FULL INCOME DOCUMENTATION (FULL DOC) [2,3,5,6,8]
PAYSTUB & W-2 (2 YRS); 2 YRS TAX RETURNS FOR SELF-EMPLOYED
1-4 Unit Primary / 1-Unit 2nd Home / 1-4 Unit Investment

PURCHASE AND RATE/TERM REFINANCE LOANS

<= $1,500,000 [1]			
	Owner Occupied	Second Home	Investment
FICO	Full Doc	Full Doc	Full Doc
740	85[7]	80	80
720	85[7]	80	75
700	80	80	75
680	80	80	75
660[7]	70	70	70
<= $2,000,000			
	Owner Occupied	Second Home	Investment
FICO	Full Doc	Full Doc	Full Doc
740	80	80	80
720	80	80	75
700	80	80	75
680	80	80	75
660[7]	70	70	70
<= $2,500,000			
	Owner Occupied	Second Home	Investment
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	75	75	75
<= $3,000,000			
	Owner Occupied	Second Home	Investment
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	75	75	75

CASH OUT REFINANCE [3]

<= $1,500,000 [1]			
	Owner Occupied	Second Home	Investment
FICO	Full Doc	Full Doc	Full Doc
740	80	80	80
720	80	80	75
700	80	80	75
680	75	75	75
660[7]	70	70	70
<= $2,000,000			
	Owner Occupied	Second Home	Investment
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	70	70	70
660[7]	65	65	65
<= $2,500,000			
	Owner Occupied	Second Home	Investment
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	70	70	70
<=$3,000,000			
	Owner Occupied	Second Home	Investment
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	70	70	70

Notes:

1. Minimum loan amount $125,000.
2. Loan amounts <$150,000 are restricted to max 80% LTV
3. Max DTI is 50%. Max LTV for DTI over 45% is 75%
4. Max Cash-Out Refinance Limits: Unlimited up to 65% LTV. $1,000,000 over 65% LTV.
5. Warrantable Condos and 2-4 Unit Properties: Max 80% LTV
6. Non-Warrantable Condos: Max 75% LTV
7. Interest-Only
    - Min 680 FICO
    - Max 80% LTV
8. Non-Permanent Resident Alien borrowers
    - See Eligible Borrowers for allowable visas
    - Two (2) uninterrupted years of residence and employment in the US for all borrowers whose income is used for qualification.

ALTERNATE INCOME DOCUMENTATION (ALT DOC) [2,5,6,8]

BANK STATEMENT (12 & 24 MONTHS); 1099 ONLY (1YR & 2YR); P&L STATEMENT ONLY

1-4 Unit Primary / 1-Unit 2nd Home / 1-4 Unit Investment

PURCHASE AND RATE/TERM REFINANCE LOANS

	Owner Occupied	Second Home	Investment
<= $1,500,000 [1]			
FICO	Full Doc	Full Doc	Full Doc
740	85[7]	80	80
720	85[7]	80	75
700	80[8]	80[8]	75
680	80[8]	80[8]	75
660	70	70	70
<= $2,000,000			
FICO	Full Doc	Full Doc	Full Doc
740	80	80	80
720	80	80	75
700	80[8]	80[8]	75
680	80[8]	80[8]	75
660	70	70	70
<= $2,500,000			
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	75	75	75
<= $3,000,000			
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	75	75	75

CASH OUT REFINANCE [3]

	Owner Occupied	Second Home	Investment
<= $1,500,000 [1]			
FICO	Full Doc	Full Doc	Full Doc
740	80	80	80
720	80	80	75
700	80[8]	80[8]	75
680	75	75	75
660	70	70	70
<= $2,000,000			
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	70	70	70
660	65	65	65
<= $2,500,000			
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	70	70	70
<= $3,000,000			
FICO	Full Doc	Full Doc	Full Doc
740	75	75	75
720	75	75	75
700	75	75	75
680	70	70	70

Notes:

1. Minimum loan amount $125,000
2. Loan amounts <$150,000 are restricted to max 80% LTV
3. Max DTI is 50%. Max LTV for DTI over 45% is 75%
4. Max Cash-Out Refinance Limits: Unlimited up to 65% LTV. $1,000,000 over 65% LTV.
5. Warrantable Condos and 2-4 Unit Properties: Max 80% LTV
6. Non-Warrantable Condos: Max 75% LTV
7. Interest-Only
    - Min 680 FICO
    - Max 80% LTV
8. P&L Loans <720 FICO are restricted to 75% LTV
9. Non-Permanent Resident Alien borrowers
    - See Eligible Borrowers for allowable visas
    - Two (2) uninterrupted years of residence and employment in the US for all borrowers whose income is used for qualification.

ALTERNATE INCOME DOCUMENTATION (ALT DOC) [2,4]
ASSET QUALIFIER
1-4 Unit Primary Residence, 1-Unit 2nd Home

PURCHASE AND RATE/TERM REFINANCE LOANS [3]		
<= $1,500,000 [1]		
	Owner Occupied	Second Home
FICO	Alt-Doc	Alt-Doc
740	75	75
720	75	75
700	75	75
680	75	75
660	70	70
<= $2,000,000		
	Owner Occupied	Second Home
FICO	Alt-Doc	Alt-Doc
740	75	75
720	75	75
700	75	75
680	75	75
660	70	70
<= $2,500,000		
	Owner Occupied	Second Home
FICO	Alt-Doc	Alt-Doc
740	75	75
720	75	75
700	75	75
680	75	75
<= $3,000,000		
	Owner Occupied	Second Home
FICO	Alt-Doc	Alt-Doc
740	75	75
720	75	75
700	75	75
680	75	75

Notes:

1. Minimum loan amount $125,000
2. DTI = 50% (income based on Net Qualified Assets / 84 months)
3. Cash-Out Refinance not eligible
4. Non-Permanent Resident Alien borrowers
   - See Eligible Borrowers for allowable visas
   - Two (2) uninterrupted years of residence and employment in the US for all borrowers whose income is used for qualification.

INVESTOR CASH FLOW [4,5,6]

1-4 Unit Investment Property

INVESTMENT PROPERTY, DSCR >= 1.00			
<= $1,500,000 [1,2]			
FICO	Purchase	Rate/Refi	Cash Out [4,5]
740	80	80	75
720	80	80	75
700	80	80	75
<= $2,000,000			
FICO	Purchase	Rate/Refi	Cash Out [4,5]
740	75	75	65
720	75	75	65
700	75	75	65
<= $2,500,000			
FICO	Purchase	Rate/Refi	Cash Out [4,5]
740	70	70	65
720	70	70	65
700	70	70	65
<= $3,000,000			
FICO	Purchase	Rate/Refi	Cash Out [4,5]
740	70	70	65
720	70	70	65
700	70	70	65

INVESTMENT PROPERTY, DSCR >= 0.80			
<= $1,500,000 [1,2]			
FICO	Purchase	Rate/Refi	Cash Out [4,5]
740	75	75	70
720	75	75	70
700	N/A	N/A	N/A
<= $2,000,000			
FICO	Purchase	Rate/Refi	Cash Out [4,5]
740	N/A	N/A	N/A
720	N/A	N/A	N/A
700	N/A	N/A	N/A
<= $2,500,000			
FICO	Purchase	Rate/Refi	Cash Out [4,5]
740	N/A	N/A	N/A
720	N/A	N/A	N/A
700	N/A	N/A	N/A
<= $3,000,000			
FICO	Purchase	Rate/Refi	Cash Out [4,5]
740	N/A	N/A	N/A
720	N/A	N/A	N/A
700	N/A	N/A	N/A

1. Minimum loan amount $100,000.
2. Loan amounts <$150,000 are restricted to 75% LTV
3. Max Cash-Out Refinance Limits: Unlimited up to 65% LTV. $1,000,000 over 65% LTV.
4. 2-4 Unit Properties and Non-Warrantable Condos: Max 75% LTV.
5. Interest-Only:
    - Max $2,000,000 Loan Amount
    - Max 75% LTV
    - Min 1.00 DSCR
6. Non-Permanent Resident Alien borrowers
    - See Eligible Borrowers for allowable visas
    - Two (2) uninterrupted years of residence and employment in the US for all borrowers whose income is used for qualification.
7. For DSCRs <1.00, Max Exposure is $2M per borrower

<table>
<tr><th colspan="2">Elite Access Non-QM Underwriting Guidelines</th></tr>
<tr><th colspan="2">PROGRAM OVERVIEW</th></tr>
<tr><td>Ability to Repay</td><td>

The Elite Access Non-QM program is designed for loans that are not eligible under Fannie Mae/Freddie Mac guidelines
The loan file must include documentation of the borrower’s ability to repay.

The General ATR Option consists of eight minimum underwriting considerations as defined below and requirements for verifying the information used to underwrite the loan. The considerations are:

The consumer’s current or reasonably expected income or assets, other than the value of the dwelling, including any real property attached to the dwelling, that secures the loan;
If the creditor relies on income from the consumer’s employment in determining repayment ability, the consumer’s current employment status;
The consumer’s monthly payment on the covered transaction, calculated in accordance with these guidelines;
The consumer’s monthly payment on any simultaneous loan that the creditor knows or has reason to know will be made, calculated in accordance with these guidelines;
The consumer’s monthly payment for mortgage-related obligations;
The consumer’s current debt obligations, alimony, and child support;
The consumer’s monthly debt-to-income ratio or residual income determined in accordance with these guidelines; and
The consumer’s credit history
</td></tr>
<tr><td>AUS</td><td>

Loans are not required to be run through an AUS
Compliance with Ability to Repay (ATR) requirements must be documented and included in the loan file along with the loan approval.
</td></tr>
<tr><td>LTV/CLTV</td><td>REMN WS must determine if the loan meets the LTV and CLTV eligibility requirements for the specific loan being reviewed. LTV and CLTV calculations are below.
LTV Ratio
The LTV of a property is the relationship of the mortgage amount(s) to the property's value. For this calculation the property value is the lower of the sales price, documented cost or the current appraised value. LTV plays an important role in the overall analysis of the loan request and final disposition.
Unless otherwise noted in the Guidelines, the LTV ratio calculation depends on whether the transaction is a purchase or refinance transaction.

Purchase Money Transactions: Loan Amount /Lower of sales price or appraisal value
Refinance Transaction: Loan Amount/Value utilized for underwriting

CLTV Ratio
Where the Borrower has subordinate financing, the combined or total LTV (CLTV/TLTV) of the junior liens and first lien must be considered in determining if the loan request falls within the product or program parameters. The CLTV ratio is calculated by dividing the total of all liens (First Mortgage Loan Amount + all subordinate financing, including the credit limit of any Home Equity Lines of Credit regardless of amount drawn) by the value to be utilized for the transaction.
Determining Collateral Value
Collateral valuations impact the determination of the loan-to-value ratios, as well as approval and identification of exceptions. Loans wherein the best usage is as a “tear down and replace” are not eligible. The methods for determining collateral value are different for purchase versus refinance transactions (see Determining Collateral Value section to assist in LTV/CLTV calculations).</td></tr>
<tr><td>Debt to Income Ratio - DTI</td><td>To determine the DTI on a file (when applicable), divide the gross monthly expenses by the gross monthly income. Note that the DTI is a precise calculation & may not be rounded down to qualify.
The maximum debt-to-income (DTI) ratio is 50%.</td></tr>
</table>

	Lock Desk Notification of DTI Change It the loan was locked at: • ≤43%: The desk must be notified if the DTI goes over 43% For borrowers with significant credit derogatory credit events that meet the required seasoning period (see Significant Derogatory Credit Events), the max DTI is limited to 43%. **There are no exceptions for DTI's exceeding 50%.**
Loan Terms	The standard loan term under the Elite Access Non-QM product is 30-year fixed rate.
Qualifying Rates	Note that these requirements are superseded by any regulatory requirements such as HPML, unless exempt by definition. **Fixed Rate Loans** Qualified at the Note rate. **Interest Only Loans** Interest-Only loans have a ten (10) year interest-only period and are fully amortized for the remaining term. The loan cannot be qualified at the interest-only payment, unless it is an Investor Cash Flow transaction that meets the Interest-Only Payment Qualification criteria. Interest-Only loans are capped at max LTV of 80% (75% on Investor Cash Flow) or the max LTV defined by the eligibility matrix, whichever is less. Full Documentation Interest-Only loans must have a minimum 680 FICO to qualify. *Full Documentation, Bank Statements, 1099 Only, P&L Statement Only & Asset Qualifier* Determine a simulated fully amortizing payment for purposes of loan qualification based on the following: ○ For 30-year loan – use a 20-year term and the Note rate* to simulate the qualifying payment Interest-Only is eligible for Primary Residence, Second Home, and Investment Property transactions under these doc types. (Note: Second Home and Investment Property are not eligible for Asset Qualifier) *Investor Cash Flow* Investment properties are eligible for Interest-Only under Investor Cash Flow, using the 30-year term (based on 20yr payment). Investor Cash Flow loans are eligible to qualify the DSCR based on the interest-only payment, along with taxes, insurance, HOA dues, etc. (ITIA), so long that it meets Interest-Only Payment Qualification criteria. Otherwise, the fully amortized payment (PITIA) would be used to determine the DSCR calculation. Interest-Only is not eligible on DSCRs less than 1.00
Assumptions	Not allowed
Prepayment Penalty	Prepayment penalties may be placed on investment properties (all documentation types) where allowed and to the extent permitted by state and federal law. Except as otherwise specified or directed, the prepayment penalty placed shall be for a term of at least 1 year and permit the Borrower to pay down up to 20% of the original principal balance per 12 month period. Any pay downs (including complete payoff) which exceed 20% per year are penalized in an amount not less than six (6) months interest on the amount prepaid which exceeds 20% of the original principal balance, unless restricted by state/federal law. Any loan which has a prepayment penalty must be a business purpose loan as defined in 12 CFR 1026.3(a). This includes cash-out refinance transactions, where the cash-out proceeds must be used solely for business purposes. Prepayment penalties are available for terms up to five (5) years. Pricing implications may apply in the event that a PPP shorter than three years or no PPP is placed. Investor Cash Flow Loans with a DSCR <1.0 and LTV >70 must have at least a one-year PPP. 70.01-75% LTV for DSCR < 1.0 is only allowed for those states currently approved for prepayment penalties (see Investor Cash Flow section for further details). Examples: - DSCR 1.01 and LTV 75%: No PPP Required - DSCR 0.99 and LTV 70%: No PPP Required - DSCR 0.99 and LTV 75%: Minimum 1 Year PPP Required and must be an eligible state - DSCR 0.99, LTV 75%, and not in an eligible state: The loan is ineligible Eligible states for PPP are AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL, IN, KY, LA, MA, ME, MD, MO, MT, NC, ND, NE, NH, NV, NY, OK, OR, PA, SC, SD, TN, TX, UT, VA, VT, WA, WI, WY.

Mortgage Insurance	Not required
Eligible Borrowers	**United States Citizens** United States Citizens are: individuals born in the United States, Puerto Rico, Guam, Northern Mariana Islands, Virgin Islands, American Samoa, or Swain's Island. **Permanent Resident Aliens:** A Permanent Resident Alien holds an I–551 Permanent Resident Card (a.k.a. "Green Card") issued by the Department of Homeland Security (DHS) U.S. Citizenship & Immigration Services (USCIS). This documents that the individual has been awarded permanent residency in the United States. The borrower must present either an unexpired I-551 card or temporary I-551 stamp on an unexpired foreign passport. **Non-Permanent Resident Aliens:** Holder(s) of the following visa types are eligible for financing: H-1B, L-1, E-1 through E-3, EB-5, O-1, G-1 through G-5, R-1, TN-NAFTA only. The following are required as evidence that the borrower is in the U.S. legally: • Copy of the borrower's valid and unexpired passport and o Copy of the borrower's valid and unexpired visa (including photograph) OR an I-797 form with valid extension dates and I-94, o If a non-U.S. citizen is borrowing with a U.S. citizen, non-permanent resident alien documentation requirements still apply. Borrowers must have been living and working in US for at least 2 years (measured from the application date), must have valid Social Security Number(s), have established credit history, have filed tax returns in the U.S. for two years (for borrowers relying on full documentation income to qualify) and meet all other Elite Access Non-QM guidelines based on the specific product. A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the borrower's current employer. If the visa 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 visa renewal sponsorship (employer on the loan application must be the same as on the unexpired visa). • Borrowers qualified with Full Income documentation or Asset Depletion must provide most recent two years of filed United States income tax returns for all borrowers whose income is being considered in qualifying. All other income requirements must be met. • Borrowers qualified with Bank Statement (personal or business) income documentation must use the 24-month Bank Statement product options. All other Bank Statement product income requirements must be met. Non-Permanent Resident Aliens are ineligible for the 12-Month Bank Statement option. **First Time Home Buyers** A First Time Home Buyer is defined as an individual who has not had individual ownership interest in a residential property within the last three years, regardless of that property's occupancy status. First Time Home Buyers are eligible for financing under the Elite Access Non-QM programs under the following criteria. These guidelines only apply when all borrowers are First Time Homebuyers. Eligible with the following: • Primary Residences only. • Fully Amortizing Ony (Interest-Only not eligible) • 12 month documented rental history with 0x30 lates; (documented via cancelled checks, paid by the borrower or an institutional VOR completed by a management company; private-party/landlord VOR's are not an acceptable form of documentation) • No significant derogatory credit events within the past seven (7) years from the completion of the event. • Payment shock requirements must be applied • If borrower is living rent-free and cannot document their 12 months housing history, the following eligibility criteria must apply in lieu of payment shock: o The rent-free period must be the months directly preceding or during the loan purchase application process o The rent-free period is consecutive and does not exceed twelve (12) months,

	and o Acceptable letter of explanation from the borrower **Inter Vivos Revocable Trust** An inter vivos revocable trust (a "living trust") is a trust created by an individual during his/her lifetime and becomes effective during the creator's lifetime. An inter vivos revocable trust can be changed or cancelled by its creator at any time and for any reason during the creator's lifetime. • The subject property must be a 1-2 unit primary residence • The inter vivos revocable trust must meet the eligibility and documentation requirements as determined by Fannie Mae guidelines. • An attorney's opinion letter or a lender's legal attestation (signed by an officer of the company or Legal Counsel) stating the trust meets Secondary Marketing requirements as set forth by Fannie Mae or Freddie Mac and any applicable state requirements must be provided. **Non-Occupant Co-Borrower** Non-occupant co-borrowers are individuals who: - May or may not have any ownership interest in the property as indicated on title. - Signs the Mortgage or Deed of Trust Note. - Has joint liability for the Note along with the Primary Borrower. - Does not have a vested interest in the property sales transaction, i.e. is not a seller of the property, is not an existing tenant, is not the builder or the real estate broker. (Income and Assets are blended) **Note**: A family relationship is not required provided the transaction is considered an arm's length transaction. **Foreign Nationals** Loans with foreign national borrowers are not eligible
Ineligible Borrowers	• Foreign National borrowers • ITIN borrowers • Borrowers with diplomatic immunity • Borrowers without a social security number or a number that cannot be validated with the SSA. • Life Estates • Non-revocable trust– **no exceptions** • Guardianships • REMN WS Employees • Trusts or Business Entities whose members include other LLCs (multi-layered LLCs), Corporations, Partnerships, or Trusts • Trusts or Business Entities where a Power of Attorney is used • Borrowers previously convicted of mortgage fraud • Broker company employees and owners, except for Full Doc transactions o If Full Doc, broker cannot represent him/herself in the transaction; also, a letter of explanation is required and additional due diligence may be needed.
Eligible Properties	• 1-4 unit attached and detached properties • Attached and detached PUDs • Attached and detached Condos which are warrantable under Fannie Mae/Freddie Mac criteria. • Properties with an Accessory Unit (ADU) must meet Fannie Mae/Freddie Mac criteria • TBD Properties (file must be resubmitted when property address is found – valid change of circumstance to add the property address is ineligible for this product)
Ineligible Properties	• Acreage greater than 15 acres (appraisal must include total acreage) • Tenancy in Common properties • Properties with less than 500 square feet living space • Mixed-Use properties

	• Agriculturally-zoned properties • Log Homes • Manufactured housing • Modular homes • Properties subject to oil and/or gas leases • Unique properties • Working farms, ranches or orchards • Hobby farms • Non-warrantable condos • Co-ops • Condotels or Condos with hotel-like features • Properties with a condition rating of C5 or C6 • 2-4 units with Accessory Dwelling Unit • Boarding houses • Group homes • Properties located in Lava Zones 1 & 2 • Leasehold estates • Vacant land • Properties not eligible for year-round occupancy • Properties requiring hauled water and those lacking satisfactory utilities • Properties with deed restrictions, with the exception of properties that meet Fannie Mae age-related deed restriction requirements and properties with deed restrictions specific to developer land-use or building code requirements for a subject development.
Geographic Eligibility	The Elite Access Non-QM product suite is eligible in **ALL** states, provided the Originator is licensed to originate in the subject property state. Geographic eligibility is based on the originator's licensure. No state subprime or equivalent allowed. For transactions involving subject properties in California, property taxes can be calculated based on 1.25% or the actual documented tax rate (on fully-developed land). Loans that fall under the definition of New York Subprime Home Loan are not eligible for the product. NY Subprime is defined as a primary residence where the loan amount is under the county's conforming limit (high balance if a high cost county, standard if not) where the APR is more than 1.75% above the comparable rate based on the Freddie Mac Mortgage Survey. This applies to all documentation types. See NY Banking Law §6-M for additional information. Compliance will need to address any potential loans that fall within NY Subprime parameters (i.e. Compliance Ease fails, etc.)
CEMA	Properties located in the state of New York may be structured as a Consolidation, Extension & Modification Agreement (CEMA) transaction (refinances only). The most current version of Fannie Mae/Freddie Mac Uniform Instrument (Form 3172) must be used. The following documentation must be provided: • New York Consolidation, Extension and Modification Agreement (Form 3172) • Original Note(s) – Original documents signed by the applicant • Gap Note and Gap Mortgage, if applicable • Consolidated Note – Original documents signed by the borrower • Exhibit A – Listing of all Notes & Mortgages being consolidated, extended and modified • Exhibit B – Legal description of the subject property • Exhibit C – Copy of the consolidated Note • Exhibit D – Copy of the consolidated Mortgage Lost Note Affidavits are not acceptable.

Unlicensed MLO	A broker/MLO who is not currently licensed in the state where the subject property is located is eligible to submit the loan if the following applies: • Investor Cash Flow transactions only • Subject property cannot be located in the following states: AK, AZ, CA, IA, ID, MI, MN, NE, NV, ND, OR, SD, UT, VT • Broker/MLO must have a current license in at least one other state • Each loan will be reviewed by management to confirm a) the Broker/MLO is licensed, b) the property is located in an eligible state, and c) the product type is Investor Cash Flow. A loan with an unlicensed MLO MUST meet all guidelines, no exceptions
Temporary Buydowns	Temporary interest rate buydowns are not eligible.
Texas Cash-Out Refinances a/k/a Texas Home Equity Loans	Texas Section 50(a)(6), Texas Section 50(a)(3) and Texas Section 50(f)(2) loan transactions are not eligible.
Eligible Transactions	**Purchase Money Transaction** For a mortgage loan to be considered a Purchase Money Transaction, the proceeds from the mortgage loan must be used to finance the acquisition of the subject property or to pay off the outstanding balance of a land contract or contract for deed. Proceeds from the mortgage loan may not be used to give the borrower cash back other than an amount representing reimbursement for the borrower's overpayment of fees and/or a legitimate pro-rated insurance premiums and real estate tax credit in locales where real estate taxes are paid in arrears, if any. A purchase transaction where there is no defined relationship between the buyer and seller is deemed to be arm's length in nature. REMN WS will allow a borrower to have a purchase contract assigned to them. The purchase price to be utilized to underwrite will be the original purchase price of the property per the purchase agreement, any assignment fees must be paid by the borrower. *Non-Arm's Length Purchase* Non-arm's length transactions are ineligible with the exception of transactions involving unrelated tenant/landlord relationships. **Rate/Term Refinance Transaction** A Rate/Term Refinance Transaction is utilized to pay off an existing first mortgage plus any junior lien loans against the subject property by obtaining a new first mortgage loan secured by the same property. All refinances must meet any and all Net Tangible Benefit requirements in accordance with applicable state and federal regulation, as determined by REMN WS. There is no title seasoning requirement for a rate and term refinance. A transaction which meets one of the below criteria may be deemed a Rate/Term Refinance Transaction: • Paying off the unpaid principal balance of the existing first mortgage loan including closing costs, prepaid items and points, • Paying off any subordinate lien(s) used to purchase the property may also be included and paid off with proceeds from the new mortgage loan, • Paying off any subordinate lien or equity line of credit (HELOC) seasoned more than 6 months that has not had draws > $5,000 in the past 6 months, • The maximum cash out cannot exceed the lesser of 2% of the balance of the new refinance mortgage loan, or $5,000, • Buying out a co-owner or beneficiary pursuant to an agreement acceptable in its form to REMN WS. A stipulation of settlement and/or divorce decree is acceptable to meet this requirement. The borrower does not need to be a signer on the current note, • A Technical Refinance: Recoupment of funds expended to purchase a property acquired for cash within the 6 months prior to application date. The closing statement evidencing a cash sale must be provided and evidence of the source of funds used to purchase must be documented as the borrower's own. Recoupment of gift funds is deemed to be cash out. Max proceeds not to exceed borrower's documented investment. The value utilized for LTV calculation will be the lower of the purchase

	price or appraisal value unless appraiser can justify and support an increase in value, or • Recoupment of funds expended to improve the subject property. Improvements must have been completed within the last six months preceding the application date, funds must have been borrower's own. Cash out amount not to exceed documented improvement costs, otherwise the transaction will be deemed cash out and the amount of cash out measured by the proceeds to the borrower above and beyond the documented costs. Value utilized for LTV calculation would be the current appraised value. Acceptable documentation would include copies of invoices for work completed along with proof of payment by the borrower. The last two bullets may be combined, and the transaction treated as a rate and term refinance provided cash proceeds to the Borrower do not exceed the Borrower's documented cash investment. **Cash-Out Refinance Transaction** If the proceeds to the Borrower exceed the lesser of $5,000 or 2% of the new mortgage loan balance, OR if the transaction does not meet the rate/term criteria above it is considered a cash-out refinance. A six (6) month seasoning requirement applies, measured from the date the Borrower takes title to the application date. • Full Doc loans using Asset Utilization and Asset Qualifier loans not eligible for Cash-Out Refinance. • For LTV's ≤ 65%, there is no maximum limit to the amount of cash-out funds received on a Cash-Out Refinance transaction. • For LTV's > 65%, there is a maximum $500,000 limit of cash-out funds received on a Cash-Out Refinance transactions. • In the event the borrower has an existing mortgage with Select Portfolio Servicing (SPS), the REMN WS underwriter must contact Capital Markets. Cash-Out Proceeds – For determining the maximum limit, cash-out proceeds are defined as: • The net cash funds received by the borrower at the closing, as per the CD; PLUS • The funds used to pay-off unseasoned subordinate liens on the subject property; PLUS • The funds used to pay-off non-mortgage debts, including installment and revolving debt, or mortgage debts associated with other owned properties. All refinances must meet any and all Net Tangible Benefit requirements in accordance with applicable state and federal regulation. Cash-Out Proceeds may be used to satisfy Reserve requirements.
Ineligible Transactions	• Refinance transaction for property currently listed for sale • Transaction paying off an Installment Land Contract • Adjustable Rate Mortgages (ARMs) • Loans with a balloon payment • Cash-Out transactions on properties listed for sale or purchased in the previous six (6) months (based on date of application) • Community Land Trusts • Energy Efficient Mortgage loans (EEM) • High-Cost Loans • Loans held in a blind trust • Loans to Principal Owners of Business Lending Client • Loans which allow Assumptions • Loans with more than four (4) borrowers • Loans with non-occupant co-borrowers, guarantors or co-signors • Loans with prepayment penalties • Loans with temporary buydowns • New York purchase transactions documented by CEMA • Non-arm's length transactions, except for transactions involving unrelated tenant/landlord relationships. • Principal curtailments that exceed the lesser of $10,000 or 1% of the loan amount • Property flips • Refinance of an unseasoned Restructured Loan or Short Refinance Loan • Renovation or Rehabilitation Mortgages • Construction-to-Permanent financing

	• Texas Section 50(a)(6), Texas Section 50(a)(3), Texas Section 50(f)(2) Loans • Title held in Tenants in Common with unequal ownership • Transactions consisting of an assignment of sales contract • Transactions that include the use of privately funded loans for the purpose of securing assets for the transaction
Occupancy	**Primary Residence** Borrower(s) are limited to one (1) Primary Residence. A Primary Residence is defined as: the property occupied (or intended to be occupied) the majority of the year by the borrower, usually located in the same general area as the borrower's income source, and typically, this is also the address of record used in filing the borrower's Individual Income Tax Return Form 1040. **Second Home** A Second Home is defined as a residence the owner uses in addition to his/her/their primary residence. Second Homes are most commonly utilized as vacation home, or as a secondary property located in a central city when the primary home is located in a suburb, but the owner works in the city. Generally, the property should be located in a natural second home market typically located at least 50 miles from the borrower's primary residence. Note that a borrower may have more than one second home, so long as each is in a separate geographic rea and meets the below requirements. • The property may not be leased or rented, or intended for lease or rental • The property must be suitable for year-round residence. Any appraisal comment to the contrary (e.g., lack of year-round necessities or access), shall constitute reason for unacceptable collateral, • Property should be in a typical second home area, otherwise satisfactorily justified by the borrowers as a second home, • Second Homes are not allowed on 2 – 4 multifamily property types, and • No rental income can be used to qualify the borrower. **Investment Property** Properties that do not meet the definition of Primary Residence or Second Home are considered Investment Properties.
Undisclosed Debt Monitoring	For Full Documentation and Alternate Documentation transactions, an Undisclosed Debt Notification (UDN) dated within 10 days of the Note Date must be obtained. If the UDN reveals any new or derogatory debt which was not disclosed on the loan application, a review must be completed to ensure the borrower meets debt-to-income and derogatory debt requirements. **Note:** A UDN is not required for Asset Depletion transactions and Investor Cash Flow transactions.
Subordinate Financing	Subordinate financing is eligible for this product. See the liabilities section of this guide for payments to be utilized. The CLTV (as calculated above) must comply with the product guidelines. New and existing subordinate financing is permitted. Subordinate financing must be institutional and comply with the below guidelines: • Variable payment mortgages that comply with the details below. • Mortgages with regular payments that cover at least the interest due so that negative amortization does not occur. • Mortgages with deferred payments only in connection with employer subordinate financing (see below). • Mortgage terms that require interest at a market rate. If the note does not contain a rate of interest (i.e. a seller held second), impute a market rate of interest with an interest only payment calculation. The following are unacceptable subordinate financing features: • May not contain negative amortization • Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than five years after the note date of the new first mortgage (with the exception of employer subordinate financing that has deferred payments).

	Subordinate financing with either of the last two features may be acceptable when the amount of the debt relative to the Borrower's financial assets and credit profile is of minimal impact.
Limitations on Other Real Estate Owned	Loan/Property restrictions per borrower are as follows: • Borrowers are collectively limited to four (4) loans either issued or purchased by REMN WS not to exceed $5,000,000 ○ For DSCR loans with less than 1.00 DSCR, borrowers may not exceed $2,000,000 in loans either issued or purchased by REMN WS • Borrowers with > 15 properties are not eligible for any 2nd home transaction (purchase, rate/term, or cash-out). This is aggregate based on all borrowers and includes all free & clear and commercial properties. • Borrowers may have REMN WS financing on a maximum of 5% of the properties in a condominium project. Condo project will require upfront validation with the Project Standards group to ensure maximum exposure in the project has not been reached. • For projects ≤ 10 total units, financing on a maximum of 1 unit is allowed • Multiple simultaneous submissions require REMN WS management approval.
Short Sale	Homes purchased through a short sale may be eligible for financing. The underwriter must diligently review purchase transactions for possible red flags that could indicate suspicious activity related to the short sale and that would subsequently render the loan ineligible. Short Sale Fee Documentation The following documentation is required in the mortgage loan application file: • Written details provided to the borrower outlining the additional fees or payments and the additional necessary funds to complete the transaction. • The servicer who is agreeing to the short sale must provide confirmation that they have the option of renegotiating the payoff amount to release its lien. • All parties (buyer, seller, and servicer) must provide their written agreement to the final details of the transaction, including the additional fees or payments. This can be accomplished by using the Request for Approval of Short Sale form or any alternative form or addendum that clearly indicates that all parties (buyer, seller and servicer) agree to the final details of the transaction, including any additional fees. • The Closing Settlement Statement must include all fees and payment included in the transaction.
Power of Attorney	A power of attorney is allowed. Except as otherwise required by applicable law, or unless they are the borrower's relative (or a person who is a fiancé, fiancée, or domestic partner of the borrower), none of the following persons connected to the transaction shall sign the security instrument or note as the attorney-in-fact or agent under a power of attorney: • The lender, • Any affiliate of the lender, • Any employee of the lender or any other affiliate of the lender, • The loan originator, • The employer of the loan originator, • Any employee of the employer of the loan originator, • The title insurance company providing the title insurance policy or any affiliate of such title insurance company (including, but not limited to, the title agency closing the loan), or any employee of either such title insurance company or any such affiliate, or • Any real estate agent that has a financial interest in the transaction or any person affiliated with such real estate agent. A Power of Attorney (POA) is ineligible for cash-out refinance loans, or loans where title is closed in a trust or LLC/Partnership/Corporation. In the event there is only one Borrower on the loan, the appointed individual signing on behalf of the Borrower must be either a relative or their attorney at law.
HPML and High Cost	Higher Priced Mortgage Loan (HPML) A Higher Priced Mortgage Loan (HPML, better defined in 12 CFR 1026.35) is a loan secured by a borrower's principal residence where the Annual Percentage Rate (APR) exceeds the Average Prime Offer Rate (APOR) by 1.5% or more for a loan whose principal balance under or equal to maximum amount loan amount that would be purchased by Freddie Mac based

	on the property's type and location or where the APR exceeds the APOR by 2.5% or more for loan balances greater than those which would be purchased by Freddie Mac based on the property's type and location. The following requirements apply (these are examples and not an exhaustive list of requirements) • Compliance with ATR must be fully documented • Escrows are mandatory for a minimum of 5 years • No prepayment penalties allowed • A second appraisal is required if the seller of a property acquired the property less than 90 days prior the new contract date and there is an increase in value of 10% or more; OR if the seller acquired less than 180 days ago and there is an increase in value of 20% or more. In the event of any conflict between these guidelines and/or state and federal regulations, those regulations shall govern. High Cost Loans Loans which are deemed High Cost Loans are not eligible for this program. Maximum Points and Fees The maximum points and fees allowed on a loan is 5%. Calculate points and fees based on the amount financed in compliance with 12 CFR 1026.32. The maximum prepayment penalty is excluded from the points and fees total for Elite Access Non-QM loans.
Escrow/Impound Waivers	Unless required by applicable state law, escrow/impound waivers for taxes and insurance are permitted, except in the following case: • Higher-Priced Mortgage Loans (HPML) – escrows/impounds are mandatory for a minimum of five (5) years. • Flood insurance – flood insurance premiums and fees are required to be escrowed as mandated by the Flood Disaster Protection Act of 1973, as amended, No escrow waivers on Mortgage loans with LTV's > 80%, unless the subject property is located in the state of California, with LTV's from 80.01% to 89.99%.

INCOME	
Income – Full Documentation	**Acceptable income documentation and calculation methods are as follows:** **Full Documentation** **-General Policy** The income of each borrower who will be obligated for the mortgage debt must be analyzed to determine whether his/her income level can be reasonably expected to continue through at least the first three years of the mortgage loan. Income from other sources can be considered when properly verified and documented. All sources of income included in the loan qualification must be stable, with a reasonable expectation that at least the same level of income will continue for a minimum of three years. In no case can income be used for qualification if there is any knowledge or documentation indicating that the income will terminate within the first three years of the loan. **Salaried Borrowers** For purposes of this section, salaried borrowers are defined as those who own less than 25% of the business which is their primary income source. *Employment History & Stability Requirements:* Borrowers must generally have a two-year history in their line of work. If a borrower has less than 2 years' experience in their line of work, training or education in the same field is considered an acceptable substitute. Gaps of employment greater than 90 days must be explained in writing by the borrower. Gaps of employment greater than 6 months require an explanation from the borrower which will be acceptable in its form to REMN WS must be provided and a minimum two-year history in the line of work prior to the gap documented. Job changes within the same line of work are not considered adverse factors so long as income is stable or increasing and gaps are addressed. *Minimum Documentation Requirements:* The following documentation must be present in the file to make a determination of a salaried borrower's income • 30 consecutive days of paystubs, the most recent one dated within 30 calendar days of the application date, including year to date income and which support income used to qualify. • Last two years' W-2s; • Written VOE (as necessary to determine any variable income sources) In all cases, a Verbal VOE (dated within 10 days of the note date) must be completed Note that REMN WS reserves the right to request tax returns and/or other documentation on any borrower if in its discretion they are required to make an accurate determination of the borrower's income. *Age of Documents* Paystubs, Written VOE: 120 days / Verbal VOE: 10 days *Treatment of Income Sources* Base Income Use 30 days' worth of paystubs to develop an average of income. Compare with year to date income and address any discrepancies. Paystubs current through the loan's funding are necessary to the extent they are required to support the Borrower's income. Borrowers who are subject to a temporary salary reduction must be able to qualify on the income most recently documented in file as of the closing date. Bonus Income Generally, a borrower must have a two-year history of bonus income from the same employer in order to consider the bonus as part of the qualifying income. If a borrower has a 1-2-year history of earning bonus income, it may be considered acceptable on with favorable factors to offset. For example, a borrower who switched jobs within the same line of work and has received one bonus from their current employer may be acceptable provided the borrower can document a likelihood of continuance of bonus income at the new employer. A borrower who has a history of receiving bonuses and switches within the same line of work may have their previous bonus considered qualifying income if the new employer provides documentation on

an expectation of bonus at the new job. Bonus income must be separately documented and calculated.

Overtime Income

Overtime income can be used to qualify the borrower if he/she has received this income for the past two years, and it will likely continue. If the employment verification states that the overtime income is unlikely to continue, it may not be used in qualifying. Develop an average of overtime income for the past two years. Justification for the use of overtime income received less than two years must be documented in the file in a form acceptable to REMN WS. In all cases, document receipt of year to date overtime income in line with or greater than the average being used to qualify.

Commission Income

A commissioned borrower is one who receives more than 25 percent of his/her annual income from commissions. Commission income may fluctuate from year to year and therefore, an average of the last two years of income should be used in qualifying the borrower. To include commission income as qualifying income the borrower must have a consecutive, and most recent two-year history in the same field and the commission income must be determined and separately stated for the two-year period.

Annual earnings should be level or increasing from one year to the next. If the trend for the commission earnings shows a decline, an explanation must be provided by the borrower and it may be disqualified from consideration. Borrowers whose commission income was received for more than one year, but less than two years, may be considered favorably if the likelihood of continuance can be documented in the file. Commission income earned for less than one year is not considered effective income. Exceptions may be made for situations in which the borrower’s compensation was changed from salary to commission within a similar position with the same employer. In all cases, document receipt of year-to-date commission income in line with or greater than the average being used to qualify.

Partial Year Paid Borrowers

Certain borrowers (such as teachers or forest fire fighters) may be paid for only part of the year. The underwriter must ensure that the monthly qualifying income calculation incorporates this partial-year employment. To determine a partial year paid borrower’s qualifying income, the monthly salary is multiplied by the number of months the borrower is paid and divided by 12.

Part-time or Second-job Income

For qualifying purposes, “part-time” income refers to employment taken to supplement the borrower’s income from regular employment. Part-time employment is not a primary job and it is generally worked less than 40 hours.

- Part-time and seasonal income can be used to qualify the borrower if it is documented that the borrower has worked the part-time job consistently for the past two years and plans to continue.
- Part-time income received for less than two years (but no less than 18 months) may be included as qualifying income, provided that the underwriter justifies and documents that the income is likely to continue.

Part-time income not meeting these requirements may not be used in qualifying. Use of part-time or second job income is case-by-case and requires upfront scenario review and approval with the investor.

Gratuities and Tips

Gratuities and tips can only be included in qualifying income if they have been included in the prior two years of taxable income. This income source is usually found on W-2s or 1040s. The income should be reported to the IRS and averaged, unless declining. Current receipt of tip income must be verified and be consistent with the tip income received in the previous two years.

Seasonal Income

In order to use seasonal job income (i.e., income based on annually recurring but temporary circumstance) as qualifying income, the income should have a two-year historical record and be verified via the borrower’s most recent pay stub and previous year’s W2s. Examples of seasonal employment include: umpiring baseball games in the summer; or working at a department store during the holiday shopping season. Seasonal income is considered uninterrupted, and may be used to qualify the borrower, if it can be documented that the borrower has worked the same job for the past two years and expects to be rehired the next season. Additionally, if a borrower has a history of seasonal employment and seasonal unemployment income, the unemployment income may be considered effective income per the requirements listed in the Unemployment Compensation section. Use of seasonal income is case-by-case and requires upfront scenario review and approval with the investor.

Employment Contracts/Raises

An employment contract is a legally enforceable written document executed jointly by the employer and employee. Employment agreements and offer letters are additional forms of acceptable employment documentation, provided they are fully executed by all parties and afford the same information as previously described. The contract (including employment agreements and offer letters) should define pertinent employment details including employment start date, the borrower's length of employment and salary. The contract terms should be reasonable relative to the role. The borrower must also meet employment stability standards as outlined above. Guaranteed performance raises and bonuses from a borrower's current employer may also be considered under this section. Qualify a borrower utilizing the income documented in the employment contract as defined provided:

- The employment contract is fully executed by the employer and employee and does not contain contingencies, and
- The borrower will start employment or begin receipt of the income (as applicable) within 60 days of closing

Family Owned Business

Borrowers working for a business owned and/or operated by a family member, spouse, or domestic partner carry additional risk, and therefore the following qualifying documentation is required:

- Must be qualified using a two-year average of W-2 earning amortized over 24 months. If there has been a decline in earnings from one year to the next, REMN must use the more conservative lower income for qualifying.
- Income must be reported on the borrower's most recent two years signed federal income tax returns, regardless of the type of income the borrower receives (commission, salary, overtime, or bonus)
- Tax transcripts obtained directly from the IRS may not be used in lieu of tax returns.
- Provide one of the following to verify borrower's ownership percentage (if any):
    - A signed copy of the most current business tax return
    - A CPA letter
    - Most current schedule K-1

Recent Conversion from W-2 to 1099

A borrower who has converted from a W-2 employee to a 1099 employee and does not yet have filed tax returns available may be considered under this program provided the following:

- They are in the same or a substantially similar role in a contractor position as they were in a W-2 employee,
- They are in the same industry, and
- They can provide a contract(s) which are customary to their industry stating their new terms of employment

When all of these conditions are met, the income may be considered stable. The borrower must provide their last two year's tax returns in all cases as well as a year-end and/or year to date profit and loss statement and balance sheet (as applicable). The new 1099 income should be greater than or equal to their previous W-2 income. The underwriter should utilize the borrower's last two year's W-2 income less 2106 expenses claimed to develop an average of income which the profit and loss statements should support. Expenses claimed on the profit and loss statement should be reasonable to the borrower's line of work, provided they are not reimbursed per the borrower's contractor. Two years employment in the same line of work prior to the conversion should also be verified.

Borrowers Recently Converted to K-1

A borrower who has recently been made a partner in their employer (typically but not necessarily a law firm, accounting firm, etc.) may also have their income considered stable. Borrowers must provide their most recent two year's tax returns with all supporting documents and a copy of their partnership agreement. Income shall be calculated based on the most recent two years' W-2 income compared with any guaranteed payments they are to receive under their new compensation structure. Guaranteed payments must be in line with previous salary utilized to qualify. A minimum of two years of employment in the same line of work must be verified.

Borrowers who are switching employers AND changing from a W-2 to K-1 position may be considered under this guideline, provided the ownership interest in the new firm is of a minimal nature. The calculation of the income in this situation shall be the more conservative of guaranteed payments or historic income. A minimum of two years of employment in the same line of work must be verified.

Borrowers who become a partner in their current employer with an ownership interest greater than or equal to 25% may also be considered under this guideline. In addition to two years of personal income tax returns, the company's most recent two years of tax returns must be provided to ensure no losses were incurred by the business which would need to be taken into account. A minimum of two years of employment in the same line of work must be verified.

Self-Employed Borrowers

For purposes of this section, a borrower is deemed to be self-employed when their primary income source is from a business that they have an ownership interest in which is 25% or greater.

Employment History & Stability Requirements

Borrowers must generally have a two-year history in their line of work. If a borrower has less than 2 years' self-employment, a lesser history with a general minimum of one year may be acceptable provided the borrower has a minimum 2-year previous history in the same line of work. Gaps of employment greater than 90 days must be explained in writing by the borrower. Gaps of employment greater than 6 months require an explanation from the borrower and a minimum two-year history in the line of work prior to the gap. A CPA, EA, or licensed tax preparer letter used to verify self-employment addressed to REMN WS (or To Whom it May Concern) is acceptable. The letter will be re-verified either verbally or in writing prior to investor purchase. The reverification will be good for 30 days from the date it was completed.

Minimum Documentation Requirements

The following documentation must be present in the file to make a determination of a self-employed borrower's income:

- Most recent one or two year's personal federal tax returns (depending on the below),
- Any K-1s relating to self-employment listed on personal federal tax return(s) provided,
- Most recent one- or two-year's business federal tax returns (depending on the below) for primary business(s) relied upon for qualifying, and
- Year end and/or year to date profit and loss statement and balance sheet for primary business(es) relied upon for qualifying, if the Note date of the file will be more 120 days removed from the end date of the most recent tax returns provided.

Age of Documents

Paystubs (if utilized): 120 days

Profit and loss statement/balance sheet: 120 days

CPA letter or equivalent: 60 days

Treatment of Income Sources

Borrower provides the most recently filed two (2) years of personal and business federal tax returns. Income is generally calculated based on a 24-month average of the tax returns provided if income is increasing and a 12-month average of the most recent years returns if income is decreasing. See below for instances where the income listed on the profit and loss statement may be included with qualifying income. If income is decreasing, an explanation and/or additional documentation may be required. A year-end and/or year-to-date profit and loss statement and balance sheet prepared by the borrower may be required.

For either method of documenting self-employed income, the following may be added back to the borrower's income calculation:

- Depreciation
- Amortization

- Pension contributions directly contributed to borrower
- Any expense(s) that can reasonably be documented to be one time and non-recurring
- Net operating loss carryforwards from years prior to the tax returns provided
- Business expenses for debts already included in the DTI
- Business Use of Home
- Mileage

Use of Interim Financials to Determine Qualifying Income

A self-employed borrower may include either year end or year to date financials prepared in accordance with above as part of their qualifying income. Income will be averaged over the period of the tax returns and the profit and loss statements provided. The borrower must provide their bank statements from the account utilized for their business for the period covered by the P&L and their bank statements must show deposits which are a.) part of the borrower's income stream and b.) total at least 90% of the gross receipts listed P&L.

Business Income not Used to Qualify

REMN WS does not require a borrower to provide corporate/partnership tax return(s) or interim financials if the income generated by the entity is not considered to qualify. The underwriter must ensure that there are no losses from businesses that are not being considered. K-1s reflecting income on the tax return(s) which are not being used to qualify the borrower and which do not reflect losses do not need to be provided. K-1's and business returns (as applicable) reflecting losses on the tax return years provided must be furnished by the borrower.

Types of Business Structures

There are four basic types of business structures:

- Sole proprietorships
- Corporations
- Limited liability or "S" corporations
- Partnerships

Sole Proprietor

A sole proprietor generally files a Schedule C with their personal tax returns which reflects their business' income.

Partnership

Partnership income is generally shown on Schedule K-1 and is filed with the borrower's personal federal tax returns as well as with the partnership returns. If the borrower or borrowers combined controls 25% or more of the business entity, the borrower(s) will need to provide the entity(s) tax returns.

Corporation

If the borrower, or borrowers combined, control 25% or more of the business entity, the borrower(s) will need to provide the entity(s) tax returns.

Use of Profits from a Corporation

In addition to the self-employed income or salary paid to the borrower(s) by the Corporation, net income from the corporation may be considered as additional qualifying income. In order to use business "net profits" from a Corporation as a qualifying income source, the borrower(s) on the loan application must document receipt of the income during the time period of tax returns the borrower provides. Additionally, the following requirements must also be met:

- The borrower(s) must have a legal right to the additional income by obtaining a corporate resolution or other comparable document that establishes that right,
- Verification from the accountant for the company indicating that the business can support the ongoing distribution of the corporate profits at the same or increasing level,
- REMN WS analysis of the business must also support that the business is capable of providing the borrower(s) with the additional income.

Note that these requirements do not apply to an "S" Corp. Receipt of net income for those businesses is sufficiently documented by the K-1 the borrower(s) receive.

Limited Liability Company (LLC)

Limited Liability Companies file taxes using partnership tax returns. The partnership tax return requirements listed above apply to these companies.

Asset Distributions

Distributions from Non-Retirement Accounts

Non-retirement assets may be set up for regular distribution payments and used as qualifying income. Regular distributions from non-retirement assets must be set up and two (2) months distribution received prior to closing. Cash-out refinance transactions are not eligible for asset-utilization. The following requirements must be met:

- Borrower(s) can provide supporting documentation verifying that they have had ownership of financial assets for a minimum of 12 months and that they have unrestricted access. Any deposits >10% of the face value of the account as of the most recent statement must be sourced and documented. Gift funds or other unacceptable deposits will be deducted from the total assets available.
- Distribution income cannot be used for qualification if there is any knowledge or documentation indicating that the distribution will terminate within the next three years.
- Assets accounts utilized to derive income (distributions) cannot be used for reserves or down payment, nor may income generated from the accounts (i.e. interest, dividends, capital gains) be used for qualifying in addition to distributions.
- Distribution income from financial assets must be verified by providing all of the following:
    - Year-end statements for most recent year to evidence ownership and value of the assets,
    - Written verification from the financial institution managing the assets to evidence that regular monthly distributions have been set up. It must provide amount, frequency and duration of the distributions.
    - Most recent two months' statements for account(s) utilized for distribution

Qualifying Balances

- Checking/Savings: 100%
- Marketable securities: 70%
- Retirement assets: See Below

Calculation Method

Any distribution set up must have 120 months of continuance. Example: a borrower has $700,000 in qualified assets. The maximum distribution that can be utilized would be $5,833 per month ($70,000 per year). Account balances must be verified within 120 days of the note date, via statements or other verification of the account balance.

Distributions from Retirement Accounts

Retirement assets may be set up for regular distribution payments and used as qualifying income. Regular distributions from retirement assets must be set up and two (2) months distribution received prior to closing. The distribution must have at least 3 years' worth of continuance at the time of closing based on qualifying balance. Utilize 70% of the vested value to determine the qualifying balance. The borrower utilizing this income must be of retirement age. The most recent full month's statement available as of the closing date must be provided. If statements are issued quarterly, provided a balance within 120 days of the note date, via statements or other verification of the account balance.

For borrowers using assets as a source of income who have not or do not wish to establish regular distributions, please see Asset Depletion section for qualification terms.

Other Income Sources

Annuity

Annuity income is acceptable with a copy of the annuity contract or letters from the organization providing the income. The income must continue for three years from the closing date. Provide one of the following showing receipt of the income:

- The most recent year's W-2s, 1099s, or Federal Income Tax Returns, or
- 12 months bank statements reflecting regular deposits of the annuity income.

Capital Gains

If capital gains income is customary for borrower's occupation and/or the borrower has a constant turnover of assets resulting in gains or losses, capital gains may be considered as qualifying income. A three (3) year history of capital gains income/losses must be documented by obtaining copies of the borrower's signed federal income tax returns (Schedule D) to determine earning trend. If trend results in a gain, it may be added as effective income, or consistently shows a loss, it must be deducted from the total income. The underwriter must be able to document that the Borrower has an “inventory” of assets to continue to sell in order to generate gains in the future. The assets in the “inventory” must be of the same class as the assets which were generating the gain(s) being utilized to qualify.

Example: REMN WS can consider the capital gains for an individual who purchases old houses, remodels them and sells them for profit.

Interest/Dividends

Investment income may be used as stable monthly income. When markets are stable, documented earnings may generally be used. During periods of volatility or when verified earnings do not appear to be supported by current market conditions, the underwriter may use an earnings rate of 3%. To include interest or dividend income from cash or marketable securities in qualifying income, the following guidelines will be used:

- The income has been received for the past two years as verified by tax returns.
- Verification that the underlying cash deposits and/or securities still exist must be obtained within 30 days of closing,
- Any required funds necessary for closing on the subject transaction must be subtracted prior to the calculation of interest/dividend income. If using the accounts for funds to close, impute a 3% return on the remaining assets with no amortization of the account balance.

Additionally:

- Year-to-date interest and dividend income should be averaged with the last two years as verified by the borrowers' tax returns, unless declining,
- Year-to-date earnings can be imputed by applying a realistic market-rate of interest to the account balances and averaging over the number of months,
- Do not include margined securities in the calculation of interest/dividend income.
- Interest from pass-through tax entities (partnerships and S corporations) may be included provided the borrower can document they still own the interest producing the income in question

K-1 Income

A borrower who is relying on K-1 income from an entity as part of their qualifying income does not need to document a history of receipt of distributions from said entity to utilize the income to qualify.

Notes-Receivable Income

Interest income from a note receivable can be used to qualify. The note must evidence continuance for at least three years. In order to include notes receivable income to qualify a borrower, he/she must provide:

- A copy of the note to establish the amount and length of payment (minimum three years), and
- Evidence that these payments have been consistently received for the last 12 months through deposit slips or cancelled checks and tax returns.

If the borrower is not the original payee on the note, it must be established that the borrower is now a holder in due course and able to enforce the note.

Rental/Investment Property Income

Rental income can be utilized as qualifying income by borrowers who own investment properties. The following are the acceptable methods of calculation. Generally, the Borrower does not need a history of managing properties in order to rely on rental income, except as otherwise specified.

Method One | Tax Returns

Utilize the net figure on schedule E page 1 of most recent year’s tax return adding back depreciation, amortization and interest claimed. Deduct the principal and interest component of the mortgage payment(s) tied to the property (if any). Current property tax, property insurance and homeowner’s association dues expenses do not need to be documented. For purposes of determining PITIA on non-subject rental properties owned, 1/12th of expenses claimed on the 1040’s may be used.

Method Two | Lease

Use 75% of current lease less documented PITIA (principal, interest, taxes, insurance, and homeowner's association dues). If lease is materially greater than income listed on tax return(s), borrower to provide supporting explanation/documentation. An expired lease which has converted to month-to-month is acceptable for this purpose. Document current receipt of the lease income within 60 calendar days of the note date with the most recent one month's check in all cases where a lease is utilized.

Any leases provided must be a minimum 12-month term. Short term rents will be averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. In the event the subject transaction is a purchase transaction and an executed lease is not available, monthly rental income can be obtained from Comparable Rent Schedule less 25% for vacancy factor. When relying upon either leases or the appraiser's opinion of market rents, the lower of the two figures must be used and a 25% vacancy factor must be applied to the gross rents.

Rental Income from Borrower Occupied Property

The rent for multiple unit property where the borrower resides in one or more units and charges rent to tenants of other units may be used for qualifying purposes. Calculate as described in the preceding section. No management history is required.

Projected rent for the tenant-occupied units only may be considered gross income, only after deducting vacancy and maintenance factors, and not to be used as a direct offset to the mortgage payment.

Income from Roommates in a Single-Family Property

Income from roommates in a single-family property occupied as the borrower's primary residence (a/k/a boarder income) is not acceptable.

Accessory Unit Rental Income

Rental income from an accessory dwelling unit associated with the subject property is not eligible for qualification.

Royalty/Lease Income (Other than Real Estate)

REMN WS must carefully consider the source and method in quantifying this type of income and develop a comfort as to its reasonableness and continuity. Royalty/lease income is found on Schedule E of the personal tax return. To use royalty or lease income:

- Copies of the contracts or leases should be obtained. The payers of the leases/contracts should be identified,
- The income should have a two-year minimum track record,
- A two-year average of the income should be used, unless declining, and
- Evidence of at least three (3) year continuance is required.

Trust Income

Trust income is an acceptable source of income and can be verified via K-1 Statements, Schedule B, Schedule D or Schedule E of the personal federal tax return depending on the composition of the trust assets.

- Income from trusts may be used if guaranteed and if constant payments will continue for at least the first three years of the mortgage term.
- Required trust income documentation includes a copy of the Trust Agreement or other trustee statement, confirming the:
    - Amount of the trust,
    - Frequency of distribution, and
    - Duration of payments.

Trust account funds may be used for the required cash investment if the borrower provides adequate documentation that the withdrawal of funds will not negatively affect income.

Alimony, Child Support and Separate Maintenance Income

Generally, REMN WS requires proof of payment obligation for the past 6 months as evidenced by the divorce decree, a signed separation agreement, or a notarized agreement signed as is dictated by local custom. There must be an expectation of continuance for at least three years from the closing date in order to utilize the income.

Alimony, child support or maintenance income may be considered effective, if:

- Payments are likely to be received consistently for the first three years of the mortgage,

- The borrower provides the required documentation, which includes one of the following:
  - Final divorce decree,
  - Legal separation agreement,
  - Court order, or
  - Voluntary payment agreement; and
- The borrower can provide acceptable evidence that payments have been received during the last 6 months, such as:
  - Cancelled checks,
  - Deposit slips,
  - Tax returns,
  - Court records.

Notes:

- Child support and non-taxable Alimony may be "grossed up" under the same provisions as non-taxable income sources.

Automobile Allowance and Expense Account Payments

An automobile allowance may be included in qualifying income provided evidence of receipt for two years is verified via either a written verification received from the Borrower's employer or paystubs reflecting receipt. The Borrower's employer must confirm the payments will continue. The full amount of the allowance is added to the Borrower's monthly income and the full amount of the lease/loan payment is added to liabilities.

Disability Income

Disability income may be included as qualifying income provided the borrower's current eligibility, including the amount and terms of the disability payment income, is verified through a copy of the awards letter, or other verification provided by: the employer, insurance company or government agency (e.g., Social Security Administration, Department of Veterans Affairs). The underwriter may not request any medical documentation or make any inquiry regarding the nature of the disability or its duration. Any discussion regarding a borrower's disability should be limited to a request for the above- required documentation.

Foster Care Income

Foster care income may be included as qualifying income provided: proof of receipt for the previous 24 months and the income for providing foster parent care services to foster children is paid to the borrower by a governmental agency and is verified by copies of checks or contracts/agreements with the governmental agency.

Housing Allowance

In some cases, borrowers may be able to use certain housing allowances (such as military and clergy) as qualifying income provided:

- The housing allowance has a history of being a part of the historical salary,
- The amount of the allowance must be verified in writing by the employer, and
- There is proof of receipt of the income for the most recent 12 months. This requirement is only for non-military housing allowances

In some instances, this income is non-taxable (such as clergy). If documented as non-taxable via most recent two years tax returns, the non-taxable portion may be grossed up by 1.25% for qualification purposes.

Government Assistance Programs

Income received from government assistance programs is acceptable as long as the income has been received for the previous 24 months and the paying agency provides documentation indicating that the income is expected to continue for at least three years. Copies of checks, award letters or grant statements are acceptable documentation.

Mortgage Credit Certificates

If a government entity subsidizes the mortgage payments either through direct payments or tax rebates, these payments may be considered as acceptable income. Either type of subsidy may be added to gross income, or used directly to offset the mortgage payment, before calculating the Qualifying Ratios.

Homeownership Subsidies

A monthly subsidy may be treated as income if a borrower is receiving subsidies under the housing choice voucher home ownership option from a public housing agency (PHA). Although continuation of the homeownership voucher subsidy beyond the first year is subject to

Congressional appropriation, for the purposes of underwriting, the subsidy will be assumed to continue for at least three years.

- If the borrower is receiving the subsidy directly, the amount received is treated as income. The amount received may also be treated as nontaxable income and be "grossed up" by 25 percent, which means that the amount of the subsidy, plus 25 percent of that subsidy may be added to the borrower's income from employment and/or other sources.
- REMN WS may treat this subsidy as an "offset" to the monthly mortgage payment (that is, reduce the monthly mortgage payment by the amount of the home ownership assistance payment before dividing by the monthly income to determine the payment-to-income and debt-to- income ratios). The subsidy payment must not pass through the borrower's hands. The assistance payment must be:
    - Paid directly to the servicing creditor, or
    - Placed in an account that only the servicing creditor may access.

Note: Assistance payments made directly to the borrower must be treated as income.

Retirement/Pension Income

Retirement income must be verified from the former employer, custodian or from federal tax returns. If any retirement income will cease within the first full three years of the mortgage loan, it may not be used in qualifying.

Retirement income and/or pension income must be verified using one of the following options:

- Written verification from the financial institution holding the assets/organization/company supplying the income,
- Copy of most recent award letter,
- Copies of the most recent 3 months check stubs evidencing consistent receipt of the income,
- Copies of the most recent 3 months bank statements that verify receipt of the direct deposit,
- Most recent 2 years 1099 tax forms, or
- Most recent 2 years personal tax returns.

Social Security Income

Social Security income must be verified with the Social Security Administration or on Federal tax returns. If any benefits expire within the first full three years of the loan, the income source may not be used in qualifying. Any portion of the Social Security Income which is non-taxable can be grossed up by 25%.

Social Security income can be used as qualifying income provided the income is verified via one of the following:

- A copy of the Social Security Administration Award Letter,
- 3 months bank statements that verify receipt of the benefits via direct deposit,
- 3 months most recent check stubs,
- Most recent 2 year's 1099 tax forms, or
- Most recent 2 year's personal tax returns. Social Security income is found on the front page of the personal tax return.

The following suffixes to the social security number will indicate what type of social security benefit is being received:

Suffix	Description
A.	Disability or retirement benefit
B.	The person is still alive, and the spouse is receiving the benefit
C.	Child beneficiary
D.	The person is deceased, and the surviving spouse is receiving the benefit

Supplemental Security Income

Supplemental Security Income may be included as qualifying income provided verification can be obtained by one of the following:

- A copy of the awards letter,
- 3 months bank statements that verify receipt of the benefits via direct deposit, or
- 3 months most recent monthly disbursement checks.
- Continuance of at least three years for Supplemental Social Security Income for "child beneficiary" must be evidenced.

If any benefits expire within the first full three years of the loan, the income source may not be used in qualifying.

Unemployment Compensation

Unemployment compensation (such as that received by seasonal workers) may be considered as acceptable stable income provided it is properly documented, has been received for the past two years and is predictable and likely to continue. Unemployment income is found on the front page of the personal tax return. The use of unemployment compensations is case-by-case and requires upfront scenario review and approval with the investor.

Veterans Benefits

Veterans benefits, other than educational assistance, can be included as qualifying income provided the income is verified via one of the following: a letter or distribution form or a Statement of Earnings from the Department of Veterans Affairs (VA).

- Direct compensation for service-related disabilities from the Department of Veterans Affairs (VA) is acceptable, provided that REMN WS obtained documentation from the VA.
- Education benefits used to offset education expenses are not acceptable.

If any benefits expire within the first full three years of the loan, the income source may not be used in qualifying.

Temporary Leave Income

Temporary leave from work is generally short in duration and for reasons of maternity or parental leave, short-term medical disability, or other temporary leave types that are acceptable by law or the borrower's employer. Borrowers on temporary leave may or may not be paid during their absence from work. If REMN WS is made aware that a borrower will be on temporary leave at the time of closing of the mortgage loan and that borrower's income is needed to qualify for the loan, REMN WS must determine allowable income and confirm employment as described below:

- The borrower's employment and income history must meet standard eligibility requirements as described above.
- The borrower must provide written confirmation of his or her intent to return to work.
- Document the borrower's agreed-upon date of return by obtaining verification either from the borrower or directly from the employer (or a designee of the employer when the employer is using the services of a third party to administer employee leave). See FNMA's Selling Guide for examples of acceptable documentation. This documentation does not have to comply with the Allowable Age of Credit Documents policy.
- REMN WS must receive no evidence or information from the borrower's employer indicating that the borrower does not have the right to return to work after the leave period.
- REMN WS must obtain a verbal verification of employment. If the employer confirms the borrower is currently on temporary leave, REMN WS must consider the borrower employed.
- REMN WS must verify the borrower's income in accordance with the other provisions of this guide. REMN WS must obtain the amount and duration of the borrower's "temporary leave income," which may require multiple documents or sources depending on the type and duration of the leave period and "regular employment income." The latter may include but is not limited to, the income the borrower receives from employment on a regular basis that is eligible for qualifying purposes (for example, base pay, commissions, and bonus).

Note: Income verification may be provided by the borrower, by the borrower's employer or by a third- party employment verification vendor.

Requirements for Calculating Income Used for Qualifying

If the borrower will return to work as of the first mortgage payment date, REMN WS can consider the borrower's regular employment income in qualifying.

If the borrower will not return to work as of the first mortgage payment date, REMN WS must use the lesser of the borrower's temporary leave income (if any) or regular employment income. If the borrower's temporary leave income is less than his or her regular employment income, REMN WS may supplement the temporary leave income with available liquid financial reserves. Note that these reserves would be in addition to any other reserves required under this guide. Following are instructions on how to calculate the "supplemental income":

Supplemental income amount = available liquid reserves divided by the number of months of supplemental income

	Total qualifying income = supplemental income plus the temporary leave income Available liquid reserves = subtract any funds needed to complete the transaction (down payment, closing costs, other required debt payoff, escrows, and minimum required reserves) from the total verified liquid asset amount. Number of months of supplemental income: the number of months from the first mortgage payment date to the date the borrower will begin receiving his or her regular employment income, rounded up to the next whole number. After determining the supplemental income, REMN WS must calculate the total qualifying income. The total qualifying income that results may not exceed the borrower's regular employment income. The same assets utilized to meet the liquid reserve requirement for this section may not be used for asset distribution. *Other Income* Other income sources, whether taxable or non-taxable, must be verified unless otherwise indicated in the specific Product Profile. Non-taxable income should be distinguished from non-reported income as non-taxable income sources are not taxed, the "value" to the borrower is greater. Unless otherwise noted, all non-taxable income sources may be grossed up by a factor of 25% provided the non-taxable status of the income is verified. All sources of income included in the loan qualification must be stable, with a reasonable expectation that at least the same level of income will continue to be received for a minimum of three years. Provided there is no evidence that the income source will cease within the next three years, it can be reasonably assumed that the income will continue. In no case can income be used for qualification if there is any knowledge or documentation indicating that the income will terminate within the next three years.
Ineligible Sources of Income	Examples include, but are not limited to, the following: • Boarder or roommate income • Deferred compensation plans • Farm income from the subject property • Foreign income • Restricted Stock Units (RSU's) • Stock Options • Rental income from an Accessory Dwelling Unit (ADU) associated with the subject property • Temporary or non-recurring income • Retained Earnings • Educational Benefits • Trailing Spouse/Co-borrower income • Income that cannot be verified, is not stable or will not continue. • Non-reported income (also known as undocumented income) **cannot** be used as a qualifying income source. Gift income, even if received on a regular and on-going basis, is **not** eligible income. • Income derived from Medical Marijuana dispensaries or any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law. • Any income sources that are illegal under local, state law and/or federal law. • Gains from trading cryptocurrency
Tax Transcripts - 4506	The W-2's, 1099's, and tax returns provided by a borrower must be verified by the IRS. In the event the most recent year's information cannot be verified due to a recent filing, the income may be considered in accordance with the Full Documentation guidelines with the following documentation: • Previous year's (or two years') W-2's, 1099's, and or tax returns • Previous year's (or two years') W-2's, 1099's, and tax return or transcripts • In the case of tax returns, proof of electronic filing or stamped copy showing received by the IRS • In the case of tax returns, proof of payment of any liability due

	• In the case of tax returns, if for a self-employed borrower a substantial increase in income is sought to be utilized for qualifying the borrower an explanation must be provided. Documentation to substantiate the income shown on the returns, such as a CPA audited profit and loss statement or 12 months business bank statements must be provided. • **Note:** REMN will not observe IRS Filing Extensions beyond the standard extension (including FEMA extensions). There are **no exceptions** to this requirement. Transcripts are required for the broadest category of documentation provided. If a borrower provides solely W-2s or 1099s, those documents need to be validated. If a borrower provides 1040s in addition to W-2s or 1099s, then only the 1040s need to be validated.
Income – Bank Statements	**Product Eligibility** In order to be eligible for the Bank Statements product, at least one borrower on the file must derive their primary income source from a self-employed activity. Self-employed is defined as ownership interest of 25% or greater. Borrowers generally must have been self-employed for at least two years in the same business. Co-borrowers who are not self-employed may provide supplemental income from other income sources. The borrower must provide at least 12 months of bank statements supporting their self-employment. Borrowers self-employed less than two years must be underwritten with 12 months of bank statements. REMN WS must verify the existence of the borrower's business within 120 calendar days prior to the note date: • From a third party, such as a CPA, regulatory agency, or the applicable licensing bureau, is possible, or • By verifying a phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance. REMN WS must document the source of the information obtained and the name and title of the REMN WS associate who obtained the information. Third party verification includes the percentage of the borrower's ownership in the business. **NOTE**: Due to latency in system updates or recertifications for annual licenses, certifications, or government systems of record, additional steps may be needed to confirm that the borrower's business is open and operating. REMN WS must confirm this within 20 business days of the note date, using examples defined by Fannie Mae in Lender Letter LL-2021-03. *Ineligible Attributes* • Foreign accounts/businesses/income • Non-Self-Employed 1099 income. • IOLTA Accounts • Any income sources that are illegal under local, state and/or federal law, including cannabis-related income • Ineligible deposit types for consideration in income calculation: ○ Borrowed funds such as cash advances from credit cards and/or credit line/business financing deposits ○ Gift funds ○ Cash, ATM/Teller, instant money transfer apps such as Venmo, Zelle, etc. that are atypical for the type of business ○ Tax refunds, PPP funds, and product returns/credits ○ Unverifiable deposits *1099 Contractor* A borrower who is a contractor and compensated on a 1099 basis may be considered self-employed for this program with confirmation from a CPA, EA or Licensed Tax Preparer that the borrower is a 1099 contractor and files Schedule C or Schedule E with the IRS (personal tax returns) *Service & Tip Industry* Borrowers who are employed in the service and tip industry are not consider self-employed and therefore are not eligible for Alt Doc. They must qualify based on Full Documentation criteria.

Bank Statement Types

Personal

Provide the most recent 12 months of personal bank statements from the date of application. Evaluate deposits to verify that they are part of the borrower's income stream. Any deposits that are abnormal to the borrower's typical deposits must be sourced/documented to be considered as part of income. Total all eligible deposits and divide by 12 to determine monthly income. Provide the most recent 3 months of business statements to verify that income is coming from borrower's business and the business is providing positive cash flow. Transfers coming from only one (1) business may be utilized to qualify. Transfers between personal accounts are not considered as part of a borrower's income stream. Transfers from a business account to a borrower's personal account may be utilized in the income calculation provided they meet the other requirements of this section. Significant and/or repeated transfers from a borrower's personal account to their business account should be scrutinized carefully as they may be indicators of poor financial health. Updated statements through funding may be required at underwriter's discretion.

- Borrowers who do not maintain separate business and personal accounts are considered comingled. These accounts will be treated as business accounts for purposes of determining income. Utilize one of the below methods to calculate the income.
- Borrowers with personal accounts that have supporting business bank statements do not require a Uniform Expense Ratio to be deducted.

24 months of statements may also be provided. Where 24 months are provided, complete the analysis described over a 24-month period.

Business

Provide the most recent 12 months of business bank statements. Three options for evaluating business bank statements are available. Multiple accounts may be utilized for calculating the business' cash flow, however, the same method must be applied to all accounts. Multiple businesses may also be used to determine qualification provided each is separately verified in accordance with these underwriting guidelines. Transfers between a borrower's business accounts are not considered deposits. Any abnormal deposits will need to be sourced and documented. Abnormal deposits will typically be those that are greater than 50% of the average monthly eligible deposits and that are out of the ordinary in form, amount, or frequency. The Borrower(s) combined must own 25% or more of the business to utilize business bank statements. Updated statements through funding may be required at underwriter's discretion.

24 months of statements may also be provided. Where 24 months are provided, complete the analysis described over a 24-month period.

Method One | Uniform Expense Ratio

Multiply eligible deposits received by a 50% expense ratio (if it is determined that a borrower has an expense ratio in excess of 50%, the higher percentage must be used in qualifying). Then multiply the result by borrower's ownership percentage and divide by 12 (if 24-months statements, divide by 24). As long as this expense ratio is reasonable to the borrower's line of work and the borrower qualifies, no further information is required.

Method Two| Profit and Loss Statement

Provide a CPA, EA, or licensed tax preparer prepared profit and loss statement covering the period of bank statements provided. As long as the deposits on the business statements support at least 75% of the gross receipts listed on the P&L, use the P&L for qualifying based on the borrower's pro-rate share of ownership. The resulting income should be reasonable to the borrower's line of work.

Method Three | CPA Letter for Expense Ratio

Provide a CPA, EA, or licensed tax preparer letter stating the business' expense ratio based on the most recent year's tax return. The CPA letter may not include any exculpatory language. Multiply the expense ratio by the business' total deposits over the 12-month period shown on bank statements. Deduct that figure from the total deposits. Multiply net deposits by the borrower's pro-rata ownership percentage and divide by 12 (if 24-months statements, divide by 24). The resulting income should be reasonable to the borrower's line of work.

Non-Sufficient Funds (NSFs)
Non-Sufficient Funds (NSF) is a term used to indicate that a demand for payment (a check) cannot be honored because insufficient funds are available in the account on which the instrument was drawn. In simplified terms, a check has been presented for clearance, but the amount written on the check exceeds the available balance in the account. An NSF will be counted against the borrower when the borrower's account is overdrawn. Returned check situations that result in NSFs will be considered separately. Returned checks that do not result in a negative balance are not considered NSFs.

A distinction is made between overdrafts and NSFs covered with borrower's own funds (e.g., savings accounts, "sweep" accounts) versus use of a line of credit or credit card accounts to cover NSFs. In order to avoid treatment as an NSF, there cannot be a fee associated with curing an overdraft.

NSFs are countered on an "instance" basis. An instance is defined as one time that an account is overdrawn and subsequently brough current. One instance may have multiple NSFs; however, it is still the same instance until the account is brought current. If the account is brought current and becomes overdrawn again, the second time would be considered a second instance. A maximum of three (3) instances are allowed with twelve (12) months of statements. When 24 months of bank statements are being reviewed:

- In 12 months of statements, a maximum of three (3) NSF criteria
- A detailed letter of explanation from the borrower will be required.

A significant number of NSFs in a single instance will be subject to scrutiny.

Income Trend
Bank statements should show a stable or increasing trend of deposits. If the trend is declining and/or irregular, additional documentation should be provided to support the stability of the borrower's income.

Acceptable Variance Levels
In the event that 12 months of statements are provided, a decline in deposits over 6 months of up to 10% is allowed. Beyond 10%, an additional 12 months of statements is required. In the event that 24 months of bank statements are utilized to determine the applicant's income, variances year over year are likely to occur. If the deposit trend is increasing or stable, no additional review is required. If the eligible deposits are declining, it should be addressed as per below. If the decline of deposits is greater than 50% year over year, then the account is ineligible for use in the income calculation.

The deposit trend is measured by calculating the percent change from year one (months 13-24 on the worksheet, previous year) to year two (months 1-12 on the worksheet, most recent year). Eligible deposits from year one should be subtracted from year two, and the difference divided by year one's eligible deposits to determine the change.

For example, if year one eligible deposits are $100,000 and year two eligible deposits are $80,000, the percent change would be a 20% decline ($80,000-$100,000/$100,000)=-20%

<u>In the event that 24 months of statements are provided,</u> a declining deposit trend should be underwritten as follows:

Scenario	Requirement
If the eligible deposits declined year over year by up to 15%	• Utilize a 24 month average
If the eligible deposits declined by greater than 15% up to 50% year over year	• Utilize a 12 month average of the most recent year's eligible deposits
If the eligible deposits declined year over year by more than 50%	• The account is ineligible.

The borrower must provide a written explanation for a decline >15% in year over year eligible deposits. The explanation must address the reason for the decline and whether or not this event will continue into the future.

Co-Borrower Income

Full documentation from a co-borrower who is not self-employed may be used to supplement bank statement income. See full documentation guidelines for additional information on acceptable sources and requirements. Taxable income is counted on a "gross" amount regardless of the net deposit shown on bank statements. Deposits resulting from these income sources should be deducted from the bank statement analysis. Non-Taxable income may be grossed up by 25%. Tax returns for the Borrower must not be provided, otherwise the loan will have to be underwritten based on Full Documentation

Other Income Sources

Rental Income

Purchase

Utilize the appraiser's opinion of market rent to determine rental income. Utilize a 25% vacancy factor to determine gross rental income. No lease is required, however if a lease is in place then utilize the lesser of the lease or the appraiser's opinion of market rent. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required. Rental income may not be utilized on a second home.

Subject Property Refinance

Utilize 75% of the current lease income. Do not include rental deposits as part of the income stream. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required, except as otherwise specified; however, the property must be currently leased to utilize the income. A lease that has expired and converted to month-to-month is acceptable for this purpose. The Borrower must document one (1) months' receipt of rental income in all cases, dated within 60 calendar days of the Note Date. Properties that have historically been rented on a short term basis are subject to case by case review to utilize the income. If allowed, income would be averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. A 25% vacancy factor still applies.

Non-Subject Property

Utilize 75% of the current rental income less documented PITIA to qualify. Do not include rental deposits as part of the income stream. No rental management history is required; however, the property must be currently leased to utilize the income. A lease that has expired and converted to month-to-month is acceptable for this purpose. The Borrower must document the most recent one (1) months' rental income in all cases within 60 days of the note date. Rental income may not be utilized on a second home. Properties that have historically been rented on a short term basis will have their rents averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. A 25% vacancy factor still applies.

Income from Roommate in a Single-Family Residence

Income from roommates in a single-family property occupied as the borrower's primary residence (a/k/a boarder income) is not acceptable.

Accessory Unit Rental Income

Rental income from an accessory dwelling unit associated with the subject property is not eligible for qualification.

Principal Residence Being Vacated by a Borrower (a/k/a Departing Residence)

When a Borrower vacates a principal residence in favor of another principal residence, the rental income, reduced by the appropriate vacancy factor, may be considered in the underwriting analysis. 75% of the monthly gross rental income less the property's PITIA is utilized for qualification. A properly executed lease agreement (that is, a lease signed by the Borrower and the lessee) of at least one year's duration after the loan is closed is required. Evidence of the security deposit and/or evidence the first month's rent was paid to the homeowner must also be provided. The Borrower needs to evidence sufficient equity in the vacated property defined by an LTV ratio of 75% or less. Equity can be evidenced by a residential appraisal no more than six (6) months old, an automated valuation tool run by REMN

	WS and from a service acceptable to REMN WS, or by comparing the unpaid principal balance against the original purchase price of the property. **Full Documentation Supplemental Income Sources** Borrowers relying on bank statements to calculate DTI may supplement their income with the following sources: Social Security, Pension, Asset Utilization/Distribution (not eligible for Cash-Out Refinance), Alimony, Child Support, and Second Job income. Utilize the full documentation guidelines for documentation requirements and calculation methods. Provide W-2's and 1099's as applicable, but do not provide tax returns. Self-Employed income as calculated via bank statements must still be the Borrower's primary income source. If other income sources are used to qualify the Borrower, the Borrower's primary income source (>50%) must be the income calculated based on the bank statements less expense ratio if applicable.
Income – 1099 Only	**Product Eligibility** The 1099 Only product is designed for Borrowers who receive compensation either in the form of commission or on an independent contractor basis and receive IRS form 1099 at year end. In order to be eligible, the Borrower's primary income source (>50% of qualifying income) must be income as calculated on 1099(s) provided less applicable expense ratio. The 1099(s) provided should cover a complete calendar year. In the event that the Borrower converted from W-2 to 1099 during the previous year, the W-2 to 1099 guidelines should be utilized. A borrower who is an independent contractor and receives a portion of their independent contractor income as W-2 may have the W-2 income included in the income calculation as long as a CPA/EA/licensed tax preparer letter is provided verifying the W-2 income is not the result of employment income. The letter will be good for 60 days. Two year's employment history must be verified via either a written VOE, CPA's letter, or other documentation relevant to the Borrower's circumstances. The 1099 income used to qualify may not come from a source owned by any of the Borrowers on the loan file nor from a family-owned business. The following documentation is required for this program: • Most recent one or two years of 1099(s) • Documentation of receipt of year to date income within 120 calendar days of the note date via one of the following: o A check stub or checks showing receipt of YTD income, or o Bank statements showing receipt of YTD income • A CPA, EA or licensed tax preparer completed profit and loss statement or expense ratio letter, as applicable • Transcripts of the 1099s/W-2's provided by the IRS Any income sources that are illegal under local, state and/or federal law are not eligible under this product. In the event that 1099(s) are issued to an entity, the borrower's ownership interest in the entity must be 100% as documented via a CPA/EA/tax preparer letter or equivalent or equivalent documentation. Income Calculation Method Qualifying income is based on the 1099(s) provided less an applicable expense ratio using one of the methods described. In the event two years of 1099s are provided, a 24-month average of net income shall be utilized in the event of stable or increasing gross receipts. A 12-month average of net income shall be utilized in the event of declining gross receipts. Year to date gross receipts should support the 1099s supplied and relied upon to qualify. **Method One | Uniform Expense Factor** Apply a 25% expense factor to all eligible gross receipts. So long as this expense ratio is reasonable to Borrower's line of work and Borrower qualifies, no further information is required. **Method Two | Profit and Loss Statement** Provide a CPA, EA, or licensed tax preparer prepared profit and loss statement covering the most recent one or two calendar years, depending on the 1099s provided. As long as the gross receipts on the 1099s support at least 90% of the gross receipts listed on the P&L, use the net income on the P&L for qualifying income. The resulting income should be reasonable to the Borrower's line of work. If two years of 1099s are provided and the gross receipt trend is

	declining, a profit and loss statement covering the most recent calendar year must be provided and utilized to qualify. **Method Three | CPA Letter for Expense Ratio** Provide a CPA, EA, or licensed tax preparer letter stating the Borrower's expense ratio based on their most recent year's tax return. The letter may not include any exculpatory language. Multiply the expense ratio by the gross receipts shown on the 1099s relied upon for qualification. Deduct that figure from the gross receipts listed on the 1099(s) and use the resulting number to qualify, averaged over the number of months of income provided. The resulting income should be reasonable to the Borrower's line of work. If two years of 1099s are provided and the gross receipt trend is declining, the income shall be calculated based on the most recent year's 1099(s) only less the stated expense ratio. Co-borrower Income Full documentation from a Co-Borrower who is does not rely on 1099s may be used to supplement the 1099 income. See full documentation guidelines for additional information on acceptable sources and requirements. Taxable income is counted on a "gross" amount. Non-Taxable income may be grossed up by 25%. **Other Income Sources** *Rental Income* Purchase Utilize the appraiser's opinion of market rent to determine rental income. Utilize a 25% vacancy factor to determine gross rental income. No lease is required, however if a lease is in place then utilize the lesser of the lease or the appraiser's opinion of market rent. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required. Rental income may not be utilized on a second home. Subject Property Refinance Utilize 75% of the current lease income. Do not include rental deposits as part of the income stream. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required, however the property must be currently leased to utilize the income. Rental income may not be utilized on a second home. A lease that has expired and converted to month-to-month is acceptable for this purpose. In the event the tenancy is at will with no formal lease agreement in place, a letter form borrower outlining terms may be accepted. The Borrower must document one months' receipt of rental income, dated within 60 calendar days of the note date, in all cases. Properties that have historically been rented on a short-term basis will have their rents averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. Non-Subject Property Utilize 75% of the current rental income less documented PITIA to qualify. Do not include rental deposits as part of the income stream. No rental management history is required; however, the property must be currently leased to utilize the income. Rental income may not be utilized on a second home. A lease that has expired and converted to month-to-month is acceptable for this purpose. In the event the tenancy is at will with no formal lease agreement in place, a letter form borrower outlining terms may be accepted. The Borrower must document one months' receipt of rental income, dated within 60 calendar days of the note date, in all cases. Properties that have historically been rented on a short-term basis will have their rents averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. Departing Residence When a borrower vacates a principal residence in favor of another principal residence, the rental income, reduced by the appropriate vacancy factor, may be considered in the underwriting analysis. 75% of the monthly gross rental income less the property's PITIA is utilized for qualification. A properly executed lease agreement (that is, a lease signed by the Borrower and the lessee) of at least one year's duration after the loan is closed is required. Evidence of the security deposit and/or evidence the first month's rent was paid to the homeowner must also be provided. The borrower needs to evidence sufficient equity in the vacated property defined by an LTV ratio of

<table>
<tr><td></td><td>75% or less. Equity can be evidenced by a residential appraisal no more than 6 months old, an automated valuation tool run by Seller and from a service acceptable to REMN WS, or by comparing the unpaid principal balance against the original purchase price of the property.
Income from Roommate in a Single-Family Residence
Income from roommates in a single-family property occupied as the borrower's primary residence (a/k/a boarder income) is not acceptable.
Accessory Unit Rental Income
Rental income from an accessory dwelling unit associated with the subject property is not eligible for qualification.

Other Income Sources
Borrowers relying on 1099s less applicable expense ratio to calculate DTI may supplement their income with the following sources: Social Security, Pension, Asset Utilization/Distribution (not eligible for Cash-Out Refinance), Alimony, Child Support, and Second Job income. Utilize the full documentation guidelines for eligibility, documentation requirements and calculation methods. Provide W-2's and 1099's as applicable, but do not provide tax returns. The Borrower must verify these alternative income sources without providing tax documents other than W-2's/1099's, and they must derive their primary income source from self-employed activity calculated based on the 1099(s) less the applicable expense ratio.</td></tr>
<tr><td>Income – Profit & Loss (P&L) Statement Only</td><td>Product Eligibility

Self-employed Borrower(s) only. Self-employed borrower(s) who file their own tax returns are not eligible.
Minimum of two (2) years self-employment in the current profession
Validation of a minimum of two (2) years existence of the business from one of the following: Business License, Letter from Tax Preparer. Secretary of State filing or equivalent
Borrower must have >= 50% ownership of the respective business (if more than one borrower holds ownership in the respective business, the 50% minimum ownership is cumulative).
Ownership percentage must be documented via Certified Public Accountant (CPA), IRS Enrolled Agent (EA), California Tax Education Council (CTEC) letter, Operating Agreement or equivalent
The CPA/EA/CTEC preparing the P&L must have filed the Borrower's most recent business tax returns

Documentation Requirements

Most recent unaudited Profit & Loss (P&L) statement(s), based on below application date range. P&L end date must be less than 90 days old at closing.

<table>
<tr><th>Application Dates</th><th>Required Profit & Loss Statement(s)</th></tr>
<tr><td>January 1 – March 31</td><td>Unaudited 12-month P&L from prior year</td></tr>
<tr><td>April 1 – December 31</td><td>Unaudited 12-month P&L from prior year + unaudited YTD P&L for current year</td></tr>
</table>

All Profit & Loss (P&L) statements must be completed by an independent CPA/EA/CTEC.
The CPA/EA/CTEC prepared P&L statement(s) must be signed by both the Borrower(s) with ownership and CPA/EA/CTEC.
The CPA/EA/CTEC must attest that they have performed either of the following functions:

CPA/EA/CTEC has reviewed working papers provided by the Borrower, and has also prepared the most recent year of tax returns for the applicable companies as well. The CPA/EA must also attest that, based on this review, they certify that the P&L represents an accurate summary of the business cash flow and applicable cash expenses
CPA/EA/CTEC prepared the last two years of tax returns for the applicable companies, as well as prepared the P&L, and the P&L statement(s) represents an accurate summary of the business cash flow and applicable cash expenses.

</td></tr>
</table>

- Credit file must contain documentation that the CPA/CTEC license is verified and active. A screenshot of the IRS website for an IRS Enrolled Agent (EA) is acceptable.
- Borrower narrative on nature of business is required
- An internet search of the business is required with documentation to be included in the credit file to support the existence of the business
- Employment verification documentation must be consistent with information on the loan application and Borrower's credit report
- Verification of business existence and that the business is fully-operational/active within 120 calendar days of closing.
  - **NOTE**: Due to latency in system updates or recertifications for annual licenses, certifications, or government systems of record, additional steps may be needed to confirm that the borrower's business is open and operating. HBFS must confirm this within 20 business days of the note date, using examples defined by Fannie Mae in Lender Letter LL-2021-03

Qualifying Income

- Qualifying income is the lower of the unaudited Profit & Loss (P&L) statement(s), or monthly income disclosed on the initial signed 1003 (cannot use an updated or revised 1003 for this comparison – must be the initial signed 1003).
- The net income calculated from the business's P&L Statement must be based on the borrower's percentage of ownership (e.g. if borrower has 65% ownership, the borrower's qualifying income is the net income calculated from the P&L statement(s), multiplied by 65%.

Co-Borrower Income

Full documentation from a co-borrower who is not self-employed may be used to supplement the P&L Statement income. See full documentation guidelines for additional information on acceptable sources and requirements. Tax returns for the Borrower must not be provided, otherwise the loan will have to be underwritten based on Full Documentation

Other Income Sources

Rental Income

Purchase

Utilize the appraiser's opinion of market rent to determine rental income. Utilize a 25% vacancy factor to determine gross rental income. No lease is required, however if a lease is in place then utilize the lesser of the lease or the appraiser's opinion of market rent. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required. Rental income may not be utilized on a second home.

Subject Property Refinance

Utilize 75% of the current lease income. Do not include rental deposits as part of the income stream. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required, except as otherwise specified; however, the property must be currently leased to utilize the income. A lease that has expired and converted to month-to-month is acceptable for this purpose. The Borrower must document one (1) months' receipt of rental income in all cases, dated within 60 calendar days of the Note Date. Properties that have historically been rented on a short term basis are subject to case by case review to utilize the income. If allowed, income would be averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. A 25% vacancy factor still applies.

Non-Subject Property

Utilize 75% of the current rental income less documented PITIA to qualify. Do not include rental deposits as part of the income stream. No rental management history is required; however, the property must be currently leased to utilize the income. A lease that has expired and converted to month-to-month is acceptable for this purpose. The Borrower must document the most recent one (1) months' rental income in all cases within 60 days of the note date. Rental income may not be utilized on a second home. Properties that have historically been rented on a short term basis will have their rents averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. A 25% vacancy factor still applies.

	Principal Residence Being Vacated by a Borrower (a/k/a Departing Residence) When a Borrower vacates a principal residence in favor of another principal residence, the rental income, reduced by the appropriate vacancy factor, may be considered in the underwriting analysis. 75% of the monthly gross rental income less the property's PITIA is utilized for qualification. A properly executed lease agreement (that is, a lease signed by the Borrower and the lessee) of at least one year's duration after the loan is closed is required. Evidence of the security deposit and/or evidence the first month's rent was paid to the homeowner must also be provided. The Borrower needs to evidence sufficient equity in the vacated property defined by an LTV ratio of 75% or less. Equity can be evidenced by a residential appraisal no more than six (6) months old, an automated valuation tool run by HBFS and from a service acceptable to HBFS, or by comparing the unpaid principle balance against the original purchase price of the property. Income from Roommate in a Single-Family Residence Income from roommates in a single-family property occupied as the borrower's primary residence (a/k/a boarder income) is not acceptable. Accessory Unit Rental Income Rental income from an accessory dwelling unit associated with the subject property is not eligible for qualification. Full Documentation Supplemental Income Sources Borrowers relying on P&L statements to calculate DTI may supplement their income with the following sources: Social Security, Pension, Asset Utilization/Distribution (not eligible for Cash-Out Refinance), Alimony, Child Support, and Second Job income. Utilize the full documentation guidelines for documentation requirements and calculation methods. Provide W-2's and 1099's as applicable, but do not provide tax returns. Self-Employed income as calculated via P&L statements must still be the Borrower's primary income source. If other income sources are used to qualify the Borrower, the Borrower's primary income source (>50%) must be the income calculated based on the P&L statements less expense ratio if applicable.
Income – Asset Qualifier	**<u>Documentation</u>** Qualified Assets can be comprised of stocks, bonds, mutual funds, vested amount of retirement accounts and bank accounts. • If a portion of the Qualified Assets is being used for down payment, closing costs or reserves, those accounts must be excluded from the balance before analyzing a portfolio for income determination • Six (6) month seasoning of all assets is required and must be evidenced with six (6) months' of the most recent consecutive asset/bank statements. **<u>Joint Accounts</u>** Joint accounts shared with a non-borrowing spouse or domestic partner are eligible with satisfactory access letter from the non-borrowing party. **<u>Supplemental Income</u>** Asset depletion income can be used to supplement full-income documentation when the total Qualified Assets are at least 50% of the loan amount. Tax returns/transcripts may be required as per full income documentation requirements. Loans underwritten in this fashion will be classified as Asset Depletion loans and will subject to all related Asset Depletion underwriting restrictions. **<u>Eligible Assets</u>** Qualified assets for Asset Depletion can be utilized to calculate income based on the following: • 100% of checking, savings, and money market accounts • 60% of the value of stocks, bonds, and mutual funds. Any loan balances must be reduced from the balance prior to reducing the value for market fluctuation. • 70% of retirement assets may be considered with evidence the borrower has unrestricted access to the funds. Any loan balances must be reduced from the balance prior to reducing the value for market fluctuation. o Unrestricted access – regardless of any possible tax withholding or applicable penalty applied to such distribution, borrowers do not have to be of retirement age. **<u>Income Calculation</u>** Monthly income calculation for Asset Depletion is determined by the following calculation method: • Monthly Income = Net Qualified Assets divided by 84 months.

	Large Deposits When bank statements are used, large deposits must be evaluated and fully documented. Large deposits are defined as any single deposit that is atypical or inconsistent. Large deposits that cannot be sourced and documented must be excluded from the qualifying income calculation. **Restrictions for Loans Qualified with Asset Depletion** The following restrictions apply to Asset Depletion loan transactions: • Cash-Out Refinance transactions are not eligible • Business assets are not eligible • Unseasoned foreign assets are not eligible • Cash surrender value of life insurance is not eligible • Annuities are not eligible • Trusts are not eligible • Proceeds from sale of real estate which is not seasoned for a minimum of six (6) months are not eligible • Privately traded or restricted/non-vested stocks are not eligible • Assets which produce income that are already included in the income calculation cannot be double-counted.
Income – Investor Cash Flow	**Product Eligibility** Qualification is determined solely based the debt service coverage ratio (DSCR) of the SUBJECT PROPERTY ONLY, as defined by rents divided by proposed PITIA (based on the qualifying rate and payment). See Qualifying Ratios for more detail. The loan must be eligible for treatment as a business purpose loan. This includes cash-out refinance transactions, where the cash-out proceeds must be used solely for business purposes. At least one borrower on the file must have at least a 12-month history of owning and managing rental properties, though it does not need to have been in the most recent three years. Management of commercial properties is acceptable. See below for requirements to waive the landlord history requirement. No income or employment is verified for this product. No DTI is developed. These loans are deemed business purpose loans and as such are exempt from ATR and QM requirements. They are also exempt from HPML requirements. **Note:** Property Tenants may not be family members of the borrower on Investor Cash Flow transactions. **Qualification** The Debt Service Coverage Ratio (DSCR) is subject to specific criteria based on loan amount, FICO score and LTV. Please see the Investor Cash Flow matrix on page 3 to determine eligibility. Also note that certain DSCR levels (i.e. < 1.00) may be subject to pricing adjustments Example: Rents of $1,000 and PITIA of $800. DSCR=$1,000/$800=1.25. This would be eligible for the product. Rents of $800 and PITIA of $1,200. DSCR=$800/$1,200=.667. This would not be eligible for the product. **Interest-Only Payment Qualification** The Interest-Only payment on a loan with an interest-only payment feature may be used to calculate the qualifying payment and the DSCR for Investor Cash Flow loan transactions, provided the LTV does not exceed 75%. In addition to the interest-only payment, taxes, insurance, HOA dues and any other payments must still be in included in the calculation of the DSCR (ITIA). If this is a loan transaction with an LTV exceeding 75%, the DSCR must be calculated based on the fully-amortized payment (PITIA). **Landlord History Waiver** Borrowers who meet all of the below criteria are not required to document a previous 12 month history of owning and managing rental properties. Underwriting may, in its discretion, request a motivation letter or other information as necessary to establish the loan as a business purpose loan. In instances where there are multiple Borrowers and all Borrowers do not meet the below requirements, the file is subject to additional due diligence to verify it will be a business purpose loan. • 1.000 DSCR based on a 30 year amortizing payment • Max 75% LTV • Min 12mo Reserves

	• 0x30x12 on all housing trade lines as of the application date • No mortgage forbearances with a missed payment in the most recent 12 months prior to the application date • Purchase transactions only • Borrower must own their current primary residence or second home **Determination of Rents** *Purchase* Use 100% of the market rents as determined by the appraiser. No lease is required. If a lease is in place, the lesser of the market rents or the current rents will be utilized. In the event a property is subject to an at-will tenancy without a written lease agreement which will continue after closing, documentation from the seller of the property outlining the terms of the lease, including the tenants name, address, monthly rent will be acceptable as a lease agreement. If a borrower has a tenant in place on a lease which will commence within 60 days of purchase, said lease may be included within the determination of the subject property's cash flow as the current rents. The rental income utilized may not exceed the appraiser's opinion of market rents. The Borrower must provide the executed lease and proof of receipt of 1 months' rent and/or security deposit due per the terms of the lease. *Refinance* Use 100% of the lesser of current or market rents as determined by the appraiser. Borrower must provide leases in place. An expired lease which either contains language or, per state law, which converts to month-to-month is acceptable. In the event a property is subject to an at will tenancy without a written lease agreement, a letter from the Borrower outlining the terms of the lease including the tenant's name, address, monthly rent, and how long the lease has been active will be acceptable as a lease agreement with proof of the most recent month's rental income. If a borrower has a tenant in place on a lease which will commence within 60 days of closing, said lease may be included within the determination of the subject property's cash flow as the current rents. The rental income utilized may not exceed the appraiser's opinion of market rents. Borrower must provide the executed lease and proof of receipt of 1st months' rent and/or security deposit due per the terms of the lease. In the event that the unit is subject to a lease agreement and the lease agreement exceeds the market rents, the lease may be used to calculate the DSCR provided the lease will continue for at least six months after the note date and the two months of rents due prior to the application date are documented as received timely. Short-Term Rentals are ineligible for the Elite Access Program. *Multi-Year Lease* In the event a Borrower has a multi-year lease, an increase coming within 12 months and which will continue for 12 months after the adjustment may be utilized to calculate the DSCR. The increased rents utilized to underwrite under this section may not exceed the appraiser's opinion market rent of the unit(s) in question. **Income from Roommate in a Single-Family Residence** Income from roommates in a single-family property occupied as the borrower's primary residence (a/k/a boarder income) is not acceptable. **Accessory Unit Rental Income** Rental income from an accessory dwelling unit associated with the subject property is not eligible for qualification.

ASSETS	
Assets	The accumulation and availability of liquid assets are a strong factor indicating a sound credit risk. Asset documentation is required to evidence funds needed to cover down payment and other related closing costs as well as satisfy the reserve requirements per program guidelines. Not all asset types are acceptable for each program's reserve requirement. Assets statements are generally valid for 90 days. Asset statements provided must cover at least 60 days, using the most recent two (2) months bank statements, or most recent quarterly statement.
Down Payment	On purchase transactions, borrowers must make the down payment with funds from their own resources. Generally, all earnest money deposits must be fully documented including the source of the down-payment from the borrower's account(s) and the evidence of transfer to the closing agent. Gift funds may be utilized towards down payment requirements subject to the gift section below.
Asset Eligibility	The following provides a list of assets and when they can be utilized for down payment and or reserves. Items not identified on this list may be acceptable if pre-approved by REMN WS Note that this section relates solely to the utilization of assets to meet the funds to close or reserve requirements. **Annuities/Cash Value of Life Insurance** The cash value of an annuity or a whole life insurance policy is an acceptable source for funds needed to close or for reserves and is defined as 100% of the stated value of the annuity, net of any loans. If being used for funds to close, document the liquidation. If penalties for failure to repay the loan are limited to the surrender of the policy, payments on a loan secured by the cash value of a borrower's life insurance policy do not have to be considered in the total debt-to-income ratio. **Borrowed Funds - Secured** Borrowed Funds from a secured loan may be used as a source of closing funds or reserves. In order to utilize Borrowed Funds: • The loan must be secured by an asset already owned by the borrower (e.g. CDs, marketable securities, other real estate, life insurance policies and retirement accounts); • The terms of repayment for the loan and the secured nature of the loan must be verified by obtaining a copy of the note; • The value of the remaining assets must be reduced by the amount of the secured loan balance **Business Assets** Cash from a business account may be acceptable provided the funds are not required to service the business' current liabilities. These funds may be eligible on loans where the borrower can evidence that the withdrawal of the funds will not impact the operation of the business. Additionally, the amount of business assets that may be utilized would be restricted to the percentage of ownership interest the borrower(s) has in the business. The borrower(s) on the loan must own a combined 25% or greater interest in order for the funds to be utilized. All funds must be documented with the most recent two months bank statements along with one of the following: • CPA, EA, or licensed tax preparer's letter stating that the use of funds in the transaction will not have a material adverse impact on the business' operations; OR • Complete a Cash Flow Analysis based on the following: ○ Determine the business' monthly operating expenses based on either the most recent year's tax returns or average deductions on three (3) months' worth of statements ○ Deduct three (3) months' worth of expenses from current business balance to determine available balance. Then apply borrower's ownership percentage to the result to determine available business assets that may be utilized for the transaction. Any funds which have been transferred into personal accounts prior to application date may be utilized without restriction. **Checking, Savings or Share Accounts** Funds held in a checking or savings or share accounts (credit unions) may be used for the down payment, closing costs, and financial reserves. The underwriter must investigate any indication of borrowed funds such as recently opened accounts (within 90 calendar days), recent large deposits that are atypical or inconsistent, or account balances that are considerably greater than the average balance over the previous few months. REMN WS will require a written explanation of the source of funds from the borrower and must verify the source of funds. The funds must be U.S. dollar deposits in institutions located in the U.S. A joint access letter is not needed to use 100% of the assets held in an account held jointly with non-borrowing account holders.

Proceeds from a Cash-Out Refinance

Cash-out proceeds from a subject property refinance may be used as closing costs, source of debt pay-down/off for all products and as post-closing reserves.

Certificates of Deposit (CD)

Certificates of Deposit are an acceptable source of funds for down payment, closing costs and reserves. Funds must be U.S. dollar deposits in institutions located in the U.S. Utilize 100% of the face value of the account.

Custodial Accounts for Children or Others

Custodial accounts for children or others are an acceptable source of funds for down payment, closing costs and reserves. 529 Accounts are **not** acceptable. Document the borrower's ability to access the funds in order to utilize them.

Cryptocurrency Assets

Borrowers with cryptocurrencies of any type of virtual currency (including virtual currency that has been liquidated within 90 days of the application date) are not eligible. This included borrowed funds secured by virtual currency.

Foreign Assets

All assets considered in the transaction must be located in US bank accounts. Funds in financial institutions located outside of the US will not be eligible for reserves.

The borrower's source of funds for the down payment and/or closing costs must comply with the Office of Foreign Assets Control (OFAC) Sanctions Programs for funds originating from countries with OFAC sanctions.

Funds originally sourced from foreign accounts must be seasoned in United States bank accounts for a minimum of 90 days from the application date to be considered for the subject transaction.

Marketable Bonds and Securities

Marketable Securities such as stocks, government bonds and mutual funds (net of margin) are acceptable sources of funds for down payment, closing costs, and reserves provided their value can be verified. Marketable Securities must be traded on a major market exchange (e.g., NYSE, AMEX, and NASDAQ) where market activity and valuation can be readily determined. Marketable Securities can be used for closing funds and reserves at 70% of the verified market value, net of the balance of any outstanding margin loans. A joint access letter is not needed to use 100% of the assets held in an account held jointly with non-borrowing account holders.

Liquidation Requirements

If the funds are needed for closing (e.g. down payment, closing costs, etc.), the liquidation of the funds and the end balance must be documented. Liquidation is not required if the funds are being used solely to meet post-closing reserve requirements.

Non-Borrowing Title Holders

Funds from a non-borrowing spouse who is/will be a titleholder may be utilized as funds to close (not reserves) on a primary residence or second home. These funds will not be considered gift. Two (2) months' asset statements must be provided and any large deposits sourced/documented acceptably.

Stock Options - if Exercisable

Vested Stock Options are an acceptable source of funds for down payment and closing costs if they are immediately available to the borrower. Vested Stock Options are acceptable for reserves at 70% of the current market value limited to the strike price value. The value of vested Stock Options can be documented by: referencing a statement that lists the number of options and the option price and using the current stock price to determine the gain that would be realized from exercise of an option and the sale of the optioned stock.

If the brokerage firm or fiduciary that negotiated the execution of the Stock Options did not deduct income taxes from the net proceeds, REMN WS must ensure that the borrower will not suffer severe cash flow or liquidity problems when the taxes come due.

Non-vested Stock Options are **not** an acceptable source of funds for the down payment, closing costs, or reserves.

Proceeds from Sale of Real Estate

Proceeds from the sale of real estate are an acceptable source of funds for funds to close and reserves. The closing of the other real estate transaction must take place prior to or simultaneous with the subject closing and the net proceeds to the borrower must be verified via a fully executed Closing Settlement Statement or equivalent settlement statement.

Proceeds from the Pending Sale of Real Estate

In instances where a Borrower owns real property that is under contract to sell but will not close prior to the consummation of the subject transaction, the equity in the property in question may be used towards post-closing reserves. In order for a Borrower to be eligible under this guideline, the following criteria must be met:

- The transaction in question must be subject to a bona fide arm's length purchase and sales contract, listing the seller as either the owner individually or through an entity created for their benefit,
- The transaction in question must have a contracted closing date within 90 days of the closing of the subject transaction. An "on or about" date is acceptable for this purpose,
- The transaction in question may not be subject to any outstanding financing contingencies. If there were any financing contingencies in the purchase and sales contract, then there must be evidence in the loan that they have been cleared,
- The Borrower must provide an estimated settlement statement drawn up by the attorney or closing agent representing them in the transaction in question confirming the estimated proceeds, net of any seller closing costs and/or lien payoffs, and
- The Borrower must provide a letter attesting to the number and amount of outstanding liens on the property that is involved in the transaction in question

If all of these parameters are met, up to 50% of the borrower's documented share of the proceeds may be utilized towards the post-closing reserve requirement.

Rental or Lease Credits

Rent credit for option to purchase is an acceptable source of funds toward the down payment. Borrowers are not required to make a minimum borrower contribution from their own funds in order for the rental payments to be credited toward the down payment. Credit for the down payment is determined by calculating the difference between the market rent and the actual rent paid for the last 12 months. The market rent is determined by the appraiser in the appraisal for the subject property.

Only the portion of the rental payment that exceeds the fair-market rent can be applied to the down payment or closing costs.

In order to use credits granted to a borrower from a rent with an option to buy lease arrangement as closing funds, the following guidelines **should** be followed:

- The lease agreement must state how the credit will be accrued, and
- The borrower must provide:
  - Copies of canceled checks/money orders to evidence a history of a minimum of 12 months, and
  - Copy of rental/purchase agreement evidencing a minimum original term of 12 months
- The appraiser must provide:
  - A Fannie Mae Form 1007 single-family comparable rent schedule for the property.
- Rental or lease credits **cannot** be used to calculate reserve requirements.

Repayment of a Loan

A lump sum repayment of a loan can be used as an asset for down payment, closing costs and reserves provided the initial loan and the repayment can be verified and documented.

Retirement Accounts

Vested funds from Individual Retirement Accounts, Annuities, (IRA/Keogh accounts) and tax-favored retirement savings accounts (401(k) accounts) are acceptable sources of funds for down payment, closing costs, and reserves.

Verify the ownership of the accounts and the borrower's actual receipt of the funds realized from the liquidation of the assets, if needed to complete the transaction. When funds from retirement accounts are used for reserves, we do not require the funds to be withdrawn from the account(s). If the Retirement Account only allows withdrawal based on the borrower's employment termination, retirement (unless the borrower is of retirement age), or death, REMN WS will **not** consider the vested funds as effective reserves.

Eligible Retirement Accounts without restrictions for withdrawal may be included in the reserves or funds to close requirements as indicated above. For reserve purposes utilize the vested balance amount minus any outstanding loans and/or funds liquidated to complete the transaction at 60% of net value (based on market volatility).

Trust Account Funds

Funds from a borrower's Trust Account are an acceptable source for the down payment, closing costs, and reserves provided the borrower has immediate access to the funds. Written documentation of the value of the Trust Account from either the trust manager or the trustee and

	document the conditions under which the borrower has access to the funds and the effect, if any, that the withdrawal of funds will have on trust income used in qualifying the borrower for the mortgage. The trust agreement or trust certificate should be provided. **U.S. Savings Bonds** U.S. Savings Bonds are an acceptable source of funds for down payment, closing costs and reserves. To use U.S. Savings Bonds for closing funds and cash reserves calculations, the borrower should provide a list of amounts, serial numbers and maturity dates of the bonds. Photocopies should **not** be made. U. S. Savings Bonds should be based on their purchase price unless the redemption value can be documented.
Relocation Benefits	When the borrower's employer assumes responsibility for paying off the existing mortgage in connection with a corporate relocation plan, REMN WS will require a copy of the executed buyout agreement to document the source of funds. In order to utilize Relocation Benefits paid by an employer to a borrower for funds to close each of the following must be met: • A copy of the executed buy-out agreement to purchase the existing residence must be provided, • Any closing costs and points that may be included in the relocation package may be used, however, the borrower must provide funds for prepaid items unless specifically stated in the relocation package, ○ Relocation funds provided towards the borrower's down payment are not eligible. • At closing, a copy of the fully executed settlement statement must be provided as evidence of sale and release from liability. If the conditions above are met, the PITIA on the existing residence can be eliminated from the debt-to- income ratio analysis.
Gift Funds	A borrower of a mortgage loan may use funds received as a personal gift from an acceptable donor as a source of funds to close, closing costs, and funds to pay down debts. The gift donor must be a relative. A relative is any person related by blood, legal proceedings, marriage, or adoption and also includes a fiancé or domestic partner. Gift funds may not be used for reserves. The borrower must contribute 10% of the purchase price from their own funds, except as otherwise specified. Co-mingled accounts with parents/relatives are ineligible as the source of the borrower's 10% minimum contribution. Gifts funds are eligible under the following guidelines: • Purchase transactions only • 100% of gift funds allowed on owner-occupied transactions. • The gift donor must be an individual(s) and may not be a business or trust. • The gift donor may not be, or have any affiliation with, the builder, the developer, the real estate agent or any other interested party to the transaction. • Gift funds from foreign assets must meet foreign asset seasoning requirements to be an acceptable source of funds for a gift. • The gift funds must be transferred to the borrower. Documentation such as one of the following is required to evidence gift funds are either in the donor's account or have been transferred from the donor's account to the borrower: ○ A copy of the donor's check and the borrower's deposit slip ○ A copy of the donor's withdrawal slip and the borrower's deposit slip ○ A copy of the donor's check to the closing agent, or ○ A settlement statement showing receipt of the donor's check ▪ Funds wired directly to the closing agent are acceptable with documentation evidencing the gift donor is the remitter of the wire and the bank account that originated the wire belongs to the donor. • Information related to the donor and gift are provided in an executed "gift letter" provided by the donor that specifies: ○ The name and address of the receiving party ○ The name and address of the donor party ○ The donor's relationship to the borrower/receiving party ○ The dollar amount of the gift ○ A statement from the donor that no repayment is expected ○ The property being financed

	○ The date the funds were (or will be) transferred
Gift of Equity	Gifts of Equity are not eligible for this program.
Interested Party Contributions	Interested Third Party Contributions are the cost of items normally paid by the borrower, but which are paid by the seller or another interested third party to the transaction. Interested parties generally include the builder, the developer, the seller of the property, the real estate agent, etc. Examples of sales incentives include: commission paid to a realtor, a program developed by a seller or third party (e.g. a property management company, a builder, an investment group, a marketing company, etc.) to entice a buyer to purchase the property or a finder's fee or bonus paid to a realtor or a third party. Generally, REMN WS does not consider contributions that are from a person related to the borrower, the borrower's employer, a municipality, or a non-profit organization as interested party contributions. Interested party contributions must be: • Disclosed in the sales contract, • Documented in the Mortgage file, • Clearly shown on the Closing Disclosure, and • Paid to the appropriate vendor by the Title Insurance Company or Closing Attorney. **Seller Credit/Financing Contributions** Funds originating from an interested third party and paid to the appropriate vendor are acceptable when they are used to permanently reduce the interest rate on the mortgage or pay related mortgage financing costs, closing costs, required pre-paids, and escrow costs. The total of financing contributions may not exceed the lesser of the total of the closing costs and pre-paids or the LTV described in the guideline below. *Maximum Financing Contributions* On a primary or second home, 9% up to 75 LTV and 6% to 90 LTV. On an investment property, all LTVs: 3%
Reserves	Reserves are those assets which are liquid or may be liquidated and are available to borrower(s) post- closing of the mortgage loan. Reserves include cash and other assets that are easily and readily convertible to cash by the borrower (including proceeds from a cash-out refinance). Reserves are calculated using the qualifying payment (see Qualifying Ratios for details) and are measured by the number of months of monthly housing expense (PITIA- Principal, Interest, Taxes, insurances, Association dues /Special assessments) that a borrower could pay using his or her financial assets. PITIA includes: • Principal and Interest • Real Estate Taxes • Homeowner's Insurance (Hazard, Flood, etc.) • Ground Rent • Special Assessments • Owner's Association Fees • Cooperative monthly fees • Payments for Subordinate Financing The requirements for reserves for each program are as follows: Requirements: Loan amount up to $1MM — 3 months PITIA Loan amount above $1MM up to $1.5MM — 6 months PITIA Loan amount above $1.5MM up to $3MM — 9 months PITIA DSCR Landlord History Waiver (First Time Investor) — Minimum 12 months PITIA Rate/Term Refinances with ≤65% LTV — No Minimum Reserves Requires
Ineligible Asset Types	Examples include, but are not limited to, the following: • Anticipated Savings

	• Unsecured Borrowed Funds: Unsecured loans, unsecured credit lines, advances against overdraft protection or advances against credit cards or lines are **not acceptable** sources for funds needed to close or for reserve requirements. • Cash on Hand / Cash Deposits • Community Savings Plans and Lending Clubs • Custodial Accounts still under custodian's control • Down Payment Assistance Programs • Gifts of Equity • Individual Development Account Matching Funds • Lot Value (when received as a gift) • Pension Funds • Pledged Assets • Private Funds (from a secured or unsecured loan) • Sales Concessions • Non-marketable Securities: Non-marketable Securities are not traded on a major stock market exchange, and their valuation and market value cannot readily be obtained. Non-marketable securities (stocks and bonds) are **not** used to calculate cash reserve requirements. • Sweat Equity (Work Equity): Sweat equity is not an acceptable source of funds for the down payment, closing costs, or reserves, since it is difficult to accurately assess the contributory value of sweat equity work. • Restricted Securities: Restricted Securities are **not** an acceptable source of funds. Restricted Securities cannot be readily traded due to Rule 144 and Security and Exchange Commission (SEC) regulations. • Assets generated from activity that is illegal on a local, state, and/or federal level. • Cryptocurrency: Any Cryptocurrency or virtual currency, including virtual currency that has been liquidated within 90 days of the application date (see Cryptocurrency Assets). • Sale of Personal Property: Assets received from the sale of personal property for which ownership history cannot be documented (e.g. gold, jewelry, etc.) • Tax Deferred 1031 Exchange: these are only applicable to investment property transactions, which are not eligible for Elite Access. • Non-Vested Stock Options/Restricted Stock Units

<table>
<tr><th colspan="2">CREDIT & LIABILITIES</th></tr>
<tr><td>Credit Requirements</td><td>Utilization and timely repayment of credit is a strong positive factor in determining a borrower’s credit risk profile. This chapter of the guideline addresses requirements for borrower’s credit profile. A merged credit report is required from all borrowers containing information from all three credit bureaus. A report for any borrower containing only two bureaus is acceptable to the extent that it is the extent of the information available on said borrower. Borrowers with only one (1) bureau reporting are not eligible. Any frozen bureaus must be unfrozen and credit information obtained. The credit report is good for 120 days from report date to note date. Borrower(s) must sign a debt certification form at closing verifying they have not opened any new tradelines. Borrower(s) must address, in writing, any credit inquiries from the prior 120 days that appear on the credit report.</td></tr>
<tr><td>Trade Line Requirement</td><td><u>Minimum Trade Line Requirement</u>

Each borrower must have a minimum of three (3) trade lines and a credit history covering twelve (12) months OR two (2) trade lines and a credit history covering twenty-four (24) months. The trade lines must reflect an acceptable payment history. If a borrower’s spouse is the only co-borrower listed, only one borrower is required to meet this guideline.
Trade lines for closed accounts may be used to meet this requirement provided the payment history is acceptable.
Authorized user accounts may not be used to satisfy this requirement unless the borrower can provide written documentation (such as cancelled checks or payment receipts) proving that he or she has been the actual and sole payer of the monthly payment on the account for at least twelve (12) months preceding the date of the application.
A trade line for which a payment has never been made may not be used to satisfy this requirement (for example, a deferred student loan).
Borrowers who do not meet the above minimum trade line requirements are not eligible.

<u>Authorized User Accounts</u>
The authorized user account cannot be considered part of the borrower’s credit history when the borrower has several authorized user accounts, and only a few accounts of his/her own (see below). Conversely, if the borrower has several trade lines in good standing and only a minor number of authorized user accounts, the information reported on the credit report may be considered as an accurate reflection of the borrower’s credit history.

If a borrower provides twelve (12) months cancelled checks as proof of payment on an authorized user account, the account may be considered part of the borrower’s credit history. The required monthly payment must be included in the DTI calculation.
Authorized user accounts are not required to be included in the borrower’s DTI ratios, unless the debt was listed on the initial loan application, or if the borrower is responsible for making the payment.

<u>U.S. Citizen Living Overseas/Foreign Credit References</u>
If a borrower does not have sufficient trade line references in the United States, credit references from foreign countries may not be used and the loan will be ineligible.

<u>Unmarried Joint Borrowers</u>
Unmarried joint Borrowers who meet at least two of the three below criteria may be treated as spouses for determining compliance with the trade line requirements:

Reside together for at least two years,
Hold at least one joint trade line, and
Jointly hold asset accounts
</td></tr>
<tr><td>Credit Scores Used for Underwriting</td><td>The lowest middle score(s) will be the qualifying credit score for underwriting purposes.</td></tr>
<tr><td>Credit Re-Scores</td><td>Once the credit report is obtained and while it is still within the validity period, a credit re-score for the Borrower(s) will only be permitted for the following cases:

The receipt of new information to address and correct item(s) that have been deemed to be erroneous
</td></tr>
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<tr><td></td><td>
Pay down of existing debts
Payoff of existing debts
The removal of a disputed account
A re-score of the report, still within the validity period, is NOT permitted for the following reasons:
Addition of new debt (for purposes of potentially increasing the score)
Disputing a derogatory account or any account that was not already disputed a the time of the original credit report
REMN WS Underwriters are responsible for reviewing the credit report for new accounts opened within sixty (60) days of the credit report, to determine if a re-score may have occurred.
The credit report is not considered valid is there is an open derogatory dispute. All derogatory disputes must be resolved and an updated credit report received before the loan can close.
Once a credit report expires, it is no longer considered valid and a new report is required. The new report is NOT considered a re-scored account.
</td></tr>
<tr><td>Credit Inquiries</td><td>Careful consideration must be given to determine if numerous inquiries reported on the credit report require an explanation from the borrower and/or an investigation to uncover if any new credit obligations resulted from the inquiries. A letter of explanation must be requested for inquiries appearing on the credit report when there is not a recently established trade line reflected in the file. If a new account resulted from the inquiry, it must be verified, and the obligation included in the qualifying debt ratio calculation.</td></tr>
<tr><td>Housing Payment History</td><td>
The housing references provided or listed on credit may not exceed 0x30x12 in the aggregate.
A 1x30x12 history is allowed with an 80% LTV restriction on Full & Alt Doc and 75% LTV on Investor Cash Flow
Rental History
If a borrower rents from a professional management company, a fully completed and signed VOR may be utilized. If a borrower rents from a private landlord, the most recent 12 months’ consecutive cancelled checks (front and back) along with a copy of the lease must be provided.
Mortgages/HELOCs
If a borrower has a mortgage from an institutional lender not reporting on credit, a fully signed and completed VOM may be utilized. If a borrower has a private mortgage, the most recent 12 months’ consecutive cancelled checks (front and back) along with a copy of the note must be provided.
</td></tr>
<tr><td>Payment Shock</td><td>
Non-First Time Homebuyers
Full Doc, Bank Statements, 1099 Only, Asset Qualifier, and Investor Cash Flow
» No Payment Shock limitations
P&L Only
» Payment Shock cannot exceed 100%.
Applies to all Primary Residence Transactions, Second Home Refinances (Rate-Term and Cash-Out), and Investment Refinances (Rate-Term and Cash-Out)
First Time Homebuyers (Primary Residence Only)
Full Doc, Bank Statements, 1099 Only, and Asset Qualifier
» Payment Shock cannot exceed 300% unless DTI is equal or less than 36%
Applies to all Primary Residence Transactions
P&L Only
» Payment Shock cannot exceed 100% regardless of DTI
Applies to all Primary Residence Transactions
Note: See First Time Homebuyer for alternative requirements when a First Time Homebuyer is living rent-free.
Note: First Time Homebuyers are ineligible on Second Home and Investment Properties

<u>NOTE</u>: Payment shock is calculated by dividing the new housing payment (PITIA) by the current (existing) housing payment (monthly rent), minus 1.00%. The result will be the percentage of the increase.
</td></tr>
</table>

	Example: Proposed Housing Payment (PITIA): $2,100 Current Housing Payment (monthly rent): $1,200 $2,100 divided by $1,2000 = 1.75 or a 75% increase
Residual Income	$1,500 Residual Income is required on all loan products, with the exception of Investor Cash Flow. When calculating Residual Income on Asset Qualifier transactions, funds that are being used for closing costs and/or down payment must be deducted from the calculation.
Significant Derogatory Credit Events	Borrowers who have completed any of the below within the four years preceding the application date are not eligible for financing under Elite Access. • Foreclosure • Short Sale • Deed in Lieu of Foreclosure • Short Payoff • Bankruptcy (any chapter, either dismissed or discharged and includes Borrowers currently in bankruptcy proceedings) • Pre-foreclosure including Lis Pendens or Notice of Default where the borrower is currently delinquent (NOD is not considered a significant derogatory credit event if payments are up-to-date). • Modification (regardless of seasoning, borrowers who have completed a modification are restricted to a minimum 720 FICO and may not have any additional credit events following the modification) Borrowers with significant derogatory credit events that meet the four (4) year seasoning requirements are limited to max DTI of 43% <u>Multiple Derogatory Credit Events</u> Borrowers with multiple significant unrelated derogatory credit events are not eligible for Elite Access. <u>Mortgage Tradelines in Forbearance</u> Borrowers who had one or more mortgage trade lines placed in forbearance must meet one of the below requirements: • If all payments are made as originally scheduled during the forbearance period with no payments missed, the account(s) in question must be reinstated prior to application, but there is no waiting period. • If one or more payments on one or more accounts missed due to forbearance, then the account in question must be reinstated and three (3) monthly payments must be made as scheduled after completion of the forbearance period and prior to the application date. A borrower may have missed more than three (3) payments during the forbearance period and/or have the missed payments be added onto the loan's unpaid balance and still be eligible under this guideline, provided the requirements listed here are met. ○ If the borrower cannot document the three (3) monthly payments made after forbearance completion, the loan is not eligible. <u>Non-Mortgage Tradelines in Forbearance</u> Any non-mortgage trade line in forbearance may remain in forbearance, however the payment must be included in the Borrower's DTI ratio.
Reestablished Credit	After a bankruptcy, foreclosure, deed-in-lieu of foreclosure, or other significant derogatory credit event, the borrower's credit will be considered reestablished if all of the following are met: • The waiting period and related additional requirements are met • The minimum credit score requirements based on the loan parameters and established eligibility requirements are met • The borrower has traditional credit. Non-traditional credit is not acceptable. The borrower will be considered as having acceptable reestablished credit if the credit report is free of late payments in the previous 24 months, and the borrower has at least three (3) traditional credit references with activity during the most recent 24 month period.

Judgement/Tax Lien	Any liens (federal tax liens, mechanic's liens, etc.) or judgements must be paid-off at or prior to closing. Judgments that belong to another person or of a similar name may appear on the preliminary title report. In these instances, the applicant must sign an affidavit at closing, to satisfy the title company, which states they are not the person(s) named in the judgement(s). These judgments should not be on the final title policy. Solar liens are to be subordinated or paid off. HERO liens must be paid.
Collections/Charge-Offs	Open adverse credit must generally be paid off prior to or at closing, however if an individual account balance is under $250 and the aggregate of accounts outstanding is under $1,000 it may remain open. Any collections or charge off's greater than this amount may remain open provided they do not and may not affect title. Otherwise they must be paid off. Medical collections may remain open regardless of amount.
Disputed Accounts	Any disputed accounts on a borrower's credit report within the last two years prior to credit report date require additional due diligence. When an account in dispute is a collection account and the balance is less than or equal to $250, the dispute may remain open. Otherwise, the following guidelines must be adhered to: • Account with zero balance and no derogatory information in the two years preceding the credit report date – no action required • Account with zero balance and derogatory information in the two years preceding the credit report date - remove and pull new credit report • Account with a positive balance and no derogatory information in the two years preceding the credit report date – no action necessary • Account with a positive balance and derogatory information in the two years preceding the credit report date – remove and pull new credit report Note: A credit supplement is not allowed to document disputed accounts. A new report must be pulled.
Other Derogatory Credit	Any derogatory credit on a borrower's credit report in the last 12 months not otherwise addressed must be acceptably explained by the borrower. Any patterns of delinquent credit outside of the 12-month period must be explained by the borrower.
Credit Counseling	Borrowers who have experienced credit or financial management problems in the past may have elected to participate in consumer counseling sessions to learn how to correct or avoid such problems in the future. Whether borrowers have or have not completed participation in the sessions before closing on the mortgage transaction is not relevant since it is the borrower's credit history that is of primary importance. The existence of credit counselling on a file does not preclude financing under standard terms.
Public Record Search	The correspondent is responsible for verifying all existing public records to ensure that are no outstanding judgements or liens against all borrowers. The seller needs to include its public record search findings along with documentation to clear any alerts raised in its file.
Liabilities	The liabilities of all borrowers must be accurately documented and considered in order to make a sound credit risk decision. For each liability, underwriting must determine the unpaid principal balance, the terms of repayment, the borrower's payment history, and verify any other liability that is not shown on a credit report by obtaining documentation from the borrower or creditor. If the credit bureau report does not contain a reference for each significant open debt shown on the loan application—including outstanding mortgage debt, bank, student, or credit union loans the underwriter must document separate credit verification. If a current liability appears on the credit bureau report that is not shown on the loan application, the borrower will be required to provide a reasonable explanation for the undisclosed debt. Documentation may be required to support the borrower's explanation. If the borrower discloses, or REMN WS discovers additional liabilities after the underwriting decision has been made, up to and concurrent with the closing, the underwriter must recalculate the borrower's debt-to-income ratio for loan closing qualification. Debt payments, such as a student loan or balloon payment note scheduled to begin or come due within 12 months of the mortgage loan closing, must be included as anticipated monthly obligations during the underwriting analysis. Balloon payment notes that come due within one year of loan closing must be considered in the underwriting analysis be verifying sufficient liquid assets available to the Borrower to cover the amount due, in addition to all other requirements.

Alimony/Child Support/Separate Maintenance	Alimony may be deducted from income rather than included as a liability provided that the alimony payments are tax deductible to the payor. If not, the payments must be included as a liability. Child support and separate maintenance must be included as a liability on all three product types. Document the terms of the payment via either the divorce decree, separation agreement, court order, or notarized agreement signed by all parties and their attorneys.
Installment Debt (including Mortgages)	Installment loans (i.e. car loan, student loan, etc.) must be included in the DTI ratio. Utilize the payment listed on the credit report for qualifying. Installment debt with less than 10 months remaining may be excluded from DTI ratio, as long as the borrower has the assets to make the remaining payments. Borrowers may pay down the debt to less than 10 months to exclude the payment, the assets used must be sourced. Borrowers may also pay off the balance on an installment debt to exclude the payment from the DTI ratio. Source the funds utilized. If no payment listed, obtain documentation of the current payment. If the payment on an account is subject to change within 6 months (I.E. an ARM or Interest Only loan that is near adjustment) document what the new payment will be and utilize that payment in determining the DTI ratio. An authorized user account may be removed via supplement, and omitted from DTI ratio, provided there is not evidence in the file the Borrower is paying the account in question.
Revolving Debt (including HELOC)	Use actual payment on credit report, unless the borrower can document a lower payment. If no payment can be documented, use the greater of $10 or 5% of outstanding balance (except for a HELOC, in which case use 1%). If no balance, no payment needs to be included. Deduct 30-day charge accounts from available liquid assets or use 5% of the balance as a payment. Revolving debt may be paid off prior to or at closing to have the payment excluded from the DTI ratio. The account(s) do not need to be closed. When the borrower pays off an account prior to closing, document the funds used for payoff. If paid at closing on a purchase or rate and term refinance transaction, document the borrower brought the funds to closing necessary to pay off the account(s). If on a refinance loan proceeds will be used to pay off revolving debt, the transaction will be deemed cash out. An authorized user account may be removed via supplement, and omitted from DTI ratio, provided there is not evidence in the file the Borrower is paying the account in question.
Student Loans	If a payment exists on credit report, use that payment. If deferred and no payment listed, use the lesser of 1% of the outstanding balance or document the fully amortized payment.
Business Debt in Borrower's Name	When a self-employed borrower claims that a monthly obligation that appears on his or her personal credit report is being paid by the borrower's business, REMN WS must confirm that it verified the obligation was actually paid out of company funds and that this was considered in its cash flow analysis of the borrower's business. The account payment does not need to be considered as part of the borrower's individual recurring monthly debt obligations if: • The account in question does not have a history of delinquency, • The business provides acceptable evidence that the obligation was paid out of company funds (such as 6 months of canceled company checks), • The underwriter's analysis of the business took payment of the obligation into consideration. The account payment does need to be considered as part of the borrower's individual recurring monthly debt obligations in any of the following situations: • If the business does not provide sufficient evidence that the obligation was paid out of company funds, • If the business provides acceptable evidence of its payment of the obligation but the underwriter's analysis of the business does not reflect any business expense related to said obligation, it is reasonable to assume that the obligation has not been accounted for in the underwriter's analysis, or • If the account in question has a history of delinquency. To ensure that the obligation is counted only once, REMN WS should adjust the net income of the business by the amount of interest, taxes, or insurance expense, if any, that relates to the account in question.
Court-Ordered Assignment of Debt	When a borrower has outstanding debt that was assigned to another party by court order (such as under a divorce decree or separation agreement) the Liability does not need to be considered as part of the borrower's recurring monthly debt obligation. Verify through an executed copy of Divorce Decree and Settlement Agreement that the debt assigned to another party who is fully responsible for repayment of that debt.

Debts Paid by Others	When a borrower is obligated on a non-mortgage debt, the payment may be excluded from the DTI if another party is repaying the debt. All of the following requirements must be met: • Document in the form of 12 months cancelled checks that the other party has been making regular payments during the previous 12 months. • The other party may not be an Interested Party to the Transaction. • The debt must be paid as agreed with no history of delinquent payments. • Non-mortgage debts include but are not limited to: o Auto loan o Lease payment o Student loan o Revolving debt When a borrower is obligated on a mortgage debt, the payment may be excluded from the DTI if another party is repaying the debt. All of the following requirements must be met: • The other party is obligated on the mortgage debt. • Document in the form of 12 months cancelled checks that the other party has been making regular payments during the previous 12 months. • The debt must be paid as agreed with no history of delinquent payments. • The borrower is not using rental income from the applicable property to qualify. • The property must be included in the total count of financed properties.
Lease Payments	Lease Payments must be included regardless of the remaining term. At the end of the lease term, the borrower will be faced with either a buyout of the lease (purchase of the car) or a new lease contract obligation.
Relocation Benefits	The PITIA on the existing residence can be eliminated from the debt-to-income ratio analysis in a relocation situation if **all** the following conditions are met: • A copy of the offer to purchase the existing residence must be provided, • Any closing costs and points that may be included in the relocation package can be used as closing funds. However, the borrower must provide funds for prepaid items unless specifically stated in the relocation package, and • At loan closing, a copy of the equity advance or a settlement statement must be provided as evidence of sale and release from liability.
Deferred Installment Debts	Deferred Installment Debts, such as deferred student loans, must be included as part of the Borrower's recurring monthly debt obligations. If the Borrower's credit report does not indicate the monthly amount that will be payable at the end of the deferment period, the Borrower must obtain copies of the payment letters or forbearance agreements so that a monthly payment amount can be determined and used in calculating the Borrower's total monthly obligations. If a payment cannot be determined, utilize 1% of the outstanding balance of the debt. Accounts in forbearance are subject to case by case review.
Loans Secured by Financial Assets	When a borrower uses his or her financial assets—life insurance policies, 401(k) accounts, individual retirement accounts, certificates of deposit, stocks, bonds, etc.—as security for a loan, the borrower has a contingent liability. The underwriter is not required to include this contingent liability as part of the borrower's recurring monthly debt obligations provided that REMN WS obtains a copy of the applicable loan instrument that shows the borrower's financial asset as collateral for the loan. If the borrower intends to use the same asset to satisfy financial reserve requirements, REMN WS must reduce the value of the asset (the account balance, in most cases) by the proceeds from the secured loan and any related fees to determine whether the borrower has sufficient reserves. Payments on loans that are secured by a borrower's specific liquid financial assets may be excluded from the DTI calculation in those circumstances where the repayment of the loan rebuilds the financial asset and the current verified balance in the account (or value of the financial asset) is sufficient to fully payoff the loan. Payments on loans secured by real estate or other personal property must always be included in the DTI ratio.
Sale of Departing Residence	If the borrower is under non-contingent contract to sell their departing residence, the DTI ratio can be calculated excluding the prior housing expenses (PITIA) if an additional 6 months of PITIA for the home to be sold is verified. If the borrower is **not** under contract to sell departing residence OR under contract to sell with mortgage contingencies not yet released, the prior home will be treated as an investment property and standard underwriting guidelines apply. The debt for the prior home will be included in DTI ratio.

<table>
<tr><th colspan="2">APPRAISAL, PROPERTY, TITLE & INSURANCE</th></tr>
<tr><td>Appraisals</td><td>
All transactions require a new appraisal.
All loans shall have an appraisal performed by an independent unbiased appraiser as part of the credit decision making process. All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. Appraisals must be completed on the appropriate form and include proper documentation, and legible exterior / interior photos including but not limited to all bedrooms and bathrooms. Changes or alterations made to an appraisal (including value estimate) must be completed by the original appraiser. The appraisal must be ordered in a manner compliant with Dodd-Frank's AIR requirements and with REMN WS as intended user. REMN WS will permit the use of previously completed report(s) provided all other requirements of this section including regulatory compliance are met. For each transferred appraisal, the following criteria must be met:

A copy of the appraiser's current license, to be independently verified by REMN WS
A copy of the appraiser's current E&O Policy with sufficient coverage name the appraiser as insured
The AIR certificate confirming compliance with Dodd-Frank AIR requirements
The AMC to provide an assignment of appraisal to REMN WS. In lieu of this requirement the AMC's business license must be independently verified by REMN WS.
A Collateral Desktop Analysis (CDA) with a variance between 0% and positive 10%, inclusive

Note: The ECOA Valuations Rule requires copies of appraisals and other written valuations be delivered to the borrower promptly upon completion, or three (3) business days before consummation, whichever is earlier.
Number of Appraisals Required
The table below addresses the number of appraisals for a file. Any requirements per regulation (such as HPML) supersede this requirement.
<table>
<tr><th colspan="2">Appraisal Requirements</th></tr>
<tr><th>Loan Amount</th><th>Requirement</th></tr>
<tr><td>≤ $2,000,000</td><td>One (1) full appraisal</td></tr>
<tr><td>> $2,000,000</td><td>Two (2) full appraisals</td></tr>
</table>
Age of Appraisal
As of the date of closing, the appraisal report(s) may not be more than 120 days old. A recertification of value is acceptable to extend the expiration date of the report provided the original report is not more than 180 days old as of the date of closing.
Determining Collateral Value
Collateral valuations impact the determination of the loan-to-value ratios, as well as approval and identification of exceptions. Loans wherein the best usage is as a "tear down and replace" are not eligible. The methods for determining collateral value are different for purchase versus refinance transactions (see below). In instances where two full appraisals are completed, utilize the lower of the two.
Purchase Transaction
The collateral value is based upon the lesser of the sales price (minus concessions or excess contributions) or the appraised value.
Refinance Transactions
When the subject property has been purchased in the past nine (9) months, the lesser of the current appraised value or the purchase price will be used to calculate the LTV/CLTV. Ownership date is measured from the date of acquisition (or Settlement Statement or Closing Disclosure closing date) to the application date of the subject mortgage.
If the subject property has been owned more than nine (9) months, the current appraised value is utilized.
Appraisal Review Requirements
</td></tr>
</table>

	All loan files must contain a full appraisal report and a minimum of one of the following additional valuation options: • Collateral Underwriter (CU) • Collateral Desk Analysis (CDA) If utilizing Collateral Underwriter (CU), the CU score must be reviewed. If the CU score is less than or equal to 2.5, then no additional appraisal review products are required. If the CU score exceeds 2.5 or there is no CU score, a CDA within a variance of 10% is required. If the variance between the CDA and appraisal is greater than 10%, a field review and/or second appraisal must be provided. **NOTE**: The > 10% variance rule applies when the CDA variance is reflecting a lower value than the property appraisal. If the CDA variance is reflecting a higher value than the property appraisal, the property appraisal is fully supported, and a field review is not necessary. In cases where a field review or second appraisal is required due to the CDA exceeding the 10% tolerance, the original appraised value must be supported within a 10% tolerance and the LTV/CLTV would be based on the original appraised value (if using a second appraisal, LTV/CLTV would be based on the lower of the two appraisal reports). **Note**: The maximum number of supporting valuation products for any appraisal is two (2) products.
Condominiums	All condo projects, regardless of the type of approval, must be submitted to the Project Standards group for registration and approval. The project will require upfront validation from the Project Standards group to ensure maximum exposure in the project (5%) has not been exceeded. A condominium is a form of ownership where the borrower has title to their individual unit along with an undivided share of the condo's common elements. Condominium applications submitted should be warrantable to Fannie Mae's full review criteria. The following documentation must be provided for condo submissions: • Condo questionnaire (either short form or full form depending on the review being completed) • Master insurance certificate including all required coverages-See Insurance • Current Budget (when utilizing a full review) • Recorded declarations/CC&R's and by-laws (when project does not meet established criteria) • Other documentation as required by underwriting to complete project review Detached Condos and 2-4 Unit Condo projects follow Fannie Mae's guidelines. **Eligible Project Review Types** • Standard Fannie Mae Full Project Review • Limited Project Review • Fannie Mae Project Eligibility Review Service (PERS) – New and existing condominium project approvals are acceptable. Evidence of the PERS final project approval must be current through the Note date and included in the Mortgage loan file. • Condominium Project Manager (CPM) – The project must have a valid, unexpired CPM Seller Certification as of the date of the Note and a copy must be in the Mortgage Loan file. The CPM status designation must reflect a designation that is eligible for sale to Fannie Mae. In addition, there must be not be any change of circumstances since the project information was submitted to CPM that would result in the project's not satisfying Fannie Mae's or REMN WS eligibility criteria. **Ineligible Project Review Types**: • Loans requiring exceptions from any of the following: Freddie Mac Condo Project Advisor, Fannie Mae Credit Variance Administration System, Fannie Mae Project Eligibility Waiver (PEW) • Projects labeled as Unavailable under Fannie Mae Condo Project Manager (CPM) **Ineligible Project Types** • Cooperatives

	• Live/Work Projects • Projects which include manufactured housing • A condominium project with no master insurance policy for the project • Condominiums with significant deferred maintenance and unsafe conditions • Conversion condominium projects that have not been fully-converted or do not meet these guidelines or Fannie Mae guideline requirements • A condominium project which contains more than 35% of its total space dedicated to non-residential or commercial use • Projects in which a single entity owns more than the limits established below: ○ Projects with 21 units or more with 20% or more of the units owned by one (1) entity ○ Projects with 5-20 units with more than two (2) units owned by one (1) entity. **Ineligible Project Lists** • The project must be checked against both Fannie Mae's and Freddie Mac's ineligible project lists. If the project is on either list, the loan is ineligible. • **Note:** If the project is on an ineligible list, but meets Non-Warrantable Criteria, the project is acceptable. • The Operations Manager has the authority to allow an exception provided the reason is logical (for example, a project that is ineligible due to high Fannie Mae concentration but is eligible for Freddie Mac). If there is any ambiguity, the project must be elevated to a Chief Credit Officer for approval.
Non-Warrantable Condos	Non-warrantable condominiums are eligible based on the following characteristics. See Credit Matrices for FICO/LTV restrictions. *Commercial Space* Subject unit 100% residential. Commercial space in building/project < 50%. Any commercial must be "typical to the marketplace and have no negative impact on marketability. Commercial % determined by appraiser. Commercial entity cannot control HOA. *Completion Status* The project, or the subject's legal phase along with other phases, must be complete. All common elements in the project or legal phase must be 100% completed. At least 50% must be sold or under a bona-fide contract. *Delinquent HOA Dues* No more than 20% of the total units in the project may be 60 days or more past due on the payment of condominium/association fees. *Investor Concentration* Investor concentration in project up to 60%. *HOA Control* *The developer may be in control of the condominium association provided the Master Agreement provides for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time period.* *HOA Reserves* *HOA Budget must include a dedicated line item allocation to replacement reserves of at least 8% of the budget.* *Litigation* *Pending litigation may be accepted on a case-by-case basis. Litigation that involves structural issues, health and safety issues or items that will impact the marketability of the project will not be accepted.* *New Projects* *The project or the subject's legal phase along with other phases must be complete. All common areas in the project must be 100% complete. Minimum of 50% of units must be sold or under contract.* *Single Entity Ownership* *Single entity ownership in project up to 25%.*
Appraisal Management Companies (AMC)	Appraisal must be ordered from one of REMN WS' approved AMC's. Please reference the Approved AMC list at www.remnwholesale.com

<table>
<tr><td>Acreage</td><td>A maximum of fifteen (15) acres is allowed; must be typical for the area and value/marketability is supported with appraisal comparables of similar acreage.</td></tr>
<tr><td>Rural Properties</td><td>For subject properties designated as rural, the appraisal should include comparable properties in similar rural locations and with similar property styles. The appraiser must adequately explain the use of any comparables not meeting these requirements.</td></tr>
<tr><td>Mixed Use Properties</td><td>Mixed Use properties are not eligible for Elite Access Non-QM.</td></tr>
<tr><td>Unpermitted Additions</td><td>Unpermitted additions to a subject property should not be included in the overall square footage of the subject in the appraisal report. In order to include the unpermitted addition, the proper permits must be acquired, and evidence that the addition is covered by an acceptable homeowner’s insurance policy would be required.</td></tr>
<tr><td>Deferred Maintenance</td><td>Minor items of deferred maintenance are acceptable, provided the appraiser does not state that they represent a health and safety hazard. If appraisal is marked as “subject to” rather than “as is” then the required work must be completed prior to closing.</td></tr>
<tr><td>Escrow Holdbacks</td><td>Escrow holdbacks are not eligible for Elite Access Non-QM.</td></tr>
<tr><td>Properties with Security Bars</td><td>Security Bars on windows are a potential safety issue that must be addressed prior to closing. Security bars must comply with local fire codes and meet one of the following conditions:

There must be a “Quick Release” on at least one window in each bedroom. Appraiser must comment on whether or not security bars meet local codes and whether or not there are safety release latches installed and provide photos of the release latches, or
All bedrooms must have adequate egress to the exterior of the home. Appraiser must provide comments
</td></tr>
<tr><td>Deed Restricted Properties</td><td>Deed-restricted properties are not eligible for Elite Access Non-QM, with the exception of properties that meet Fannie Mae age-related deed restriction requirements and properties with deed restrictions specific to developer land-use or building code requirements for a subject development.</td></tr>
<tr><td>Leasehold Properties</td><td>Leasehold properties are not eligible for Elite Access Non-QM.</td></tr>
<tr><td>Land Contracts</td><td>A mortgage transaction where the proceeds are used to pay the outstanding balance under a recorded land contract or contract for deed is not eligible for Elite Access Non-QM.</td></tr>
<tr><td>Recently Listed for Sale</td><td>Rate-Term Refinance: Property must be removed from listing at least one (1) month prior to the application. If the Property was listed within the last six (6) months, LTV will be based on the lesser of the list price or appraised value.
Cash-Out Refinance: Property must be removed from listing at least three (3) months prior to the application. If the Property was listed within the last six (6) months, LTV must be reduced by 5% and will be based on the lesser of the list price or appraised value.

For all transactions where the property was listed within the last six (6) months, the borrower must provide an acceptable motivation letter on their intent to retain the property going forwards.</td></tr>
<tr><td>Declining Markets</td><td>In the event an appraisal indicates a property is located in a declining market, an LTV reduction will be applied to loans >65% LTV as shown in the following chart:
<table>
<tr><th>Property Value</th><th>Demand</th><th>Market Time</th><th>Reduce LTV</th></tr>
<tr><td>Declining</td><td>Shortage or In Balance</td><td>Under 3 Months</td><td>5%</td></tr>
<tr><td>Declining</td><td>Shortage</td><td>3-6 Months</td><td>5%</td></tr>
<tr><td>Declining</td><td>In Balance</td><td>3-6 Months or Over 6 Months</td><td>10%</td></tr>
<tr><td>Declining</td><td>Over Supply</td><td>Over 6 Months</td><td>10%</td></tr>
</table></td></tr>
<tr><td>Title Vesting - Borrower Ownership Interest</td><td>Borrowers may hold title as follows:

Fee Simple – Vesting in the name of the individual(s)
NOTE: Title held as tenants in common requires the ownership percentage to be equal
</td></tr>
</table>

	• Non-Borrowing Spouse – All applicable state laws regarding waiving any property rights must be followed when the transaction involves a non-borrowing spouse with an interest in the property. • All individuals signing the loan application are considered borrowers, and all borrowers must sign the Note. • Additional individuals on the Settlement Statement/Closing Disclosure (CD) are not required to sign the Note (applicable state laws apply). • **Title must be in the borrower's name at time of closing, unless closing in an LLC approved by REMN.** Refinance Transactions • Title to the subject property must be in the borrower's name at the time of application, with the exception of an Inter Vivos Revocable Trust or a Limited Liability Company (LLC) • Inter Vivos Revocable Trust o Title may be held in the name of an inter vivos revocable trust when the borrower is the primary beneficiary and Trustor (or Settler) of the Trust • Limited Liability Company (LLC) o Title held by an LLC that is majority owned by the borrower, must meet continuity of obligation requirements Title held by an LLC only eligible when a deed is executed at closing to change vesting from LLC to borrower's name. **Blind Trust** Blind trusts are not an eligible form of vesting for Elite Access Non-QM. **Land Trusts** Land trusts are not an eligible form of vesting for Elite Access Non-QM. **Limited Liability Company ("LLC")** An LLC is a non-corporate business whose owners actively participate in the organization's management and are protected against personal liability for the organization's debts and obligations. Domestic LLC's are eligible subject to the requirements below. • Investment property transactions only • Must be legal in the state in which the LLC is being formed • LLC must be formed in the same state where property is located • LLC must have been created to manage rental properties only • Title may be held in the LLC; however, the loan application must be made in the individual borrower's name. • All borrowers must sign the Deed of Trust/Mortgage as individuals and as authorized signors of the LLC, therefore the debt will be reported on the borrower's individual credit report. • No more than two (2) owners for an LLC; may be U.S. Citizen or Permanent Resident Aliens • Members of the LLC must be beneficial owners of the property • The operating agreement must provide the term of the LLC and the members authorized to encumber the LLC as guarantors o Organizational meeting minutes may be required if the operating agreement does not clearly identify the powers of the managing partners. • All owners of the LLC (no more than two) are borrowers on the transaction. • LLCs are acceptable in all lending areas and are limited to investment property transactions only Documentation Requirements: • Articles of Organization • Operating Agreement • Unanimous Consent and Resolution to Borrower (must include lender name, loan amount and property address) • SS-4 Form listing tax ID Number

	• Certificate of Good Standing from the applicable Secretary of State's office (print out from sec of state website not acceptable), dated within 60 days of the note date. **The LLC documents must be submitted to REMN underwriting management for approval. LLC approval must be completed prior to the file receiving a clear to close. REMN's underwriter will facilitate LLC approval.** **Partnerships and Corporations** Vesting in the name of a partnership or corporation is not eligible.
Title Insurance	The subject property must be covered by a title insurance policy or other approved form of title evidence issued by a title insurer acceptable to Fannie Mae/Freddie Mac or REMN WS. The title insurer must be qualified to do business in the state where the subject property is located. The title insurance policy must be a current standard form of the American Land Title Association (ALTA) Policy. If applicable in the subject property state, an attorney's opinion letter may be acceptable. The title report/commitment/certification is valid for 120 days. The title insurance policy must insure and protect the mortgagee of the loan and all successors and assigns against: • Unrecorded mechanic's liens, • Unrecorded physical easements, • Facts that a physical survey would reveal, o Water and mineral rights, and o Rights of parties in possession (Vesting). ▪ Tenants under unrecorded instruments; ▪ Buyers under unrecorded instruments. • Additional issues which may be covered by attached Endorsements, o Environmental Protection Lien Endorsement which is required for all loans (Forms: ALTA 8 or 8.1; or CLTA 110.8 or 110.9), o Comprehensive Endorsement and a Location Endorsement required for all loans without surveys (CLTA Form 100 and Form 116), o ARM endorsement, o PUD endorsement, o Condominium Endorsement, o Mineral rights endorsement insuring against loss due to surface entry (CLTA Form 100.29), and o Leasehold Endorsement is required for all leasehold properties. Required Information All files are to contain a 24-month title history from an acceptable source. Transfer date, price, and buyer and seller names on any title transfers that occurred within the previous 24 months must be listed. Title Policy Requirements All loans must be covered by a title insurance policy or other approved form of title evidence that is paid in full, and is valid, binding and remains in full force and effect. • The lien(s) must be insured in the designated position of the most recent holder of the collateral, • The amount of coverage must be equal to the face value of the loan amount, • An ALTA insurance company must issue all title commitments and/or policies with Endorsements. Copies of documents verifying proof of satisfaction or release to eliminate any items on title is retained with the title work, and • Real estate taxes must reflect "not yet due and payable" upon closing. On condominiums and single-family dwellings taxes can only be assessable against the subject unit and it undivided interest in the common areas, and not the project as a whole. Acceptable Title Exceptions • Customary public utility subsurface easements, the location of which are fixed and can be verified. The exercise of rights of easement will not interfere with the use and enjoyment

	of any present improvement of the subject property or proposed improvements upon which the appraisal or loan is based, • Above-surface public utility easements that extend along one or more property lines for distribution purposes or along the rear property line for drainage, provided they do not extend more than 12 feet from the subject property lines and do not interfere with any of the buildings or improvements, or with the use of the subject property; restrictions, provided their violation will not result in the forfeiture or reversion of title or a lien of any kind for damages, or have an adverse effect on the fair market value of the subject property, • Mutual easement agreements that establish joint driveways or party walls constructed on the subject property and on an adjoining property, provided all future owners have unlimited and unrestricted use of them, • Encroachments on one (1) foot or less on adjoining property by eaves or other overhanging projections or by driveways provided there is at least a ten (10) foot clearance between the buildings on the subject property and the property line affected by the encroachments, • Encroachments on the subject property by improvements on adjoining property provided these encroachments extend one (1) foot or less over the property line of the subject property, have a total area of 50 square feet or less, do not touch any buildings, and do not interfere with the use of any improvements on the subject property or the use of the subject property not occupied by improvements, • Encroachments on adjoining properties by hedges or removable fences, and • Liens for real estate or ad valor taxes and assessments not yet due and payable. Survey Requirements If not insured against loss by title insurance, a survey will be provided to the title agent for review and removal of the survey exception. Surveys must be certified, dated, and signed by the licensed civil engineer or registered surveyor performing the survey. The survey must conform to Fannie Mae/Freddie Mac guidelines. A survey is required for a Texas Home Equity Loan.
Hazard Insurance	The subject property must be protected (including when vacant) against loss or damage from fire and other perils with a Homeowners/Master Casualty Policy, through a company, which has an acceptable rating to REMN WS. Hazard Insurance is required for all 1-4 unit attached and detached properties. An individual Homeowners policy is acceptable for 2-4-unit properties. Requirements for Attached PUDs and Condominiums are detailed in separate sections below. The insurance must be in force at the time of closing. The loan file must evidence the existence of insurance for the subject property and project (when applicable) prior to the close of escrow. Acceptable proof would be front and back copy of canceled check, Closing Disclosure showing payment, and receipt for payment of the premium, the insurance binder or the policy with a minimum of 30 days remaining on the policy at the time of funding. The hazard insurance policy must contain a mortgagee clause, naming REMN WS as the loss payee. The insurance must be maintained throughout the duration of the loan. Attached PUD Specific Hazard Insurance Requirement The homeowner may provide insurance protection from either an individual insurance policy or a master insurance policy provided by the HOA using one of the following options: • A master policy provided by the HOA that includes full insurance protection for the individual (both exterior and walls-in) as well as the common areas, • A master policy provided by the HOA that includes coverage for the exterior of the unit as well as common areas, the homeowner must then provide a walls-in policy, or • A master policy provided by the HOA that covers only the common areas. The homeowner must then provide coverage for both the exterior and interior (walls-in) of the unit Either the master policy or the individual unit policy must provide adequate liability coverage in addition to structural coverage Acceptable Rating Categories REMN WS will accept hazard insurance policies from a carrier rated: • A.M. Best Company - “B” or better financial strength rating in Best’s Insurance Reports, • Demotech, Inc. – “A” or better rating in Demotech’s Hazard Insurance Financial Stability Ratings, or

	• Standard and Poor's Inc. – "BBB" or better insurer financial strength rating in Standard and Poor's Rating Direct Insurance Services. REMN WS will accept policies underwritten by Lloyd's of London or Hawaiian Insurance and Guaranty Company even though they are not rated by one of the acceptable rating agencies. In addition, coverage obtained through state insurance plans is acceptable to REMN WS, if that is the only coverage available. Amount of Coverage The amount of coverage must be at least equal to: • Replacement Cost coverage or similar verbiage as stated in the declarations page, or • 100% of the insurable value of the improvements as established by the insurer or coverage amounts as determined by REMN WS' calculation from a full appraisal. REMN WS will not accept hazard insurance policies that limit or exclude from coverage windstorm, hurricane, hail damages, or any other peril normally included under an extended coverage endorsement unless a separate policy or endorsement is obtained that provides adequate coverage for the limited or excluded peril. The separate policy may come from an insurance pool established by a state to cover the limitations or exclusions. Rent Loss Coverage Rent Loss insurance is not required on Full Documentation and Alternate Documentation transactions. For Investor Cash Flow transactions, Rent Loss insurance for the subject property is required and must equal at least six (6) months of local average monthly rents. Blanket policies covering the subject property are permitted. Acceptable Terms Hazard policies may have a term of one year or life of loan. Deductible Minimum deductibles may be dictated by state regulation. The maximum deductible for casualty insurance is 5% of the face amount of the policy. Lender-Placed Coverage REMN WS will lender place insurance (at borrower's expense) on any collateral where the borrower's act of omission or commission nullifies the required insurance coverage.
Condo Insurance Requirements	Master/Blanket Insurance Policy The Homeowners' Association (HOA) must maintain a policy of property insurance, with premiums being paid as a common expense. The policy must cover all of the common elements except for those that are normally excluded such as land, foundation, or excavations. Included common elements may be fixtures, building service equipment, common personal property, and supplies. REMN WS requires the following the following insurance for condominium projects: Hazard Insurance REMN WS will accept condominium hazard coverage as detailed in Fannie Mae's Correspondent Seller Guide, Hazard and Flood Insurance, or coverage which complies with the following: • The Condominium Project must maintain a commercial insurance policy that provides for at least fire and has an extended coverage endorsement. • The policy must cover 100% of the insurable replacement cost of the entire project, including the individual units. • Deductible not to exceed 5% of the policy. If policy provides for a separate wind-loss deductible (either in the policy itself or in a separate endorsement), deductible must not exceed 5% of the policy. • If policy includes a coinsurance clause, REMN WS requires an "*Agreed Amount Endorsement*" to waive the requirement for coinsurance. • Operating reserve accounts must include funds to cover the deductible amounts for the condominium project. Acceptable Rating Categories REMN WS will accept hazard insurance policies from a carrier rated: • A.M. Best Company - "B" or better financial strength rating in Best's Insurance Reports, • Demotech, Inc. – "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, or

	• Standard and Poor's Inc. – "BBB" or better insurer financial strength rating in Standard and Poor's Rating Direct Insurance Services. REMN WS will accept policies underwritten by Lloyd's of London or Hawaiian Insurance and Guaranty Company even though they are not rated by one of the acceptable rating agencies. In addition, coverage obtained through state insurance plans is acceptable to REMN WS, if that is the only coverage available. Amount of Coverage Policy must include one of the following endorsements to ensure full insurable value replacement cost coverage: • A "*Replacement Cost Endorsement*," under which the insurer agrees to pay up to, but no more than, 100% of the property's insurable replacement cost, or • A "*Replacement Cost Endorsement*," under which the insurer agrees to replace the property up to a specified percentage over the policy limit, or agrees to replace the property regardless of the cost Insurance should cover replacement cost of the project improvements, including the individual unit. Coverage does not need to include land, foundations or excavations or other items that are usually excluded from insurance coverage REMN WS will not accept hazard insurance policies that limit or exclude from coverage windstorm, hurricane, hail damages, or any other peril normally included under an extended coverage endorsement unless a separate policy or endorsement is obtained that provides adequate coverage for the limited or excluded peril. The separate policy may come from an insurance pool established by a state to cover the limitations or exclusions. Condo Flood Insurance REMN WS will accept condominium flood insurance as detailed in Fannie Guide. Condo Title Insurance REMN WS will require condominium title insurance as detailed in Fannie Mae's Correspondent Guide. Fidelity Fidelity insurance is required for condominium projects consisting of more than 20 units. In those states that have statutory fidelity insurance requirements, REMN WS will accept the state fidelity insurance requirements. The following requirements apply: • The owners' association must have blanket fidelity insurance coverage for anyone who either handles (or is responsible for) funds that it holds or administers, whether or not that individual receives compensation for services, • The insurance policy should name the owners' association as the insured, • A management agent that handles funds for the owners' association should be covered by its own fidelity insurance policy, which must provide the same coverage required by the HOA, and • The fidelity insurance policy should cover the maximum funds that will be in the custody of the owners' association or its management agent at any time while the policy is in force. Directors and Officers Liability Insurance The owners' association must have blanket Directors and Officers insurance policy payable to the Directors and Officer of a company or to the Organization(s) itself as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers such loss as a of a legal action brought for alleged wrongful acts in their capacity as directors and officers. Such coverage can extend to defense costs arising out of criminal and regulatory investigations/trials as well; in fact, often civil and criminal actions are brought against directors/officers simultaneously. • The minimum policy is to cover $1 million per occurrence • Maximum $25,000 Deductible Liability Insurance The HOA must maintain a commercial general liability insurance policy for the entire project, including all common areas and elements, public ways, and any other areas that are under its supervision. This insurance should also cover commercial spaces that are owned by the HOA, even if they are leased to others. The commercial general liability insurance policy should provide coverage for bodily injury and property damage that result from the operation, maintenance, or use of the project's common areas and elements.

	• The amount of coverage should be at least $1 million for bodily injury and property damage for any single occurrence and the owners' association must be the named insured. • If the policy does not include "severability of interest" in its terms, REMN WS requires a specific endorsement to preclude the insurer's denial of a unit owner's claim because of negligent acts of the owners' association or of other unit owners. • The policy should provide for at least ten days' written notice to the owners' association before the insurer can cancel or substantially modify it. For condominium projects, similar notice must also be given to each holder of a first mortgage on an individual unit in the project. *Additional Coverage* The association must also carry any additional coverage commonly required for developments similar in construction, location and use, including the following where applicable and available: • An Umbrella/Excess liability policy is required for projects with elevators. • Comprehensive automobile liability, • Bailee's liability, • Elevator collision liability, • Garage keeper's liability, • Host liquor liability, • Workers' compensation and employer's liability, and • Contractual liability. The insurer's limit of liability per occurrence for personal injury, bodily injury or property damage under the terms of the above coverages must be at least $1 million and the owners' association must be the named insured.
Flood Insurance	Flood insurance is required for any property located within any area designated by the Federal Emergency Management Agency (FEMA) as an Area of Special Flood Hazard. This is typically denoted as Flood Zone A or Zone V (coastal areas). Properties in Flood Zone A or V must be located in a community which participates in the FEMA program to be eligible for financing. Flood insurance is required to be escrowed. Flood Zone Determination Determination whether a subject property is in a flood zone must be established by a Life of Loan Flood Certificate provided by the Federal Emergency Management Agency (FEMA). In addition, the appraisal report should accurately reflect the flood zone. REMN WS requires that a completed Life of Loan Flood Certificate (FEMA Form 81- 93) be in the file. Coverage and Deductibles If the subject property is located in a Special Flood Hazard Area, flood insurance is required and maintained as follows: • Buildings and improvements in Flood Zone A (lettered or numbered) or Zones V1 through V30 must have flood insurance, • Minimum flood insurance coverage must be the lower of: ○ 100% of replacement cost of dwelling, ○ The maximum insurance available from the National Flood Insurance Program (NFIP), or ○ The unpaid principal balance (UPB) of the mortgage. • Deductibles permitted up to the maximum deductible available under the National Flood Insurance Program (NFIP), • The borrower's name and the subject property must be on the flood insurance application or binder, • The flood insurance policy must contain a mortgagee clause, naming REMN WS as the loss payee, • Evidence of coverage must be provided at closing; (for refinance transactions, if an existing flood insurance policy is in place and the expiration date of the policy is less than 30 days from the closing date of the transaction, then an updated flood insurance policy is required),

	The insurance must be maintained throughout the duration of the loan. REMN WS will force place flood insurance if a borrower allows a policy to lapse or if it is determined that the current coverage is inadequate. The flood insurance requirement may be waived if the borrower obtains a letter from FEMA, Letter of Map Adjustment ("LOMA") stating that its maps have been amended so that the subject property is no longer in an area of Special Flood Hazard. The appraisal report and flood determination form should be amended by the appropriate vendors to accurately reflect the change to the flood zone.
Catastrophic Insurance	In specific geologic locations, catastrophic events may occur on a more regular basis. If the subject property is located within these areas, additional insurance may be required. Examples of catastrophic insurance are: • Hurricane Insurance, • Earthquake Insurance, and • Lava Insurance Earthquake insurance is required if the appraisal report or any other document (survey or title work) indicates the subject is located on or in close proximity to a fault or seismic study area. If no mention is made regarding earthquake exposure, insurance should not be required. The maximum insurance deductible allowed is 10%.