EMET ULTIMATE CLOSED END SECOND

EMET MORTGAGE

FIXED RATE - LOAN/CLTV MATRIX					
Standard Doc / Maximum CLTVs					
Loan Amount	Credit Score	Primary	Second Home	Investment	Reserves
$350,000	720	90	80	80	N/A
	700	90	80	80	N/A
	680	85	75	75	N/A
	660	80	70	70	N/A
$500,000	720	90	80	80	N/A
	700	85	80	80	N/A
	680	80	70	70	N/A
	660	75	65	65	N/A
$750,000	720	80	75	75	N/A
	700	80	70	70	N/A
	680	75	65	65	N/A
	660	70	60	60	N/A
$850,000	720	75			
	700	70			
Bank Statements / 1099 / Maximum CLTVs					
Loan Amount	Credit Score	Primary	Second Home	Investment	Reserves
$350,000	720	90	80	80	N/A
	700	85	75	75	N/A
	680	80	70	70	N/A
	660	75	60	60	N/A
$500,000	720	85	75	75	N/A
	700	80	70	70	N/A
	680	75	65	65	N/A
	660	65	60	60	N/A
$750,000	720	80	70	70	N/A
	700	75	65	65	N/A
	680	65	55	55	N/A
	660	60	50	50	N/A
$850,000	720	75			
	700	70			

EMET ULTIMATE CLOSED END SECOND

EMET MORTGAGE

FIXED RATE - LOAN/CLTV MATRIX					
WVOE Only / Maximum CLTVs					
Loan Amount	Credit Score	Primary	Second Home	Investment	Reserves
$350,000	720	85	75	75	N/A
	700	80	70	70	N/A
	680	75	65	65	N/A
	660	70	60	60	N/A
$500,000	720	80	70	70	N/A
	700	75	65	65	N/A
	680	70	60	60	N/A
	660	65	55	55	N/A
$750,000	720	75	65	65	N/A
	700	70	60	60	N/A
	680	65	55	55	N/A
	660	60	50	50	N/A
P & L Only / Maximum CLTVs					
Loan Amount	Credit Score	Primary	Second Home	Investment	Reserves
$350,000	720	80	70	70	N/A
	700	75	65	65	N/A
	680	70	60	60	N/A
	660	65	55	55	N/A
$500,000	720	75	65	65	N/A
	700	70	60	60	N/A
	680	65	55	55	N/A
	660	60	50	50	N/A
$750,000	720	70	60	60	N/A
	700	65	55	55	N/A
	680	60	50	50	N/A
	660	55	45	45	N/A
DSCR(Min >=1) / Maximum CLTVs					
Loan Amount	Credit Score	Primary	Second Home	Investment	Reserves
$350,000	720	N/A	N/A	80	N/A
	700	N/A	N/A	75	N/A
	680	N/A	N/A	70	N/A
$500,000	720	N/A	N/A	75	N/A
	700	N/A	N/A	70	N/A
	680	N/A	N/A	65	N/A
$750,000	720	N/A	N/A	70	N/A
	700	N/A	N/A	65	N/A
	680	N/A	N/A	55	N/A

EMET ULTIMATE CLOSED END SECOND

EMET MORTGAGE

PROGRAM GUIDELINE SUMMARY	
Products	▪ Fully amortizing Fixed Rate of 10, 15, 20 and 30 years
Loan Amounts	▪ Minimum: $50,000 ▪ Maximum: $850,000
Combined Loan Balance Caps	▪ Maximum combined loan balance for all liens not to exceed $5,000,000 ▪ The CLTV of the combined 1st and 2nd lien loan balances are restricted as follows: - Total lien balance <= $2,000,000 – 90% CLTV - Total lien balance <= $3,000,000 – 85% CLTV - Total lien balance <= $3,500,000 – 80% CLTV - Total lien balance <= $4,000,000 – 75% CLTV - Total lien balance <= $5,000,000 – 60% CLTV
Ineligible Senior Liens	▪ A copy of the most current 1st mortgage statement is required to determine eligibility. Statement date to be within 90 days of Note date. Additional 1st mortgage documentation may be required to provide sufficient data for underwriting. ▪ Loans in active forbearance or deferment. Deferred balances from modifications seasoned greater than 12 months may remain open. If seasoned less than or equal to 12 months, deferred balances must be paid through closing. Senior lien must be out of forbearance at time of application in order to be eligible. ▪ Loans with negative amortization. ▪ Reverse mortgages. ▪ Balloon loans that the balloon payment comes due during the amortization period of the 2nd loan. ▪ Mortgages not reporting on credit report ▪ Private Party
Interest Only Senior Liens	▪ Interest only senior liens are acceptable when qualified at a maximum DTI of 50%. Qualify I/O on fully-amortized payment on the remaining term after the I/O period. ▪ 1st lien ARMS with < 3 years fixed period remaining qualified on fully indexed payment.
Age of Documents from Note Date	▪ Credit Documents : 120 Days ▪ Income Documents : 90 Days ▪ Asset Documents : 90 Days ▪ New AVM/Appraisal : 120 Days (with Re-Certification of Value: 365 Days) ▪ Title Report : 120 Days
Property Listing Seasoning	▪ Properties that have been on the market **within six months of the note date** are ineligible. ▪ DSCR CES loans with a prepayment penalty (where allowable by state) are eligible with no seasoning, so long as the subject property has been taken off the market prior to application date.

EMET ULTIMATE CLOSED END SECOND

EMET MORTGAGE

PROGRAM GUIDELINE SUMMARY	
Ownership Seasoning	▪ Properties owned less than six (6) months ineligible. ▪ Properties owned greater than six (6) months – no restrictions.
State and Federal High Cost Loans	▪ Not eligible
Interest Credit (Into the month closing)	▪ Loans closed within the first ten (10) days of the month may reflect an interest credit to the borrower.
Assumability	▪ Not assumable
Escrows (Impound)	▪ Not allowed. No Impound required.
Property Hazard Insurance	▪ Following Fannie Mae (FNMA) guidance, the property insurance policy must provide the claims to be settled on a replacement cost basis. The coverage amount must be at least equal to the lesser of: - 100% of the replacement cost of the improvements as of the current property insurance effective date, or - The unpaid principal balance of all liens, provided it equals no less than the replacement cost value of the improvements
Flood Insurance	▪ Flood insurance is required for any property located within any area designated by the Federal Emergency Management Agency (FEMA) as a Special Flood Hazard Area (SFHA). A SFHA is typically denoted as Flood Zone A or Zone V (coastal areas). Properties in Flood Zone A or V must be located in a community which participates in the FEMA program to be eligible for financing. ▪ Flood insurance must be maintained throughout the duration of the loan. ▪ Determination whether a subject property is in a flood zone must be established by a Flood Certificate provided by the Federal Emergency Management Agency (FEMA). Flood Cert from CoreLogic or ServiceLink is preferred. The appraisal report should also accurately reflect the flood zone. ▪ For reference, the minimum amount of flood insurance required for most first mortgages secured by 1-unit properties and individual PUD units is the lower of: - 100% of the replacement cost of the insurable value of the improvements; - the maximum insurance available from the National Flood Insurance Program (NFIP), which is currently $250,000 per dwelling; or, - the unpaid principal balance of the mortgage ▪ For reference, The minimum amount of flood insurance required for a PUD or condo project is the lower of: - 100% of the insurable value of the facilities; or, - the maximum coverage available under the appropriate National Flood Insurance Program(NFIP) - The flood policy for a PUD or condominium project must cover any common element buildings and any other common property located in a SFHA.

PROGRAM GUIDELINE SUMMARY	
	▪ The flood insurance requirement can be waived if: - Subject property improvements are not in the area of Special Flood Hazard, even though part of the land is in Flood Zone A or V; or - Borrower obtains a letter from FEMA stating that its maps have been amended so that the subject property is no longer in an area of Special Flood Hazard
Prepayment Penalty	▪ Prepayment penalties are only eligible for Closed-End Second (CES) loan transactions on non-owner and investment properties (business purpose only-both DSCR and non-DSCR programs). ▪ For all other loan transactions (primary residence, second home, non-business purpose investment), prepayment penalties are prohibited. ▪ States may impose different definitions of points and fees, rate/APR, or prepayment penalties that apply under HOEPA. States may also use different triggers in each category for determining whether a loan will be a "high-cost mortgage" (or equivalent terms) under state law. Prepayment penalty must be in compliance with the terms and limitations of the applicable state or federal law. ▪ Minimum 1yr prepayment penalty required on DSCR doc type where allowable by state.
Title Reports	▪ ALTA ▪ Jr. ALTA ▪ ALTA Lite ▪ ALTA Short Form – Lender's Policy
Subordinate Financing	▪ All existing subordinate liens must be satisfied at or prior to closing, with the exception of those solar liens addressed below.
Solar Liens	▪ Leased Solar Panels or Panels Under a Power Purchase Agreement - Copy of the lease or power purchase agreement - Power Purchase Agreement Liability: Payment may be excluded from DTI when payment is based on energy produced only. If not the case, payments must be included as part of the DTI calculation - Lease Liability: Lease payments must be included in the DTI calculation - The value of the solar panels cannot be included in the appraised value - The lease liability should not be included as part of the CLTV calculation - UCC Filing: o Only the solar equipment may be mentioned as collateral for the UCC filing. If so, the UCC filing may remain on title. o Title must provide a supplement that confirms the lien position of our new mortgage ahead of the UCC or financing statement filing - The property must maintain access to an alternate source of electric power that meets local community standards - The owner of the solar panels cannot be included as a loss payee on the property hazard insurance policy

PROGRAM GUIDELINE SUMMARY	
	- Since the borrower does not own the solar panels, any damage resulting from installation and malfunction is the responsibility of the equipment owner ▪ Purchased Solar Panels - UCC Fixture Filing o Copy of purchase agreement o UCC fixture filing, credit report & preliminary title report o Appraiser may consider the solar panels as part of the value of the property o Financing balance must be included as part of the CLTV. Max CLTV as shown on the matrix cannot be exceeded o Monthly finance payments must be included in DTI calculation o UCC fixture filing must be subordinated or UCC must be terminated - Financing Statement on Title o Copy of purchase agreement o Credit report & preliminary title report o Appraiser may not consider the solar panels as part of the value of the property o Financing balance may not be included as part of the CLTV o Monthly finance payments must be included in the DTI calculation o Title supplement must be obtained confirming our lien position ▪ PACE/HERO - Existing PACE/HERO financing must be paid-in-full prior to or at closing
Limitations on Financed Properties	▪ Primary and Second Homes - The maximum number of financed properties to any one borrower is limited to twenty (20) residential properties including subject property. - Commercial properties and residential > 5-units excluded from calculation. ▪ Investor Properties - There is no limit on the number of financed properties.
Appraisals	▪ On purchase transactions, a copy of the appraisal with original pictures and any secondary valuation used on the 1st mortgage is acceptable. ▪ Higher-Priced Mortgage Loan (HPML): Primary and 2nd Homes - Full Appraisal (1004, 1025, 1073) - Declining markets maximum 75% CLTV ▪ HPML QM Safe Harbor or Rebuttable Presumption (Full Doc only): Primary and 2nd Homes - Loan amounts < $400,000: AVM with a 90% Confidence Factor and a Property Condition Inspection from Clear Capital - Full appraisal required when AVM has less than 90% Confidence Factor - Loan amounts > $400,000: Full Appraisal (1004, 1025, 1073)

PROGRAM GUIDELINE SUMMARY	
	- Declining markets maximum 75% CLTV ▪ Non-HPML: Primary and 2nd Homes and Investment property - Loan amounts < $400,000: AVM with a 90% Confidence Factor and a Property Condition Inspection from Clear Capital - Full appraisal required when AVM has less than 90% Confidence Factor - Loan amounts > $400,000: Full Appraisal (1004, 1025, 1073) - Declining markets: o Primary and 2nd Homes - Maximum 75% CLTV o Investment – Maximum 70% CLTV
Minimum Property Standards	▪ 600 square feet ▪ Property constructed for year-round use ▪ Permanently affixed continuous heat source ▪ Maximum deferred maintenance cannot exceed $2,000 ▪ No health or safety issues both internal or external
Eligible Property	▪ Single Family: Max 10 Acres ▪ PUD ▪ 2-4 Unit residential properties - O/O : Max CLTV 75% - N/O/O : Max CLTV 70% ▪ Warrantable Condo - O/O : Max CLTV 75% - N/O/O : Max CLTV 70% ▪ Rural - Primary Only - Max 10 Acres - Max CLTV 80%
Ineligible Property	▪ Non-Warrantable Condo ▪ Condotels ▪ Properties not readily accessible by roads that meet local standards ▪ Property > 10-acres ▪ Manufactured or Mobile Homes ▪ Agricultural Zoned ▪ Rural Investor Properties & Rural 2nd Homes ▪ Mixed-Use ▪ Unique Properties ▪ Boarding houses, Bed and Breakfast, or single room occupancy ▪ Geodesic Domes ▪ Log Homes ▪ Modular Homes ▪ Working Farms and Hobby Farms ▪ Properties in Litigation ▪ Commercially Zoned ▪ Properties with zoning violations

PROGRAM GUIDELINE SUMMARY	
	▪ Properties used for the cultivation, distribution, manufacture, or sale of marijuana ▪ Fractional ownership ▪ Adult Assisted Living/Care Facilities ▪ Land Trust ▪ Deed-restricted properties ▪ Hawaii properties located in lava zones 1 and/or 2 ▪ Houseboats ▪ Income producing properties with acreage ▪ Homes on Native American Land (Reservations) ▪ Multiple dwellings on single lot (legal ADU acceptable on SFR)
State Restrictions	▪ Not eligible: Texas, NY
Loan Purpose	▪ Stand-Alone Cash-Out (minimum ownership of 6 months required) ▪ Simultaneous/Piggy-back
Prior Cash-Out Refinance Seasoning	▪ Any previous cash-out refinance transaction, either the 1st or a 2nd lien, within the prior six (6) months limits the maximum CLTV to 80%.
Piggy-Back Purchase	▪ When the product is combined with a new 1st mortgage in a purchase transaction, the required income and asset documentation will follow the AUS Recommendations and/or the 1st mortgage loan approval ▪ The following credit requirements will default to the AUS Recommendation and/or the 1st loan approval: - Housing history limit of 0x30x12 can be waived if allowed by 1st loan approval - FTHB overlays can be waived if allowed by 1st loan approval - Minimum tradelines requirements are waived when the 1st lien has an AUS Approve/Eligible or Approve/Ineligible Recommendation ▪ Appraisal must follow the requirements of this program (appraisal waiver option from findings not eligible) ▪ Max DTI based upon CLTV restrictions for this program.
Cross Collateral	▪ Cross collateral loan transactions are not eligible
Non-Arm's Length	▪ Ineligible
Occupancy	▪ Primary Residence ▪ Second Home ▪ Investment
Eligible Borrowers	▪ U.S. citizens ▪ Permanent resident aliens ▪ Non-Permanent Resident Alien (with US Credit); Not eligible for DSCR transactions
First Time Homebuyers	▪ For Piggyback loans, a First Time Home Buyer's housing history defaults to the 1st lien requirements.

EMET ULTIMATE CLOSED END SECOND

EMET MORTGAGE

PROGRAM GUIDELINE SUMMARY	
Ineligible Borrowers	▪ Foreign Nationals ▪ Borrowers without a valid Social Security Number ▪ Borrowers who are party to a lawsuit ▪ Non-occupant Co-borrowers ▪ Borrowers with diplomatic immunity, as defined by US Citizenship and Immigration Services ▪ Persons sanctioned by OFAC ▪ Any material parties (company or individual) to the transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list, or any other exclusionary list. ▪ Irrevocable Trust ▪ Land Trust ▪ Not-For-Profit entity
TITLE VESTING AND OWNERSHIP	▪ Subject property must be owned a minimum of 6 months to be eligible, as measured from acquisition date to the date of the new note. ▪ Ownership must be fee simple or leasehold. - In areas where leasehold estates are commonly accepted and documented via the Appraisal, loans secured by leasehold estates are eligible for purchase. - The mortgage must be secured by the property improvements and the borrower's leasehold interest in the land. - The leasehold estate and any improvements must constitute real property, be subject to the mortgage lien, and be insured by the lender's title policy. - Leaseholds must meet all FNMA eligibility requirements ▪ Eligible forms of vesting are: - Individuals - Joint tenants - Tenants in Common - Inter Vivos Revocable Trust o The trust must be established by one or more natural persons, solely or jointly. o The primary beneficiary of the trust must be the individual(s) who is establishing the trust. o Trust must be in the borrower's name. o Trust must state that the borrower(s) have a right to revoke the Trust during their lifetimes. o Income and assets of at least one borrower of the individuals establishing the Trust must be used to qualify for the mortgage. o Trust must comply with all applicable state and local laws and regulations. o Trustee must have the power to mortgage the property. o The trust must become effective during the lifetime of the person establishing the trust.

PROGRAM GUIDELINE SUMMARY	
	○ Provide copy of Trust Agreement or Trust Certificate (where allowed by law) reviewed and approved by Title company. Title must not contain any title exceptions and offer full title protection without exception to the trust. - Business Entity – Investor properties only. With current vesting in: ○ Limited Liability Company (LLC) ○ Limited and General Partnerships ○ Corporations ▪ Ineligible forms of vesting are: - Land Trust - Blind Trust - Irrevocable Trust - IRAs - Not-For-Profit entity
Business Entity	▪ Vesting solely in the name of a business entity (LLC, partnership or corporation) is acceptable on investor properties only ▪ For both DSCR and non-DSCR programs are available ▪ Loans that are secured by properties vested in a business are solely business purpose loans for the purchase or refinance of an investment property. ▪ All persons with >25% interest in the business entity ("Interested Persons") must apply for the loan and meet credit requirements ▪ Maximum of four (4) individual members/partners/shareholders. No entities or trusts as members, partners or shareholders. ▪ Persons who sign the note or a personal guaranty must sign an Occupancy Affidavit prior to closing. ▪ The following documentation must be provided: - Formation and Operating documents ○ Articles of Incorporation and bylaws ○ Certificate of Formation and Operating Agreement, or ○ Partnership Agreement - Tax Identification Number - Certificate of Good Standing
POWER OF ATTORNEY	▪ Not eligible
Credit Report	▪ A credit report is required for every borrower. All applicants must have a valid SSI number. Fannie Mae guidelines should be utilized for processing and documenting all required credit reports and determining borrower's credit eligibility. ▪ Borrower explanations are to be provided for any Disputed Tradelines with derogatory information reported in the last two years. ▪ For borrowers who have a security freeze on their credit, the security freeze must be removed and credit repulled.

PROGRAM GUIDELINE SUMMARY	
Fraud Report	▪ A third-party fraud detection report is required in every file. All "high" alerts, or "red flags" must be addressed and/or cleared by the seller (lender). ▪ Sellers may clear "high" alerts or "red flags" directly through the vendor solution or with an attestation. The attestation must address each "high" alert, or "red flag" noted in the fraud report. Emet may request additional documentation to address high fraud risk. ▪ All parties involved in the transaction must be included in the fraud report performed by an automated fraud and data check vendor solution. ▪ Transaction participants must be included in the fraud report as follows: Borrowers/Guarantors, Property Sellers, Brokers, Loan Officers, Appraisers, Real Estate Agents, Settlement Agents ▪ OFAC search - Individuals: - All individuals involved in the transaction must be cleared through OFAC's SDN list. ▪ Individuals to be included in the OFAC search: Borrowers/Guarantors, Property Sellers, Brokers, Loan Officers, Appraisers, Real Estate Agents, Settlement Agents
Credit Inquiries	▪ Lenders must inform borrowers that they are obligated to notify the lender of any new extension of credit, whether unsecured or secured, that takes place during the underwriting process and up to the consummation of the loan. ▪ For all inquiries within the most recent 90 days of the credit report date, a signed letter of explanation from the borrower or creditor is required to determine whether additional credit was granted as a result of the borrower's request. If new credit was extended, borrower must provide documentation on the current balance and payment; based on the verification of all new debt/liabilities, the borrower should be qualified with the additional monthly payment. If no credit was extended, borrower must state the purpose of the inquiry.
Credit Report Update	▪ Seller is to confirm there are no new or higher debt obligations for the borrower by using a gap credit report, soft-pull or undisclosed credit monitoring. This type of report is required if Note date is greater than 30 days after the date of the credit report relied upon for underwriting. The gap credit report, soft-pull or final report for the undisclosed debt monitoring is to be dated within 30 days of the Note date. ▪ This requirement does not apply to loans documented under DSCR. ▪ When these reports are required, it becomes part of the Mortgage File and all payments/balances and DTI are to be updated. Based on the recalculated DTI, the mortgage loan would not be required to be re-underwritten if both of the following applies: - The updated DTI ratio has not increased by 3% or higher, AND - The final updated DTI does not exceed 45%
Housing History	▪ **Purchase** – 12-month housing history consisting of mortgage reported on credit or VOR from management company. Combination of mortgage and rent history covering 12 months acceptable. ▪ **Cash-out** - 6 months current senior lien reporting on credit report, OR one of the following:

PROGRAM GUIDELINE SUMMARY	
	- VOM from an institutional lender - Legally inherited property supported by cancelled checks to senior lien
Housing Lates	▪ 0x30x12 On all mortgages for all borrowers. Minimum 12 months housing history required.
Consumer Credit History	▪ 30-day charge accounts (e.g. Amex) can remain open if borrower has sufficient funds in reserve (cash-out funds included) to cover the balance.
Consumer Credit Charge-offs and Collections	▪ Open charge-offs or collections < $1,000 per occurrence are acceptable. ▪ Open medical collections < $1,000 per occurrence are acceptable.
Consumer Credit Counseling Services	▪ Borrowers enrolled in credit counseling are ineligible
Judgment or Liens	▪ All judgements, garnishments and all outstanding liens must be paid off prior to or at loan closing
Income Tax Liens	▪ All income tax liens (federal, state, local) must be paid off prior to or at loan closing
Credit Event Seasoning	▪ No foreclosure actions (NOI, NOD), short-sale, deed in lieu, bankruptcies in last 48 months ▪ No multiple credit/housing events (FC, BK, SS/DIL) in the last seven (7) years
Credit Score	▪ The Representative Credit Score is to be used for the Credit Decision. A valid score requires one (1) score from at least two (2) of the following agencies: Experian (FICO), Trans Union (Empirica), and Equifax (Beacon). Only scores from these agencies are acceptable. ▪ A borrowers' representative credit score is the lower of two (2) scores or the middle of three (3) scores. ▪ For loans with multiple borrowers: - The borrower with the highest income is the primary borrower and their representative credit score is to be used - When borrowers are self-employed and have equal ownership of a business, the highest representative score of all borrowers is to be used - For DSCR CES loans, the lowest representative score of all borrowers is to be used ▪ Minimum credit score for co-borrowers is 500
Standard Tradeline Requirements	▪ The primary wage-earner must meet either of the minimum tradeline requirements listed below: - At least three (3) tradelines reporting for a minimum of twelve (12) months with activity in the last 12 months; or, - At least two (2) tradelines reporting for a minimum of twenty-four (24) months with activity in the last 12 months ▪ On Primary residence only, borrowers who do not have the minimum tradelines are acceptable with a current mortgage history on their credit report reporting 0x30x12 (no private party mortgages). ▪ Borrowers that have three (3) credit scores satisfy the minimum tradeline requirements. ▪ Valid tradelines have the below characteristics - The credit line must be reflected on the borrower's credit report - The account must have activity in the last 12 months but may be open or closed

PROGRAM GUIDELINE SUMMARY	
	- Student loans may be counted as tradelines as long as they are in repayment and are not deferred - An acceptable 12 or 24-month housing history not reporting on credit may also be used as a tradeline (VOR from professional management company). ▪ The following are not acceptable to be counted as valid tradelines: - Liabilities in deferment status - Accounts discharged through bankruptcy - Authorized user accounts - Charge-offs - Collection accounts - Foreclosures - Deed-in-lieu foreclosures - Short sales - Pre-foreclosure sales ▪ On piggy-back loans, minimum tradelines are waived when the 1st lien has an AUS with Approve/Eligible or Approve/Ineligible Recommendation.
Housing and Mortgage Related Obligations	▪ All properties owned by the borrower must be fully documented. These obligations must be verified using reasonably reliable records such as taxing authority or local government records, homeowner's association billing statements, information obtained from a valid and legally executed contract
Current Debt Obligations, Child Support, Alimony or Maintenance Obligations	▪ A lender may use a credit report to verify a borrower's current debt obligations, unless the lender has reason to know that the information on the report is inaccurate or disputed. ▪ Monthly alimony, child support or separate maintenance fees should be current at time of application and must be included in the borrower's DTI ratio. ▪ The file should contain supporting documentation as evidence of the obligation, such as a final divorce decree, property settlement agreement, signed legal separation agreement, or court order. ▪ If payments are past due, the borrower is ineligible.
Assets	▪ For purchase files, documentation of sufficient funds from acceptable sources for down payment, closing costs, prepaid items, debt payoff are required and follow 1st lien approval when applicable. ▪ FNMA guidelines used to verify funds. All documentation to follow AUS requirements when applicable
Income Documentation - STANDARD INCOME DOCUMENTATION – ONE (1) OR TWO (2) YEAR OPTIONS	▪ For Piggy-Back: - Documentation requirements to follow 1st lien requirements. ▪ For Stand-Alone Wage/Salary - W-2s for most recent 1 or 2-years and current paystubs reflecting 30 days earnings - W-2 transcripts - A verbal VOE from each employer within 10-days of the note date for wage and salaried employees ▪ For Stand-Alone Self-employment Income (25% or greater ownership): - 1 or 2 years tax returns (business and personal) including all schedules.

PROGRAM GUIDELINE SUMMARY	

	- Current YTD P&L (borrower prepared ok), or 3 months bank statements.
	- Qualifying income based on tax returns. P&L or bank statement to support tax return income.
	- Tax transcripts
	- IRS Form 4506-C
	- For self-employed verify existence of business within 30-days of the note date with one of the following:
	  o Letter from business tax professional
	  o On-line verification from regulatory agency or licensing bureau
	  o Certification verifying business existence through direct contact or internet search

Income Documentation - ALT DOC – WVOE Type	▪ Written Verification of Employment completed by the employer (FNMA Form 1005 or equivalent)

Income Documentation - ALT DOC – P&L Doc Type	▪ A CPA/CTEC/EA completed and signed P&L may be used as an alternative to tax returns to document a self-employed borrower's income.
	▪ No other income documentation type other than Asset Depletion can be combined with the P&L for the self-employed borrower.
	▪ The borrower's qualifying income will be based on the net income as shown on the P&L statement (multiplied by the borrower's ownership percentage).
	▪ CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 12 month period.
	  - PTIN's are not acceptable to sign/prepare P&L statements
	▪ A signed letter from the CPA, CTEC (CA Tax Education Council) or EA (Enrolled Agent) on their business letterhead showing address, phone number, and license number is required with the following information:
	  - CPA/CTEC/EA confirms they have prepared and/or reviewed the most recent year's business tax return filing; and,
	  - The business name, borrower's name, and percentage of business ownership by the borrower
	▪ Evidence the business has been in operation for twelve (12) months or greater
	▪ Evidence of business ownership percentage if the business is a corporate entity and the P&L covers the business as a whole (not just the borrower's share of the business).
	  - Borrower must have at least 25% ownership of the business
	  - Acceptable forms of documentation include a business license, signed written statement from the CPA/CTEC/EA, an Operating Agreement, Articles of Incorporation/Articles of Organization, a Partnership Agreement, or a Business Certificate filed with a governmental agency
	  - Documentation showing sole member entity or sole proprietor is acceptable to indicate 100% ownership

PROGRAM GUIDELINE SUMMARY	
	▪ Third-party documentation must be provided from which the borrower's ownership percentage can be determined. Documents which are not required to list all owners do not meet this requirement. ▪ Income from co-borrowers who are W2 wage earners is to be documented with most recent W2 and paystub ▪ P&L statements not meeting the aforementioned requirements, or which are suspicious in nature, may require additional verification
Income Documentation - 12 or 24 months Bank Statements	▪ Bank statements (personal and/or business) may be used as an alternative to tax returns to document a self-employed borrower's income. ▪ The Primary Borrower (greater than 50% of income) should be self-employed for at least 2 years (25% or greater ownership) to qualify for this program. If there is less than 2 years but more than 1year of self-employment with the same business, the borrower may qualify if they can evidence at least: - 2 years of previous employment in the same industry/line-of-work of the current business, OR - 1 year previous employment in the same industry/line-of-work and 1 year of formal education or training in the same industry/line-of-work ▪ Excessive NSFs on the bank statements may cause the loan to be ineligible. Business bank statements must be operating account(s) reflecting normal business expenses. - If the bank account has overdraft protection that is linked to another account with the same financial institution, an overdraft would not be considered as an NSF so long as the account does not reflect a negative balance at day's end & shows the transfer from the linked account. ▪ Borrower must document two years current continuous self-employment with business license or statement from corporate accountant/CPA confirming the same. - Other documentation from third parties may be acceptable on a case by case basis (e.g., letter from an attorney) - Acceptable business license must be verified by third party (e.g., government entity, borrower's business attorney). Borrowers whose self-employment cannot be independently verified are not eligible. - In instances where a license is not required (e.g., choreographer), a letter from a CPA confirming employment may be accepted in lieu of a license ▪ A borrower who is a "1099 contractor" may be considered self-employed for this program with confirmation from a CPA that the borrower is a 1099 contractor and files Schedule C or Schedule E with the IRS (personal tax returns). Borrower cannot have ownership of 1099 Payor's business. ▪ Personal & Business Bank Statements Combined - If personal and business bank activity are combined in one bank account, borrower is to provide the most recent 24 or 12 months consecutive bank statements from the same account - **Standard expense factor applies; 50% expense factor** - The underwriter may use an expense factor higher than the standard 50% when the analysis of the bank statements reflect higher expenses

PROGRAM GUIDELINE SUMMARY	
	- If the type of business operates more efficiently or typically has a materially different expense factor (lower than standard expense factor), then the expense factor per a CPA/CTEC/EA letter may be applied. PTIN acceptable if documented as employed by a 3rd party tax preparation service. - When a CPA or tax preparer produced statement is provided, apply the stated expense factor to calculate the qualifying income. Provide either of the following: o A CPA/CTEC/EA produced written statement/letter specifying the actual expense ratio of the business (including cost of goods sold and all other business expenses) based on the most recent year's filed tax returns. Such statement shall not include unacceptable disclaimer or exculpatory language regarding its preparation - The expense factor per the CPA/CTEC/EA produced statement must be reasonable. - A CPA/CTEC/EA-produced Profit and Loss (P&L) statement, covering the same period as the bank statements (12 or 24 months) can be provided as long as the following applies: o CPA/CTEC/EA who prepared the P&L acknowledges in writing that they have prepared or reviewed the P&L. PTIN acceptable if documented as employed by a 3rd party tax preparation service. o The accompanying statement does not have unacceptable disclaimer or exculpatory language regarding its preparation o The annual deposits on the bank statements must be at least 75% of the gross receipts per the P&L - When the borrower is an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification. ▪ Personal & Business Bank Statements Separated - If the borrower maintains separate bank accounts for personal and business, only personal bank statements are used for qualifying - The borrower is to provide the most recent 24 or 12 months consecutive personal bank statements and two (2) months business bank statements (to support the borrower does maintain separate accounts, and to show business cash flows in order to utilize 100% of business-related deposits in personal account). - The deposits are analyzed and averaged to determine monthly income o No expense factor o Deposits to a personal account from sources other than self-employment is not to be included - When the borrower is an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification ▪ Business Bank Statements Only - If only using business bank statements, borrower is to provide the most recent 24 or 12 months consecutive business bank statements - **Standard expense factor applies; 50% expense factor**

PROGRAM GUIDELINE SUMMARY	
	- The underwriter may use an expense factor higher than the standard 50% when the analysis of the bank statements reflect higher expenses - If the type of business operates more efficiently or typically has a materially different expense factor (lower than 50%), then the expense factor per a CPA/CTEC/EA letter may be applied. PTIN acceptable if documented as employed by a 3rd party tax preparation service - When a CPA or tax preparer produced statement is provided, apply the stated expense factor to calculate the qualifying income. Provide either of the following: o A CPA/CTEC/EA produced written statement/letter specifying the actual expense ratio of the business (including cost of goods sold and all other business expenses) based on the most recent year's filed tax returns. Such statement shall not include unacceptable disclaimer or exculpatory language regarding its preparation - The expense factor per the CPA/CTEC/EA produced statement must be reasonable. - A CPA/CTEC/EA-produced Profit and Loss (P&L) statement, covering the same period as the bank statements (12 or 24 months) can be provided as long as the following applies o CPA/CTEC/EA who prepared the P&L acknowledges in writing that they have prepared or reviewed the P&L. PTIN acceptable if documented as employed by a 3rd party tax preparation service. o The accompanying statement does not have unacceptable disclaimer or exculpatory language regarding its preparation o The annual deposits on the bank statements must be at least 75% of the gross receipts per the P&L - When the borrower is an inter vivos trust, personal bank statements in the name of the trust are allowed for qualification. ▪ The bank statements should show a trend of ending balances that are stable over the 24 or 12 month period. - Large deposits inconsistent with history must be documented as business income - Net deposits must not reflect any other income sources already taken into consideration (i.e. deduct SS payments, W-2 wage earnings, etc., that have already been used for income calculation)
Income Documentation - IRS FORM 1099	▪ Permitted for individual(s) earning 100% commission or for independent contractors. ▪ Most recent 1 year or 2 years IRS Form 1099(s) may be used as an alternative to tax returns to document the borrower's income ▪ Borrower must have 2 year history of 1099 employment. ▪ Third party documentation (CPA/CTEC/EA) supporting a 2 year employment history when 1year 1099 used. ▪ Borrower cannot have any ownership interest in the company(s) providing 1099 income

PROGRAM GUIDELINE SUMMARY	
	▪ 1099 statements must be payable to the individual borrower(s). 1099 statements payable to a business entity owned by the borrower(s) are not eligible. ▪ Current paystub or bank statement deposit for **each** 1099 source utilized for qualification (e.g. if borrower provided 1099 forms from five (5) separate sources, then a separate paystub/bank statement deposit must be provided from each of the five (5) 1099 sources to support current receipt) ▪ Tax transcripts are required for each 1099 provided ▪ 1099 income minus 10% expense factor / 12 months = Qualifying Income ▪ 1099 Income that is not supported by documentation of current receipt cannot be used for qualification.
Other Eligible Sources of Income	▪ Treatment of miscellaneous income sources follow FNMA guidelines
Ineligible Sources of Income	▪ Income from a business that is state or federally illegal.
Verbal VOE	▪ Salaried Borrower: 10 days prior to disbursement date - The phone number that the borrower provided as their employer's number must be independently confirmed by using the telephone book, directory assistance, Superpages.com, Yellowbook.com. ▪ Self Employed Borrower: 30 days prior to disbursement date - Verification of the existence of the borrower's business from a third party, such as a CPA, regulatory agency, or the applicable licensing bureau. OR - Obtaining a phone listing for the borrower's business using telephone book, the internet, or directory assistance.
Qualifying Payment	Qualifying DTI includes the Principal and Interest payment of the subject loan and any existing or new first lien payment. Qualifying payment to be determined with the following: ▪ First lien Principal and Interest payment o Transaction Type: ▪ Stand-alone: Utilize mortgage payment from credit report ▪ Simultaneous: Utilize the 1st lien qualifying method as follows • Fixed rate: Note rate amortized over the total term Interest only: Note rate amortized over the remaining term after the expiration of the interest only period • ARMs: Qualifying rate is the higher of the fully indexed rate or note rate Interest only: Qualifying rate amortized over the remaining term after the expiration of the interest only period ▪ Subject loan Principal and Interest Payment based upon the note rate ▪ Hazard Insurance Premium ▪ Flood and Other Insurance Premiums, as applicable ▪ Real Estate Taxes ▪ Association Dues

PROGRAM GUIDELINE SUMMARY	
Maximum DTI Ratio	Debt-to-Income (DTI) ratio = (Monthly Housing Expense + Monthly Liability Expense)/Monthly Qualifying Income. ▪ 50%
DSCR: Investor DSCR (Debt Service Coverage Ratio)	▪ Only stand-alone cash-out transactions are eligible for this program. ▪ The borrower must have a history of owning and managing commercial or residential investment real estate for a period of at least 12 months within the most recent 36 months. Proof of this investor experience must be in loan file. ▪ Borrower must acknowledge the loan is a "business purpose loan" ▪ First-Time Investors are not eligible for this transaction type ▪ Pre-payment penalty must be in compliance with the terms and limitations of the applicable state or federal law.
DSCR: Documentation	▪ All DSCR CES loans must include a Form 1007 Comparable Rent Schedule for long-term rental leases. ▪ An expired lease agreement that has verbiage that states the lease agreement becomes a month-to-month lease once the initial lease/rental term expires is allowed. ▪ All borrowers must provide the following: - A complete schedule of all real estate owned, indicating financed and "free and clear" properties - Mortgage/lien rating for the subject property and the primary residence. - Documented proof that lien-free properties are truly "free and clear" of all liens ▪ Refinance Currently Leased 1-4 units: - DSCR is calculated using lower of lease agreement or rent survey. - If existing lease agreement(s) show a higher rental amount than the market rent, the higher rents may be used with receipt of most recent three (3) months payments (e.g. cancelled checks, bank statements, etc.), or as per the terms on the lease agreement for new leases. - If the market rent on Form 1007 is greater than the existing lease, the higher market rents may be used as listed not exceeding 120% of the lease amount to qualify (e.g. lease is $1,400 and Form 1007 is $1,800, then $1,680 may be used to qualify.) - A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007. Otherwise, a copy of the lease is required. ▪ Refinance vacant single unit property: - Utilize rent survey (Form 1007) to calculate DSCR ▪ Refinance 2-4 unit with a vacancy: - Eligible with maximum of 1 vacant unit. Use lower of lease agreements or market survey for leased units. Use market survey for vacant unit to calculate DSCR. - If existing lease agreement(s) show a higher rental amount than the market rent, the higher rents may be used with receipt of most recent three (3) months payments (e.g. cancelled checks, bank statements, etc.), or as per the terms on the lease agreement for new leases. - If the market rent on Form 1007 is greater than the existing lease, the higher market rents may be used as listed not exceeding 120% of the

PROGRAM GUIDELINE SUMMARY	
	lease amount to qualify (e.g. lease is $1,400 and Form 1007 is $1,800, then $1,680 may be used to qualify.) - A copy of the lease is not required if the appraiser lists the rent amount for the subject on Form 1007. Otherwise, a copy of the lease is required.
DSCR Refinance Seasoning	▪ Not available with less than six (6) months seasoning. After 6 months seasoning, the current appraised value may be used to calculate CLTV.
Accessory Dwelling Unit (ADU)	▪ Appraisal must reflect that the zoning compliance is legal (permits are not required to establish zoning compliance) ▪ The appraisal must include at least two (2) sales comparables with an accessory unit, and Form 1007 must include at least one rental comparable with an accessory unit in which the ADU receives rental income. ▪ The following are considered on a case-by-case basis: - One-unit property with up to three (3) ADU's - Two-unit property with up to two (2) ADU's - Three-unit property with a single ADU - ADU's are not allowed on Four-unit property ▪ Market rent for the accessory unit should be documented on Form 1007, and the file must include a copy of the current lease with two (2) months proof of current receipt.
Short term leases	▪ Short Term Rental is defined as a property that is rented based on a nightly rate charge. Any leases or rentals that include a monthly rental amount are considered long-term rental (LTR). ▪ Parameters for Short Term Rental are as follows: - Nightly rate charge must be provided - Property must be located in an established short term rental market and confirmed in the property appraisal - Short-term rents may not be utilized if state or local (city or county, etc.) regulations restrict the ability of the subject property to be rented on a short-term basis. ▪ Use of Alternative Short-Term Rent Analysis form developed by the appraisal management company - If an Alternative Short-Term Rental Analysis is not available from the AMC, the Form 1007 from the appraiser will be accepted ▪ Use the leases used throughout the year and average over the 12-month period. If there are months where the property is vacant, use zero for that month in the average. The average should be supported by the comparable rent schedule (within reason). ▪ VRBO/Air BNB or similar services are allowed on DSCR: - If subject property leased on a short-term basis utilizing an on-line service such as VRBO/Air BNB; gross monthly rents can be determined by using a 12-month look back period and either 12-monthly statements or an annual statement provided by the on-line service to document receipt of rental income. If documentation cannot be provided covering a 12-month period, the property will be considered unleased.

EMET ULTIMATE CLOSED END SECOND

EMET MORTGAGE

PROGRAM GUIDELINE SUMMARY	
DSCR: Housing History	▪ A satisfactory housing payment history for the previous twelve (12) months is required for the borrower's primary residence, as well as the subject property. ▪ If housing payment history(s) are verified using a VOM or VOR (private mortgage, landlord, etc.), no additional documentation (e.g. cancelled checks) is required. ▪ Any housing event or mortgage tradeline delinquency reported on the credit report for any property owned by the borrower needs to be included in the housing history eligibility. ▪ For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required. ▪ If a borrower has less than 12-months primary housing history verified, a 12-month satisfactory mortgage history from another REO owned by the borrower may be utilized.
DSCR: Professional Investor	▪ Provides reduced documentation on non-subject properties for the borrower who has a strong investor track record exhibited by the following - Currently owns 5 properties (Primary residence included). - Has five (5) years credit depth reported on credit report - At least three (3) mortgages are reported on credit report within the last three (3) years. No minimum months reporting required. No delinquencies allowed on months reported ▪ Reduced Documentation: - Mortgage histories on non-subject properties are not required - Borrower housing history not required ▪ Required Information: - At least five (5) properties owned by the borrower to be listed on REO schedule - For properties not listed on the credit report, these can be included in the REO - All information completed on REO schedule (mortgage balances, gross rents, etc.)
Senior Lien Documentation Requirements	▪ Stand-Alone CES - Current (within 90 days) first mortgage statement showing, o Current principal balance o Fully amortized o Term - HOA statement (if applicable) - HOI, flood insurance (if applicable), flood cert. ▪ Piggy-Back 2nd - Follow 1st lien income requirements - 1st mortgage approval reflecting 2nd - DU Approve/Eligible or Approve/Ineligible, or LP Accept - Purchase agreement (if applicable) - HOA statement (if applicable) - HOI, flood insurance (if applicable), flood cert - Closing instructions reflecting 2nd

PROGRAM GUIDELINE SUMMARY	
	- Full appraisal from 1st mortgage and any additional collateral evaluation