

SmartEdge Product Summary: Wholesale

ELIGIBILITY MATRIX				
Transaction Type	Units	Loan Amount	Credit Score ^{①②}	LTV/CLTV ^②
Primary Residence				
Purchase Rate & Term Refi	1-4	\$2,000,000	700	80%
		\$1,500,000	680	80%
		\$1,000,000	660	75%
Cash-out Refi	1-4	\$2,000,000	720	80%
		\$1,500,000	700	80%
		\$1,000,000	680	75%
		\$1,000,000	660	70%
<p>① 40 year Fixed Rate Interest Only: Minimum 680 credit score</p> <p>② Condotels</p> <ul style="list-style-type: none"> Cash-out Refi: Maximum 75% LTV/CLTV Minimum 680 credit score Maximum 45% DTI 				

ELIGIBILITY MATRIX				
Transaction Type	Units	Loan Amount	Credit Score ^①	LTV/CLTV ^②
Second Home				
Purchase Rate & Term Refi	1-2	\$2,000,000	740	80%
		\$1,500,000	720	80%
		\$1,000,000	680	75%
		\$1,000,000	660	70%
Cash-out Refi	1	\$1,500,000	740	80%
		\$1,000,000	720	80%
		\$1,000,000	700	75%
		\$1,000,000	680	70%
<p>① Minimum 680 credit score</p> <ul style="list-style-type: none"> Non-warrantable condos 40-year Fixed Rate Interest Only <p>② Condotels</p> <ul style="list-style-type: none"> Maximum 75% LTV/CLTV for cash-out refi Minimum 680 credit score Maximum 45% DTI 				

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The following are not permitted				
<ul style="list-style-type: none"> • First time homebuyers • Non-permanent residents 				
ELIGIBILITY MATRIX				
Transaction Type	Units	Loan Amount	Credit Score ¹	LTV/CLTV ¹
Investment Property				
Purchase Rate & Term Refi	1-4	\$1,500,000	720	75%
		\$1,000,000	700	70%
		\$1,000,000	680	65%
Cash-out Refi	1-4	\$1,000,000	720	75%
		\$1,000,000	700	70%
		\$1,000,000	680	65%
¹ Condotels <ul style="list-style-type: none"> • Minimum 680 credit score • Maximum 45% DTI 				
The following are not permitted				
<ul style="list-style-type: none"> • First time homebuyers • Non-permanent residents 				

ASSET QUALIFIER ELIGIBILITY MATRIX				
Units	Transaction Type	Loan Amount	Credit Score	LTV
Primary Residence				
1-4	Purchase Rate & Term Refi	\$2,000,000	700	80%
Second Home				
1	Purchase Rate & Term Refi	\$2,000,000	720	80%
The following are not permitted on second homes				
<ul style="list-style-type: none"> • First time homebuyers • Non-permanent residents 				

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<p>1. Product Description</p>	<p>The SmartEdge Product is designed for strong credit quality borrowers seeking flexible financing options. Borrower may have had a credit event or other isolated lapse in their credit performance that may preclude qualification for another program. Credit events include, without limitation, bankruptcy, foreclosure, short sale, or any other isolated instance of breach in an otherwise acceptable credit pattern. Other isolated lapses in credit performance would be characterized as a period of slow payments on their credit report, such as 30-day delinquencies resulting from isolated circumstances.</p> <p>All borrowers must exhibit an acceptable recent credit history (as defined within this product profiles) and provide a written explanation for derogatory credit events. Multiple credit events that are not a result of the same cause are not permitted. (Ex: borrower who filed bankruptcy on multiple occasions).</p> <p>Asset Qualifier is for high-net-worth borrowers who may choose to use their assets for qualification rather than using their income to qualify for the mortgage</p>	
<p>2. Loan Terms</p>	<ul style="list-style-type: none"> • 30-year Fixed Rate • 30-year Fixed Rate Interest Only <ul style="list-style-type: none"> ○ 10-year interest only period ○ 20-year amortization period • 40-year Fixed Rate Interest Only <ul style="list-style-type: none"> ○ 10-year interest only period ○ 30-year amortization period • 5/6, 7/6, 10/6 ARMs 	<ul style="list-style-type: none"> • 5/6 Interest Only ARM <ul style="list-style-type: none"> ○ 5-year interest only period ○ 25-year amortization period • 7/6 Interest Only ARM: <ul style="list-style-type: none"> ○ 7-year interest only period ○ 23-year amortization period • 10/6 Interest Only ARM <ul style="list-style-type: none"> ○ 10-year interest only period ○ 20-year amortization period
<p>3. Product Codes</p>	<ul style="list-style-type: none"> • NRSEF30: NRZ SmartEdge 30 Year Fixed • NRSEF30IO: NRZ SmartEdge 30 Year Fixed Interest Only • NRSEAQF30: NRZ SmartEdge 30 Year Fixed Asset Qualifier • NREAQF30IO: NRZ SmartEdge IO 30 Year Fixed Asset Qualifier • NRSEF40IO: NRZ SmartEdge 40 Year Fixed Interest Only • NREAQF40IO: NRZ Smart Edge 40 Year Fixed Interest Only Asset Qualifier • NRSEA6F30: NRZ SmartEdge Texas A6 30 Year Fixed • NRSE5A: NRZ SmartEdge 5/6M SOFR ARM • NRSEA65A: NRZ SmartEdge Texas A6 5/6 SOFR ARM • NRSE5IOA: NRZ SmartEdge 5/6M Interest Only SOFR ARM 	

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	<ul style="list-style-type: none"> • NRSEQ5A: NRZ SmartEdge 5/6 SOFR ARM Asset Qualifier • NRSE5A40IO: NRZ SmartEdge 5/6 Arm 40 Year IO • NRSEQ5A40: NRZ Smart Edge 5/6 SOFR ARM 40 Year Interest Only Asset Qualifier • NRSE7A: NRZ SmartEdge 7/6M SOFR ARM • NRSEA67A: NRZ SmartEdge Texas A6 7/6 SOFR ARM • NRSE7IOA: NRZ SmartEdge 7/6M Interest Only SOFR ARM • NRSEQ7A: NRZ SmartEdge 7/6 SOFR ARM Asset Qualifier • NRSEQ7IOA: NRZ SmartEdge IO 7/6 SOFR ARM Asset Qualifier • NRSE7A40IO: NRZ SmartEdge 7/6 Arm 40 Year IO • NRSEQ7A40: NRZ Smart Edge 7/6 SOFR ARM 40 Year Interest Only Asset Qualifier • NRSE10A: NRZ SmartEdge 10/6M SOFR ARM • NRSEQ10A: NRZ SmartEdge 10/6 SOFR ARM Asset Qualifier • NRSEA6F30: NRZ SmartEdge Texas A6 10/6 SOFR ARM • NRSE10IOA: NRZ SmartEdge 10/6M Interest Only SOFR ARM • NREAQ10IOA: NRZ SmartEdge IO 10/6 SOFR ARM Asset Qualifier • NRSE10A40I: NRZ SmartEdge 10/6 SOFR Arm 40 Year Interest Only • NREAQ10A40: NRZ Smart Edge 10/6 SOFR Arm 40 Year Interest Only Asset Qualifier • NRSEF30B1: NRZ SmartEdge 30yr Fixed 1-0 Buydown • NRSEF30B2: NRZ SmartEdge 30yr Fixed 2-1 Buydown • NRSEF30B3: NRZ SmartEdge 30yr Fixed 3-2-1 Buydown • NRSEQ30B1: NRZ SmartEdge 30yr Fixed Asset Qualifier 1-0 Buydown • NRSEQ30B2: NRZ SmartEdge 30yr Fixed Asset Qualifier 2-1 Buydown • NRSEQ30B3: NRZ SmartEdge 30yr Fixed Asset Qualifier 3-2-1 Buydown • NRSEF30B15: NRZ SmartEdge 30yr Fixed 1.5-.5 Buydown • NRSEQ30B15: NRZ SmartEdge 30yr Fixed Asset Qualifier 1.5-.5 Buydown • NRSE30IOB15: NRZ SmartEdge 30yr Fixed IO 1.5-.5 Buydown • NRSE30IAB15: NRZ SmartEdge 30yr Fixed IO Asset Qualifier 1.5-.5 Buydown • NRSE40IOB15: NRZ SmartEdge 40yr Fixed IO 1.5-.5 Buydown • NRSE40IAB15: NRZ SmartEdge 40yr Fixed Asset Qualifier 1.5-.5 Buydown
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4. ARM Information	Index	The 30-day average of the overnight Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York			
	Life Floor	The Floor is the Start rate			
	Margin	4.00%			
	Interest Rate	Product	First	Subsequent	Lifetime
	Caps and	5/6	2%	2%	6%
	Adjustments	7/6	2%	2%	6%
		10/6	2%	2%	6%
	Change Date	5/6	The first Change Date is the 61st payment due date. Subsequent Change Dates are every six months thereafter		
		7/6	The first Change Date is the 85th payment due date. Subsequent Change Dates are every six months thereafter		
		10/6	The first Change Date is the 121st payment due date. Subsequent Change Dates are every six months thereafter		
Conversion Option	Not available				
Assumable	Assumable after the initial fixed-rate period has expired or until a specified event has occurred and is thereafter not assumable				
5. Prepayment Penalty	Not permitted				
6. Employment/Income	Employment and income are not disclosed for Asset Qualifier				
7. Required Documentation	<ul style="list-style-type: none"> • Notice to Borrower: Ability to Repay Disclosure signed by the borrowers • Ability to Repay (ATR) Certification completed by underwriter in the RICACO • Borrower’s Affirmation of Information Provided to Establish Ability to Repay (ATR) signed by the borrower • Asset Qualifier requires a letter of explanation from the borrower certifying their intent to liquidate the assets to pay current expenses 				
8. Temporary Buydown	Permitted for the following <ul style="list-style-type: none"> • Purchase transactions 				

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	<ul style="list-style-type: none"> • Primary residence or second homes <p>Not permitted with any of the following</p> <ul style="list-style-type: none"> • ARMs • Investment properties • Refinance transactions <p>Eligible Buydown Plans</p> <ul style="list-style-type: none"> • 1-0: payment will be calculated at 1.00% below the Note rate for payment 1-12 • 1.5-.5: payment will be calculated at 1.5% below the Note rate for payment 1-12 and .50% below the Note rate for months 13-24 • 2-1: payment will be calculated at 2.00% below the Note rate for payments 1-12 and 1.00% below the Note rate for months 13-24 • 3-2-1: payment will be calculated at 3.00% below the Note rate for payments 1-12, and 2.00% below the Note rate for months 13-24 and 1.00% below the Note rate for 25-36
9. Minimum Loan Amount	<ul style="list-style-type: none"> • Minimum loan amount \$100,000 <ul style="list-style-type: none"> ○ Minimum loan amount for owner occupied properties in NY is the FHFA county loan limit + \$1, which includes High-Balance loan limits due to the NY State Subprime threshold
10. Maximum Cash Out	<ul style="list-style-type: none"> • Maximum cash out <ul style="list-style-type: none"> ○ LTV ≤ 60%: \$750,000 ○ LTV > 60%: \$500,000 • Maximum cash out amount is <ul style="list-style-type: none"> ○ Determined by the amount of cash out reflected on the Final Closing Disclosure (after any debt payoff) ○ Cumulative for all properties being simultaneously financed, not each individual loan • For cash-out refinance transactions, the application date must be dated at least six months after the previous Note date of the last Smart Series cash-out refinance loan with Company • Cash-out is not permitted for Asset Qualifier
11. Underwriting	<ul style="list-style-type: none"> • All loans are manually underwritten

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	<ul style="list-style-type: none"> • Loan must be submitted to DU. If an Approve/Eligible is received, note the loan file with the reason the loan is in a Non-QM product • Submission to DU is not required for the following <ul style="list-style-type: none"> ○ Asset Qualifier ○ Interest Only loans • Loans must be submitted to LoanScorecard
12. Qualifying Rate	<ul style="list-style-type: none"> • Fixed Rate: Note rate • ARMs: Greater of the Fully Indexed rate or the Note rate • Interest Only Fixed Rate: Greater of the Fully Indexed rate or the Note rate based on the remaining loan term after the Interest Only period has expired • Interest Only ARMs: Greater of the Fully Indexed rate or the Note rate based on the remaining loan term after the Interest Only period has expired
13. Qualifying Ratios	<ul style="list-style-type: none"> • Maximum 50% DTI <ul style="list-style-type: none"> ○ If the DTI is > 43%, residual income requirements must be met ○ If the DTI is > 45%, residual income and three months reserves are required in addition to product requirement • Maximum 45% DTI <ul style="list-style-type: none"> ○ Condotels ○ Non-warrantable condos • Asset Qualifier: No DTI
14. Types of Financing	<ul style="list-style-type: none"> • Purchase Mortgage • Rate & Term Refi (Limited Cash-out Refi) • Cash-out Refi • Texas 50(a)(6) • Texas 50(a)(4)
15. Incidental Cash Back	<ul style="list-style-type: none"> • Cash out amount on a rate and term refinance not to exceed the lesser of \$2,000 or 2% of the loan amount • Texas homestead properties with a lien subject to 50(a)(6) may not receive any (\$0) cash back at closing unless in a Texas 50(a)(6) program
16. Properties Listed for Sale	<p>Rate and Term Refi</p> <ul style="list-style-type: none"> • Subject property must not be currently listed for sale • If listed for sale, must be taken off the market prior to the Note date

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	<p>Cash-out Refi</p> <ul style="list-style-type: none"> • Properties listed for sale in the six months prior to the Note date are limited to the lesser of 70% LTV/CLTV or product requirements • Properties must be taken off the market prior to the Note date
17. Eligible Subordinate Financing	<ul style="list-style-type: none"> • Existing subordinate financing • New subordinate financing
18. Ineligible Subordinate Financing	<p>Subordinate financing is not permitted for the following</p> <ul style="list-style-type: none"> • Asset Qualifier • Condotels • When gift funds are used
19. Occupancy	<ul style="list-style-type: none"> • Primary residences • Second homes <ul style="list-style-type: none"> ○ 2-unit second homes permitted when one unit is available for the borrower’s exclusive use; no rental or time-sharing arrangements of the borrower’s exclusive unit <ul style="list-style-type: none"> ▪ Must be suitable for year-round use ▪ Must be a reasonable distance from borrower’s current owner-occupied property ○ 2-unit second homes are not permitted for Asset Qualifier • Investment properties <ul style="list-style-type: none"> ○ Borrowers living rent free (who are not first-time homebuyers) are not eligible for cash out on an investment property ○ Investment properties are not permitted for Asset Qualifier
20. Eligible Property Types	<ul style="list-style-type: none"> • 1-4 units • Condos <ul style="list-style-type: none"> ○ See below for Warrantable and Non-warrantable Condos ○ Must be reviewed by PRD • Condotels • Leasehold estates • PUDs
21. Warrantable Condos	<ul style="list-style-type: none"> • Warrantable Condos <ul style="list-style-type: none"> ○ Fannie Mae Condo Project Manager (CPM) and Limited Review permitted ○ For projects ≤ 10 units, the Company will finance only one unit

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	<ul style="list-style-type: none"> ○ Minimum 500 square footage for all condos ○ Detached condo units and 2-4-unit projects do not require project review or an HOA cert <ul style="list-style-type: none"> ▪ Property insurance per applicable agency guidelines is required ▪ 2-4 unit requires bylaws and declaration if property coverage is by the individual unit owner in lieu of a master HOA policy ○ An HOA cert is required even if project is Fannie Mae approved ○ New projects are not eligible for Limited Review ○ New or newly converted (per Fannie Mae definition) projects in Florida are eligible with a Fannie Mae Full Review. Maximum Company exposure in any one project is 20%
<p>22. Non-Warrantable Condos</p>	<ul style="list-style-type: none"> • All non-warrantable features are subject to the Company approval • No more than two non-warrantable features are permitted • For projects ≤ 10 units, the Company will finance only one unit • Maximum 50% commercial space and must be typical for the market and compatible with the use of the subject project • Minimum 500 square footage for all condos • Single Entity Ownership <ul style="list-style-type: none"> ○ Maximum 49% ○ Non-gut conversions maximum 65% <ul style="list-style-type: none"> ▪ Vacated units are not permitted to be released (must be listed for sale) ▪ Existing leases do not get extended ▪ No bulk sales over 10% • Past Due HOA Dues: Maximum 25% of total units are 60 days or more past due • Recreational Leases: Permitted for amenities such as clubhouse, pool, recreational facilities used by unit owners only or collective HOAs (not open to the public). Mandatory golf memberships, beach clubs and dining memberships are not considered acceptable amenities. • Investor Concentration: Maximum 75% when the subject is an investment property • Non-Incidental Income: May not make up more than 35% of total HOA budgeted income • HOA Replacement Reserve <ul style="list-style-type: none"> ○ < 10% and > 7.5% if current reserve balance exceeds 10% of operating expenses ○ < 7.5% and > 5.0% if current reserve balance exceeds 20% of operating expenses

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	<ul style="list-style-type: none"> ○ < 5.0% if current reserve balance exceeds 50% of operating expenses ○ Project balance sheet must be provided within 120 days of Note date • Completion: The subject property building, and prior legal phases must be substantially complete. Substantially complete includes the common elements as being complete • Pre-Sale Requirements <ul style="list-style-type: none"> ○ Primary Residence <ul style="list-style-type: none"> ▪ 30% of the units must be sold or under contract as a primary residence or second home on the subject phase; or ▪ 50% of the units must be sold or under contract as a primary residence or second home on the subject building ○ Second Home or Investment Property <ul style="list-style-type: none"> ▪ 30% of the units must be sold or under contract as a primary residence or second home on the subject phase • Litigation will be considered on case-by-case basis. Litigation involving structural integrity will not be considered • Not Permitted <ul style="list-style-type: none"> ○ 2-unit second homes ○ Resale restrictions
<p>23. Condotels</p>	<ul style="list-style-type: none"> • Fannie Mae standard established condo project requirements must be met with the following exceptions: <ul style="list-style-type: none"> ○ No subordinate financing ○ Minimum 500 square feet with at least one separate bedroom, fully functioning kitchen (cooktop only is not permitted) ○ Must be in a resort area or metropolitan area with a project associated with nationally recognized high-end hotel brand (Ritz Carlton, Four Seasons, etc.) ○ No more than 15% of HOA dues may be 60 or more days delinquent ○ 10% HOA reserves required <ul style="list-style-type: none"> ▪ If less than 10% but greater than 7.5% if the current reserve balance exceeds 10% of the operating expenses ○ No fractional ownership permitted (including timeshares) ○ Borrower must have exclusive use of the unit ○ Mandatory recreational leases ○ Commercial space limited to 50% (parking is not included in the calculation)

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	<ul style="list-style-type: none"> ○ Rental income may not be used for qualifying income ○ Occupancy restrictions or black-out dates are not permitted; must permit year-round occupancy ○ Appraised value must be supported by a minimum of three similar comparable sales with one comparable inside the subject project
24. Ineligible Property Types	<ul style="list-style-type: none"> ● Co-ops ● Factory built homes ● Leasehold estate condo project ● Manufactured housing ● Modular homes ● Properties with a C5 and C6 condition rating ● Properties with more than 20 acres ● Square Footage <ul style="list-style-type: none"> ○ Less than 600 square feet ○ Condo: Less than 500 square feet ● Unique properties (e.g., log homes, berm homes, dome homes)
25. State Restrictions	<p>Connecticut</p> <ul style="list-style-type: none"> ● When the loan is an HPML primary residence refinance transaction with a loan amount \leq \$417,000, homeownership counseling from an independent third-party nonprofit organization approved by the HUD is required when refinancing a Special Mortgage, defined as an FHA, VA, USDA loan, or a bond loan provided by a Housing Finance Agency
26. Eligible Borrowers	<ul style="list-style-type: none"> ● U.S. citizens ● Permanent resident aliens ● Non-permanent resident aliens ● Inter vivos revocable trust
27. First Time Homebuyer (FTHB)	<p>A first-time homebuyer is a borrower who has had no ownership interest (sole or joint) in a residential property during the three-year period prior to application. If one borrower meets homeownership requirements, FTHB requirement do not apply</p> <ul style="list-style-type: none"> ● Primary residence only ● Maximum loan amount of \$1,500,000 ● Must have a 0x30x12 consecutive housing payment history ● Borrowers living rent free for more than two months but no more than 12 months

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	<p>prior to the application date are permitted if:</p> <ul style="list-style-type: none"> ○ The borrower has a 12-month payment history within the last three years ○ A letter of explanation confirming the borrower is living rent free with a relative and has no monthly rent (LOE signed by borrower and relative) ○ Primary residence ○ Purchase transactions ○ Maximum 43% DTI ○ Additional three months reserves ○ Residual income requirements must be met
28. Non-Occupant Co Borrower	<p>Non-occupant co-borrowers may be eligible subject to the following:</p> <ul style="list-style-type: none"> ● 1-unit ● 5% reduction in maximum LTV ● Maximum 45% DTI based on all borrower’s income ● Occupying borrower must be employed and contribute to qualifying income ● Must be an immediate relative <p>Non-occupant co-borrower income is not permitted for the following:</p> <ul style="list-style-type: none"> ● Asset Qualifier ● Cash-out refinance
29. Housing Payment History	<ul style="list-style-type: none"> ● Housing Payment History <ul style="list-style-type: none"> ○ 1x30x12 permitted except for the following, which requires 0x30x12 <ul style="list-style-type: none"> ● Asset Qualifier ● Borrower with a previously modified mortgage ● First time homebuyer ● Non-warrantable condos ○ 12 months may include a combination of mortgage and/or rental payment history to meet housing payment history requirements, if applicable ○ See First Time Homebuyer ● Applies to all mortgages on all financed properties ● Inclusive of all liens regardless of position
30. Asset Qualifier	<p>Asset Qualifier product allows eligible assets to be used in the determination of the Ability to Repay by performing a loan qualification calculation and a residual income calculation.</p>

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Monthly Income Calculation

- Total Monthly Income = Total Qualifying Assets - Cash to Close ÷ 60 months
- See Income Calculation Workbook

Bank Statement Requirements

- The borrower's personal bank account and funds must be sourced and seasoned for a minimum of six months. The following is required:
 - Most recent bank statement(s) reflecting the ending balance of the bank account
 - A statement from the same accounts dated six months ago
- There is no limit to the number of bank accounts that can be provided to use for income
- Business bank statements are not permitted

Total Liquid Assets

- Must document assets to cover all of the following
 - Loan amount
 - Down payment
 - Closing costs and prepaids
 - Five years (60 months) of monthly debt expenses
- Rents received may not be used to offset monthly mortgage payment for properties
- A minimum of \$500,000 "Net Assets" is required to cover the Total Liquid Assets

Monthly Debt Expenses

Documentation is required to show the borrower has at minimum 60-months of their total monthly debts, including but not limited to:

- Monthly debts reported on the credit report
- Monthly PITIA on the subject property
- Other real estate owned
 - Each additional property owned must qualify using the full PITIA
 - Rental income received is not eligible to be used to reduce, omit, and/or offset the payment
- Debts being paid off or paid down for qualifying purposes is not permitted

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SmartEdge Product Summary: Wholesale

	Qualifying Assets					Percentage
	Checking, savings, CDs U.S. government receivables (T-bills, treasuries, etc.)					100%
	Publicly traded stocks, bonds, mutual funds (non-retirement) Retirement accounts (401(k), IRA, 403(b): retirement age 59 ½)					85%
	Retirement account (401(k), IRA, 403(b)): not retirement age (must be fully vested)					50%
	<p>Ineligible Qualifying Assets</p> <ul style="list-style-type: none"> • 529 or similar college fund • Annuity • Business assets • Cash value of life insurance • Equity in real estate including current home • Funds held in foreign accounts or investments • Gift funds • Gift of equity • Irrevocable trust • Private securities or any non-publicly traded assets • Restricted stock units, stock options, non-vested stock • Sale of personal assets • Stocks and bonds not publicly traded • The following trusts <ul style="list-style-type: none"> ○ Blind trusts ○ Irrevocable trust ○ Land trusts ○ Life estates 					
31. Residual Income Table	Residual Income					
	Family Size	1	2	3	4	5
	Amount	\$2,000	\$2,500	\$3,000	\$3,300	\$3,500
	Over 5 Family Members	Add \$150 for each additional family member up to a family of seven				
32. Residual Income	• Residual income requirements must be met if DTI is > 43%					

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	<ul style="list-style-type: none"> Residual income = Gross Qualifying Income - Monthly Debt When required, monthly residual income must meet or exceed the family size requirement in the Residual Income Table above See below for Asset Qualifier product 		
33. Residual Income for Asset Qualifier	Residual Income Calculation for Asset Qualifier <ul style="list-style-type: none"> Monthly Residual Income = Total Monthly Income – Total Monthly Debt Expenses Monthly residual income must meet or exceed the family size requirement in the Residual Income Table above 		
	Total Usable Assets <ul style="list-style-type: none"> Total Qualified Liquid Assets Minus the cash to close Divided by 60 months reserves on monthly debt expenditure 		
	Example		
	Qualified Liquid Assets	+ \$2,500,000	
	Down Payment	- \$ 150,000	
	Closing Cost (cash to close)	- \$ 20,000	
	Usable Assets from above	= \$2,330,000	
	Usable Assets divided by 60	= \$38,833.33	
	Total Monthly Debt	- \$ 7,000	
	Residual Income	= \$31,833.33	
34. Seller Contributions	Occupancy	LTV/CLTV	Max IPC
	Primary residence	≤ 75%	9%
	Second home	75.01% to 90%	6%
	Investment property	All LTV/CLTVs	2%
35. Reserves	Loan Amount	≤ \$1,000,000	3 months
		> \$1,000,000 & < \$2,000,000	6 months
	Additional financed properties, including pending sales		Additional 2 months per financed property

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	<ul style="list-style-type: none"> • Maximum required reserves are the lesser of total required or 15 months • The maximum 15 months reserves is based off of the subject property PITIA • Cash proceeds from the transaction may be used for reserves • A minimum of 12 months reserves is required for any forbearance exited within 90 days from the application date • Reserves are not required for Asset Qualifier. See Asset Qualifier: Total Liquid Assets above • Rate and Term Refinance transactions do not require reserves if the following are met: <ul style="list-style-type: none"> ○ Loan amount is \leq \$1,500,000 ○ Primary residence or second home ○ Mortgage history is 0x30x12 on all mortgages <ul style="list-style-type: none"> ▪ Must have a full 12-month payment history making current housing payment ○ Subject property housing payment is decreasing ○ Borrowers who own additional real estate must have additional two months reserves ○ Borrower does not have a prior bankruptcy, foreclosure, short-sale, DIL, pre-foreclosure, mortgage charge-off
36. IRS Form 4506-C	<ul style="list-style-type: none"> • A signed and dated 4506-C for all borrowers must be signed at application and closing • Not required for Asset Qualifier
37. Tax Transcripts	<p>The following is required prior to closing</p> <ul style="list-style-type: none"> • IRS Tax Transcripts and a Record of Account for each year of individual income tax returns provided (most recent two years) • W-2 transcripts are permitted when tax returns are not being used to qualify • Not required for Asset Qualifier
38. Multiple Financed Properties	<ul style="list-style-type: none"> • Borrower may own up to 15 financed properties, including the subject property <ul style="list-style-type: none"> ○ Non-warrantable condos: maximum 10 financed properties, including the subject property • Borrower limited to eight loans with the Company not to exceed \$3,000,000 in aggregate <ul style="list-style-type: none"> ○ Borrower may own a maximum 10% of properties in a PUD or condo project with the Company financing
39. Appraisals	<ul style="list-style-type: none"> • Appraisal Requirements <ul style="list-style-type: none"> ○ \leq\$1,500,000: One appraisal ○ $>$ \$1,500,000: Two appraisals

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	<ul style="list-style-type: none"> ○ A Comparable Rent Schedule is required for investment property when rental income is used to qualify <p>Collateral Desktop Analysis (CDA)</p> <ul style="list-style-type: none"> ● A CDA with accompanying MLS sheets from Clear Capital is required to support the value of the appraisal and is not used to determine value <ul style="list-style-type: none"> ○ If the CDA or ARR returns a value that is “Indeterminate” or lower than the appraised value and exceeds a 10% tolerance, a second full appraisal must be provided ○ The lower value of the two appraisals will be used as the appraised value ● For properties purchased by the seller of the property within ninety days of the fully executed purchase contract require the following: <ul style="list-style-type: none"> ○ Second full appraisal regardless of loan amount ○ Property seller on the purchase contract is the owner of record ○ Increases in value should be documented with commentary from the appraiser and recent paired sales ○ The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu <p>Two Appraisals Required</p> <ul style="list-style-type: none"> ● Appraisals must be completed by two independent companies ● The LTV will be determined by the lower of the two appraised values as long as the lower appraised appraisal supports the value conclusion ● Any inconsistencies between the two appraisal reports must be addressed and reconciled ● If the two appraisals are completed “subject to,” only one 1004D is required based on the appraisal being used to determine value ● A CDA is not required <p>HPML Loans</p> <ul style="list-style-type: none"> ● Refer to the Smart Guide for second appraisal requirements for HPML transactions
40. Declining or Soft Markets	If the appraiser indicates that the market is soft or declining, a 5% reduction to the maximum LTV is required
41. Mortgage	Not required

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SmartEdge Product Summary: Wholesale

Insurance	
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42. Revision History		
Section	Update	Date
Maximum Cash Out	<ul style="list-style-type: none"> LTV < 60% from \$1,000,000 to \$750,000 Maximum cash out amount is determined by the amount of cash out reflected on the Final Closing Disclosure (after any debt payoff) 	January 5, 2023 v23.1
Appraisal	Removed: <ul style="list-style-type: none"> Collateral DNA Valuesight Report If the appraiser did not indicate the market is soft or declining, a Collateral DNA Valuesight Report is required to determine the price trends through the Zip Code Market Profile (3-month, 6-month, or 12-month) A Value Sight Report is not required 	
Declining or Soft Markets	Removed <ul style="list-style-type: none"> When the Zip Code Market Profile price trend shows a decreased of 10% or more, a 5% reduction to the maximum LTV is required 	
Moved to the Guide	<ul style="list-style-type: none"> Ability to Repay Net Tangible Benefit Asset section moved to Guide. In Guide added that gifts are eligible for reserves The Company will not purchase loans from Principal/Owners of the Company Third Party Originators Texas Section 50(a)(6) and 50(a)(4) Significant Derogatory Credit Power of Attorney Principal Curtailment Escrow Waiver and updated CA to allow ≤ 90% (was < 90%) HPML appraisal requirements 	

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