1099 ONLY (1YR & 2YR) ALT INCOME DOCUMENTATION [2, 7, 8]

1-4 Unit Primary [9]; 1-Unit Second Home; 1-4 Unit Investment Property [6]

PRODUCT DESCRIPTION: The 1099 ONLY product is for borrowers who are paid in the form of commissions or as an independent contractor and receive 1099(s).

THIS IS A QUICK GUIDE FOR THE 1099 ONLY PROGRAM. REFER TO FULL GUIDELINES FOR ACCESS WHICH SUPERSEDE THIS DOCUMENT.

Purchase and Rate/Term Refinance

<=$1,000,000 [1]			
	Owner Occupied	Second Home	Investment
FICO	Alt-Doc	Alt-Doc	Alt-Doc
740	90% [7]	85%	80%
720	90% [7]	85%	80%
700	90% [7]	85%	80%
680	85%	80%	80%
660	80%	80%	80%
640	75%	75%	75%
620	70%	70%	70%
<=$1,500,000			
	Owner Occupied	Second Home	Investment
740	85%	85%	80%
720	85%	85%	80%
700	85%	85%	80%
680	85%	80%	80%
660	80%	80%	75%
640	75%	75%	75%
620	70%	70%	70%
<=$2,000,000			
	Owner Occupied	Second Home	Investment
740	85%	80%	80%
720	85%	80%	80%
700	85%	80%	80%
680	80%	80%	80%
660	75%	70%	70%
640	70%	65%	65%
<=$2,500,000 [5]			
	Owner Occupied	Second Home	Investment
740	85%	80%	80%
720	85%	80%	80%
700	80%	80%	80%
680	80%	75%	75%
660	70%	70%	65%

Cash Out Refinance [3, 4, 8]

<=$1,000,000 [1]			
	Owner Occupied	Second Home	Investment
FICO	Alt-Doc	Alt-Doc	Alt-Doc
740	80%	80%	80%
720	80%	80%	80%
700	80%	80%	80%
680	75%	75%	75%
660	75%	75%	70%
640	70%	65%	65%
620	65%	65%	65%
<=$1,500,000			
	Owner Occupied	Second Home	Investment
740	80%	80%	80%
720	80%	80%	80%
700	80%	80%	80%
680	75%	75%	75%
660	75%	75%	70%
640	65%	65%	65%
620	65%	65%	65%
<=$2,000,000			
	Owner Occupied	Second Home	Investment
740	80%	80%	80%
720	80%	80%	80%
700	80%	80%	75%
680	75%	75%	75%
660	70%	70%	70%
640	60%	55%	55%
<=$2,500,000 [5]			
	Owner Occupied	Second Home	Investment
740	80%	80%	75%
720	80%	80%	75%
700	80%	80%	75%
680	75%	75%	75%
660	65%	65%	65%

MATRIX CONTINUED

<=$3,000,000 [5]			
	Owner Occupied	Second Home	Investment
740	80%	80%	80%
720	80%	80%	80%
700	75%	75%	75%
680	75%	75%	75%
<=$3,500,000 [5]			
	Owner Occupied	Second Home	Investment
740	75%	60%	N/A
720	75%	60%	N/A
700	70%	N/A	N/A

<=$3,000,000 [5]			
	Owner Occupied	Second Home	Investment
740	75%	75%	75%
720	75%	75%	75%
700	75%	75%	75%
680	75%	75%	75%
<=$3,500,000 [5]			
	Owner Occupied	Second Home	Investment
740	65%	N/A	N/A
720	65%	N/A	N/A
700	60%	N/A	N/A

FOOTNOTES

1. Minimum loan amount $125,000
2. Max DTI is 50%
3. Max Cash Out Refinance Limits:
   • For LTVs 65% and lower, unlimited cash-out funds
   • For LTVs > 65%, $1MM total cash-out funds
4. See Texas Cash Out Refinances a/k/a Texas Home Equity Loans for full details regarding Texas Home Equity Section 50(a)(6) eligibility.
5. Loan amounts >$2MM require Credit Committee approval; **NO EXCEPTIONS TO MAX LOAN AMOUNTS**
6. Non-Warrantable Condo transactions limited to 80% Max LTV
7. Interest Only is capped at 85% LTV max with min 700 FICO
8. Non-Permanent Resident Alien borrowers:
   • Max 80% LTV
   • Purchase & Rate-Term Refinances only; Cash- Out ineligible
9. 2-4 Unit Properties – Max 85% LTV

GUIDELINES

Credit Requirements	Use the middle score of the primary income earner. A borrower's documented income may not be excluded to determine the primary income earner on a file. Borrowers with only one (1) bureau reporting are not eligible. Each borrower must have three trade lines and a credit history covering 24 months. One trade line must have been open and active within the last 6 months. At least one trade line must be seasoned for 24 months.
Age of Documents	Asset statements are generally valid for 120 days. Asset statements provided must cover at least 60 days. The title report/commitment/certification is valid for 120 days. The credit report is good for 120 days from report date to note date. CPA Letter is valid for 60 days. Paystub within 120 calendar days of funding.
Qualifying Rates	Note that these requirements are superseded by any regulatory requirements such as HPML, unless exempt by definition. **Fixed Rate Loans:** Loans are qualified at the note rate **Fully-Amortized ARM Loans:** Qualified at the greater of the Note rate or the index plus margin, using the full term of the loan. **Interest Only Loan:** 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 ○ For 40-year loan – use a 30-year term and the Note rate* to simulate the qualifying payment. *For IO ARMs, use the greater of the Note rate or fully-indexed rate (index + margin) Interest Only loans will require a minimum 700 FICO. Interest Only is capped at max LTV of 85% or the max LTV defined by the eligibility matrix, whichever is less.

GUIDELINES	
Eligible Borrowers	Eligible Borrowers include United States Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens, First Time Home Buyers, and Non-Occupant Co-Borrowers. Non-Permanent Resident Aliens are eligible for purchase and Rate-Term Refinance transactions only with a maximum LTV of 80%. Cash-Out Refinances are not eligible. See full guidelines for eligible visa types and additional requirements. FTHB Eligible with one of the following: Document a 12-month rental history (documented via cancelled checks, paid by the borrower or an institutional VOR completed by a management company; private party/landlord VORs are not an acceptable form of documentation) within the 3 years prior to application showing 0x30. Payment shock requirements must be applied. If a FTHB is living rent-free or cannot document their 12mo housing history, the following eligibility criteria must apply in lieu of payment shock (80% max LTV, 680 minimum FICO, primary residence only, reserves must be borrower sourced, LOX from owner/leaseholder of borrower's current address verifying rent free status). Non-Occupant Co-Borrowers are eligible under the below guidelines. ▪ Primary Residence Only ▪ 1-Unit Only ▪ Purchase and Rate/Term Refinance Transactions Only ▪ Max Loan Amount $1,500,000 ▪ Max 80% LTV ▪ LTV reduced by 5% ▪ This is exclusive of the 80% Max LTV. A loan which would be 85% must be reduced to 80% and would be acceptable. A loan which would be 80% must be reduced to 75% ▪ The occupant borrower must contribute 50% of the total income required to qualify and front-end HTI may not exceed 60%. Income and assets are fully blended to determine back-end DTI of 50%. Non-occupant co-borrower may contribute remaining funds to close and reserves
Ineligible Borrowers	▪ Borrowers with diplomatic immunity ▪ Borrowers without a social security number or a number that cannot be validated with the SSA. ▪ Life Estate ▪ Non-revocable trust – **no exceptions** ▪ Guardianships ▪ Borrowers previously convicted of mortgage fraud ▪ Broker company employees and owners
Eligible Properties	▪ 1-4 unit attached and detached properties (Max LTV of 85% for 2-4 unit properties) ▪ Attached and detached PUDs ▪ Attached and detached Condos which are warrantable under Fannie Mae/Freddie Mac criteria. ▪ Non-Warrantable Condos with one Non-Warrantable feature (see Non-Warrantable Condo section). Max 80% LTV. Pricing adjustments apply ▪ Properties with an Accessory Unit (ADU) must meet Fannie Mae/Freddie Mac criteria. SFR with 2 ADUs are permitted only if the following criteria are met: appraiser confirms compliance with local regulations, appraiser provides a minimum of 2 comparable properties with 2 ADUs, the value and/or income from only one unit may be used ▪ 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). ▪ Rural properties are eligible as primary residence or second homes only. Investment properties are not eligible. Must be primarily for residential use. Property must not be agricultural or provide a source of income to the borrower. Lot size and acreage must be typical for the area and similar to the surrounding properties. Present use as per the appraisal must be the highest and best use for the property. Maximum 75% LTV/CLTV. See Agriculturally Zoned Properties section of full guides for exception cases.
Ineligible Properties	▪ Acreage greater than 20 acres (appraisal must include total acreage) ▪ Mixed Use Properties ▪ Log Homes ▪ Manufactured housing/Modular homes ▪ Properties subject to oil and/or gas leases ▪ Unique properties ▪ Working farms, ranches, or orchards or hobby farms ▪ Co-ops ▪ Properties in Lava Zones 1 and 2 ▪ Properties with a condition rating of C5 or C6

GUIDELINES	
Geographic Eligibility	The Access product suite is eligible in ALL states. No state subprime or equivalent allowed. Loans that fall under the definition of New York Subprime Home Loan are not eligible for the product. In the event an appraisal indicates a property is located in a declining market, a 5% LTV reduction will be applied.
# of Properties Owned	Loan/Property restrictions per borrower are as follows: • Borrowers are collectively limited to eight (8) loans either issued or purchased by REMN/HBFS not to exceed $10,000,000. If greater than four (4) loans, then REMN WS Credit Committee approval is required • Borrowers with > 15 properties are not eligible for any second home or investment property transaction (purchase, rate/term, or cash-out). This is an aggregate based on all borrowers, and includes commercial properties and properties owned free and clear • Borrowers may have REMN/HBFS 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 management approval
Pre-Payment Penalties	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. Eligible states for PPP are AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL*, IN, KS, KY, LA, MA, ME, MD*, MO, MT, NC, ND, NE, NH, NJ*, NV, NY, OK, OR, PA*, SC, SD, TN, TX, UT, VA, VT, WA*, WI, WY *State Specific Limitations Illinois – PPP permitted only when closing in an LLC or a corporation Maryland – Note must include Choice of Law – Title 12, Subtitle 10 Credit Grantor provisions New Jersey – PPP permitted only when closing in a corporation Pennsylvania – Minimum loan balance of $312,159 required to allow PPP on 1-2 unit properties Rhode Island – Max 1 year prepay period. Purchase transactions must have a Flat-Pay structure Washington – PPP permitted only on fixed rate transactions
Reserves	Loan amount up to $1.5MM – 6 months PITIA Loan amount above $1.5MM up to $2MM – 9 months PITIA Loan amount above $2MM up to $3.5MM – 12 months PITIA Other real estate owned – 2 months of each property PITIA
Gifts	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 5% of the purchase price from their own funds, except as otherwise specified. A purchase of a primary residence with an LTV ≤80 does not require a borrower contribution, except as otherwise specified. Gift funds are eligible on primary, second, and investment properties. For second home and investment properties, the borrower must contribute 5% of the purchase price from their own funds if the LTV > 75%. No minimum borrower contribution is required for LTV ≤ 75%.

GUIDELINES	
Seller Concession	On a primary or second home, 9% up to 75% LTV and 6% to 90% LTV; On an investment property, 6%.
Appraisals	Appraisals may not be more than 120 days old as of the note date. All transactions require a new appraisal. Appraisals must be ordered through a REMN approved Appraisal Management Company. **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. *Rate/Term Refinance Transaction* For properties owned less than 12 months as of the application date, current value may be used provided the value is supported both by appraisal and a CDA with a variance <=10%. If value not supported, use lesser of purchase price plus documented improvements or market value. If more than 12 months, use market value *Cash-Out Refinance Transaction* For properties owned less than six months (Note to Note), the LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraisal value. Proof of improvements are required. Proof of purchase is required as evidenced by final CD from the property purchase. For properties owned less than 12 months, but greater than or equal to six months as of the application date, current value may be used provided the value is supported both by appraisal and a CDA with a variance <=10%. If value not supported, use lesser of purchase price plus documented improvements or market value. If more than 12 months, use market value. In instances where one appraisal is required, the CU and/or LCA score must be reviewed. If the CU and/or LCA score is less than or equal to 2.5, no additional appraisal review products are required unless otherwise specified. If the CU and/or LCA score exceeds 2.5 or there is no CU and/or LCA score, a CDA with a variance less than 10% is required. If the variance between the CDA and the appraisal is greater than 10%, a field review must be performed. **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. If the value of the field review is within 5% of the value of the appraisal, utilize the lower of the two. If the value is outside of 5% of the appraised value, complete a second full appraisal. Loan amounts above $1.5MM and up to $2MM may not utilize the CU and/or LCA score in lieu of obtaining a CDA. In the event of two appraisals, the lower of the two values will be utilized and a CDA is not required unless otherwise specified in these guidelines. **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 ▪ If the appraisal is a transferred appraisal, the AMC must 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. ▪ The AIR certificate confirming compliance with Dodd-Frank AIR requirements ▪ A desk review from the Appraisal Department **Appraisal Requirements:** Up to and including $2,000,000 – One Appraisal Above $2,000,000 – Two Appraisals HPML Loan with a Flipped Property* – Two Appraisals (Borrower is not permitted to pay for 2nd appraisal) **For HPML loans, the borrower must provide evidence of receipt of the appraisal(s) or 3 calendar days must have elapsed since delivery of the appraisal(s) report.*

GUIDELINES	
Product Eligibility	▪ The 1099 Only product is for Borrowers who are paid in the form of commissions or as an independent contractor and receive 1099(s). ▪ The Borrower's primary income source (>50% of qualifying income) must be income from 1099(s). ▪ The 1099(s) provided should cover a complete calendar year. If the Borrower converted from W-2 to 1099 during the previous year, use the W-2 to 1099 guidelines. ▪ A borrower who is an independent contractor and receives a portion of their income as W2 may have the W-2 income included in the income calculation if a CPA/EA/licensed tax preparer letter (good for 60 days) is provided verifying the W-2 income is not the result of other employment income. ▪ Two year's employment history must be verified via either a written VOE, CPA 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.
Recent Conversion from W-2 to 1099	A borrower who has converted from a W-2 employee to a 1099 employee, and has not filed tax returns 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 when they were 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 employment.

Documentation Requirements	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:
	    • A check stub or checks showing receipt of YTD income, or
	    • 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
	
	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%.

1099 ONLY Income Calculation	**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.