LoanLock PRIME

SERIES M: NQM1

NQM1							
Purchase and Rate & Term Refinance				**Cash-Out Refinance**			
Occupancy	**Maximum Loan Amount**	**Minimum Credit Score**	**Maximum LTV/CLTV**	**Occupancy**	**Maximum Loan Amount**	**Minimum Credit Score**	**Maximum LTV/CLTV**
Owner Occupied	$2,000,000	660	80%	Owner Occupied	$1,500,000	660	70%
					$2,000,000	680	80%
	$3,000,000	680	85%		$3,000,000	720	80%
					$3,000,000	680	70%
Second Home	$2,000,000	660	80%	Second Home	$1,500,000	660	70%
					$2,000,000	680	80%
	$3,000,000	680	85%		$3,000,000	720	80%
					$3,000,000	680	70%
Investment	$2,000,000	680	80%	Investment	$2,000,000	680	75%
	$2,000,000	660	70%		$3,000,000	740	70%
	$3,000,000	720	75%				

General Information	
Minimum Loan Amount	$100,000
Products	• 30-Year fixed fully amortizing • 30 (10/20) and 40 (10/30) Year fixed Interest Only • ARM products: not allowed
Interest Only	Reduce maximum LTV/CLTV 5%
First-Time Homebuyer	• 0X30X12 rental payment history. No living rent-free situation.
Maximum Cash-Out	• LTV/CLTV ≤ 70%: no limit • LTV/CLTV > 70%: $500,000
Document Types	• 24-month full doc • 12- and 24-month personal and business bank statements • 1- and 2-Year 1099 • 12-month P&L: maximum LTV/CLTV 80% • WVOE: not allowed
Maximum DTI	50%
Reserves	• Loan Amount ≤ $2,000,000: 6 months • Loan Amount > $2,000,000 – Owner Occupied and Second Home: 9 months • Loan Amount > $2,000,000 - Investment: 12 months
Owner Occupied: 2-Unit Properties	Maximum LTV/CLTV 80%
Warrantable Condominiums	No overlays
Non-Warrantable Condominiums	Ineligible
Co-Ops	ineligible
Rural Properties	No overlays
Additional Prepayment Penalty Restrictions	New Jersey: not allowed
Declining Markets	Reduce maximum LTV/CLTV by 10% for any property located in an area of declining value as reported by the appraiser.
Land to Value	Acreage and land value must be typical and common for the subject's market. Maximum acreage permitted is 20 acres. Special consideration must be taken for properties with land values that exceed 35% of the total property value to ensure the value is justified and the property has marketability. The appraisal report must provide data which indicates like-size properties with similar land values are typical and common in the subject's market area.
Borrower Eligibility	Maximum exposure: 10 loans or $5,000,000 per borrower/guarantor

Eligible	Ineligible
• US Citizens	• Irrevocable Trusts
• Permanent Resident Aliens	• Land Trusts
• Non-Permanent Resident Aliens with a lawful residency	• Borrowers with diplomatic immunity or otherwise excluded from United States jurisdiction. No Foreign Nationals
• Revocable Trust	• Borrowers less than 18 years old

	• First Time Homebuyer • Non-Occupant Co-Borrowers	• Corp, LLP or Partnership • ITIN / Foreign Nationals • Borrowers who are party to lawsuit
Non-Occupant Co-borrowers	• Occupying borrowers must demonstrate sole financial capacity for the mortgage by not exceeding a 43% DTI • 1-unit Primary Residence for the occupying borrower. • A family member or other similar long-standing relationship to the borrower. • Sign the Note • Meet the minimum credit history and score requirement	
First Time Homebuyer	• Not permitted for Interest Only • 0x30x12 housing payment history • Rent Free not eligible	
Age of Document	• 120 days at time of closing	
Minimum Credit Requirements	Each borrower must have an established credit history, and the following must appear on the credit report: • A minimum of 2 trade lines with 24 months history or more and have activity in last 12 months. • Multiple borrowers may aggregate minimum 3 trade lines with 24 months history or more and have activity in last 12 months. • Documented VOR may be count as a tradeline • Accounts not counted as tradeline- Non-Traditional credit, as per FNMA; Deferred or derogatory accounts; Authorized user accounts.	
Mortgage/Rental History	12-month mortgage/rental rating is required • Private mortgage- a 12-month bank statement or cancelled checks will be required • 12-month VOR through professional management or a 12-month bank statements/cancelled checks and a lease agreement • If the housing history reflects a forbearance agreement, the payment history must reflect 0X30 in the most recent 12 months since exiting forbearance. The payment history must be provided by the lender/servicer.	
Credit Events	BK, Foreclosure, NOD, DIL, Short Sales	• 4 years must have elapsed from completion date to application date • If multiple events, at least 7 years have elapsed since the last event
	Collections, Charge-Offs, Judgments & Liens	• Any delinquent that will impact title must be paid prior to or at closing • All past due accounts must be brought current prior to closing. • Non-medical collection, judgment, charge off that are not title impact are not required to be paid if the total sum is $\leq$\$10,000 and open less than 2 yrs. • IRS payment plans are permitted if current and do not carry a lien on the property
	Delinquent Credit belonging to an Ex-spouse	• Copy of the final divorce decree or separation agreement which shows the derogatory accounts belong solely to the ex-spouse • Late payments occurred after the date of the final divorce/separation agreement. • If debt is a mortgage, evidence of title transfer PRIOR to any delinquent must be provided & evidence of buyout as part of court proceedings.
	Delinquent Credit belonging to Co-Signer	• Delinquent credit belongs to a co-signer must be considered when evaluating the loan.

	• A written explanation is required for all significant derogatory information, explaining reason for derogatory events and assisting lender in determining creditworthiness of borrower(s). • Borrower must show reestablished credit and meet the minimum credit requirement.	
Multiple Financed Properties	• No more than 20 financed properties including the primary residence	
Ineligible Transaction	• Blanket Loans	• Lease Purchase Option
	• Bridge Loans on subject property	• Loans with Shared Appreciation 2nd liens
	• Builder/Seller Bailout	• Model Home Lease Back
	• Foreclosure Bailout	• Refinancing a subsidized loan including Habitat for Humanity, USDA, FHA w/recapture or any City/County Grant
	• Contract for Deed/Land Contracts	• Investment property Non-Arm's Length Transactions
	• Single close Construction to Permanent financing	• Texas 50(A)(6)
Property Types	**Eligible**	**Ineligible**
	• 1 unit (Attached, Detached, PUD, Townhouse, and Modular) • 2 unit owner-occupied • 1–4-unit investment Properties • 1 unit with ADU. • 1 unit second homes • Maximum 20 acres • Leaseholds that meet FNMA guidelines • Age restricted properties • Rural properties • All FNMA warrantable condominium with a minimum of 400 sq ft. • Non-Warrantable Condos (except FL Condos, which must be warrantable)	• Manufactured / Mobile Homes • Geodesic/Dome Homes • Earth/Berm Homes • Condotels or Condo Hotels • Log Homes • Condominium Conversions • Co-ops • Timeshares • Unique Properties • Mixed Use Properties • Commercial/Commercially Zoned Properties • Properties Greater than 20 Acres • Farms/Working farms • Properties located in the Puerto Rico, Guam and US Virgin Islands • Corporate Properties • Properties with Environmental Hazards • Dwellings with >4 Units • Escrow Holdback not allowed. Any inadequacies determined by the appraisal must be remediated prior to closing. • Properties located in Lava Zones • Properties located on Indian/Tribal Land

Non-Warrantable Condos Characteristics	Eligible Non-Warrantable Characteristics **(Can only have One Non-Warrantable Characteristic)**:
	• Investor concentration up to 70%.
	• Commercial space up to 50% provided it is common and customary to the
	• area and does not have an adverse impact on marketability.
	• Single owner/entity concentration up to 50%.
	• At least 30% of the units must be sold or under bona fide contract.
	• Annual budget allocation to reserves <10% permitted if the appraisal report notes no significant repairs are needed and the following reserves balance thresholds are met.
	  ○ >=7% to 9.99% annual budget is allocated to reserves, then the Reserve Fund balance must equal 50% of the annual budgeting income.
	  ○ >=5% to 6.99% annual budget is allocated to reserves, then the Reserve Fund balance must equal 75% of the annual budgeting income.
	  ○ >=3% to 4.99% annual budget is allocated to reserves, then the Reserve Fund Balance must equal 100% of the annual budgeting income.	

Appraisal Requirements	• One full appraisal is required on all loans. Two full appraisals are required for loan amounts >$2,000,000 and loans subject to 12 C.F.R. § 1026.35 of Regulation Z. The lower of the two (2) appraised values will be used to determine the LTV/CLTV/HCLTV, unless the sales price is lower than both appraisals (in which case the sales price will be used to determine loan to value). Appraisals must be completed by two (2) different, independent appraisers. • Appraisals transfer or assigned from another lender are acceptable. • CDA is required when the CU score is > 2.5 and file does not include two appraisals • If the desk review produces a value in excess of a 10% negative variance to the appraised value, the loan is not eligible for purchase; however, the seller has the option to order a Field Review to support value. If the field review also produces a value in excess of a 10% negative variance to the appraised value, then the loan remains not eligible for purchase.
Rate & Term Refinance	• Max cash to borrower may not exceed $5,000 • Property listed for the sale is ineligible unless the listing was withdrawal prior to date of closing. • Property owned free & clear is not eligible • Payoff of a co-owner pursuant to a written agreement (not allowed on investment property held for business purposes). • Payoff of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding $2,000 within the past 12 months from date of application. Withdrawal activity must be documented with a transaction history of the line of credit. • Max principal reduction is the lesser of $2500 or 2% of loan amount.
Cash-Out Refinance	• Borrower received more than $5,000 cash back will be considered a cash-out transaction. • A minimum of 6 months must have elapsed since the most recent mortgage transaction on the subject property from existing Note date to proposed Note date. • Financing of a free & clear property • Maximum amount of cashout for a cash-out transaction is $1,000,000 • Property listed for the sale is ineligible unless the listing was withdrawal prior to date of closing. • TX50(a)(6) is ineligible. • Cash-out may be used for reserves
Continuity of Obligation for all Refinance transaction	• At least 1 borrower obligated to a new loan was also on the existing loan that is being refinanced. • Borrower has been on title for at least 6 months and has either paid the mortgage for last 6 months or can demonstrate a relationship (parent, spouse, domestic partner, sibling) with current obligor. • Borrower has recently inherited or was legally awarded the property. • The existing loan being refinanced and title has been held in the name of a natural person or a LLC as long as the borrower was a member of the LLC prior to transfer. The loan must have been transferred out of LLC prior to application. • Transfer of ownership from a corporation to an individual does not meet Continuity of Obligation.

Delayed Financing	• Subject property last purchase transaction is within 6 months (measured from date of purchase to disbursement date of new loan)
	• The original purchase transaction was an arms-length transaction
	• Borrower initially purchased the property must be one of the following:
	    ○ A natural person, an eligible inter-vivos revocable trust, when the borrower is both the individual establishing the trust & the beneficiary of the trust.
	    ○ An eligible land trust when the borrower is the beneficiary of the land trust or an LLC/partnership in which the borrower has an individual or joint ownership of 100%.
	• Final Closing Disclosure to confirm no mortgage financing was used and provide source of funds for the purchase transaction.
	• Prelim must not reflect any existing liens.

	• Document source of funds used for purchase transaction • New loan amount can be no more than the actual documented amount of borrower's initial investment to purchase the property plus the financing of all closing costs for the new mortgage. Subject to the max LTV/CLTV/HCLTV for the transaction using current appraised value. • Cash-out pricing is applicable
Subordinating Financing	• A fully executed copy of the subordination agreement verifying our lien is in first lien position. • The subordinate financing was provided by a financial institution. • Copy of the note is provided and reviewed to ensure terms are consistent with other requirements of program guides • Property was not listed for the last 6 months from the date of the initial URLA

Assets

Eligible	**Ineligible**
• Checking/Savings	• Cash-on-hand
• Money Market/Certificate of deposit	• Cryptocurrency
• Gift or grant which does not have a repayment	• Gift from seller-funded programs
• Loan Proceeds from secured asset (401k, HELOC, etc)	• Gift funds which require a repayment
• Liquidation of Stock, retirement account, CD, Trust Fund	• Gift funds on Investment Properties
• Proceeds from sale of real estate or personal property with supporting documentation.	• Personal unsecured loans
• Life Insurance surrender value if used for cash to close must be liquidated. If used for reserves no liquidation is required.	• Credit Card / Cash Advance
• Funds from a business account (if the Borrower owns at least 50% of the company and the company's CPA or licensed tax preparer provides a statement indicating withdrawal of the funds will not negatively impact on the business or meets FNMA guidance for cash flow analysis) may be used for down payment and closing costs.	• Shared Appreciation second liens
• Any payment received because of being a party to the sales transaction (i.e., real estate sales commission) after Borrower has met the minimum down payment requirement.	• Sweat Equity

Funds for the closing & reserves may be verified by any of the following:

- Verification of Deposit (such as FNMA Form 1006) executed by the financial institution, to include the current balance and the average balances for the preceding two (2) months.
- One month checking and/or savings account statements with beginning and ending balance.
- One (1) quarterly account statement.
- Funds held jointly with a non-borrowing spouse are considered the Borrower's funds. Funds held jointly with any other non-borrowing person may be considered if joint account holder is also a title holder on the subject property or a written verification of deposit or an access letter is provided showing the Borrower has authorized access to all funds as though they solely belong to the Borrower.
- Stocks, bonds and retirement funds may be used at 70% of value for reserves
- Cash-out proceeds from the subject transaction are an acceptable source to meet the reserve requirement.
- Gift funds are not an acceptable source to meet the reserve requirement.

Chain of Title	• All transactions require a minimum 12-month chain of title.
IPC	• Maximum third-party concessions (as a percentage of the purchase price) are equal to 6% for LTVs of 80% and less; 3% for LTVs greater than 80%.