA | NA |
| Transaction Type | Fico | 2 Year (All Document Types) | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Cash Out Refinance | 760 + | 80% | 80% | 80% | 60% | 60% |
| | 740 - 759 | 80% | 80% | 80% | 60% | 60% |
| | 720 - 739 | 80% | 80% | 80% | 60% | 60% |
| | 700 - 719 | 80% | 80% | 80% | 60% | 60% |
| | 680 - 699 | 75% | 75% | 75% | 60% | 60% |
| | 660 - 679 | 75% | 75% | 75% | 60% | 60% |
| | 640 - 659 | 75% | 70% | 60% | NA | NA |
| | 620 - 639 | 70% | 65% | 60% | NA | NA |
| | 600 - 619 | 70% | 65% | NA | NA | NA |

LOAN TYPE RESTRICTIONS CONTINUED

| Transaction Type | Fico | Second Home | | | | |
|---------------------|-----------|-------------|----------|----------|----------|----------|
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Purchase | 760 + | 80% | 80% | 80% | 70% | 65% |
| | 740 - 759 | 80% | 80% | 80% | 70% | 65% |
| | 720 - 739 | 80% | 80% | 80% | 70% | 65% |
| | 700 - 719 | 80% | 80% | 80% | 70% | 60% |
| | 680 - 699 | 80% | 80% | 75% | 70% | 60% |
| | 660 - 679 | 80% | 80% | 75% | 70% | 60% |
| | 640 - 659 | 75% | 75% | NA | NA | NA |
| | 620 - 639 | 70% | NA | NA | NA | NA |
| | 600 - 619 | 65% | NA | NA | NA | NA |
| Transaction Type | Fico | Second Home | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Rate/Term Refinance | 760 + | 75% | 75% | 75% | 65% | 65% |
| | 740 - 759 | 75% | 75% | 75% | 65% | 65% |
| | 720 - 739 | 75% | 75% | 75% | 65% | 65% |
| | 700 - 719 | 75% | 75% | 75% | 65% | 60% |
| | 680 - 699 | 75% | 75% | 75% | 65% | 60% |
| | 660 - 679 | 75% | 75% | 75% | 65% | 60% |
| | 640 - 659 | 70% | 70% | NA | NA | NA |
| | 620 - 639 | 70% | NA | NA | NA | NA |
| | 600 - 619 | 65% | NA | NA | NA | NA |
| Transaction Type | Fico | Second Home | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Cash Out Refinance | 760 + | 75% | 75% | 75% | NA | NA |
| | 740 - 759 | 75% | 75% | 75% | NA | NA |
| | 720 - 739 | 75% | 75% | 75% | NA | NA |
| | 700 - 719 | 75% | 75% | 75% | NA | NA |
| | 680 - 699 | 75% | 75% | 75% | NA | NA |
| | 660 - 679 | 75% | 75% | 75% | NA | NA |
| | 640 - 659 | NA | NA | NA | NA | NA |
| | 620 - 639 | NA | NA | NA | NA | NA |
| | 600 - 619 | NA | NA | NA | NA | NA |

LOAN TYPE RESTRICTIONS CONTINUED

| Transaction Type | Fico | Investment Property | | | | |
|---------------------|-----------|---------------------|----------|----------|----------|----------|
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Purchase | 760 + | 80% | 80% | 80% | NA | NA |
| | 740 - 759 | 80% | 80% | 80% | NA | NA |
| | 720 - 739 | 80% | 80% | 80% | NA | NA |
| | 700 - 719 | 80% | 80% | 80% | NA | NA |
| | 680 - 699 | 80% | 80% | 75% | NA | NA |
| | 660 - 679 | 80% | 80% | 75% | NA | NA |
| | 640 - 659 | 75% | 75% | NA | NA | NA |
| | 620 - 639 | 70% | NA | NA | NA | NA |
| | 600 - 619 | 65% | NA | NA | NA | NA |
| Transaction Type | Fico | Investment Property | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Rate/Term Refinance | 760 + | 80% | 80% | 80% | NA | NA |
| | 740 - 759 | 80% | 80% | 80% | NA | NA |
| | 720 - 739 | 80% | 80% | 80% | NA | NA |
| | 700 - 719 | 80% | 80% | 80% | NA | NA |
| | 680 - 699 | 80% | 80% | 75% | NA | NA |
| | 660 - 679 | 80% | 80% | 75% | NA | NA |
| | 640 - 659 | 70% | 70% | NA | NA | NA |
| | 620 - 639 | 70% | NA | NA | NA | NA |
| | 600 - 619 | 65% | NA | NA | NA | NA |
| Transaction Type | Fico | Investment Property | | | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M | ≤ \$2.5M | ≤ \$3.0M |
| Cash Out Refinance | 760 + | 75% | 75% | 75% | NA | NA |
| | 740 - 759 | 75% | 75% | 75% | NA | NA |
| | 720 - 739 | 75% | 75% | 75% | NA | NA |
| | 700 - 719 | 75% | 75% | 75% | NA | NA |
| | 680 - 699 | 75% | 75% | 75% | NA | NA |
| | 660 - 679 | 75% | 75% | 75% | NA | NA |
| | 640 - 659 | 65% | 65% | NA | NA | NA |
| | 620 - 639 | 65% | NA | NA | NA | NA |
| | 600 - 619 | 65% | NA | NA | NA | NA |

PRODUCT TYPE RESTRICTIONS

| Eligibility | Max LTV Purchase | Max LTV Rate/Term | Max LTV Cash Out |
|------------------------|------------------|-------------------|------------------|
| Credit Grade A | 85% | 80% | 80% |
| Credit Grade B | 80% | 70% | 70% |
| Credit Grade C | 80% | 70% | NA |
| Asset Qualifier | 80% | 75% | 70% |
| Interest Only | 80% | 80% | 75% |
| Foreign National | 75% | 70% | 70% |
| Non-Permanent Resident | 75% | 70% | 70% |
| Non-Warrantable Condo | 75% | 75% | 70% |
| Condotel | 70% | 65% | 65% |

Loan Credit Grade

| Credit Grade | A | B | C |
|-----------------|-------------|-------------|--------------|
| Payment History | 0x30x12 | 1x30x12 | 1x60x12 |
| Foreclosure | 36 Months | 24 Months | 12 Months |
| Bankruptcy | 36 Months | 24 Months | 12 Months |
| Short Sale | 36 Months | 24 Months | 12 Months |
| Deed in Lieu | 36 Months | 24 Months | 12 Months |
| Modification | 36 Months | 24 Months | 12 Months |
| Loan Amount | \$3,000,000 | \$2,000,000 | \$1,000,000 |
| Occupancy | All | All | Primary Only |

PRODUCT

| Eligibility | Description |
|---|--|
| Fixed Products | 30 Year fixed or 40 Year fixed interest only |
| Arm Products (30 Year Amortization) | 5 year 6 month SOFR arm • 7 year 6 month SOFR arm Margin 3.5% • Index: 30-day average SOFR • Floor: Start rate 2.0% Initial cap / 2.0% Annual cap / 5.0% Life cap |
| Interest Only Term | 120 Months • Qualify off of 30 Year amortization |
| Consumer Purpose Investment Property | Consumer purpose qualified with any of the above eligible document types. No prepayment penalty allowed on consumer loans. |
| Business Purpose Investment Property | Bona fide business purpose qualified with any of the above eligible document types. Prepayment penalty allowed on business purpose loans, see guide for restrictions. Business purpose certification must be completed and validated by underwriter. Must be registered and locked as Rising Star Business Purpose. |

PRODUCT CONTINUED

| | |
|--|--|
| Loan Amount | Minimum loan amount \$150,000 • Maximum loan amount \$3,000,000 Loan amounts down to \$75,000 by exception |
| Prepay Restrictions (Business Purpose Only) | Not allowed in AK, KS, MN, NM, RI Allowed with conditions in IL, MS, NJ, OH, PA |
| Escrows | Escrows are required |
| Cash Out Proceeds | Max cash in hand limited to \$500,000 for LTV greater than 65% Max cash in hand limited to \$1,000,000 for LTV equal to or less than 65% |
| Seasoning | No seasoning to use appraised value for a Rate and Term Refinance 3 months seasoning for a Cash Out Refinance <ul style="list-style-type: none"> • Max loan amount lesser of \$750,000 or purchase price plus improvements • Minimum Fico of 680 6 months seasoning for a Cash Out Refinance <ul style="list-style-type: none"> • No additional restrictions No seasoning required to use appraised value on properties obtained through inheritance, divorce, or separation |
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| Land Contract • Lease with Option to Purchase | Eligible as a rate and term refinance if seasoned for 12 months with a payment history of 0x30 for 12 months supported by canceled checks |
| Texas Cash Out 50(a)(6) | Max 80% LTV • Financed points cannot exceed 80% LTV • 12 day waiting period required |
| Delayed Financing | Eligible when a property was purchased by a borrower for cash with 180 days of the loan application <ul style="list-style-type: none"> • Purchase loan/LTV limits apply |
| Fees | \$1,295 Underwriting Fee • \$1,495.00 Bank Statement Underwriting Fee \$150.00 Desk Review Fee If applicable: \$250.00 Texas Legal Document Review • \$695.00 Processing Fee If applicable: \$250.00 Entity Review Fee |

BORROWER

| Eligibility | Description |
|----------------------|--|
| Eligible Borrowers | US Citizen • Permanent Resident • Non-Permanent Resident • Foreign National |
| Foreign National | Minimum credit score 680 • Default score of 680 when US credit unavailable 12 Months Reserves • Second Home or Non-Owner Only • See guide for visa requirements |
| Max Borrowers | Max 4 individuals |
| Vesting | Natural persons • US Domiciled Entity • Living Trusts |
| First Time Homebuyer | Max 45% DTI • 12 months cancelled rent checks required Max 85% LTV with > 700 fico • Max 80% LTV with < 700 fico Max payment shock of 250% |
| Exposure | No more than \$5,000,000 or 15 properties to one single borrower |

CREDIT

| Eligibility | Description |
|---|--|
| Qualifying Credit Score | <p>Minimum score 600</p> <p>A minimum of two scores must be reporting</p> <p>Use the lower of two or middle of three credit scores to determine the decision score</p> <p>Use the lowest decision score amongst all borrowers</p> |
| Mortgage / Primary Rating | All mortgages must be current at the time of closing |
| Mortgage / Primary Rating | See loan credit grade |
| Consumer Credit | No requirement |
| Credit Event Seasoning (BK, FC, SS, FB, Mod) | See loan credit grade |
| Covid Forbearance | Eligible if all missed payments are repaid or 3 regular payments over 90 days have been paid after forbearance has ended. |
| Charge-Offs and Collections | 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. Medical collections are excluded up to a cumulative balance of \$10,000 |
| Judgements and Liens | All open judgments, garnishments, and outstanding liens affecting title must be paid off prior to or at closing. |
| Tradelines | <p>One (1) active tradeline rated for 24 months and Two (2) tradelines rated 12 months open or closed •</p> <p>One (1) mortgage tradeline rated for 12 months open or closed in last 24 months and One (1) additional tradeline</p> |

ASSETS / RESERVES

| Eligibility | Description |
|-------------|--|
| Assets | <p>Seasoned for 60 days</p> <p>Large deposits that exceed 50% of the qualifying income must be sourced</p> |
| Reserves | <p>0 Months PITI when LTV ≤ 65%</p> <p>6 Months PITI when LTV > 65%</p> <p>12 Months PITI for loan amounts greater than \$1,500,000 regardless of LTV</p> <p>12 Months PITI for foreign nationals</p> <p>Loan proceeds can be used for reserves</p> |
| Concessions | <p>6% for LTV ≤ 80% • 4% for LTV > 80% LTV</p> <p>Must be used for closings costs and prepaids</p> |
| Gift Funds | <p>Gift funds are allowed with a minimum 5% borrower contribution with a max 80% LTV or</p> <p>Gift funds are allowed with no borrower contribution to a max 75% LTV on Primary Home</p> <p>Gift funds are allowed with a minimum 10% borrower contribution for Second Home</p> <p>Gift funds are allowed with a minimum 10% borrower contribution for Investment Home</p> |
| Gift Equity | <p>A gift of equity is allowed with a minimum 5% borrower contribution with a max 80% LTV or</p> <p>A gift of equity is allowed with no borrower contribution to a max 75% LTV on Primary Home</p> <p>A gift of equity is allowed with a minimum 10% borrower contribution for Second Home</p> |

PROPERTY

| Eligibility | Description |
|-------------------------|---|
| Property Type | SFR 1 - 4 Units • PUD • Condo • Non-Warrantable Condo • Condotel |
| Non - Warrantable Condo | 680 Min Fico • Reduce Max LTV 5% / New Construction 10% |
| Property Condition | C4 or better |
| Minimum Sq Ft | SFR & PUD 600 sq ft • Condo Units 500 sq ft • 2-4 Units 500 sq ft |
| Acreage | Max 10 acres • No rural properties |
| Appraisal Requirements | Approved AMC required • SSRs required unless transferred SFR - 1004 • 2 to 4 Units - 1025 • Condo - 1073 Second appraisal required for loan amounts greater than \$1,500,000 Appraisal must be dated within 120 days of the Note Desk review required on all loans without a second appraisal 1007 is required for all Investment Properties |
| Appraisal Transfers | Allowed with signed transfer letter from lender, invoice, and first generation report |
| Listed for Sale | Listing must be canceled prior to the Note date for a Rate and Term Refinance Listing must be canceled 90 days prior to the Note date for a Cash Out Refinance The lessor of the recent list price or appraised value will be used within 6 months of the listing |
| Unavailable States | AK, DC, DE, HI, LA, MO, ND, NV, NY, SD, VA, VT |

COMPLIANCE

| Eligibility | Description |
|------------------------|---|
| Max Broker Fees | <ul style="list-style-type: none"> • Loan Amounts < \$150,000: Max broker compensation which includes borrower paid compensation, lender paid compensation, and business purpose premium & total fee compensation which includes all other fees charged by the broker such as the credit report fee, processing fee, etc. is 5% in aggregate. • Loan Amounts > \$150,000: Max broker compensation which includes borrower paid compensation, lender paid compensation, and business purpose premium is 3%. Total fee compensation which includes all other fees charged by the broker such as the credit report fee, processing fee, etc. is 5% in aggregate. • Stacking Fees does not affect or allow the broker to charge in excess of the above max compensation. |
| High Cost | No High Cost Loans (Max 5% of Amount Financed or Rate 6.5% above APOR) |
| Section 32 | No Section 32 |
| Ability to Repay | All loans require the ability to repay |
| State and Federal Laws | All federal and state regulations must be followed |

This information is intended for the exclusive use of licensed real estate and mortgage lending professionals. Distribution to the general public is prohibited. This is not a commitment to lend. Rates and programs are subject to change without notice. Other restrictions and limitations may apply. Granting of loan is subject to the credit and policy requirements of Foundation Mortgage Corporation, NMLS 5057

Effective 04/15/2023

INVESTOR DSCR GUIDELINE MATRIX

DSCR

| Eligibility | Description |
|-------------------|--|
| DSCR Ratio | <ul style="list-style-type: none"> Must be greater than .75 (See LTV Matrix below) Must be greater than 1.00 for short term rental |
| DSCR Calculation | Rental income divided by PITIA • Lesser of the lease or Form 1007/1025 Vacant properties use 1007/1025 (No LTV restrictions) 1007/1025 may be used for gross rents if within 20% tolerance of actual lease Lease may be used with 2 months canceled checks to support higher rent |
| Short Term Rental | <ul style="list-style-type: none"> Purchase and Refinance: 100% of income documented by 12 month history of deposits from eligible sources like Airbnb or VRBO Purchase Only: 75% of income documented by 1007 or property management report |
| Real Estate Owned | List all properties to meet the experience requirement and those properties associated to mortgage liabilities on credit. |

LOAN TYPE RESTRICTIONS

| Transaction Type | Fico | DSCR \geq 1.00 | | |
|------------------|------------------|------------------|---------------|---------------|
| | | \leq \$1.0M | \leq \$1.5M | \leq \$2.0M |
| Purchase | 760 + | 80% | 75% | 70% |
| | 740 - 759 | 80% | 75% | 70% |
| | 720 - 739 | 80% | 75% | 70% |
| | 700 - 719 | 75% | 70% | 65% |
| | 680 - 699 | 75% | 70% | 65% |
| | 660 - 679 | 70% | 65% | 60% |
| | 640 - 659 | 70% | 65% | 60% |

LOAN TYPE RESTRICTIONS CONTINUED

| Transaction Type | Fico | DSCR ≥ 1.00 | | |
|---------------------|-----------|----------------------------------|----------|----------|
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M |
| Rate/Term Refinance | 760 + | 80% | 75% | 70% |
| | 740 - 759 | 80% | 75% | 70% |
| | 720 - 739 | 80% | 75% | 70% |
| | 700 - 719 | 75% | 70% | 65% |
| | 680 - 699 | 75% | 70% | 65% |
| | 660 - 679 | 70% | 65% | 60% |
| | 640 - 659 | 70% | 60% | 60% |
| Transaction Type | Fico | DSCR ≥ 1.00 | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M |
| Cash Out Refinance | 760 + | 75% | 70% | 70% |
| | 740 - 759 | 75% | 70% | 70% |
| | 720 - 739 | 75% | 70% | 70% |
| | 700 - 719 | 75% ⁽¹⁾ | 65% | 65% |
| | 680 - 699 | 75% ⁽¹⁾ | 65% | 65% |
| | 660 - 679 | 70% ⁽¹⁾ | 60% | 60% |
| | 640 - 659 | 70% ⁽¹⁾ | 60% | 60% |
| Transaction Type | Fico | DSCR > .75 < 1.00 ⁽⁴⁾ | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M |
| Purchase | 760 + | 75% | 70% | 65% |
| | 740 - 759 | 75% | 70% | 65% |
| | 720 - 739 | 75% | 70% | 65% |
| | 700 - 719 | 75% | 70% | 65% |
| | 680 - 699 | 70% | 70% | 65% |
| | 660 - 679 | 70% | 65% | 60% |
| | 640 - 659 | NA | NA | NA |
| Transaction Type | Fico | DSCR > .75 < 1.00 ⁽⁴⁾ | | |
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M |
| Rate/Term Refinance | 760 + | 70% | 65% | 60% |
| | 740 - 759 | 70% | 65% | 60% |
| | 720 - 739 | 70% | 65% | 60% |
| | 700 - 719 | 70% | 65% | 60% |
| | 680 - 699 | 65% | 65% | 60% |
| | 660 - 679 | 65% | 65% | 60% |
| | 640 - 659 | NA | NA | NA |

LOAN TYPE RESTRICTIONS CONTINUED

| Transaction Type | Fico | DSCR > .75 < 1.00 ⁽⁴⁾ | | |
|--------------------|-----------|----------------------------------|----------|----------|
| | | ≤ \$1.0M | ≤ \$1.5M | ≤ \$2.0M |
| Cash Out Refinance | 760 + | 70% | 65% | 60% |
| | 740 - 759 | 70% | 65% | 60% |
| | 720 - 739 | 70% | 65% | 60% |
| | 700 - 719 | 70% ⁽¹⁾ | 65% | 60% |
| | 680 - 699 | 65% ⁽¹⁾ | 65% | 60% |
| | 660 - 679 | 65% ⁽¹⁾ | 60% | 60% |
| | 640 - 659 | NA | NA | NA |

PRODUCT TYPE RESTRICTIONS

| Eligibility | Max LTV Purchase | Max LTV R&T | Max LTV Cash Out |
|------------------------|--------------------|-------------|--------------------|
| 2 - 4 Units | 80% | 80% | 75% ⁽²⁾ |
| Short Term Rental | 75% ⁽³⁾ | 70% | 70% |
| Non-Warrantable Condo | 75% | 75% | 70% |
| Condotel | 70% | 65% | 65% |
| Interest Only | 80% | 75% | 75% |
| Foreign National | 75% | 70% | 70% |
| Non-Permanent Resident | 75% | 70% | 70% |

PRODUCT TYPE RESTRICTIONS

| | |
|--------------------------|---|
| (1) Cash Out Fico < 720 | Ficos 680 - 719 when the LTV is greater than 70% or Ficos 640 - 679 when the LTV is greater than 65% <ul style="list-style-type: none"> • Max loan amount of \$750,000 • Max cash out proceeds \$100,000 |
| (2) Cash Out 2 - 4 Units | \$100,000 max cash out proceeds for 2 - 4 units with cash out LTV > than 70% |
| (3) Short Term Rental | In addition to all short term rental guidelines: <ul style="list-style-type: none"> • 75% max LTV purchase requires 700 fico • 0x30x12 mortgage rating • Minimum .75 long term rental & 1.00 short term rental DSCR ratio • Max \$1,000,000 loan amount. |
| (4) DSCR < 1.00 | <ul style="list-style-type: none"> • 5% LTV reduction for vacant property refinances (STR does not apply) • 5% LTV reduction on declining markets (See Declining Markets Table in guide) • Minimum \$150,000 loan amount • 2-4 Units and Condos Max LTV Purchase 75% / Refinance 70% • No Condotel |

PRODUCT

| Eligibility | Description |
|--|--|
| Fixed Products | 30 Year fixed or 40 Year fixed interest only |
| Arm Products (30 Year Amortization) | 5 year 6 month SOFR arm • 7 year 6 month SOFR arm Margin 3.5% • Index: 30-day average SOFR • Floor: Start rate 2.0% Initial cap / 2.0% Annual cap / 5.0% Life cap |
| Interest Only Term | 120 Months |
| Loan Amount | Minimum loan amount \$75,000 • Maximum loan amount \$2,000,000 |
| Prepayment Penalty | Fixed percentage 1-5 year term with a 5% fixed penalty Declining structure starting at 5% with a floor of 3% |
| Prepay Restrictions | Not allowed in AK, KS, MN, NM, RI Allowed with conditions in IL, MS, NJ, OH, PA |
| Escrows | Escrows are required |
| Cash Out Proceeds | Must be used for a business purpose Max cash in hand limited to \$500,000 for LTV greater than 65% Max cash in hand limited to \$1,000,000 for LTV equal to or less than 65% |
| Appraised Value Seasoning | No seasoning to use appraised value for a Rate and Term Refinance 3 months seasoning for a Cash Out Refinance <ul style="list-style-type: none"> • Max loan amount lesser of \$750,000 or purchase price plus improvements • Minimum Fico of 680 6 months seasoning for a Cash Out Refinance <ul style="list-style-type: none"> • No additional restrictions No seasoning required to use appraised value on properties obtained through inheritance, divorce, or separation |
| Occupancy | Investment only |
| Secondary Financing | Not allowed |
| Land Contract • Lease with Option to Purchase | Eligible as a rate and term refinance if seasoned for 12 months with a payment history of 0x30 for 12 months supported by canceled checks |
| Delayed Financing | Eligible when a property was purchased by a borrower for cash with 180 days of the loan application • Purchase loan/LTV limits apply |
| Fees | \$1,295 Underwriting Fee • \$150.00 Desk Review Fee If applicable: \$250.00 Texas Legal Document Review • \$695.00 Processing Fee If applicable: \$250.00 Entity Review Fee |

BORROWER

| Eligibility | Description |
|----------------------|--|
| Eligible Borrowers | US Citizen • Permanent Resident • Non-Permanent Resident • Foreign National US Domiciled Entity • Living Trusts |
| Foreign National | Minimum credit score 680 • Default score of 680 when US credit unavailable 12 Months Reserves • See guide for visa requirements |
| Max Borrowers | Max 4 individuals or 2 entities |
| Vesting | Natural persons • US Domiciled Entity • Living Trusts |
| Experience | Must own an investment property for 12 months during the last 3 years |
| First Time Investor | Must own primary residence for 12 months during the last 3 years (Max 75% LTV) |
| First Time Homebuyer | Ineligible |
| Exposure | No more than \$5,000,000 or 15 properties to one single borrower |

CREDIT

| Eligibility | Description |
|---|---|
| Decision Credit Score | Minimum score 640 A minimum of two scores must be reporting Use the lower of two or middle of three credit scores Use the lowest decision score amongst all borrowers |
| Mortgage / Primary Rating | All mortgages must be current at the time of closing |
| Mortgage / Primary Rating | 1 x 30 x 12 months |
| Mortgage / Primary Rating | If reporting on credit for 12 months, most recent 60 days not required |
| Consumer Credit | No requirement |
| Credit Event Seasoning (BK, FC, SS, FB, Mod) | 36 Months |
| Covid Forbearance | Eligible if all missed payments are repaid or 3 regular payments over 90 days have been paid after forbearance has ended. |
| Charge-Offs and Collections | Charge-offs and collections can be ignored unless title impacted. |
| Judgements and Liens | All open judgments, garnishments, and outstanding liens affecting title must be paid off prior to or at closing. |
| Tradelines | One (1) active tradeline rated for 24 months and Two (2) tradelines rated 12 months open or closed • One (1) mortgage tradeline rated for 12 months open or closed in last 24 months and One (1) additional tradeline |

ASSETS / RESERVES

| Eligibility | Description |
|-------------|---|
| Assets | Seasoned for 60 days • No sourcing required |
| Reserves | 6 Months PITI 12 Months PITI for loan amounts greater than \$1,500,000 12 Months PITI for DSCR < 1.00 12 Months PITI for foreign nationals Loan proceeds can be used for reserves |
| Concessions | Not to exceed 6% and must be used for closings costs and prepaids |
| Gift Funds | Gift funds permitted after a minimum 10% borrower contribution |
| Gift Equity | Not eligible |

PROPERTY

| Eligibility | Description |
|--|---|
| Property Type | SFR 1 - 4 Units • PUD • Condo • Non-Warrantable Condo • Condotel |
| Non - Warrantable Condo | 1.25% Min DSCR • 680 Min Fico • Reduce Max LTV 5% / New Construction 10% |
| Property Condition | C4 or better |
| Minimum Sq Ft | SFR & PUD 600 sq ft • Condo Units 500 sq ft • 2-4 Units 500 sq ft |
| Acreage | Max 10 acres • No rural properties |
| Appraisal Requirements | Approved AMC required • SSRs required unless transferred SFR - 1004/1007 • 2 to 4 Units - 1025 • Condo - 1073/1007 Appraisal must be dated within 120 days of the Note Desk review required on all loans |
| Appraisal Transfers | Allowed with signed transfer letter from lender, invoice, and first generation report |
| Insurance Requirements | Rent loss coverage equal to 6 months qualifying rent Liability coverage equal to \$100,000 |
| Listed for Sale | Listing must be canceled prior to the Note date for a Rate and Term Refinance Listing must be canceled 90 days prior to the Note date for a Cash Out Refinance The lessor of the recent list price or appraised value will be used within 6 months of the listing |
| Unavailable States | NV, ND, SD, VT |
| License Required Business Purpose States | AZ, CA, OR, NV, UT, ID, ND, SD, MN, VT |

COMPLIANCE

| Eligibility | Description |
|-----------------|---|
| Max Broker Fees | <ul style="list-style-type: none">• Loan Amounts < \$150,000: Max broker compensation which includes borrower paid compensation, lender paid compensation, and business purpose premium & total fee compensation which includes all other fees charged by the broker such as the credit report fee, processing fee, etc. is 5% in aggregate.• Loan Amounts > \$150,000: Max broker compensation which includes borrower paid compensation, lender paid compensation, and business purpose premium is 3%. Total fee compensation which includes all other fees charged by the broker such as the credit report fee, processing fee, etc. is 5% in aggregate.• Stacking Fees does not affect or allow the broker to charge in excess of the above max compensation. |

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