DSCR Plus (Non-QM)

Loans Registered On or After August 24, 2026

30 Year Fixed Rate

DSCR Plus			
1-4 Unit Investment Property Minimum DSCR 1.00			
$125,000[1] to $150,000			
	Purchase	Rate/Term	Cash-Out[2]
FICO	LTV	LTV	LTV
740	75%	75%	75%
720	75%	75%	75%
700	75%	75%	75%
$1,000,000			
	Purchase	Rate/Term	Cash-Out[2]
FICO	LTV	LTV	LTV
740	80%[3]	80%[3]	75%
720	80%[3]	80%[3]	75%
700	80%[3]	80%[3]	75%
$1,500,000			
	Purchase	Rate/Term	Cash-Out[2]
FICO	LTV	LTV	LTV
740	80%[3]	80%[3]	75%
720	80%[3]	80%[3]	75%
700	80%[3]	80%[3]	75%

Footnotes:

1. Minimum loan amount is $125,000
2. Maximum cash-out $750,000
3. Non-warrantable condos maximum 75% LTV

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<table>
<tr><th colspan="2">DSCR Plus Underwriting Guidelines</th></tr>
<tr><td>General</td><td>

DSCR Plus is eligible for investment properties only
No income or employment is verified; qualification is determined by the debt service coverage ratio (DSCR) of the subject property. Refer to the Debt Service Coverage Ratio topic for complete details
DSCR Plus transactions are not subject to ATR, QM, or HPML requirements as they are considered business purpose loans
Proceeds from a cash-out transactions may ONLY be used for business purposes; the proceeds cannot be used to pay off any consumer debt
At least one borrower must have a documented 12 month history of owning and managing rental properties. See Borrower Eligibility – Additional Requirements topic for complete requirements and exception to this requirement
The tenant of the property cannot be a family member of the borrower (including a family member living in the property as a tenant rent free)
Subordinate financing ineligible
Topics not addressed in these guidelines, Fannie Mae policy applies

</td></tr>
<tr><td>DSCR Plus Specific Forms</td><td>Borrower Affidavit – DSCR Plus Transactions: Signed by borrower(s)</td></tr>
<tr><td>4506-C/Tax Return</td><td>N/A</td></tr>
<tr><td>Age of Documents</td><td>

Asset documentation must be no more than 90 days old as of the Note date
The credit report cannot be more than 120 days old as of the Note date
The appraisal(s) may not be more than 120 days old as of the Note date. A recertification of value is allowed to extend the expiration date of the report provided the original report is not more than 180 days old as of the Note date
Title commitment cannot be more than 120 days old as of the Note date

</td></tr>
<tr><td>Appraisals</td><td>

All transactions require a new full appraisal

<table>
<tr><th colspan="2">Appraisal Requirements</th></tr>
<tr><th>Loan Amount</th><th>Requirement</th></tr>
<tr><td>≤ $1,500,000</td><td>One (1) full appraisal</td></tr>
</table>

Appraisals are subject to the requirements detailed in the chart on the following pages

(cont. on next page)
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</table>

Appraisals (cont.)

One Appraisal: 1-Unit Properties
Title Acquired 6 Months or Longer (Deed date to Purchase Contract Date) OR
Property Owned < 6 Months (Deed date to Note date of rate/term refinance) AND
Value Increased 25% Or Less

Transaction Type	IF:	THEN:
All Types	The FNMA CU **OR** FHLMC LCA risk score is ≤ 2.5 **AND** the risk flag is **not** high:	No further action is required
	The FNMA CU **OR** FHLMC LCA risk score is ≤ 2.5 **AND** the risk flag **is high**:	The appraisal requires a review by the Homebridge Appraisal Dept. An additional valuation product may be required
	The FNMA CU **AND** FHLMC LCA risk score are **both** > 2.5: **Reminder:** **Cash-out transaction and the property owned < 6 months are ineligible**	A CDA, ordered by Homebridge, is required and the following applies: • If the CDA variance is ≤ 10% of the appraised value, the appraisal is acceptable subject to Homebridge UW review • If the CDA variance is > 10%, the CDA and appraisal must be sent to the Homebridge Appraisal Dept. The Appraisal Dept. will order an AVM - If the AVM value is within 10% of the appraised value, the appraised value can be used to determine the LTV - If the AVM variance is > 10% of the appraised value **OR** the confidence score is determined unacceptable by the Appraisal Dept. the LTV is determined as follows: ○ **Purchase**: Lesser of sales price or AVM ○ **Rate/Term**: AVM value ○ **Cash-Out owned ≥ 6 months**: AVM value **NOTE:** Brokers have the option to order a second appraisal at Broker cost. The second appraisal is subject to Homebridge review and approval**. If acceptable the lower of the two values will be used**

Rapid Appreciation
One Appraisal: 1-4 Unit Properties
Title Acquired < 6 Months (Deed date to Purchase Contract date) OR
Property Owned < 6 Months (Deed Date to Note Date of rate/term refinance) AND
Value Increased More Than 25%

Transaction Type	REQUIREMENT:	THEN:
Purchase and Rate/Term Refinance	An AVM, obtained by the Homebridge Appraisal Dept. is required **Reminder:** **Cash-out transaction and the property owned < 6 months are ineligible**	• If the AVM value is ≤ 10% of the appraised value, the appraisal is acceptable. • If the AVM variance is > 10% of the appraised value **OR** the confidence score is determined unacceptable by the Appraisal Dept. the loan is **ineligible.** **NOTE:** Brokers have the option to order a second appraisal at Broker cost. The second appraisal is subject to Homebridge review and approval. **If acceptable the lower of the two values will be used**

Appraisals (cont.)

One Appraisal: 2-4 Unit Properties OR CU/LCA Risk Score Not Received

Transaction Type	IF:	THEN:
All Types	Transaction involves a 2-4 unit property **OR** CU or LCA score not received **IMPORTANT NOTE:** If the transaction is subject to the requirements stated in **Rapid Appreciation**, **then ONLY the requirements in that topic apply** **Reminder:** **Cash-out transaction and the property owned < 6 months are ineligible**	A CDA, ordered by Homebridge, is **required** and the following applies: • If the CDA variance is ≤ 10% of the appraised value, the appraisal is acceptable subject to Homebridge UW review • If the CDA variance is > 10%, the CDA and appraisal will be sent to the Homebridge Appraisal Dept. and the Appraisal Dept. will order an AVM - If the AVM value is ≤ 10% of the appraised value, the appraisal is acceptable. - If the AVM variance is > 10% of the appraised value **OR** the confidence score is determined unacceptable by the Appraisal Dept. the LTV is determined as follows: ○ **Purchase**: Lesser of sales price or AVM ○ **Rate/Term**: AVM value ○ **Cash-Out owned ≥ 6 months:** AVM value **NOTE:** Brokers have the option to order a second appraisal at Broker cost. The second appraisal is subject to Homebridge review and approval. If acceptable **the lower of the two values will be used**

Transferred Appraisal

Transaction Type	IF:	THEN:
All Types	Transferred appraisal	A Desk Review completed by the Homebridge Appraisal Dept. **required**

Property Flip Transactions

Property flip transactions are subject to the requirements stated above as applicable:

- Title Acquired 6 months or Longer **OR** Rate/Term Refinance and Property Owned < 6 Months **AND** Value Increased 25% **or Less**
- Rapid Appreciation: Title Acquired < 6 Months **OR** Rate/Term Refinance and Property Owned < 6 Months **AND** Value Increased **More Than 25%**

Refer to the Property Flip topic for complete property flip requirements

The subject property must conform to the neighborhood in terms of age, design and materials used for construction. The appraiser must comment on and describe any items that might impact the marketability and make applicable adjustments based on those comments

- Homebridge requires properties to be, at minimum, in average condition
- Properties with a condition rating of C1, C2, C3, or C4 are acceptable in an "as is" condition
  - Properties with a C5 or C6 condition rating may be considered subject to the following:
    - The original appraisal is completed subject to completion of repairs, and
    - Evidence the repairs that caused the C5/C6 rating have been completed, and
    - **An updated appraisal provides a condition rating of, at minimum, C4**
- Properties with a quality rating of Q1, Q2, Q3, Q4, or Q5 eligible; **a quality rating of Q6 is ineligible**
- **Deferred Maintenance**: Considered on a case-by-case basis if the deferred maintenance is minor in nature and does not represent a health and/or safety hazard. "Subject to" items must be described in detail and any required work must be completed prior to closing

Appraisal (cont.)

- Properties with security bars must address any safety issues prior to close. Security bars must comply with local fire codes and meet one of the following conditions:
  - There is a "quick release" on at least one window in each bedroom. The appraiser must comment on whether or not the bars meet local codes and whether or not there is a "quick release", **AND** provide photos of the release latches, **OR**
  - The appraiser must indicate that all bedrooms must have adequate egress to the exterior of the home
- Properties with any of the following conditions are ineligible:
  - Boarded-up,
  - Inadequate foundation that does not meet code,
  - Any property that poses an imminent threat to the health and safety of the occupant
  - Inadequate heating (must be a permanently affixed legal heating system). Exceptions may be made on a case-by-case basis subject to Homebridge management approval
  - No water or public electricity
  - Cantilevered or properties on stilts, posts or piers,
  - Shared services for well, septic, or utilities that are private agreements,
  - Properties showing evidence of mold,
  - Environmental hazards or nuisances
- Refer to the Properties - Ineligible topic for a complete list of ineligible properties.
- Room additions must be permitted. Refer to the Property with an Addition Without Permits topic for complete requirements

Appraisal Requirements

- The appraisal must include all of the following:
  - Street map showing the location of the subject property and all comparable sales used,
  - Exterior building sketch of the improvements indicating dimensions,
  - A floor plan sketch is required along with calculations demonstrating how the estimate for the gross living area was determined,
  - A sketch of the unit that indicates the interior perimeter unit dimensions instead of exterior building dimensions for a condo located in a condominium project,
  - Original color photographs or digital color images of the front, street and rear view of the subject property,

    NOTE: Original digital black and white photographs/pictures are permitted if the appraisal clearly documents the subject property meets Homebridge guidelines.
  - Interior photos of the subject property that include all of the following:
    - Kitchen,
    - All bathrooms,
    - The main living area,
    - Any area with physical deterioration, and
    - Any renovations/improvements.
  - Any other information necessary to provide an adequately supported estimate of the market value must be attached or an addendum to the report
  - An analysis of all agreements of sale, options or listing for the subject property, that are effective as of the date of the appraisal,
  - An analysis of all sales of the subject property that occurred within the 3 years prior to the effective date of the appraisal,
  - A completed Sales Comparison Approach section of the Fannie Mae 1004 Appraisal when any comparable sales used have more than one sale or transfer in the 12 months prior to the effective date of the appraisal,
  - Appraiser comments on any unfavorable conditions (e.g. adverse environmental or economic factors) and how those conditions impact the market value of the property. If such conditions exist the appraiser must include comparable sales that are similarly affected, and
  - A Certification and Statement of Limiting Conditions (Fannie Mae Form 1004B/Freddie Mac Form 439) signed by the appraiser.

Comparable Sales

- Comparable sales should be located within 1 mile of the subject property in urban/suburban areas. If 2 of the 3 comparable sales used by the appraiser are > 5 miles from the subject property the property will be considered rural. The appraiser must provide an explanation for using any comparable outside the subject property neighborhood.

(cont. on next page)

Appraisals (cont.)

- The comparable sales must represent the best market data available to support the property's estimated value and should be as similar to the subject property as possible.
- Comparable sales for a new subdivision or condominium project require a minimum of 1 comparable sale from inside the new subdivision/ project and 1 comparable sale from outside the subdivision/project.
- Comparable sales used must have a recent sales date, preferably within 6 months of the subject property's sale date. Any comparable sales > 6 months old require comment from the appraiser on market conditions. If necessary to use older comparable sales the appraiser must supplement them with pending sales and/or current listing in the subject property neighborhood
- A minimum of 3 closed comparable sales required. The sources of the closed comparable sales used in the appraisal are subject to the following requirements (excluding rural areas and/or Maine, New Hampshire and Vermont; see **NOTE** below).
  - **At least two of the comparables must be from the Multiple Listing Service (MLS)**. The two comparable sales **must**:
    - Be located within the same town or municipality as the subject property, **and**
    - Be considered part of the same market area within that town or municipality as the subject property
    - **On an exception basis**, Homebridge will allow comparables from another town or municipality, however the appraiser must provide substantial commentary on the similarities of the two towns/municipalities and why they are considered comparable markets. The exception request must be approved by the Homebridge Appraisal Dept.
  - The remaining comparable(s) must be from one of the following entities:
    - Comps Inc., or
    - Property Navigator (NY only – formerly GeoData), or
    - PropertyShark (NY only), or
    - StreetEasy (NY only)
  - **If at least two comparable are not from the MLS, a Desk Review, completed by the Homebridge Appraisal Dept., will be required**

    NOTE: Comparables from a **public independent source are eligible** in rural areas **and/or** in Maine, New Hampshire, and Vermont where MLS is not common; the above policy does not apply
- Comparable sales used for new construction properties are subject to the following:
  - If all three of the comparable sales used to support the value of the subject property were obtained from one of the above sources (public source eligible in Vermont and Maine only) no further action is required.
  - If the comparable sales are not all obtained from a MLS, MRIS, MRED, NTREIS, or from an independent source (Vermont and Maine only), the appraiser must comment that the subject property development is being marketed in an "open" or "public" environment (i.e. newspaper advertisements, billboard signs, website, etc.).
  - Additionally, the following applies:
    - One of the comparable sales must be outside the project the subject property is located in and be from on of the above options (public source Maine/New Hampshire/Vermont rural areas only).
    - Two of the comparable sales must be from sources other than the subject property builder.

  NOTE: The appraiser is always allowed to provide more than three comparable sales in order to support the property value.
- **Declining Markets**: A 5% LTV reduction is required if the LTV is > 65%; refer to the Declining Markets topic for requirements
- **Rural Property**: Ineligible
- **Acreage**: Maximum 5 acres; must be typical for the area and value/marketability is supported by appraisal comparables of similar acreage
- **Agricultural:** Agriculturally zoned properties considered on an exception bases only subject to Homebridge management review and approval. Income producing properties (working farms, ranches, orchards, etc.), **h**obby/horse farms are **ineligible**
- Land value subject to Fannie Mae guidelines. The appraiser must comment if typical for the area and current use is highest and best use
- **Properties being used as a board and care home ineligible**
- Properties located in a FEMA Disaster Declaration area are subject to Homebridge standard Disaster Declaration policy

Appraisal Management Companies (AMC)	Appraisal must be ordered from one of the following Homebridge approved AMCs: • ACT Appraisal Management • AMC Settlement Services • Axis Management Solutions • Class Valuation • Fastapp Appraisal Management • Golden State AMC • Nationwide Appraisal Network (NAN) A Stewart Valuation Intelligence Company) • Nationwide Property & Appraisal Services
Assets	**General Asset Requirements** • The borrower must have sufficient liquid assets available for down payment, closing costs, and reserves • One (1) month most recent consecutive statements (all pages) or the most recent quarterly statement required to document assets required for down payment, closing costs, prepaid items and reserves. Asset statements must cover a minimum of 30 days and are valid for 90 days. **NOTE**: A stand-alone VOD is **not eligible** • All funds must be in U.S. dollars and located in U.S. institutions • Any significant disparity between the current account balance and the opening balance may require additional explanation. • All funds from accounts opened for 90 calendar days or less, must be sourced if used for down payment, closing costs, or reserves • **Large or Irregular Deposits**: At Underwriter discretion, recent large deposits that are atypical or inconsistent **OR** account balances that are considerably greater than the average balance over the previous few months may be required to be sourced. If sourcing required, a**n LOE from the borrower and documentation of source of funds must be provided.** **NOTE:** Direct deposits, such as IRS or state income tax refunds, transfer of funds between verified accounts, that are easily identified on the account statement do not require documentation. **Asset Eligibility Requirements** • **Annuities/Cash Value of Whole Life Insurance** - Annuities eligible at 100% of stated value minus any loans. If used for funds to close, documentation of liquidation required • **Borrowed Funds – Secured:** Eligible for asset's already owned by the borrower - A copy of the Note is required to confirm the terms of repayment - The value of the remaining asset must be reduced by the amount of the secured loan balance • **Business Assets** are an acceptable source for down payment, closing costs and reserves when the borrower is subject to the following: - The borrowers on the loan must have a combined 100% interest to utilize business funds. The ownership interest percentage must be documented with a CPA letter. - Evidence the withdrawal of funds will not negatively impact the business required. Acceptable evidence is one of the following: 1. **A CPA letter** (**any other designations are not allowed; CPA required**), **OR** 2. A **cash flow analysis** based on the following: - Determine the business' monthly operating expenses based on either the most recent years tax returns **or** average the deductions using three (3) months business bank statements, **and** - Deduct three (3) months' worth of expenses from current business balance to determine available balance and apply the borrower's ownership percentage to the result to determine eligible business assets - Any funds transferred into personal accounts prior to the application date are eligible without restriction. • **Cryptocurrencies**: Eligible for down payment, closing costs, and reserves. Cryptocurrency must be liquidated and deposited into a U.S. bank/financial institution account. • **Custodial Accounts:** Eligible when documentation is provided stating the borrower has complete access to the funds. 529 accounts **ineligible**

Assets (cont.)

Asset Eligibility Requirements (cont.)

- **Foreign funds** eligible for down payment, closing costs and reserves subject to the following:
  - Documentation that provides proof the funds belonged to the borrower for a minimum of 90 days prior to the transfer, **and**
  - Funds must be transferred into a U.S. bank or deposit account, **and**

    Reminder: Deposits may be subject to exchange rate/country risk
  - Copy of the wire transfer required

    NOTE: On a case-by-case basis Homebridge will consider allowing foreign funds being used to **satisfy reserve requirements** to remain outside of the U.S. in a foreign financial institution subject to Homebridge management review and approval. Refer to Exhibit A Acceptable Bank/Financial Institutions for Foreign Credit and Assets for a list of eligible foreign institutions.
- **Marketable Stocks, Bonds, and Mutual Funds** (net of margin) that are traded on a major market exchange (NASDAQ, NYSE, AMEX) may be used for closing costs and reserves at 100% of the verified market value minus any outstanding margin loans. Liquation requirements are as follows:
  - If the funds are required for closing (e.g. down payment, closing costs) the liquidation of the funds and the ending balance of the account(s) must be documented
  - If the funds are being used to satisfy reserve requirements, liquidation is **not** required
- **Proceeds from Sale of Real Estate:** The closing of the other real estate transaction must take place prior to or simultaneous with the subject closing and net proceeds must be verified with a fully executed CD/settlement statement.
- **Proceeds from the Pending Sale of Real Estate:** Proceeds from a pending sale may use the equity in the property to satisfy reserve requirements, up to 50%, subject to the following:
  - Transaction must be arm's length purchase
  - The sales contract must be provided listing the seller as the owner (individually or though an entity created for their benefit)
  - The transaction must be closing within 90 days of the subject transaction
  - There can be no outstanding financing contingencies, or evidence contingencies have been cleared
  - An estimated settlement statement, prepared by an attorney or closing agent, confirming the estimated proceeds to the borrower,
  - The borrower must provide a letter attesting to the number and amount of outstanding liens on the property
- **Rental or Lease Credits:** Rent/lease credits are not an acceptable source of funds for a down payment
- **Repayment of a Loan**: A lump sum repayment of a loan is eligible as an asset for down payment, closing costs, and reserves provided the initial loan and the repayment can be verified and documented.
- **Trust Account Funds:** Eligible when the borrower has immediate access to the funds subject to the following:
  - A copy of the trust or trust certificate is required, **and**
  - Written documentation of the value of the trust and the conditions under which the borrower has access to the funds must be provided by the trust manager or trustee.
- **U.S. Savings Bonds:** Eligible for down payment, closing costs, and reserves. If used for closing funds and reserves**,** the borrower must provide a list of amount, serial number and maturity dates of the bonds (photocopies should not be requested). Bond value will be based on their purchase price unless the redemption value can be documented

Assets (cont.)	**Asset Eligibility Requirements** (cont.) • **Vested Stock Options:** Eligible for down payment and closing costs if they are immediately available to the borrower. Evidence of liquidation is required if funds are needed for closing. - Vested stock options eligible at 70% of current market value limited to the strike price value for reserves - Document using 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 exercising/selling the optioned stock - If income taxes were not withheld from the net proceeds, the Homebridge underwriter must ensure the borrower will have sufficient cash flow for payment of taxes when they come due **NOTE:** Non-vested stock options are **not eligible** • **Vested Retirement Funds:** Funds from IRAs, Annuities, Keogh, 401(k) accounts are eligible for down payment, closing costs, and reserves subject to the following: - Verification of ownership and receipt of funds from liquidation of assets required when needed to complete the transaction. Any applicable withdrawal penalties must be deducted from the funds and documented. - Funds used for reserves **do not** require proof of liquidation however the terms of withdrawal from the employer's account must be documented - Any existing loans secured by a retirement asset must be deducted from the discounted value of the vested balance - **100%** of the value (minus any loan balances) may be considered to meet reserve requirements for borrowers of retirement age (≥ 59 ½ yrs of age). 80% of the value for borrowers < 59 ½ yrs of age) - Accounts that only allow withdrawal based on the borrower's employment termination or retirement, or death are not considered vested funds and are **not** eligible to satisfy reserve requirements
Assets – Ineligible	Examples of ineligible assets included, but are not limited to: • Anticipated savings, • Unsecured borrowed funds: loan, credit lines, advances against overdraft protection/credit cards, ets • Cash on hand/cash deposits • Community savings plans and lending clubs • Custodial accounts still under the 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: Stocks/bonds that are not traded on a major stock market exchange • Sweat equity (work equity • Restricted securities • Assets generated from any activity that is illegal on a local, state, and/or federal level • Sale of personal property (assets received from the sale of personal property where ownership cannot be documented, e.g. gold, jewelry, etc.) • Non-vested stock options/restricted stock units • Rent/lease credits
Assumptions	Not allowed
AUS	Manual underwrite required

Available Markets

- Available in all 50 states; **not eligible** in U.S. territories including Guam, Puerto Rico, and the Virgin Islands
- **Maryland Transactions ONLY:**
  - **Investment property transactions in the City of Baltimore are ineligible**
  - Investment properties located in the County of Baltimore, but not within the city of Baltimore, are **eligible**
- **Pennsylvania Transactions ONLY:**
  - **Investment property transactions located in the County of Philadelphia are ineligible**
- The MLO must be licensed in the subject property state except as noted below
- **Brokers/MLOs** who are currently **not** licensed in the subject property state may submit a loan under the DSCR Plus program subject to Homebridge management review and approval and the following:
  - Maximum 75% LTV
  - States **ineligible** for unlicensed Broker/MLO submissions are as follows:
    - AK, CA, IA, ID, NE, NV, ND, SD, VT
  - States **eligible** for unlicensed Broker/MLO submissions are subject to the following:

Eligible States Licensing Requirements

State/District	Licensing Requirements
AL, AR, CO, CT, DE, DC, FL, GA, HI, IL, IN, KS, KY, LA, ME, MD, MA, MS, MO, MT, NH, NJ, NM, NY, NC, OH, OK, PA, RI, SC, TN, TX, VA, WA, WV, WI, WY	• No license required in the state where the subject property is located, **however** • The Broker **OR** MLO must have a current license in at least one other state
AZ, MI, MN, OR, UT	**Broker** must be licensed in the state where the subject property is located. An **MLO** license is **not required**

  - **Credit exceptions will not be granted on transactions involving an unlicensed Broker/MLO**

Borrowers – Eligible

- **U.S. Citizens**
- **Permanent Resident Aliens:** Must provide an unexpired I-551 Permanent Resident Card (aka Green Card) issued by the U.S. Citizenship & Immigration Services (USCIS) **OR** a temporary I-551 stamp on an unexpired foreign passport to verify the borrower has been awarded permanent residency in the U.S.
- **Non-Permanent Resident Borrowers –** Eligible subject to the following:
  - The borrower must hold a valid, current E-1 through E-3, EB-5, G-1 through G-5, H-1B, L-1, O-1, R-1, NATO, or TN-NAFTA visa* (these are the **only** eligible visa types)

  NOTE:** Borrowers holding one of the following EAD types are eligible **without a visa:
    - C09, C10, C24, C31, C33
  - The following are required to document the borrower is in the U.S. legally:
    - A copy of the borrower's valid, unexpired passport, **AND**
    - A copy of the borrower's valid unexpired visa (with photograph) **or** EAD, **OR**
    - An I-797 form with valid extension dates and I-94

    NOTE: The above documentation is required even when a non-permanent borrower is applying with a U.S. citizen
  - A valid EAD must be obtained if the visa is not sponsored by the borrower's current employer
  - If the borrower's visa **or EAD** will expire within six (6) months of loan application a letter from the employer confirming the borrower's continued employment and/or continued visa renewal sponsorship must be obtained (**the employer on the loan application must be the same as on the unexpired visa**)
    - A valid social security number (ITIN **ineligible**), **and**
    - Two (2) full uninterrupted years of residence and two (2) years established credit history
- All borrowers are required to have social security number; **ITINs are not eligible**

NOTE: Any inconsistency in the social security number(s) reported require a signed, written explanation from the borrower

Borrower - Eligibility: Additional Requirements	• At least one borrower must have a documented 12 month history of **owning and managing rental properties** (copy of lease, or a CPA letter stating borrower has the management history is acceptable documentation). See **Exception to History of Owning/Managing Rental Property** topic below for exemption to this requirement - Ownership/management of commercial property are acceptable to satisfy the 12 month history requirement - The management history is **not** required to have been in the most recent 3-year period • **Exception to History of Owning and Managing Rental Property**: The requirement for a documented 12 month history of owning and managing rental properties may be waived if the following is met: - Borrower must currently own a primary residence or second home, **and** - Maximum 75% LTV, **and** - Minimum 12 month reserves, **and** - 0x30 in previous 12 months on all housing trade lines as of loan application date, **and** **NOTE:** If the subject property has < 12 months mortgage history, the mortgage must be current with no lates - No mortgage forbearance with a missed payment in the most recent 12 months prior to the application date - At underwriter discretion request a motivation letter or other documentation to establish the loan as a business purpose loan **NOTE:** The above requirements apply to **all** borrowers on the transaction. In the event all borrowers do not meet all the requirements, additional documentation will be required to confirm the transaction is a business purpose loan
Borrowers – Ineligible	• First time home buyers • Borrowers living rent free • Non-occupant co-borrowers • Foreign Nationals • ITIN borrowers • Inter Vivos trusts (revocable and non-revocable), blind trusts, and land trusts (eligible if property is taken out of the trust **prior to** loan closing • Investment trust • Trusts or business entities whose members include other LLCs, corporations, partnerships, or trusts • Trusts or business entities utilizing a Power of Attorney • Guarantor, or co-signer • Borrowers with diplomatic immunity • Borrowers without a social security number or a number that cannot be validated with the SSA. • Life Estates • Guardianships • Borrowers previously convicted of mortgage fraud • Broker company employees and owners • Homebridge employees

Borrower – Ownership Interest/ Title Vesting

Borrowers may hold title as follows:

- **Fee Simple:** Vesting in the name of individual(s)

  NOTE: Title held as tenants in common requires the ownership percentage to be equal
- **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 CD/Settlement Statement are not required to sign the Note (applicable state laws apply)
- **Title must be in the borrower's name at time of closing, with the exception of loans closing in the name of an LLC**

  NOTE: Properties where title is held in the name of a trust are eligible when the property is removed from the trust **prior to** loan closing
- **Limited Liability Corporation (LLC) and Corporations.** Title held in an **LLC or Corporation REQUIRES HOMEBRIDGE MANAGEMENT REVIEW AND APPROVAL.** LLC and Corporation eligibility requirements are as follows:
  - The LLC/Corporation must be legal in the state where it is formed
  - A maximum of four (4) members are allowed and members must be beneficial owners of the property
  - Title may be held in the LLC/Corporation, however the loan application must be in the individual borrower's name(s)
  - At least one member of the LLC/Corporation is required to qualify for the loan and individually sign the Note
    - Debt will be reported on the borrower's credit report,
  - Borrowers on the loan must combine to own 50% or more of the LLC/Corporation.
    - If all members of the LLC/Corporation are not borrowers on the loan, a 6 month lookback from the application date will be completed and any members whose ownership has been reduced below 50% during the lookback period must be added to the application

      NOTE: If the LLC/Corporation was formed less than 6 months ago, the lookback period will be measured from LLC/Corporation creation date to the application date
  - Copies of **all of the** following must be provided:
    - **Articles of Organization** (LLCs) or **Articles of Incorporation,** or equivalent (Corporations), **and**
    - **Operating Agreement** (LLC **only** - must provide term of the LLC and the members authorized to encumber the LLC as guarantors). Organizational meeting minutes may be required if the Operating Agreement does not clearly identify the powers of the managing partners, **and**
    - **By-Laws**, including all amendments (Corporations **only**)
    - **Unanimous Consent & Resolution to Borrow,** which must include the lender's name, loan amount, and property address, **and**
    - **Form SS-4, Application for Employer Identification Number,** with Tax ID number listed, **and**
    - **Certificate of Good Standing** from the applicable Secretary of State's office (print out from secretary of state website **not** acceptable), dated within 60 days of the Note date
  - The Note must be signed by the borrowers in both their individual capacity and as a member and/or manager of the LLC/Corporation. **Non-borrowing members of the LLC/Corporation are not required to sign the Note.**
  - The mortgage/deed of trust/security instrument must be signed by the borrowers in both their individual capacity and as a member and/or manager of the LLC/Corporation**. Non-borrowing members of the LLC/Corporation are not required to sign the mortgage/deed of trust/security instrument.**

Note and Mortgage/Deed of Trust Signature Example:

_____

John Smith

_____

John Smith, as member of ABC, LLC/Corporation

REMINDER: Homebridge management review and approval REQUIRED for properties closing in the name of an LLC or Corporation

NOTE: Vesting in the name of a partnership is not eligible

Construction-to- Perm	Not eligible
Credit History	**Tradelines** **Minimum Tradeline Requirements** • Each borrower must have a minimum of: - Three (3) traditional tradelines with a 12 month credit history, **OR** - Two (2) traditional tradelines with a 24 month credit history **NOTE:** If the borrower's spouse is the only co-borrower on the loan, only one borrower is required to meet the above minimum tradeline requirement • Tradelines must reflect an acceptable payment history. • Borrowers not meeting the tradeline requirements are **not eligible**. • Tradelines for closed accounts are eligible to satisfy tradeline requirement as long as the payment history is acceptable • A tradeline for an account where a payment has never been made (e.g. deferred student loan) are not eligible to meet tradeline requirements • Authorized user accounts are **only** eligible to satisfy the tradeline requirement if the borrower can provide written documentation they have been making the monthly payment on the account for the 12 months prior to the date of application. Borrowers with mainly authorized user accounts and only a few accounts of their own are not eligible. Acceptable documentation includes cancelled checks, payment receipts, etc. • Self-reported tradelines (e.g. utilities) are not eligible • Any non-mortgage late payments that occurred in the 12 months prior to application requires a letter of explanation from the borrower • Foreign credit references are not allowed. If the borrower does not have sufficient trade lines in the U.S., the loan is **ineligible** • Tradelines may be installment or revolving • Tradelines requirements apply to all borrowers on the transaction (excluding if the only co-borrower is the borrower's spouse) • Borrowers must sign a debt certification form at loan closing verifying they have not opened any new tradelines **Unmarried Joint Borrowers**: Unmarried joint borrowers who meet at least 2 of the 3 criteria below may be treated as spouses for determining compliance with tradeline requirements: • Borrowers have resided together for a minimum of 2 years • Borrowers hold at least one joint tradeline • Borrowers jointly hold asset accounts

Credit Report/Scores	• Minimum credit score requirements vary by LTV/loan amount; refer to the LTV/Loan Amount matrix for requirements • A tri-merged credit report is required for all borrowers • **The credit report must include the borrower's full social security number; partial SSNs are not acceptable** • If the borrower has a credit freeze, the credit freeze must be removed, and the credit information obtained. • Foreign credit reports are **not eligible** • **Individual Borrower's Credit Score** - Each borrower is **required** to have a minimum of two (2) valid scores. If each borrower does not have two (2) valid credit scores the loan is **ineligible**. An individual borrower's representative credit score is determined as follows: - Three (3) valid scores, the middle score is used - If two scores, the lower of the two is used • **Representative Score for Loan:** - The representative score is the **lowest** middle score of all borrowers including title held in the name of an LLC/Corp • Homebridge will accept a credit report, in the broker's name, from any Fannie Mae acceptable credit vendor **NOTE**: Homebridge will accept a credit report that includes both a FICO score and a VantageScore, however Homebridge will continue **to use the FICO score** as the representative credit score for loan qualification • A tri-merged credit report or Residential Mortgage Credit Report (RMCR) is required for all borrowers - Borrowers with only two (2) credit bureaus reporting are acceptable if that is the extent of the information available - Borrowers with only one (1) bureau reporting are **not eligible** • Borrowers must sign a debt certification form at loan closing verifying they have not opened any new tradelines • The credit report should include verification of all credit references provided on the loan application • **Any inconsistency in the social security number(s) reported require a signed, written explanation from the borrower.** • The credit report must certify the results of public record searches for each city the borrower has resided in during the last 2 years • **Credit Inquiries:** Credit inquiries within the previous 120 days **are not** required to be addressed, however if the borrower has limited reserves, an LOE may be required at underwriter discretion • The credit report cannot be more than 120 days old as of the Note date • **Fraud Alerts:** All fraud alerts must be addressed and resolved prior to loan closing

Credit Report/Scores (cont.)	**Credit Re-Score** • Once a credit report is obtained, and it is still within its validity period, a credit re-score will only be permitted when the re-score is due to: - The removal of a disputed account, **or** - There was pay down or payoff of existing debt(s), **or** - New information is obtained to address and correct any item(s) that are erroneous **NOTE:** Transactions involving a re-score are subject to Homebridge management review and approval • A re-score is **not allowed** when it is due to the following: - Addition of new debt (when used for purposes of potentially increasing the borrower's credit score), **or** - Disputing a derogatory account or any account that was not already in dispute at the time of the original credit report • The Homebridge Underwriter is responsible to review the credit report for any new accounts opened within 60 days of the credit report, to determine if a re-score may have occurred - The credit report is not valid if there is an open derogatory dispute. All derogatory disputes must be resolved, and an updated credit report obtained - If the original credit report expires and a new report is required, the new report **is not** considered a re-scored report **Letter of Explanation**: Required as follows: • For all address, employment and/or name variation and/or inconsistencies. • Whenever the credit report indicates the borrower may not manage credit effectively (e.g. recently opened revolving accounts at or near account limit, and/or a delinquent payment history indicates the borrower may overly rely on credit)
Debt Service Coverage Ratio (DSCR)	**Overview** • Qualification is based on the DSCR of the **subject property only** • The DSCR is calculated using the gross rent divided by the qualifying PITIA on the **subject property** • Loan is qualified at the Note rate amortized over 30 years • Minimum DSCR 1.00 required • **Short term rentals are ineligible** **Determination of Rents:** **REMINDER: The tenant of the property cannot be a family member of the borrower (including a family member living in the property as a tenant rent free)** **Purchase Transactions** • 100% of the **lesser of**: - The current rent (if currently rented, leases must be provided), **or** - The market rent as determined by the appraiser if a unit is not currently leased • **Expired leases and at-will tenancies without a written lease agreement are not acceptable** • If a tenant is in place with a lease, which will commence within 60 days of closing, the lease may be considered when determining the rent. A copy of the executed lease, and proof of receipt of 1 month's rent and/or security deposit is required. The rental income utilized cannot exceed the market rent as determined by the appraiser. • If the property is leased for more than the appraiser's opinion of market rents, the lease amount, up to 120% of the market rents, may be used if the lease will continue for a minimum of 6 months after the Note date **and** the timely receipt of 3 months rents due prior to the application are documented. Acceptable documentation includes bank statements, cancelled checks, etc.

Debt Service Coverage Ratio (DSCR) (cont.)	**Determination of Rents** (cont.) **Refinance Transactions** • 100% of the **lesser of**: - The current rent (lease must be provided), **or** - The market rent as determined by the appraiser • **Properties that are currently vacant are ineligible** • **Expired leases and at-will tenancies without a written lease agreement are not acceptable** • If a tenant is in place with a lease, which will commence within 60 days of closing, the lease may be considered when determining the rent. A copy of the executed lease, and proof of receipt of 1 month's rent and/or security deposit is required. The rental income utilized cannot exceed the market rent as determined by the appraiser. • If the property is leased for more than the appraiser's opinion of market rents, the lease amount, up to 120% of the market rents, may be used if the lease will continue for a minimum of 6 months after the Note date **and** the timely receipt of 3 months rents due prior to the application are documented. Acceptable documentation includes bank statements, cancelled checks, etc. **Multi-Year Lease** If there is a multi-year lease with a rent increase coming within 12 months that will continue for 12 months after the adjustment, the increased rent may be utilized to calculate the DSCR. The increased rent may not exceed the appraiser's opinion of market rent for the unit(s). **Rental Income – Accessory Unit** Rental income from an accessory unit is eligible for qualifying. 75% of rents may be used when the appraiser comments that the accessory unit is legal and may legally be rented subject to the following: • ***Purchase Transactions***: - The appraiser's opinion of market rent may be used • ***Refinance Transactions***: - The rental income must be documented with a lease and proof of receipt of 1 month's rent dated within 60 calendar days of the Note date must be provided. Acceptable documentation includes copy of check, bank statement, etc.
Declining Markets	Properties identified by the appraiser on the appraisal as being in a declining market **AND** the LTV on the transaction is > 65% a 5% LTV reduction is required
Deed / Resale Restrictions	Age-related and developer land-use or building code requirements only; all other types of deed restrictions ineligible

Derogatory Credit	**Collections/Charge-offs** • Collection/charge off accounts are generally required to be paid off prior to or at closing. Accounts may remain open as follows: - Individual accounts with an outstanding balance < $250, **or** - Aggregate accounts with an outstanding balances of < $1,000, **or** - Account(s) with a balance greater than the above if they **do/will not** affect title **NOTE**: Medical collections may remain open regardless of the balance **Credit Counseling** Borrowers who have participated in credit counseling are eligible as long as the credit requirements in these guidelines are met **Disputed Accounts** • **Disputed Mortgage Accounts:** - Must be resolved prior to closing • **Disputed Installment Accounts:** - Aggregate of ≤ $5,000: May remain open with a letter of explanation - Aggregate of > $5,000: Must be resolved prior to closing **Judgments/Tax Liens** • Any liens (federal tax liens, mechanic's liens, etc.) or judgments **must be paid off at or prior to closing.** - Judgments that belong to another person or a person with a similar name may appear on the preliminary title report. In these instances, the borrower must sign an affidavit at closing, to satisfy the title company, which states they are not the person(s) named in the judgment. These judgments should not be included in the final title policy • Solar liens must be paid off • HERO/PACE loans **must be paid off**
Derogatory Credit Events - Significant	**Significant Derogatory Credit Events** • **A four (4) year waiting period** is required after a significant derogatory credit event • **Borrowers with multiple significant unrelated derogatory credit events are ineligible** • Borrowers with a significant derogatory credit event, as detailed below, are required to have a documented, reestablished credit. • Borrowers who have completed any of the below within four (4) years prior to the application date are **not eligible** - Foreclosure - Short Sale - Deed-in-Lieu - Short Payoff - Bankruptcy (7, 11,13 either dismissed or discharged and includes borrowers currently in bankruptcy proceedings) - Pre-foreclosure including Lis Pendens or Notice of Default (NOD) where the borrower is currently delinquent **NOTE**: An NOD **is not** considered a significant derogatory credit event if payments are current - Modification, regardless of seasoning the following applies: - A minimum 720 credit score required, and - The borrower cannot have had any additional credit event(s) following the modification

Derogatory Credit Events – Significant (cont.)	**Mortgage Tradelines in Forbearance** **Borrowers with one or more mortgage tradelines in forbearance, are considered on a case-by-case basis subject to Homebridge management review and approval.** The borrower is required to provide a detailed letter of explanation. If approved, one of the following requirements must be met: • If all payments were made on time, with no payments missed, during the forbearance period, and all account(s) have been reinstated prior to application, there is no waiting period • If one or more payments were missed on one or more accounts due to forbearance, the account(s) with missed payments must have been reinstated and a minimum of three (3) monthly payments have been made on time after the forbearance period and prior to the loan application date **NOTE:** Borrowers who have missed more than three (3) payments during the forbearance period and/or have had the missed payments added to the loan balance are eligible as long as the requirements stated above have been met • Borrowers who cannot document a minimum of three (3) monthly on time payments made after the forbearance completion are **not eligible** **Non-Mortgage Tradelines in Forbearance** • Non-mortgage trade lines in forbearance may remain in forbearance **Other Derogatory Credit** • Any other derogatory credit not addressed above, that is on the borrower's credit report in the previous 12 months requires a letter of explanation (LOE) from the borrower. • Additionally, any pattern of delinquent credit that occurred prior to the previous 12 months, will also require an LOE from the borrower **Reestablished Credit** Borrowers with **significant derogatory credit event(s) are required to have re-established credit** • A minimum of three (3) **traditional** credit references with activity in the most recent 24 months required; **non-traditional credit is not acceptable**, **and** • The credit report cannot reflect any late payments in the previous 24 months, **and** • All other derogatory credit requirements and minimum credit score requirements met, **and** • The waiting period and any related additional requirements have been met
Escrow Holdbacks	Not eligible
Escrow/ Impound Account	• **LTV > 80%:** Escrow/impound account required **NOTE:** N/A to CA properties due to CA law (escrow/impound account cannot be required unless ≥ 90% LTV) • **LTV < 80%:** Escrow/impound account recommended but **not required** **NOTE:** An escrow/impound account **is always required** on a transaction that requires flood insurance., no exceptions.

Gift Funds	Gift funds eligible for down payment and closing costs **(gift funds are not eligible to satisfy reserve requirements).** **Gift Fund Eligibility** Gift funds eligible subject to the following: • Purchase transactions **only** • **Gift funds are limited as follows:** - **LTV 70.01% to 80%: Gift funds limited to 5% of the loan amount** - **LTV ≤ 70%: Gift funds limited to 10% of the loan amount** • Gift funds may be provided by a relative defined as follows: - Any person related by blood, legal proceedings, marriage, or adoption and also includes a fiancé or domestic partner **NOTE:** Gifts from a business or trust are **not** an eligible source for gift funds • The gift fund donor cannot be affiliated with the builder, developer, real estate agent, broker, or any other interested party to the transaction. • Gift funds from foreign assets must meet foreign asset seasoning requirement to be an acceptable source of funds for a gift; refer to the foreign assets topic for requirements • The gift must be evidenced by a gift letter, signed by the donor and it must: - The name and address of the receiving party - Name and address of the donor, - The donor's relationship to the borrower/receiving party, - Specify the dollar amount of the gift, - Include a statement by the donor that no repayment of the gift funds is expected. - The property being financed, and - Specify the date the funds were/will be transferred • The transfer of the gift funds must be documented. Acceptable documentation includes: - Copy of the donor's cancelled check and the borrower's deposit slip - Copy of the donor's withdrawal slip and the borrower's deposit slip - Copy of the donor's check to the closing agent, - Evidence of the electronic transfer of funds from the donor's account to the borrower's account or closing agent, or - The settlement statement showing receipt of the donor's check. • If funds not transferred prior to settlement, documentation the donor gave the closing agent the gift funds in the form of a wire transfer, certified/cashier's check or other official check required
Gift of Equity	Ineligible
High Cost	Not eligible
Higher Priced Mortgage Loan (HPML)	Not applicable
Inspections	Inspections only required when the purchase contract requires one, or the appraiser identifies a need for an inspection on the appraisal
Interest-Only	Interest-only **ineligible**

Interested Party Contributions	**Interested Party Contributions** • Interested party contributions (IPC) include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction. • IPCs must be: - Disclosed on the sales contract - Documented in the loan file - Clearly identified on the Closing Settlement Statement, and - Paid to the appropriate vendor the Title/Escrow Company or Closing Attorney • Interested party contributions are limited to 6% • Funds from an interested third party and paid to the vendor are acceptable when they are used to: - Pay related mortgage financing costs, closing costs, pre-paids and escrow costs, or - Permanently reduce the interest rate on the mortgage - The total of financing contributions may not exceed the **lesser of**: - The total of the closing costs and pre-paids, **or** - 6%
LDP/GSA	**LDP / GSA** All of the following parties to the transaction, as applicable, must be checked against HUD's Limited Denial of Participation list and the General Service Administration's Excluded Parties List System. • Borrower(s) and Borrower(s) aka name(s) (if applicable) • Seller(s), • Real Estate Listing and Selling Agent(s), • Appraiser, • Appraisal Company (**not** the AMC) • Broker • Loan Officer, Loan Officer Assistant • Loan Processor, • Underwriter, • Account Manager, • Closing/Settlement Agent, • Title/Settlement Company, and • Any transaction where any of the interested parties to the transaction have been convicted of mortgage fraud will require review and approval by Homebridge management.
Mortgage Insurance	Not required
Mortgage/Rental History	• 0x30 in previous12 months mortgage/rental payment history in the aggregate for **all** mortgages and/or rental verifications. A 1x30 in the previous 12 months considered. Payment history < 12 months is not allowed (**no exceptions**) • Housing lates in the previous 12 months that resulted in a significant derogatory credit event are acceptable subject to the significant derogatory credit event requirements • Mortgage/housing requirements apply to **all** borrowers on the loan **NOTE:** A borrower living rent-free in a marital home may be considered to have satisfied the housing payment history requirement if a 12 month institutional VOM on the marital home is provided. **Private party VOMs are not acceptable** • Mortgage must be current for the month closing • If the mortgage/rental history is not listed on the credit report the following documentation is required: - **Rental History:** - **Professional Management Company**: A fully completed and signed verification of rent (VOR) - **Private Party**: ○ The most recent consective12 months (as applicable) cancelled checks (front and back) **and** a copy of the lease required - **Mortgage History:** - **Institutional Lender**: A fully completed and signed verification of mortgage (VOM) - **Private Party:** The most recent consecutive 12 months' cancelled checks (front and back) **and** a copy of the Note

New York Transactions	• NY CEMA eligible for refinance transactions; **Fannie Mae requirements apply**. CEMA **not eligible** for purchase transactions - The most recent version of New York Consolidation, Extension, and Modification Agreement Fannie Mae/Freddie Mac Uniform Instrument (Form 3172) is required **NOTE**: Lost Note Affidavits are **not allowed**
Non-Arm's Length/ Identity of Interest Transactions	Not allowed with the exception of transactions involving **unrelated** tenant/landlord relationships
Occupancy	1-4 unit investment property **REMINDER:** • **Investment property transactions are ineligible in the City of Baltimore, Maryland** • **Investment property transactions are ineligible in the County of Philadelphia, Pennsylvania**
Other Real Estate Owned Limitations	• Borrowers with > 20 **financed** properties, are **not eligible**. The limitation is aggregate based on all borrowers and includes commercial properties • Homebridge limits its exposure to maximum of 4 loans collectively **and/or** a maximum of $10,000,000. • **Condo Projects**: Homebridge limits is exposure to a maximum of 5% of the properties in the project. Projects with 10 or fewer units, financing on a maximum of 1-unit allowed
Payment Shock	N/A
Points and Fees	• Points and fees must comply with all federal and state requirements. • The maximum points and fees, paid to the broker or Homebridge, is 5%. • Maximum points and fees are calculated based **on the amount financed** • A prepayment penalty (if applicable) is excluded from points and fees total
Power of Attorney	A power of attorney (POA) is eligible subject to the following: • A **specific** POA is eligible: - For closing documents **only; ineligible** for application and disclosures - On purchase and rate/term refinance transactions; **ineligible on cash-out transactions** • POA **ineligible** when title will be held in the name of an LLC/corporation • The following persons, when connected to the transaction, are **ineligible** to act as the agent/attorney-in-fact under a power of attorney, unless allowed by applicable state law, **OR** they are the borrower's relative (as defined by Fannie Mae) or the borrower's fiancé, fiancée, or domestic partner: - The lender or broker, - Any affiliate of the lender or broker, - Any employee of the lender or broker - The loan originator, - The employer or any employee of the employer of the loan originator, - The title insurance company providing the title insurance policy or any affiliate of the title insurance company including, but not limited to, the title agency closing the loan, - Any employee of either the title insurance company or any affiliate of the title insurance company - Property seller, or any person related to the property seller, including a relative or affiliate, - Any real estate agent that has a financial interest in the transaction or any person affiliated with such real estate agent • In the event there is only one borrower on the loan, the person signing as the attorney-in-fact/agent using the POA must be either a relative or the borrower's attorney • Homebridge must review and approve the POA prior to loan closing • As a reminder, items not specifically addressed above, Fannie Mae policy will apply

Prepayment Penalty

A prepayment penalty is available on purchase and refinance transactions, but **not required**, in the following states:

- Alabama
- Arizona
- Arkansas
- California
- Colorado
- Connecticut
- Delaware
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois*
- Indiana
- Iowa
- Kansas
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Missouri
- Montana
- Nebraska
- Nevada
- New Hampshire
- New Jersey*
- New York
- North Carolina
- North Dakota
- Oklahoma
- Oregon
- Pennsylvania*
- Rhode Island*
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Vermont
- Virginia
- Washington
- Washington D.C.
- Wisconsin
- Wyoming

*State Specific Limitations	
Illinois	Prepayment penalty only allowed when transaction closing in an LLC **or** corporation
New Jersey	Prepayment penalty only allowed when transaction closing in a corporation
Pennsylvania	Prepayment penalty only allowed on 1-2 unit properties **and** minimum loan amount of $319,777
Rhode Island	**Maximum 1-year** prepayment period for **both** purchase **and** refinance transactions **Purchase Transactions**: Prepayment penalty charge is 2% balance due **Refinance Transactions:** Prepayment penalty charged as detailed below

- If selected the following prepayment period options are available:
  - 1, 2, 3, 4, or 5 year

  NOTE: If a state is not listed, a prepayment penalty is **not available**
- The prepayment penalty applies when:
  - There is a full prepayment, **or**
  - Any payment within the preceding 12 months that exceeds 20% of the original principal loan amount
- The prepayment charge will be six (6) months of interest on the amount prepaid within a 12 month period that exceeds 20% of the original loan amount

Product

Fixed rate, **fully amortizing with** 30 year loan term: Qualify **at the Note rate**

Properties – Eligible	• 1-4 unit attached and detached properties (including PUDs) • **Loan Applications Dated Prior To August 3, 2026:** Condominiums **Fannie Mae Warrantable** (attached/detached). The following review types are eligible: - **Full Review** completed by the Homebridge Condo Department, **or** - **Limited Review** completed by Homebridge. FNMA Limited Review restrictions apply, **or** - Fannie Mae **Project Eligibility Review Service (PERS)** approval. Project must have an **existing** unexpired PERS approval that is valid through the Note date. Homebridge does not obtain PERS approvals **NOTES:** 1. The loan file must include the HOA/management company contact information, the amount and frequency of the HOA dues and evidence of current status of HOA dues **2. New, attached condo projects are subject to non-warrantable condo project requirements** • **Loan Applications Dated On or After August 3, 2026:** Condominiums **Fannie Mae Warrantable** (attached/detached). The following review types/approvals are eligible: - **Full Review** completed by the Homebridge Condo Department, **or** - Fannie Mae **Project Eligibility Review Service (PERS)** approval: Project must have an **existing** unexpired PERS approval that is valid through the Note date. Homebridge **does not** obtain PERS approvals **NOTES:** 1. The loan file must include the HOA/management company contact information, the amount and frequency of the HOA dues and evidence of current status of HOA dues **2. New, attached condo projects are subject to non-warrantable condo project requirements** • Condominiums **Non-Warrantable**; refer to the Properties – Eligible: Non-Warrantable Condominiums topic for requirements • The following review types are **ineligible**: - Project Eligibility Waiver, or - A project with an "Unavailable" status in Fannie Mae's Condominium Project Manager (CPM) • Properties with leased solar panels are eligible subject to Fannie Mae guideline • 1-unit property with an accessory dwelling unit (ADU) that meets Fannie Mae requirements; refer to the Property With Accessory Dwelling Unit topic for details • **Acreage:** Maximum 5 acres; must be typical for the area and value/marketability is supported by appraisal comparables of similar acreage • **Rural properties ineligible** • **Agricultural:** - Agricultural property (working farms, ranches, orchards, etc.), income producing properties, and hobby/horse farms are **ineligible** - Agriculturally zoned property may be considered on a case-by-case exception basis subject to Homebridge management review and approval • **TBD properties** are eligible. The loan must be **resubmitted** when a property address is identified • Properties located on a private road or access to the property requires the use of a private road or shared driveway, the file must contain, at minimum, one of the following documents: - Title policy with the private road maintenance agreement language contained within, or - Private road maintenance agreements, or - Evidence the property is located in a state or county with statutory provisions that define the responsibilities of property owners for the maintenance and repair of a private road; in this instance a separate agreement or covenant is not required

Properties – Eligible (cont.)	• Properties purchased through a short sale are eligible subject to Homebridge management review and approval. The following documentation is required: - Written details provided to the borrower outlining any 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 they have the option of renegotiating the payoff amount to release its lien - All parties (buyer, seller, servicer) must provide a written agreement to the final details of the transaction, including the additional fees or payments (e.g. Request for Approval of Short Sale or alternative form/addendum) - The CD must include all fees and payment included in the transaction
Properties – Eligible: Florida Condominium Projects	**Florida condominium projects that are 3 or more stories high are subject to the following requirements:** • If the condo building is 30 years or older, **OR** • The condo building is 25 years or older **AND** the building is within 3 miles of the coastline, **THEN:** - Evidence the building has completed the inspections required under Florida Senate Bill 4D (SB-4D), **AND** - Evidence the HOA has completed the required structural integrity reserve study, and the budget contains sufficient reserves. The HOA fee must be consistent with the budget **NOTES**: 1. If the project has **not** had the required inspections, it is **ineligible** 2. If an inspection was completed but revealed substantial structural deterioration and/or unsafe/dangerous conditions exist, evidence the required repairs have been completed **must be provided** or the project is **ineligible** **REMINDER:** This requirement **does not** apply if the condo building is only 1 or 2 stories high
Properties - Eligible: Non-Warrantable Condominiums	Non-warrantable condominium projects are eligible subject to the following: • Maximum LTV 75% • A Full Review, completed by the Homebridge Condo Dept. is required **Commercial Space** • The subject unit must be 100% residential in nature. • The commercial space must be typical for the marketplace and have no negative impact on the marketability of the project. • A commercial entity cannot have control of the HOA **New Project Completion Status** • The project must be 100% complete (subject property legal phase **and all other** project phases), and • All common areas must be 100% complete, and • A minimum of 50% of the units must be sold or under a bona-fide contract, and • FNMA presale requirements must be met: - A minimum of 50% of the total units in the project or the subject legal phase must have been conveyed or be under contract for sale as a principal residence or second home **Delinquent HOA Dues** No more than 25% of the total units in the project may be 60 days or more past due on their HOA dues **Investor Concentration** Investor concentration cannot exceed 70% **HOA Control** The developer may be in control of the HOA provided the Master Agreement provides for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined period of time **HOA Reserves** HOA replacement reserves must be, at minimum, 8% **Litigation** Projects with pending litigation may be considered on a case-by-case basis subject to Homebridge management review and approval. Litigation involving structural issues, health and safety issues, or items that will impact the marketability of the project are not eligible **Mandatory Memberships/Recreational Leases** Mandatory memberships (golf memberships, beach clubs, dining memberships) and recreational leases **are eligible**. Membership fees are subject to the following: • The fees cannot affect the marketability of the unit, and • A minimum of 2 or more similar sales comps required (cont. on next page)

Properties - Eligible: Non-Warrantable Condominiums (cont.)	**Single Entity Ownership** A single entity cannot own more than 30% of the project **Master Policy Insurance** Fannie Mae condo project master insurance policy requirements apply **Safety, Soundness, Structural Integrity, and Habitability** • The project must meet all Fannie Mae requirements regarding safety, soundness, structural integrity, and habitability
Properties – Ineligible	• Acreage > 5 acres • 2-4 units with an ADU • Condo hotels or condos with hotel-like features • Condo projects with any manufactured housing • Condo projects with 5-20 units with more than 2 units owned by one entity or projects with 21 or more units with 20% or more of units owned by one entity • Condo conversion project not fully converted • Condo projects without a master insurance policy • Condo projects with required critical repairs, significant deferred maintenance and/or unsafe conditions, or special assessments due to these items • Condo project where more than 35% of the total space is dedicated to non-residential/commercial space • Bed and Breakfast, board and care homes, group homes • Mixed use properties or live work projects • Leasehold or life estate • Properties with deed restrictions (excluding age-related deed restrictions **and** deed restrictions specific to developer land-use or building code requirements for a subject development) • Log Homes • Properties located in Lava Zone 1 and 2 • Manufactured and modular homes • Manufactured accessory dwelling units • Properties subject to oil and/or gas leases • Tenancy in common properties with unequal ownership • Properties with < 600 square feet of living space • Properties not available for year round occupancy • Properties not readily accessible by roads that meet local standards • Timeshares, houseboats, unique properties (e.g. dome homes, berm homes, geodesic, etc.) • Properties requiring hauled water and those lacking satisfactory utilities • Rural properties • Working farms, hobby farms, ranches, orchards, etc., and/or vacant land • Agriculturally zoned properties (eligible on case-by-case basis) • Co-ops • Properties with a condition rating of C5 or C6 • Any property type ineligible with Fannie Mae • **Properties located in the City of Baltimore, Maryland** • **Properties located in the County of Philadelphia, Pennsylvania**

Property Flip	If the property is being resold by the seller within 365 days of its acquisition and the new purchase date (date purchase contract signed by both seller and buyer) **AND** the sales price has increased **more than 10%,** the transaction is considered a property flip. Property flips are subject to the following: • Transaction must be arm's length, with no identify of interest between any of the parties • No pattern of previous flipping activity within the prior 12 months (see below for ownership transfers not considered a property flip) • The property was marketed openly and fairly through an MLS, auction, documented FSBO, or developer marketing • If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the borrower must be provided The following are examples of types of re-sale transactions are **not** considered property flips: • Property being sold by a spouse who acquired the property through a divorce settlement • Property acquired by an employer though a relocation program • Property being sold by an administrator or executor of an estate • Property being sold by a government agency, lender, mortgage investor, or MI company that was acquired through foreclosure or deed-in-lieu of foreclosure • Property transferred via quit claim deed (or transfers) between the property seller and their business when the property seller is the sole owner of the business • Newly constructed properties
Property with an Accessory Unit	**Legal Accessory Unit** Eligible on 1-unit single family properties only provided the ADU meets Fannie Mae and the following requirements: • The appraisal must indicate the improvements are typical for the market • A minimum of one (1) comparable sale with the same use is required
Property with an Addition without Permits	Unpermitted additions cannot be included in the overall square footage of the property **unless permits are obtained** and documentation provided that the addition is covered by acceptable property insurance

Properties with Solar Panels	• Properties with solar panels that are owned by the borrower are eligible without additional requirements. • Properties with solar panels that are not owned by the borrower (i.e. leased from or owned by a third party under a power purchase agreement or other similar arrangement, whether applicable to the original agreement or as subsequently amended) must meet Fannie Mae requirements and are subject to Homebridge management prior approval and all of the following: - The solar panels cannot be included in the appraised value, - The property must maintain access to an alternate source of electric power that meets community standards. - The lease or a power purchase agreement must indicate that: - Any damage that occurs as a result of installation, malfunction, manufacturing defect, or the removal of the solar panels is the responsibility of the owner of the equipment and the owner must be obligated to repair the damage and return the improvements to their original or prior condition (for example, sound and watertight conditions that are architecturally consistent with the home); and - The owner of the solar panels agrees not to be named loss payee (or named insured) on the property owner's property insurance policy covering the residential structure the panels are attached to; and - In the event of foreclosure, Homebridge as the lender has the discretion to either: - Terminate the lease/agreement and require the third-party owner to remove the equipment; - Become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third-party; or - Enter into a new lease/agreement with the third-party, under terms no less favorable than the prior owner. - Title exceptions due to the solar panels (e.g. easement) are acceptable provided the interest is not superior to Homebridge. • Additionally, title cannot reflect any liens related to the ownership or maintenance of the solar panels that will result in a lien superior to Homebridge

Refinance Transactions

All refinance transactions must provide a bona fide benefit to the borrower

Rate/Term Refinance

- Rate/term refinance transactions do not have a seasoning requirement
- **Properties Listed for Sale**: **Properties listed for sale in the previous six (6) months are ineligible**
- A rate/term transaction is eligible for the following:
  - Payoff of the existing first lien, including closing costs, prepaids and points
  - The maximum cash-back to the borrower is limited to **the lesser of** 1% of the balance of the new loan amount **OR** $5,000

    NOTE: Payoff of debt at closing with any portion of the cash-back from the rate/term transaction will result in the loan being considered a cash-out refinance
  - Payoff a first lien and purchase money subordinate lien. Documentation must be provided that the entire subordinate first lien was used to purchase the property
  - Payoff of any subordinate lien or HELOC seasoned > 6 months that has not had draws > $5,000 in the previous 6 months
  - Buying out the equity position of a co-owner as a result of a court order (the borrower does not need to be a signer on the current Note)
- **LTV Determination:** Refer to the chart in the Appraisals topic for LTV determination requirements
- Principal curtailments must be the **lesser of** $10,000 or 1% of loan amount

Cash-Out Refinance

A cash-out refinance is a refinance that does not meet the rate/term definition and would include a refinance where the borrower receives cash that exceeds the lesser of 1% of the new loan **or** $5,000 **OR** does not meet the rate/term refinance requirements stated under the Rate/Term Refinance topic

- **Properties owned for < 6 months (Deed date to Note date) are ineligible**
- **Properties Listed for Sale**: **Properties listed for sale in the previous six (6) months are ineligible**
- Maximum cash-out: $750,000
- **Cash-out proceeds may ONLY be used for business purposes; cash-out proceeds cannot be used to pay off any consumer debt**
- Cash-out proceeds are defined as:
  - The net cash funds received by the borrower at closing (per the CD), **plus**
  - The funds used to pay off unseasoned subordinate liens on the subject property
- **LTV Determination:** Refer to the chart in the Appraisals topic for LTV determination requirements
- Cash-out eligible to satisfy reserve requirements
- Properties owned free and clear are always considered a cash-out refinance.

Delayed Financing (aka Technical Refinance)

Delayed financing recoups funds used to purchase a property with cash in the previous 6 months. Delayed financing eligible as a **rate/term refinance** transaction subject to the below:

- The Closing Disclosure of the cash transaction must be provided
- Cash used for the purchase must have been the borrower's own funds and must be documented

  NOTE: Recoupment of gift funds is not allowed as gift funds are considered cash-out
- Maximum proceeds cannot exceed the borrower's documented cash investment
- The LTV will be calculated using the **lower of**:
  - The purchase price, or
  - The appraised value unless the appraiser can justify and support an increase in value
- Recoupment of funds used for property improvements. The improvements must be documented (e.g. invoices, proof of payment with cancelled checks, etc.) and completed in the previous 6 months. Funds used for improvements must have been the borrower's own funds.
- Cash-out cannot exceed the amount of the documented cash improvements or else the transaction will be considered cash-out. A current appraisal required and the LTV is based on the appraised value

Rent Loss Insurance

Not required

<table>
<tr><td>Reserves</td><td>Reserve requirements for the subject property are determined by loan amount
<table>
<tr><th colspan="2">Reserve Requirements</th></tr>
<tr><th>Loan Amount</th><th>Required Reserves*</th></tr>
<tr><td>Loan amounts up to $1,000,000</td><td>6 months PITIA</td></tr>
<tr><td>Loan amounts up to $1,500,000</td><td>9 months PITIA</td></tr>
<tr><td>Landlord History Waiver</td><td>Minimum 12 months PITIA</td></tr>
</table>
*NOTES:
1. PITIA includes (as applicable): Principal and interest, real estate taxes, homeowner’s insurance, ground rents, special assessments, HOA fees
2. Cash-out proceeds are eligible for closing costs and to satisfy reserve requirements
REMINDER: Cash-out proceeds cannot be used to pay off any consumer debt
Reserves include the borrower’s total cash and other assets that are easily and readily convertible to cash minus:
• The total funds required to close the mortgage,
• Gift funds, and
• Borrowed funds</td></tr>
<tr><td>Residual Income</td><td>Not required</td></tr>
<tr><td>Seller Contributions</td><td>Refer to the Interested Party Contributions topic for seller contribution limits.</td></tr>
<tr><td>Subordinate Financing</td><td>Ineligible</td></tr>
<tr><td>Tax Deferred Exchange (1031 Exchange)</td><td>Eligible subject to the following:
• The exchanged property must be identified within 45 days of the sale of the initial property
• All 1031 proceeds from the initial sale must be re-invested in the like-kind property within 180 days of the initial sale
• All 1031 proceeds from the sale of the initial property must be controlled by a Qualified Intermediary, Accommodator, or Facilitator with supporting documentation
- If exchange funds are being used for earnest money deposit the borrower/taxpayer must sign an Assignment of Purchase and Sale Agreement with the QI/Accommodator/Facilitator prior to the disbursement of funds
NOTE: The QI/Accommodator/Facilitator cannot be the borrower/taxpayer, a related party or an agent of the borrower/taxpayer</td></tr>
<tr><td>Temporary Buydowns</td><td>Not allowed</td></tr>
<tr><td>Transactions – Eligible</td><td>• Purchase
- A copy of the fully executed purchase contract and all attachments/addendums are required
- The transaction must be arm’s length (i.e. there can be no defined relationship between the buyer and seller)
- The lesser of the purchase price or appraised value of the subject property is used to calculate the LTV
- Proceeds from the loan may not be used to provide the borrower cash back other than an amount representing reimbursement for the borrower’s overpayment of fees and/or a legitimate pro-rated insurance premium and real estate tax credit in locales where real estate taxes are paid in arrears
- The borrower may not be on title prior to the loan closing.
- The seller that is on title (vested owner of record) must be the individual who executes the sales contract and be on title prior to when the settlement statement and closing docs are executed
- Transactions involving the purchase of a property in an unexpired redemption period are not eligible
- Transactions involving an assignment of the purchase contract are not eligible
• Limited Cash-Out Refinance (Rate/Term): Refer to the Refinance Transactions section for detailed requirements
• Cash-Out Refinance: Refer to the Refinance Transactions section for detailed requirements</td></tr>
</table>

Transactions – Ineligible	• Loans with more than four (4) borrowers • Transactions with "thin-file" credit, no credit history, or non-traditional credit • ARM transactions • Interest-only • Construction-to-perm • Transaction paying of an installment land contract • Community land trust • Energy Efficient Mortgages (EEM) • Inter Vivos revocable trust, blind trust, land trust • Transactions guarantors or co-signers • New York CEMA purchase transactions • Property located in the City of Baltimore • Property located in the County of Philadelphia • Title held as Tenants in Common if unequal ownership • A principal curtailment exceeds the **lesser of** $10,000 or 1% of the loan amount • Temporary Buydowns • Transactions with a balloon payments • Transactions with a loan to a principal owner of business lending client • Transactions that allow assumptions • Transactions where title will be held in the name of a trust or LLC/Corporation and using a POA • Property flips (not meeting policy in these guidelines) • A refinance transaction (rate/term or cash-out) where the property was listed for sale in the previous six (6) months • A cash-out transaction and the property owned for < 6 months (Deed date to Note date) • Transactions with PACE/HERO program originated prior to July 6, 2010 • Transactions with a PACE/HERO loan (loan must be paid off) • High cost mortgage loan • Transactions with a subordinate lien(s) • Refinance of an unseasoned restructured loan or short refinance loan • Renovation or rehabilitation loans • Transaction consisting of an assignment of the sales contract • Transaction that includes the use of privately funded loans for the purpose of securing assets for the transaction • Texas Section 50(a)(6) transactions (aka Texas Equity)

EXHIBIT A
Acceptable Bank/Financial Institutions for Foreign Credit and Assets

- Agricultural Bank of China*
- Banco Bradesco
- Banco do Brasil
- Bank of America*
- Bank of China*
- Bank of Montreal
- Bank of New York Mellon*
- Barclays*
- BBVA*
- BNP Paribas*
- BTG Pactual
- Caixa Econômica Federal (CEF)
- Citigroup*
- Credit Suisse*
- Deutsche Bank*
- Goldman Sachs*
- Groupe BPCE
- Group Crédit Agricole
- HSBC*
- Industrial and Commercial Bank of China Limited
- ING Bank*
- Itau Unibanco
- JP Morgan Chase*
- Mitsubishi UFJ FG
- Mizuho FG
- Morgan Stanley*
- Nordea
- Royal Bank of Scotland
- Royal Bank of Canada (RBC Bank)
- Santander*
- Société Générale
- Standard Chartered*
- State Street*
- Sumitomo Mitsui FG
- TD Bank
- UBS*
- Unicredit Group
- XP Investimentos
- Wells Fargo*

* Denotes institutions with branches located in the United States

NOTE: Foreign bank/financial institutions not listed above may be considered on a case-by-case basis subject to Homebridge management review and approval