

<b>SPECIALITY OWNER OCCUPIED PROGRAM (SOP) GUIDELINES</b> (Owner Occupied Properties Only) – Effective 1.04.21	
<b>LOAN AMOUNTS</b>	<ul style="list-style-type: none"> <li>▪ Minimum - <b>\$150,000</b></li> <li>▪ Loans above <b>\$1,500,000</b> will be considered on a case by case basis</li> <li>▪ Purchase and refinance transactions</li> </ul>
<b>LOAN TO VALUE</b>	Maximum - <b>65%</b> on all loan transactions
<b>LENDING AREA</b>	Brooklyn, Queens, Staten Island, Manhattan, Bronx, Long Island & parts of Upstate New York
<b>PROPERTY TYPE</b>	<p><i>Eligible Properties:</i></p> <ul style="list-style-type: none"> <li>▪ One to four family <b><u>Owner occupied properties only</u></b></li> <li>▪ Second Home</li> <li>▪ Condo &amp; Co-ops</li> </ul> <p><i>Ineligible Properties:</i></p> <ul style="list-style-type: none"> <li>▪ Investment Properties</li> <li>▪ Mixed Use – <i>Ineligible</i></li> </ul>
<b>PROPERTY CONDITION</b>	<ul style="list-style-type: none"> <li>▪ The homes must conform city and state housing regulations and code.</li> <li>▪ HPD/ECB violations will be reviewed and determination of a possible escrow holdback will be decided during the loan review. Borrower will be provided a reasonable time frame to resolve the issues.</li> <li>▪ Violations that are minor, carry no penalties and does not affect the title policy may not be considered.</li> </ul>
<b>RATE &amp; TERM</b>	<ul style="list-style-type: none"> <li>➤ 3/6 ARM: 4.750%</li> <li>➤ 5/6 ARM: 5.000%</li> <li>➤ 7/6 ARM: 5.250%</li> <li>➤ 15 Year Fixed: 5.375%</li> <li>➤ 30 Fixed: 5.750%</li> <li>➤ <b>Add .250 bps to eliminate the origination fee</b></li> <li>➤ <b>Rates above include (EDARP) Autopay from FCSB account</b> <b>And three months PITI for one year</b> <b>*Add .125 bps to opt out*</b></li> </ul>
<b>COLLATERAL</b>	<ul style="list-style-type: none"> <li>▪ A first position mortgage lien only</li> <li>▪ Property Ownership - Individual or Entity</li> </ul>
<b>DEBT-TO-INCOME</b>	<ul style="list-style-type: none"> <li>▪ Maximum of 55%</li> <li>▪ PITI reduction</li> </ul>
<b>CREDIT</b>	<ul style="list-style-type: none"> <li>▪ Minimum credit score of 660</li> <li>▪ Judgments or liens that affect our first lien position must be paid cleared prior to closing.</li> <li>▪ Non-financial collections up to \$2,500 will not be evaluated.</li> </ul>
<b>EXCEPTIONS TO LOAN POLICY</b>	Loan to value (LTV) and other policy exceptions will be reviewed for approval with supporting credit profile and documentation.

<p><b>EMPLOYMENT VERIFICATION</b></p>	<p><b>Salaried borrowers: (Please provide one of the following)</b></p> <ul style="list-style-type: none"> <li>➤ FNMA form 1005 completed by the employer</li> <li>➤ Prior year tax return and one month of the most recent paystubs with a verbal verification of employment confirming the start date and active employment status.</li> <li>➤ One month of the most recent paystubs along with a verbal verification of employment confirming a minimum of twelve months employment, the start date and active employment status.</li> <li>➤ An employment letter on company letterhead with the date, address, position, income, amount of time employed, must be signed by an authorized representative, along with a verbal verification of employment confirming the start date and active employment status.</li> </ul> <p><b>Self-employed borrowers: (Please provide one of the following)</b></p> <ul style="list-style-type: none"> <li>➤ The prior year business or personal tax return along with a verbal verification with the accountant certifying the length of time the business has been established, how long he/she has been preparing the return and if the business is still active.</li> <li>➤ The prior year W-2 from the business accompanied by an accountant letter along with a 12-month YTD Profit &amp; Loss Statement.</li> <li>➤ A letter from their accountant certifying a minimum of two years business experience in the same line of work, including the amount of time the borrower has been in business, how long they've been preparing the tax returns, borrowers' percentage of ownership, if the company is still operating, and listing any DBAs. Accompanied with a 12-month YTD Profit and Loss statement, and a verbal verification completed with the accountant.</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>❖ The Accountant letter should include name, address, phone and the license number. Tax preparers should provide the above information and include the EA or PTIN number unless this information can be verified through a third-party resource.</li> <li>❖ A verbal verification of the business or employment will be completed. The information provided within the employment or the accountant letter will be confirmed with the employer, accountant or tax preparer.</li> </ul>
<p><b>INCOME VERIFICATION</b></p>	<ul style="list-style-type: none"> <li>▪ Executed leases for ALL units within the subject property.</li> <li>▪ Market rents will be verified through a full appraisal report.</li> <li>▪ The lower of the two rents will be used for qualification.</li> <li>▪ Executed leases for borrower's other investment properties must be provided for qualification.</li> </ul>
<p><b>GUARANTORS</b></p>	<p>Title/Deed can be held in the name of an entity but all loans must be personally guaranteed.</p>
<p><b>TITLE INSURANCE</b></p>	<ul style="list-style-type: none"> <li>▪ Title insurance is required on all loans for the full amount of the mortgage with the bank named as insured.</li> <li>▪ Title Report with searches.</li> <li>▪ Judgments or liens that affect our first lien position must be paid and cleared prior to closing.</li> <li>▪ Title Insurance amounts must be sufficient to cover the loan amount.</li> <li>▪ Survey or survey inspections is not required on refinances.</li> </ul>

<p><b>PROPERTY INSURANCE</b></p>	<ul style="list-style-type: none"> <li>▪ A homeowner insurance policy must be obtained with a Dwelling Limit no less than 80% of the insurable value of the <i>Total Estimate of Cost-New</i> from the appraisal report of the subject property or the loan amount whichever is greater.</li> </ul> <p style="text-align: center;"><b><u>Mortgagee Clause</u></b>  <b>First Central Savings Bank ISAOA/ATIMA</b>  <b>Insurance Service Center</b>  <b>P O Box 863329</b>  <b>Plano, TX 75086-3329</b></p> <ul style="list-style-type: none"> <li>▪ Flood insurance is required for all properties that are located in a flood zone. The application or declaration page with a paid in full invoice must be provided.</li> </ul>
<p><b>ASSET VERIFICATION</b></p>	<ul style="list-style-type: none"> <li>▪ A copy of the bank cancelled check copy of the Earnest Money Deposit.</li> <li>▪ Upon return of the signed commitment a First Central Savings Bank retail checking account must be opened with the funds to close deposited. The loan will not be reviewed until the account has been fully funded.</li> <li>▪ Asset Savings form to provide the source of savings for the funds to close, the time of accumulation and include details such as employment history, additional mortgagor and title owner contribution and gift funds received, <i>if applicable</i>.</li> <li>▪ An FCSB account must be opened for refinance transactions where the borrower has chosen the autopay option.</li> </ul>
<p><b>CONDO REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>▪ At least 70% of building has been sold with at least 50% to purchasers who will occupy their unit as a primary residence.</li> <li>▪ No more than 25% commercial usage.</li> <li>▪ Income and Expense on building must demonstrate stable earnings.</li> <li>▪ Balance sheet must show 10% cash reserves.</li> <li>▪ Control of the homeowner's association has been turned over to the unit owners with limited sponsor interest.</li> <li>▪ Maximum lender concentration will be determined by each individual project.</li> <li>▪ If the master/blanket hazard policy does not cover "walls in" coverage an HO-6 policy with a minimum coverage of 20% of the appraised value is required.</li> </ul> <p>➢ Note, these are general requirements which we may deviate from based on favorable compensating loan characteristics captured on the credit approval memorandum.</p>
<p><b>CO-OP REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>▪ At least 80% of the building has been sold with 80% to purchasers who will occupy their unit as a primary residence. Sponsorship ownership should not be more than 10%. There should be a minimum of 10 units in the building.</li> <li>▪ The flip tax (tax on sale of unit) should not exceed 3% of the sales price.</li> <li>▪ The building Insurance coverage should provide sufficient replacement value for all cooperative units.</li> <li>▪ The co-op financials must reference satisfactory earnings with adequate reserves.</li> </ul> <p>➢ Note, these are general requirements which we may deviate from based on favorable compensating loan characteristics captured on the credit approval memorandum.</p>
<p><b>CASH RESERVES</b></p>	<ul style="list-style-type: none"> <li>• <b>There are no cash reserve requirements on any loan transactions.</b></li> </ul>