LOANLOCK PRIME

Series S: Prime, Expanded Prime & Jumbo

Full Doc, Express Doc, 1099, Bank Statement, WVOE, P&L, Asset Utilization, FLEX (DU®/DO®/LPA®)

Series S: Prime

FULL DOC, EXPRESS DOC, ASSET UTILIZATION, 1099, BANK STATEMENT, 12/24 MONTH P&L, AND WVOE			
PRIMARY RESIDENCE (1-4 Units)			
TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	90% (Purchase Only)	$1,000,000	700
	90% (Purchase Only)	$1,500,000	720
	85%	$2,000,000	680
	80%	$2,000,000	660
		$2,500,000	680
		$3,000,000	700
	75%	$3,500,000	700
CASH OUT	80%	$1,500,000	700
		$2,000,000	720
	75%	$1,500,000	660
		$2,000,000	700
		$2,500,000	720
	70%	$2,000,000	660
		$2,500,000	700
		$3,000,000	720
SECOND HOME (1 Unit)			
TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	85%	$1,000,000	680
		$1,500,000	720
	80%	$1,000,000	660
		$2,000,000	680
		$2,500,000	700
	75%	$1,500,000	660
		$2,500,000	680
	65%	$3,000,000	720
CASH OUT	75%	$1,500,000	680
		$2,000,000	720
	70%	$1,500,000	660
		$2,000,000	680
		$2,500,000	720
	65%	$2,000,000	660
INVESTMENT (1-4 Units)			
TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	80%	$1,500,000	660
		$2,000,000	680
		$2,500,000	700
	75%	$2,000,000	660
CASH OUT	75%	$1,500,000	680
	70%	$2,000,000	660
		$2,500,000	720

Series S: Expanded Prime

FULL DOC, EXPRESS DOC, ASSET UTILIZATION, 1099, BANK STATEMENT, 12/24 MONTH P&L			
PRIMARY RESIDENCE (1-4 Units)			
TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE AND TERM	80%	$1,500,000	640
		$2,000,000	660
		$2,500,000	700
	75%	$2,000,000	620
		$2,500,000	680
		$3,000,000	700
CASH OUT	80%	$1,000,000	680
	75%	$1,500,000	660
		$2,000,000	680
	70%	$1,500,000	640
		$2,000,000	660

		$2,500,000	700
	65%	$1,500,000	620
		$2,500,000	680

SECOND HOME (1 Unit)			
TRANSACTION TYPE	**MAX LTV/CLTV**	**MAX LOAN AMOUNT**	**MIN FICO**
PURCHASE RATE AND TERM	80%	$1,000,000	640
		$1,500,000	660
		$2,000,000	680
	75%	$1,500,000	640
		$2,000,000	660
		$2,500,000	700
	70%	$2,000,000	640
		$2,500,000	680
CASH OUT	75%	$1,500,000	660
		$2,000,000	700
	70%	$1,000,000	640
		$2,000,000	680
	65%	$2,000,000	660

INVESTMENT (1-4 Units)			
TRANSACTION TYPE	**MAX LTV/CLTV**	**MAX LOAN AMOUNT**	**MIN FICO**
PURCHASE RATE AND TERM	80% (Purchase Only)	$1,000,000	640
		$1,500,000	660
		$2,000,000	680
	75%	$1,500,000	640
		$2,000,000	660
	70%	$2,500,000	680
CASH OUT	75%	$1,500,000	660
		$2,000,000	700
	70%	$1,000,000	640
		$2,000,000	660
	65%	$1,500,000	640
		$2,500,000	680

FLEX CONNECT

FNMA DU®/DO® or FHLMC LPA® ("AUS") DOCUMENTATION					
OCCUPANCY	**TRANSACTION TYPE**	**CREDIT GRADE**	**MAX LTV/CLTV**	**MAX LOAN AMOUNT**	**MIN FICO**
PRIMARY 1-4 Units	**PURCHASE RATE AND TERM**	**PRIME** Connect	80%	$2,500,000	660
		PLUS Connect			640
	CASH OUT	**PRIME** Connect	75%	$2,500,000	660
		PLUS Connect			640
SECOND HOME 1 Unit	**PURCHASE RATE AND TERM**	**PRIME** Connect	75%	$2,500,000	680
		PLUS Connect			640
INVESTMENT 1-4 Units	**PURCHASE RATE AND TERM**	**PRIME** Connect	70%	$2,500,000	660
		PLUS Connect			640

ALL PROGRAMS	MAX LTV/CLTV	PRIME CONNECT	PLUS CONNECT
No Escrows	85%	X	Matrix Caps Apply
Condos (Warrantable)	85%	X	Matrix Caps Apply
Loan amount < 200k	85%	X	Matrix Caps Apply
Condos (Non-Warrantable)	80%	X	Matrix Caps Apply
First Time Homebuyer (FTHB)	85%	X	Matrix Caps Apply
30 Year Interest Only	85%	X	Matrix Caps Apply
40 Year Interest Only	80%	X	Matrix Caps Apply
Asset Utilization	80% (Primary / Second Home)	X	Matrix Caps Apply
	65% (Investment)	X	X
	60% (Cash-out)	X	X
Gift of Equity	75%	X	X
Bank Statement Income – 3rd Party Expense Ratio	80% (Purchase, Rate-Term)	X	N/A
	75% (Cash-out)	X	X
Profit & Loss (P&L) (Max UPB - $2,000,000)	80% (Purchase)	X	Matrix Caps Apply
	75% (Rate-Term)	X	X
	70% (Cash-out)	X	X
WVOE (Max UPB $1,500,000)	80% (Purchase)	X	Not Eligible
	70% (Rate-Term, Cash-out, FTHB)	X	
Rural Properties	75% (Primary)	X	X

	70% (Second Home)	X	X
Appraisal marked 'Suburban' but zoned 'Rural Residential'	80% (Purchase)	X	X
	75% (Rate-Term)	X	X
	65% (Cash-out)	X	X
55% DTI	80% (Primary Homes)	X	Matrix Caps Apply
Properties Listed for Sale w/in the Last 12 months	65% (Cash-out)	X	X
Declining Markets	5% reduction to max eligibility	X	X

Notes:
- Flex Connect – Follow the above Prime/Plus Connect Max LTV/CLTV
- All Doc Types - When supplemental sources of income are being used, the worst-case pricing and LTV/FICO caps apply

PRODUCTS — **All Products**

Product	Term	IO Term	Initial Cap	Periodic Cap	Life Cap
5/6 ARM	360 mo	NA	2	1	5
5/6 ARM	480 mo	NA	2	1	5
5/6 ARM IO	360 mo	120 mo	2	1	5
5/6 ARM IO	480 mo	120 mo	2	1	5
7/6 ARM	360 mo	NA	5	1	5
7/6 ARM	480 mo	NA	5	1	5
7/6 ARM IO	360 mo	120 mo	5	1	5
7/6 ARM IO	480 mo	120 mo	5	1	5
30 Yr Fixed	360 mo	NA	NA	NA	NA
30 Yr Fixed IO	360 mo	120 mo	NA	NA	NA
40 Yr Fixed	480 mo	NA	NA	NA	NA
40 Yr Fixed IO	480 mo	120 mo	NA	NA	NA

MIN LOAN AMOUNT	**All Programs**	$125,000
INTEREST ONLY	**PRIME Connect**	Purchase: Max 85% LTV/CLTV Rate & Term: Max 80% LTV/CLTV Min 700 FICO
	PLUS Connect	Min 680 FICO
	FLEX Connect	Prime/Plus restrictions apply
INTEREST ONLY PERIOD	40 Year Interest Only = 10 year I/O then 30-year amortization; Max 80% LTV/CLTV 30 Year Interest Only = 10 year I/O then 20-year amortization; Max 85% LTV/CLTV	
QUALIFICATION	**PRIME Connect Plus Connect**	5/6s and 7/6s – greater of Note Rate or the Fully Indexed Rate (rounded to the nearest .125)
	FLEX Connect	5/6s – greater of the Note Rate + 2% or Fully Indexed rate 7/6s – greater of Note Rate or the Fully Indexed rate
	For I/O's, calculate payment based on (1) the Qualifying Rate described above, (2) the original balance, and (3) a term that equals the amortization term (i.e., 360 months for 40 year I/O). Qualifying payment for I/O must include principal component.	

DTI	**PRIME Connect and PLUS Connect**	Up to 55%	☐ 9 months reserves ☐ Min 720 ☐ Max $1.5M ☐ No 40-yr term ☐ No Interest Only ☐ Max 80% LTV/CLTV on Primary Residences only ☐ 2nd Homes/Investment properties are ineligible ☐ No P&L, WVOE, or Asset Utilization income doc type as a primary or supplemental income source ☐ No CPA provided expense ratio allowed
		Max 45%	LTVs/CLTVs >85%
		Max 50%	All other
	FLEX Connect	Per FNMA DU®/DO® or FHLMC LPA® ("AUS") Findings (max of 50% DTI)	
	When Asset Utilization is used as a supplemental source of income, max DTI is 45%		

BORROWER	Non-Occupant Co-Borrower	**All Programs**	Per FNMA/FHLMC/AUS Eligible with blended ratios
	Non-Permanent Resident Aliens	**PRIME Connect / PLUS Connect**	Refer to 'Non-Permanent Resident' section of manual
		FLEX Connect	Per FNMA/FHLMC/AUS Refer to 'Non-Permanent Resident' section of manual
	Limited Partnerships, General Partnerships, Corporations, Limited Liability Company – Eligible (Layered entities not permitted) First Time Homebuyers – Eligible (See guidelines for details) Foreign Nationals – Ineligible		
	All borrowers must have a valid SSN		

CREDIT EVENTS		**Short Sale, Foreclosure, Single Bankruptcy, 120+**	**12 Month Housing History**
	PRIME CONNECT	4 Years BK – Ch 7, 11, 13 – based on discharge or dismissal date Multiple BKs, regardless of seasoning, are ineligible Note: Cash out cannot be used to settle, BK must have been settled prior to application	0 x 30 x 12 or 1 x 30 x 12 with LLPA
	PLUS CONNECT	2 Years 1 Year (additional LLPA applies)	0 x 60 x 12
	FLEX CONNECT	Follow applicable PRIME Connect or PLUS Connect credit grades	PRIME: 1 x 30 x 12 (per AUS, no rolling) PLUS: 0 x 60 x 12
		For loan casefiles with credit events outside of FNMA or FHLMC allowances, "Extenuating Circumstance (EC)" override in AUS may be used. The loan must still fall within PRIME Connect or PLUS Connect requirements for seasoning. See the Underwriting Guidelines for details.	
QUALIFYING FICO	**Full Doc, Express Doc, Asset Utilization and FLEX**	Primary income earner	
	Bank Statement	Primary income earner Borrowers with 50/50 split ownership need to use the higher of the two mid FICO scores	
	No borrower can have a middle FICO score less than 660 (PRIME Connect; PRIME FLEX), 640 (PLUS FLEX), 620 (PLUS Connect) For refinances, the use of the highest mid score is only eligible if that borrower meets continuity First Time Investors – Min 700 FICO When supplemental sources of income are being used, the worst-case pricing and LTV/FICO caps apply VantageScore ineligible		
RESERVES	**PRIME / PLUS**	Full Doc (Full Doc, Express Doc, 1099)	3 months
		Alt Doc (Bank Statements, P&L, and WVOE)	6 months
		All Doc Types – If R/T Refi, Max 60% LTV/CLTV, Min 0x30x12	No reserves
	FLEX CONNECT	Per AUS	
GIFT FUNDS	Primary Purchase Only Borrowers must have 5% of their own funds documented but not required to use; Borrowers with no housing history must have 10% of their own funds documented but not required to use Gift of equity eligible to a max 75% LTV (Primary Only) FLEX Connect – Follow FNMA/FHLMC Selling Guide for all gift, gift of equity and minimum borrower contribution requirements		
	If min borrower contribution % is not used towards the down payment, those funds can be used towards reserves		
CASH OUT TRANSACTION	Cash-Out permitted to meet reserves for all programs May pay off an existing mortgage(s) with a minimum 6 months seasoning or create a new lien if the property is owned free and clear		

MAX CASH OUT

Max Cash Out	>70 LTV/CLTV	<70 LTV/CLTV
All Programs	$1MM	Unlimited

BANK STATEMENT INCOME (12 OR 24 MONTHS)

- 2-year history of business ownership – greater than 1-year but less than 2 can be considered as per FNMA.
- Business ownership – Minimum of 20% ownership (25% for business bank statements; 20% for personal statements w/ evidence of business bank account)
- SG permits the use of the Laminr bank statement income tool to calculate eligible monthly deposits for Business Bank Statements. See UW Manual for more information

BUSINESS BANK STATEMENTS

Borrowers who are using more than 5 separate bank accounts must qualify using personal bank statements

OPTION 1 – FIXED EXPENSE RATIO	OPTION 2 - THIRD PARTY EXPENSE RATIO
Option A: 50% Expense Factor Verify borrower is a minimum 25% owner of business Decreasing or negative ending balances must be addressed Cyclical and seasonal trends may be taken into consideration	**(CPA/Tax Attorney/Enrolled Agent/CTEC)** Purchase/Rate & Term - Max 80% LTV Cash-out refinance – Max 75% LTV 10% Floor 3rd party must have filed most recent business tax returns, audited the business financial statements, OR reviewed working papers provided by the borrower Tax Professional must verify the borrower's ownership percentage To determine net income, multiply eligible business deposits by the following: 100% minus the Expense Ratio as described above PTINs ineligible
Option B: 30% Expense Factor Eligible for small service businesses (Consulting, Accounting, Legal, Therapy, Financial Planning, Insurance, etc.) Any Retail, Wholesale or non-office services (e.g. landscaping, contractor) are ineligible) No more than 5 employees May have a small office space with rent not exceeding 15% of gross	
Option C: 20% Expense Ratio Eligible only if all of the following applies to the business Borrower is sole owner and operator of the business (no partners, employees, etc.) Service business (no cost of goods, no heavy equipment, machinery, etc.) Does not require office space that would incur rent	

	PERSONAL BANK STATEMENTS	
	OPTION 1 **PERSONAL BANK STATEMENTS WITH EVIDENCE OF BUSINESS BANK ACCOUNT**	**OPTION 2** **PERSONAL BANK STATEMENTS WITH NO BUSINESS BANK ACCOUNT**
	☐ 100% of business deposits in a personal bank account can be used. ☐ Provide most recent 2 months business statements to validate deposits are from the borrower owned business bank account (Only giving credit for transfers from the business; or receipt of payroll from business and distributions only) ☐ Minimum 20% ownership	☐ Comingled business and personal with no business account for non-service businesses are considered as business bank statements with the appropriate expense factor (20% Service Business, 50% non-service business) applied. See 'Business Bank Statements' section of Manual for detail on expense ratios ☐ Deposits from self-employment business only will be included in bank statement calculation ☐ A trend of repeated expense not reported on the credit report may need additional explanation and may be considered a liability ☐ Minimum 25% ownership

12/24 MONTH CPA/ENROLLED AGENT (EA) PREPARED PROFIT & LOSS	☐ Max LTV 80% Purchase; 75% R&T; 70% Cash Out Refinance; Min 680 FICO ☐ \$2.0MM Max Loan Amount ☐ Primary residence only ☐ Self-Employed borrowers only ☐ Most recent 12 or 24 -month Profit & Loss statement (P&L). The P&L end date must be less than 90 days old at closing ☐ All Profit & Loss statements must be completed by an independent CPA/EA ☐ CPA/EA license must be verified ☐ Self-employed borrowers who file their own tax returns are not eligible ☐ Minimum of 2 years self-employment in the current profession ☐ Borrower narrative on nature of business required ☐ See Underwriting Manual for additional requirements ☐ PTINs ineligible
WRITTEN VERIFICATION OF EMPLOYMENT	☐ Max LTV 80% Purchase; 70% Rate-Term / Cash-Out; Min 680 FICO ☐ \$1.5MM Max Loan Amount ☐ Prime Connect Only ☐ Primary Residence Only ☐ FTHB – Max 70% LTV ☐ Wage Earners Only ☐ Two years history of employment in the same industry and 1-year continuous employment at current job

FLEX CONNECT (AUS Documentation and Bank Statement Income)	FLEX program will utilize Fannie Mae Desktop Underwriter (DU®/DO®) or Freddie Mac Loan Product Advisor (LPA®) findings, referred to throughout this document as "AUS," with the added guideline allowance of Connect PRIME and Connect PLUS benefits for ease of process. The loan will be underwritten to the FLEX program matrix, the AUS Findings and the overlays noted below. Any items not addressed in this section will default to FNMA/FHMLC Selling Guides. This is a Non-QM program. Please refer to the full matrix and guidelines for additional process details.	
	Underwriting Process	☐ FNMA DU®/DO® or FHLMC LPA® is required ☐ References to "AUS" throughout this document collectively refer to FNMA DU®/DO® or FHLMC LPA® Findings ☐ For underwriting guidelines not addressed in this document or UW Guidelines, please reference the Fannie Mae or Freddie Mac Seller Guide for details
	AUS Requirements	☐ Approve/Eligible ☐ Approve/Ineligible (due to loan amount, loan structure, Interest Only, property (non-warrantable condo) and credit event ☐ Refer to 'Credit Event' section for details ☐ Note: Refer or Caution findings will not be eligible for delivery, however, may be eligible under PRIME Connect or PLUS Connect Program and considered a manual underwrite
TRADELINES	**PRIME Connect PLUS Connect**	☐ If the primary income earner has three credit scores, the minimum tradeline requirement is waived for all borrowers ☐ Each borrower must have 2 tradelines or joint borrowers must have a total of 3 tradelines combined, rated at least 12 months, with activity in the last 24 months. ☐ Tradeline may be opened or closed ☐ Eligible tradelines cannot have any derogatory history in the previous 24 months ☐ Current housing, not reporting on credit, can be considered an open tradeline if supported by bank records (cancelled checks/debits) ☐ No authorized user accounts will be used to satisfy minimum tradelines ☐ Non-traditional credit is not allowed as an eligible tradeline.
	FLEX Connect	Follow AUS Findings
ESCROWS	Required for HPML loans per CFPB and LTVs > 85%	
	Primary 1-4 Units Second Home 1-Unit Non-Owner 1-4 Units	Live/Work Condos – Follow FNMA Co-Ops Permitted Max Acreage – Max 10 acres Minimum Square Footage – 500 sq ft per unit-No kitchenettes Declining Markets requires a 5% LTV reduction from max borrower qualifies for -

PROPERTY

Max Financed Properties – Prime/Plus- no limit; FLEX- as per FNMA DO®, DU®, FHLMC LPA®
SGCP exposure to a single borrower/guarantor is limited to $5M UPB or 10 loans.
Subject Property Short Term Rental income is not permitted

State Condominium Requirement (Warrantable and Non-Warrantable):
California **Balcony Bill – SB326**: An inspection is required for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground. Projects with an unacceptable or no inspection are ineligible.

Declining Markets requires a 5% LTV reduction from max borrower qualifies for
Floor: 75% Purchase; 70% Refinance
Florida– Projects over 30 years old or 25 years if within 3 miles from the coast, a structural inspection within every 10 years is required for projects 3 stories or higher.
- Inspection must confirm no conditions severe enough to affect the safety, soundness, structural integrity or habitability of the improvements
- Projects with unacceptable or no inspections are ineligible

Rural Properties – eligible for PRIME, PLUS and FLEX:
- Primary Residence – Max 75% LTV/CLTV
- 2nd Home – Max 70% LTV/CLTV
- Investment – Ineligible

Properties with appraisals marked 'suburban' but zoned 'Rural Residential' are allowed with Max LTVs:
- 80% Purchase
- 75% Rate-Term
- 65% Cash-out

Must be primarily for residential use

NON- WARRANTABLE CONDOS

Non-Warrantable Condos – Limited to two (2)	
Allowable Features:	
Presale	At least 30% of the units must be sold or under bona fide contract
Investor Concentration	Up to 70% of units can be tenant occupied
Commercial Space	Up to 50%
Recreational Leases	Eligible
Single Entity Ownership	A single entity can own up to 30% of units
Delinquent HOA	Up to 25%
Master Coverage Deductible	Up to 10% allowed
Reserves	<10% replacement and/or maintenance but never less than 5%
Mandatory Memberships	Cannot exceed 10% of purchase price
Ineligible Features/Requirements for Non-Warrantable Condos:	
Material Litigation - Structural/Functional litigation against developer	Ineligible
Insurance Coverage	Coverage amount less than the full replacement amount is ineligible (Actual Cash Value is not permitted)
Newly Converted - Non-full gut rehabs	Ineligible
Flood Insurance	Projects in a flood zone with no master flood coverage are ineligible. Borrower individual policies are not acceptable
Project Completion	Project must be 100% complete and HOA turned over

APPRAISAL REQUIREMENTS

PRIME Connect	Loan amount ≥ $2,000,000 and >65% LTV/CLTV - 2 full appraisals
PLUS Connect	Loan amount ≥ $2,000,000 and >65% LTV/CLTV - 2 full appraisals
FLEX Connect	Follow applicable credit grade (PRIME Connect or PLUS Connect) appraisal requirements. PIW Ineligible
	All appraisals require a third-party desk review For CU/LCA scores <= 2.5 – no additional review is required
Fannie Mae/Freddie Mac - Collateral Underwriter Loan Collateral Advisor (CU/LCA) reports	PRIME and PLUS Connect CU/LCA score of 2.5 and below, no 3rd party review required
	FLEX Connect For CU/LCA scores <= 2.5 – no 3rd party review is required

HPML flips require 2nd full appraisal
All appraisals require a third-party valuation review (Desk Review/CU) by SGCP approved vendor Approved Desk Review Vendors:
- Consolidated Analytics
- Clear Capital
- Servicelink
- Stewart Lender Services
- Summit Valuations
- Desk review products must report a value within +/-10% of the original appraisal value
- At 90% LTV, desk review variance cannot exceed +/-5%

Transferred appraisals acceptable.
When 2 full appraisals are required – separate product review is not required
*****Refer to SG Capital's exclusionary list of appraisers and interested parties found in the SG Resource Document. Please reach out to your sales rep for questions*****

TEMPORARY BUYDOWNS	**Buydown Types:** - 2-1 Buydown - 1-0 Buydown **Eligibility:** - Primary Residence - Purchase - Seller/Builder and Third Party funded subsidies o Third Party subsidies include Real Estate Agents and Brokerages; Funds from Borrower(s) are ineligible - 30-year and 40-year Fully Amortizing Fixed Rate only - Borrower must qualify at the Note rate
PREPAYMENT PENALTY	Applies only to Investment Properties – PRIME Connect, PLUS Connect, FLEX Connect Standard Prepayment Penalty Term – 1, 2 ,3 ,4, or 5-year (see rate sheet)