

CREDIT MATRIX SUMMARY

EFFECTIVE 1.02.2007

This is designated to encompass a summary of highlights and is not intended to include all of the guidelines. Refer to the Underwriting Standards for specific information

LOAN PRODUCTS

The product menu is as follows: (Refer to the rate sheet for margin options and rate caps)

- **1 Year Treasury ARM**
- **2/28 LIBOR ARM** (also referred to as a 2/6) – Fixed for 2 years, then a six-month LIBOR ARM.
- **3/27 LIBOR ARM** (also referred to as a 3/6) - Fixed for 3 years, then a six-month LIBOR ARM.
- **30 Year Fixed; 15 Year Fixed**
- **40/30 Balloon- This product is amortized over 40 years and has a balloon payment due at 30 years.**
- **30/15 Balloon**

INTEREST ONLY PAYMENT FEATURE

- Credit Score 580+ for primary & second homes only
- Investment properties 620+ Credit Score
- Max LTV 95%
- Initial interest only period of five years
- Fixed 30, 2/28 and 3/27 LIBOR ARMS
- Max DTI 55% if qualified with full PITI payment
- Max DTI 50% (Interest Only Pymt + taxes and insurance)
- Residual income requirements must be met
- Traditional Full Documentation 12 month personal bank statements, Lite Documentation & Stated Income program.
- Single Family, Multi-Family 2-4, Low/High Rise Condos, Condotels
- Deed Restricted, Rural, Non-Arms Length and leasehold eligible
- Maximum loan amount \$1,500,000 (DTI limited to 45% for loans > \$1,000,000 ≤ \$1,500,000)

Interest Only Restrictions

- 1/1 ARM, 30/15 Year Balloon, 40/30 Year Balloon, 40/30 2/6 LIBOR ARM Balloon, Fixed 15
- Business Bank Statement Documentation Program
- 100% Program
- Temporary Buydowns
- Foreign Nationals

100% LTV REQUIREMENTS

- 100% LTV available on O/O primary residences
- Full Doc and 12-month Personal Bank Statements for 600+ credit score
- Stated Income and Lite Doc for 640+ credit score
- Minimum trade-line requirements - Primary wage earner must have:
 - A minimum of 2 years in-file with a credit bureau; and
 - Three trade-lines open for at least 12 months and utilized at some time in the last 12 months OR
 - 5 plus years in-file with a credit bureau, and
 - A minimum of 4 trade-lines open or active at any time during the last 5 years

100% LTV RESTRICTIONS

- 12-month Business Bank Statements
- 2nd homes
- Rural properties
- Subordinate financing
- 3-4 Units
- 1 Year ARM and 30/15 Balloon

LOANS > \$1,000,000

- Eligible with Full Doc and 12 month Personal Bank Stmts
- Maximum DTI 50% when residual income is met
- Cash Out proceeds subject to credit grade limits
- 2 Months PITI documented reserves required
- 2 Full appraisals required
- Interest Only Feature, Maximum DTI 45%

STATED INCOME REQUIREMENTS

- Valid Credit Score 620+ ≤ 95% LTV
- Valid Credit Score 640+ 95.01-100%LTV
- Max loan amount \$1,000,000
- Maximum LTV 100%
- Trade-line requirements must be met if LTV >95%
- Max DTI with residual requirements:
 - Up to 55% with 0x30 to 2x30 mortgage history
 - Up to 50% with >2x30 or improperly document mortgage history
- DTI up to 45% when residual income requirements not met.
- VOA option requires 1 month PITI verified and documented. See UW guidelines.
- 40/30 Balloon loans not allowed when LTV > 95%

DOCUMENTATION TYPES

- **Full Documentation** - For applicants with traditional employment/income documentation (salaried current pay stub and last calendar year's W-2; self-employed: YTD P&L with two years 1040s).
- Full Documentation required on N/O/O property transactions when:
 - LTV/CLTV > 80% and credit score < 680 or
 - purchase price or appraised value < \$100,000

Stated/ Stated with VOA Option - Targeted toward self-employed borrowers and wage earners. Source of income, income and assets are stated on the initial and final loan application. Assets are verified and documented if VOA option is chosen. Verbal verification of employment is required.

12 Months Bank Statements - Requires 12 month's bank statements in lieu of traditional employment/income documentation.

- **Personal Bank Statements** are for salaried and self-employed applicants.
- **Business Bank Statements** are for business owners (100% Ownership). Available for credit scores 560+, Owner occupied properties only. Income is calculated on 75% of gross deposits. Maximum loan amount \$1,000,000.

Lite Documentation - Personal Bank Statements – for salaried and self-employed applicants. Income calculated on most recent and consecutive 6 month average of personal bank statements. Average income is not grossed up.

GENERAL GUIDELINES

Bankruptcy

Chapter 7 is based on *discharged* or *dismissed* date:

- ≥ 1 year - no restrictions
- < 1 year - max 85% LTV/85% CLTV O/O
- < 1 year - max 70% LTV/70% CLTV N/O/O
- Stated Income: < 1 year since discharge not eligible for financing

Chapter 13 is based on *filing* date:

- ≥ 1 year - no restrictions (if paid as agreed)
- < 1 year - max 85% LTV/85% CLTV O/O (also applied if not paid as agreed in last 12 months)
- < 1 year - max 70% LTV/70% CLTV N/O/O (also applied if not paid as agreed in last 12 months)
- Stated Income: < 1 year since *discharge* not eligible for financing

Any open Chapter 13 may remain open if paid as agreed for last 12 months with purchase and rate/term transactions. If debt consolidation or cash-out, the bankruptcy must be paid at closing. Applies to Full Doc and Bank Statements only.

Consumer Credit Counseling

- Purchase and Rate/Term refinance transactions are allowed and do not require payoff of the CCC balance.
- CCC agreement must be completed and paid off at or through closing for all debt consolidation and cash-out transactions
- Not paid as agreed for the prior 12 months, max 85% LTV/CLTV for owner occupied transactions and max 70% LTV/CLTV for non-owner occupied transactions.

Collections, Charge-offs, Liens, Deficiency

Balances and Judgments

Not required to pay if:

- ≤ 12 months and does not exceed \$5,000 total
- ≤ 36 months and does not exceed \$15,000 total
- > 36 months any dollar amount

Medical collections do not need to be paid, however any debt affecting title must be paid.

Foreclosure Action - Includes: NOD, Deed in Lieu, and mortgage payment ≥ 120 days delinquent over last 12 months.

- ≥ 1 year - no restrictions*
- < 1 year - max 80% LTV/80% CLTV O/O
- < 1 year - 70% LTV/70% CLTV N/O/O

Foreclosure Seasoning Requirements - Seasoning is measured from month/year of settlement, release, redemption, completion or dismissal.

- < 3 months ago, not eligible for financing
- 3 ≥ 6 months allowed for Purchase, Rate/Term, and Debt Consol only, must have minimum 3 months timely payments and brought current with own funds
- 6 > 12 months allowed for all transactions, must have minimum 6 months timely payments

Credit Reports - The submitted credit report may be no later than 90 days old at seller's close.

Credit Scoring Requirements

- The middle score is used when a tri-merged repository credit report, or three credit reports, is provided.
- The lower of credit score is used when a dual-merged repository credit report, or two reports, is provided.
- See guidelines for Single Score and No Score policy

Notes: No applicant on the loan may have a credit score below 500 as determined above.

Debt Ratio- Applicable for all programs.

- **540+ – 55%** when residual income is met
- **<540 – 50%** when residual income is met
- **All credits scores – 45%** when residual income is NOT met.

Residual Income Requirements - The borrower must meet requirements of \$500 for the 1st household member, \$300 for the 2nd household member and \$150 each additional household member. Non-taxable income is not grossed up when calculating residual income.

Gift Funds – Acceptable on all credit levels and documentation types for primary and second homes only

Gift of Equity - Allowed for Family Sales only. Not allowed on Stated program.

MIN DOWN PAYMENT FROM BORROWER'S OWN FUNDS (PURCHASE TRANSACTIONS ONLY) ¹			
CREDIT SCORE	DOC TYPE	LTV	DOWN PAYMENT
560+	Full/Bank Statements	LTVS ≤ 80%	0%
		LTVS > 80%	5%
500-559	Full/Bank Statements	LTVS ≤ 70%	0%
		LTVS > 70%	10%
620	Stated ²	LTVS ≤ 80%	0%
		LTVS > 80%	5%
500+	Lite	All LTVs	0%

¹ If a non-occupant co-borrower is involved in a transaction involving a primary residence, the primary borrower must provide at least 5% of their own funds.

² **Max CLTV for Non-Owner Occupied purchase not to exceed 95%.**

Mortgage/Rent History - Mortgage Histories required for all mortgages. The mortgage rating used to credit grade is based on:

- Primary Residence: The history of mortgages secured by the primary residence
- Second Homes: Refinance or cash-out transactions require the history of mortgages secured by the second home. Purchase transactions require the history of the primary residence.
- Non-owner occupied properties: The history of all properties (including primary, second homes, investment and non-owner occupied properties).
- Foreclosure Action: The history of all mortgages will be used.

Property Types - SFR (Includes modular); Condos: low-rise up to 4 stories, condotels, high-rise 5 or more stories; PUDs, 2-4 Units, Rural (owner occupied primary or 2nd homes), Leasehold

Qualifying – Arm Loans - 1 Year ARM: LTV > 70% qualify start rate + 2%. 1 Year ARM: LTV ≤ 70% qualify start rate. All other programs qualify at start rate.

Refinance (Rate/Term or Debt Consol) Transactions - In a refinance transaction the funds are used to payoff existing liens(s) on the subject property, revolving and installment accounts or other funds paid directly to a disinterested party. Cash in hand must not exceed the lesser of 2% or \$2000 of the loan amount.

Cash-out Refinances - Maximum cash-out limits apply to cash-out transactions. Proceeds used for debt consolidation are not considered in maximum cash out limits.

Rolling Lates - Mortgage rolling lates (6:1 ratio) are acceptable for 30 and 60 day lates only.

Seller Concession – The maximum contributions listed may only include non-recurring closing costs and/or prepaids.

Base Program

- LTV up to 100% = 6%
- N/O/O = 2%

Stated Income Program

- LTVs ≤ 95% = 6%
- LTVs > 95% = 3%
- N/O/O = 2%

Subordinate Financing - Owner-occupied primary homes Seller Funded subordinate financing not allowed with loan amounts > 1 million dollars

Source of Funds - Source/Seasoning of funds is not required when the borrower's minimum own funds and funds to close are drawn from a bank listed on the 1003. Certified funds at close must be drawn from a bank listed on the 1003. Third Party funds require verification. See Loans > \$1,000,000.