

Delegated Correspondent

Bayview Agency Investor Plus

Bayview is pleased to offer this program tailored to meeting the needs of the real estate investment community. All loans originated to Bayview Agency Investor Plus product are secured by investment properties and cannot be occupied by any of the borrowers and or guarantors. Seller shall deliver loans that were originated in accordance with the Fannie Mae Single Family Selling Guide or the Freddie Mac Single-family Seller/Service Guide, (as applicable), unless otherwise noted in this product matrix.

Bayview Agency Investor Plus

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Transaction Type	Units	Loan limit	Maximum LTV/CLTV ²	Minimum FICO
Purchase	1	Conforming ¹	80% / 80%	≤ 7 financed properties: 660 > 7 financed properties: 700
		Non-Conforming	80% / 80%	740
	2-4	Conforming ¹	75% / 75%	≤ 7 financed properties: 680 > 7 financed properties: 700
		Non-Conforming	70% / 70%	740
Rate and Term Refinance	1	Conforming ¹	80% / 80%	740
			75% / 75%	≤ 7 financed properties: 660 > 7 financed properties: 700
		Non-Conforming	70% / 70%	740
	2-4	Conforming ¹	80% / 80%	740
			75% / 75%	≤ 7 financed properties: 680 > 7 financed properties: 700
		Non-Conforming	70% / 70%	740
Cash-Out Refinance	1	Conforming ¹	80% / 80%	740
			75% / 75%	≤ 7 financed properties: 660 > 7 financed properties: 700
		Non-Conforming	70% / 70%	740
	2-4	Conforming ¹	80% / 80%	740
			70% / 70%	≤ 7 financed properties: 680 > 7 financed properties: 700
		Non-Conforming	65% / 65%	740

¹Loan amounts up to high cost limits per county

²See Declining Market Section for LTV/CLTV reductions

Loan Product				
Eligible Products/Terms	Product Codes			
	Borrower has ≤10 properties financed			
	Borrower has >10 properties financed			
	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">PPF 360- 30 year fixed</td> <td style="width: 50%;">PPF 361- 30 year fixed</td> </tr> <tr> <td>PPF 390- 10 year interest-only with loan fully amortizing over remaining 20 yrs. w/pre- payment penalty</td> <td>PPF 391- 10 year interest-only with loan fully amortizing over remaining 20 yrs w/pre-payment penalty</td> </tr> </table>	PPF 360- 30 year fixed	PPF 361- 30 year fixed	PPF 390- 10 year interest-only with loan fully amortizing over remaining 20 yrs. w/pre- payment penalty
PPF 360- 30 year fixed	PPF 361- 30 year fixed			
PPF 390- 10 year interest-only with loan fully amortizing over remaining 20 yrs. w/pre- payment penalty	PPF 391- 10 year interest-only with loan fully amortizing over remaining 20 yrs w/pre-payment penalty			
Ineligible Products Types	<ul style="list-style-type: none"> • <u>HomeStyle Renovation/Energy Mortgages</u> • <u>Construction to Perm / One-Time Close Mortgages</u> • <u>Loans with Out of Scope findings</u> 			
Maximum/Minimum Loan Amount	<p><u>\$1,500,000 maximum loan amount</u></p> <p><u>\$100,000 minimum loan amount</u></p>			
Purpose	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-Out 			



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	<ul style="list-style-type: none"> o Cash-out loans also <u>require a signed letter of explanation</u> from the borrower stating that the cash out will be used for business purposes only and not household or consumer use
Occupancy	<ul style="list-style-type: none"> • Investment
Temporary Buy downs	<ul style="list-style-type: none"> • <u>Not permitted</u>
Eligibility	
Borrower Eligibility	<ul style="list-style-type: none"> • Acceptable Residency Statuses: <ul style="list-style-type: none"> • U.S. Citizen(s) • Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens as defined in the Special Products Seller Guide or the Residency and Eligibility Guide • Inter Vivos Revocable Trusts permitted in accordance with Fannie Mae or Freddie Mac guidelines, as applicable. File to contain clear evidence of compliance. <ul style="list-style-type: none"> o <u>Note: If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</u> • Properties vested in LLC: <ul style="list-style-type: none"> o The borrower(s) on the loan application must be a managing member(s) and have documented authority to sign on behalf of the entity. In addition, all members with signing authority must sign the security instrument. All members with 25% ownership or more are subject to AML/BSA review. o <u>Documentation Requirements:</u> <ul style="list-style-type: none"> • Certificate of formation, filed articles of incorporation, including any and all addendums and a current listing of all ownership interests. Lender to provide a clear OFAC check for all individuals with 25% or more ownership of the entity as confirmed by a current listing of ownership interests. • The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC • Current Certificate of good standing, dated within 12 months prior to note date
Co-borrower/Co-signer	Permitted in accordance with Fannie Mae Selling Guide or Freddie Mac Seller Guide
Homebuyer Education	Not required
Non-Arm's Length Transactions	If the borrower has a relationship or business affiliation with the builder, developer, or seller of a newly constructed property, the loan is ineligible.
Credit	
AUS	<ul style="list-style-type: none"> • Desktop Underwriter (DU) with Approve/Eligible or Loan Product Advisor (LPA) with Accept/Eligible findings required with the following exceptions: <ul style="list-style-type: none"> o Ineligible, Caution or Refer with Caution finding due to: <ul style="list-style-type: none"> ▪ number of financed properties ▪ loan amount ▪ LTV over 75% on a refinance (minimum 740 FICO) ▪ FICO below 720 on conforming loans where the borrower has ≥ 7 financed properties ▪ Pre-payment penalty



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	<ul style="list-style-type: none"> • <u>Must enter 30-year fully amortized PITIA into DU or LPA, (as applicable), on all interest-only products</u> • <u>Loans with Out of Scope findings are not eligible for purchase</u> • <u>Manual underwriting not permitted</u> • Credit is evaluated by DU/LPA as applicable • <u>Note: Findings related to Mortgage Insurance (MI) may be ignored as MI is not required</u>
Underwriting Authority	<ul style="list-style-type: none"> • Delegated underwriting only
FICO	<ul style="list-style-type: none"> • Refer to eligibility chart above
Non-Traditional Credit	<ul style="list-style-type: none"> • <u>Non-traditional credit is not acceptable</u>
Significant Derogatory Credit	<ul style="list-style-type: none"> • Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable with the exception of forbearance (See section below for specific requirements)
Forbearance	<p>Determining Eligibility for New Loan</p> <p><u>For borrowers who have entered into forbearance on any loan (including but not limited to the subject mortgage) between 01.01.2020 and 06.01.2022, the below listed criteria is to be used to determine eligibility. All other loans must wait four years from the exit of a forbearance plan to be considered eligible.</u></p> <ul style="list-style-type: none"> • Any loans that are shown to be in active or previous forbearance but where the borrower continued to make regularly scheduled payments and has made at least one (1) regularly scheduled payment since forbearance inception date are eligible <ul style="list-style-type: none"> o All payments must have been made within the month due o The forbearance plan must be terminated at or prior to closing and the loan file must contain documentation that the forbearance is no longer active (i.e. removal letter from servicer, etc.). • Any loans (including but not limited to the subject mortgage) where a mortgage reflects reduced or missed payments under a forbearance <u>and borrower has accepted a payment deferral, initiated a repayment plan or has reinstated the mortgage to return to a current status</u> must meet the requirements below: <ul style="list-style-type: none"> o <u>Purchase & Rate/Term Refinance:</u> <ul style="list-style-type: none"> ▪ Three (3) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due o <u>Cash-out Refinance:</u> <ul style="list-style-type: none"> ▪ Twelve (12) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due • <u>Payment Deferral:</u> The refinance of a loan that has a payment deferral and where the amount of the deferred payments is included in the new loan is eligible as a rate/term transaction. Funds applied to pay off the prior loan, including the deferred portion, are not considered cash out



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	<ul style="list-style-type: none"> • <u>Repayment Plan</u>: The full amount of the repayment plan monthly payment must be considered in meeting the required consecutive payment requirements (Purchase/Rate Term or Cash-out) detailed above • A mortgage subject to forbearance must utilize the mortgage payment history in accordance with the forbearance plan in determining late housing payments • Loan file must contain a letter of explanation from the borrower detailing the reason for forbearance and that the hardship no longer exists
DTI	<ul style="list-style-type: none"> • Per AUS <p><u>Note: Interest-only products require the 30 year fully amortized PITIA to be entered into DU or LPA as applicable, for debt ratio calculation purpose</u></p>
Liabilities	<ul style="list-style-type: none"> • Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Employment/Income	
Employment/ Income Verification	<ul style="list-style-type: none"> • Employment and income documentation must comply with the requirements of the AUS findings and the Fannie Mae Seller Guide or Freddie Mac Seller Guide as applicable, including all additional investor COVID guidelines and diligence requirements for income and employment verification that are still in place. <ul style="list-style-type: none"> ◦ Approved third party suppliers and distributors that generate employment and income verification report are permitted for the purpose of verifying income and/or employment • For salaried employees, the verbal verification of employment must be completed within 10 business days prior to the note date • Income validation obtained through DU/LPA may fulfill the VVOE requirement provided that it is obtained within ten (10) business days prior to the note date • For self-employed borrowers, the verbal verification of employment must be completed within 120 calendar days prior to the note date • For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the note date is acceptable in lieu of a verbal verification of employment. • All sources of qualifying income must be legal in accordance with all applicable Federal, State and Local laws, rules and regulations, without conflict • A 4506-C form is required <u>to be signed at closing</u> for all transactions • Transcript Requirements: <ul style="list-style-type: none"> ◦ W2/1099 transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and /or 1099 fixed income sources ◦ <u>Tax transcripts are required in the following circumstances:</u> <ul style="list-style-type: none"> ▪ <u>When tax returns are used to qualify a borrower. The number of years provided must be based on the DU findings. Income verified via tax returns includes but is not limited to the examples listed below:</u> • <u>Self-employment income</u> • <u>Rental Income</u> • <u>Other Income Sources (i.e. Dividend/Interest, Capital Gains, Alimony, etc.)</u> <ul style="list-style-type: none"> ◦ <u>When a written VOE form 1005 is used as a standalone income verification</u> ◦ <u>Employment by family members</u> ◦ <u>When amended tax returns have been filed, tax transcripts are required and must support the amended income</u>
Rental Income	<ul style="list-style-type: none"> • Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable with the following restriction: <ul style="list-style-type: none"> ◦ <u>When purchasing or refinancing a 1-4 unit investment property, the borrower must currently own a primary residence in order to use rental income from the subject property for qualifying purposes</u>



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Assets/Reserves	
Asset/Reserve Requirements	<ul style="list-style-type: none"> Asset <u>documentation</u> must comply with the requirements of DU/LPA findings and the Fannie Mae Selling Guide or Freddie Mac Seller Guide <ul style="list-style-type: none"> Fannie Mae/Freddie Mac approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets. Reserves: 6 months for the subject property plus: <ul style="list-style-type: none"> 2% of the aggregate UPB if the borrower has <u>one to four financed</u> properties, 4% of the aggregate UPB if the borrower has <u>five to six financed</u> properties, or 6% of the aggregate UPB if the borrower has <u>seven to fifty financed</u> properties
Gifts	Not permitted
IPC – Interested Party Contributions	Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Subordinate Financing	
New Subordinate Financing	Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Existing Subordinate Financing	Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Property/Appraisal	
Eligible Property Types	<ul style="list-style-type: none"> Single Family Detached Single Family Attached 2-4 Unit Detached PUDs Condominiums follow FNMA eligibility guidelines, Rural Properties (in accordance with Agency Guidelines, properties must be residential in nature) Leaseholds
Ineligible Property Types	<ul style="list-style-type: none"> <u>Manufactured homes</u> Mobile Homes <u>Cooperatives</u> Condotels-Reviewed on an exception basis Hotel Condominiums- Reviewed on an exception basis Timeshares Working Farms and Ranches Unimproved Land Land trusts in those states where the beneficiary is an individual <u>Community Land Trusts</u>
Declining Markets	<ul style="list-style-type: none"> LTV/CLTV/HCLTV must be 5% below product maximum per product matrix eligibility grid <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 70%</i></p>
Appraisal Requirements	<ul style="list-style-type: none"> A Full appraisal including a Comparable Rent Schedule (1007 or 1025 as applicable) is required



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	<ul style="list-style-type: none"> • The subject property must be appraised within 90 days prior to the Note date • Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged but from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date • The following additional requirements apply for all Non-Conforming Loan amounts unless two full appraisals are provided <ul style="list-style-type: none"> ○ A Collateral Desktop Analysis (CDA) ordered from Clear Capital is required to support the value of the appraisal. If the CDA returns a value that is “Indeterminate” or if the CDA indicates a lower value than the appraised value by more than a 10% tolerance, then one (1) of the following requirements must be met: <ul style="list-style-type: none"> ▪ A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of the three Reports is required. The Value Reconciliation will be used for the appraised value of the property. ▪ A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. <p>OR</p> <ul style="list-style-type: none"> ○ Collateral Underwriter (CU) with a score of 2.5 or less in lieu of a CDA <ul style="list-style-type: none"> ▪ Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets. See Declining Market section for additional requirements <ul style="list-style-type: none"> • <u>Appraisal Condition Rating of C5/C6 or a Quality Rating of Q6 is not permitted</u> • Re-certification of value, in accordance with Fannie Mae/Freddie Mac guidelines, as applicable • Appraisal transfers are permitted in accordance with the Fannie Mae/Freddie Mac Guides as applicable • The re-use of an appraisal is permitted in accordance with the Fannie Mae/ Freddie Mac Selling Guide • <u>Successful UCDP Submission Summary Reports (SSRs) from both Fannie Mae and Freddie Mac are required. Loans will not be purchased that include the recently added proprietary messages that indicate 100% of the loans submitted with appraisals from the identified appraiser or supervisory appraiser will be reviewed or that Fannie Mae will not accept appraisals from the identified appraiser or supervisory appraiser as applicable.</u>
<p>Condos/PUDS</p>	<ul style="list-style-type: none"> • Must follow Fannie Mae or Freddie Mac published Condominium Eligibility guidelines as applicable • Streamlined Review for attached Condominium Units in Established Condominium Projects permitted in accordance with Freddie Mac guidelines • Limited Review for attached Condominium Units in Established Condominium Projects permitted in accordance with Fannie Mae/Freddie Mac guidelines • <u>PERS approval is not permitted</u> • <u>Reciprocal Project Review is not permitted</u>
<p>Disaster Policy</p>	<ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the Special Products Selling Guide for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> ○ FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); ○ Areas where FEMA has not made a disaster declaration, but Community Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster;

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	<ul style="list-style-type: none"> o Areas where the Seller has reason to believe that a property might have been damaged in a disaster • Correspondent lenders are responsible for monitoring the Disaster Declaration File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster.
Escrow Holdbacks	<ul style="list-style-type: none"> • Follow Fannie Mae or Freddie Mac (as applicable) guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation. • It is Seller's responsibility to forward final completion documents to CLS per Fannie Mae Guidelines
Geographic Restrictions	<ul style="list-style-type: none"> • <u>Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted</u>
Special Restrictions	
High Cost	<ul style="list-style-type: none"> • <u>CLS will not purchase High Cost Loans</u>
HPML	<ul style="list-style-type: none"> • Refer to Fannie Mae Selling Guide or Freddie Mac Seller Guide as applicable
Multiple Financed Properties	<ul style="list-style-type: none"> • Maximum of 50 financed properties <ul style="list-style-type: none"> o The following property types are not subject to these limitations, even if the borrower is personally obligated on a mortgage on the property: <ul style="list-style-type: none"> o commercial real estate, o multifamily property consisting of more than four units, o ownership in a timeshare, o ownership of a vacant lot (residential or commercial), or o ownership of a manufactured home on a leasehold estate not titled as real property (chattel lien on the home).
POA	<ul style="list-style-type: none"> • The use of a POA is not permitted on Cash-Out transactions
Maximum Financed Bayview Exposure	<ul style="list-style-type: none"> • <u>Borrower(s) are limited to a maximum of \$6,250,000 in aggregate with Bayview</u>
Insurance	
Mortgage Insurance	<ul style="list-style-type: none"> • <u>Is not required</u> • <u>AUS findings regarding mortgage insurance may be ignored</u>
Other Considerations	
Pre-Payment Penalties	<ul style="list-style-type: none"> • May be charged on interest-only loans only • Prepayment penalties are not allowed in New Mexico, New Jersey or Alaska for any reason. • Prepayment penalties may be assessed as noted in the table below, however in the following states lenders must also be certain to adhere to the specific state requirements noted in Appendix A: LA, MI, MN, MS, NC, OH, PA, RI, TX and VA .



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		Prepayment Penalty by Year				
		Year 0-1	Year 1-2	Year 2-3	Year 3-4	Year 4-5
Prepayment Penalty	A	5%	5%	5%	5%	5%
	B	5%	4%	3%	2	1
	C	3%	2%	1%	0%	0%
	D	1%	1%	1%	0%	0%

Age of Documentation	<ul style="list-style-type: none"> All credit documents must be dated within 120 days of the note date Preliminary Title Policies must be no more than 180 days old on the date the note is signed
Assignment of Mortgage	All loans must be registered with MERS at the time of delivery. The MERS transfer of beneficial rights and transfer of servicing rights must be initialed by the Seller with 7 calendar days of purchase date. Refer to Seller Guide for transfer requirements.
Seasoning Requirements	<ul style="list-style-type: none"> <u>Refer to FNMA Guidelines</u>
Escrow Waivers	<ul style="list-style-type: none"> <u>Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required.</u> <u>Escrow waivers for property taxes and homeowners insurance are permitted on loans with LTVs less than or equal to 80% in accordance with the Fannie Mae Selling Guide or Freddie Mac Seller Guide (as applicable) and all state specific restrictions.</u> Tax and insurance escrows are required on all HPML loans.
Loan Documentation Requirements	<ul style="list-style-type: none"> Business Purpose Affidavit Interest-only Note (if applicable) Interest-only Rider (if applicable) Pre-payment Penalty Rider (if applicable) 1-4 Family Rider Signed explanation of cash out (if applicable) All other forms required per the document checklist which is posted in the Reference Library of the Correspondent Portal.

Seller shall deliver loans that were originated in accordance with the Fannie Mae Single Family Selling Guide or Freddie Mac Seller Guide, unless otherwise noted in this product matrix.



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Appendix A

State Specific Pre-payment Penalty Requirements

State	PPP Permitted	Requirement
Alaska	No	No prepayment penalty shall be permitted
Louisiana	Yes with conditions	A mortgage lender may contract for and receive a prepayment penalty in an amount not to exceed: (a) Five percent of the unpaid principal balance if the loan is prepaid in full during the first year of its term. (b) Four percent of the unpaid principal balance if the loan is prepaid in full during the second year of its term. (c) Three percent of the unpaid principal balance if the loan is prepaid in full during the third year of its term. (d) Two percent of the unpaid principal balance if the loan is prepaid in full during the fourth year of its term. (e) One percent of the unpaid principal balance if the loan is prepaid in full during the fifth year of its term.
Michigan	Yes with conditions	Max 3YR at max 1% for SFR
Minnesota	No	No prepayment penalty shall be permitted
Mississippi	Yes with conditions	(i) Five percent (5%) of the unpaid principal balance if prepaid during the first year; (ii) Four percent (4%) of the unpaid principal balance if prepaid during the second year; (iii) Three percent (3%) of the unpaid principal balance if prepaid during the third year; (iv) Two percent (2%) of the unpaid principal balance if prepaid during the fourth year; (v) One percent (1%) of the unpaid principal balance if prepaid during the fifth year; and (vi) No penalty if prepaid more than five (5) years from date of the note creating the debt.
New Jersey	No	Pre-payment penalties cannot be charged to natural person borrowers.
New Mexico	No	No prepayment penalty shall be permitted
North Carolina	Yes with conditions	Prepayment penalty may be charged only on loans greater than \$150,000



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Ohio	Yes with conditions	1-2 unit: maximum 1% within 5 years of execution date of the mortgage only if loan amount \geq \$107,633; No prepayment penalty permitted if loan amount $<$ \$107,633; 3-4 unit : prepayment penalty permitted without restriction
Pennsylvania	Yes with conditions	1-2 unit: only if loan balance $>$ \$301,022; No prepayment penalty permitted if balance \leq \$301,022 3-4 unit: prepayment penalty allowed without restriction
Rhode Island	Yes with conditions	Prepayment penalty max 2% of balance
Texas	Yes with conditions	Property cannot be owner-occupied
Virginia	Yes with conditions	Max 1% if balance $<$ \$75k

Version Control			
Author	Section	Date	Update
DM	All	9.7.21	Matrix created and product released
DM	Eligibility	10.28.21	Expanded eligibility grid to include 80% LTV on refinances with 740 minimum FICO
DM	AUS	10.28.21	Expansion to include ineligible findings due to expanded LTV on refinances
DM	Eligible Products/terms	2.22.22	Added codes for IO



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DM	Pre-payment options	2.22.22	Added PPP section
DM	Appendix A	2.22.22	Added Appendix for PPP
DM	AUS	2.22.22	Added: <input type="checkbox"/> Pre-payment penalty • Must enter 30-year fully amortized PITIA into DU or LPA, as applicable, on all interest-only products
DM	DTI	2.22.22	Added: • Note: Interest-only products require the 30 year fully amortized PITIA to be entered into DU or LPA as applicable, for debt ratio calculation purpose
DM	Loan documentation requirements	2.22.22	Added: • Business Purpose Affidavit • Interest-only Note (if applicable) • Interest-only Rider (if applicable) • Pre-payment Penalty Rider (if applicable) • 1-4 Family Rider • Signed explanation of cash out (if applicable) • All other forms required per the document checklist which is posted in the Reference Library of the Correspondent Portal.
DM	Maximum/minimum loan amounts	3.11.22	Added minimum loan amount of \$100,000
DM	Forbearance	6.3.22	Added section
DM	Borrower Eligibility	6.3.22	Added • Lender to provide a clear OFAC check for all individuals with 25% or more ownership of the entity as confirmed by a current listing of ownership interests.
DM	Appraisal Requirements	6.3.22	Added: A Full appraisal including a Comparable Rent Schedule (1007 or 1025 as applicable) is required
DM	Appendix	6.3.22	Updated ppp for PA and MN
DH	Eligibility Grid	11.04.22	Added Declining Market footnote
DH	Declining Market	11.04.22	Added Declining Market section • LTV/CLTV/HCLTV must be 5% below product maximum per product matrix eligibility grid <i>As an example: If the eligibility grid indicates a maximum of 75% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 70%</i>
DH	Appraisal Requirements	11.04.22	Added • Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date • The subject property must be appraised within 90 days prior to the Note date • Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets
AS	Eligibility Grid	12.02.22	Reduced LTV to maximum of 80%
AS	Ineligible Properties	12.09.22	Removed Group Homes
DH	Appendix A State Specific Pre-payment Penalty Requirements	02.15.23	Updated PPPs for PA, MN and OH for 2023
DH	Eligibility Grid	04.24.23	Revised Eligibility Grid to reflect • 2-4 units: Minimum FICO 680
DH	Appendix A	07.28.23	Updated the state of Minnesota • No Prepayment Penalties permitted



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**Delegated Correspondent
Bayview Bank Statement**

Bayview Bank Statement

Bank Statement Eligibility Matrix				
Primary Residence				
Transaction Type	Units	FICO ³	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Purchase or Rate and Term Refinance	1	660	75%	\$1,000,000
		680	80%	\$1,000,000
	1-4	720	80%	\$1,500,000
		680	75%	
		700	75%	\$2,000,000
		680	70%	
		720	75%	\$2,500,000
		700	65%	
		740	75%	\$3,000,000 ¹
		720	70%	
Primary Residence				
Transaction Type	Units	FICO ³	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Cash-Out Refinance ²	1	660	70%	\$1,000,000
		660	65%	\$1,500,000
	1-4	700	80%	\$1,000,000
		680	75%	
		720	80%	\$1,500,000
		680	70%	
		700	75%	\$2,000,000
		680	65%	
		720	70%	\$2,500,000
		700	60%	
		740	70%	\$3,000,000 ¹
		720	65%	
		Second Home		
Transaction Type	Units	FICO ³	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Purchase or Rate and Term Refinance	1	700	80%	\$1,000,000
		680	75%	\$1,500,000
		700	75%	\$2,000,000
Second Home				
Transaction Type	Units	FICO ³	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Cash-Out Refinance ²	1	680	65%	\$1,000,000
		700	75%	\$1,500,000
		720	65%	\$2,000,000



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Investment				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Purchase or Rate and Term Refinance	1-4	680	75%	\$1,000,000
		680	70%	\$1,500,000
		700	75%	\$2,000,000
Investment				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Cash-Out Refinance ²	1-4	680	65%	\$1,000,000
		700	70%	\$1,500,000
		720	65%	\$2,000,000

¹ Loan amounts greater than \$2,500,000 require 24 months of income verification via either bank statements or 1099s

² Cash-Out Refinance Transactions: Maximum Cash-Out

- LTV ≥ 70%: \$250,000
- LTV > 50 & < 70: \$500,000
- LTV ≤ 50%: \$1,000,000

³ Interest Only

- Minimum 680 FICO

⁴ Non-warrantable condominiums: LTV/CLTV must be 10% below product/program maximum up to a maximum of 70% LTV/CLTV

Bayview Bank Statement Notes:

- Single loan variances may be granted on a case-by-case basis by Community Loan Servicing (at its sole determination) for loans with terms or characteristics that are outside of Bayview's Bank Statement Eligibility requirements. Approval of the single loan variance must be granted by Community Loan Servicing prior to the delivery of the loan



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Bayview Bank Statement

Loan Product

Seller must ensure that each loan delivered to the Bayview is in compliance with the Ability to Repay (ATR) rules established by the Consumer Financial Protection Bureau (“CFPB”). Seller shall deliver loans that were originated in accordance with the Special Products Seller Guide unless otherwise stated in this product matrix. For topics not specifically addressed in this product matrix or the Special Products Seller Guide, refer to the Fannie Mae Single Family Selling Guide.

Product Description

- The Bayview Bank Statement product is designed for strong credit quality self-employed borrowers and permits the use of bank statements (personal or business), in lieu of tax returns, to support self-employed income for qualification purposes. The documentation must provide evidence that the borrower’s self-employed income is stable, sufficient to repay the borrower’s debts and likely to continue
- Business or personal bank statements are permitted
- Twelve (12) or twenty-four (24) month bank statement option is available
- 1099 income option permitted
- Loans that are eligible for sale to a government-sponsored enterprise (GSE) – Fannie Mae or Freddie Mac – are ineligible for the Bayview Bank Statement program

Minimum Loan Amount

- \$100,000

Eligible Products Terms	30 Year Terms		40 Year Terms	
	• PBF330 - 30 Year Fixed		• PBF400 - 40 Year Fixed	
	• PBF305 – 5 Year I/O with loan fully amortizing over remaining 25 years		• PBF410 – 10 Year I/O with loan fully amortizing over remaining 30 years	
	• PBF310 – 10 Year I/O with loan fully amortizing over remaining 20 years			

Interest Only

- Minimum 680 FICO
- See DTI section for calculation requirements

Ineligible Product Types

- High Cost Loans (Federal, State or Local)
- Balloons
- Graduated Payments
- Temporary Buydowns
- Adjustable Rate Terms
- Single Close Construction to Permanent Transactions

Loan Purpose

- Purchase
- Rate/Term Refinance
- Cash-Out

Rate/Term Refinance Transactions

- The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items
 - If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months
 - A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months
 - A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history
 - Max cash back at closing is limited to 1% of the new loan amount
- Properties inherited less than twelve (12) months prior to application date can be considered for a Rate and Term refinance transaction if the following requirements are met:
 - Must have clear title or copy of probate evidencing borrower was awarded the property
 - A copy of the will or probate document must be provided, along with the buy-out agreement signed by all beneficiaries



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	<ul style="list-style-type: none"> o Borrower retains sole ownership of the property after the pay out of the other beneficiaries o Cash back to borrower not to exceed 1% of the loan amount
Cash-Out Transaction	<p>Maximum Cash-Out</p> <ul style="list-style-type: none"> • LTV ≥ 70%: \$250,000 • LTV > 50 & < 70: \$500,000 • LTV ≤ 50%: \$1,000,000 • Borrower must have owned the property for at least six (6) months. If the property is owned free and clear and six (6) month seasoning is not met, refer to Delayed Purchase Refinancing section below • Maximum cash-out limitations include the payoff of any unsecured debt, unseasoned liens and any cash in hand • Inherited properties may not be refinanced as a cash-out refinance prior to twelve (12) months ownership. See Rate and Term Refinances for requirements • Explanation letter signed by the borrower stating purpose of cash-out on all investment property cash-out transactions. May be incorporated within the body of the Business Purpose Affidavit • Cash-out refinances where the borrower is paying off a loan from a pledged asset/retirement account loan, secured loan, unsecured family loan or replenishing business funds used to purchase the property, the following guidelines apply: <ul style="list-style-type: none"> o Cash-out limitation is waived if previous transaction was a purchase o Seasoning requirement for cash-out is waived (borrower does not have to have owned for six (6) months prior to subject transaction) o Funds used to purchase the subject property must be documented and sourced o HUD-1/CD for subject transaction must reflect payoff or pay down of pledged asset/retirement account loan, secured loan, unsecured family loan or business asset account. If cash-out proceeds exceed payoff of loans, excess cash must meet cash-out limitations o The purchase must have been arm's length
Delayed Financing	<ul style="list-style-type: none"> • Property was purchased by borrower for cash within six (6) months of the loan application • HUD-1/CD from purchase reflecting no financing obtained for the purchase of the property • Preliminary title reflects the borrower as the owner and no liens • Funds used to purchase the property are fully documented and sourced and must be the borrower's own funds (no gift funds or business funds) • Funds drawn from a HELOC on another property owned by the borrower, funds borrowed against a margin account or funds from a 401(k) loan are acceptable if the following requirements are met: <ul style="list-style-type: none"> o The borrowed funds are fully documented o The borrowed funds are reflected on the Closing Disclosure (CD) as a payoff on the new refinance transaction • LTV/CLTV/HCLTV for Rate and Term refinances must be met. The loan is treated as a Rate and Term refinance except for primary residence transactions in Texas • Investment properties are allowed if borrower is not a builder or in the construction industry and prior transaction was arm's length
Occupancy	<ul style="list-style-type: none"> • Primary Residence 1-4 units • Second home residences one (1) unit <ul style="list-style-type: none"> o Must be a reasonable distance away from borrower's primary residence o Must be occupied by the borrower for some portion of the year o Must be suitable for year-round use o Must not be subject to a rental agreement and borrower must have exclusive control over the property o Any rental income received on the property cannot be used as qualifying income • Investment properties 1-4 units



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Bayview Bank Statement

LTV/CLTV/HCLTV Calculation for Refinance Transactions	<ul style="list-style-type: none"> If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value. The twelve (12) month time frame may be based on subject transaction Note date If subject property is owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the original purchase price plus documented improvements made after the purchase of the property, or the appraised value. Documented improvements must be supported with receipts. The twelve (12) month time frame may be based on subject transaction Note date
Age of Documents	<ul style="list-style-type: none"> All credit documents, including title commitment must be no older than ninety (90) days from the Note date <ul style="list-style-type: none"> See Self-Employment section for restrictions
Documentation	<ul style="list-style-type: none"> QM designation must be provided in the loan file; for the Bayview Bank Statement program: <ul style="list-style-type: none"> QM designation is Non-QM QM designation is Exempt for investment property transactions when the transaction is exclusively for business purposes. (Refer to §1026.3(a) and the Official Interpretation to §1026(a)) <ul style="list-style-type: none"> Investment property transactions require an attestation from the borrower stating that the property is used 100% of the time for business purposes in order for the designation to be Exempt. If the borrower does not use the property 100% of the time for business purposes, the loan is Non-QM and the designation would be Non-QM rather than QM exempt for Bayview Bank Statement loans Loan file must meet and document the eight (8) Ability to Repay (ATR) rules under the federal Truth-in-Lending Act, as implemented by Regulation Z All bank statement loans must be closed on agency residential loan documents
Higher Priced Mortgage Loans (HPML)	<ul style="list-style-type: none"> Must comply with all federal laws and regulations relating to Higher Priced Mortgage Loans (HPML) including but not limited to the bullets points listed below Higher Priced Mortgage Loans (HPML) are allowed if the following requirements are met: <ul style="list-style-type: none"> Loan must have an escrow account for a minimum of 5 years 1002.14(a)(1) allowing the consumer to waive the requirement that the appraisal copy be provided three (3) business days before consummation, does not apply to Higher Priced Mortgage Loans subject to §1026.35(c). A Consumer of a Higher Priced Mortgage Loan subject to §1026.35(c) may not waive the timing requirement to receive a copy of the appraisal under §1026.35(c)(6)(i) Appraisal Requirements <ul style="list-style-type: none"> If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required. Bank owned properties are not exempt. If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20%, then a second full appraisal is required. Bank owned properties are not exempt If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals
Eligibility	
Texas 50(a)(6)	<ul style="list-style-type: none"> Permitted. See Special Products Seller Guide for additional requirements
Borrower Eligibility	<ul style="list-style-type: none"> US Citizens Permanent Resident Aliens with evidence of lawful residency <ul style="list-style-type: none"> Must be employed in the US for the past twenty-four (24) months Non-Permanent Resident Aliens with evidence of lawful residency are eligible with the following restrictions: <ul style="list-style-type: none"> Primary Residence Only Maximum LTV/CLTV/HCLTV 75%

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	<ul style="list-style-type: none"> o No other financed properties in the US o Unexpired H1B, H2B, E1, L1, and G Series VISAs only; G Series VISAs must have no diplomatic immunity o Credit tradeline requirements must be met, no exceptions o Borrower must have a current twenty-four (24) month employment history in the US • Documentation evidencing lawful residency must be met (see Special Products Seller Guide for requirements) • Illinois Land Trust (see Special Products Seller Guide for requirements) • Inter Vivos Revocable Trust (see Special Products Seller Guide for requirements) • All borrowers must have a valid Social Security Number • The primary borrower must be self-employed and represent the majority of qualifying income
Non-Occupant Co-Borrower	<ul style="list-style-type: none"> • Must be a family member • Primary Residence – 1 unit only • Reduce maximum LTV/CLTV by 5%
Ineligible Borrowers	<ul style="list-style-type: none"> • Foreign Nationals • Borrowers with Diplomatic Immunity status • Life Estates • Non-Revocable Trusts • Guardianships • LLCs, Corporations or Partnerships • Land Trusts, except for Illinois Land Trust • Borrowers with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying
First-Time Homebuyer	<ul style="list-style-type: none"> • First-Time Homebuyer is defined as a borrower who has not owned a home in the last three (3) years. For loans with more than one (1) borrower, where at least one (1) occupying borrower has owned a home in the last three (3) years, First-Time Homebuyer requirements do not apply • All First-Time Homebuyers must meet the following requirements: <ul style="list-style-type: none"> o Primary residence only o Borrower must contribute 10% of their own funds to the transaction o Payment Shock – maximum 250% o Must be able to document a satisfactory twelve (12) month rental history
Non-Arm's Length Transactions	<p>A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party. The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> • Family sales or transfers • Property seller acting as their own real estate agent • Relative of the property seller acting as the seller's real estate agent • Borrower acting as their own real estate agent • Relative of the borrower acting as the borrower's real estate agent • Borrower is the employee of the originating lender and the lender has an established employee loan program. Evidence of employee program to be included in loan file • Originator is related to the borrower • Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord) • Investment property transactions must be arm's length <p>Gifts from relatives that are interested parties to the transaction are not allowed, unless it is a gift of equity. Real estate agents may apply their commission towards closing costs and/or prepaids if the amounts are within the interested party contribution limitations</p>

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	<p>Other non-arm's length transactions may be acceptable on a single loan variance basis</p>
<p>Continuity of Obligation</p>	<p>When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:</p> <ul style="list-style-type: none"> • The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements: <ul style="list-style-type: none"> ◦ Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or ◦ Is related to the borrower on the mortgage being refinanced • The borrower on the new refinance transaction was added to title twenty-four (24) months or more prior to the disbursement date of the new refinance transaction • The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership • The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: <ul style="list-style-type: none"> ◦ Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer ◦ The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan • NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement
Credit	
<p>Underwriting</p>	<ul style="list-style-type: none"> • Manual underwrite is required • Delegated underwriting only • AUS findings are not considered; no documentation waivers are considered • In all cases, the loan file must document the eight (8) ATR rules • In some cases, single loan variances to program eligibility may be acceptable when strong compensating factors exist to offset the risk. Single loan variance must be granted by CLS • Borrower's Affirmation of Information Form required • Second Home Transactions: Prudent underwriting must be exercised to determine the reasonableness of considering the property a second home
<p>Credit Requirements</p>	<ul style="list-style-type: none"> ◦ Two (2) tradelines must be open for twenty-four (24) months and active within the most recent twelve (12) months, or ◦ Three (3) tradelines must be rated for twelve (12) months • Each borrower contributing income for qualifying must meet the minimum tradeline requirements; however, borrowers not contributing to income for qualifying purposes are not subject to minimum tradeline requirements • Authorized user accounts are not allowed as an acceptable tradeline • Non-traditional credit is not allowed as an acceptable tradeline • <u>Disputed tradelines:</u> <ul style="list-style-type: none"> ◦ All disputed tradelines must be included in the DTI if the account belongs to the borrower unless documentation can be provided that authenticates the dispute ◦ Derogatory accounts must be considered in analyzing the borrower's willingness to repay. However, if a disputed account has a zero balance and no late payments, it can be disregarded • <u>Credit Inquiries:</u> <ul style="list-style-type: none"> ◦ If the credit report indicates inquiries within the most recent 120 days of the credit report, the Seller must confirm the borrower did not obtain additional credit that is not reflected in the credit report or mortgage application. In these instances, confirmation of no new debt

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	<p>may be in the form of a new credit report, pre-close credit report or gap credit report or borrower explanation for the credit inquiry</p> <ul style="list-style-type: none"> ○ If additional credit was obtained, a verification of that debt must be provided, and the borrower must be qualified with the monthly payment • Frozen Credit: Follow Fannie Mae Selling Guide requirements except as noted below <ul style="list-style-type: none"> ○ All borrowers must have a minimum of two (2) credit scores <u>that are generated from the unfrozen bureaus</u>
<p>Housing History</p>	<ul style="list-style-type: none"> • Mortgage history requirements: <ul style="list-style-type: none"> ○ If the borrower(s) has a Mortgage in the most recent twelve (12) months, a mortgage rating must be obtained, reflecting 1x30 in the last twelve (12) months ○ The mortgage rating may be on the credit report or a VOM ○ Applicable to all borrowers on the loan ○ Sellers must review the borrower(s) credit report to determine status of all mortgage loans including verification mortgage is not subject to a loss mitigation program, repayment plan, loan modification or payment deferral plan. In addition to reviewing the credit report, the Seller must also apply due diligence for each mortgage loan on which a borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine the loan payments are current as of the Note date of the subject transaction. Current means the borrower has made all payments due in the month prior to the Note date of the subject transaction and no later than the last business day of that month. Acceptable documentation includes one of the following: <ul style="list-style-type: none"> ▪ Loan payment history from the servicer or third party verification service ▪ Payoff statement for loans being refinanced ▪ Current mortgage statement from the borrower ▪ Verification of mortgage (VOM) ○ If the mortgage holder is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory mortgage history is required • Rental history requirements: <ul style="list-style-type: none"> ○ If the borrower(s) has a rental history in the most recent twelve (12) months, a VOR must be obtained reflecting 0x30 in the last twelve (12) months ○ Applicable to all borrowers on the loan ○ Verification of rent must be from a management company or via cancelled checks/bank statements. Private party rental history is not permitted
<p>Significant Derogatory Credit</p>	<p>Waiting Periods</p> <ul style="list-style-type: none"> • Bankruptcy, Chapter 7, 11, 13 - four (4) years since discharge / dismissal date • Foreclosure - four (4) years since completion date • Notice of Default - four (4) years • Short Sale/Deed-in-Lieu - four (4) years since completion / sale date • Forbearance - four (4) years since exit from forbearance (See below Forbearance section for additional requirements) • Mortgage accounts that were settled for less, negotiated or short payoffs – four (4) years since settlement date • Loan modifications: <ul style="list-style-type: none"> ○ Lender initiated modification will not be considered a derogatory credit event if the modification did not include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply ○ If the modification was due to hardship or included debt forgiveness – four (4) years since modification • Waiting periods down to 36 months permitted and must meet the below criteria: <ul style="list-style-type: none"> ○ LTV/CLTV must be 5% below product/program maximum ○ Additional six (6) months reserves required

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	<ul style="list-style-type: none"> • Single loan variances for credit events will be considered on a case-by-case basis between two (2) and three (3) years with extenuating circumstances subject to the following: <ul style="list-style-type: none"> ◦ Extenuating circumstances are defined as non-recurring events that are beyond the borrower's control resulting in a sudden significant and prolonged reduction in income or catastrophic increase in financial obligations <ul style="list-style-type: none"> ▪ Examples would include death or major illness of a spouse or child but would not include divorce or job loss ◦ Documentation must be provided to support the claim of extenuating circumstances and confirm the nature of the event that led to the credit event and illustrate the borrower has no reasonable option other than to default on their obligations ◦ <u>Single loan variance must be approved by CLS</u> ◦ If the defaulted debt was assigned to an ex-spouse and the default occurred after the borrower was relieved of the obligation, the event may be considered on a single loan variance basis • Multiple derogatory credit events not allowed, regardless if seasoned over four (4) years <ul style="list-style-type: none"> ◦ A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event ◦ A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event • Medical collections are allowed to remain outstanding if the balance is less than \$10,000 in aggregate • Tax liens, judgments, charge-offs, and past-due accounts must be satisfied or brought current prior to or at closing • Cash-Out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts • Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full
<p>Forbearance</p>	<p>Determining Eligibility for New Loan</p> <p><u>For borrowers who have entered into forbearance on any loan (including but not limited to the subject mortgage) between 01.01.2020 and 06.01.2022, the below listed criteria is to be used to determine eligibility. All other loans must follow the forbearance waiting period as required in the Significant Derogatory Credit section above.</u></p> <ul style="list-style-type: none"> • Any loans that are shown to be in active or previous forbearance but where the borrower continued to make regularly scheduled payments and has made at least one (1) regularly scheduled payment since forbearance inception date are eligible <ul style="list-style-type: none"> ◦ All payments must have been made within the month due ◦ The forbearance plan must be terminated at or prior to closing and the loan file must contain documentation that the forbearance is no longer active (i.e. removal letter from servicer, etc.). • Any loans (including but not limited to the subject mortgage) where a mortgage reflects reduced or missed payments under a forbearance <u>and borrower has accepted a payment deferral, initiated a repayment plan or has reinstated the mortgage to return to a current status</u> must meet the requirements below: <ul style="list-style-type: none"> ◦ <u>Purchase & Rate/Term Refinance:</u> <ul style="list-style-type: none"> ▪ Three (3) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due ◦ <u>Cash-out Refinance:</u>

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	<ul style="list-style-type: none"> ▪ Twelve (12) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due <ul style="list-style-type: none"> • <u>Payment Deferral</u>: The refinance of a loan that has a payment deferral and where the amount of the deferred payments is included in the new loan is eligible as a rate/term transaction. Funds applied to pay off the prior loan, including the deferred portion, are not considered cash out • <u>Repayment Plan</u>: The full amount of the repayment plan monthly payment must be considered in meeting the required consecutive payment requirements (Purchase/Rate Term or Cash-out) detailed above • A mortgage subject to forbearance must utilize the mortgage payment history in accordance with the forbearance plan in determining late housing payments • Loan file must contain a letter of explanation from the borrower detailing the reason for forbearance and that the hardship no longer exists
DTI	<ul style="list-style-type: none"> • 49.99% • Interest Only loans must qualify using the fully amortized PITIA payment amortized over the following: <ul style="list-style-type: none"> ▪ 30 year term with 5 year I/O: 25 years ▪ 30 year term with 10 year I/O: 20 years ▪ 40 year term with 10 year I/O: 30 years
Payment Shock	<ul style="list-style-type: none"> • Maximum 350% of the borrower's current primary residence housing payment • First Time Homebuyer - maximum 250% of the borrower's current primary residence housing payment
Lawsuit/Pending Litigation	<ul style="list-style-type: none"> • If the Uniform Residential Loan Application, title commitment or credit documents indicate that the borrower is party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral
Liabilities	
Liabilities	<ul style="list-style-type: none"> • The monthly payment on revolving accounts with a balance must be included in the borrower's DTI, regardless of the number of months remaining. If the credit report does not reflect a payment and the actual payment cannot be determined, a minimum payment may be calculated using the greater of \$10 or 5% • If the credit report reflects an open-end of net thirty (30) day account, the balance owing must be subtracted from liquid assets • Loans secured by financial assets (life insurance policies, 401(k), IRAs, CDs, etc.) do not require a payment to be included in the DTI if documentation is provided to show the borrower's financial asset as collateral for the loan • Lease payments, regardless of the number of payments remaining, must be included in the DTI • Installment debts lasting ten (10) months or more must be included in the DTI • Child support, alimony, and separate maintenances with ten (10) or more months remaining <ul style="list-style-type: none"> ◦ Alimony payments may be deducted from income rather than included as a liability in the DTI for divorces prior to 1/1/2019. For borrowers with a divorce on or after 1/1/2019, the alimony payment must be treated as a liability <p><u>Business Debt Exclusion</u></p> <ul style="list-style-type: none"> • A business debt is a financial obligation of a business but may also be the responsibility of the business owner, making that person also liable for the debt. If the debt is reflected on



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the borrower's personal credit report, the borrower is personally liable for the debt and it must be included in the debt-to-income ratio. When a self-employed borrower claims that a monthly obligation that appears on his or her personal credit report is being paid by the borrower's business, it must be confirmed that the obligation was actually paid out of company funds to exclude the debt. Any of the following supporting documentation can be included in the credit file to exclude business debt:

- o Most recent six (6) months of cancelled checks drawn against the business account
- o Most recent business bank account statement must show assets remaining after funds to close and reserve requirements are deducted, with a balance greater than or equal to the balance of the debt
- If the debt is less than six (6) months old, the payment must be included in the DTI ratio

Student Loans

- For all student loans, whether deferred, in forbearance, or in repayment, a monthly payment must be included in the borrower's monthly debt obligation
 - o If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used in qualifying
 - o If the credit report does not provide a monthly payment or if it shows \$0 as the monthly payment, the monthly payment may be one of the options below:
 - Loan payment indicated on student loan documentation verifying monthly payment is based on an income-driven plan
 - For deferred loans or loans in forbearance:
 - 1% of the outstanding loan balance (even if this amount is lower than the actual fully amortizing payment) or
 - A fully amortizing payment using the documented loan repayment terms

HELOCs and OREOs

- HELOCs with a current outstanding balance with no payment reflected on the credit report may have the payment documented with a current billing statement. HELOCs with a current \$0 balance do not need a payment included in the DTI unless using for down payment or closing costs
- Monthly PITIA for any additional properties owned by the borrower including second homes **and investment properties** with a negative cash flow
- Current real estate taxes and insurance on properties owned free and clear

Tax liens and Payment Plans

- If the most recent tax return or tax extension indicate a borrower owes money to the IRS or State Tax Authority, evidence of sufficient liquid assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application date or if the tax transcripts show an outstanding balance due:
 - o A payment plan for the most recent tax year is allowed if the following requirements are met:
 - Payment plan was setup at the time the taxes were due. Copy of the payment plan must be included in the loan file
 - Payment is included in the DTI
 - Satisfactory pay history based on terms of payment plan is provided
 - Payment plan is only allowed for taxes due for the most recent tax year, prior years not allowed. For example, borrower files their 2019 return or extension in April 2020 A payment plan would be allowed for taxes due for 2019 tax year. Payment plans for 2018 or prior years would not be allowed
 - Borrower does not have a prior history of tax liens

Contingent Liabilities



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	<ul style="list-style-type: none"> • Co-Signed loans – the monthly payment on a co-signed loan may be excluded from the DTI if evidence of timely payments made by the primary obligor (other than the borrower) is provided for the most recent twelve (12) months and there are no late payments reporting on the account • Court Order – if the obligation to make payments on a debt has been assigned to another person by a court order, the payment may be excluded from the DTI if the following documents are provided: <ul style="list-style-type: none"> ○ Copy of the court order ○ For mortgage debt, a copy of the document transferring ownership of property ○ If transfer of ownership has not taken place, any late payments associated with the repayment of the debt owing on the mortgage property should be considered when reviewing the borrower’s credit profile • Assumption with No Release of Liability – the debt on a previous mortgage may be excluded from the DTI with evidence that the borrower no longer owns the property. The following requirements apply: <ul style="list-style-type: none"> ○ Payment history showing the mortgage on the assumed property has been current during the previous twelve (12) months or ○ The value on the property, as established by an appraisal or sales price on the HUD-1/CD results in an LTV of 75% or less <p><u>Departure Residence</u></p> <ul style="list-style-type: none"> • Departure Residence Pending Sale – To exclude the payment for a borrower’s primary residence that is pending sale but will close after the subject transaction, the following requirements must be met: <ul style="list-style-type: none"> ○ A copy of an executed sales contract for the property pending sale and confirmation all contingences have been cleared/satisfied. The pending sale transaction must be arm’s length ○ The closing date for the departure residence must be within thirty (30) days of the subject transaction Note date ○ Six (6) months reserves must be verified for the PITIA of the departure residence • Departure Residence Subject to Guaranteed Buy-Out with Corporation Relocation – To exclude the payment for a borrower’s primary residence that is part of a Corporate Relocation, the following requirements must be met: <ul style="list-style-type: none"> ○ Copy of the executed buy-out agreement verifying the borrower has no additional financial responsibility toward the departing residence once the property has been transferred to the third party ○ Guaranteed buy-out by the third party must occur within four (4) months of the fully executed guaranteed buy-out agreement ○ Evidence of receipt of equity advance if funds will be used for down payment or closing costs ○ Verification of an additional six (6) months PITIA of the departure residence
Employment/Income	
<p>Non- Self-Employment Income</p>	<p>Stable monthly income must meet the following requirements to be considered for qualifying</p> <ul style="list-style-type: none"> • Stable - two (2) year continuous history of receiving the income in the same line of work <ul style="list-style-type: none"> ○ When the borrower has less than a two (2) year history of receiving income, the lender must provide a written analysis to justify the determination that the income used to qualify the borrower is stable • Verifiable • High probability of continuing for at least three (3) years • Borrower to execute attestation at closing changes to employment and income listed on the final loan application and affirming their ability to repay the loan • Sources other than the Borrower’s self-employment are permissible for qualifying

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	<p>purposes, i.e., spouse’s employment income (if spouse is also a borrower) social security, rent, pension, spouse’s employment income</p> <ul style="list-style-type: none"> • Tax returns/tax transcripts must not be included in the loan file <p>Declining Income (Non-Self Employed): When the borrower has declining income, the most recent twelve (12) months should be used or the most conservative income calculation if the declining period is shorter than 12 months. Income must be stabilized and not subject to further decline in order to be considered for qualifying purposes</p> <p>In certain cases, an average of income for a longer period may be used when the decline is related to a one-time capital expenditure and proper documentation is provided</p> <p>In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower’s ability to repay. The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying</p> <p>Gaps in Employment: A minimum of two (2) years employment and income history is required to be documented</p> <p>Gaps more than thirty (30) days during the past two (2) years require a satisfactory letter of explanation and the borrower must be employed with their current employer for a minimum of six (6) months to include as qualifying income.</p> <ul style="list-style-type: none"> o Extended gaps of employment (six (6) months or greater) require a documented two (2) year work history prior to the absence o Single loan variances may be considered on a case-by-case basis when the borrower is on the job less than six (6) months, and the gap is less than six (6) months <ul style="list-style-type: none"> • W-2 transcripts for two (2) years are required to validate W-2 wages • A 4506-C form for non-self-employment income is required to be signed at closing • Income calculation worksheet or 1008 with income calculation for non-self-employment income. • Paystubs must meet the following requirements: <ul style="list-style-type: none"> o Clearly identify the employee/borrower and the employer o Reflect the current pay period and year-to-date earnings o Computer generated o Paystubs issued electronically via email or internet, must show the URL address, date and time printed and identifying information o Year-to-date pay with most recent pay period at the time of application and no earlier than ninety (90) days prior to the Note date • W-2 forms • Verification of Employment Requirements (Requirements below apply when income is positive and included in qualifying income): <ul style="list-style-type: none"> o Verbal Verification of Employment (VVOE) must be performed no more than ten (10) business days prior to the Note date. The Verbal VOE should include the following information for the borrower: <ul style="list-style-type: none"> • Date of contact • Name and title of person contacting the employer • Name of employer • Start date of employment • Employment status and job title • Name, phone #, and title of contact person at employer • Independent source used to obtain employer phone number
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	<ul style="list-style-type: none"> • Written Verification of Employment may be required for a borrower's income sourced from commissions, overtime and or other income when the income detail is not clearly documented on W-2 forms or paystubs • Written VOEs cannot be used as a sole source for verification of employment. Paystubs and W-2s are still required
<p>Self-Employment</p>	<ul style="list-style-type: none"> • Any borrower who has a 25% or greater ownership interest in a business is considered to be self-employed and must be evaluated as such. Self-employed borrowers must be self-employed with the same business for a minimum of two consecutive years. A CPA/accountant/tax preparer letter or equivalent document (e.g. Current Operating Agreement) verifying self-employment/percentage of ownership must be provided in all cases • At least one borrower must have 51% or more of their qualifying income coming from self-employment • Percentage of self-employment ownership <ul style="list-style-type: none"> ◦ Personal Bank Statement Option: Minimum 25% ownership ◦ Business Bank Statement Option: Minimum 50% ownership • 1099 income option permitted – see 1099 Income section below • Ineligible Self-Employment Sources: <ul style="list-style-type: none"> ◦ Foreign businesses ◦ Businesses that function as a non-profit enterprise • Verification of the existence of borrower's self-employment must be verified through a third-party source and no more than twenty (20) business days prior to the Note date. In addition, confirmation that the business is currently operating must be provided. Below are acceptable examples of documentation to confirm the business is currently operating: <ul style="list-style-type: none"> ◦ Evidence of current work (executed contracts or signed invoices) that indicate the business is operating on the day the lender verifies self-employment; ◦ Evidence of current business receipts within 10 days of the Note date (payment for services performed); ◦ Lender certification the business is open and operating (lender confirmed through a phone call or other means); or ◦ Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled)
<p>Bank Statement Income Calculation Requirements</p>	<ul style="list-style-type: none"> • Personal Bank Statements <ul style="list-style-type: none"> ◦ Qualifying income is determined by the lower of a) Total eligible deposits from the 24 or 12-months of personal statements divided by 12 or 24 months multiplied by the borrower's percentage of ownership of the business, or b) Monthly net income stated on the initial Uniform Residential Loan Application <ul style="list-style-type: none"> ▪ Borrower must provide 3-months business bank statements if utilizing personal bank statements for income qualification to confirm personal account is not utilized as a business account. Business bank statement requirements must be followed for income calculation if 3-months business statements are not provided ◦ Unacceptable deposits as identified further below must be excluded from the income calculation • Business Bank Statements <ul style="list-style-type: none"> ◦ Qualifying income is determined by the lower of the income disclosed on the initial Uniform Residential Loan Application Uniform Residential Mortgage Application or one of the following methods: <ul style="list-style-type: none"> ▪ <u>Option 1 – Fixed Expense:</u> <ul style="list-style-type: none"> • Gross deposits will be multiplied by a fixed 50% expense factor to determine a net deposit number and divided by 12 or 24 months, dependent upon the number of bank statements provided and then multiplied by the borrower's

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	<p>percentage of ownership of the business</p> <ul style="list-style-type: none">• A business narrative form is required to be provided by the borrower's business which includes details regarding the industry, size, and operating profile of the business, addressing number of employees/contractors. The business narrative form is to be completed by an employee (non-relative) of the borrower's business, with knowledge and information of the operations and finances of the business. Typical positions held by this employee would include: Controller, Treasurer, V.P. Finance, Finance Manager, or Accounting Manager. This form can also be completed by a third-party individual with direct knowledge of the borrower's business, such as Certified Public Accountant or an IRS Enrolled Agent• Businesses within an industry that experience higher expense factors are not eligible for the 50% Fixed Expense option and must utilize another option. Higher expense factor industries include, but are not limited to the following:<ul style="list-style-type: none">o Constructiono Manufacturingo Retail and Wholesale Tradeo Hospitality, Food and Beverage Serviceso Transportation• The business narrative form should be used to determine if the borrower's business is eligible for the Fixed Expense option based on the reasonableness of expenses <ul style="list-style-type: none">▪ <u>Option 2 - CPA/accountant/tax preparer statement</u> - In lieu of using a fixed 50% expense factor, the expense factor can be determined via a CPA/accountant/tax preparer produced written statement 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 must not include any unacceptable disclaimer or exculpatory language regarding its preparation. The minimum allowable expense ratio for qualifying is 20% irrespective of a third-party statement showing a lower expense ratio▪ <u>Option 3 – P&L:</u><ul style="list-style-type: none">• A third-party CPA/accountant/tax preparer produced Profit and Loss (P&L) statement accompanied by a written statement that the CPA or tax preparer has reviewed the P&L. The bank statements and the P&L must cover the same time period. The P&L and accompanying statement must not have any unacceptable disclaimer or exculpatory language regarding its preparation. Net income from the P&L should be divided by the number of the bank statements (12 or 24) and then multiplied by the borrower's percentage of ownership of the business. Net income from the P&L will be used for qualifying provided revenue is supported by the bank statements provided (i.e. the deposits on the bank statements must be at least 85% of the Gross Receipts on the P&L) <ul style="list-style-type: none">• A Bank Statement Calculator must be utilized and results made part of the loan file. A sample bank statement income calculator can be found on the Client Portal• W-2 income permitted if not associated with the business• Unacceptable Deposits: Include but are not limited to the following<ul style="list-style-type: none">o Cash advances from credit cardso Income sources already taken into accounto Non-business related account transferso Tax refundso Product returns/creditso Gift funds
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	<ul style="list-style-type: none"> o Credit line deposits/business financing o Loan proceeds
<p>Bank Statement Analysis and Documentation and Requirements</p>	<p>Bank Statement Documentation</p> <ul style="list-style-type: none"> • Business or personal bank statements: 12 or 24 consecutive months within 90 days of note date. Up to 24 months of bank statements may be required at the underwriter’s discretion. Income situations that may require additional bank statements for review include but are not limited to inconsistencies in cash flows consistent with occupation type or seasonal types of self-employment. Examples include seasonal income such as that received by a tax accountant whose primary income occurs in the first half of a year, or large isolated payments such as those received by political consultants or promoters who are paid for a specific events or contracts and have a history of similar types of payments. <ul style="list-style-type: none"> o Multiple bank accounts permitted o Combination of personal and business accounts not permitted • When personal bank statements are used, most recent 3 month’s business statements are also required <ul style="list-style-type: none"> o If borrower does not maintain a separate business account, then the personal account will be considered comingled and would require the same documentation and income calculation as would be used for Business Accounts • Bank statements may be obtained from the borrower or via a third-party asset vendor such as Finicity or Form Free. • CPA letter confirming percentage of ownership required • Tax returns/tax transcripts must not be included in the loan file • Bank statements used for qualifying income must be from U.S. bank accounts in U.S. dollars • Loan amounts greater than \$2,500,000 require 24 months of bank statements <p>Bank Statement Analysis</p> <ul style="list-style-type: none"> • <u>Ending Balances</u>: The bank statements should show a trend of ending balances that are stable or increasing over the 12 month or 24 month period. Low ending balances must be explained; additional documentation may be required. Income must be deemed stable to be eligible • <u>Income Trends</u>: <ul style="list-style-type: none"> o DTI > 36%: When 12 months of statements are provided, a decline in deposits 6 months over 6 months of up to 10% is allowed. Beyond 10%, an additional 12 months of statements are required. When 24 months of statements are required, a maximum decline in deposits of 10% is allowed from the prior 12 months to the current 12 months. Otherwise, the income is ineligible. If deposits are declining year over year but within the 10% tolerance, use the current 12 month average income for qualifying. In the event a P&L is used to qualify, a revised P&L should be provided covering only the most recent 12 month period and used for determining the borrower’s income. If the income is increasing, use the 24 month average income for qualifying o DTI ≤ 36%: When 12 months of statements are provided, a decline in deposits 6 months over 6 months of up to 20% is allowed. Beyond 20%, an additional 12 months of statements are required. When 24 months of statements are required, a maximum decline in deposits of 20% is allowed from the prior 12 months to the current 12 months. Otherwise, the income is ineligible. If deposits are declining year over year but within the 20% tolerance, use the current 12 month average income for qualifying. In the event a P&L is used to qualify, a revised P&L should be provided covering only the most recent 12 month period and used for determining the borrower’s income. If the income is increasing, use the 24 month

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	<p>average income for qualifying</p> <ul style="list-style-type: none"> • <u>Deposits</u>: Net deposits must not reflect any other income sources already taken into consideration (i.e., SSI, W-2 wage earnings, etc) • <u>Non-Sufficient Funds (NSF)/Overdraft Protection</u> <ul style="list-style-type: none"> ◦ NSF: With a satisfactory LOE, no more than 3 NSFs are permitted in the last 12 months ◦ Overdraft Protection: An overdraft is any occurrence whereby the account balance goes negative but is linked to another depository account or line of credit with the same financial institution. Such occurrences are not considered in the 3 occurrence limit described above provided the account does not reflect in a negative balance, the account shows a transfer from the other account, and the underwriter has no concerns over the viability of the business. A satisfactory LOE is also required • Bank statement calculator must be used and results included in the loan file. A sample bank statement income calculator can be found on the Client Portal
<p>1099 Income</p>	<ul style="list-style-type: none"> • 1099 income is permitted for individual(s) earning 100% commission or for independent contractors <ul style="list-style-type: none"> ◦ 1-year or 2-years of 1099s or 1099 transcript(s) permitted using a 10% Expense Factor • Qualifying income is the 12 or 24 monthly average from the total number of 1099's minus the 10% expense factor • YTD documentation required to support the continued receipt of income from same source • YTD earnings must be documented to support the ongoing receipt of income showing on the 1099s by: <ul style="list-style-type: none"> ◦ Checks or a single check stub(s) with YTD totals if available, or ◦ Bank statements (YTD) • The YTD earnings from the total of check stubs or the tally of deposits from bank statements must be within 10% or greater than prior year earnings • Loan amounts greater than \$2,500,000 require 2 years of 1099s
<p>Unacceptable Sources of Income</p>	<ul style="list-style-type: none"> • Any unverified source • Deferred compensation • Temporary or one-time occurrence income • Rental income from primary residence – One (1) unit property or one (1) unit property with accessory unit • Rental income from a second home • Retained earnings • Education benefits • Trailing spouse income • Capital gains • Dividends and interest • Foreign income • Any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations. Federal law restricts the following activities and therefore the income from these sources are not allowed for qualifying: <ul style="list-style-type: none"> ◦ Foreign shell banks ◦ Medical marijuana dispensaries if borrower has any ownership ◦ Any income resulting from ownership in a business related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law
<p>Residual Income</p>	<ul style="list-style-type: none"> • \$2500
<p>Salaried Income</p>	<ul style="list-style-type: none"> • YTD paystub • W-2s – two (2) years

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	<ul style="list-style-type: none"> • W-2 transcripts • VVOE
Hourly and Part-time	<ul style="list-style-type: none"> • YTD paystub • W-2s – two (2) years • W-2 transcripts • VVOE • Stable to increasing income should be averaged over a two (2) year period
Commission Income	<ul style="list-style-type: none"> • YTD paystub • Two (2) years W-2s if commissions are less than 25% of total income or • W-2 transcripts • VVOE • Stable to increasing income should be averaged for the two (2) years
Overtime and Bonus Income	<ul style="list-style-type: none"> • YTD paystub • W-2s – two (2) years • W-2 transcripts • VVOE • Stable to increasing income should be averaged for the two (2) years • Bonus income that is received on an annual basis and exceeds 25% of total income must be considered carefully due to the potential impacts of COVID-19 <ul style="list-style-type: none"> ◦ Employer must confirm that the current year bonus is in line with the prior years and is not negatively impacted due to COVID-19
Rental Income (for all properties except departing primary residence)	<ul style="list-style-type: none"> • All properties (except departing primary residences) • Documenting Rental Income from Subject Property <ul style="list-style-type: none"> ◦ Lease agreements must be provided if rental income is used for qualifying purposes ◦ Current lease for each rental property; rent rolls are not allowed ◦ The rental income reflected on the current lease agreement must be discounted by a 25% vacancy factor ◦ Most recent 2 months' receipt of rental income dated within 30 calendar days of the note date ◦ For leases that have a roll over clause, or the property is in a state where all leases roll over, a copy of most recent lease is required ◦ Form 1007 is required to support the rental income on the lease agreements ◦ Purchase Transactions: If the property is not currently rented, lease agreements are not required and Form 1007 may be used to document rental income and must be discounted by a 25% vacancy factor • Documenting Rental Income from Non-Subject Property <ul style="list-style-type: none"> ◦ Copy of the current lease agreement(s) discounted by a 25% vacancy factor are required • Net rental income may be added to the borrower's total monthly income; net rental losses must be added to the borrower's total monthly obligations • If the subject property is the borrower's primary residence (one (1) unit property or one (1) unit property with an accessory unit), rental income is not eligible to be used for qualification and the full PITIA should be included in the borrower's total monthly obligations • If the subject property is the borrower's primary residence with two (2) units, rental income may be included for the unit not occupied by the borrower if the requirements for a lease agreement • Short Term Rental:



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	<ul style="list-style-type: none"> o Property leased on a short-term basis utilizing an on-line service such as Airbnb gross monthly rents can be determined by using a 12-month look back period to account for seasonality o Rents for the look back period must be documented with either 12-monthly statements or an annual statement provided by the on-line service. In the event the borrower owns a single rental property, bank statements with deposits clearly identified/sourced as rental income can be substituted. If two or more rental properties owned, statements from an online service must be provided to associate rents received with the specific property <ul style="list-style-type: none"> ▪ 75% of the verified monthly rental income can be used to offset the PITIA of the rental property o A screen shot of the online listing must show the property(s) activity marketed as a short-term rental
Rental Income – Departing Primary Residence	<ul style="list-style-type: none"> • If the borrower is converting their current primary residence to a rental property and using rental income to qualify or offset the payment the following requirements apply: <ul style="list-style-type: none"> o Borrower must have documented equity in departure residence of 25% o Documented equity may be evidenced by an exterior or full appraisal dated within six (6) months of subject transaction; or documented equity may be evidenced by the original sales price and the current unpaid principal balance o Copy of current lease agreement o Copy of security deposit and evidence of deposit to borrower’s account o Net rental income should be calculated using gross rent X 75% minus PITIA
Retirement Income (Pension, Annuity, 401(k), IRA Distributions)	<ul style="list-style-type: none"> • Existing distribution of assets from an IRA, 401(k) or similar retirement asset must be sufficient to continue for a minimum of three (3) years <ul style="list-style-type: none"> o Distribution must have been set up at least six (6) months prior to Note date if there is no prior history of receipt; or two (2) year history of receipt evidenced o Distributions cannot be set up or changed solely for loan qualification purposes. • Document regular and continued receipt of income as verified by any of the following: <ul style="list-style-type: none"> o Letters from the organizations providing the income o Copies of retirement award letters o Most recent IRS W-2 or 1099 forms o Proof of current receipt with two (2) months bank statements <p><i>If any retirement income will cease within the first three (3) years of the loan, the income may not be used.</i></p>
Social Security Income	<ul style="list-style-type: none"> • Social Security income must be verified by a Social Security Administration benefit verification letter • If benefits expire within the first three (3) years of the loan, the income may not be used • Benefits (children or surviving spouse) with a defined expiration date must have a remaining term of at least three (3) years
Alimony/Child Support/Separation Maintenance	<ul style="list-style-type: none"> • Considered with a divorce decree, court ordered separation agreement, or other legal agreement provided the income will continue for at least three (3) years • If the income is the borrower’s primary income source and there is a defined expiration date (even if beyond three (3) years) the income may not be acceptable for qualifying purposes • Evidence of receipt of full, regular and timely payments for the most recent twelve (12) months
Borrowers Employed by Family	<ul style="list-style-type: none"> • YTD paystub • Two (2) years W-2s and • VVOE • Borrower’s potential ownership in the business must be addressed



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Asset Depletion	<ul style="list-style-type: none"> • Not allowed
Trust income	<ul style="list-style-type: none"> • Income from trusts may be used if guaranteed and regular payments will continue for at least three (3) years • Regular receipt of trust income for the past twelve (12) months must be documented • Copy of trust agreement or trustee statement showing: <ul style="list-style-type: none"> ◦ Total amount of borrower designated trust funds ◦ Terms of payment ◦ Duration of trust ◦ Evidence the trust is irrevocable • If trust fund assets are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income
Disability Income – Long Term (Private Policy or Employer Sponsored)	<ul style="list-style-type: none"> • Copy of the policy or benefits statement must be provided to determine current eligibility for disability payments, amount of payments, frequency of payments, and if there is an established termination date • Termination date may not be within three (3) years of Note date; please note reaching a specific age may trigger a termination date depending on the policy
Restricted Stock and Stock Options	<ul style="list-style-type: none"> • May only be used as qualifying income if the income has been consistently received for two (2) years and is identified on the paystubs, W-2s as income and the vesting schedule indicates the income will continue for a minimum of two (2) years at a similar level as prior two (2) years • A two (2) year average of prior income received from RSUs or stock options should be used to calculate the income, with the continuance based on the vesting schedule using a stock price based on the lower of the current stock price or the 52-week average for the most recent twelve (12) months reporting at the time of application. The income used for qualifying must be supported by future vesting based on the stock price used for qualifying and vesting schedule. • Additional awards must be similar to the qualifying income and awarded on a consistent basis • There must be no indication the borrower will not continue to receive future awards consistent with historical awards received • Borrower must be currently employed by the employer issuing the RSUs/stock options for the RSUs/stock options to be considered in qualifying income • Stock must be a publicly traded stock • Vested restricted stock units and stock options cannot be used for reserves if using for income to qualify • Incentive sign on income and future RSU's are limited to 50% of total qualifying income. Income calculation results may be reduced to meet the 50% restriction
Projected Income	<ul style="list-style-type: none"> • Not permitted • May be considered on an single loan variance basis if borrower has a non-revocable contract and employment starts within sixty (60) days of closing
Assets/Reserves	
Asset Requirements	<ul style="list-style-type: none"> • Beyond the minimum reserve requirements and to fully document the borrower's ability to meet their obligations, borrowers should disclose all liquid assets • Eligible assets must be held in a US account • Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs • Lender is responsible for verifying large deposits did not result in any new undisclosed debt

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- Asset verification by a Fannie Mae approved asset validation provider is allowed in lieu of two (2) months statements provided by the borrower
- The asset verification must provide sixty (60) days of account activity and include all items normally indicated on bank statements
- Virtual Currency is an ineligible asset type. Virtual currency must be exchanged into U.S. dollars to be acceptable for use as down payment, closing costs or reserves. Refer to Fannie Mae Selling Guide for additional details

Asset Type	% Eligible for Calculation of Funds	Additional Requirements
Checking/Savings/ Money Market/CDs	100%	Two (2) months most recent statements
Publicly Traded Stocks/Bonds/Mutual Funds	100%	Two (2) months most recent statements. Non-vested stock is ineligible. Margin account and/or pledged asset balances must be deducted
Retirement Accounts (401(k), IRAs, etc.)	70% of the vested value after the reduction of any outstanding loans.	<ul style="list-style-type: none"> • Most recent statement(s) covering a two (2) month period • Evidence of liquidation if using for down payment or closing costs • Evidence of access to funds required for employer- sponsored retirement accounts • Retirement accounts that do not allow for any type of withdrawal are ineligible for reserves.
Cash Value of Life Insurance/Annuities	100% of value unless subject to penalties	Most recent statement(s) covering a two (2) month period
1031 Exchange	Allowed on second home and investment purchases only. <ul style="list-style-type: none"> • Reverse 1031 exchanges not allowed 	<ul style="list-style-type: none"> • HUD-1/CD for both properties • Exchange agreement • Sales contract for exchange property • Verification of funds from the Exchange Intermediary
Business Funds	Allowed for down payment/closing costs and reserves with additional requirements met	<ul style="list-style-type: none"> • Cash flow analysis required to determine no negative impact to the ongoing operation of the business. • Business bank statements must not reflect any NSF's (non- sufficient funds) or overdrafts. • If borrower(s) ownership in the business is less than 100%, the following requirements must be met: <ul style="list-style-type: none"> ○ Borrower(s) must have majority ownership of 51% or greater ○ The other owners of the business must provide an access letter to the business funds ○ Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s) • Business funds for reserves or a combination of personal/business funds for reserves, then at least 50% of the reserve requirement must be personal, liquid and non-retirement for the subject



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			<p>property and any additional financed REO</p> <ul style="list-style-type: none"> • Business funds must be reduced by 50% prior to being used to meet reserve requirements
	Gift Funds	<ul style="list-style-type: none"> • Gift funds may be used once borrower has contributed 5% of their own funds • Gift funds not allowed to be used as reserves • Gift funds not allowed on investment properties 	<ul style="list-style-type: none"> • Donor must be a family member, future spouse or domestic partner • Executed gift letter with gift amount and source, donor's name, address, phone number and relationship • Seller must verify sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account • Acceptable documentation includes the following: <ul style="list-style-type: none"> ○ Copy of donor's check and borrower's deposit slip ○ Copy of donor's withdrawal slip and borrower's deposit slip ○ Copy of donor's check to the closing agent ○ A settlement statement/CD showing receipt of the donor's gift check

Reserves	Reserve Requirements (# of Months of PITIA)		
	Occupancy	Loan Amount	# of Months
	Primary, Second Home & Investment Property	≤\$1,000,000	6
\$1,000,001-\$2,000,000		9	
> \$2,000,000		12	
Additional 1-4 Unit Financed REO	<ul style="list-style-type: none"> • Maximum number of financed properties – follow Fannie Mae Selling Guide requirements • All financed 1-4 unit residential properties require an additional six (6) months reserves for each property, unless the exclusions below apply: <ul style="list-style-type: none"> ○ 1-4 unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage ○ Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation • If eligible to be excluded from the count of multiple financed properties, reserves are not required 		
<ul style="list-style-type: none"> • Borrowed funds (secured or unsecured) are not permitted to meet reserve requirements • Cash-out not permitted to meet reserve requirements • Gift funds not permitted to meet reserve requirements 			



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<p>Interested Party Contributions</p>	<ul style="list-style-type: none"> • Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender or their affiliates and/or any other party with an interest in the real estate transaction • The following restrictions for interested party contributions apply: <ul style="list-style-type: none"> ○ May only be used for closing costs and prepaid expenses and may not be used for down payment or reserves ○ Maximum interested party contribution is limited to: <ul style="list-style-type: none"> ▪ Primary & Second Home – 6% ▪ Investment Property – 3%
<p>Seller Concessions</p>	<ul style="list-style-type: none"> • All seller concessions must be addressed in the sales contract, appraisal and HUD-1/CD. A seller concession is defined as any interested party contribution beyond the stated limits (as shown in the prior section, Interested Party Contributions) or any amounts not being used for closing costs or prepaid expenses • If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount for the purposes of calculating the LTV/CLTV/HCLTV
<p>Personal Property</p>	<ul style="list-style-type: none"> • Any personal property transferred with a property sale must be deemed to have zero transfer value as indicated by the sales contract and appraisal • If any value is associated with the personal property, the sales price and the appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV
<p>Subordinate Financing</p>	
<p>Subordinate Financing</p>	<ul style="list-style-type: none"> • Institutional financing only • Seller subordinate financing not allowed • Subordinate liens must be recorded and clearly subordinate to the first Mortgage lien • If there is or will be an outstanding balance at the time of closing, the monthly payment for the subordinate financing must be included in the calculation of the borrower's debt to income ratio • Full disclosure must be made of the existence of subordinate financing and the subordinate financing repayment terms • The following are acceptable subordinate financing types: <ul style="list-style-type: none"> ○ Mortgage terms with interest at market rate ○ Mortgage with regular payments that cover at least the interest due, resulting in no negative amortization • Employer subordinate financing is allowed with the following requirements: <ul style="list-style-type: none"> ○ Employer must have an Employee Financing Assistance Program in place ○ Employer may require full repayment of the debt if the borrower's employment ceases before the maturity date ○ Financing may be structured in any of the following ways: <ul style="list-style-type: none"> ▪ Fully amortizing level monthly payments ▪ Deferred payments for some period before changing to fully amortizing payments ▪ Deferred payments over the entire term ▪ Forgiveness of debt over time ▪ Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien • LTV/CLTV/HCLTV guidelines must be met for loans with subordinate financing • If subject transaction is paying off a HELOC that is not included in the CLTV/HCLTV calculation, the loan file must contain evidence the HELOC has been closed • Shared equity finance agreements are an ineligible source of subordinate financing


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Down Payment/Closing Cost Assistance	<ul style="list-style-type: none"> Down payment and closing cost assistance subordinate financing is not permitted
Property/Appraisal	
Eligible Property Types	<ul style="list-style-type: none"> 1-4 Unit Owner Occupied Properties 1 Unit Second Homes 1-4 Unit Investment Properties Condominiums – Attached – Warrantable <ul style="list-style-type: none"> Limited review allowed for attached units in established condominium projects: <ul style="list-style-type: none"> Eligible transactions as per Fannie Mae guidelines CPM or PERS allowed Full Review allowed. Warranty to Fannie Mae full review guidelines Projects with 2-4 units – no condominium review or condominium warranty is required. Fannie Mae basic requirements apply Florida attached condominiums limited to 50% LTV/CLTV/HCLTV on investment transactions Condominium documents to support condominium eligibility review must be no older than 120 days from Note date Condominiums – Detached (including site condominiums) <ul style="list-style-type: none"> No condominium review or condominium warranty is required. Fannie Mae basic requirements apply Condominiums – Non-Warrantable (see Non-Warrantable Condominiums section below) Cooperatives <ul style="list-style-type: none"> Must meet Fannie Mae project standards Underlying Blanket Mortgage - Any underlying/blanket mortgage for the project may be a balloon mortgage with a remaining term of less than three (3) years, but not less than six (6) months. If the balloon incorporates an adjustable rate feature, the current interest rate may not be subject to an interest rate adjustment prior to the maturity date Investment properties not allowed Modular homes Planned Unit Developments (PUDs) Properties with ≤40 Acres <ul style="list-style-type: none"> Properties >10 acres ≤40 acres must meet the following: <ul style="list-style-type: none"> Maximum land value 35% No income producing attributes Transaction must be 10% below maximum LTV/CLTV/HCLTV as allowed on Bayview Bank Statement for transactions over twenty (20) acres. For example, if borrower qualifies for a loan at 80% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed would be 70% Properties Subject to Existing Oil/Gas Leases must meet the following: <ul style="list-style-type: none"> Title endorsement providing coverage to the lender against damage to existing improvements resulting from the exercise of the right to use the surface of the land which is subject to an oil and/or gas lease No active drilling; Appraiser to comment or current survey to show no active drilling No lease recorded after the home construction date; Re-recording of a lease after the home was constructed is permitted Must be connected to public water <p>NOTE: Properties that fall outside these parameters can be considered on a single loan variance basis</p>


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	<p>Miscellaneous: Properties with leased solar panels must meet Fannie Mae requirements</p> <p>Acceptable Forms of Ownership:</p> <ul style="list-style-type: none"> • Fee Simple with title vesting as: <ul style="list-style-type: none"> ◦ Individual ◦ Joint Tenants ◦ Tenants in Common • Leaseholds must meet Fannie Mae requirements • Deed/Resale Restrictions must meet Fannie Mae requirements
<p>Non-Warrantable Condominiums</p>	<p>Only one (1) non-warrantable feature is allowed and LTV/CLTV must be 10% below product/program maximum up to a maximum of 70% LTV/CLTV <i>For example, if borrower qualifies for a loan at 70% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed would be 60%</i></p> <ul style="list-style-type: none"> • Commercial Space <ul style="list-style-type: none"> ◦ Includes space above and below grade ◦ Must be compatible with the residential use of the project; for example, restaurants, small shops, business offices, small market/grocery store that complements the neighborhood ◦ Maximum 50% commercial space allowed • Maximum Ownership by one (1) entity is 25% for projects with more than ten (10) units <ul style="list-style-type: none"> ◦ Units owned by the developer, sponsor, or succeeding developer that are vacant and being actively marketed for sale are not included in the calculation ◦ Units currently leased must be included in the calculation ◦ For projects with ten (10) units or less, Fannie Mae guidelines apply for the number of units owned by one (1) entity and would not be considered non-warrantable • Presale <ul style="list-style-type: none"> ◦ New projects or converted projects (as defined by Fannie Mae) must have at least 30% of the units sold or under contract to owner occupants or second home purchasers for the subject phase ◦ Common areas/amenities must be complete for the subject phase • Budget – for projects with line item for replacement reserves of less than 10% <ul style="list-style-type: none"> ◦ Less than 10% but greater than 7% replaced reserves allowed if current reserve balance exceeds 10% of operating expenses ◦ Less than 7% replacement reserves allowed if current reserve balance exceeds 20% operating expenses ◦ Project balance sheet must be provided and within 120 days of the Note date <p>The subject legal phase and any other prior legal phases in which units have been offered for sale are substantially complete (common elements complete and units complete subject to selection of buyer upgrades/preference items)</p> <ul style="list-style-type: none"> ◦ Primary residence and second home only ◦ All other Fannie Mae condo requirements met ◦ Loan must be locked and property must be identified as a non-warrantable condominium with applicable pricing adjustments applied <p><i>Loans outside of these parameters with strong compensating factors may be considered on a single loan variance basis</i></p>

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<p>Ineligible Property Types</p>	<ul style="list-style-type: none"> • 2-4 unit second home properties • Condotels/Condo Hotels • Manufactured Homes/Mobile Homes • Mixed-Use Properties • Model Home Leasebacks • Properties with condition rating of C5/C6 • Properties with construction rating of Q6 • Properties located in Hawaii in lava zones 1 & 2 • Properties located in areas where a valid security interest in the property cannot be obtained • Properties >40 acres • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches or orchards
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • Transferred appraisals are not allowed • Appraisals must be completed for the subject transaction. Use of a prior appraisal, regardless of the date of the prior appraisal, is not allowed • The subject property must be appraised within 90 days prior to the Note date • Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date • <u>Appraisal Review Requirements:</u> <ul style="list-style-type: none"> ○ Collateral Desktop Analysis (CDA) ordered from Clear Capital is required to support the value of the appraisal. The Seller is responsible for ordering the CDA • If the CDA returns a value that is “Indeterminate” or if the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met: <ul style="list-style-type: none"> ○ A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of Three Reports is required. The Value Reconciliation will be used for the appraised value of the property. The Seller is responsible for ordering the BPO and Value Reconciliation through Clear Capital ○ A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. The Seller is responsible for providing the field review or 2nd full appraisal full appraisal <ul style="list-style-type: none"> ▪ If two (2) full appraisals are provided, a CDA is not required ○ Collateral Underwriter (CU) with a score of 2.5 or less is allowed in lieu of a CDA <ul style="list-style-type: none"> ▪ Maximum Loan amount \$1,500,000 • For properties purchased by the seller of the property within ninety (90) days of the fully executed purchase contract the following requirements apply: <ul style="list-style-type: none"> ○ Second full appraisal is required ○ Property seller on the purchase contract is the owner of record ○ Increases in value should be documented with commentary from the appraiser and recent paired sales <p><i>The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu</i></p>

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Appraisal Requirements Based on Loan Amount:	
First Lien Amount	Appraisal Requirements
Purchase Transactions	
≤ \$2,000,000	1 Full Appraisal
> \$2,000,000	2 Full Appraisals
Refinance Transactions	
≤ \$1,500,000	1 Full Appraisal
> \$1,500,000	2 Full Appraisals

- When two (2) appraisals are required, the following applies:
 - Appraisals must be completed by two (2) independent companies
 - The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion
 - Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled
 - If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon
- Higher Priced Mortgage Loans (HPML)
 - If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller’s acquisition price by more than 10% then a second full appraisal is required. Bank owned properties are not exempt.
 - If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller’s acquisition price by more than 20%, then a second full appraisal is required. Bank owned properties are not exempt
 - If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals

Construction to Permanent Financing

- The borrower must hold title to the lot which may have been previously acquired or purchased as part of the transaction
- LTV/CLTV/HCLTV is determined based on the length of time the borrower has owned the lot. The time frame is defined as the date the lot was purchased to the Note date of the subject transaction
 - For lots owned twelve (12) months or more, the appraised value can be used to calculate the LTV/CLTV/HCLTV
 - For lots owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the current appraised value of the property or the total acquisition costs (documented construction costs plus documented purchase price of lot)

Disaster Area Requirements

- Refer to the Disaster Guidelines in the [Special Products Seller Guide](#) for requirements pertaining to properties impacted by a disaster in:
 - FEMA Major Disaster Declarations with designated counties eligible for **individual assistance (IA)**;
 - Areas where FEMA has not made a disaster declaration, but Community Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster;
 - Areas where the Seller has reason to believe that a property might have been damaged in a disaster
- Correspondent lenders are responsible for monitoring the [Disaster Declaration File](#) and the [FEMA Website](#) including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster



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Escrow Holdbacks	<ul style="list-style-type: none"> • Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase by Community Loan Servicing
Special Restrictions	
Multiple Financed Properties	<ul style="list-style-type: none"> • Maximum number of financed properties – follow Fannie Mae Selling Guide requirements • All financed 1-4 unit residential properties require an additional six (6) months reserves for each property, unless the exclusions below apply • 1-4 unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage • Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation
Geographic Restrictions	<ul style="list-style-type: none"> • Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted
Properties Listed for Sale	<ul style="list-style-type: none"> • Properties currently listed for sale (at the time of application) are not eligible for refinance transactions • Properties listed for sale within six (6) months of the application date are acceptable if the following requirements are met: <ul style="list-style-type: none"> ◦ Rate and Term refinance only ◦ Primary and second homes only ◦ Documentation provided to show cancellation of listing ◦ Acceptable letter of explanation from the borrower detailing the rationale for cancelling the listing • Cash-out refinances are not eligible if the property was listed for sale within twelve (12) months of the application date
Escrow Waivers	<ul style="list-style-type: none"> • Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required • Escrow waivers for property taxes and homeowners insurance are permitted on loans with LTVs less than or equal to 80% in accordance with the Fannie Mae Selling Guide and all state specific restrictions • Tax and insurance escrows are required on all HPML loans.
Mortgage Insurance	<ul style="list-style-type: none"> • Not required
Pre-payment Penalties	<ul style="list-style-type: none"> • May be charged on investment property transactions only • Prepayment penalties are not allowed in New Mexico, MN ,New Jersey or Alaska for any reason • Prepayment penalties may be assessed as noted below, however in the following states lenders must also be certain to adhere to the specific state requirements noted in Appendix A: LA, MI, MS, NC, OH, PA, RI, TX and VA



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Prepayment Penalty by Year							
5-year option(s)	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%
	5.00%	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%
4-year option(s)	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%
	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%
3-year option(s)	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%
	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%
	6 month's interest if pay down > 20 %	6 month's interest if pay down > 20 %	6 month's interest if pay down > 20 %				
2-year option (s)	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1-year option(s)	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
No Prepay Penalty	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Loan Documentation Requirements

- **Business Purpose Affidavit (on investment property transactions)**
- Interest-only Note (if applicable)
- Interest-only Rider (if applicable)
- **Pre-payment Penalty Rider (if applicable)**
- **1-4 Family Rider for investment property transactions**
- **Explanation letter signed by the borrower stating purpose of cash-out on all investment property cash-out transactions. May be incorporated within the body of the Business Purpose Affidavit**
- Borrower Authorization Form
- All other forms required per the document checklist which is posted in the Reference Library of the Correspondent Portal

Maximum Financed Bayview Exposure

- Borrower(s) are limited to a maximum of \$6,250,000 in aggregate with Bayview

Seller shall deliver loans that were originated in accordance with the Special Products Seller Guide unless otherwise stated with this product matrix.



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Appendix

State Specific Pre-Payment Penalty Requirements

State	PPP Permitted	Requirement
Alaska	No	No prepayment penalty shall be permitted
Louisiana	Yes with conditions	A mortgage lender may contract for and receive a prepayment penalty in an amount not to exceed: (a) Five percent of the unpaid principal balance if the loan is prepaid in full during the first year of its term. (b) Four percent of the unpaid principal balance if the loan is prepaid in full during the second year of its term. (c) Three percent of the unpaid principal balance if the loan is prepaid in full during the third year of its term. (d) Two percent of the unpaid principal balance if the loan is prepaid in full during the fourth year of its term. (e) One percent of the unpaid principal balance if the loan is prepaid in full during the fifth year of its term.
Michigan	Yes with conditions	Max 3YR at max 1% for SFR
Minnesota	No	No prepayment penalty shall be permitted
Mississippi	Yes with conditions	(i) Five percent (5%) of the unpaid principal balance if prepaid during the first year; (ii) Four percent (4%) of the unpaid principal balance if prepaid during the second year; (iii) Three percent (3%) of the unpaid principal balance if prepaid during the third year; (iv) Two percent (2%) of the unpaid principal balance if prepaid during the fourth year; (v) One percent (1%) of the unpaid principal balance if prepaid during the fifth year; and (vi) No penalty if prepaid more than five (5) years from date of the note creating the debt.
New Jersey	No	Pre-payment penalties cannot be charged to natural person borrowers.
New Mexico	No	No prepayment penalty shall be permitted
North Carolina	Yes with conditions	Prepayment penalty may be charged only on loans greater than \$150,000
Ohio	Yes with conditions	1-2 unit: maximum 1% within 5 years of execution date of the mortgage only if loan amount >= \$107,633; No prepayment penalty permitted if loan amount < \$107,633; 3-4 unit : prepayment penalty permitted without restriction
Pennsylvania	Yes with conditions	1-2 unit: only if loan balance >\$301,022; No prepayment penalty permitted if balance <=\$301,022 3-4 unit: prepayment penalty allowed without restriction
Rhode Island	Yes with conditions	Prepayment penalty max 2% of balance



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Texas	Yes with conditions	Property cannot be owner-occupied
Virginia	Yes with conditions	Max 1% if balance < \$75k

Version Control

Author	Section	Date	Update
DH		04.25.22	New Product Matrix Created
DH	Restricted Stock and Stock Options	05.20.22	Added <ul style="list-style-type: none"> Incentive sign on income and future RSU's are limited to 50% of total qualifying income. Income calculation results may be reduced to meet the 50% restriction
DH	Asset Requirements	05.20.22	Added <ul style="list-style-type: none"> Virtual Currency is an ineligible asset type. Virtual currency must be exchanged into U.S. dollars to be acceptable for use as down payment, closing costs or reserves. Refer to Fannie Mae Selling Guide for additional details
DH	Subordinate Financing	05.20.22	Added <ul style="list-style-type: none"> Shared equity finance agreements are an ineligible source of subordinate financing



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DH	Forbearance	06.03.22	Added <u>For borrowers who have entered into forbearance on any loan (including but not limited to the subject mortgage) between 01.01.2020 and 06.01.2022, the below listed criteria is to be used to determine eligibility. All other loans must follow the forbearance waiting period as required in the Significant Derogatory Credit section above.</u>
DH	Eligibility Grid	11.04.22	Added Declining Market footnote
DH	Declining Market	11.04.22	Added Declining Market section <ul style="list-style-type: none"> LTV/CLTV/HCLTV must be 5% below product maximum per product matrix eligibility grid <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 70%</i></p>
DH	Appraisal Requirements	11.04.22	Removed <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from Note date <ul style="list-style-type: none"> The appraiser must inspect the exterior of the property and provide a photo Appraiser must review current market data to determine whether the property has declined in value since the date of the original appraisal. If the value has declined since the original appraisal, a new full appraisal is required The Appraisal Update (1004D) must be dated within 120 days of the Note date Added <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date The subject property must be appraised within 90 days prior to the Note date Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets
DH	Eligibility Grid	11.18.22	<ul style="list-style-type: none"> Re-named Footnote #6 to read See MSA LTV/CLTV/HCLTV Reduction Section Removed line for Primary Residence, Purchase or Rate/Term Refi up to 85% LTV, 700 FICO up to \$1.0M Reduced LTV to 80% for Primary Residence, Purchase or Rate/Term Refi up to \$1.5M Reduced LTV to 80% for Second Home, Purchase or Rate/Term Refi up to \$1.0M
DH	Interest Only	11.18.22	Removed <ul style="list-style-type: none"> Maximum 80% LTV
DH	Gift Funds	11.18.22	Removed <ul style="list-style-type: none"> Gift funds not allowed on LTVs >80%
DH	Interested Party Contributions	11.18.22	Removed <ul style="list-style-type: none"> Primary with LTVs > 80% - 3%
DH	Subordinate Financing	11.18.22	Removed <ul style="list-style-type: none"> Secondary financing is not allowed on LTVs >80% on Bayview Bank Statement loan program
DH	Declining Market	11.18.22	Removed Declining Market Section
DH	Appraisal Requirements	11.18.22	Removed <ul style="list-style-type: none"> Maximum LTV 80% requirement for when Collateral Underwriter (CU) with a score of 2.5 or less is allowed in lieu of a CDA Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets
DH	State/MSA LTV/CLTV/HCLTV Reduction Section	11.18.22	Added MSA LTV/CLTV/HCLTV Reduction Section <ul style="list-style-type: none"> <u>In the states of GA, WA, KS, ND, OR, UT:</u> Reduce LTV/CLTV/HCLTV by 5% from the maximum allowed per the eligibility grid up to a maximum of 75% <u>In the states of TX, AZ, ID, NC, DC, NV, SD:</u> Reduce LTV/CLTV/HCLTV by 10% from the maximum allowed per the eligibility grid up to a maximum of 70% A 10% LTV/CLTV/HCLTV reduction from the maximum allowed per the eligibility grid applies to the Metropolitan Statistical Areas identified in the below table. An MSA Lookup tool by zip code is available on the Lakeview Correspondent Portal <ul style="list-style-type: none"> If a property is in one of the states identified in the first two bullet points above AND is also in one of the MSAs in the table below then both LTV/CLTV/HCLTV reductions must be applied <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/CLTV/HCLTV for the loan and the subject property is in the state of Texas and also in the Austin-Round Rock MSA then a 10% state reduction and a 10% MSA reduction must be applied for a 55% maximum LTV/CLTV/HCLTV for that specific loan</i></p> <p>(See State/MSA LTV/CLTV/HCLTV Reduction Section to view table)</p>
DH	Escrow Requirements	11.18.22	Removed <ul style="list-style-type: none"> Tax and insurance escrows are required on all loans greater than 80% loan to value (LTV) with the exception of California where state law prescribes escrows are not required on loans less than 90% LTV
DH	Declining Market	11.21.22	Added Declining Market section <ul style="list-style-type: none"> LTV/CLTV/HCLTV must be 5% below product maximum per product matrix eligibility grid <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/CLTV/HCLTV for the subject</i></p>



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			<i>transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 70%</i>															
DH	Appraisal Requirements	11.21.22	Added <ul style="list-style-type: none"> Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets 															
DH	Eligibility Grids	11.23.22	<ul style="list-style-type: none"> Added LTV/CLTV/HCLTV Reduction Table 															
DH	Declining Markets	11.23.22	<ul style="list-style-type: none"> Updated Declining Market section to reflect specific LTV/CLTV/HCLTV reductions by category <table border="1"> <thead> <tr> <th>Category</th> <th>States</th> <th>LTV/CLTV/HCLTV Reductions</th> </tr> </thead> <tbody> <tr> <td>Category 1</td> <td>TX</td> <td>20% LTV/CLTV/HCLTV reduction from the maximum above, up to a maximum of 60%</td> </tr> <tr> <td>Category 2</td> <td>AZ, ID</td> <td>15% LTV/CLTV/HCLTV reduction from the maximum above, up to a maximum of 65%</td> </tr> <tr> <td>Category 3</td> <td>NC, DC, NV, SD, WA</td> <td>10% LTV/CLTV/HCLTV reduction from the maximum above, up to a maximum of 70%</td> </tr> <tr> <td>Category 4</td> <td>CA, CO, TN, GA, KS, ND, OR, UT</td> <td>5% LTV/CLTV/HCLTV reduction from the maximum above, up to a maximum of 75%</td> </tr> </tbody> </table>	Category	States	LTV/CLTV/HCLTV Reductions	Category 1	TX	20% LTV/CLTV/HCLTV reduction from the maximum above, up to a maximum of 60%	Category 2	AZ, ID	15% LTV/CLTV/HCLTV reduction from the maximum above, up to a maximum of 65%	Category 3	NC, DC, NV, SD, WA	10% LTV/CLTV/HCLTV reduction from the maximum above, up to a maximum of 70%	Category 4	CA, CO, TN, GA, KS, ND, OR, UT	5% LTV/CLTV/HCLTV reduction from the maximum above, up to a maximum of 75%
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DH	Appraisal Requirements	11.23.22	Removed <ul style="list-style-type: none"> Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets 															
DH	Reserve Requirements & Multiple Financed Properties	11.23.22	Removed <ul style="list-style-type: none"> The borrower(s) may own a total of four (4) financed, 1-4 unit residential properties including the subject property and regardless of the occupancy type of the subject property Added <ul style="list-style-type: none"> Maximum number of financed properties – follow Fannie Mae Selling Guide requirements 															
DH	Appendix A	11.23.22	Added Appendix A – Category 1															
DH	Appendix B	11.23.22	Added Appendix B – Category 2															
DH	Appendix C	11.23.22	Added Appendix C – Category 3															
DH	Appendix C	11.23.22	Added Appendix D – Category 4															
DH	Bank Statement Analysis and Documentation and Requirements	03.08.23	Added <ul style="list-style-type: none"> Bank statements used for qualifying income must be from U.S. bank accounts in U.S. dollars 															
DH	Declining Markets	03.20.23	<ul style="list-style-type: none"> Removed declining markets requirements throughout product matrix 															
DH	Eligibility Grids	04.24.23	Revised Eligibility Grids to reflect <ul style="list-style-type: none"> Primary Residence <ul style="list-style-type: none"> 1-unit: Minimum FICO 660 2-4 units: Minimum FICO 680 															
DH	Eligibility Grids	06.28.23	<ul style="list-style-type: none"> Added investment property eligibility criteria 															
DH	Cash-Out Transaction	06.28.23	<ul style="list-style-type: none"> Added requirement for explanation letter signed by the borrower stating purpose of cash-out on all investment property cash-out transactions. May be incorporated within the body of the Business Purpose Affidavit 															
DH	Delayed Financing	06.28.23	Added <ul style="list-style-type: none"> Investment properties are allowed if borrower is not a builder or in the construction industry and prior transaction was arm's length 															
DH	Occupancy	06.28.23	Added <ul style="list-style-type: none"> Investment properties 1-4 units 															
DH	Documentation	06.28.23	Added <ul style="list-style-type: none"> QM designation is Exempt for investment property transactions when the transaction is exclusively for business purposes. (Refer to §1026.3(a) and the Official Interpretation to §1026(a)) <ul style="list-style-type: none"> Investment property transactions require an attestation from the borrower stating that the property is used 100% of the time for business purposes in order for the designation to be Exempt. If the borrower does not use the property 100% of the time for business purposes, the loan is Non-QM and the designation would be Non-QM rather than QM exempt for Bayview Bank Statement loans 															
DH	Non-Arm's Length Transactions	06.28.23	Added <ul style="list-style-type: none"> Investment property transactions must be arm's length 															
DH	Liabilities	06.28.23	Added to HELOC and OREO section <ul style="list-style-type: none"> Monthly PITIA for any additional properties owned by the borrower including second homes and investment properties with a negative cash flow 															
DH	Rental Income (for all properties except departing primary residence)	06.28.23	Added to Documenting Rental Income from Subject Property section <ul style="list-style-type: none"> Form 1007 is required to support the rental income on the lease agreements Purchase Transactions: If the property is not currently rented, lease agreements are not required and Form 1007 may be used to document rental income and must be discounted by a 25% vacancy factor 															
DH	Asset Requirements	06.28.23	Added to 1031 Exchange section <ul style="list-style-type: none"> Allowed on second home and investment purchases only Added to Gift Funds section <ul style="list-style-type: none"> Gifts not allowed on investment properties 															
DH	Reserves	06.28.23	Added reserve requirements for investment properties															
DH	Interested Party Contributions	06.28.23	Added <ul style="list-style-type: none"> Investment Property: 3% 															
DH	Eligible Property Types	06.28.23	Added <ul style="list-style-type: none"> 1-4 Unit Investment Properties 															



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			<ul style="list-style-type: none"> • Condominiums: Florida attached condominiums limited to 50% LTV/CLTV/HCLTV on investment transactions • Coops: Investment properties not allowed
DH	Pre-Payment Penalties	06.28.23	Added Pre-Payment Penalty Section with details regarding allowable options
DH	Loan Documentation Requirements	06.28.23	Added <ul style="list-style-type: none"> • Business Purpose Affidavit (on investment property transactions) • Pre-payment Penalty Rider (if applicable) • 1-4 Family Rider for investment property transactions • Explanation letter signed by the borrower stating purpose of cash-out on all investment property cash-out transactions. May be incorporated within the body of the Business Purpose Affidavit
DH	Appendix	06.28.23	Added State Specific Pre-Payment Penalty Requirements



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**Delegated Correspondent
Bayview DSCR**

Bayview DSCR

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Bayview Standard DSCR Eligibility								
FICO & Loan Amount ²		Max LTV/LTC ¹						
			DSCR ≥ 1.0			DSCR 0.99-0.75		
Credit Score	Loan Amount	Units	Purchase	Rate and Term	Cash Out	Purchase	Rate and Term	Cash Out
700+	\$100k up to \$1.5M	1	80	80	75	75	75	70
		2-4	80	80	75	75	75	70
	\$1.5M+ up to \$2M	1	75	75	70	65	65	60
		2-4	75	75	70	65	65	60
	\$2M+ up to \$2.5M	1	NA	NA	NA	NA	NA	NA
		2-4	70	70	65	NA	NA	NA
680-699	\$100k+ up to \$1.5M	1	80	75	70	75	70	65
		2-4	80	75	70	75	70	65
	1.5M+ up to \$2M	1	70	70	65	65	60	55
		2-4						
	\$2M+ up to \$2.5M	1	NA	NA	NA	NA	NA	NA
		2-4	65	65	60	NA	NA	NA
660-679	\$100k+ up to \$1.5M	1	75	70	65	70	65	60
	\$1.5M+ up to \$2M	1	65	65	60	60	55	50

¹ See LTV/LTC Restriction section

² See Loan Amount section



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Bayview DSCR

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Bayview Blanket DSCR Eligibility				
FICO & Loan Amount ²		Max LTV/LTC ¹		
		DSCR ≥ 1.0		
Credit Score	Loan Amount	Purchase	Rate and Term	Cash Out
700+	≤ \$6,250,000	80	80	75
680-699	≤ \$5,500,000	80	75	70
660-679 1-unit properties only	≤ \$5,500,000	75	75	65

¹ See LTV/LTC Restriction section

² See Loan Amount section



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Loan Product									
Eligible Products Terms	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0056b3; color: white; text-align: center;">Standard/Single Property</th> <th style="background-color: #0056b3; color: white; text-align: center;">Blanket/Multiple Property¹</th> </tr> </thead> <tbody> <tr> <td>PPF340: DSCR Fixed Rate 30yr term</td> <td>PPF350: DSCR Fixed Rate 30yr term</td> </tr> <tr> <td>PPF405²: 5yr I/O with loan fully amortizing over remaining 25 yrs</td> <td>PPF505²: 5yr I/O* with loan fully amortizing over remaining 25 yrs</td> </tr> <tr> <td>PPF410: 10yr I/O with loan fully amortizing over remaining 20 yrs</td> <td>PPF510: 10yr I/O* with loan fully amortizing over remaining 20 yrs</td> </tr> </tbody> </table>	Standard/Single Property	Blanket/Multiple Property ¹	PPF340: DSCR Fixed Rate 30yr term	PPF350: DSCR Fixed Rate 30yr term	PPF405 ² : 5yr I/O with loan fully amortizing over remaining 25 yrs	PPF505 ² : 5yr I/O* with loan fully amortizing over remaining 25 yrs	PPF410: 10yr I/O with loan fully amortizing over remaining 20 yrs	PPF510: 10yr I/O* with loan fully amortizing over remaining 20 yrs
	Standard/Single Property	Blanket/Multiple Property ¹							
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PPF410: 10yr I/O with loan fully amortizing over remaining 20 yrs	PPF510: 10yr I/O* with loan fully amortizing over remaining 20 yrs								
<small>¹Pricing for Blanket/Multiple Property options is available on the Bayview Daily Rate Sheets and not available in all pricing engines ² 7-year pre-payment penalty cannot be paired with this product</small>									
Loan Amounts	<ul style="list-style-type: none"> • Maximum Loan Amount: <ul style="list-style-type: none"> ○ \$2,000,000 (standard single family) ○ \$2,500,000 (standard 2-4 units) ○ \$6,250,000 (blanket/multiple property) • Minimum Loan Amount: 100,000 								
LTV/LTC Calculation	<p>Calculation is: lesser of LTV or LTC</p> <ul style="list-style-type: none"> ○ LTC is calculated as: loan amount divided by the cost basis at loan origination date and only utilized if the subject property is a new acquisition or has been acquired in the past six months <ul style="list-style-type: none"> ○ Cost Basis: Cost basis is inclusive of purchase price, verified borrower/guarantor paid hard and soft costs expended to date (rehabilitation/renovation expenses), and customary borrower/guarantor paid arms-length closing costs/ fees, including real estate broker commissions, title, escrow, other closing costs and the amount of taxes, HOA dues, fees, assessments, Assignment Fees, and liens paid by the borrower/guarantor or its affiliates in connection with and at the time of the acquisition. If closing costs are not documented or clearly verifiable at the time of closing, then up to 2% of the purchase price may be added to the purchase price for the assessment of Cost Basis. Mortgage broker fees, origination fees, points, etc. are excluded ○ LTV is calculated as: loan amount divided by the value of the mortgaged property. If property is owned less than six months, must use purchase price as value instead of the appraised value with the exception of below: <ul style="list-style-type: none"> ○ Loan amount is less than or equal to the cost of the property plus all documented renovation costs. 								
LTV/LTC Restrictions	<ul style="list-style-type: none"> • <u>Reduce LTV on refinances by 5% for:</u> <ul style="list-style-type: none"> ○ Refinances on vacant properties as defined in the occupancy section of the matrix. ○ Refinance of a short term rental property or Cash-out of a short term rental property <ul style="list-style-type: none"> ▪ Blanket loans are categorized as short term rental transactions when the following criteria are met: <ul style="list-style-type: none"> • Purchase: 25% or more of the included properties are short term rentals • Refinance/Cash-out: 25% or more of the included properties are short term rentals • <u>Reduce LTV by 10% for:</u> <ul style="list-style-type: none"> ○ Non-warrantable condominiums with a maximum of 70%LTV/LTC <ul style="list-style-type: none"> • Blanket loans are categorized as non-warrantable condominium loans transactions when the following criteria are met: <ul style="list-style-type: none"> ▪ Purchase: 25% or more of the included properties are non-warrantable condominiums ▪ Refinance/Cash-out: 25% or more of the included properties are non-warrantable condominiums ○ If >25% of the properties included in a blanket loan have individual DSCR's between 0.75 and 0.99 DSCR 								



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Bayview DSCR

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	<ul style="list-style-type: none"> • <u>Maximum LTV/LTC of 70% for:</u> <ul style="list-style-type: none"> ◦ Inexperienced investor
<p>Loan Documentation Requirements</p>	<p><u>Application must include the following:</u></p> <ul style="list-style-type: none"> • Loan amount and terms • Subject and primary residence property address, type of property and number of units • Blanket mortgage applications should include the following for all properties included in the blanket: <ul style="list-style-type: none"> ◦ Address ◦ Property type and number of units ◦ Appraised value and date of appraisal ◦ Occupancy (vacant or occupied) ◦ Rent ◦ Taxes, Insurance and any applicable HOA fees • Entity name and address (if applicable) • Borrower/guarantor(s) information including: social security number, HMDA information (natural borrower or business entity as applicable, not required for guarantors), date of birth, address and authorization to pull credit <p><u>Note must include:</u></p> <ul style="list-style-type: none"> • Collateral information • Loan terms, including prepayment penalty (if applicable) as shown in the section <p><u>Security Instrument must include:</u></p> <ul style="list-style-type: none"> • Collateral information, • Language that provides the holder of the security instrument with a valid and enforceable lien position <p><u>Additional Required Documentation</u></p> <ul style="list-style-type: none"> • Business Purpose/Non-owner Occupancy must be addressed in loan documentation • Lender to provide a clear OFAC check for all individuals with 25% or more ownership of the entity as confirmed by a current listing of ownership interests. • Personal Guaranty (business entity) • Cash out explanation for natural person borrowers (if not addressed on Business Purpose Affidavit) • 1-4 Family Rider (residential package) /Assignment of Rents Rider (commercial package) • If utilizing the FNMA/FHLMC residential document set (not eligible for blanket mortgages), you must also complete the Business Loan Rider • All other business entity forms noted in the Eligibility section below (if applicable) • All other forms required per the document checklist which is posted in the Reference Library of the Correspondent Portal. • Lenders must comply with all aspects of ECOA including the Right to Receive a Copy of the Appraisal Report Disclosure
<p>Loan Purpose</p>	<p>All loans originated to Bayview DSCR product are secured by the business real estate owned by the individual or business and its principals. All loans are for business purposes only, and are certified as such by the borrower/guarantor(s). Properties cannot be occupied by any of the guarantors.</p> <ul style="list-style-type: none"> • Purchase • Rate/Term Refinance <p>Cash-Out: Refinancing existing debt on the property in which the borrower/guarantor receives net proceeds (excluding third-party expenses reflected on the HUD or similar document) from the refinancing that exceed 2% of the loan amount. Financing of properties owned free and clear and acquired more than six (6) months prior to the loan origination date is also considered a Cash Out Refinance</p>



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<p>Rate/Term Refinance Transactions</p>	<ul style="list-style-type: none"> • The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items <ul style="list-style-type: none"> ◦ If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months ◦ A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months ◦ A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history • Max cash back at closing is limited to 2% of the new loan amount <p><u>Continuity of Obligation</u></p> <ul style="list-style-type: none"> • When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible: • The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements: <ul style="list-style-type: none"> ◦ Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or ◦ Is related to the borrower on the mortgage being refinanced • The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction • The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership • The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: • Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer • The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan • NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement <p>If owned ≤ one year:</p> <ul style="list-style-type: none"> • <u>0-6 months</u> <ul style="list-style-type: none"> ▪ Use lower of cost basis or appraised value to calculate LTV, or ▪ If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal and a complete list of improvements and costs from the borrower, then the appraised value can be used to calculate the LTV but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC) up to the maximum applicable LTV/LTC per the eligibility grid. <p><u>Example:</u></p> <p>For illustrative purposes, the below assumptions will be made</p> <ul style="list-style-type: none"> • Purchase Price: \$200,000 • Appraised Value: \$500,000 • Closing Costs: \$4000 • Documented Renovations: \$102,000
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	<p>A) <u>Cost Basis Determination</u> (inclusive of closing costs and documented renovations)</p> <p>\$200,000 (purchase price) + \$4000 (closing costs) + \$102,000 (documented renovations) = \$306,000</p> <p>B) <u>Current Appraised Value</u></p> <p>\$500,000 (assuming a maximum allowable LTV of 80% would yield a maximum loan amount of \$400,000)</p> <p>In the above example, since greater than 20% of the renovation work was completed on the property, the current appraised value (B) can be used to calculate maximum LTV, however, the maximum loan amount is limited to the cost basis plus documented renovations (A) \$306,000.</p> <ul style="list-style-type: none">• <u>7-12 months</u><ul style="list-style-type: none">▪ Use appraised value
Cash-Out Transactions	<ul style="list-style-type: none">• Cash-out loan proceeds may be used for business purposes only• Signed explanation of cash out required if Business Purpose Affidavit does not address reason for proceeds (required for natural borrowers only)• Cash-out may be used for reserves if FICO > 700 <p><u>Maximum cash out (excluding delayed financing transactions)</u></p> <ul style="list-style-type: none">• <u>Standard loans:</u><p>If owned ≤ one year:</p><ul style="list-style-type: none">• <u>0-6 months</u><ul style="list-style-type: none">▪ Use lower of cost basis or appraised value to calculate LTV, or▪ If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal and a complete list of improvements and costs from the borrower, then the appraised value can be used to calculate the LTV but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC) up to the maximum applicable LTV/LTC per the eligibility grid.▪ Cash out proceeds cannot exceed \$500,000 standard▪ See above example in the Rate/Term Refinance Transactions Section for calculation of maximum LTV and loan amount• <u>7-12 months</u><ul style="list-style-type: none">▪ Option 1<ul style="list-style-type: none">○ Use lower of cost basis or appraised value for all properties○ Cash out proceeds cannot exceed \$500,000 standard▪ Option 2<ul style="list-style-type: none">○ Use appraised value○ LTV > 65%, cash out proceeds to borrower cannot exceed \$250k standard○ LTV < 65%, cash out proceeds to borrower cannot exceed \$500k standard<p>If owned ≥ one year:</p><ul style="list-style-type: none">▪ \$500,000• <u>Blanket loans</u><p>If owned ≤ one year:</p><ul style="list-style-type: none">○ If the average ownership of all properties included in the loan is greater than one year,



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	<p>follow eligibility grid for LTV and maximum cash out cannot exceed \$2M.</p> <ul style="list-style-type: none"> o If the average ownership of all properties included in the loan amount is less than one year, the following requirements apply: <ul style="list-style-type: none"> • <u>0-6 months</u> <ul style="list-style-type: none"> ▪ Loan amount is less than or equal to the cost of the property plus all documented renovation costs. ▪ Cash out proceeds cannot exceed \$750,000 • <u>7-12 months</u> <ul style="list-style-type: none"> ▪ <u>Option 1</u> <ul style="list-style-type: none"> o Use lower of cost basis or appraised value for all properties o Cash out proceeds cannot exceed \$2M ▪ <u>Option 2</u> <ul style="list-style-type: none"> o Use appraised value <ul style="list-style-type: none"> ▪ LTV > 65%, cash out proceeds to borrower cannot exceed \$1M ▪ LTV < 65%, cash out proceeds to borrower cannot exceed \$2M <p>If owned ≥ one year:</p> <ul style="list-style-type: none"> o \$2M
<p>Delayed Financing</p>	<ul style="list-style-type: none"> • Property was purchased within six (6) months of the loan application • HUD-1/CD from purchase reflecting no financing obtained for the purchase of the property • Preliminary title reflects the borrower/guarantor as the owner and no liens • Prior transaction must have been arm's length • Will be treated as a rate and term refinance
<p>Occupancy</p>	<ul style="list-style-type: none"> • Properties cannot be occupied by any of the Borrower/guarantors or their immediate family. • Investment properties for 1-4 units <ul style="list-style-type: none"> o Occupied/Leased Property: A property that has at least the following number of Occupied/Leased Units: <ul style="list-style-type: none"> • single-family property = one unit • two-family property = two units • three-family property = two units • four-family property = three units o Unoccupied/Unleased: A unit or property that is not categorized as an Occupied/Leased Unit or an Occupied/Leased Property, as applicable <p><u>Blanket loans</u></p> <ul style="list-style-type: none"> • Blanket loans are categorized as vacant loan transactions when the following criteria are met: <ul style="list-style-type: none"> ▪ Purchase: 25% or more of the included properties are vacant according to the above definition ▪ Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition
<p>Age of Documents</p>	<p>All credit documents, including title commitment must be no older than ninety (90) days from the Note date with the exception of the credit report which must be no older than 120 days from the Note date</p>



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Eligibility	
Eligibility	<ul style="list-style-type: none"> • At least one borrower/ primary guarantor must have owned a home/property for 12 months or more in the last three years. • Both experienced investors and inexperienced investors are permitted. • Experienced investors are defined as: <ul style="list-style-type: none"> o Borrower/primary guarantor must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 12 consecutive months in the most recent three (3) years, or o Borrower/primary guarantor must have had ownership in three or more properties each for at least twelve (12) months over the past 24 months • Inexperienced investors are defined as: <ul style="list-style-type: none"> o Borrowers not meeting the definition of an experienced investor are considered to be inexperienced investors. These loans must meet the additional criteria: <ul style="list-style-type: none"> ▪ Minimum DSCR of 1.0 ▪ Maximum LTV 70% ▪ Minimum loan amount of \$150,000 and maximum loan of \$1mil. ▪ Blanket mortgages not permitted ▪ First-time homebuyers are not eligible. A first-time homebuyer is defined as a borrower who has not owned a residential property at any time during the prior three years • Business entity Loans must have a guarantor defined as a primary guarantor who owns at least 25% of the borrowing entity. In the event that no guarantor owns at least 25%, the primary guarantor will be designated as the guarantor with the highest ownership percentage of the borrowing entity. • Borrower/Guarantor(s) must be US Citizens or Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens as defined in the <u>Borrower/guarantor Residency and Eligibility Guide</u> • All borrower/guarantor(s) must have a valid Social Security Number <p><u>All business entities must:</u></p> <ul style="list-style-type: none"> • Be a legal entity domiciled in the United States, including LLCs, LPs, partnerships, and corporations. • Be an entity with natural person members • Be a U.S. based Entity in Good Standing • Provide a full recourse guarantee by one or more individual(s) and the managing member, if applicable, which are the largest percentage owners and in aggregate own at least 51% of the borrowing entity or 50% if there are only 2 members of the borrowing entity, unless otherwise approved by Bayview • The guarantor(s) on the loan application must be a managing member(s) with documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity. <p><u>Business Entity Documentation Requirements:</u></p> <ul style="list-style-type: none"> • Certificate of formation, filed articles of incorporation, including any and all amendments, as applicable, and a current listing of all ownership interests. • The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC, including but not limited to granting authority to the signor to encumber indebtedness on behalf of the entity • Lender to provide a clear OFAC check for all individuals with 25% or more ownership of the entity as confirmed by a current listing of ownership interests. • Current Certificate of good standing, dated within 12 months prior to note date
Ineligible Borrower/guarantors	<ul style="list-style-type: none"> • Life Estates • Trusts • Guardianships



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	<ul style="list-style-type: none"> • Community Land Trusts • Land Trusts, • Borrower/guarantors/business entities with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying • Foreign Nationals defined as a citizen of another country that does not fall into one of the categories or meet the requirements as defined in the Residency and Eligibility Guide • Non-profit organizations including, but not limited to 501(c)(3) and 501(c)(4) • Trusts or LLCs whose members include other LLCs, corporations, partnerships, or trusts. • Trusts or LLCs where a Power of Attorney is used. • Borrower/guarantor(s) with Diplomatic Immunity status
<p>Non-Arm's Length</p>	<p>A non-arm's length transaction exists whenever there is a personal or business relationship with any party to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party.</p> <p>The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> • Family sales or transfers • Assignment of contracts • Property seller acting as their own real estate agent • Relative of the property seller acting as the seller's real estate agent • Borrower/guarantor acting as their own real estate agent • Relative of the borrower/guarantor acting as the borrower/guarantor's real estate agent • Borrower/guarantor is the employee of the originating lender and the lender has an established employee loan program. Evidence of employee program to be included in loan file. • Originator is related to the borrower/guarantor • Borrower/guarantor purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower/guarantor and landlord)
Credit	
<p>Underwriting</p>	<ul style="list-style-type: none"> • Manual underwrite is required • In some cases, single loan variances to program eligibility may be acceptable when strong compensating factors exist to offset the risk. Single loan variance must be granted by Bayview • Items not addressed in this matrix should be referred to Bayview • Simultaneous Submissions do not need to be underwritten simultaneously
<p>Credit Requirements</p>	<ul style="list-style-type: none"> • Tri-merged credit reports are required on all borrower/guarantor(s) <i>dated within 120 days of loan origination</i> <ul style="list-style-type: none"> ◦ The representative score for each borrower/guarantor is: <ul style="list-style-type: none"> ▪ The middle score when three scores are obtained, or ▪ The lower score when two scores are obtained ▪ If only one score is obtained, the borrower/guarantor is ineligible • The representative score for the loan is the lowest representative score of the borrower(s) or guarantor(s), as applicable. • Minimum two (2) trade lines are acceptable if the borrower/guarantor has a satisfactory mortgage rating for at least twelve (12) months (opened or closed) within the last twenty-four (24) months and one (1) additional open trade line • Each borrower/guarantor must meet the minimum trade line requirements • Authorized user accounts are not allowed as an acceptable trade line



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	<ul style="list-style-type: none">• Non-traditional credit is not allowed as an acceptable trade line• Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required• In addition to compliance the OFAC and Exclusionary list policy as set forth in the Special Products Seller Guide, Section B707, lender must also complete a background check on borrower/guarantor• Background search on borrower/guarantor(s) must include litigation, judgment and lien searches obtained from and dated within 90 days of loan origination<ul style="list-style-type: none">○ To the extent there is evidence of an adverse finding listed below such persons are not permitted<ul style="list-style-type: none">▪ Previous felony conviction▪ Misdemeanor conviction involving fraud, embezzlement or other similar crimes or an adverse fraud screen result, all within the last 5 years▪ Loans where a Google search or other information known to the originator reveals material litigation, pending misdemeanors or felonies, regulatory investigations/citations or other matters of similar relevance on any of the guarantors, borrower/guarantors, or the property are ineligible unless otherwise approved by Bayview▪ Each borrower/guarantor, if applicable, with 10 or more judgements and/or liens in the last 36 months, or current liens in excess of \$250,000 are ineligible unless otherwise approved by Bayview○ Lenders must also verify that all parties are not citizens of or reside in a country identified by Financial Action Task Force (FATF) as being a high-risk jurisdiction or a jurisdiction with strategic deficiencies○ Background search may be from one of the suggested vendors below or another comparable provider. A combination of vendor reports may be used provided that together they fulfill the prescribed background search requirements listed above.<ul style="list-style-type: none">▪ Lexis Nexis (i.e, SmartLinx Person Report)▪ Checkpoint (i.e., Investigative Instant and/or Non-Instant Search)▪ Pacer (Public Access to Court Electronic Records)▪ Fraud Guard▪ DataVerify
Housing History	<p>Mortgage history requirements:</p> <ul style="list-style-type: none">• <u>Experienced borrowers</u><ul style="list-style-type: none">○ Provide a 12 month mortgage history on the primary residence and the subject property, applicable to all borrower/guarantor/entity (s) on the loan• <u>Inexperienced borrowers</u><ul style="list-style-type: none">○ Provide a 12 month history on the primary residence and all other properties owned by the borrower/guarantor/entity(s), applicable to all borrower/guarantor/entity (s) on the loan• Maximum 1x30x12 between <u>all</u> disclosed mortgages, including those required to be verified as indicated above• The mortgage rating may be from the credit report, credit supplement or a third party verification service, unless the mortgage holder is a party to the transaction or relative of



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	<p>the borrower/guarantor, cancelled checks or bank statements to verify satisfactory mortgage history is required</p> <ul style="list-style-type: none"> • Sellers must review the borrower/guarantor(s) credit report to determine status of all mortgage loans including verification that any mortgage is not subject to a loss mitigation program, repayment plan, loan modification or payment deferral plan and meets all additional requirements in forbearance section below.
<p>Significant Derogatory Credit</p>	<ul style="list-style-type: none"> • Bankruptcy, Chapter 7, 11, 13 - three (3) years since discharge / dismissal date • Foreclosure – three (3) years since completion date • Short Sale/Deed-in-Lieu - three (3) years since completion / sale date • Forbearance (refer to section below) • Mortgage accounts that were settled for less, negotiated or short payoffs – three (3) years since settlement date • Loan modification – three (3) years since modification date • Notice of Default – three (3) years, <ul style="list-style-type: none"> ◦ NOD's on short term bridge loans (<2 year term) with hard maturities may be acceptable assuming all deficiencies are cleared and documented. These loans are subject to Bayview approval. • A satisfactory explanation letter from the borrower/guarantor(s) must be provided addressing any of the above derogatory credit events if the event occurred in the last four (4) years • Multiple derogatory credit events require a 7 year seasoning period <ul style="list-style-type: none"> ◦ A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event ◦ A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event • Medical collections are allowed to remain outstanding if the balance is less than \$10,000 in aggregate • Tax liens, judgments, charge-offs, and past-due accounts must be satisfied or brought current prior to or at closing • Cash-Out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts • Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full
<p>Forbearance</p>	<ul style="list-style-type: none"> • <u>Any forbearance resulting in subsequent loan modification/repayment plan is considered a significant derogatory credit event and subject to a three (3) year waiting period.</u> • <u>Any forbearance filed after 6/1/22 is considered a significant derogatory credit event and subject to a three (3) year waiting period.</u> <p>Forbearance on Subject and Non-subject property(s) that do not fall into the above scenarios:</p> <ul style="list-style-type: none"> • Any loan(s) that is shown to be in <u>active</u> forbearance is considered ineligible. • Any loan that is shown to be in a past forbearance is only permitted if the plan has been exited and all reported payments have been made on time since the exit. • Loan file must contain a letter of explanation from the borrower/guarantor detailing the reason for forbearance and that the hardship no longer exists.



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<p>Lawsuit/Pending Litigation</p>	<p>If the loan application, title commitment or credit documents indicate that the borrower/guarantor is party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower/guarantor's ability to repay, assets or collateral</p>																
<p>Debt Service Coverage Ratio</p>																	
<p>Debt Service Coverage Ratio (DSCR)</p>	<p><u>Debt Service Coverage Ratio (DSCR):</u></p> <ul style="list-style-type: none"> • The DSCR is calculated by taking the gross rents divided by the PITIA of the subject property. <ul style="list-style-type: none"> ◦ Interest-only loans must use the <u>fully amortized PITIA payment</u> for DSCR calculation. • Blanket loans require a DSCR \geq 1.0 • Short-term rentals require a DSCR \geq 2.0 • Use the Note Rate to calculate PITIA • Use the real estate taxes listed on the title policy or a current real estate tax bill converted into a monthly payment • Use the insurance premium that is listed on the approved insurance certificate (or other documentation) converted into a monthly payment • Use the Association fees (if applicable) that is listed as the monthly amount on the appraisal or current homeowner association statement <p><u>Gross Rent Requirements:</u></p> <ul style="list-style-type: none"> • Purchase: <ul style="list-style-type: none"> ◦ Obtain Appraisal Form 1007/1025 as applicable and use 100% of the gross market rent in DSCR calculation. • Refinance: <ul style="list-style-type: none"> ◦ Obtain both a current lease agreement and Appraisal Form 1007/1025 as applicable. 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 or per local statutes is still current is allowed. ◦ Gross rent used in the DSCR calculation must come from the lesser of the lease agreement or Appraisal Form 1007/1025 as applicable, except as noted below: <ul style="list-style-type: none"> • When the lease agreement is higher than the gross market rent on the appraisal, the following requirements apply: <ul style="list-style-type: none"> • The amount used for qualifying cannot exceed 10% over the market rent on the appraisal • If the actual rent is greater than market rent, but is \leq 10% over the market rent, then the lease amount can be used for qualifying <table border="1" data-bbox="448 1325 1544 1430"> <thead> <tr> <th colspan="2">Example #1 – Actual Rent is 20% Above Market</th> <th colspan="2">Example #2 – Actual Rent is 5% Above Market</th> </tr> </thead> <tbody> <tr> <td>Actual Rent per Lease Agreement</td> <td>\$1200</td> <td>Actual Rent per Lease Agreement</td> <td>\$1050</td> </tr> <tr> <td>Market Rent per Appraisal</td> <td>\$1000</td> <td>Market Rent per Appraisal</td> <td>\$1000</td> </tr> <tr> <td>Allowable Amount for Qualifying</td> <td>\$1100</td> <td>Allowable Amount for Qualifying</td> <td>\$1050</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ◦ Short-Term Rentals: Short-term rentals are properties in which the rental term is less than 12 months, relatively variable in duration (e.g. short weekend, two weeks, several months, etc.), and may not be subject to a traditional lease agreement. <ul style="list-style-type: none"> • Short-term rentals are permitted. Proof of receipt for the most recent 12 months* is required. • Utilize documented 12 months* of payments to derive the gross monthly rental amount, not to exceed 100% of market rent schedule. If no rent is received, use zero for that month. <p>OR.</p> <ul style="list-style-type: none"> • Utilize documented 24 months of payments to derive the gross monthly rental amount, not to exceed 125% of market rent schedule. If no rent is received, use zero for that month • Property must be tenant ready with furniture, appliances, etc. 	Example #1 – Actual Rent is 20% Above Market		Example #2 – Actual Rent is 5% Above Market		Actual Rent per Lease Agreement	\$1200	Actual Rent per Lease Agreement	\$1050	Market Rent per Appraisal	\$1000	Market Rent per Appraisal	\$1000	Allowable Amount for Qualifying	\$1100	Allowable Amount for Qualifying	\$1050
Example #1 – Actual Rent is 20% Above Market		Example #2 – Actual Rent is 5% Above Market															
Actual Rent per Lease Agreement	\$1200	Actual Rent per Lease Agreement	\$1050														
Market Rent per Appraisal	\$1000	Market Rent per Appraisal	\$1000														
Allowable Amount for Qualifying	\$1100	Allowable Amount for Qualifying	\$1050														



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	<ul style="list-style-type: none"> LTV is reduced by 5% <p>*Properties owned \geq 6 months but $<$ 12 months will be reviewed on an exception basis. Income calculation will be at Bayview's discretion but not more than 80% of documented rent.</p>						
DSCR Restrictions	<ul style="list-style-type: none"> DSCR $<$ 1.0 not permitted for: <ul style="list-style-type: none"> 2-4 unit properties with FICO $<$ 740 Inexperienced investors Blanket loans DSCR $<$ 1.0 requires 6 months reserves Short-term rentals require a DSCR \geq 2.0 Minimum DSCR of 1.25 required on loan amounts less than \$150,000 unless the transaction is a purchase loan with a minimum FICO of 700 						
Lease Requirements	<p>Leases must:</p> <ul style="list-style-type: none"> Be a third-party lease with no borrower/guarantors, owners of the borrower/guarantor or their immediate family members leasing or occupying the property ("Eligible Tenant") <ul style="list-style-type: none"> Immediate Family members is defined as those by lineal descendant, adoption or marriage, this includes spouses, siblings, children, parents, or grandparents, Be in the name of the borrower/guarantor or their verified property manager, as landlord Be fully executed by both an Eligible Tenant and the borrower/guarantor(s) (as landlord(s)) <ul style="list-style-type: none"> All tenants on leases must be natural persons. Exceptions for other types of entities may be considered on a case by case basis Have a unit rental rate, and terms consistent with rates and terms prevailing in the local market where the property is located Be on a form that is customary to the area the property is located in and comply with all applicable legal requirements in all material respects (including all required disclosures) Cover 100% of the square footage of the applicable residential unit Rent to own and/or contract for deeds are ineligible 						
Assets/Reserves							
Asset Requirements	<ul style="list-style-type: none"> Beyond the minimum reserve requirements and to fully document the borrower/guarantor's ability to meet their obligations, borrower/guarantors should disclose all liquid assets Eligible assets must be held in a US account Two (2) most recent months account statements from either the borrower/guarantor/primary guarantor or the borrowing entity, as applicable (including inter vivos revocable trust assets), must be provided. The asset verification must provide sixty (60) days of account activity and include all items normally indicated on bank statements Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Asset Type</th> <th style="text-align: center;">% Eligible for Calculation of Funds</th> <th style="text-align: center;">Additional Requirements</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Checking/Savings/ Money Market/CDs</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">Two (2) months most recent statements</td> </tr> </tbody> </table>	Asset Type	% Eligible for Calculation of Funds	Additional Requirements	Checking/Savings/ Money Market/CDs	100%	Two (2) months most recent statements
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Checking/Savings/ Money Market/CDs	100%	Two (2) months most recent statements					



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	Publicly Traded Stocks/Bonds/Mutual Funds	100%	Two (2) months most recent statements. Non-vested stock is ineligible. Margin account and/or pledged asset balances must be deducted
	Retirement Accounts (401(k), IRAs, etc.)	70% of the vested value after the reduction of any outstanding loans	<ul style="list-style-type: none"> • Most recent statement(s) covering a two (2) month period • Evidence of liquidation if using for down payment or closing costs • Evidence of access to funds required for employer- sponsored retirement accounts • Retirement accounts that do not allow for any type of withdrawal are ineligible for reserves
	Cash Value of Life Insurance/ Annuities	100% of value unless subject to penalties	Most recent statement(s) covering a two (2) month period
	1031 Exchange	Reverse 1031 exchanges not allowed	<ul style="list-style-type: none"> • HUD-1/CD for both properties • Exchange agreement • Sales contract for exchange property • Verification of funds from the Exchange Intermediary
	Business Funds	Allowed for down payment/closing costs and reserves with additional requirements met	<ul style="list-style-type: none"> • If business account used is not in the same name as the borrowing entity, then the following requirements must be met: <ul style="list-style-type: none"> ◦ Natural borrower/guarantor(s) must have ownership of 25% or greater of the entity holding the account ◦ Borrower/guarantor must also be named on the account or provide proof of access to 100% of the funds from other members
	Gift Funds	Permitted after borrower/guarantor minimum 10% contribution	<ul style="list-style-type: none"> • Donor must be a family member, future spouse or domestic partner • Executed gift letter with gift amount and source, donor's name, address, phone number and relationship • Seller must verify sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account • Acceptable documentation includes the following: <ul style="list-style-type: none"> ◦ Copy of donor's check and borrower's deposit slip



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			<ul style="list-style-type: none"> o Copy of donor's withdrawal slip and borrower's deposit slip o Copy of donor's check to the closing agent • A settlement statement/CD showing receipt of the donor's gift check • Gift funds are not permitted to meet reserve requirements 															
	Gift of Equity	Not Permitted	N/A															
	Virtual Currency	Not Permitted	N/A															
Reserves	<ul style="list-style-type: none"> • DSCR \geq 1.0: 3 months PITIA for subject property • DSCR $<$ 1.0: 6 months PITIA for subject property • Cash out may be utilized for reserves if FICO $>$700 • Gift funds are not permitted to meet reserve requirements • Funds utilized for down payment and closing costs cannot be included in reserve funds • Additional 6 months reserves are required for purchase of a short-term rental • Additional reserves are required for refinance transactions due to vacancy of units as noted in the table below for: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th># Units in Subject Property</th> <th># Vacant Units</th> <th>Additional 6 months PITIA Reserves Required</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>Y</td> </tr> <tr> <td>2</td> <td>1</td> <td>Y</td> </tr> <tr> <td>3</td> <td>2</td> <td>Y</td> </tr> <tr> <td>4</td> <td>3</td> <td>Y</td> </tr> </tbody> </table> <p>Blanket loans</p> <ul style="list-style-type: none"> • An additional 6 months of PITIA reserves is required (9 months in total) for vacant transactions. <ul style="list-style-type: none"> o The loan is categorized as a vacant loan transaction when the following criteria are met: <ul style="list-style-type: none"> ▪ Purchase: 25% or more of the included properties are vacant according to the above definition ▪ Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition 			# Units in Subject Property	# Vacant Units	Additional 6 months PITIA Reserves Required	1	1	Y	2	1	Y	3	2	Y	4	3	Y
# Units in Subject Property	# Vacant Units	Additional 6 months PITIA Reserves Required																
1	1	Y																
2	1	Y																
3	2	Y																
4	3	Y																
Interested Party Contributions	<ul style="list-style-type: none"> • Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender or their affiliates and/or any other party with an interest in the real estate transaction • The following restrictions for interested party contributions apply: <ul style="list-style-type: none"> o May only be used for closing costs and prepaid expenses and may not be used for down payment or reserves o Maximum interested party contribution is limited to 3% of the purchase price 																	
Seller Concessions	<ul style="list-style-type: none"> • All seller concessions must be addressed in the sales contract, appraisal and HUD-1/CD. A seller concession is defined as any interested party contribution beyond the stated limits (as shown in the prior section, Interested Party Contributions) or any amounts not being used for closing costs or prepaid expenses • If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount for the purposes of calculating the LTV/CLTV/HCLTV 																	
Personal Property	<ul style="list-style-type: none"> • Any personal property transferred with a property sale must be deemed to have zero transfer value as indicated by the sales contract and appraisal 																	



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	<ul style="list-style-type: none"> If any value is associated with the personal property, the sales price and the appraised value must be reduced by the personal property value for purposes of calculating the LTV/LTC
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Subordinate Financing


Subordinate Financing	Not permitted
Down Payment/Closing Cost Assistance	Down payment and closing cost assistance subordinate financing is not permitted

Property/Appraisal

Eligible Property Types	<ul style="list-style-type: none"> 1-4 Unit residential investment properties leased as income producing properties to non-Borrower/guarantor affiliated tenants Attached and Detached Planned Unit Developments (PUDs) Condominiums (refer to section below) Properties that are legal or legal-non-conforming use <p>Miscellaneous:</p> <ul style="list-style-type: none"> Leasehold must meet Fannie Mae requirements Properties with leased solar panels must meet Fannie Mae requirements All units/properties must have a functioning kitchen Properties must meet the following minimum square footage: <ul style="list-style-type: none"> 1 unit: 700sqft Condominium: 500sqft 2-4 unit: 400sqft per unit 2-4 unit property with FICO ≤ 740 requires DSCR ≥ 1.0
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Acceptable Forms of Ownership:	<ul style="list-style-type: none"> Fee Simple Leaseholds Deed/Resale Restrictions must meet Fannie Mae requirements
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Ineligible Property Types	<ul style="list-style-type: none"> Assisted living facilities, nursing homes or any arrangement where the unit owner or tenant contracts for a commitment for resident or tenant care Community Land Trusts Property value <\$100,000 Cooperatives Units > \$1.5M for blanket loans Condotels or time-shares Lease with purchase option properties Manufactured/Modular/Mobile Homes Mixed-Use Properties Model Home Leasebacks Multifamily (5+ units) Rural Properties defined as properties classified as rural by the appraisal or with two of three comparable properties more than 5-miles from the subject property Properties with atypical physical features for the neighborhood Properties in areas where more than 10% of other properties within a 2-block radius are either clearly vacant, abandoned and/or boarded-up Properties located in Hawaii in lava zones 1 & 2 Properties located in areas where a valid security interest in the property cannot be obtained Properties not configured or used for residential purpose Properties on Native American reservations or properties not easily accessible by roads that meet local standards
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	<ul style="list-style-type: none"> • Properties with known adverse environmental conditions (other than lead paint, radon or asbestos in each case which do not present a health hazard, do not require remediation and have been contained per EPA guidelines) • Properties subject to ground lease • Properties which are not in compliance with local zoning regulations • Properties where the appraisal indicates any environmental concerns • Properties with condition rating of C5/C6 or not lease ready • Properties with construction rating of Q6 • Properties with revolving credit facilities which permit the addition of additional collateral • Properties >2 acres • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant • Single Room Occupancy (SROs) or former healthcare facilities • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches or orchards 						
<p>Accessory Dwelling Unit (ADU) Requirements</p>	<p>An ADU is typically an additional living area independent of the primary dwelling that may have been added to, created within, or detached from a primary one-unit dwelling.</p> <ul style="list-style-type: none"> • Rental income from the ADU is not permitted • Only one ADU is permitted on the parcel of the primary one-unit dwelling and it must: <ul style="list-style-type: none"> ◦ Be subordinate in size to the primary dwelling ◦ Have the following separate features from the primary dwelling: <ul style="list-style-type: none"> • Means of ingress/egress, • Kitchen with cabinets, a countertop, a sink with running water and a stove, • Sleeping area, • Bathing area, and • Bathroom facilities <p>Additionally, the appraiser must confirm that subject property is a one-unit property with an ADU and the appraisal must contain comparables with ADUs in the subject property's market area. The appraisal report must demonstrate that the improvements are acceptable for the market. An aged settled sale will qualify as a comparable, and an active listing or under contract sale will qualify as a supplemental exhibit to show marketability.</p>						
<p>Geographic Area</p>	<p>Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted</p>						
<p>Condo Project Requirements</p>	<p>If the property is part of a condominium association, the originator must obtain a condominium questionnaire and insurance certificate from the condominium association to ensure that it meets the eligibility criteria below. Condominiums must either meet FNMA requirements (inclusive of limited reviews) or the following warrantable guidelines as applicable. If neither set of guidelines is met, refer to the non-warrantable guideline requirements below.</p> <table border="1" data-bbox="469 1738 1544 1854"> <thead> <tr> <th colspan="2">Warrantable Condominiums</th> </tr> <tr> <th>Criteria</th> <th>Requirement</th> </tr> </thead> <tbody> <tr> <td>HOA Delinquency</td> <td>No more than 15% of tenants within an HOA may be delinquent more than 30 days</td> </tr> </tbody> </table>	Warrantable Condominiums		Criteria	Requirement	HOA Delinquency	No more than 15% of tenants within an HOA may be delinquent more than 30 days
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Capital Reserves/ Special Assessments	Must be the Greater of: -two years of planned capital reserves and any special assessments available for immediate use OR -10% of the budget as long as the budget includes allocations for line items pertinent to the is type of condo project and provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is as least 10% of the total budget
Conveyance	At least 90% of units have been sold to owners
Renter Concentration	No more than 50% of total units may be renter occupied unless borrower/guarantor owns 50% or more of total units or controls the association
Ownership Concentration	Units owned by a single entity (individual, investor group, partnership or corporation) represent no more than 25% of total units, or in projects with only 5 to 20 units – 2 units, other than the borrower/guarantor unless the borrower/guarantor is the largest single owner in the project
Project Status	Project is 100% complete and not subject to additional phasing
Insurance	The Condominium Association maintains a master insurance policy per FNMA guidelines
Non-Incidental Business	Income other than condo association fees may not make up more than 20% of total association income unless approved by Bayview and must be excluded from use in the reserve requirement
Litigation	Association is not named as party to any material litigation, defined as litigation that would not be covered under current insurance policy or any reputational litigation as determined by Bayview
Conveyance	Control of HOA has been turned over to unit owners
Commercial Component	No more than 35% of total square footage may be used for commercial purposes
Listed Securities	No projects may be listed securities (projects with documents on file with the SEC)
Ownership Interests	Units in the project must be held fee simple
Use Restrictions	The project must not restrict owner occupancy or the ability of new owners to rent units entirely.
Significant Deferred Maintenance	Loans secured by units in condo and co-op projects with significant deferred maintenance or in projects that have received a directive from a regulatory authority or inspection agency to make repairs due to unsafe conditions are not eligible for purchase. These projects will remain ineligible until the required repairs have been made and documented. Acceptable documentation may include a satisfactory engineering or inspection report, certificate of occupancy, or other substantially similar documentation that shows the repairs have been completed in a manner that resolves the building's safety, soundness, structural integrity, or habitability concerns.
Special Assessments	Any current or planned special assessment, even if paid in full for the subject unit, must be reviewed to determine acceptability. The lender must document the loan file with the following: • the reason for the special assessment; • the total amount assessed and repayment terms; • documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project; and • borrower qualification with any outstanding special assessment payment. The lender is expected to obtain the financial documents necessary to confirm the association has the ability to fund any repairs. If the special assessment is related to safety, soundness, structural integrity, or habitability, all related repairs must be fully completed or the project is not eligible. Additionally, If the lender or appraiser is unable to determine that there is no adverse impact, the project is ineligible.

Non-Warrantable Condominiums	
Criteria	Requirement
LTV/LTC	Must reduce LTV/LTC from eligibility table by 10% with a Max LTV of 70% permitted
HOA Delinquency	No more than 15% of tenants within an HOA may be delinquent more than 30 days
Capital Reserves/ Special Assessments*	<10% replacement, maintenance, and/or deductible



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	Conveyance*	At least 30% of units have been sold to owners or under contract
	Renter Concentration*	No more than 55% of total units may be renter occupied
	Ownership Concentration*	Units owned by a single entity (individual, investor group, partnership or corporation) represent no more than 30% of total units, or in projects with only 5 to 20 units – 2 units, other than the borrower/guarantor unless the borrower/guarantor is the largest single owner in the project
	Significant Deferred Maintenance	Loans secured by units in condo and co-op projects with significant deferred maintenance or in projects that have received a directive from a regulatory authority or inspection agency to make repairs due to unsafe conditions are not eligible for purchase. These projects will remain ineligible until the required repairs have been made and documented. Acceptable documentation may include a satisfactory engineering or inspection report, certificate of occupancy, or other substantially similar documentation that shows the repairs have been completed in a manner that resolves the building's safety, soundness, structural integrity, or habitability concerns.
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	Non-Incidental Business	Income other than condo association fees may not make up more than 20% of total association income unless approved by Bayview and must be excluded from use in the reserve requirement
	Litigation*	Association is not named as party to any material litigation, defined as: Structural/Functional litigation against developer Non-material litigation (Slip and fall/single unit complaints/3rd party claims) is permitted with adequate reserves Lender must provide verification of lawsuit amount and proof of sufficient insurance coverage.
	Conveyance	Control of HOA has been turned over to unit owners
	Commercial Component	No more than 35% of total square footage may be used for commercial purposes
	Miscellaneous	Newly converted Non-full gut rehab are ineligible. All units/properties must have a functioning kitchen

***Denotes a non-warrantable feature. No more than one non-warrantable feature may be present per property**

Appraisal Requirements	<ul style="list-style-type: none"> At minimum, a USPAP and FIRREA compliant interior appraisal from a state licensed appraiser who is independent of the originator and borrower/guarantor must be completed for the subject transaction. This appraisal must contain a customary independence certification by the appraiser. Re-use of a prior appraisal is not permitted regardless of the date of the appraisal. See below table for appraisal requirements based on loan amount. Restricted appraisals are not permitted The subject property must be appraised within 90 days prior to the Note date Appraisal must ensure that any and all additions or conversions have been completed according to code or lender must provide a recent certificate of occupancy validating code requirements have been met Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. <ul style="list-style-type: none"> In no event, are appraisals ordered or selected by borrower/guarantors, or other lenders acceptable.
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- o Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan
- o A single appraiser cannot be used for more than 3 out of every 5 consecutive valuations in any specific county or for any one borrower/guarantor, managing member, or other related party with the exception of blanket/multi-property loan transactions.

Standard DSCR Appraisal Requirements Based on Loan Amount	
Loan Amount	Appraisal Requirements
≤ \$2,000,000	1 Full Appraisal
> \$2,000,000	2 Full Appraisals

Valuation Criteria:

- The interior appraisals must be on the applicable form required by the Fannie Mae Guidelines for 1-4 family properties or a form approved by Bayview. Currently those forms are FNMA 1004/FH 70 (1 Family), FNMA 1073/FH 465 (Individual Condo), or FNMA 1025/FH 72 (2-4 Family)
- Appraisal market rent estimates must be based on an annual lease for residential purposes and must be on the applicable form required by the Fannie Mae Guidelines or a form approved by Bayview. Currently those forms are FNMA 1007 (1 Family) or FNMA 1025 (2-4 Family). Short term or specialized use rental rates are not acceptable for use as market rent
- Condominium or townhouse properties must be valued on a rental basis whenever less than 50% of the properties in the building or same development are owned by individual homeowners
- There must be at least 3 comparables in the same zip code or within 1 mile of the subject property. One comparable must be within 1 mile of the subject property with limited net adjustments unless otherwise approved by Bayview.
- The originator must review the valuation to ensure that the value is well supported by the evidence in the appraisal or residential evaluation and by the comparable transactions.
 - o The appraiser must inspect the exterior of the property and provide a photo.
 - o Appraiser must review current market data to determine whether the property has declined in value since the date of the original appraisal. If the value has declined since the original appraisal, a new full appraisal is required
- A market rent comparable schedule (FNMA 1007 or 1025) must be provided.
- Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date
- Properties with condition rating of C5/C6 or not lease ready, and/or properties with construction rating of Q6 are ineligible
- See Property Flipping section for additional requirements
- When two (2) appraisals are required, the following applies:
 - o Appraisals must be completed by two (2) independent companies
 - o The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion
 - o Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled
 - o If the two (2) appraisals are done "subject to" and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon

Third-Party Review

- Collateral Desktop Analysis (CDA) ordered from Clear Capital or a Collateral Underwriter (CU) score of 2.5 or less is required to support the value of the appraisal. The Seller is



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	<p>responsible for ordering the CDA if needed.</p> <ul style="list-style-type: none"> o If the CDA returns a value that is “Indeterminate” then one (1) of the following requirements must be met: <ul style="list-style-type: none"> ▪ A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of the three Reports is required. The Value Reconciliation will be used for the appraised value of the property. ▪ A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. o If the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, the lower value of the two must be used. • Sellers must comply with all aspects of ECOA, including the Right to Receive a Copy of the Appraisal Report Disclosure • If two (2) full appraisals are provided on a standard DSCR loan, a CDA is not required <p><u>Appraisal Transfers</u></p> <ul style="list-style-type: none"> • Appraisal transfers are permitted. All appraisal transfers must meet the following requirements: <ul style="list-style-type: none"> o Appraisal must be in the name of the transferring lender o Transfer letter from transferring lender <ul style="list-style-type: none"> ▪ Must be on company letterhead ▪ Borrower name and address must be included ▪ Must be executed by an authorized member of the company. The printed name and signature of seller’s representative, title and date is required. Appraisal transfer letters signed by loan officers or loan processors will not be acceptable o Statement from the transferring lender that the appraisal was prepared in compliance with Appraisal Independence Requirements o Paid invoice o Proof that original appraisal report was provided to the borrower o Maximum 75% LTV/LTC o CDA is required. A CU score is not permitted to be used to meet appraisal review requirements
<p>Property Flips</p>	<p>A property is considered a “flip” if either of the following are true:</p> <ul style="list-style-type: none"> • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower’s purchase agreement <p>If the property is a “flip” as defined above, the following additional requirements apply:</p> <ul style="list-style-type: none"> • A second appraisal must be obtained and a copy of the second appraisal must be provided to the borrower • The second appraisal must be dated prior to the loan consummation/note date. • The property Seller on the purchase contract must be the owner of record. • Increases in value should be documented with commentary from the appraiser and recent comparable sales • Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable • There can be no pattern of previous flipping as evidenced by multiple transfers in the last 12 months



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	<ul style="list-style-type: none"> • Non-Arm's Length transactions are not permitted. Client is responsible for reviewing chain of title. Particular due diligence should be exercised in cases of entity to entity transfers to ensure no red flags are present • The property must have been marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing. The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in-lieu
Insurance	<ul style="list-style-type: none"> • Proof of Rent loss Insurance is required. <ul style="list-style-type: none"> ◦ This is in addition to all other insurance requirements per the Special Products Selling Guide.
Disaster Area Requirements	<ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the <u>Special Products Seller Guide</u> for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> ◦ FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); ◦ Areas where FEMA has not made a disaster declaration, but Community Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; ◦ Areas where the Seller has reason to believe that a property might have been damaged in a disaster • Correspondent lenders are responsible for monitoring the <u>Disaster Declaration File</u> and the <u>FEMA Website</u> including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster
Escrows	<ul style="list-style-type: none"> • Escrows for the payment of 1/12 of the annual taxes and required insurances are required and are collected at closing <ul style="list-style-type: none"> ◦ Escrow amounts should be collected in an amount sufficient to allow for timely payment of the property expenses plus a 2-month cushion. ◦ Refer to the Special Products Selling Guide • Escrows for flood insurance, if applicable is required • The collection of escrow deposits for insurance on condominiums is not required if coverage is provided by a blanket insurance policy which the homeowner's association has purchased. • Escrow waivers are permitted and must meet the below criteria: <ul style="list-style-type: none"> ◦ Minimum 720 FICO ◦ Minimum 12 month of reserves ◦ Pricing adjustment will be applied ◦ Present taxes and insurance payments must be current ◦ Flood insurance not eligible for escrow waiver
Escrow Holdbacks	Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase
Assumability	Loans are not assumable
Pre-Payment Penalties	<ul style="list-style-type: none"> • Prepayment penalties are not allowed in New Mexico nor Alaska for any reason. • Blanket mortgages: if included properties are located in multiple states, follow the most conservative state PPP restriction, as applicable • Prepayment penalties may be assessed as noted below for loans that prepay between the loan origination date and year five (5) in all states except: MI, MN, MS, NC, NJ, OH, PA, RI, TX and VA which must follow all state specific requirements as noted in Appendix A.



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Bayview DSCR

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Prepayment Penalty by Year							
	Year 0-1	Year 1-2	Year 2-3	Year 3-4	Year 4-5	Year 5-6	Year 6-7
7-year option(s)	5.00%	5.00%	4.00%	4.00%	3.00%	2.00%	1.00%
5-year option(s)	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%
	5.00%	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%
4-year option(s)	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%
	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%
3-year option(s)	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%
	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%
	6 month's interest if pay down > 20%	6 month's interest if pay down > 20%	6 month's interest if pay down > 20%		0.00%	0.00%	0.00%
2-year option (s)	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1-year option(s)	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
No Prepay Penalty	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*** 7 year PPP options are not available in the following states: LA, MI, MN, MS, MO, OH (for 1-2 units), and RI ***** 7 year PPP not permitted to be paired with 5yr IO product***

Special Restrictions

Maximum Financed Bayview Exposure Borrower/guarantor(s)/entities are limited to a maximum \$6,250,000 in aggregate with Bayview

- Blanket/Multiple Property Loans**
- Up to 25 properties can be combined into a single loan
 - Minimum DSCR: 1.0
 - Minimum of 2 properties
 - Must be experienced investor
 - Minimum asset value of \$100,000 per each property included
 - Maximum asset value of \$1.5M per unit for each property included (i/e \$1.5M maximum value on 1-unit, \$3.0M maximum value on 2-unit, etc.)
 - Maximum loan amount of \$6,250,000



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- If $\geq 25\%$ of the properties included in the blanket are condominiums, 2-4 units or a combination of both, a Single Loan Variance (SLV) and pre-close pricing exception will be required
- Different property types can be collateralized together. Pricing and eligibility based on the most restrictive property type of all within the cross.
- Cannot use FNMA/FHLMC Notes and/or Security Agreements
- If $>25\%$ of the properties included in the blanket have individual DSCR's between 0.75 and 0.99 DSCR, then the maximum LTV must be reduced by 10%
 - o The individual property DSCR's should be calculated using only a portion of the P&I on the new loan. The portion of the P&I that should be used is allocated based on the value of the property as compared to the total value of all properties being secured in the blanket. See the calculation example below:
 - o Assumptions:
 - The blanket loan is going to be secured by seven properties
 - The P&I on the new loan is \$2500
 - We're going to calculate the individual DSCR on property #4
 - Monthly taxes, insurance and association fees for property #4 are \$1200
 - Monthly gross rental income on property #4 is \$1700

Step 1: Determine allocation percentage for each property by comparing the individual appraised value to the total of all appraised values in the blanket. As an example, for property #4, the allocation percentage is calculated using \$200,000 divided by \$800,000 = 25%

Property	Appraised Value	Allocation Based on Total Appraised Values
1	\$100,000	12.5%
2	\$100,000	12.5%
3	\$100,000	12.5%
4	\$200,000	25.0%
5	\$100,000	12.5%
6	\$100,000	12.5%
7	\$100,000	12.5%
Total	\$800,000	100%

Step 2: Determine the amount of the new P&I that should be used to calculate the individual DSCR on property #4


Total P&I of the new loan multiplied by the allocation percentage for property #4. $\$2500 \times 25\% = \mathbf{\$625}$

Step 3: Add the individual property's monthly TIA (taxes, insurance, association fees) to the allocated P&I. $\$625 + \$1200 = \mathbf{\$1825}$

Step 4: Calculate the individual DSCR for property #4 by taking gross monthly rent divided by the allocated PITIA. $\$1700 \text{ divided by } \$1825 = \mathbf{.93}$

Step 5: Repeat the calculation to determine each property's individual DSCR and then determine if $>25\%$ of the properties in the blanket have individual DSCRs between .75 and .99. If so, then the LTV must be reduced by 10%

Release Prices	Blanket/multiple property loans may permit partial releases at a release price equal to at least 120% of the allocated loan amount for each property. Allocated loan amounts must be determined proportional to the appraised values of each property
Properties Listed for Sale	• Properties currently listed for sale (at the time of application) are not eligible for refinance

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Bayview DSCR

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	<p>transactions.</p> <ul style="list-style-type: none"> o If a property is discovered to be for sale prior to purchase, the loan will be deemed ineligible for purchase • Properties listed for sale within six (6) months of the application date are acceptable if the following requirements are met: <ul style="list-style-type: none"> o Documentation provided to show cancellation of listing o Acceptable letter of explanation from the borrower/guarantor detailing the rationale for cancelling the listing o Must include a minimum pre-payment penalty of two or more years (if a pre-payment penalty is not permitted due to state statues, transaction would be ineligible until greater than six months since the cancellation of the listing)
Additional Requirements	
Bank Secrecy and USA Patriot Acts	The Bank Secrecy Act (BSA) requires financial institutions to assist U.S. government agencies to detect and prevent money laundering. Correspondents must have implemented anti-money laundering policies and procedures to comply with applicable federal law. As a part of this policy, correspondents must screen all borrower/guarantors and guarantors against the list of specially designated nationals maintained by the U.S. Department of the Treasury and OFAC pursuant to the USA PATRIOT Act, amendments to the Bank Secrecy Act and its implementing regulation and investigate name matches as required by law. Bayview does not acquire loans which are made to borrower/guarantors or guarantors which are specially designated nationals.
Purchase approval	All loan purchases are contingent on Bayview's satisfactory review of the loan, mutual execution of the purchase advice and the lender being in good standing at the time of loan purchase. Bayview reserves the right to decline to purchase any loan for any reason.
Assignment Fees	Third party/arms-length assignment fees are permitted. Loan to Cost excluding assignment fees cannot exceed 90%
Seasoning	Loans must not be aged more than 45 days from the loan closing date until the time the loan is delivered to Bayview for purchase. This includes the date the credit and closing file is received and the loan is eligible for purchase. All loans must be purchased by Bayview within 60 days of the note date.
Interest Rate Restrictions	Interest rates must comply with all state usury law requirements.
Seller shall deliver loans that were originated in accordance with the Special Products Seller Guide unless otherwise stated within this product matrix.	



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Appendix A

State Specific Pre-payment Penalty Requirements

State	PPP Permitted	Requirement
Alaska	No	No prepayment penalty shall be permitted
Louisiana	Yes with conditions	A mortgage lender may contract for and receive a prepayment penalty in an amount not to exceed: (a) Five percent of the unpaid principal balance if the loan is prepaid in full during the first year of its term. (b) Four percent of the unpaid principal balance if the loan is prepaid in full during the second year of its term. (c) Three percent of the unpaid principal balance if the loan is prepaid in full during the third year of its term. (d) Two percent of the unpaid principal balance if the loan is prepaid in full during the fourth year of its term. (e) One percent of the unpaid principal balance if the loan is prepaid in full during the fifth year of its term.
Michigan	Yes with conditions	Max 3YR at max 1% for SFR
Minnesota	No	No prepayment penalty shall be permitted
Mississippi	Yes with conditions	(i) Five percent (5%) of the unpaid principal balance if prepaid during the first year; (ii) Four percent (4%) of the unpaid principal balance if prepaid during the second year; (iii) Three percent (3%) of the unpaid principal balance if prepaid during the third year; (iv) Two percent (2%) of the unpaid principal balance if prepaid during the fourth year; (v) One percent (1%) of the unpaid principal balance if prepaid during the fifth year; and (vi) No penalty if prepaid more than five (5) years from date of the note creating the debt.
New Jersey	Yes with conditions	Permitted for business entity borrowers only . Pre-payment penalties cannot be charged to natural person borrowers.
New Mexico	No	No prepayment penalty shall be permitted
North Carolina	Yes with conditions	Prepayment penalty may be charged only on loans greater than \$150,000
Ohio	Yes with conditions	1-2 unit: maximum 1% within 5 years of execution date of the mortgage only if loan amount >=\$107,633; No prepayment penalty permitted if loan amount < \$107,633 3-4 unit : prepayment penalty permitted without restriction
Pennsylvania	Yes with conditions	1-2 unit: only if loan balance >\$301,022 No prepayment penalty permitted if balance <=\$301,022 3-4 unit: prepayment penalty allowed without restriction
Rhode Island	Yes with conditions	Prepayment penalty max 2% of balance



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Texas	Yes with conditions	Property cannot be owner-occupied
Virginia	Yes with conditions	Max 1% if balance < \$75k

Version Control

Author	Section	Date	Update
DM	ALL	8.5.21	Created matrix
DM	Eligible products/terms	8.x	Added all product codes



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DM	DSCR	9.27	Added: Interest-only loans must use the fully amortized PITIA payment for DSCR calculation.
DM	Release Prices	9.27	Added section: • Blanket/Cross loans may permit partial releases at a release price equal to at least 120% of the allocated loan amount for each property. Allocated loan amounts must be determined proportional to the appraised values of each property
DM	Blanket/Cross	9.27.21	<ul style="list-style-type: none"> Added section: • Up to 50 properties can be combined into a single loan Minimum of 5 properties Minimum asset value of \$100,000 per each property included Maximum loan amount of \$6,250,000 (subject to per property limits) Different property types can be collateralized together. Pricing and eligibility based on the most restrictive property type of all within the cross. If any properties are Condos, then condo pricing and eligibility applies. If none are condos, but any are 2-4 unit properties, then 2-4 unit pricing and eligibility applies If all properties are SFR's, then SFR pricing and eligibility applies
DM	Appraisal	9.27.21	<ul style="list-style-type: none"> Changed to any state licensed AMC is permitted
DM	Eligibility	10.28.21	<ul style="list-style-type: none"> Removed calculation of minimum Ltv section and just added the dscr column to eligibility table next to the appropriate LTV/LTC for ease of viewing- no change to guidelines
DM	Assets	11.17.21	<ul style="list-style-type: none"> Clarified large deposits :**** This change was retroactive, applying to all pipeline loans**** Large deposits must be verified if using for down payment, reserves or closing costs. Large deposits are defined as: a singular deposit(s) that is greater than or equal to 35% or more of the average deposit from the previous two months (60 days) of bank statements,(subject to underwriter discretion Removed the following requirement on business accounts (***this change was retroactive applying to all pipeline loans**): Cash flow analysis required using most recent three (3) months business bank statements to determine no negative impact to business Business bank statements must not reflect any NSF's (non- sufficient funds) or overdrafts.
DM	Appraisal	11.17.21	<ul style="list-style-type: none"> Added to the appraisal section (previously just showing in ineligible property section): Properties with condition rating of C5/C6 or not lease ready, and/or properties with construction rating of Q6 are ineligible
DM	Assets	11.24.21	<ul style="list-style-type: none"> Removed requirement for sourcing and explaining large deposits**** This change was retroactive, applying to all pipeline loans****
DM	Credit Requirements	11.24.21	<ul style="list-style-type: none"> Changed to 120 days from 90: Tri-merged credit reports are required on all borrower/guarantor(s) <i>dated within 120 days of loan origination</i>
DM	Age of Documents	11.24.21	<ul style="list-style-type: none"> Changed credit report requirement • All credit documents, including title commitment must be no older than ninety (90) days from the Note date with the exception of the credit report which must not be older than 120 days from the note date
DM	First time investor	12.9.21	<ul style="list-style-type: none"> Removed section and requirement for 2 yrs of investment and property management *** This change was retroactive, applying to all pipeline loans****
DM	Property Management	12.9.21	<ul style="list-style-type: none"> Removed section as no longer required*** This change was retroactive, applying to all pipeline loans**
DM	Eligibility	12.9.21	<ul style="list-style-type: none"> Added to eligibility section (since removed first time investor/homebuyer section): At least one borrower/ primary guarantor must have owned a home/property for 12 months or more in the last three years.
DM	Assets-Business Funds	12.9.21	<ul style="list-style-type: none"> Changed borrower/guarantor's ownership requirement for use of business funds to 50% or greater (from 51%) *** This change was retroactive, applying to all pipeline loans****
DM	○ ****All items below that are being changed 2/7 are retroactive, applying to all pipeline loans****		
DM	Eligibility Grid	2.7.22	<ul style="list-style-type: none"> Updated eligibility grid for expanded FICO (minimum now 620) and DSCR down to .8, expanded to 85% max LTV on purchase of 720+ FICO and loan amount less than \$1mil
DM	Rate/Term Refinance Transaction	2.7.22	<ul style="list-style-type: none"> Removed Seasoning requirements : • Property must be owned a minimum of six months
DM	Cash-out Transaction	2.7.22	<ul style="list-style-type: none"> Removed Seasoning requirements : •Property must be owned a minimum of six months Changed section to:



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			<ul style="list-style-type: none"> Cash-out loan proceeds may be used for business purposes only Cash-out loan proceeds may be used for reserves if FICO > 700 Maximum cash out \$500,000 (excluding delayed financing transactions) If owned \leq one year: <ul style="list-style-type: none"> <u>0-6 months</u> <ul style="list-style-type: none"> Use lower of LTC or appraised value Cash out proceeds cannot exceed \$500,000 <u>7-12 months</u> <ul style="list-style-type: none"> Option 1 <ul style="list-style-type: none"> Use lower of LTC or appraised value Cash out proceeds cannot exceed \$500,000 Option 2 <ul style="list-style-type: none"> Use appraised value LTV > 65%, cash out proceeds to borrower cannot exceed \$250k LTV < 65%, cash out proceeds to borrower cannot exceed \$500k
DM	Loan amount	2.7.22	<ul style="list-style-type: none"> Added: o Maximum loan amount on a Cash-out transactions within in one year of property acquisition must be less than or equal to cost basis
DM	Geographic Restrictions	2.7.22	<ul style="list-style-type: none"> Removed requirement to be in top 300 MSAa
DM	Derogatory Credit	2.7.22	<ul style="list-style-type: none"> Changed from 48months to 36 months
DM	LTV/LTC Restrictions	2.7.22	<ul style="list-style-type: none"> Added section: Reduce LTV by 5% for: <ul style="list-style-type: none"> Vacant properties as defined in Occupancy section Refinance of a short term rental property or Cash-out of a short term rental property Reduce LTV by 10% for non-warrantable condominiums with a maximum of 70%LTV/LTC Interest-only loans must meet the following additional requirements <ul style="list-style-type: none"> If DSCR < 1.0, maximum LTV of 75% and minimum FICO of 700 If DSCR \geq 1.0, maximum LTV per eligibility table but a minimum FICO of 660 Maximum LTV/LTC of 70% for: <ul style="list-style-type: none"> o Inexperienced investor
DM	Condominiums	2.7.22	<ul style="list-style-type: none"> Added non-warrantable condos and their requirements Added sqft requirement for all condominiums
DM	Reserves	2.7.22	<ul style="list-style-type: none"> Added :12 months reserves required if DSCR < 1.0
DM	Borrower Eligibility	2.7.22	<ul style="list-style-type: none"> Added: Both experienced investors and inexperienced investors are permitted. Experienced investors are defined as: <ul style="list-style-type: none"> Owning 2 properties for 12 months, or Owning 1 investment property Owning a commercial property for 12 months Ownership in commercial real estate or investment in a real estate investment trust for greater than the most current 12 months. Inexperienced investors are defined as: <ul style="list-style-type: none"> Owning one property (primary or investment) for a minimum of the most recent 12 months) loans must meet the additional criteria: <ul style="list-style-type: none"> Minimum DSCR of 1.0 Maximum LTV 70% o Minimum loan amount of \$150,000 and maximum loan of \$1mil.
DM	DSCR Restrictions	2.7.22	<ul style="list-style-type: none"> Added section: • DSCR < 1.0 not permitted for: <ul style="list-style-type: none"> 2-4 unit properties with FICO < 740 Inexperienced investors DSCR < 1.0 requires 12 months reserves Minimum DSCR of 1.25 if: <ul style="list-style-type: none"> LTV> 80% o Loan amount < \$150,000



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DM	Reserves	2.7.22	<ul style="list-style-type: none"> Clarified that additional 6 months on vacant properties is for refinance transactions only
DM	Housing History	2.7.22	<ul style="list-style-type: none"> Change to 0x30 x12, removed 0x60x24
DM	DSCR	2.7.22	<ul style="list-style-type: none"> Change on short term rental cal from 85% of 12mo receipts to: <ul style="list-style-type: none"> Utilize documented 12 months* of payments to derive the gross monthly rental amount, not to exceed 100% of market rent schedule. If no rent is received, use zero for that month
DM	Blanket/Multiple Properties	2.25.22	<ul style="list-style-type: none"> Changed minimum required properties to three for blanket/multi-property loans
DM	Assets	2.25.22	<ul style="list-style-type: none"> Changed retirement accounts from 60% to 70%, allowed gift funds after minimum 10% borrower/guarantor requirement has been met, and business funds changed to <ul style="list-style-type: none"> If business account used is not in the same name as the borrowing entity, than the following requirements must be met: <ul style="list-style-type: none"> Natural borrower/guarantor(s) must have ownership of 25% or greater of the entity holding the account Borrower/guarantor must also be named on the account or provide proof of access to 100% of the funds
DM	Cash out	2.25.22	<ul style="list-style-type: none"> Added requirement for cash out proceeds signed letter if not addressed on Business Purpose Affidavit
DM	Reserves	3.25.22	<ul style="list-style-type: none"> Changed to 3mo reserves for DSCR 1 or higher***permitted for pipeline loans
DM	Housing History	3.25.22	<ul style="list-style-type: none"> Clarified and updated: <ul style="list-style-type: none"> Only 1x30x12 between all disclosed mortgages , Experienced borrowers <ul style="list-style-type: none"> Provide a 12 month mortgage history on the primary residence and the subject property, Applicable to all borrower/guarantor/entity (s) on the loan Inexperienced borrowers <ul style="list-style-type: none"> Provide a 12 month history on the primary residence and all other properties owned by the borrower/guarantor/entity(s) Applicable to all borrower/guarantor/entity (s) on the loan ***permitted for pipeline loans
DM	Eligibility Grid	3.25.22	<ul style="list-style-type: none"> Lowered DSCR from .8 to .75 **permitted for pipeline loans
DM	Eligibility	3.25.22	<ul style="list-style-type: none"> Added to experienced investor section : <ul style="list-style-type: none"> Have had ownership in three or more properties over the past 24 months ***permitted for pipeline loans
DM	Cash-out transaction	3.25.22	<ul style="list-style-type: none"> Increased cash out maximum on blanket mortgages: <ul style="list-style-type: none"> Blanket loans If owned \leq one year: <ul style="list-style-type: none"> If the average ownership of all properties included in the loan is greater than one year, follow eligibility grid for LTV and maximum cash out cannot exceed \$2M. If the average ownership of all properties included in the loan amount is less than one year, the following requirements apply: <ul style="list-style-type: none"> 0-6 months <ul style="list-style-type: none"> Use lower of cost basis or appraised value for all properties Cash out proceeds cannot exceed \$750,000 7-12 months <ul style="list-style-type: none"> Option 1 <ul style="list-style-type: none"> Use lower of cost basis or appraised value for all properties Cash out proceeds cannot exceed \$2M Option 2 <ul style="list-style-type: none"> Use appraised value LTV > 65%, cash out proceeds to borrower cannot exceed \$1M LTV < 65%, cash out proceeds to borrower cannot exceed \$2M If owned \geq one year: <ul style="list-style-type: none"> \$2M ***This change is permitted for pipeline loans
	DSCR	3.25.22	<ul style="list-style-type: none"> Added minimum DSCR of 1.0 for blankets
	DSCR Restrictions	3.25.22	<ul style="list-style-type: none"> Added minimum DSCR of 1.0 for blankets
	Blanket/ Multi property Loans	3.25.22	<ul style="list-style-type: none"> Added minimum DSCR of 1.0 for blankets Changed minimum to 3properties in a blanket
DM	LTV/LTC restrictions	3.25.22	<ul style="list-style-type: none"> Added max LTV/LTC of 80% on IO



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DM	Loan Documentation	3.25.22	<ul style="list-style-type: none"> Added: • If utilizing the FNMA/FHLMC residential document set, you must also complete the Business Loan Rider, see C2022-06 for full details
DM	Eligibility grid	4.8.22	<ul style="list-style-type: none"> Added Blanket term grid
DM	Occupancy	4.8.22	<ul style="list-style-type: none"> Clarified : Blanket loans Blanket loans are categorized as vacant loan transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase: 50% or more of the included properties are vacant according to the above definition Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition
DM	Reserves	4.8.22	<ul style="list-style-type: none"> Added: Blanket loans An additional 6 months of PITIA reserves is required (9 months in total) for vacant transactions. The loan is categorized as a vacant loan transaction when the following criteria are met: <ul style="list-style-type: none"> Purchase: 50% or more of the included properties are vacant according to the above definition Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition
DM	Significant Derogatory Credit	4.8.22	<ul style="list-style-type: none"> Added: o NOD's on short term bridge loans (<2 year term) with hard maturities may be acceptable assuming all deficiencies are cleared and documented. These loans are subject to Bayview approval
DM	LTV/LTC Restrictions	4.8.22	<ul style="list-style-type: none"> Reduce LTV on refinances by 5% for: <ul style="list-style-type: none"> Vacant properties as defined in the occupancy section of the matrix. Refinance of a short term rental property or Cash-out of a short term rental property <ul style="list-style-type: none"> Blanket loans are categorized as short term rental transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase: 50% or more of the included properties are short term rentals Refinance/Cash-out: 25% or more of the included properties are short term rentals Reduce LTV by 10% for non-warrantable condominiums with a maximum of 70%LTV/LTC Blanket loans are categorized as non-warrantable condominium loans transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase: 50% or more of the included properties are non-warrantable condominiums Refinance/Cash-out: 25% or more of the included properties are non-warrantable condominiums
DM	Blanket/ Multi property Loans	4.8.22	<ul style="list-style-type: none"> Added: Maximum asset value of \$1.5M per unit for each property included (i/e \$1.5M maximum value on 1-unit, \$3.0M maximum value on 2-unit, etc.)
DM	Credit	4.8.22	<ul style="list-style-type: none"> Clarified credit score used for loan: The representative score for the loan is the lowest representative score of the borrower(s) or guarantor(s), as applicable.
DM	LTV/LTC Restrictions	5.6.22	<ul style="list-style-type: none"> Updated to: Reduce LTV on refinances by 5% for: <ul style="list-style-type: none"> Vacant properties as defined in the occupancy section of the matrix. Refinance of a short term rental property or Cash-out of a short term rental property <ul style="list-style-type: none"> Blanket loans are categorized as short term rental transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase:25% or more of the included properties are short term rentals Refinance/Cash-out: 25% or more of the included properties are short term rentals Reduce LTV by 10% for: Non-warrantable condominiums with a maximum of 70%LTV/LTC Blanket loans are categorized as non-warrantable condominium loans transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase: 25% or more of the included properties are non-warrantable condominiums Refinance/Cash-out: 25% or more of the included properties are non-warrantable condominiums o If >25% of the properties included in a blanket loan have individual DSCR's between 0.75 and 0.99 DSCR
DM	Blanket Eligibility grid	5.6.22	<ul style="list-style-type: none"> changed LTV to 75% on FICO 660-679 P/rt, and 680-699 on rt
DM	Loan Documentation	5.6.22	<ul style="list-style-type: none"> Clarified application needs of blanket: Blanket mortgage applications should include the following for all properties included in the blanket: <ul style="list-style-type: none"> Address Property type and number of units Appraised value and date of appraisal Occupancy (vacant or occupied) Rent Taxes, Insurance and any applicable HOA fees And added: Lenders must comply with all aspects of ECOA including the Right to Receive a Copy of the Appraisal Report Disclosure



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DM	Occupancy	5.6.22	<ul style="list-style-type: none"> Changed % on purchase to: Blanket loans are categorized as vacant loan transactions when the following criteria are met: Purchase: 25% or more of the included properties are vacant according to the above definition
DM	Reserves	5.6.22	<ul style="list-style-type: none"> Changed: Blanket loans An additional 6 months of PITIA reserves is required (9 months in total) for vacant transactions. The loan is categorized as a vacant loan transaction when the following criteria are met: <ul style="list-style-type: none"> Purchase: 25% or more of the included properties are vacant according to the above definition Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition
DM	Eligibility	5.6.22	<ul style="list-style-type: none"> Inexperienced investors are not permitted to offer blanket loans
DM	Ineligible properties	5.6.22	<ul style="list-style-type: none"> Added: Units > \$1.5M for blanket loans
DM	Appraisal Requirements	5.6.22	<ul style="list-style-type: none"> Added: Lenders must comply with all aspects of ECOA including the Right to Receive a Copy of the Appraisal Report Disclosure
DM	Escrow	5.6.22	<ul style="list-style-type: none"> Removed FICO information As of 5.6 escrows required on all loans
DM	Forbearance	6.3.22	<ul style="list-style-type: none"> Removed COVID Forbearance guidance and changed to : <u>Any forbearance resulting in subsequent loan modification/repayment plan is considered a significant derogatory credit event and subject to a three (3) year waiting period.</u> <u>Any forbearance filed after 6/1/22 is considered a significant derogatory credit event and subject to a three (3) year waiting period.</u> <u>Forbearance on Subject and Non-subject property(s) that do not fall into the above scenarios:</u> <u>Any loan(s) that is shown to be in active forbearance is considered ineligible.</u> <u>Any loan that is shown to be in a past forbearance is only permitted if the plan has been exited and all reported payments have been made on time since the exit.</u> <u>Loan file must contain a letter of explanation from the borrower/guarantor detailing the reason for forbearance and that the hardship no longer exists</u>
DM	Appendix B	6.3.22	<ul style="list-style-type: none"> Updated PA and MNPPP amounts
DM	Assets	6.3.22	<ul style="list-style-type: none"> Added that virtual currency is not permitted
DM	Appendix	6.3.22	<ul style="list-style-type: none"> Removed approved vendor list- incorporated required options into matrix in appropriate sections
DM	Rate and Term	6.3.22	<ul style="list-style-type: none"> Added: If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history
DM	Lease Requirements	6.3.22	<ul style="list-style-type: none"> Added in this category also: Rent to own and/or contract for deeds are ineligible
DM	Delayed purchase	6.3.22	<ul style="list-style-type: none"> Will be treated as a rate and term refinance
DM	LTV/LTV	6.3.22	<ul style="list-style-type: none"> LTV is calculated as: loan amount divided by the value of the mortgaged property. If property is owned less than six months, must use purchase price as value instead of the appraised value with the exception of below: Loan amount is less than or equal to the cost of the property plus all documented renovation costs.
DM	Loan Documentation requirements	6.3.22	<ul style="list-style-type: none"> Clarified when the cash out explanation is required: Cash out explanation for natural person borrowers (if not addressed on Business Purpose Affidavit)
DM	Assets	6.3.22	<ul style="list-style-type: none"> Added: Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets
DM	Assets	7.1.22	<ul style="list-style-type: none"> Added : gifts of equity not permitted
DM	Derogatory Credit	7.1.22	<ul style="list-style-type: none"> Added: Multiple derogatory credit events require a 7 year seasoning period
DM	Appraisal	7.1.22	<ul style="list-style-type: none"> Clarified that third party rent estimates are only needed for refinance transactions on vacant properties
DM	Eligibility Grid	7.1.22	<ul style="list-style-type: none"> Expanded maximum loan amount to \$ 2.5M on 2-4 units with 680+ FICO
DM	Cash out	7.1.22	<ul style="list-style-type: none"> Added consistent language on value for 0-6 mo transactions: If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal, then the appraised value can be used to calculate the LTV, but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC).



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DM	Rate and Term	7.1.22	<ul style="list-style-type: none"> Added: If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal, then the appraised value can be used to calculate the LTV, but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC).
DM	Prepayment Penalty	7.15.22	<ul style="list-style-type: none"> Added new options
DM	Rate/Term refinance	7.15.22	<ul style="list-style-type: none"> Added section to clarify: Continuity of Obligation When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible: <ul style="list-style-type: none"> The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements: <ul style="list-style-type: none"> Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or Is related to the borrower on the mortgage being refinanced The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: <ul style="list-style-type: none"> Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement
DM	Eligible Property types	7.15.22	<ul style="list-style-type: none"> Added leaseholds
DM	Acceptable Forms of Ownership:	7.15.22	<ul style="list-style-type: none"> Added leaseholds
DM	Loan Documentation requirements	7.15.22	<ul style="list-style-type: none"> Added clarification/reminder to obtain HMDA-
DM	Loan Documentation	8.12.22	<ul style="list-style-type: none"> Updated verbiage surrounding business purpose and non-owner occupancy
DM	Eligibility Grid	8.12.22	<ul style="list-style-type: none"> Removed 85% LTV options for 720+FICO
DM	Blanket Mortgages	8.12.22	<ul style="list-style-type: none"> Added: <ul style="list-style-type: none"> Cannot use FNMA/FHLMC Notes and/or Security Agreements
DM	Appraisal	8.12.22	<ul style="list-style-type: none"> Added clarifying language in bold: <ul style="list-style-type: none"> A single appraiser cannot be used for more than 3 out of every 5 consecutive valuations in any specific county or for any one borrower/guarantor, managing member, or other related party with the exception of blanket/multi-property loan transactions which will also require a third party rent estimate for each property with the same appraiser
DM	Housing History	8.12.22	<ul style="list-style-type: none"> Added clarifying language: Credit supplement also acceptable
DM	Condo Project Requirements	9.9.22	<ul style="list-style-type: none"> Added clarifying language: Condominiums must either meet FNMA requirements (inclusive of limited reviews) or the following warrantable guidelines as applicable. If neither set of guidelines is met, refer to the non-warrantable guideline requirements below.
DM	Credit Requirements	9.9.22	<ul style="list-style-type: none"> Removed "criminal" search from background search requirements
DM	DSCR	9.9	<ul style="list-style-type: none"> Added clarification that io loans must use 30 year fully amortized payment in DSCR calculation Added clarification that a lease is considered current per local/state statues or if month to month verbiage occurs
DM	Eligible property	9.9	<ul style="list-style-type: none"> Added that all units/properties must have fully functioning kitchens
DM	Age of documents	9.9	<ul style="list-style-type: none"> Added "appraisal" report as being acceptable per 120 days
DM	Prepayment Penalty	9.23.22	<ul style="list-style-type: none"> Added 7 year option
DM	LTV/LTC restrictions	10.7.22	<ul style="list-style-type: none"> Removed: Interest-only loans must meet the following additional requirements: <ul style="list-style-type: none"> If DSCR < 1.0, maximum LTV of 75% and minimum FICO of 700 If DSCR ≥ 1.0, maximum LTV of 80% but a minimum FICO of 660
DM	DSCR	10.7.22	<ul style="list-style-type: none"> Removed: IO must meet the following additional requirements <ul style="list-style-type: none"> If DSCR < 1.0, maximum LTV of 75% and minimum FICO of 700



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			<ul style="list-style-type: none"> If DSCR \geq 1.0, maximum LTV per eligibility table but a minimum FICO of 660
DM	Prepayment penalty	10.7.22	Clarified: *** 7 year PPP not permitted to be paired with 5yr IO product***
DM	Blanket/Multi-property	10.7.22	<p>Added: • If \geq 25% of the properties included in the blanket are condominiums, 2-4 units or a combination of both, pre-approval is required.</p> <p>Removed: Pricing and eligibility based on the most restrictive property type of all within the blanket; if any properties are Condos, then condo pricing and eligibility applies; if none are condos, but any are 2-4 unit properties, then 2-4 unit pricing and eligibility applies; if all properties are SFR's, then SFR pricing and eligibility applies</p>
DM	DSCR Restrictions	10.7.22	<p>Minimum DSCR of 1.25 required on loan amounts less than \$150,000</p> <p>Added: unless the transaction is a purchase loan with a minimum FICO of 700</p>
DM	Eligibility	10.21.22	Replaced this language "The Guarantor(s) on the loan application must be the same as the managing member(s) and have documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity" with this language to clarify." • The guarantor(s) on the loan application must be a managing member(s) with documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity.
DH	Eligibility Grids	11.4.22	Added Declining Market footnotes
DH	Gift Funds	11.4.22	<p>Added Gift Fund Documentation Specificity</p> <ul style="list-style-type: none"> Donor must be a family member, future spouse or domestic partner Executed gift letter with gift amount and source, donor's name, address, phone number and relationship Seller must verify sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account Acceptable documentation includes the following: <ul style="list-style-type: none"> Copy of donor's check and borrower's deposit slip Copy of donor's withdrawal slip and borrower's deposit slip Copy of donor's check to the closing agent A settlement statement/CD showing receipt of the donor's gift check
DH	Declining Markets	11.4.22	<p>Added Declining Market section</p> <ul style="list-style-type: none"> LTV/LTC must be 5% below product maximum per product matrix eligibility grid for any loan where the appraisal indicates that the subject property is in a declining market <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/LTC for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/LTC should be reduced to 70%</i></p>
DH	Appraisal Requirements	11.4.22	<p>Removed</p> <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from the Note date <p>Added</p> <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date The subject property must be appraised within 90 days prior to the Note date Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirements. A CDA is required for properties in declining markets. See Declining Market section for additional requirements
DH	Eligibility Grids	11.18.22	<ul style="list-style-type: none"> Re-named Footnote #2 to read See State/MSA LTV/CLTV/HCLTV Reduction Section
DH	Debt Service Coverage Ratio (DSCR)	11.18.22	<p>Added</p> <ul style="list-style-type: none"> Short-term rentals require a DSCR \geq 2.0
DH	DSCR Restrictions	11.18.22	<p>Added</p> <p>Short-term rentals require a DSCR \geq 2.0</p>
DH	Declining Market	11.18.22	Removed Declining Market Section
DH	Appraisal Requirements	11.18.22	<p>Removed</p> <ul style="list-style-type: none"> Transferred appraisals are not permitted <p>Added</p> <ul style="list-style-type: none"> Appraisal transfers are permitted. All appraisal transfers must meet the following requirements: <ul style="list-style-type: none"> Appraisal must be in the name of the transferring lender Transfer letter from transferring lender <ul style="list-style-type: none"> Must be on company letterhead Borrower name and address must be included Must be executed by an authorized member of the company. The printed name and signature of seller's representative, title and date is required. Appraisal transfer letters signed by loan officers or loan processors will not be acceptable Statement from the transferring lender that the appraisal was prepared in compliance with Appraisal Independence Requirements Paid invoice Proof that original appraisal report was provided to the borrower Maximum 75% LTV/LTC CDA is required. A CU score is not permitted to be used to meet appraisal review requirements



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DH	State/MSA LTV/CLTV/HCLTV Reduction	11.18.22	<p>Added MSA LTV/CLTV/HCLTV Reduction Section</p> <ul style="list-style-type: none"> In the states of GA, WA, KS, ND, OR, UT: Reduce LTV/CLTV/HCLTV by 5% from the maximum allowed per the eligibility grid up to a maximum of 75% In the states of TX, AZ, ID, NC, DC, NV, SD: Reduce LTV/CLTV/HCLTV by 10% from the maximum allowed per the eligibility grid up to a maximum of 70% A 10% LTV/CLTV/HCLTV reduction from the maximum allowed per the eligibility grid applies to the Metropolitan Statistical Areas identified in the below table. An MSA Lookup tool by zip code is available on the Lakeview Correspondent Portal <ul style="list-style-type: none"> If a property is in one of the states identified in the first two bullet points above AND is also in one of the MSAs in the table below then both LTV/CLTV/HCLTV reductions must be applied <p>Blanket Loans</p> <ul style="list-style-type: none"> If ≥ 25% of the properties in the blanket loan are in any of the aforementioned states or in any of the above identified MSAs then an LTV/CLTV/HCLTV reduction will apply <ul style="list-style-type: none"> In the instance where the 25% threshold has been met or exceeded and there are properties in the blanket that fall into both the state and MSA lists then both LTV/CLTV/HCLTV reductions will apply <p>(See State/MSA LTV/CLTV/HCLTV Reduction Section to view table)</p>															
DH	Blanket/Multi-Property Loans	11.18.22	<p>Removed</p> <ul style="list-style-type: none"> Up to 50 properties can be combined into a single loan If ≥ 25% of the properties included in the blanket are condominiums, 2-4 units or a combination of both, pre-approval is required <p>Added</p> <ul style="list-style-type: none"> Up to 25 properties can be combined into a single loan If ≥ 25% of the properties included in the blanket are condominiums, 2-4 units or a combination of both, a Single Loan Variance (SLV) and pre-close pricing exception will be required Added clarification and a calculation example for when >25% of the properties included in the blanket have individual DSCR's between 0.75 and 0.99 DSCR 															
AS	DSCR – Gross Rents	11.18.22	<p>Clarified Refinance Requirements: Previously</p> <ul style="list-style-type: none"> Refinance: <ul style="list-style-type: none"> Obtain both a current lease agreement and Appraisal Form 1007/1025 as applicable. 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 or per local statutes is still current is allowed. Gross rent used in the DSCR calculation must come from the lesser of the lease agreement or Appraisal Form 1007/1025 as applicable, except as noted below: <ul style="list-style-type: none"> If the lease agreement is higher than the gross market rent on the appraisal, the actual rent from the lease agreement may be used up to 10% over the market rent on the appraisal. <p>New: When the lease agreement is higher than the gross market rent on the appraisal, the following requirements apply:</p> <ul style="list-style-type: none"> The amount used for qualifying cannot exceed 10% over the market rent on the appraisal. If the actual rent is greater than market rent, but is ≤ 10% over the market rent, then the lease amount can be used for qualifying. 															
DH	Declining Markets	11.21.22	<p>Added Declining Market section</p> <ul style="list-style-type: none"> LTV/LTC must be 5% below product maximum per product matrix eligibility grid for any loan where the appraisal indicates that the subject property is in a declining market <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/LTC for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/LTC should be reduced to 70%</i></p>															
DH	Appraisal Requirements	11.21.22	<p>Added</p> <ul style="list-style-type: none"> Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets. See Declining Market section for additional requirements 															
DH	Eligibility Grids	11.23.22	<p>Added LTV/LTC/CLTV/HCLTV Reduction Table</p>															
DH	Declining Markets	11.23.22	<ul style="list-style-type: none"> Updated Declining Market section to reflect specific LTV/LTC/CLTV/HCLTV reductions by category <table border="1"> <thead> <tr> <th>Category</th> <th>States</th> <th>LTV/LTC/CLTV/HCLTV Reductions</th> </tr> </thead> <tbody> <tr> <td>Category 1</td> <td>TX</td> <td>20% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 60%</td> </tr> <tr> <td>Category 2</td> <td>AZ, ID</td> <td>15% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 65%</td> </tr> <tr> <td>Category 3</td> <td>NC, DC, NV, SD, WA</td> <td>10% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 70%</td> </tr> <tr> <td>Category 4</td> <td>CA, CO, TN, GA, KS, ND, OR, UT</td> <td>5% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 75%</td> </tr> </tbody> </table>	Category	States	LTV/LTC/CLTV/HCLTV Reductions	Category 1	TX	20% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 60%	Category 2	AZ, ID	15% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 65%	Category 3	NC, DC, NV, SD, WA	10% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 70%	Category 4	CA, CO, TN, GA, KS, ND, OR, UT	5% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 75%
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DH	Appraisal Requirements	11.23.22	<p>Removed</p> <ul style="list-style-type: none"> Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets 															
DH	Appendix B	11.23.22	Added Appendix B – Category 1															
DH	Appendix C	11.23.22	Added Appendix C – Category 2															
DH	Appendix D	11.23.22	Added Appendix D – Category 3															



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DH	Appendix E	11.23.22	Added Appendix E – Category 4
DH	Eligibility	02.15.23	<p>Prior</p> <ul style="list-style-type: none"> • <u>Experienced investors are defined as:</u> <ul style="list-style-type: none"> o Owning 2 properties for more than 12 months, or o Owning 1 investment property for 24 months, or o Owning a commercial property for 12 months, or o Ownership in commercial real estate or investment in a real estate investment trust for greater than the most current 12 months. or o Have had ownership in three or more properties over the past 24 months • <u>Inexperienced investors are defined as:</u> <ul style="list-style-type: none"> o Owning one property (primary or investment) for a minimum of the most recent 12 months; these loans must meet the additional criteria: <ul style="list-style-type: none"> ▪ Minimum DSCR of 1.0 ▪ Maximum LTV 70% ▪ Minimum loan amount of \$150,000 and maximum loan of \$1mil. ▪ Blanket mortgages not permitted <p>Updated</p> <ul style="list-style-type: none"> • <u>Experienced investors are defined as:</u> <ul style="list-style-type: none"> o Owning two (2) or more properties for at least twelve (12) months within the most recent three (3) years, or o Owning one (1) investment property for at least twenty-four (24) months within the most recent three (3) years, or o Owning one (1) commercial property for at least twelve (12) months within the most recent three (3) years, or o Ownership in commercial real estate or investment in a real estate investment trust for greater than the most current 12 months. or o Have had ownership in three or more properties at least twelve (12) months over the past 24 months • <u>Inexperienced investors are defined as:</u> <ul style="list-style-type: none"> o Borrowers not meeting the definition of an experienced investor are considered to be inexperienced investors. These loans must meet the additional criteria: <ul style="list-style-type: none"> ▪ Minimum DSCR of 1.0 ▪ Maximum LTV 70% ▪ Minimum loan amount of \$150,000 and maximum loan of \$1mil. ▪ Blanket mortgages not permitted <p>Prior</p> <ul style="list-style-type: none"> • The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC <p>Updated</p> <ul style="list-style-type: none"> • The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC, including but not limited to granting authority to the signor to encumber indebtedness on behalf of the entity
DH	Lease Requirements	02.15.23	<p>Added</p> <ul style="list-style-type: none"> • All tenants on leases must be natural persons. Exceptions for other types of entities may be considered on a case by case basis
DH	Property Flips	02.15.23	<p>Added New Section – Property Flips</p> <p>A property is considered a “flip” if either of the following are true:</p> <ul style="list-style-type: none"> • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower’s purchase agreement <p>If the property is a “flip” as defined above, the following additional requirements apply:</p> <ul style="list-style-type: none"> • A second appraisal must be obtained and a copy of the second appraisal must be provided to the borrower • The second appraisal must be dated prior to the loan consummation/note date. • The property Seller on the purchase contract must be the owner of record. • Increases in value should be documented with commentary from the appraiser and recent comparable sales • Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable • There can be no pattern of previous flipping as evidenced by multiple transfers in the last 12 months • Non-Arm’s Length transactions are not permitted. Client is responsible for reviewing chain of title. Particular due diligence should be exercised in cases of entity to entity transfers to ensure no red flags are present • The property must have been marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing. The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in-lieu
DH	Blanket/Multiple Property Loans	02.15.23	<p>Removed Minimum of 3 properties</p> <p>Added Minimum of 2 properties</p>
DH	Appendix A State Specific Pre-payment Penalty Requirements	02.15.23	<ul style="list-style-type: none"> • Updated PPPs for PA, MN and OH for 2023



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DH	Asset Requirements	03.08.23	Added to the gift section <ul style="list-style-type: none"> Gift funds are not permitted to meet reserve requirements
DH	Reserves	03.08.23	Added <ul style="list-style-type: none"> Gift funds are not permitted to meet reserve requirements
DH	Rate/Term Refinance Transactions	03.08.23	Added the below example to illustrate maximum LTV and loan amount calculations for properties owned 0-6 months <u>Example:</u> <p>For illustrative purposes, the below assumptions will be made</p> <ul style="list-style-type: none"> Purchase Price: \$200,000 Appraised Value: \$500,000 Closing Costs: \$4000 Documented Renovations: \$102,000 <p>C) <u>Cost Basis Determination</u> (inclusive of closing costs and documented renovations) \$200,000 (purchase price) + \$4000 (closing costs) + \$102,000 (documented renovations) = \$306,000</p> <p>D) <u>Current Appraised Value</u> \$500,000 (assuming a maximum allowable LTV of 80% would yield a maximum loan amount of \$400,000)</p> <p>In the above example, since greater than 20% of the renovation work was completed on the property, the current appraised value (B) can be used to calculate maximum LTV, however, the maximum loan amount is limited to the cost basis plus documented renovations (A) \$306,000.</p> <p>Added</p> <ul style="list-style-type: none"> Clarification in the Rate/Term Refinance Transactions section that properties owned 7-12 months can use the appraised value to calculate LTV
DH	Appraisal Requirements	03.08.23	Removed <ul style="list-style-type: none"> Appraisals must be ordered by the lender through a state licensed Appraisal Management Company (AMC). Blanket/multi-property loan transactions which will also require a third party rent estimate for each property with the same appraiser A third party rent estimate is required on refinance transactions from either RentRange or Summit Valuation Solutions for all Unoccupied/Unleased properties. <ul style="list-style-type: none"> If the variance between the market rent estimate included in the appraisal and the third party rent estimate is less than or equal to 10%, the market rent estimate in the appraisal will be used for loan qualification. In cases where there is a variance greater than 10%, the lower of the two values will be utilized. <p>Added</p> <ul style="list-style-type: none"> Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. <ul style="list-style-type: none"> Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan
DH	Declining Markets	03.20.23	<ul style="list-style-type: none"> Removed declining markets requirements throughout product matrix
DH	Standard & Blanket Eligibility Grids	04.23.23	<ul style="list-style-type: none"> Updated to reflect changes to minimum FICO requirements: <ul style="list-style-type: none"> 1-unit: Minimum 660 FICO 2-4 units: Minimum 680 FICO
DH	****All Items below dated 05.10.23 are retroactive, applying to all pipeline loans****		
DH	Eligibility	05.10.23	<ul style="list-style-type: none"> Redefined experienced investor requirements and clarified that the borrower/primary guarantor must meet those requirements
DH	Credit Requirements	05.10.23	<ul style="list-style-type: none"> Removed "entity" from background check requirements Added the below clarification <ul style="list-style-type: none"> Background search may be from one of the suggested vendors below or another comparable provider. A combination of vendor reports may be used provided that together they fulfill the prescribed background search requirements listed above. <ul style="list-style-type: none"> Lexis Nexis (i.e. Smartlinks Person Report) Checkpoint (i.e., Investigative Instant and/or Non-Instant Search) Pacer (Public Access to Court Electronic Records) Fraud Guard DataVerify
DH	DSCR Restrictions	05.10.23	Updated <ul style="list-style-type: none"> DSCR < 1.0 requires 6 months reserves
DH	Reserves	05.10.23	<ul style="list-style-type: none"> Reduced reserve requirements on loans with DSCR < 1.0 from 12 months PITIA for subject property to 6 months PITIA for subject property
DH	Escrows	07.12.23	Added <ul style="list-style-type: none"> Escrow waivers are permitted and must meet the below criteria: <ul style="list-style-type: none"> Minimum 720 FICO Minimum 12 month of reserves Pricing adjustment will be applied Present taxes and insurance payments must be current Flood insurance not eligible for escrow waiver



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DH	Appraisal Requirements	07.12.23	Added <ul style="list-style-type: none">Two full appraisals required for loan amounts > \$2M for standard DSCR loans
DH	Appendix A	07.12.23	Updated the state of Minnesota <ul style="list-style-type: none">No Prepayment Penalties permitted



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Bayview Standard DSCR Eligibility								
FICO & Loan Amount ²		Max LTV/LTC ¹						
			DSCR ≥ 1.0			DSCR 0.99-0.75		
Credit Score	Loan Amount	Units	Purchase	Rate and Term	Cash Out	Purchase	Rate and Term	Cash Out
700+	\$100k up to \$1.5M	1	80	80	75	75	75	70
		2-4	80	80	75	75	75	70
	\$1.5M+ up to \$2M	1	75	75	70	65	65	60
		2-4	75	75	70	65	65	60
	\$2M+ up to \$2.5M	1	NA	NA	NA	NA	NA	NA
		2-4	70	70	65	NA	NA	NA
680-699	\$100k+ up to \$1.5M	1	80	75	70	75	70	65
		2-4	80	75	70	75	70	65
	1.5M+ up to \$2M	1	70	70	65	65	60	55
		2-4						
	\$2M+ up to \$2.5M	1	NA	NA	NA	NA	NA	NA
		2-4	65	65	60	NA	NA	NA
660-679	\$100k+ up to \$1.5M	1	75	70	65	70	65	60
	\$1.5M+ up to \$2M	1	65	65	60	60	55	50

¹ See LTV/LTC Restriction section

² See Loan Amount section



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Bayview Blanket DSCR Eligibility				
FICO & Loan Amount ²		Max LTV/LTC ¹		
		DSCR ≥ 1.0		
Credit Score	Loan Amount	Purchase	Rate and Term	Cash Out
700+	≤ \$6,250,000	80	80	75
680-699	≤ \$5,500,000	80	75	70
660-679 1-unit properties only	≤ \$5,500,000	75	75	65

¹ See LTV/LTC Restriction section

² See Loan Amount section



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Loan Product									
Eligible Products Terms	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0056b3; color: white;">Standard/Single Property</th> <th style="background-color: #0056b3; color: white;">Blanket/Multiple Property¹</th> </tr> </thead> <tbody> <tr> <td>PPF340: DSCR Fixed Rate 30yr term</td> <td>PPF350: DSCR Fixed Rate 30yr term</td> </tr> <tr> <td>PPF405²: 5yr I/O with loan fully amortizing over remaining 25 yrs</td> <td>PPF505²: 5yr I/O* with loan fully amortizing over remaining 25 yrs</td> </tr> <tr> <td>PPF410: 10yr I/O with loan fully amortizing over remaining 20 yrs</td> <td>PPF510: 10yr I/O* with loan fully amortizing over remaining 20 yrs</td> </tr> </tbody> </table>	Standard/Single Property	Blanket/Multiple Property ¹	PPF340: DSCR Fixed Rate 30yr term	PPF350: DSCR Fixed Rate 30yr term	PPF405 ² : 5yr I/O with loan fully amortizing over remaining 25 yrs	PPF505 ² : 5yr I/O* with loan fully amortizing over remaining 25 yrs	PPF410: 10yr I/O with loan fully amortizing over remaining 20 yrs	PPF510: 10yr I/O* with loan fully amortizing over remaining 20 yrs
	Standard/Single Property	Blanket/Multiple Property ¹							
	PPF340: DSCR Fixed Rate 30yr term	PPF350: DSCR Fixed Rate 30yr term							
	PPF405 ² : 5yr I/O with loan fully amortizing over remaining 25 yrs	PPF505 ² : 5yr I/O* with loan fully amortizing over remaining 25 yrs							
PPF410: 10yr I/O with loan fully amortizing over remaining 20 yrs	PPF510: 10yr I/O* with loan fully amortizing over remaining 20 yrs								
<small>¹Pricing for Blanket/Multiple Property options is available on the Bayview Daily Rate Sheets and not available in all pricing engines ² 7-year pre-payment penalty cannot be paired with this product</small>									
Loan Amounts	<ul style="list-style-type: none"> • Maximum Loan Amount: <ul style="list-style-type: none"> ○ \$2,000,000 (standard single family) ○ \$2,500,000 (standard 2-4 units) ○ \$6,250,000 (blanket/multiple property) • Minimum Loan Amount: 100,000 								
LTV/LTC Calculation	<p>Calculation is: lesser of LTV or LTC</p> <ul style="list-style-type: none"> ○ LTC is calculated as: loan amount divided by the cost basis at loan origination date and only utilized if the subject property is a new acquisition or has been acquired in the past six months <ul style="list-style-type: none"> ○ Cost Basis: Cost basis is inclusive of purchase price, verified borrower/guarantor paid hard and soft costs expended to date (rehabilitation/renovation expenses), and customary borrower/guarantor paid arms-length closing costs/ fees, including real estate broker commissions, title, escrow, other closing costs and the amount of taxes, HOA dues, fees, assessments, Assignment Fees, and liens paid by the borrower/guarantor or its affiliates in connection with and at the time of the acquisition. If closing costs are not documented or clearly verifiable at the time of closing, then up to 2% of the purchase price may be added to the purchase price for the assessment of Cost Basis. Mortgage broker fees, origination fees, points, etc. are excluded ○ LTV is calculated as: loan amount divided by the value of the mortgaged property. If property is owned less than six months, must use purchase price as value instead of the appraised value with the exception of below: <ul style="list-style-type: none"> ○ Loan amount is less than or equal to the cost of the property plus all documented renovation costs. 								
LTV/LTC Restrictions	<ul style="list-style-type: none"> • <u>Reduce LTV on refinances by 5% for:</u> <ul style="list-style-type: none"> ○ Refinances on vacant properties as defined in the occupancy section of the matrix. ○ Refinance of a short term rental property or Cash-out of a short term rental property <ul style="list-style-type: none"> ▪ Blanket loans are categorized as short term rental transactions when the following criteria are met: <ul style="list-style-type: none"> • Purchase: 25% or more of the included properties are short term rentals • Refinance/Cash-out: 25% or more of the included properties are short term rentals • <u>Reduce LTV by 10% for:</u> <ul style="list-style-type: none"> ○ Non-warrantable condominiums with a maximum of 70%LTV/LTC <ul style="list-style-type: none"> • Blanket loans are categorized as non-warrantable condominium loans transactions when the following criteria are met: <ul style="list-style-type: none"> ▪ Purchase: 25% or more of the included properties are non-warrantable condominiums ▪ Refinance/Cash-out: 25% or more of the included properties are non-warrantable condominiums ○ If >25% of the properties included in a blanket loan have individual DSCR's between 0.75 and 0.99 DSCR 								



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	<ul style="list-style-type: none"> • <u>Maximum LTV/LTC of 70% for:</u> <ul style="list-style-type: none"> ◦ Inexperienced investor
<p>Loan Documentation Requirements</p>	<p><u>Application must include the following:</u></p> <ul style="list-style-type: none"> • Loan amount and terms • Subject and primary residence property address, type of property and number of units • Blanket mortgage applications should include the following for all properties included in the blanket: <ul style="list-style-type: none"> ◦ Address ◦ Property type and number of units ◦ Appraised value and date of appraisal ◦ Occupancy (vacant or occupied) ◦ Rent ◦ Taxes, Insurance and any applicable HOA fees • Entity name and address (if applicable) • Borrower/guarantor(s) information including: social security number, HMDA information (natural borrower or business entity as applicable, not required for guarantors), date of birth, address and authorization to pull credit <p><u>Note must include:</u></p> <ul style="list-style-type: none"> • Collateral information • Loan terms, including prepayment penalty (if applicable) as shown in the section <p><u>Security Instrument must include:</u></p> <ul style="list-style-type: none"> • Collateral information, • Language that provides the holder of the security instrument with a valid and enforceable lien position <p><u>Additional Required Documentation</u></p> <ul style="list-style-type: none"> • Business Purpose/Non-owner Occupancy must be addressed in loan documentation • Lender to provide a clear OFAC check for all individuals with 25% or more ownership of the entity as confirmed by a current listing of ownership interests. • Personal Guaranty (business entity) • Cash out explanation for natural person borrowers (if not addressed on Business Purpose Affidavit) • 1-4 Family Rider (residential package) /Assignment of Rents Rider (commercial package) • If utilizing the FNMA/FHLMC residential document set (not eligible for blanket mortgages), you must also complete the Business Loan Rider • All other business entity forms noted in the Eligibility section below (if applicable) • All other forms required per the document checklist which is posted in the Reference Library of the Correspondent Portal. • Lenders must comply with all aspects of ECOA including the Right to Receive a Copy of the Appraisal Report Disclosure
<p>Loan Purpose</p>	<p>All loans originated to Bayview DSCR product are secured by the business real estate owned by the individual or business and its principals. All loans are for business purposes only, and are certified as such by the borrower/guarantor(s). Properties cannot be occupied by any of the guarantors.</p> <ul style="list-style-type: none"> • Purchase • Rate/Term Refinance <p>Cash-Out: Refinancing existing debt on the property in which the borrower/guarantor receives net proceeds (excluding third-party expenses reflected on the HUD or similar document) from the refinancing that exceed 2% of the loan amount. Financing of properties owned free and clear and acquired more than six (6) months prior to the loan origination date is also considered a Cash Out Refinance</p>



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<p>Rate/Term Refinance Transactions</p>	<ul style="list-style-type: none"> • The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items <ul style="list-style-type: none"> ◦ If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months ◦ A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months ◦ A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history • Max cash back at closing is limited to 2% of the new loan amount <p><u>Continuity of Obligation</u></p> <ul style="list-style-type: none"> • When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible: • The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements: <ul style="list-style-type: none"> ◦ Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or ◦ Is related to the borrower on the mortgage being refinanced • The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction • The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership • The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: • Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer • The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan • NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement <p>If owned ≤ one year:</p> <ul style="list-style-type: none"> • <u>0-6 months</u> <ul style="list-style-type: none"> ▪ Use lower of cost basis or appraised value to calculate LTV, or ▪ If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal and a complete list of improvements and costs from the borrower, then the appraised value can be used to calculate the LTV but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC) up to the maximum applicable LTV/LTC per the eligibility grid. <p><u>Example:</u></p> <p>For illustrative purposes, the below assumptions will be made</p> <ul style="list-style-type: none"> • Purchase Price: \$200,000 • Appraised Value: \$500,000 • Closing Costs: \$4000 • Documented Renovations: \$102,000
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	<p>A) <u>Cost Basis Determination</u> (inclusive of closing costs and documented renovations)</p> <p>\$200,000 (purchase price) + \$4000 (closing costs) + \$102,000 (documented renovations) = \$306,000</p> <p>B) <u>Current Appraised Value</u></p> <p>\$500,000 (assuming a maximum allowable LTV of 80% would yield a maximum loan amount of \$400,000)</p> <p>In the above example, since greater than 20% of the renovation work was completed on the property, the current appraised value (B) can be used to calculate maximum LTV, however, the maximum loan amount is limited to the cost basis plus documented renovations (A) \$306,000.</p> <ul style="list-style-type: none">• <u>7-12 months</u><ul style="list-style-type: none">▪ Use appraised value
Cash-Out Transactions	<ul style="list-style-type: none">• Cash-out loan proceeds may be used for business purposes only• Signed explanation of cash out required if Business Purpose Affidavit does not address reason for proceeds (required for natural borrowers only)• Cash-out may be used for reserves if FICO > 700 <p><u>Maximum cash out (excluding delayed financing transactions)</u></p> <ul style="list-style-type: none">• <u>Standard loans:</u><p>If owned ≤ one year:</p><ul style="list-style-type: none">• <u>0-6 months</u><ul style="list-style-type: none">▪ Use lower of cost basis or appraised value to calculate LTV, or▪ If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal and a complete list of improvements and costs from the borrower, then the appraised value can be used to calculate the LTV but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC) up to the maximum applicable LTV/LTC per the eligibility grid.▪ Cash out proceeds cannot exceed \$500,000 standard▪ See above example in the Rate/Term Refinance Transactions Section for calculation of maximum LTV and loan amount• <u>7-12 months</u><ul style="list-style-type: none">▪ Option 1<ul style="list-style-type: none">○ Use lower of cost basis or appraised value for all properties○ Cash out proceeds cannot exceed \$500,000 standard▪ Option 2<ul style="list-style-type: none">○ Use appraised value○ LTV > 65%, cash out proceeds to borrower cannot exceed \$250k standard○ LTV < 65%, cash out proceeds to borrower cannot exceed \$500k standard<p>If owned ≥ one year:</p><ul style="list-style-type: none">▪ \$500,000• <u>Blanket loans</u><p>If owned ≤ one year:</p><ul style="list-style-type: none">○ If the average ownership of all properties included in the loan is greater than one year,



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	<p>follow eligibility grid for LTV and maximum cash out cannot exceed \$2M.</p> <ul style="list-style-type: none"> o If the average ownership of all properties included in the loan amount is less than one year, the following requirements apply: <ul style="list-style-type: none"> • <u>0-6 months</u> <ul style="list-style-type: none"> ▪ Loan amount is less than or equal to the cost of the property plus all documented renovation costs. ▪ Cash out proceeds cannot exceed \$750,000 • <u>7-12 months</u> <ul style="list-style-type: none"> ▪ <u>Option 1</u> <ul style="list-style-type: none"> o Use lower of cost basis or appraised value for all properties o Cash out proceeds cannot exceed \$2M ▪ <u>Option 2</u> <ul style="list-style-type: none"> o Use appraised value <ul style="list-style-type: none"> ▪ LTV > 65%, cash out proceeds to borrower cannot exceed \$1M ▪ LTV < 65%, cash out proceeds to borrower cannot exceed \$2M <p>If owned ≥ one year:</p> <ul style="list-style-type: none"> o \$2M
<p>Delayed Financing</p>	<ul style="list-style-type: none"> • Property was purchased within six (6) months of the loan application • HUD-1/CD from purchase reflecting no financing obtained for the purchase of the property • Preliminary title reflects the borrower/guarantor as the owner and no liens • Prior transaction must have been arm's length • Will be treated as a rate and term refinance
<p>Occupancy</p>	<ul style="list-style-type: none"> • Properties cannot be occupied by any of the Borrower/guarantors or their immediate family. • Investment properties for 1-4 units <ul style="list-style-type: none"> o Occupied/Leased Property: A property that has at least the following number of Occupied/Leased Units: <ul style="list-style-type: none"> • single-family property = one unit • two-family property = two units • three-family property = two units • four-family property = three units o Unoccupied/Unleased: A unit or property that is not categorized as an Occupied/Leased Unit or an Occupied/Leased Property, as applicable <p><u>Blanket loans</u></p> <ul style="list-style-type: none"> • Blanket loans are categorized as vacant loan transactions when the following criteria are met: <ul style="list-style-type: none"> ▪ Purchase: 25% or more of the included properties are vacant according to the above definition ▪ Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition
<p>Age of Documents</p>	<p>All credit documents, including title commitment must be no older than ninety (90) days from the Note date with the exception of the credit report which must be no older than 120 days from the Note date</p>



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Eligibility	
Eligibility	<ul style="list-style-type: none"> • At least one borrower/ primary guarantor must have owned a home/property for 12 months or more in the last three years. • Both experienced investors and inexperienced investors are permitted. • Experienced investors are defined as: <ul style="list-style-type: none"> o Borrower/primary guarantor must have a history of owning and managing commercial or non-owner occupied residential real estate for at least 12 consecutive months in the most recent three (3) years, or o Borrower/primary guarantor must have had ownership in three or more properties each for at least twelve (12) months over the past 24 months • Inexperienced investors are defined as: <ul style="list-style-type: none"> o Borrowers not meeting the definition of an experienced investor are considered to be inexperienced investors. These loans must meet the additional criteria: <ul style="list-style-type: none"> ▪ Minimum DSCR of 1.0 ▪ Maximum LTV 70% ▪ Minimum loan amount of \$150,000 and maximum loan of \$1mil. ▪ Blanket mortgages not permitted ▪ First-time homebuyers are not eligible. A first-time homebuyer is defined as a borrower who has not owned a residential property at any time during the prior three years • Business entity Loans must have a guarantor defined as a primary guarantor who owns at least 25% of the borrowing entity. In the event that no guarantor owns at least 25%, the primary guarantor will be designated as the guarantor with the highest ownership percentage of the borrowing entity. • Borrower/Guarantor(s) must be US Citizens or Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens as defined in the <u>Borrower/guarantor Residency and Eligibility Guide</u> • All borrower/guarantor(s) must have a valid Social Security Number <p><u>All business entities must:</u></p> <ul style="list-style-type: none"> • Be a legal entity domiciled in the United States, including LLCs, LPs, partnerships, and corporations. • Be an entity with natural person members • Be a U.S. based Entity in Good Standing • Provide a full recourse guarantee by one or more individual(s) and the managing member, if applicable, which are the largest percentage owners and in aggregate own at least 51% of the borrowing entity or 50% if there are only 2 members of the borrowing entity, unless otherwise approved by Bayview • The guarantor(s) on the loan application must be a managing member(s) with documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity. <p><u>Business Entity Documentation Requirements:</u></p> <ul style="list-style-type: none"> • Certificate of formation, filed articles of incorporation, including any and all amendments, as applicable, and a current listing of all ownership interests. • The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC, including but not limited to granting authority to the signor to encumber indebtedness on behalf of the entity • Lender to provide a clear OFAC check for all individuals with 25% or more ownership of the entity as confirmed by a current listing of ownership interests. • Current Certificate of good standing, dated within 12 months prior to note date
Ineligible Borrower/guarantors	<ul style="list-style-type: none"> • Life Estates • Trusts • Guardianships



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	<ul style="list-style-type: none"> • Community Land Trusts • Land Trusts, • Borrower/guarantors/business entities with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying • Foreign Nationals defined as a citizen of another country that does not fall into one of the categories or meet the requirements as defined in the Residency and Eligibility Guide • 501(c)(3) organizations • Trusts or LLCs whose members include other LLCs, corporations, partnerships, or trusts. • Trusts or LLCs where a Power of Attorney is used. • Borrower/guarantor(s) with Diplomatic Immunity status
<p>Non-Arm's Length</p>	<p>A non-arm's length transaction exists whenever there is a personal or business relationship with any party to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party.</p> <p>The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> • Family sales or transfers • Assignment of contracts • Property seller acting as their own real estate agent • Relative of the property seller acting as the seller's real estate agent • Borrower/guarantor acting as their own real estate agent • Relative of the borrower/guarantor acting as the borrower/guarantor's real estate agent • Borrower/guarantor is the employee of the originating lender and the lender has an established employee loan program. Evidence of employee program to be included in loan file. • Originator is related to the borrower/guarantor • Borrower/guarantor purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower/guarantor and landlord)
Credit	
<p>Underwriting</p>	<ul style="list-style-type: none"> • Manual underwrite is required • In some cases, single loan variances to program eligibility may be acceptable when strong compensating factors exist to offset the risk. Single loan variance must be granted by the purchaser • Items not addressed in this matrix should be referred to Bayview • Simultaneous Submissions do not need to be underwritten simultaneously
<p>Credit Requirements</p>	<ul style="list-style-type: none"> • Tri-merged credit reports are required on all borrower/guarantor(s) <i>dated within 120 days of loan origination</i> <ul style="list-style-type: none"> ◦ The representative score for each borrower/guarantor is: <ul style="list-style-type: none"> ▪ The middle score when three scores are obtained, or ▪ The lower score when two scores are obtained ▪ If only one score is obtained, the borrower/guarantor is ineligible • The representative score for the loan is the lowest representative score of the borrower(s) or guarantor(s), as applicable. • Minimum two (2) trade lines are acceptable if the borrower/guarantor has a satisfactory mortgage rating for at least twelve (12) months (opened or closed) within the last twenty-four (24) months and one (1) additional open trade line • Each borrower/guarantor must meet the minimum trade line requirements • Authorized user accounts are not allowed as an acceptable trade line



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	<ul style="list-style-type: none"> • Non-traditional credit is not allowed as an acceptable trade line • Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required • In addition to compliance the OFAC and Exclusionary list policy as set forth in the Special Products Seller Guide, Section B707, lender must also complete a background check on borrower/guarantor • Background search on borrower/guarantor(s) must include litigation, judgment and lien searches obtained from and dated within 90 days of loan origination <ul style="list-style-type: none"> ○ To the extent there is evidence of an adverse finding listed below such persons are not permitted <ul style="list-style-type: none"> ▪ Previous felony conviction ▪ Misdemeanor conviction involving fraud, embezzlement or other similar crimes or an adverse fraud screen result, all within the last 5 years ▪ Loans where a Google search or other information known to the originator reveals material litigation, pending misdemeanors or felonies, regulatory investigations/citations or other matters of similar relevance on any of the guarantors, borrower/guarantors, or the property are ineligible unless otherwise approved by Bayview ▪ Each borrower/guarantor, if applicable, with 10 or more judgements and/or liens in the last 36 months, or current liens in excess of \$250,000 are ineligible unless otherwise approved by Bayview <ul style="list-style-type: none"> ○ Lenders must also verify that all parties are not citizens of or reside in a country identified by Financial Action Task Force (FATF) as being a high-risk jurisdiction or a jurisdiction with strategic deficiencies ○ Background search may be from one of the suggested vendors below or another comparable provider. A combination of vendor reports may be used provided that together they fulfill the prescribed background search requirements listed above. <ul style="list-style-type: none"> ▪ Lexis Nexis (i.e, Smartlinks Person Report) ▪ Checkpoint (i.e., Investigative Instant and/or Non-Instant Search) ▪ Pacer (Public Access to Court Electronic Records) ▪ Fraud Guard ▪ DataVerify
<p>Housing History</p>	<p>Mortgage history requirements:</p> <p><u>Experienced borrowers</u></p> <ul style="list-style-type: none"> • Provide a 12 month mortgage history on the primary residence and the subject property, applicable to all borrower/guarantor/entity (s) on the loan <p><u>Inexperienced borrowers</u></p> <ul style="list-style-type: none"> • Provide a 12 month history on the primary residence and all other properties owned by the borrower/guarantor/entity(s), applicable to all borrower/guarantor/entity (s) on the loan • Maximum 1x30x12 between <u>all</u> disclosed mortgages, including those required to be verified as indicated above • The mortgage rating may be from the credit report, credit supplement or a third party verification service, unless the mortgage holder is a party to the transaction or relative of the borrower/guarantor, cancelled checks or bank statements to verify satisfactory mortgage history is required <ul style="list-style-type: none"> • Sellers must review the borrower/guarantor(s) credit report to determine status of all mortgage loans including verification that any mortgage is not subject to a loss mitigation



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	<p>program, repayment plan, loan modification or payment deferral plan and meets all additional requirements in forbearance section below.</p>
<p>Significant Derogatory Credit</p>	<ul style="list-style-type: none"> • Bankruptcy, Chapter 7, 11, 13 - three (3) years since discharge / dismissal date • Foreclosure – three (3) years since completion date • Short Sale/Deed-in-Lieu - three (3) years since completion / sale date • Forbearance (refer to section below) • Mortgage accounts that were settled for less, negotiated or short payoffs – three (3) years since settlement date • Loan modification – three (3) years since modification date • Notice of Default – three (3) years, <ul style="list-style-type: none"> ◦ NOD's on short term bridge loans (<2 year term) with hard maturities may be acceptable assuming all deficiencies are cleared and documented. These loans are subject to Bayview approval. • A satisfactory explanation letter from the borrower/guarantor(s) must be provided addressing any of the above derogatory credit events if the event occurred in the last four (4) years • Multiple derogatory credit events require a 7 year seasoning period <ul style="list-style-type: none"> ◦ A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event ◦ A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event • Medical collections are allowed to remain outstanding if the balance is less than \$10,000 in aggregate • Tax liens, judgments, charge-offs, and past-due accounts must be satisfied or brought current prior to or at closing • Cash-Out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts • Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full
<p>Forbearance</p>	<ul style="list-style-type: none"> • <u>Any forbearance resulting in subsequent loan modification/repayment plan is considered a significant derogatory credit event and subject to a three (3) year waiting period.</u> • <u>Any forbearance filed after 6/1/22 is considered a significant derogatory credit event and subject to a three (3) year waiting period.</u> <p>Forbearance on Subject and Non-subject property(s) that do not fall into the above scenarios:</p> <ul style="list-style-type: none"> • Any loan(s) that is shown to be in <u>active</u> forbearance is considered ineligible. • Any loan that is shown to be in a past forbearance is only permitted if the plan has been exited and all reported payments have been made on time since the exit. • Loan file must contain a letter of explanation from the borrower/guarantor detailing the reason for forbearance and that the hardship no longer exists.
<p>Lawsuit/Pending Litigation</p>	<p>If the loan application, title commitment or credit documents indicate that the borrower/guarantor is party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower/guarantor's ability to repay, assets or collateral</p>
<p>Debt Service Coverage Ratio</p>	
<p>Debt Service Coverage Ratio (DSCR)</p>	<p><u>Debt Service Coverage Ratio (DSCR):</u></p>



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- The DSCR is calculated by taking the gross rents divided by the PITIA of the subject property.
 - Interest-only loans must use the fully amortized PITIA payment for DSCR calculation.
- Blanket loans require a DSCR ≥ 1.0
- Short-term rentals require a DSCR ≥ 2.0
- Use the Note Rate to calculate PITIA
- Use the real estate taxes listed on the title policy or a current real estate tax bill converted into a monthly payment
- Use the insurance premium that is listed on the approved insurance certificate (or other documentation) converted into a monthly payment
- Use the Association fees (if applicable) that is listed as the monthly amount on the appraisal or current homeowner association statement

Gross Rent Requirements:

- **Purchase:**
 - Obtain Appraisal Form 1007/1025 as applicable and use 100% of the gross market rent in DSCR calculation.
- **Refinance:**
 - Obtain both a current lease agreement and Appraisal Form 1007/1025 as applicable. 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 or per local statutes is still current is allowed.
 - Gross rent used in the DSCR calculation must come from the lesser of the lease agreement or Appraisal Form 1007/1025 as applicable, except as noted below:
 - When the lease agreement is higher than the gross market rent on the appraisal, the following requirements apply:
 - The amount used for qualifying cannot exceed 10% over the market rent on the appraisal
 - If the actual rent is greater than market rent, but is $\leq 10\%$ over the market rent, then the lease amount can be used for qualifying

Example #1 – Actual Rent is 20% Above Market		Example #2 – Actual Rent is 5% Above Market	
Actual Rent per Lease Agreement	\$1200	Actual Rent per Lease Agreement	\$1050
Market Rent per Appraisal	\$1000	Market Rent per Appraisal	\$1000
Allowable Amount for Qualifying	\$1100	Allowable Amount for Qualifying	\$1050

- **Short-Term Rentals:** Short-term rentals are properties in which the rental term is less than 12 months, relatively variable in duration (e.g. short weekend, two weeks, several months, etc.), and may not be subject to a traditional lease agreement.
 - Short-term rentals are permitted. Proof of receipt for the most recent 12 months* is required.
 - Utilize documented 12 months* of payments to derive the gross monthly rental amount, not to exceed 100% of market rent schedule. If no rent is received, use zero for that month.

OR.

 - Utilize documented 24 months of payments to derive the gross monthly rental amount, not to exceed 125% of market rent schedule. If no rent is received, use zero for that month
 - Property must be tenant ready with furniture, appliances, etc.
 - LTV is reduced by 5%

*Properties owned ≥ 6 months but < 12 months will be reviewed on an exception basis. Income calculation will be at Bayview's discretion but not more than 80% of documented rent.

DSCR Restrictions

- DSCR < 1.0 not permitted for:
 - 2-4 unit properties with FICO < 740



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	<ul style="list-style-type: none"> o Inexperienced investors o Blanket loans • DSCR < 1.0 requires 6 months reserves • Short-term rentals require a DSCR ≥ 2.0 • Minimum DSCR of 1.25 required on loan amounts less than \$150,000 unless the transaction is a purchase loan with a minimum FICO of 700 									
<p>Lease Requirements</p>	<p>Leases must:</p> <ul style="list-style-type: none"> • Be a third-party lease with no borrower/guarantors, owners of the borrower/guarantor or their immediate family members leasing or occupying the property (“Eligible Tenant”) <ul style="list-style-type: none"> o Immediate Family members is defined as those by lineal descendant, adoption or marriage, this includes spouses, siblings, children, parents, or grandparents, • Be in the name of the borrower/guarantor or their verified property manager, as landlord • Be executed by both an Eligible Tenant and the borrower/guarantor(s) (as landlord(s)) <ul style="list-style-type: none"> o All tenants on leases must be natural persons. Exceptions for other types of entities may be considered on a case by case basis • Have a unit rental rate, and terms consistent with rates and terms prevailing in the local market where the property is located • Be on a form that is customary to the area the property is located in and comply with all applicable legal requirements in all material respects (including all required disclosures) • Cover 100% of the square footage of the applicable residential unit • Rent to own and/or contract for deeds are ineligible 									
<p>Assets/Reserves</p>										
<p>Asset Requirements</p>	<ul style="list-style-type: none"> • Beyond the minimum reserve requirements and to fully document the borrower/guarantor’s ability to meet their obligations, borrower/guarantors should disclose all liquid assets • Eligible assets must be held in a US account • Two (2) most recent months account statements from either the borrower/guarantor/primary guarantor or the borrowing entity, as applicable (including inter vivos revocable trust assets), must be provided. The asset verification must provide sixty (60) days of account activity and include all items normally indicated on bank statements • Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets <table border="1" data-bbox="446 1276 1549 1631"> <thead> <tr> <th data-bbox="446 1276 750 1371">Asset Type</th> <th data-bbox="750 1276 1060 1371">% Eligible for Calculation of Funds</th> <th data-bbox="1060 1276 1549 1371">Additional Requirements</th> </tr> </thead> <tbody> <tr> <td data-bbox="446 1371 750 1461">Checking/Savings/Money Market/CDs</td> <td data-bbox="750 1371 1060 1461">100%</td> <td data-bbox="1060 1371 1549 1461">Two (2) months most recent statements</td> </tr> <tr> <td data-bbox="446 1461 750 1631">Publicly Traded Stocks/Bonds/Mutual Funds</td> <td data-bbox="750 1461 1060 1631">100%</td> <td data-bbox="1060 1461 1549 1631">Two (2) months most recent statements. Non-vested stock is ineligible. Margin account and/or pledged asset balances must be deducted</td> </tr> </tbody> </table>	Asset Type	% Eligible for Calculation of Funds	Additional Requirements	Checking/Savings/Money Market/CDs	100%	Two (2) months most recent statements	Publicly Traded Stocks/Bonds/Mutual Funds	100%	Two (2) months most recent statements. Non-vested stock is ineligible. Margin account and/or pledged asset balances must be deducted
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	Retirement Accounts (401(k), IRAs, etc.)	70% of the vested value after the reduction of any outstanding loans	<ul style="list-style-type: none"> • Most recent statement(s) covering a two (2) month period • Evidence of liquidation if using for down payment or closing costs • Evidence of access to funds required for employer- sponsored retirement accounts • Retirement accounts that do not allow for any type of withdrawal are ineligible for reserves
	Cash Value of Life Insurance/ Annuities	100% of value unless subject to penalties	Most recent statement(s) covering a two (2) month period
	1031 Exchange	Reverse 1031 exchanges not allowed	<ul style="list-style-type: none"> • HUD-1/CD for both properties • Exchange agreement • Sales contract for exchange property • Verification of funds from the Exchange Intermediary
	Business Funds	Allowed for down payment/closing costs and reserves with additional requirements met	<ul style="list-style-type: none"> • If business account used is not in the same name as the borrowing entity, then the following requirements must be met: <ul style="list-style-type: none"> ◦ Natural borrower/guarantor(s) must have ownership of 25% or greater of the entity holding the account ◦ Borrower/guarantor must also be named on the account or provide proof of access to 100% of the funds from other members
	Gift Funds	Permitted after borrower/guarantor minimum 10% contribution	<ul style="list-style-type: none"> • Donor must be a family member, future spouse or domestic partner • Executed gift letter with gift amount and source, donor's name, address, phone number and relationship • Seller must verify sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account • Acceptable documentation includes the following: <ul style="list-style-type: none"> ◦ Copy of donor's check and borrower's deposit slip ◦ Copy of donor's withdrawal slip and borrower's deposit slip ◦ Copy of donor's check to the closing agent • A settlement statement/CD showing receipt of the donor's gift check



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			• Gift funds are not permitted to meet reserve requirements															
	Gift of Equity	Not Permitted	N/A															
	Virtual Currency	Not Permitted	N/A															
Reserves	<ul style="list-style-type: none"> • DSCR \geq 1.0: 3 months PITIA for subject property • DSCR $<$ 1.0: 6 months PITIA for subject property • Cash out may be utilized for reserves if FICO $>$700 • Gift funds are not permitted to meet reserve requirements • Funds utilized for down payment and closing costs cannot be included in reserve funds • Additional 6 months reserves are required for purchase of a short-term rental • Additional reserves are required for refinance transactions due to vacancy of units as noted in the table below for: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th># Units in Subject Property</th> <th># Vacant Units</th> <th>Additional 6 months PITIA Reserves Required</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>Y</td> </tr> <tr> <td>2</td> <td>1</td> <td>Y</td> </tr> <tr> <td>3</td> <td>2</td> <td>Y</td> </tr> <tr> <td>4</td> <td>3</td> <td>Y</td> </tr> </tbody> </table> <p>Blanket loans</p> <ul style="list-style-type: none"> • An additional 6 months of PITIA reserves is required (9 months in total) for vacant transactions. <ul style="list-style-type: none"> o The loan is categorized as a vacant loan transaction when the following criteria are met: <ul style="list-style-type: none"> ▪ Purchase: 25% or more of the included properties are vacant according to the above definition ▪ Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition 			# Units in Subject Property	# Vacant Units	Additional 6 months PITIA Reserves Required	1	1	Y	2	1	Y	3	2	Y	4	3	Y
# Units in Subject Property	# Vacant Units	Additional 6 months PITIA Reserves Required																
1	1	Y																
2	1	Y																
3	2	Y																
4	3	Y																
Interested Party Contributions	<ul style="list-style-type: none"> • Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender or their affiliates and/or any other party with an interest in the real estate transaction • The following restrictions for interested party contributions apply: <ul style="list-style-type: none"> o May only be used for closing costs and prepaid expenses and may not be used for down payment or reserves o Maximum interested party contribution is limited to 3% of the purchase price 																	
Seller Concessions	<ul style="list-style-type: none"> • All seller concessions must be addressed in the sales contract, appraisal and HUD-1/CD. A seller concession is defined as any interested party contribution beyond the stated limits (as shown in the prior section, Interested Party Contributions) or any amounts not being used for closing costs or prepaid expenses • If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount for the purposes of calculating the LTV/CLTV/HCLTV 																	
Personal Property	<ul style="list-style-type: none"> • Any personal property transferred with a property sale must be deemed to have zero transfer value as indicated by the sales contract and appraisal • If any value is associated with the personal property, the sales price and the appraised value must be reduced by the personal property value for purposes of calculating the LTV/LTC 																	

Subordinate Financing

Subordinate Financing	Not permitted
Down Payment/Closing Cost Assistance	Down payment and closing cost assistance subordinate financing is not permitted

Property/Appraisal

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<p>Eligible Property Types</p>	<ul style="list-style-type: none"> • 1-4 Unit residential investment properties leased as income producing properties to non-Borrower/guarantor affiliated tenants • Attached and Detached • Planned Unit Developments (PUDs) • Condominiums (refer to section below) • Properties that are legal or legal-non-conforming use <p>Miscellaneous:</p> <ul style="list-style-type: none"> • Leasehold must meet Fannie Mae requirements • Properties with leased solar panels must meet Fannie Mae requirements • All units/properties must have a functioning kitchen • Properties must meet the following minimum square footage: <ul style="list-style-type: none"> o 1 unit: 700sqft o Condominium: 500sqft o 2-4 unit: 400sqft per unit • 2-4 unit property with FICO \leq 740 requires DSCR \geq 1.0
<p>Acceptable Forms of Ownership:</p>	<ul style="list-style-type: none"> • Fee Simple • Leaseholds • Deed/Resale Restrictions must meet Fannie Mae requirements
<p>Ineligible Property Types</p>	<ul style="list-style-type: none"> • Assisted living facilities, nursing homes or any arrangement where the unit owner or tenant contracts for a commitment for resident or tenant care • Community Land Trusts • Property value $<$\$100,000 • Cooperatives • Units $>$ \$1.5M for blanket loans • Condotels or time-shares • Lease with purchase option properties • Manufactured/Modular/Mobile Homes • Mixed-Use Properties • Model Home Leasebacks • Multifamily (5+ units) • Rural Properties defined as properties classified as rural by the appraisal or with two of three comparable properties more than 5-miles from the subject property • Properties with atypical physical features for the neighborhood • Properties in areas where more than 10% of other properties within a 2-block radius are either clearly vacant, abandoned and/or boarded-up • Properties located in Hawaii in lava zones 1 & 2 • Properties located in areas where a valid security interest in the property cannot be obtained • Properties not configured or used for residential purpose Properties on Native American reservations or properties not easily accessible by roads that meet local standards • Properties with known adverse environmental conditions (other than lead paint, radon or asbestos in each case which do not present a health hazard, do not require remediation and have been contained per EPA guidelines) • Properties subject to ground lease • Properties which are not in compliance with local zoning regulations • Properties where the appraisal indicates any environmental concerns • Properties with condition rating of C5/C6 or not lease ready • Properties with construction rating of Q6



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	<ul style="list-style-type: none"> • Properties with revolving credit facilities which permit the addition of additional collateral • Properties >2 acres • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant • Single Room Occupancy (SROs) or former healthcare facilities • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches or orchards 												
<p>Accessory Dwelling Unit (ADU) Requirements</p>	<p>An ADU is typically an additional living area independent of the primary dwelling that may have been added to, created within, or detached from a primary one-unit dwelling.</p> <ul style="list-style-type: none"> • Rental income from the ADU is not permitted • Only one ADU is permitted on the parcel of the primary one-unit dwelling and it must: <ul style="list-style-type: none"> ◦ Be subordinate in size to the primary dwelling ◦ Have the following separate features from the primary dwelling: <ul style="list-style-type: none"> • Means of ingress/egress, • Kitchen with cabinets, a countertop, a sink with running water and a stove, • Sleeping area, • Bathing area, and • Bathroom facilities <p>Additionally, the appraiser must confirm that subject property is a one-unit property with an ADU and the appraisal must contain comparables with ADUs in the subject property's market area. The appraisal report must demonstrate that the improvements are acceptable for the market. An aged settled sale will qualify as a comparable, and an active listing or under contract sale will qualify as a supplemental exhibit to show marketability.</p>												
<p>Geographic Area</p>	<p>Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted</p>												
<p>Condo Project Requirements</p>	<p>If the property is part of a condominium association, the originator must obtain a condominium questionnaire and insurance certificate from the condominium association to ensure that it meets the eligibility criteria below. Condominiums must either meet FNMA requirements (inclusive of limited reviews) or the following warrantable guidelines as applicable. If neither set of guidelines is met, refer to the non-warrantable guideline requirements below.</p> <table border="1" data-bbox="469 1461 1549 1820"> <thead> <tr> <th colspan="2" style="background-color: #0056b3; color: white;">Warrantable Condominiums</th> </tr> <tr> <th style="background-color: #0056b3; color: white;">Criteria</th> <th style="background-color: #0056b3; color: white;">Requirement</th> </tr> </thead> <tbody> <tr> <td>HOA Delinquency</td> <td>No more than 15% of tenants within an HOA may be delinquent more than 30 days</td> </tr> <tr> <td>Capital Reserves/ Special Assessments</td> <td>Must be the Greater of: -two years of planned capital reserves and any special assessments available for immediate use OR -10% of the budget as long as the budget includes allocations for line items pertinent to the is type of condo project and provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is as least 10% of the total budget</td> </tr> <tr> <td>Conveyance</td> <td>At least 90% of units have been sold to owners</td> </tr> <tr> <td>Renter Concentration</td> <td>No more than 50% of total units may be renter</td> </tr> </tbody> </table>	Warrantable Condominiums		Criteria	Requirement	HOA Delinquency	No more than 15% of tenants within an HOA may be delinquent more than 30 days	Capital Reserves/ Special Assessments	Must be the Greater of: -two years of planned capital reserves and any special assessments available for immediate use OR -10% of the budget as long as the budget includes allocations for line items pertinent to the is type of condo project and provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is as least 10% of the total budget	Conveyance	At least 90% of units have been sold to owners	Renter Concentration	No more than 50% of total units may be renter
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	occupied unless borrower/guarantor owns 50% or more of total units or controls the association
Ownership Concentration	Units owned by a single entity (individual, investor group, partnership or corporation) represent no more than 25% of total units, or in projects with only 5 to 20 units – 2 units, other than the borrower/guarantor unless the borrower/guarantor is the largest single owner in the project
Project Status	Project is 100% complete and not subject to additional phasing
Insurance	The Condominium Association maintains a master insurance policy per FNMA guidelines
Non-Incidental Business	Income other than condo association fees may not make up more than 20% of total association income unless approved by Bayview and must be excluded from use in the reserve requirement
Litigation	Association is not named as party to any material litigation, defined as litigation that would not be covered under current insurance policy or any reputational litigation as determined by Bayview
Conveyance	Control of HOA has been turned over to unit owners
Commercial Component	No more than 35% of total square footage may be used for commercial purposes
Listed Securities	No projects may be listed securities (projects with documents on file with the SEC)
Ownership Interests	Units in the project must be held fee simple
Use Restrictions	The project must not restrict owner occupancy or the ability of new owners to rent units entirely.
Significant Deferred Maintenance	Loans secured by units in condo and co-op projects with significant deferred maintenance or in projects that have received a directive from a regulatory authority or inspection agency to make repairs due to unsafe conditions are not eligible for purchase. These projects will remain ineligible until the required repairs have been made and documented. Acceptable documentation may include a satisfactory engineering or inspection report, certificate of occupancy, or other substantially similar documentation that shows the repairs have been completed in a manner that resolves the building's safety, soundness, structural integrity, or habitability concerns.
Special Assessments	Any current or planned special assessment, even if paid in full for the subject unit, must be reviewed to determine acceptability. The lender must document the loan file with the following: • the reason for the special assessment; • the total amount assessed and repayment terms; • documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project; and • borrower qualification with any outstanding special assessment payment. The lender is expected to obtain the financial documents necessary to confirm the association has the ability to fund any repairs. If the special assessment is related to safety, soundness, structural integrity, or habitability, all related repairs must be fully completed or the project is not eligible. Additionally, If the lender or appraiser is unable to determine that there is no adverse impact, the project is ineligible.

Non-Warrantable Condominiums	
Criteria	Requirement
LTV/LTC	Must reduce LTV/LTC from eligibility table by 10% with a Max LTV of 70% permitted
HOA Delinquency	No more than 15% of tenants within an HOA may be delinquent more than 30 days
Capital Reserves/ Special Assessments*	<10% replacement, maintenance, and/or deductible
Conveyance*	At least 30% of units have been sold to owners or under contract
Renter Concentration*	No more than 55% of total units may be renter occupied
Ownership Concentration*	Units owned by a single entity (individual, investor group, partnership or corporation) represent no more than 30% of total units, or in projects with only 5 to 20 units – 2 units, other than the borrower/guarantor unless the borrower/guarantor is the largest single owner in the project



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Special Assessments	Any current or planned special assessment, even if paid in full for the subject unit, must be reviewed to determine acceptability. The lender must document the loan file with the following: <ul style="list-style-type: none"> the reason for the special assessment; the total amount assessed and repayment terms; documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project; and borrower qualification with any outstanding special assessment payment. The lender is expected to obtain the financial documents necessary to confirm the association has the ability to fund any repairs. If the special assessment is related to safety, soundness, structural integrity, or habitability, all related repairs must be fully completed or the project is not eligible. Additionally, if the lender or appraiser is unable to determine that there is no adverse impact, the project is ineligible.
Non-Incidental Business	Income other than condo association fees may not make up more than 20% of total association income unless approved by Bayview and must be excluded from use in the reserve requirement
Litigation*	Association is not named as party to any material litigation, defined as: Structural/Functional litigation against developer Non-material litigation (Slip and fall/single unit complaints/3rd party claims) is permitted with adequate reserves Lender must provide verification of lawsuit amount and proof of sufficient insurance coverage.
Conveyance	Control of HOA has been turned over to unit owners
Commercial Component	No more than 35% of total square footage may be used for commercial purposes
Miscellaneous	Newly converted Non-full gut rehab are ineligible. All units/properties must have a functioning kitchen

*Denotes a non-warrantable feature. No more than one non-warrantable feature may be present per property

Appraisal Requirements	<p>A USPAP and FIRREA compliant interior appraisal from a state licensed appraiser who is independent of the originator and borrower/guarantor must be completed for the subject transaction. This appraisal must contain a customary independence certification by the appraiser. Re-use of a prior appraisal, regardless of the date of the appraisal, is not permitted.</p> <ul style="list-style-type: none"> Restricted appraisals are not permitted The subject property must be appraised within 90 days prior to the Note date Appraisal must ensure that any and all additions or conversions have been completed according to code or lender must provide a recent certificate of occupancy validating code requirements have been met Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. <ul style="list-style-type: none"> In no event, are appraisals ordered or selected by borrower/guarantors, or other lenders acceptable. Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan A single appraiser cannot be used for more than 3 out of every 5 consecutive valuations in any specific county or for any one borrower/guarantor, managing member, or other related party with the exception of blanket/multi-property loan transactions. <p>Valuation Criteria:</p>
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- The interior appraisals must be on the applicable form required by the Fannie Mae Guidelines for 1-4 family properties or a form approved by Bayview. Currently those forms are FNMA 1004/FH 70 (1 Family), FNMA 1073/FH 465 (Individual Condo), or FNMA 1025/FH 72 (2-4 Family)
- Appraisal market rent estimates must be based on an annual lease for residential purposes and must be on the applicable form required by the Fannie Mae Guidelines or a form approved by Bayview. Currently those forms are FNMA 1007 (1 Family) or FNMA 1025 (2-4 Family). Short term or specialized use rental rates are not acceptable for use as market rent
- Condominium or townhouse properties must be valued on a rental basis whenever less than 50% of the properties in the building or same development are owned by individual homeowners
- There must be at least 3 comparables in the same zip code or within 1 mile of the subject property. One comparable must be within 1 mile of the subject property with limited net adjustments unless otherwise approved by Bayview.
- The originator must review the valuation to ensure that the value is well supported by the evidence in the appraisal or residential evaluation and by the comparable transactions.
 - The appraiser must inspect the exterior of the property and provide a photo.
 - Appraiser must review current market data to determine whether the property has declined in value since the date of the original appraisal. If the value has declined since the original appraisal, a new full appraisal is required
- A market rent comparable schedule (FNMA 1007 or 1025) must be provided.
- Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date
- Properties with condition rating of C5/C6 or not lease ready, and/or properties with construction rating of Q6 are ineligible
- See Property Flipping section for additional requirements

Third-Party Review

- Collateral Desktop Analysis (CDA) ordered from Clear Capital or a Collateral Underwriter (CU) score of 2.5 or less is required to support the value of the appraisal. The Seller is responsible for ordering the CDA if needed.
 - If the CDA returns a value that is "Indeterminate" then one (1) of the following requirements must be met:
 - A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of the three Reports is required. The Value Reconciliation will be used for the appraised value of the property.
 - A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property.
 - If the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, the lower value of the two must be used.
- Sellers must comply with all aspects of ECOA, including the Right to Receive a Copy of the Appraisal Report Disclosure

Appraisal Transfers

- Appraisal transfers are permitted. All appraisal transfers must meet the following requirements:
 - Appraisal must be in the name of the transferring lender
 - Transfer letter from transferring lender
 - Must be on company letterhead
 - Borrower name and address must be included
 - Must be executed by an authorized member of the company. The printed name and signature of seller's representative, title and date is required. Appraisal



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	<ul style="list-style-type: none"> transfer letters signed by loan officers or loan processors will not be acceptable o Statement from the transferring lender that the appraisal was prepared in compliance with Appraisal Independence Requirements o Paid invoice o Proof that original appraisal report was provided to the borrower o Maximum 75% LTV/LTC o CDA is required. A CU score is not permitted to be used to meet appraisal review requirements
<p>Property Flips</p>	<p>A property is considered a “flip” if either of the following are true:</p> <ul style="list-style-type: none"> • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower’s purchase agreement <p>If the property is a “flip” as defined above, the following additional requirements apply:</p> <ul style="list-style-type: none"> • A second appraisal must be obtained and a copy of the second appraisal must be provided to the borrower • The second appraisal must be dated prior to the loan consummation/note date. • The property Seller on the purchase contract must be the owner of record. • Increases in value should be documented with commentary from the appraiser and recent comparable sales • Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable • There can be no pattern of previous flipping as evidenced by multiple transfers in the last 12 months • Non-Arm’s Length transactions are not permitted. Client is responsible for reviewing chain of title. Particular due diligence should be exercised in cases of entity to entity transfers to ensure no red flags are present • The property must have been marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing. The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in-lieu
<p>Insurance</p>	<ul style="list-style-type: none"> • Proof of Rent loss Insurance is required. <ul style="list-style-type: none"> o This is in addition to all other insurance requirements per the Special Products Selling Guide.
<p>Disaster Area Requirements</p>	<ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the Special Products Seller Guide for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> o FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); o Areas where FEMA has not made a disaster declaration, but Community Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; o Areas where the Seller has reason to believe that a property might have been damaged in a disaster • Correspondent lenders are responsible for monitoring the Disaster Declaration File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster



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Escrows	<ul style="list-style-type: none">• Escrows for the payment of 1/12 of the annual taxes and required insurances are required and are collected at closing<ul style="list-style-type: none">◦ Escrow amounts should be collected in an amount sufficient to allow for timely payment of the property expenses plus a 2-month cushion.◦ Refer to the Special Products Selling Guide• Escrows for flood insurance, if applicable is required• The collection of escrow deposits for insurance on condominiums is not required if coverage is provided by a blanket insurance policy which the homeowner's association has purchased.
Escrow Holdbacks	Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase
Assumability	Loans are not assumable
Pre-Payment Penalties	<ul style="list-style-type: none">• Prepayment penalties are not allowed in New Mexico nor Alaska for any reason.• Blanket mortgages: if included properties are located in multiple states, follow the most conservative state PPP restriction, as applicable• Prepayment penalties may be assessed as noted below for loans that prepay between the loan origination date and year five (5) in all states except: MI, MN, MS, NC, NJ, OH, PA, RI, TX and VA which must follow all state specific requirements as noted in Appendix A.



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Prepayment Penalty by Year							
	Year 0-1	Year 1-2	Year 2-3	Year 3-4	Year 4-5	Year 5-6	Year 6-7
7-year option(s)	5.00%	5.00%	4.00%	4.00%	3.00%	2.00%	1.00%
5-year option(s)	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%
	5.00%	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%
4-year option(s)	5.00%	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%
	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%
3-year option(s)	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%
	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%
	6 month's interest if pay down > 20 %	6 month's interest if pay down > 20 %	6 month's interest if pay down > 20 %		0.00%	0.00%	0.00%
2-year option (s)	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1-year option(s)	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
No Prepay Penalty	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*** 7 year PPP options are not available in the following states: LA, MI, MN, MS, MO, OH (for 1-2 units), and RI ***** 7 year PPP not permitted to be paired with 5yr IO product***

Special Restrictions

Maximum Financed Bayview Exposure

Borrower/guarantor(s)/entities are limited to a maximum \$6,250,000 in aggregate with Bayview

Blanket/Multiple Property Loans

- Up to 25 properties can be combined into a single loan
- Minimum DSCR: 1.0
- Minimum of 2 properties
- Must be experienced investor
- Minimum asset value of \$100,000 per each property included
- Maximum asset value of \$1.5M per unit for each property included (i/e \$1.5M maximum value on 1-unit, \$3.0M maximum value on 2-unit, etc.)
- Maximum loan amount of \$6,250,000



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- If $\geq 25\%$ of the properties included in the blanket are condominiums, 2-4 units or a combination of both, a Single Loan Variance (SLV) and pre-close pricing exception will be required
- Different property types can be collateralized together. Pricing and eligibility based on the most restrictive property type of all within the cross.
- Cannot use FNMA/FHLMC Notes and/or Security Agreements
- If $>25\%$ of the properties included in the blanket have individual DSCR's between 0.75 and 0.99 DSCR, then the maximum LTV must be reduced by 10%
 - o The individual property DSCR's should be calculated using only a portion of the P&I on the new loan. The portion of the P&I that should be used is allocated based on the value of the property as compared to the total value of all properties being secured in the blanket. See the calculation example below:
 - o Assumptions:
 - The blanket loan is going to be secured by seven properties
 - The P&I on the new loan is \$2500
 - We're going to calculate the individual DSCR on property #4
 - Monthly taxes, insurance and association fees for property #4 are \$1200
 - Monthly gross rental income on property #4 is \$1700

Step 1: Determine allocation percentage for each property by comparing the individual appraised value to the total of all appraised values in the blanket. As an example, for property #4, the allocation percentage is calculated using \$200,000 divided by \$800,000 = 25%

Property	Appraised Value	Allocation Based on Total Appraised Values
1	\$100,000	12.5%
2	\$100,000	12.5%
3	\$100,000	12.5%
4	\$200,000	25.0%
5	\$100,000	12.5%
6	\$100,000	12.5%
7	\$100,000	12.5%
Total	\$800,000	100%

Step 2: Determine the amount of the new P&I that should be used to calculate the individual DSCR on property #4


Total P&I of the new loan multiplied by the allocation percentage for property #4. $\$2500 \times 25\% = \mathbf{\$625}$

Step 3: Add the individual property's monthly TIA (taxes, insurance, association fees) to the allocated P&I. $\$625 + \$1200 = \mathbf{\$1825}$

Step 4: Calculate the individual DSCR for property #4 by taking gross monthly rent divided by the allocated PITIA. $\$1700 \text{ divided by } \$1825 = \mathbf{.93}$

Step 5: Repeat the calculation to determine each property's individual DSCR and then determine if $>25\%$ of the properties in the blanket have individual DSCRs between .75 and .99. If so, then the LTV must be reduced by 10%

Release Prices	Blanket/multiple property loans may permit partial releases at a release price equal to at least 120% of the allocated loan amount for each property. Allocated loan amounts must be determined proportional to the appraised values of each property
Properties Listed for Sale	• Properties currently listed for sale (at the time of application) are not eligible for refinance

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	<p>transactions.</p> <ul style="list-style-type: none"> o If a property is discovered to be for sale prior to purchase, the loan will be deemed ineligible for purchase • Properties listed for sale within six (6) months of the application date are acceptable if the following requirements are met: <ul style="list-style-type: none"> o Documentation provided to show cancellation of listing o Acceptable letter of explanation from the borrower/guarantor detailing the rationale for cancelling the listing o Must include a minimum pre-payment penalty of two or more years (if a pre-payment penalty is not permitted due to state statues, transaction would be ineligible until greater than six months since the cancellation of the listing)
Additional Requirements	
Bank Secrecy and USA Patriot Acts	The Bank Secrecy Act (BSA) requires financial institutions to assist U.S. government agencies to detect and prevent money laundering. Correspondents must have implemented anti-money laundering policies and procedures to comply with applicable federal law. As a part of this policy, correspondents must screen all borrower/guarantors and guarantors against the list of specially designated nationals maintained by the U.S. Department of the Treasury and OFAC pursuant to the USA PATRIOT Act, amendments to the Bank Secrecy Act and its implementing regulation and investigate name matches as required by law. Bayview does not acquire loans which are made to borrower/guarantors or guarantors which are specially designated nationals.
Purchase approval	All loan purchases are contingent on Bayview's satisfactory review of the loan, mutual execution of the purchase advice and the lender being in good standing at the time of loan purchase. Bayview reserves the right to decline to purchase any loan for any reason.
Assignment Fees	Third party/arms-length assignment fees are permitted. Loan to Cost excluding assignment fees cannot exceed 90%
Seasoning	Loans must not be aged more than 45 days from the loan closing date until the time the loan is delivered to Bayview for purchase. This includes the date the credit and closing file is received and the loan is eligible for purchase. All loans must be purchased by Bayview within 60 days of the note date.
Interest Rate Restrictions	Interest rates must comply with all state usury law requirements.
Seller shall deliver loans that were originated in accordance with the Special Products Seller Guide unless otherwise stated within this product matrix.	



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Appendix A

State Specific Pre-payment Penalty Requirements

State	PPP Permitted	Requirement
Alaska	No	No prepayment penalty shall be permitted
Louisiana	Yes with conditions	A mortgage lender may contract for and receive a prepayment penalty in an amount not to exceed: (a) Five percent of the unpaid principal balance if the loan is prepaid in full during the first year of its term. (b) Four percent of the unpaid principal balance if the loan is prepaid in full during the second year of its term. (c) Three percent of the unpaid principal balance if the loan is prepaid in full during the third year of its term. (d) Two percent of the unpaid principal balance if the loan is prepaid in full during the fourth year of its term. (e) One percent of the unpaid principal balance if the loan is prepaid in full during the fifth year of its term.
Michigan	Yes with conditions	Max 3YR at max 1% for SFR
Minnesota	Yes with conditions	Loan amount is less than Fannie/ Freddie conforming limits = 2% of UPB, or 60 days interest at the time of prepayment, whichever is less No prepayment penalty Restrictions for: Single Family Loan > \$726,200 2 Units Loan > \$929,850 3 Units Loan > \$1,123,900 4 Units Loan > \$1,396,800
Mississippi	Yes with conditions	(i) Five percent (5%) of the unpaid principal balance if prepaid during the first year; (ii) Four percent (4%) of the unpaid principal balance if prepaid during the second year; (iii) Three percent (3%) of the unpaid principal balance if prepaid during the third year; (iv) Two percent (2%) of the unpaid principal balance if prepaid during the fourth year; (v) One percent (1%) of the unpaid principal balance if prepaid during the fifth year; and (vi) No penalty if prepaid more than five (5) years from date of the note creating the debt.
New Jersey	Yes with conditions	Permitted for business entity borrowers only . Pre-payment penalties cannot be charged to natural person borrowers.
New Mexico	No	No prepayment penalty shall be permitted
North Carolina	Yes with conditions	Prepayment penalty may be charged only on loans greater than \$150,000
Ohio	Yes with conditions	1-2 unit: maximum 1% within 5 years of execution date of the mortgage only if loan amount >=\$107,633; No prepayment penalty permitted if loan amount < \$107,633 3-4 unit : prepayment penalty permitted without restriction



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Pennsylvania	Yes with conditions	1-2 unit: only if loan balance >\$301,022 No prepayment penalty permitted if balance <=\$301,022 3-4 unit: prepayment penalty allowed without restriction
Rhode Island	Yes with conditions	Prepayment penalty max 2% of balance
Texas	Yes with conditions	Property cannot be owner-occupied
Virginia	Yes with conditions	Max 1% if balance < \$75k



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Version Control			
Author	Section	Date	Update
DM	ALL	8.5.21	Created matrix
DM	Eligible products/terms	8.x	Added all product codes
DM	DSCR	9.27	Added: Interest-only loans must use the fully amortized PITIA payment for DSCR calculation.
DM	Release Prices	9.27	Added section: • Blanket/Cross loans may permit partial releases at a release price equal to at least 120% of the allocated loan amount for each property. Allocated loan amounts must be determined proportional to the appraised values of each property
DM	Blanket/Cross	9.27.21	<ul style="list-style-type: none"> Added section: • Up to 50 properties can be combined into a single loan Minimum of 5 properties Minimum asset value of \$100,000 per each property included Maximum loan amount of \$6,250,000 (subject to per property limits) Different property types can be collateralized together. Pricing and eligibility based on the most restrictive property type of all within the cross. If any properties are Condos, then condo pricing and eligibility applies. If none are condos, but any are 2-4 unit properties, then 2-4 unit pricing and eligibility applies If all properties are SFR's, then SFR pricing and eligibility applies
DM	Appraisal	9.27.21	<ul style="list-style-type: none"> Changed to any state licensed AMC is permitted
DM	Eligibility	10.28.21	<ul style="list-style-type: none"> Removed calculation of minimum LTV section and just added the dscr column to eligibility table next to the appropriate LTV/LTC for ease of viewing- no change to guidelines
DM	Assets	11.17.21	<ul style="list-style-type: none"> Clarified large deposits :**** This change was retroactive, applying to all pipeline loans**** Large deposits must be verified if using for down payment, reserves or closing costs. Large deposits are defined as: a singular deposit(s) that is greater than or equal to 35% or more of the average deposit from the previous two months (60 days) of bank statements,(subject to underwriter discretion Removed the following requirement on business accounts (***this change was retroactive applying to all pipeline loans**): Cash flow analysis required using most recent three (3) months business bank statements to determine no negative impact to business Business bank statements must not reflect any NSF's (non- sufficient funds) or overdrafts.
DM	Appraisal	11.17.21	<ul style="list-style-type: none"> Added to the appraisal section (previously just showing in ineligible property section): Properties with condition rating of C5/C6 or not lease ready, and/or properties with construction rating of Q6 are ineligible
DM	Assets	11.24.21	<ul style="list-style-type: none"> Removed requirement for sourcing and explaining large deposits**** This change was retroactive, applying to all pipeline loans****
DM	Credit Requirements	11.24.21	<ul style="list-style-type: none"> Changed to 120 days from 90: Tri-merged credit reports are required on all borrower/guarantor(s) <i>dated within 120 days of loan origination</i>
DM	Age of Documents	11.24.21	<ul style="list-style-type: none"> Changed credit report requirement • All credit documents, including title commitment must be no older than ninety (90) days from the Note date with the exception of the credit report which must not be older than 120 days from the note date
DM	First time investor	12.9.21	<ul style="list-style-type: none"> Removed section and requirement for 2 yrs of investment and property management *** This change was retroactive, applying to all pipeline loans****
DM	Property Management	12.9.21	<ul style="list-style-type: none"> Removed section as no longer required*** This change was retroactive, applying to all pipeline loans**
DM	Eligibility	12.9.21	<ul style="list-style-type: none"> Added to eligibility section (since removed first time investor/homebuyer section): At least one borrower/ primary guarantor must have owned a home/property for 12 months or more in the last three years.
DM	Assets-Business Funds	12.9.21	<ul style="list-style-type: none"> Changed borrower/guarantor's ownership requirement for use of business funds to 50% or greater (from 51%) *** This change was retroactive, applying to all pipeline loans****
DM	<ul style="list-style-type: none"> ○ ****All Items below that are being changed 2/7 are retroactive, applying to all pipeline loans**** 		



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DM	Eligibility Grid	2.7.22	<ul style="list-style-type: none"> Updated eligibility grid for expanded FICO (minimum now 620) and DSCR down to .8, expanded to 85% max LTV on purchase of 720+ FICO and loan amount less than \$1mil
DM	Rate/Term Refinance Transaction	2.7.22	<ul style="list-style-type: none"> Removed Seasoning requirements : • Property must be owned a minimum of six months
DM	Cash-out Transaction	2.7.22	<ul style="list-style-type: none"> Removed Seasoning requirements : •Property must be owned a minimum of six months Changed section to: Cash-out loan proceeds may be used for business purposes only Cash-out loan proceeds may be used for reserves if FICO > 700 Maximum cash out \$500,000 (excluding delayed financing transactions) If owned ≤ one year: <ul style="list-style-type: none"> o <u>0-6 months</u> <ul style="list-style-type: none"> ▪ Use lower of LTC or appraised value ▪ Cash out proceeds cannot exceed \$500,000 o <u>7-12 months</u> <ul style="list-style-type: none"> ▪ Option 1 <ul style="list-style-type: none"> • Use lower of LTC or appraised value • Cash out proceeds cannot exceed \$500,000 ▪ Option 2 <ul style="list-style-type: none"> • Use appraised value • LTV > 65%, cash out proceeds to borrower cannot exceed \$250k • LTV < 65%, cash out proceeds to borrower cannot exceed \$500k
DM	Loan amount	2.7.22	<ul style="list-style-type: none"> Added: o Maximum loan amount on a Cash-out transactions within in one year of property acquisition must be less than or equal to cost basis
DM	Geographic Restrictions	2.7.22	<ul style="list-style-type: none"> Removed requirement to be in top 300 MSAa
DM	Derogatory Credit	2.7.22	<ul style="list-style-type: none"> Changed from 48months to 36 months
DM	LTV/LTC Restrictions	2.7.22	<ul style="list-style-type: none"> Added section: Reduce LTV by 5% for: <ul style="list-style-type: none"> • Vacant properties as defined in Occupancy section • Refinance of a short term rental property or Cash-out of a short term rental property Reduce LTV by 10% for non-warrantable condominiums with a maximum of 70%LTV/LTC Interest-only loans must meet the following additional requirements <ul style="list-style-type: none"> • If DSCR < 1.0, maximum LTV of 75% and minimum FICO of 700 • If DSCR ≥ 1.0, maximum LTV per eligibility table but a minimum FICO of 660 Maximum LTV/LTC of 70% for: <ul style="list-style-type: none"> o Inexperienced investor
DM	Condominiums	2.7.22	<ul style="list-style-type: none"> Added non-warrantable condos and their requirements Added sqft requirement for all condominiums
DM	Reserves	2.7.22	<ul style="list-style-type: none"> Added :12 months reserves required if DSCR < 1.0
DM	Borrower Eligibility	2.7.22	<ul style="list-style-type: none"> Added: Both experienced investors and inexperienced investors are permitted. Experienced investors are defined as: <ul style="list-style-type: none"> • Owning 2 properties for 12 months, or • Owning 1 investment property • Owning a commercial property for 12 months • Ownership in commercial real estate or investment in a real estate investment trust for greater than the most current 12 months. Inexperienced investors are defined as: <ul style="list-style-type: none"> • Owning one property (primary or investment) for a minimum of the most recent 12 months) loans must meet the additional criteria: • Minimum DSCR of 1.0 • Maximum LTV 70%



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			<ul style="list-style-type: none"> o Minimum loan amount of \$150,000 and maximum loan of \$1mil.
DM	DSCR Restrictions	2.7.22	<ul style="list-style-type: none"> Added section: <ul style="list-style-type: none"> • DSCR < 1.0 not permitted for: <ul style="list-style-type: none"> • 2-4 unit properties with FICO < 740 • Inexperienced investors • DSCR < 1.0 requires 12 months reserves • Minimum DSCR of 1.25 if: <ul style="list-style-type: none"> • LTV > 80% o Loan amount < \$150,000
DM	Reserves	2.7.22	<ul style="list-style-type: none"> Clarified that additional 6 months on vacant properties is for refinance transactions only
DM	Housing History	2.7.22	<ul style="list-style-type: none"> Change to 0x30 x12, removed 0x60x24
DM	DSCR	2.7.22	<ul style="list-style-type: none"> Change on short term rental cal from 85% of 12mo receipts to: <ul style="list-style-type: none"> • Utilize documented 12 months* of payments to derive the gross monthly rental amount, not to exceed 100% of market rent schedule. If no rent is received, use zero for that month
DM	Blanket/Multiple Properties	2.25.22	<ul style="list-style-type: none"> Changed minimum required properties to three for blanket/multi-property loans
DM	Assets	2.25.22	<ul style="list-style-type: none"> Changed retirement accounts from 60% to 70%, allowed gift funds after minimum 10% borrower/guarantor requirement has been met, and business funds changed to <ul style="list-style-type: none"> • If business account used is not in the same name as the borrowing entity, than the following requirements must be met: <ul style="list-style-type: none"> • Natural borrower/guarantor(s) must have ownership of 25% or greater of the entity holding the account o Borrower/guarantor must also be named on the account or provide proof of access to 100% of the funds
DM	Cash out	2.25.22	<ul style="list-style-type: none"> Added requirement for cash out proceeds signed letter if not addressed on Business Purpose Affidavit
DM	Reserves	3.25.22	<ul style="list-style-type: none"> Changed to 3mo reserves for DSCR 1 or higher***permitted for pipeline loans
DM	Housing History	3.25.22	<ul style="list-style-type: none"> • Clarified and updated: <ul style="list-style-type: none"> o Only 1x30x12 between all disclosed mortgages , o Experienced borrowers <ul style="list-style-type: none"> • Provide a 12 month mortgage history on the primary residence and the subject property, • Applicable to all borrower/guarantor/entity (s) on the loan • Inexperienced borrowers <ul style="list-style-type: none"> • Provide a 12 month history on the primary residence and all other properties owned by the borrower/guarantor/entity(s) • Applicable to all borrower/guarantor/entity (s) on the loan • ***permitted for pipeline loans
DM	Eligibility Grid	3.25.22	<ul style="list-style-type: none"> Lowered DSCR from .8 to .75 **permitted for pipeline loans
DM	Eligibility	3.25.22	<ul style="list-style-type: none"> o Added to experienced investor section : o Have had ownership in three or more properties over the past 24 months • ***permitted for pipeline loans
DM	Cash-out transaction	3.25.22	<ul style="list-style-type: none"> Increased cash out maximum on blanket mortgages: <ul style="list-style-type: none"> • Blanket loans If owned ≤ one year: <ul style="list-style-type: none"> o If the average ownership of all properties included in the loan is greater than one year, follow eligibility grid for LTV and maximum cash out cannot exceed \$2M. o If the average ownership of all properties included in the loan amount is less than one year, the following requirements apply: 0-6 months <ul style="list-style-type: none"> □ Use lower of cost basis or appraised value for all properties □ Cash out proceeds cannot exceed \$750,000 7-12 months <ul style="list-style-type: none"> □ Option 1 <ul style="list-style-type: none"> • Use lower of cost basis or appraised value for all properties • Cash out proceeds cannot exceed \$2M □ Option 2 <ul style="list-style-type: none"> • Use appraised value □ LTV > 65%, cash out proceeds to borrower cannot exceed \$1M □ LTV < 65%, cash out proceeds to borrower cannot exceed \$2M If owned ≥ one year: <ul style="list-style-type: none"> o \$2M • ***This change is permitted for pipeline loans



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	DSCR	3.25.22	<ul style="list-style-type: none"> Added minimum DSCR of 1.0 for blankets
	DSCR Restrictions	3.25.22	<ul style="list-style-type: none"> Added minimum DSCR of 1.0 for blankets
	Blanket/ Multi property Loans	3.25.22	<ul style="list-style-type: none"> Added minimum DSCR of 1.0 for blankets Changed minimum to 3properties in a blanket
DM	LTV/LTC restrictions	3.25.22	<ul style="list-style-type: none"> Added max LTV/LTC of 80% on IO
DM	Loan Documentation	3.25.22	<ul style="list-style-type: none"> Added: • If utilizing the FNMA/FHLMC residential document set, you must also complete the Business Loan Rider, see C2022-06 for full details
DM	Eligibility grid	4.8.22	<ul style="list-style-type: none"> Added Blanket term grid
DM	Occupancy	4.8.22	<ul style="list-style-type: none"> Clarified : Blanket loans Blanket loans are categorized as vacant loan transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase: 50% or more of the included properties are vacant according to the above definition Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition
DM	Reserves	4.8.22	<ul style="list-style-type: none"> Added: Blanket loans An additional 6 months of PITIA reserves is required (9 months in total) for vacant transactions. The loan is categorized as a vacant loan transaction when the following criteria are met: <ul style="list-style-type: none"> Purchase: 50% or more of the included properties are vacant according to the above definition Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition
DM	Significant Derogatory Credit	4.8.22	<ul style="list-style-type: none"> Added: o NOD's on short term bridge loans (<2 year term) with hard maturities may be acceptable assuming all deficiencies are cleared and documented. These loans are subject to Bayview approval
DM	LTV/LTC Restrictions	4.8.22	<ul style="list-style-type: none"> Reduce LTV on refinances by 5% for: <ul style="list-style-type: none"> Vacant properties as defined in the occupancy section of the matrix. Refinance of a short term rental property or Cash-out of a short term rental property <ul style="list-style-type: none"> Blanket loans are categorized as short term rental transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase: 50% or more of the included properties are short term rentals Refinance/Cash-out: 25% or more of the included properties are short term rentals Reduce LTV by 10% for non-warrantable condominiums with a maximum of 70%LTV/LTC Blanket loans are categorized as non-warrantable condominium loans transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase: 50% or more of the included properties are non-warrantable condominiums Refinance/Cash-out: 25% or more of the included properties are non-warrantable condominiums
DM	Blanket/ Multi property Loans	4.8.22	<ul style="list-style-type: none"> Added: Maximum asset value of \$1.5M per unit for each property included (i/e \$1.5M maximum value on 1-unit, \$3.0M maximum value on 2-unit, etc.)
DM	Credit	4.8.22	<ul style="list-style-type: none"> Clarified credit score used for loan: The representative score for the loan is the lowest representative score of the borrower(s) or guarantor(s), as applicable.
DM	LTV/LTC Restrictions	5.6.22	<ul style="list-style-type: none"> Updated to: Reduce LTV on refinances by 5% for: <ul style="list-style-type: none"> Vacant properties as defined in the occupancy section of the matrix. Refinance of a short term rental property or Cash-out of a short term rental property <ul style="list-style-type: none"> Blanket loans are categorized as short term rental transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase:25% or more of the included properties are short term rentals Refinance/Cash-out: 25% or more of the included properties are short term rentals Reduce LTV by 10% for: Non-warrantable condominiums with a maximum of 70%LTV/LTC Blanket loans are categorized as non-warrantable condominium loans transactions when the following criteria are met: <ul style="list-style-type: none"> Purchase: 25% or more of the included properties are non-warrantable condominiums Refinance/Cash-out: 25% or more of the included properties are non-warrantable condominiums o If >25% of the properties included in a blanket loan have individual DSCR's between 0.75 and 0.99 DSCR
DM	Blanket Eligibility grid	5.6.22	<ul style="list-style-type: none"> changed LTV to 75% on FICO 660-679 P/rt, and 680-699 on rt
DM	Loan Documentation	5.6.22	<ul style="list-style-type: none"> Clarified application needs of blanket: Blanket mortgage applications should include the following for all properties included in the blanket: <ul style="list-style-type: none"> Address Property type and number of units



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			<ul style="list-style-type: none"> ○ Appraised value and date of appraisal ○ Occupancy (vacant or occupied) ○ Rent ○ Taxes, Insurance and any applicable HOA fees • And added: • Lenders must comply with all aspects of ECOA including the Right to Receive a Copy of the Appraisal Report Disclosure
DM	Occupancy	5.6.22	<ul style="list-style-type: none"> • Changed % on purchase to: • Blanket loans are categorized as vacant loan transactions when the following criteria are met: • Purchase: 25% or more of the included properties are vacant according to the above definition
DM	Reserves	5.6.22	<ul style="list-style-type: none"> • Changed: Blanket loans • An additional 6 months of PITIA reserves is required (9 months in total) for vacant transactions. • The loan is categorized as a vacant loan transaction when the following criteria are met: <ul style="list-style-type: none"> ▪ Purchase: 25% or more of the included properties are vacant according to the above definition ▪ Refinance/Cash-out: 25% or more of the included properties are vacant according to the above definition
DM	Eligibility	5.6.22	<ul style="list-style-type: none"> • Inexperienced investors are not permitted to offer blanket loans
DM	Ineligible properties	5.6.22	<ul style="list-style-type: none"> • Added: Units > \$1.5M for blanket loans
DM	Appraisal Requirements	5.6.22	<ul style="list-style-type: none"> • Added: • Lenders must comply with all aspects of ECOA including the Right to Receive a Copy of the Appraisal Report Disclosure
DM	Escrow	5.6.22	<ul style="list-style-type: none"> • Removed FICO information • As of 5.6 escrows required on all loans
DM	Forbearance	6.3.22	<ul style="list-style-type: none"> • Removed COVID Forbearance guidance and changed to : • <u>Any forbearance resulting in subsequent loan modification/repayment plan is considered a significant derogatory credit event and subject to a three (3) year waiting period.</u> • <u>Any forbearance filed after 6/1/22 is considered a significant derogatory credit event and subject to a three (3) year waiting period.</u> • <u>Forbearance on Subject and Non-subject property(s) that do not fall into the above scenarios:</u> • <u>Any loan(s) that is shown to be in active forbearance is considered ineligible.</u> • <u>Any loan that is shown to be in a past forbearance is only permitted if the plan has been exited and all reported payments have been made on time since the exit.</u> • <u>Loan file must contain a letter of explanation from the borrower/quarantor detailing the reason for forbearance and that the hardship no longer exists</u>
DM	Appendix B	6.3.22	<ul style="list-style-type: none"> • Updated PA and MNPPP amounts
DM	Assets	6.3.22	<ul style="list-style-type: none"> • Added that virtual currency is not permitted
DM	Appendix	6.3.22	<ul style="list-style-type: none"> • Removed approved vendor list- incorporated required options into matrix in appropriate sections
DM	Rate and Term	6.3.22	<ul style="list-style-type: none"> • Added: • If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months • A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months • A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history
DM	Lease Requirements	6.3.22	<ul style="list-style-type: none"> • Added in this category also: Rent to own and/or contract for deeds are ineligible
DM	Delayed purchase	6.3.22	<ul style="list-style-type: none"> • Will be treated as a rate and term refinance
DM	LTV/LTV	6.3.22	<ul style="list-style-type: none"> ○ LTV is calculated as: loan amount divided by the value of the mortgaged property. If property is owned less than six months, must use purchase price as value instead of the appraised value with the exception of below: • Loan amount is less than or equal to the cost of the property plus all documented renovation costs.
DM	Loan Documentation requirements	6.3.22	<ul style="list-style-type: none"> • Clarified when the cash out explanation is required: Cash out explanation for natural person borrowers (if not addressed on Business Purpose Affidavit) ○
DM	Assets	6.3.22	<ul style="list-style-type: none"> • Added: • Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets
DM	Assets	7.1.22	<ul style="list-style-type: none"> • Added : gifts of equity not permitted
DM	Derogatory Credit	7.1.22	<ul style="list-style-type: none"> • Added: • Multiple derogatory credit events require a 7 year seasoning period
DM	Appraisal	7.1.22	<ul style="list-style-type: none"> • Clarified that third party rent estimates are only needed for refinance transactions on vacant properties



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DM	Eligibility Grid	7.1.22	<ul style="list-style-type: none"> Expanded maximum loan amount to \$ 2.5M on 2-4 units with 680+ FICO
DM	Cash out	7.1.22	<ul style="list-style-type: none"> Added consistent language on value for 0-6 mo transactions: If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal, then the appraised value can be used to calculate the LTV, but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC).
DM	Rate and Term	7.1.22	<ul style="list-style-type: none"> Added: If greater than 20% (based on original cost) of the rehabilitation work was completed on the property as evidenced by an as is appraisal, then the appraised value can be used to calculate the LTV, but the loan amount is limited to the cost basis plus the documented rehabilitation costs (100 LTC).
DM	Prepayment Penalty	7.15.22	<ul style="list-style-type: none"> Added new options
DM	Rate/Term refinance	7.15.22	<ul style="list-style-type: none"> Added section to clarify: Continuity of Obligation When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible: <ul style="list-style-type: none"> The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements: <ul style="list-style-type: none"> Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or Is related to the borrower on the mortgage being refinanced The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: <ul style="list-style-type: none"> Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement
DM	Eligible Property types	7.15.22	<ul style="list-style-type: none"> Added leaseholds
DM	Acceptable Forms of Ownership:	7.15.22	<ul style="list-style-type: none"> Added leaseholds
DM	Loan Documentation requirements	7.15.22	<ul style="list-style-type: none"> Added clarification/reminder to obtain HMDA-
DM	Loan Documentation	8.12.22	<ul style="list-style-type: none"> Updated verbiage surrounding business purpose and non-owner occupancy
DM	Eligibility Grid	8.12.22	<ul style="list-style-type: none"> Removed 85% LTV options for 720+FICO
DM	Blanket Mortgages	8.12.22	<ul style="list-style-type: none"> Added: <ul style="list-style-type: none"> Cannot use FNMA/FHLMC Notes and/or Security Agreements
DM	Appraisal	8.12.22	<ul style="list-style-type: none"> Added clarifying language in bold: <ul style="list-style-type: none"> A single appraiser cannot be used for more than 3 out of every 5 consecutive valuations in any specific county or for any one borrower/guarantor, managing member, or other related party with the exception of blanket/multi-property loan transactions which will also require a third party rent estimate for each property with the same appraiser
DM	Housing History	8.12.22	<ul style="list-style-type: none"> Added clarifying language: Credit supplement also acceptable
DM	Condo Project Requirements	9.9.22	<ul style="list-style-type: none"> Added clarifying language: Condominiums must either meet FNMA requirements (inclusive of limited reviews) or the following warrantable guidelines as applicable. If neither set of guidelines is met, refer to the non-warrantable guideline requirements below.
DM	Credit Requirements	9.9.22	<ul style="list-style-type: none"> Removed "criminal" search from background search requirements
DM	DSCR	9.9	<ul style="list-style-type: none"> Added clarification that io loans must use 30 year fully amortized payment in DSCR calculation Added clarification that a lease is considered current per local/state statues or if month to month verbiage occurs
DM	Eligible property	9.9	<ul style="list-style-type: none"> Added that all units/properties must have fully functioning kitchens
DM	Age of documents	9.9	<ul style="list-style-type: none"> Added "appraisal" report as being acceptable per 120 days
DM	Prepayment Penalty	9.23.22	<ul style="list-style-type: none"> Added 7 year option
DM	LTV/LTC restrictions	10.7.22	<ul style="list-style-type: none"> Removed: Interest-only loans must meet the following additional requirements:



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Bayview DSCR

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			<ul style="list-style-type: none"> If DSCR < 1.0, maximum LTV of 75% and minimum FICO of 700 If DSCR ≥ 1.0, maximum LTV of 80% but a minimum FICO of 660
DM	DSCR	10.7.22	<p>Removed: IO must meet the following additional requirements</p> <ul style="list-style-type: none"> If DSCR < 1.0, maximum LTV of 75% and minimum FICO of 700 If DSCR ≥ 1.0, maximum LTV per eligibility table but a minimum FICO of 660
DM	Prepayment penalty	10.7.22	Clarified: *** 7 year PPP not permitted to be paired with 5yr IO product***
DM	Blanket/Multi-property	10.7.22	<p>Added: • If ≥ 25% of the properties included in the blanket are condominiums, 2-4 units or a combination of both, pre-approval is required.</p> <p>Removed: Pricing and eligibility based on the most restrictive property type of all within the blanket; if any properties are Condos, then condo pricing and eligibility applies; if none are condos, but any are 2-4 unit properties, then 2-4 unit pricing and eligibility applies; if all properties are SFR's, then SFR pricing and eligibility applies</p>
DM	DSCR Restrictions	10.7.22	<p>Minimum DSCR of 1.25 required on loan amounts less than \$150,000</p> <p>Added: unless the transaction is a purchase loan with a minimum FICO of 700</p>
DM	Eligibility	10.21.22	<p>Replaced this language "The Guarantor(s) on the loan application must be the same as the managing member(s) and have documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity" with this language to clarify: " • The guarantor(s) on the loan application must be a managing member(s) with documented authority to sign on behalf of the entity which includes joint and several liability as to the debt obligation of the borrowing entity.</p>
DH	Eligibility Grids	11.4.22	Added Declining Market footnotes
DH	Gift Funds	11.4.22	<p>Added Gift Fund Documentation Specificity</p> <ul style="list-style-type: none"> Donor must be a family member, future spouse or domestic partner Executed gift letter with gift amount and source, donor's name, address, phone number and relationship Seller must verify sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account Acceptable documentation includes the following: <ul style="list-style-type: none"> Copy of donor's check and borrower's deposit slip Copy of donor's withdrawal slip and borrower's deposit slip Copy of donor's check to the closing agent A settlement statement/CD showing receipt of the donor's gift check
DH	Declining Markets	11.4.22	<p>Added Declining Market section</p> <ul style="list-style-type: none"> LTV/LTC must be 5% below product maximum per product matrix eligibility grid for any loan where the appraisal indicates that the subject property is in a declining market <p><i>As an example: If the eligibility grid indicates a maximum of 75% LTV/LTC for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/LTC should be reduced to 70%</i></p>
DH	Appraisal Requirements	11.4.22	<p>Removed</p> <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from the Note date <p>Added</p> <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date The subject property must be appraised within 90 days prior to the Note date Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets. See Declining Market section for additional requirements
DH	Eligibility Grids	11.18.22	<ul style="list-style-type: none"> Re-named Footnote #2 to read See State/MSA LTV/CLTV/HCLTV Reduction Section
DH	Debt Service Coverage Ratio (DSCR)	11.18.22	<p>Added</p> <ul style="list-style-type: none"> Short-term rentals require a DSCR ≥ 2.0
DH	DSCR Restrictions	11.18.22	<p>Added</p> <p>Short-term rentals require a DSCR ≥ 2.0</p>
DH	Declining Market	11.18.22	Removed Declining Market Section
DH	Appraisal Requirements	11.18.22	<p>Removed</p> <ul style="list-style-type: none"> Transferred appraisals are not permitted <p>Added</p> <ul style="list-style-type: none"> Appraisal transfers are permitted. All appraisal transfers must meet the following requirements: <ul style="list-style-type: none"> Appraisal must be in the name of the transferring lender Transfer letter from transferring lender <ul style="list-style-type: none"> Must be on company letterhead Borrower name and address must be included Must be executed by an authorized member of the company. The printed name and signature of seller's representative, title and date is required. Appraisal transfer letters signed by loan officers or loan processors will not be acceptable Statement from the transferring lender that the appraisal was prepared in compliance with Appraisal Independence Requirements Paid invoice



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Bayview DSCR

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			<ul style="list-style-type: none"> o Proof that original appraisal report was provided to the borrower o Maximum 75% LTV/LTC o CDA is required. A CU score is not permitted to be used to meet appraisal review requirements 															
DH	State/MSA LTV/CLTV/HCLTV Reduction	11.18.22	<p>Added MSA LTV/CLTV/HCLTV Reduction Section</p> <ul style="list-style-type: none"> • <u>In the states of GA, WA, KS, ND, OR, UT:</u> Reduce LTV/CLTV/HCLTV by 5% from the maximum allowed per the eligibility grid up to a maximum of 75% • <u>In the states of TX, AZ, ID, NC, DC, NV, SD:</u> Reduce LTV/CLTV/HCLTV by 10% from the maximum allowed per the eligibility grid up to a maximum of 70% • A 10% LTV/CLTV/HCLTV reduction from the maximum allowed per the eligibility grid applies to the Metropolitan Statistical Areas identified in the below table. An MSA Lookup tool by zip code is available on the Lakeview Correspondent Portal <ul style="list-style-type: none"> o If a property is in one of the states identified in the first two bullet points above AND is also in one of the MSAs in the table below then both LTV/CLTV/HCLTV reductions must be applied <p><u>Blanket Loans</u></p> <ul style="list-style-type: none"> • If ≥ 25% of the properties in the blanket loan are in any of the aforementioned states or in any of the above identified MSAs then an LTV/CLTV/HCLTV reduction will apply <ul style="list-style-type: none"> o In the instance where the 25% threshold has been met or exceeded and there are properties in the blanket that fall into both the state and MSA lists then both LTV/CLTV/HCLTV reductions will apply <p>(See State/MSA LTV/CLTV/HCLTV Reduction Section to view table)</p>															
DH	Blanket/Multi-Property Loans	11.18.22	<p>Removed</p> <ul style="list-style-type: none"> • Up to 50 properties can be combined into a single loan • If ≥ 25% of the properties included in the blanket are condominiums, 2-4 units or a combination of both, pre-approval is required <p>Added</p> <ul style="list-style-type: none"> • Up to 25 properties can be combined into a single loan • If ≥ 25% of the properties included in the blanket are condominiums, 2-4 units or a combination of both, a Single Loan Variance (SLV) and pre-close pricing exception will be required • Added clarification and a calculation example for when >25% of the properties included in the blanket have individual DSCR's between 0.75 and 0.99 DSCR 															
AS	DSCR – Gross Rents	11.18.22	<p>Clarified Refinance Requirements:</p> <p>Previously</p> <ul style="list-style-type: none"> • Refinance: <ul style="list-style-type: none"> o Obtain both a current lease agreement and Appraisal Form 1007/1025 as applicable. 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 or per local statutes is still current is allowed. o Gross rent used in the DSCR calculation must come from the lesser of the lease agreement or Appraisal Form 1007/1025 as applicable, except as noted below: <ul style="list-style-type: none"> • If the lease agreement is higher than the gross market rent on the appraisal, the actual rent from the lease agreement may be used up to 10% over the market rent on the appraisal. <p>New:</p> <p>When the lease agreement is higher than the gross market rent on the appraisal, the following requirements apply:</p> <ul style="list-style-type: none"> • The amount used for qualifying cannot exceed 10% over the market rent on the appraisal. • If the actual rent is greater than market rent, but is ≤ 10% over the market rent, then the lease amount can be used for qualifying. 															
DH	Declining Markets	11.21.22	<p>Added Declining Market section</p> <ul style="list-style-type: none"> • LTV/LTC must be 5% below product maximum per product matrix eligibility grid for any loan where the appraisal indicates that the subject property is in a declining market <p><i>As an example:</i> If the eligibility grid indicates a maximum of 75% LTV/LTC for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/LTC should be reduced to 70%</p>															
DH	Appraisal Requirements	11.21.22	<p>Added</p> <ul style="list-style-type: none"> • Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets. See Declining Market section for additional requirements 															
DH	Eligibility Grids	11.23.22	<p>Added LTV/LTC/CLTV/HCLTV Reduction Table</p>															
DH	Declining Markets	11.23.22	<ul style="list-style-type: none"> • Updated Declining Market section to reflect specific LTV/LTC/CLTV/HCLTV reductions by category <table border="1"> <thead> <tr> <th>Category</th> <th>States</th> <th>LTV/LTC/CLTV/HCLTV Reductions</th> </tr> </thead> <tbody> <tr> <td>Category 1</td> <td>TX</td> <td>20% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 60%</td> </tr> <tr> <td>Category 2</td> <td>AZ, ID</td> <td>15% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 65%</td> </tr> <tr> <td>Category 3</td> <td>NC, DC, NV, SD, WA</td> <td>10% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 70%</td> </tr> <tr> <td>Category 4</td> <td>CA, CO, TN, GA, KS, ND, OR, UT</td> <td>5% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 75%</td> </tr> </tbody> </table>	Category	States	LTV/LTC/CLTV/HCLTV Reductions	Category 1	TX	20% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 60%	Category 2	AZ, ID	15% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 65%	Category 3	NC, DC, NV, SD, WA	10% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 70%	Category 4	CA, CO, TN, GA, KS, ND, OR, UT	5% LTV/LTC/CLTV/HCLTV reduction from the maximum above, up to a maximum of 75%
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DH	Appraisal Requirements	11.23.22	<p>Removed</p> <ul style="list-style-type: none"> • Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets 															



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DH	Appendix B	11.23.22	Added Appendix B – Category 1
DH	Appendix C	11.23.22	Added Appendix C – Category 2
DH	Appendix D	11.23.22	Added Appendix D – Category 3
DH	Appendix E	11.23.22	Added Appendix E – Category 4
DH	Eligibility	02.15.23	<p>Prior</p> <ul style="list-style-type: none"> • Experienced investors are defined as: <ul style="list-style-type: none"> o Owning 2 properties for more than 12 months, or o Owning 1 investment property for 24 months, or o Owning a commercial property for 12 months, or o Ownership in commercial real estate or investment in a real estate investment trust for greater than the most current 12 months. or o Have had ownership in three or more properties over the past 24 months • Inexperienced investors are defined as: <ul style="list-style-type: none"> o Owning one property (primary or investment) for a minimum of the most recent 12 months; these loans must meet the additional criteria: <ul style="list-style-type: none"> ▪ Minimum DSCR of 1.0 ▪ Maximum LTV 70% ▪ Minimum loan amount of \$150,000 and maximum loan of \$1mil. ▪ Blanket mortgages not permitted <p>Updated</p> <ul style="list-style-type: none"> • Experienced investors are defined as: <ul style="list-style-type: none"> o Owning two (2) or more properties for at least twelve (12) months within the most recent three (3) years, or o Owning one (1) investment property for at least twenty-four (24) months within the most recent three (3) years, or o Owning one (1) commercial property for at least twelve (12) months within the most recent three (3) years, or o Ownership in commercial real estate or investment in a real estate investment trust for greater than the most current 12 months. or o Have had ownership in three or more properties at least twelve (12) months over the past 24 months • Inexperienced investors are defined as: <ul style="list-style-type: none"> o Borrowers not meeting the definition of an experienced investor are considered to be inexperienced investors. These loans must meet the additional criteria: <ul style="list-style-type: none"> ▪ Minimum DSCR of 1.0 ▪ Maximum LTV 70% ▪ Minimum loan amount of \$150,000 and maximum loan of \$1mil. ▪ Blanket mortgages not permitted <p>Prior</p> <ul style="list-style-type: none"> • The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC <p>Updated</p> <ul style="list-style-type: none"> • The Operating Agreement for the LLC must be provided in order to confirm acceptability of the LLC, including but not limited to granting authority to the signor to encumber indebtedness on behalf of the entity
DH	Lease Requirements	02.15.23	<p>Added</p> <ul style="list-style-type: none"> • All tenants on leases must be natural persons. Exceptions for other types of entities may be considered on a case by case basis
DH	Property Flips	02.15.23	<p>Added New Section – Property Flips</p> <p>A property is considered a “flip” if either of the following are true:</p> <ul style="list-style-type: none"> • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement • The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower’s purchase agreement <p>If the property is a “flip” as defined above, the following additional requirements apply:</p> <ul style="list-style-type: none"> • A second appraisal must be obtained and a copy of the second appraisal must be provided to the borrower • The second appraisal must be dated prior to the loan consummation/note date. • The property Seller on the purchase contract must be the owner of record. • Increases in value should be documented with commentary from the appraiser and recent comparable sales • Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable • There can be no pattern of previous flipping as evidenced by multiple transfers in the last 12 months • Non-Arm’s Length transactions are not permitted. Client is responsible for reviewing chain of title. Particular due diligence should be exercised in cases of entity to entity transfers to ensure no red flags are present • The property must have been marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing. The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in-lieu
DH	Blanket/Multiple Property Loans	02.15.23	<p>Removed</p> <p>Minimum of 3 properties</p> <p>Added</p> <p>Minimum of 2 properties</p>



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DH	Appendix A State Specific Pre-payment Penalty Requirements	02.15.23	<ul style="list-style-type: none"> Updated PPPs for PA, MN and OH for 2023
DH	Asset Requirements	03.08.23	<p>Added to the gift section</p> <ul style="list-style-type: none"> Gift funds are not permitted to meet reserve requirements
DH	Reserves	03.08.23	<p>Added</p> <ul style="list-style-type: none"> Gift funds are not permitted to meet reserve requirements
DH	Rate/Term Refinance Transactions	03.08.23	<p>Added the below example to illustrate maximum LTV and loan amount calculations for properties owned 0-6 months</p> <p><u>Example:</u></p> <p>For illustrative purposes, the below assumptions will be made</p> <ul style="list-style-type: none"> Purchase Price: \$200,000 Appraised Value: \$500,000 Closing Costs: \$4000 Documented Renovations: \$102,000 <p>C) <u>Cost Basis Determination</u> (inclusive of closing costs and documented renovations) \$200,000 (purchase price) + \$4000 (closing costs) + \$102,000 (documented renovations) = \$306,000</p> <p>D) <u>Current Appraised Value</u> \$500,000 (assuming a maximum allowable LTV of 80% would yield a maximum loan amount of \$400,000)</p> <p>In the above example, since greater than 20% of the renovation work was completed on the property, the current appraised value (B) can be used to calculate maximum LTV, however, the maximum loan amount is limited to the cost basis plus documented renovations (A) \$306,000.</p> <p>Added</p> <ul style="list-style-type: none"> Clarification in the Rate/Term Refinance Transactions section that properties owned 7-12 months can use the appraised value to calculate LTV
DH	Appraisal Requirements	03.08.23	<p>Removed</p> <ul style="list-style-type: none"> Appraisals must be ordered by the lender through a state licensed Appraisal Management Company (AMC). Blanket/multi-property loan transactions which will also require a third party rent estimate for each property with the same appraiser A third party rent estimate is required on refinance transactions from either RentRange or Summit Valuation Solutions for all Unoccupied/Unleased properties. <ul style="list-style-type: none"> If the variance between the market rent estimate included in the appraisal and the third party rent estimate is less than or equal to 10%, the market rent estimate in the appraisal will be used for loan qualification. In cases where there is a variance greater than 10%, the lower of the two values will be utilized. <p>Added</p> <ul style="list-style-type: none"> Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. <ul style="list-style-type: none"> Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan
DH	Declining Markets	03.20.23	<ul style="list-style-type: none"> Removed declining markets requirements throughout product matrix
DH	Standard & Blanket Eligibility Grids	04.23.23	<ul style="list-style-type: none"> Updated to reflect changes to minimum FICO requirements: <ul style="list-style-type: none"> 1-unit: Minimum 660 FICO 2-4 units: Minimum 680 FICO
DH			<p>****All Items below dated 05.10.23 are retroactive, applying to all pipeline loans****</p>
DH	Eligibility	05.10.23	<ul style="list-style-type: none"> Redefined experienced investor requirements and clarified that the borrower/primary guarantor must meet those requirements Removed "entity" from background check requirements
DH	Credit Requirements	05.10.23	<ul style="list-style-type: none"> Added the below clarification <ul style="list-style-type: none"> Background search may be from one of the suggested vendors below or another comparable provider. A combination of vendor reports may be used provided that together they fulfill the prescribed background search requirements listed above. <ul style="list-style-type: none"> Lexis Nexis (i.e, Smartlinks Person Report) Checkpoint (i.e., Investigative Instant and/or Non-Instant Search) Pacer (Public Access to Court Electronic Records) Fraud Guard DataVerify
DH	DSCR Restrictions	05.10.23	<p>Updated</p> <ul style="list-style-type: none"> DSCR < 1.0 requires 6 months reserves
DH	Reserves	05.10.23	<ul style="list-style-type: none"> Reduced reserve requirements on loans with DSCR < 1.0 from 12 months PITIA for subject property to 6 months PITIA for subject property



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FANNIE MAE CONFORMING & HIGH BALANCE PRODUCT MATRIX

This product matrix serves as a summary of the Fannie Mae Conforming and High Balance loan program in addition to Community Loan Servicing overlays. Refer to the Fannie Mae Selling Guide for any information not specified in this product matrix.

Seller shall deliver loans that were originated in accordance with the Fannie Mae Single Family Selling Guide unless otherwise noted in this product matrix.



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 Overlays to Fannie Mae guidelines are underlined and in italics

FANNIE MAE CONFORMING AND HIGH BALANCE					
Fixed Rate					
Occupancy	Purchase and Limited Cash-Out Refinance		Cash-Out Refinance		Credit Score
	Number of Units	Maximum LTV/CLTV/HCLTV	Number of Units	Maximum LTV/CLTV/HCLTV	
Owner Occupied	1-unit	97% ¹	1-unit	80%	<i>Minimum 620</i>
	2 units	85%	2-4 Units	75%	
	3-4 Units	75%			
Second Home	1-Unit	90%	1-unit	75%	
Investment	1-unit - Purchase	85%	1-unit	75%	
	2-4 units - Purchase	75%			
	1-4 Units - LCOR	75%	2-4 Units	70%	

¹Greater than 95% LTV/CLTV/HCLTV limited to conforming, fixed rate loan amounts only. Refer to 97% Eligibility Requirements Section for additional restrictions

Loan Product																			
Eligible Products/Terms	<table border="1"> <thead> <tr> <th colspan="2">Conforming Loan Limits</th> </tr> </thead> <tbody> <tr> <td>CBF150 Conforming 15YR Fixed (>\$150k)</td> <td>CBF301 Conforming 30YR Fixed (≤\$85k)</td> </tr> <tr> <td>CBF151 Conforming 15YR Fixed (≤ \$85k)</td> <td>CBF302 Conforming 30YR Fixed (>\$85k and ≤\$110k)</td> </tr> <tr> <td>CBF152 Conforming 15YR Fixed (>\$85k and ≤\$110k)</td> <td>CBF303 Conforming 30YR Fixed (>\$110k and ≤\$150k)</td> </tr> <tr> <td>CBF153 Conforming 15YR Fixed (>\$110k and ≤\$150k)</td> <td></td> </tr> <tr> <td>CBF200 Conforming 20YR Fixed</td> <td></td> </tr> <tr> <td>CBF300 Conforming 30YR Fixed (>\$150k)</td> <td></td> </tr> <tr> <th colspan="2">High Balance Loan Limits</th> </tr> <tr> <td>HBF159 Conforming 15YR Fixed</td> <td>HBF309 Conforming 30YR Fixed</td> </tr> </tbody> </table>	Conforming Loan Limits		CBF150 Conforming 15YR Fixed (>\$150k)	CBF301 Conforming 30YR Fixed (≤\$85k)	CBF151 Conforming 15YR Fixed (≤ \$85k)	CBF302 Conforming 30YR Fixed (>\$85k and ≤\$110k)	CBF152 Conforming 15YR Fixed (>\$85k and ≤\$110k)	CBF303 Conforming 30YR Fixed (>\$110k and ≤\$150k)	CBF153 Conforming 15YR Fixed (>\$110k and ≤\$150k)		CBF200 Conforming 20YR Fixed		CBF300 Conforming 30YR Fixed (>\$150k)		High Balance Loan Limits		HBF159 Conforming 15YR Fixed	HBF309 Conforming 30YR Fixed
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Ineligible Products Types	<ul style="list-style-type: none"> • <u>Adjustable Rate Mortgages (ARMs)</u> • <u>HomeStyle Renovation / Energy Mortgages</u> • <u>Construction to Perm / One-Time Close Mortgages</u> • <u>Temporary Buydowns</u> • <u>Interest-Only Loan Programs</u> • <u>RefiNow</u> • <u>HUD184</u> 																		
Purpose	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-Out • Transactions in the state of Texas subject to 50(a)(6) – Refer to the Conforming Texas Section 50(a)(6) refinance matrix 																		

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Occupancy	<ul style="list-style-type: none"> • Primary Residence 1-4 Units • Second Home 1 Unit only • Investment 1-4 Units
95.01% - 97% LTV/CLTV/HCLTV Requirements	<p>For First-Time Home Buyers and Limited Cash-Out Refinance</p> <ul style="list-style-type: none"> • 1 Unit Primary Residence only (including Condos and PUDs) • Fixed Rate, 30YR term only • High Balance loans not permitted • Non-Occupant co-borrower not permitted • Reserves (if required by DU) may be gifted <p><u>Purchase Option for First-Time Home Buyers</u></p> <ul style="list-style-type: none"> • At least one borrower must be a first time homebuyer <ul style="list-style-type: none"> ◦ First time homebuyer definition – At least one borrower must not have owned any residential property in the last three years. See Fannie Mae Selling Guide for additional information. • Standard MI coverage required (35%) • Homebuyer education class must be completed, by at least one borrower, when all borrowers are first time homebuyers • Post purchase delinquency counseling not required <p><u>Limited Cash-Out Transactions</u></p> <ul style="list-style-type: none"> • Existing loan being refinanced must be owned (or securitized) by Fannie Mae. Documentation may come from the lender’s servicing system, the current servicer (if the lender is not the servicer, or from the Fannie Mae Loan Lookup Tool or any other source as confirmed by the lender. • Lender must inform DU that Fannie Mae owns the existing mortgage via the Owner of Existing Mortgage field in the online loan application before submitting the loan to DU • All other standard limited cash-out refinance policies apply
Temporary Buydowns	<p><i>Not permitted</i></p>
Eligibility	
Borrower Eligibility	<ul style="list-style-type: none"> • Acceptable Residency Statuses: <ul style="list-style-type: none"> ◦ U.S. Citizen(s) ◦ Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens as defined in the Special Products Seller Guide or the Residency and Eligibility Guide ◦ <u>Note: If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</u> ◦ Inter Vivos Revocable Trusts permitted in accordance with Fannie Mae guidelines. File to contain clear evidence of compliance.
Co-borrower/Co-signer	<p>Permitted in accordance with Fannie Mae Selling Guide</p>
Non-Arm’s Length Transactions	<p>Fannie Mae will not purchase mortgage loans on newly constructed homes secured by a 2nd Home or Investment Property if the borrower has a relationship or business affiliation with the builder, developer, or seller of the property.</p>



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Credit	
AUS	<ul style="list-style-type: none"> • Desktop Underwriter with Approve/Eligible findings required • <u>Manual underwriting not permitted</u> • Credit is evaluated by DU
Underwriting Authority	Delegated underwriting only
Credit Score	<u>Minimum 620</u>
Non-Traditional Credit	<u>Non-traditional credit is not acceptable</u>
Significant Derogatory Credit	Refer to Fannie Mae Selling Guide
DTI	Evaluated and determined by DU
Liabilities	Refer to Fannie Mae Selling Guide
Employment/Income	
Employment/ Income Verification	<ul style="list-style-type: none"> • Employment and income documentation must comply with the requirements of the DU findings and the Fannie Mae Selling Guide <ul style="list-style-type: none"> ◦ Fannie Mae approved third party suppliers and distributors that generate employment and income verification report are permitted for the purpose of verifying income and/or employment • For salaried employees, the verbal verification of employment must be completed within 10 business days prior to the Note date <ul style="list-style-type: none"> ◦ Income validation obtained through DU may fulfill the VVOE requirement provided that it is obtained within ten (10) business days prior to the Note date • For self-employed borrowers, the verbal verification of employment must be completed within 120 calendar days prior to the Note date • All sources of qualifying income must be legal in accordance with all applicable Federal, State and Local laws, rules and regulations, without conflict • A 4506-C form is required <u>to be signed at closing</u> for all transactions • Transcript Requirements: <ul style="list-style-type: none"> ◦ W2/1099 transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and /or 1099 fixed income sources ◦ <u>Tax transcripts are required in the following circumstances:</u> <ul style="list-style-type: none"> ▪ <u>When tax returns are used to qualify a borrower. The number of years provided must be based on the DU findings. Income verified via tax returns includes but is not limited to the examples listed below:</u> <ul style="list-style-type: none"> • <u>Self-employment income</u> • <u>Rental Income</u> • <u>Other Income Sources (i.e. Dividend/Interest, Capital Gains, Alimony, etc.)</u> • Note: Typically, tax transcripts are not available from the IRS until two to three weeks after a consumer e-files their tax returns and six to eight weeks after filing by mail. If the current tax year return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year's transcripts are required (either one or two years depending upon the AUS requirement) in addition

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	<p>to the current tax return and current year transcript request returned as a “No Record Found”. The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as qualifying income. Additional documents, i.e. copies of cancelled checks for IRS payment or IRS refund, or electronic receipt from the IRS indicating the SID and AGI that matches the return, may be required on a case-by-case basis.</p> <ul style="list-style-type: none"> In FEMA declared disaster areas, the IRS may grant tax filing extensions to citizens of specific Counties and Parishes. If a tax payer takes advantage of these extensions, a copy of the extension, the “No Record” result and the prior year’s transcripts are required (based on AUS finding). <ul style="list-style-type: none"> <u>When a written VOE form 1005 is used as a standalone income verification</u> <u>Employment by family members</u> <u>When amended tax returns have been filed, tax transcripts are required and must support the amended income</u>
Rental Income	<ul style="list-style-type: none"> Refer to Fannie Mae Selling Guide with the following restriction: <ul style="list-style-type: none"> <u>When purchasing or refinancing a 2-4 unit primary residence or a 1-4 unit investment property, the borrower must currently own a primary residence in order to use rental income from the subject property for qualifying purposes</u>
Assets/Reserves	
Asset/Reserve Requirements	<ul style="list-style-type: none"> Asset documentation must comply with the requirements of DU findings and the Fannie Mae Selling Guide Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets.
Gifts	Refer to Fannie Mae Selling Guide
IPC – Interested Party Contributions	Refer to Fannie Mae Selling Guide
Down Payment Assistance	<ul style="list-style-type: none"> <u>Down payment and closing cost assistance subordinate financing is not permitted</u> Employer assistance is acceptable in accordance with the Fannie Mae Selling Guide
Borrower Contribution	Refer to Fannie Mae Selling Guide
Subordinate Financing	
New Subordinate Financing	Refer to Fannie Mae Selling Guide
Existing Subordinate Financing	Refer to Fannie Mae Selling Guide

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Property/Appraisal

<p>Eligible Property Types</p>	<ul style="list-style-type: none"> • Single Family Detached • Single Family Attached • 2-4 Unit Detached • PUDs • Condominiums (must be Fannie Mae eligible) • Rural Properties (in accordance with Agency Guidelines, properties must be residential in nature) • Leaseholds
<p>Ineligible Property Types</p>	<ul style="list-style-type: none"> • <u>Manufactured homes</u> • Mobile Homes • <u>Cooperatives</u> • Condotels • Hotel Condominiums • Timeshares • Working Farms and Ranches • Unimproved Land • Land trusts in those states where the beneficiary is an individual • <u>Community Land Trusts</u>
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • Determined by DU Finding: <ul style="list-style-type: none"> ◦ Property Inspection Waiver (PIW) is permitted. Must comply with Fannie Mae Guidelines • <u>Appraisal Condition Rating of C5/C6 or a Quality Rating of Q6 is not permitted</u> • Re-certification of value, in accordance with Fannie Mae guidelines, is acceptable • Appraisal transfers are permitted in accordance with the Fannie Mae Selling Guide • The re-use of an appraisal is permitted in accordance with the Fannie Mae Selling Guide • <u>Successful UCDP Submission Summary Reports (SSRs) from both Fannie Mae and Freddie Mac are required. Loans will not be purchased that include the recently added proprietary messages that indicate 100% of the loans submitted with appraisals from the identified appraiser or supervisory appraiser will be reviewed or that Fannie Mae will not accept appraisals from the identified appraiser or supervisory appraiser as applicable.</u>
<p>Condos/PUDS</p>	<ul style="list-style-type: none"> • Must follow Fannie Mae published Condominium Eligibility Guidelines. See https://www.fanniemae.com/singlefamily/project-eligibility for more information • Limited Review allowed in accordance with Fannie Mae Guidelines • Limited Review for attached Condominium Units in Established Condominium Projects • <u>PERS approval is not permitted</u>
<p>Disaster Policy</p>	<ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the Special Products Selling Guide for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> ◦ FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); ◦ Areas where FEMA has not made a disaster declaration, but Community Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; ◦ Areas where the Seller has reason to believe that a property might have been damaged



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	<p>in a disaster</p> <ul style="list-style-type: none"> Correspondent lenders are responsible for monitoring the Disaster Declaration File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster.
Escrow Holdbacks	<ul style="list-style-type: none"> Follow Fannie Mae guidelines regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation. It is Seller's responsibility to forward final completion documents to CLS per Fannie Mae Guidelines
Primary conversion	Refer to Fannie Mae Selling Guide
Geographic Restrictions	<i><u>Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted</u></i>
Special Restrictions	
High Cost	<i><u>CLS will not purchase High Cost Loans</u></i>
HPML	Refer to Fannie Mae Selling Guide
Multiple Financed Properties	<ul style="list-style-type: none"> The loan must comply with Fannie Mae's limitations on the maximum number of financed properties, including ownership interest in financed properties. Fannie Mae has imposed LTV/CLTV, minimum credit score, transaction type, reserves and other miscellaneous requirements that may not be assessed by DU. Refer to the Fannie Mae Selling Guide.
POA	The use of a POA is not permitted on Cash-Out transactions
Insurance	
Mortgage Insurance	<ul style="list-style-type: none"> Standard Coverage Required Split Premium MI is eligible subject to Fannie Mae guidelines Financed MI is eligible subject to Fannie Mae guidelines Lender paid single premium and borrower paid single premium MI is eligible subject to Fannie Mae guidelines <i><u>Reduced MI: Not permitted</u></i>
Other Considerations	
Age of Documentation	<ul style="list-style-type: none"> All credit documents must be dated within 120 days of the Note date Preliminary Title Policies must be no more than 180 days old on the date the Note is signed
Assignment of Mortgage	All loans must be registered with MERS at the time of delivery to CLS. The MERS transfer of beneficial rights and transfer of servicing rights must be initialed by the Seller with 7 calendar days of purchase date. Refer to Seller Guide for transfer requirements.
Seasoning Requirements	<i><u>Complete closed loan packages (Credit file, Closing file, and Note) must be received by CLS within 45 calendar days from Note date.</u></i>



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<p>Escrow Waivers</p>	<ul style="list-style-type: none"> • <u>Tax and insurance escrows are required on all loans greater than 80% loan to value (LTV) with the exception of California where state law prescribes escrows are not required on loans less than 90% LTV.</u> • <u>Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required.</u> • <u>Escrow waivers for property taxes and homeowners insurance are permitted on loans with LTVs less than or equal to 80% in accordance with the Fannie Mae Selling Guide and all state specific restrictions.</u> • Tax and insurance escrows are required on all HPML loans.
<p>Forbearance</p>	<ul style="list-style-type: none"> • Community Loan Servicing will not purchase any loan where the borrower is actively seeking a forbearance or any loan that is in an "active" forbearance status prior to purchase by Community Loan Servicing

Seller shall deliver loans that were originated in accordance with the Fannie Mae Single Family Selling Guide, unless otherwise noted in this product matrix.

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Author	Section	Date	Update
DH	Eligibility Matrix	06/29/17	<ul style="list-style-type: none"> High balance loans are now included in the eligibility matrix
DH	Employment/Income Verification	06/29/17	<ul style="list-style-type: none"> Added clarification that approved third party suppliers and distributors that generate income verification reports are permitted for the purpose of verifying income and/or employment. Added clarification that income validation obtained through DU may fulfill the VVOE requirement provided that it is obtained within ten (10) business days prior to the note date. Added updated transcript requirements: <ul style="list-style-type: none"> W2/W9 transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and/or 1099 fixed income sources. Tax transcripts are required when tax returns are used to qualify a borrower. The number of years provided must be based on the DU findings. Income verified via tax returns includes but is not limited to the examples listed below. <ul style="list-style-type: none"> Self-employment income Commission Income ≥ 25% Rental Income Employment by Family Members Other Income Sources (i.e. Dividend Interest, Capital Gains, Alimony etc.) Added clarification that form 4506-T is required to be signed at closing for all transactions
DH	Reserves/Assets	06/29/17	<ul style="list-style-type: none"> Added clarification that approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets.
DH	Appraisal	06/29/17	<ul style="list-style-type: none"> Added requirements for high balance loans
RM	Appraisal	07/10/17	<ul style="list-style-type: none"> Added clarification that Property Inspection Waiver (PIW) is permitted. Must comply with Fannie Mae Guidelines
DH	Eligibility Matrix	07/31/17	<ul style="list-style-type: none"> Updated ARM eligibility to align with fixed rate transactions up to a maximum of 95% LTV/CLTV/HCLTV
DH	Income/Employment	7/31/17	<ul style="list-style-type: none"> Added clarification that tax transcripts are required when a written VOE form 1005 is used as standalone income verification
RM	Geographic Restrictions	10/26/17	<ul style="list-style-type: none"> Removed Hawaii from the ineligible list
DH	Appraisal	3/15/18	<ul style="list-style-type: none"> High Balance Loans <ul style="list-style-type: none"> Removed field review requirement when the property value is >= \$1,000,000 and the LTV exceeds 75%
DH	Employment/Income	07/19/18	<ul style="list-style-type: none"> Added clarification that all sources of qualifying income must be legal in accordance with all applicable federal, state and local laws, rules and regulation, without conflict. Added clarification that when amended tax returns have been filed, tax transcripts are required to support the amended income
DH	Escrow Waivers	07/19/18	<ul style="list-style-type: none"> Escrow waiver row added as follows: <ul style="list-style-type: none"> Tax and insurance escrows are required on all loans greater than 80% loan to value (LTV) with the exception of California where state law prescribes escrows are not required on loans less than 90% LTV. Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required. Escrow waivers for property taxes and homeowners insurance are permitted on loans with LTVs less than or equal to 80% in accordance with the Fannie Mae Selling Guide and all state specific restrictions. Tax and insurance escrows are required on all HPML loans.
DH	Appraisal	07/19/18	<ul style="list-style-type: none"> Clarification added permitting the transfer and re-use of an appraisal in accordance with the Fannie Mae Selling Guide
DH	Borrower Eligibility	10/29/18	<p>Revised:</p> <ul style="list-style-type: none"> Acceptable Residency statuses: <ul style="list-style-type: none"> US Citizen(s) Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens as defined in the Community Loan Servicing Selling Guide or the Bayview and Lakeview Borrower Residency and Eligibility Guide <u>Note: If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</u>
DH	Down Payment and Closing Cost Assistance	11/01/18	<ul style="list-style-type: none"> Added clarification that down payment and closing cost assistance subordinate financing is not permitted
DH	Disaster Area Requirements	01/31/19	<p>Removed:</p> <ul style="list-style-type: none"> Please refer to the list of affected counties published by FEMA using the following link: http://www.fema.gov/disasters



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			<ul style="list-style-type: none"> If FEMA does not identify an area as a disaster, Lakeview reserves the right to declare an area not identified by FEMA as a disaster. In these cases Lakeview will communicate any declarations. The Disaster Policy should be followed during an ongoing disaster and up to 90 days from the FEMA declaration date If the subject property is located in one of the impacted counties and the appraisal was completed prior to the incident period (as defined by FEMA), Lakeview Loan Servicing will require a post disaster inspection confirming the property was not adversely affected by the disaster. Full appraisals obtained after the incident period need to indicate that the property has not been impacted by the disaster If the inspection notes the property is uninhabitable, unsound, or the condition of the property has been affected by the disaster, a new full appraisal is required. The following are acceptable inspection formats: <ul style="list-style-type: none"> A property inspection report with photo from a licensed inspector Appraisal Update and/or Completion Report <ul style="list-style-type: none"> A substitute appraiser may be used when the original appraiser is not available <p>Replaced:</p> <ul style="list-style-type: none"> Refer to the Disaster Guidelines in the Lakeview Loan Servicing Selling Guide or the Bayview Lakeview Loan Servicing Disaster Guide for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); Areas where FEMA has not made a disaster declaration, but Lakeview Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; Areas where the Seller has reason to believe that a property might have been damaged in a disaster Correspondent lenders are responsible for monitoring the Bayview Lakeview Loan Servicing Disaster File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster.
DH	Borrower Eligibility	02/21/19	<p>Removed:</p> <ul style="list-style-type: none"> <u>Borrowers purchasing an investment property must demonstrate a 12 month primary housing history</u> <ul style="list-style-type: none"> <u>Borrower(s) will need to represent primary ownership through mortgage history or property records/tax and HOI payments; or</u> <u>Borrower(s) must demonstrate that they have handles a primary housing payment. This can documented through 12 months cancelled checks or VOR from a property management company.</u> <p>**Delayed financing will be permitted only when the borrower meets the primary housing history requirements listed above.</p>
DH	Employment/Income	02/21/19	<p>Added:</p> <ul style="list-style-type: none"> <u>Borrowers purchasing an investment property using rental income to qualify must own a primary residence.</u> <ul style="list-style-type: none"> <u>The following additional requirements must be met with the purchase of a new investment property or conversion of a primary residence to an investment property:</u> <ul style="list-style-type: none"> <u>If borrower does not have a minimum of one year of investment property management experience, then the rental income is only permitted to offset the amount of principal, interest, taxes and insurance (PITI) of the new investment property. Excess rental income cannot be added to the borrower's gross monthly income to qualify.</u>
DH	Eligible Property Type	04/16/19	<p>Removed:</p> <ul style="list-style-type: none"> Land Trust
DH	Ineligible Property Type	04/16/19	<p>Added:</p> <ul style="list-style-type: none"> Land Trusts in those states where the beneficiary is an individual
AM	Matrix	08/20/19	Updated to new format
DH	Eligibility Grid	11/15/19	<ul style="list-style-type: none"> Expanded eligibility to allow primary and second homes
DH	Occupancy	11/15/19	<ul style="list-style-type: none"> Expanded eligibility to allow primary and second homes
DH	Rental Income	03/19/20	<p>Added refinance transactions to the below overlay</p> <ul style="list-style-type: none"> <u>When purchasing or refinancing a 2-4 unit primary residence or a 1-4 unit investment property, the borrower must currently own a primary residence in order to use rental income from the subject property for qualifying purposes</u>
DH	Eligible Products/Terms	04/09/20	<ul style="list-style-type: none"> Removed ARM product codes
DH	COVID-19 Guidance	04/09/20	<ul style="list-style-type: none"> Added front page detailing COVID-19 guidance to be applied to product
DH	COVID-19 Guidance	4/23/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Appraisal flexibilities Condo project reviews
DH	COVID-19 Guidance	5/07/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Income and Employment Verification Age of Documentation Appraisal flexibilities Condo project reviews



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DH	COVID-19 Guidance	5/07/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> o Rescission of forbearance LLPA's and \$1000 administration fee
DH	COVID-19 Guidance	6/01/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> o Updated forbearance guidance section to include reference to C2020-22 announcement
DH	COVID-19 Guidance	6/11/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> o Added that self-employment income must be assessed and verified in accordance with Fannie Mae and Freddie Mac temporary COVID-19 guidance.
DH	COVID-19 Guidance	6/25/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> o Updated VVOE requirements and reference to C2020-25 o Updated Appraisal Flexibility section to reference C2020-25 o Updated Forbearance section to reference C2020-25 o Updated Age of Documentation section to reference C2020-25 o Updated Condo Project Review section to reference C2020-25
DH	COVID-19 Guidance	7/23/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> o Updated VVOE requirements and reference to C2020-27 o Updated Appraisal Flexibility section to reference C2020-27 o Updated Forbearance section to reference C2020-27 o Updated Age of Documentation section to reference C2020-27 o Updated Condo Project Review section to reference C2020-27
AM	COVID-19 Guidance	9/17/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> o Updated VVOE requirements and reference to C2020-34 o Updated Appraisal Flexibility section to reference C2020-34 o Updated Forbearance section to reference C2020-34 o Updated Age of Documentation section to reference C2020-34 o Updated Condo Project Review section to reference C2020-34
DH	COVID-19 Guidance	10/01/20	<ul style="list-style-type: none"> Updated the following sections on the COVID-19 cover page to point to the Lakeview announcements as posted on the <u>Lakeview Correspondent</u> website for full details <ul style="list-style-type: none"> o VVOE requirements o Appraisal Flexibility section o Forbearance section o Age of Documentation section o Condo Project Review section
DH	COVID-19 Guidance	10/15/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> o Removed temporary tax transcript flexibilities
DH	Various	12/10/20	<ul style="list-style-type: none"> Updated product matrix to replace Bayview Loan Servicing with Community Loan Servicing throughout
MM	Employment/Income Verification	12.23.20	<p>Removed</p> <ul style="list-style-type: none"> A 4506-T is required to be signed at closing for all transactions <p>Revised</p> <ul style="list-style-type: none"> A 4506-C or 4506-T form is required to be signed at closing for all transactions; however, all Notes dated on 3/1/21 or after will require the 4506-C to be signed at closing
AM	COVID-19 Guidance	01.07.21	<p>Prior:</p> <p><u>At this time Lakeview is not aligning with Fannie Mae and Freddie Mac's Power of Attorney flexibilities.</u> Lakeview will continue to accept POAs in accordance with Lakeview Seller Guide and Fannie Mae and Freddie Mac standard guidelines</p> <p>Revised:</p> <p><u>At this time Lakeview is not aligning with Fannie Mae's Power of Attorney flexibilities.</u> Lakeview will continue to accept POAs in accordance with Lakeview Seller Guide and Fannie Mae and Freddie Mac standard guidelines.</p>
MM	Employment/Income Verification	02.18.21	<p>Removed:</p> <ul style="list-style-type: none"> A 4506-C or 4506-T form is required <u>to be signed at closing</u> for all transactions; however, all Notes dated on 3/1/21 or after will require the 4506-C <u>to be signed at closing.</u> <p>Added:</p> <ul style="list-style-type: none"> A 4506-C or 4506-T form is required <u>to be signed at closing</u> for all transactions; however, all loans delivered to CLS on or after 2/18/2021 will require the 4506-C form <u>to be signed at closing.</u>
DH	COVID-19 Guidance	04.01.21	<ul style="list-style-type: none"> Removed POA overlay from temporary COVID page
DH	COVID-19 Guidance	06.01.21	<ul style="list-style-type: none"> Updated COVID Overlay page to reflect retirement of flexibilities in accordance with Fannie Mae and Freddie Mac
MM	Ineligible Products Types	06.24.21	Added RefiNow as an ineligible product
MM	Maximum Loan Amount	08.19.21	REMOVED: <u>\$1,000,000</u>

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MM	COVID-19 Guidance	8/26/2021	REMOVED: Age of Documentation Refer to the Lakeview announcements as posted on the Lakeview Correspondent website for full details
MM	LTV Chart	09.16.21	ADDED: Credit Score: <u>Minimum 620</u>
MM	FICO	09.16.21	REMOVED: Refer to Fannie Mae Selling Guide UPDATED: Changed FICO to Credit Score ADDED: <u>Minimum 620</u>
MM	Employment/ Income Verification	11.24.21	REMOVED: For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the Note date is acceptable in lieu of a verbal verification of employment.
MM	Ineligible Products Types	1.28.22	CLARIFIED: Adjustable Rate Mortgages (ARMs) as ineligible product type
AS	Ineligible Product Types	12.09.22	Added: HUD184
AS	Ineligible Property Types	12.09.22	Removed: Group Homes
AS	COVID-19 Guidance	03.08.23	Removed COVID-19 guidance
AS	Forbearance	03.08.23	Added section from COVID-19 guidance: Community Loan Servicing will not purchase any loan where the borrower is actively seeking a forbearance or any loan that is in an "active" forbearance status prior to purchase by Community Loan Servicing
SG	Appraisals	03.29.23	Added: Hybrid appraisals and the alternative appraisal valuation options are not permitted
AS	Income/Employment Verification	03.29.23	Added: <ul style="list-style-type: none"> Note: Typically, tax returns are not available from the IRS until two to three weeks after a Consumer e-files their tax returns and six to eight weeks after filing by mail. If the current tax return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year's transcripts are required (depending on AUS requirement), in addition to the current tax return and current year transcript request returned as a "No Record Found". The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as qualifying income. <i>Additional documents, (i.e. copies of cancelled checks for IRS Payment or IRS refund, or electronic filing receipt from the IRS indicating the SID and AGI that matches the return) may be required on a case-by-case basis.</i> In FEMA declared disaster areas, the IRS may grant tax filing extensions to citizens of specific Counties and Parishes. If a tax payer takes advantage of these extensions, a copy of the extension, the "No Record" result and the prior year's transcripts are required (based on AUS finding).
SG	Appraisals	6.28.23	Removed Overlay: <ul style="list-style-type: none"> Hybrid appraisals and the alternative appraisal valuation options are not permitted



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FREDDIE MAC CONFORMING & SUPER CONFORMING PRODUCT MATRIX

This product matrix serves as a summary of the Freddie Mac Conforming and Super Conforming loan program in addition to Community Loan Servicing overlays. Refer to the Freddie Mac Seller/Service Guide for any information not specified in this product matrix.

Seller shall deliver loans that were originated in accordance with the Freddie Mac Seller/Service Guide unless otherwise noted in this product matrix.



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Freddie Mac Conforming and Super Conforming				
Fixed Rate				
Occupancy	Purchase and Rate/Term Refinance		Cash-Out Refinance	
	Number of Units	Maximum LTV/CLTV/HCLTV	Number of Units	Maximum LTV/CLTV/HCLTV
Owner Occupied	1 Unit	97% ¹	1 Unit	80%
	2 Units	85%	2 Units	75%
	3-4 Units	80%	3-4 Units	75%
Second Home	1 Unit	90%	1 Unit	75%
Investment Property	1 Unit	85%	1 Unit	75%
	2-4 Units	75%	2-4 Units	70%

¹Greater than 95% LTV/CLTV limited to Conforming, Fixed Rate loan amounts only. Refer to 97% LTV Eligibility Section for additional restrictions.

Loan Product																			
Eligible Products/Terms	<table border="1"> <thead> <tr> <th colspan="2">Conforming Loan Limits</th> </tr> </thead> <tbody> <tr> <td>CBF150 Conforming 15YR Fixed (>\$150k)</td> <td>CBF301 Conforming 30YR Fixed (≤\$85k)</td> </tr> <tr> <td>CBF151 Conforming 15YR Fixed (≤\$85k)</td> <td>CBF302 Conforming 30YR Fixed (>\$85k and ≤\$110k)</td> </tr> <tr> <td>CBF152 Conforming 15YR Fixed (>\$85k and ≤\$110k)</td> <td>CBF303 Conforming 30YR Fixed (>\$110k and ≤\$150k)</td> </tr> <tr> <td>CBF153 Conforming 15YR Fixed (>\$110k and ≤\$150k)</td> <td></td> </tr> <tr> <td>CBF200 Conforming 20YR Fixed</td> <td></td> </tr> <tr> <td>CBF300 Conforming 30YR Fixed (>\$150k)</td> <td></td> </tr> <tr> <th colspan="2">Super Conforming Loan Limits</th> </tr> <tr> <td>HBF159 Conforming 15YR Fixed</td> <td>HBF309 Conforming 30YR Fixed</td> </tr> </tbody> </table>	Conforming Loan Limits		CBF150 Conforming 15YR Fixed (>\$150k)	CBF301 Conforming 30YR Fixed (≤\$85k)	CBF151 Conforming 15YR Fixed (≤\$85k)	CBF302 Conforming 30YR Fixed (>\$85k and ≤\$110k)	CBF152 Conforming 15YR Fixed (>\$85k and ≤\$110k)	CBF303 Conforming 30YR Fixed (>\$110k and ≤\$150k)	CBF153 Conforming 15YR Fixed (>\$110k and ≤\$150k)		CBF200 Conforming 20YR Fixed		CBF300 Conforming 30YR Fixed (>\$150k)		Super Conforming Loan Limits		HBF159 Conforming 15YR Fixed	HBF309 Conforming 30YR Fixed
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Super Conforming Loan Limits																			
HBF159 Conforming 15YR Fixed	HBF309 Conforming 30YR Fixed																		
Ineligible Products Types	<ul style="list-style-type: none"> • <u>Construction Conversion Single Close Transactions</u> • <u>Renovation Mortgages/Energy Mortgages</u> • <u>Temporary Buydowns</u> • <u>Interest Only Loan Programs</u> • <u>Refi Possible</u> • <u>HUD184</u> 																		
Purpose	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-Out Refinance • For FHLMC loans subject to TX 50(a)(6) restrictions, please use this matrix along with the Conforming Texas Section 50(a)(6) Refinance Matrix for additional state specific guidelines 																		
Occupancy	<ul style="list-style-type: none"> • Primary Residence 1-4 Units • Second Home 1 Unit Only • Investment Property 1-4 Units 																		



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<p>95.01% - 97% LTV/CLTV/HCLTV Requirements</p>	<p>For Purchase and Rate/Term Refinances of Freddie Mac Loans</p> <ul style="list-style-type: none"> • 1 Unit Principal Residence (including Condos and PUD's) • Fixed Rate Mortgage with maximum term of 30YRs • Super Conforming mortgages are not permitted • Loan must have standard MI coverage <p><u>Purchase Transactions</u></p> <ul style="list-style-type: none"> • First Time Home Buyers (FTHB) requirement – at least one borrower must be a FTHB. A FTHB is defined as an individual that has not owned any residential property in the past 3 years. In addition, the FTHB can be a displaced homemaker or single parent if there is no previous ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period. See FHLMC Seller Guide for further information. • Pre-purchase home-buyer education and counseling required when all borrowers are first time homebuyers • Post-purchase delinquency counseling not required <p><u>Refinance Option (Rate/Term) for an Existing Freddie Mac loan</u></p> <ul style="list-style-type: none"> • The lender must document that the existing loan being refinanced is owned (or securitized) by Freddie Mac. Documentation may come from the lender's servicing system, the current servicer (if the lender is not the servicer), from the Freddie Mac Loan Lookup Tool or any other source as confirmed by the lender. • All other standard purchase and rate/term refinance policies apply <p>NOTE: Lenders must enter the valid value of FRE for ULDD Data Point <i>Related Loan Investor Type</i> and, if available, should also provide the associated Freddie Mac loan number of the mortgage being refinanced for ULDD Data Point <i>Related Investor Loan Identifier</i>.</p>
<p>Temporary Buydowns</p>	<p><u>Not Permitted</u></p>
<p>Eligibility</p>	
<p>Borrower Eligibility</p>	<ul style="list-style-type: none"> • Acceptable Residency Statuses: <ul style="list-style-type: none"> ◦ US Citizen(s) ◦ Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens as defined in the Special Products Seller Guide or the Residency and Eligibility Guide. ◦ <u><i>Note: If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</i></u> • Living Trust Agreements: Permitted, must meet all current Freddie Mac Guidelines and contain clear evidence of compliance.
<p>Co-Borrower Co-Signer</p>	<p>Permitted in accordance with Freddie Mac Seller Guide</p>
<p>Homebuyer Education</p>	<p>Not required for LTV/CLTV/HCLTV ≤ 95%; see 95.01% - 97% LTV/CLTV/HCLTV section</p>
<p>Non-Arm's Length Transactions</p>	<p>Freddie Mac will not purchase mortgage loans on newly constructed homes secured by a 2nd Home or Investment property if the borrower has a relationship or business affiliation with the builder, developer, or seller of the property.</p>



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Credit	
AUS	<ul style="list-style-type: none"> LPA [Loan Product Advisor] with “Accept” findings required <i>Manual underwriting is not permitted</i>
Underwriting Authority	Delegated underwriting only
FICO Requirements	<ul style="list-style-type: none"> <i>Minimum 620 FICO score</i> Credit is evaluated by LPA
Non-Traditional Credit	<i>Use of non-traditional credit is not permitted</i>
Liabilities	<ul style="list-style-type: none"> Refer to the Freddie Mac Seller Guide <i>Follow Freddie Mac requirements defined in future revision of the Seller Guide dated 01/02/2020 as announced in Freddie Mac Bulletin 2019-20</i>
Significant Derogatory Credit	Refer to the Freddie Mac Seller Guide
DTI	Evaluated and determined by LPA
Employment/Income	
Employment/Income Verification	<ul style="list-style-type: none"> Employment and income documentation must comply with the requirements of Loan Product Advisor Findings and the Freddie Mac Seller Guide For salaried employees, the verbal verification of employment must be completed within 10 business days prior to the note date For self-employed borrowers, the verbal verification of employment must be completed within 120 calendar days prior to the note date All sources of qualifying income must be legal in accordance with all applicable Federal, State, and Local laws, rules and regulations, without conflict A 4506-C form is required <i>to be signed at closing</i> for all transactions Transcript Requirements: <ul style="list-style-type: none"> W2/W9 transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and/or 1099 fixed income sources <i>Tax transcripts are required in the following circumstances:</i> <ul style="list-style-type: none"> <i>When tax returns are used to qualify a borrower. The number of years provided must be based on the LPA Findings. Income verified via tax returns, includes but is not limited to, the examples listed below:</i> <ul style="list-style-type: none"> <i>Self-Employment Income</i> <i>Rental Income</i> <i>Other Income Sources (i.e. Dividend Interest, Capital Gains, Alimony, etc.)</i> Note: Typically, tax returns are not available from the IRS until two to three weeks after a Consumer e-files their tax returns and six to eight weeks after filing by mail. If the current tax return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year’s transcripts are required (depending on AUS requirement), in addition to the current tax return and current year transcript request returned as a “No Record Found”. The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as qualifying income. Additional documents, (i.e. copies of cancelled checks for IRS Payment or IRS refund, or electronic filing receipt from the IRS indicating the SID and AGI that matches the return) may be required on a case-by-case basis.



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	<ul style="list-style-type: none"> In FEMA declared disaster areas, the IRS may grant tax filing extensions to citizens of specific Counties and Parishes. If a tax payer takes advantage of these extensions, a copy of the extension, the “No Record” result and the prior year’s transcripts are required (based on AUS finding). <ul style="list-style-type: none"> <i>When a written VOE, form 1005, is used as a standalone income verification</i> <i>Employment by Family Members</i> <i>When amended tax returns have been filed, tax transcripts are required and must support the amended return</i>
Rental Income	Refer to the Freddie Mac Seller Guide
Assets/Reserves	
Asset Documentation	<ul style="list-style-type: none"> Must comply with the requirements of the LPA Findings and the Freddie Mac Seller Guide <ul style="list-style-type: none"> Third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets
Reserves	<ul style="list-style-type: none"> Reserves must be based on the full monthly payment for the property. The monthly payment amount is the sum of the following monthly charges: <ul style="list-style-type: none"> Principal and Interest payments on the mortgage Property hazard insurance premiums Real estate taxes When applicable: <ul style="list-style-type: none"> Mortgage Insurance Premiums Leasehold Payments Homeowner’s Association dues (excluding unit utility charges) Payments on secondary financing
Gifts	Refer to the Freddie Mac Seller Guide
IPC – Interested Party Contributions	Refer to the Freddie Mac Seller Guide
Down Payment Assistance	<ul style="list-style-type: none"> <i>Down payment and closing cost assistance subordinate financing is not permitted</i> Employer assistance is acceptable in accordance with Freddie Mac Seller Guidelines
Borrower Contribution	Refer to the Freddie Mac Seller Guide
Subordinate Financing	
New Subordinate Financing	<ul style="list-style-type: none"> Refer to the Freddie Mac Seller Guide <i>Down payment and closing cost assistance subordinate financing is not permitted</i>
Existing Subordinate Financing	Refer to the Freddie Mac Seller Guide
Property/Appraisal	
Eligible Property Types	<ul style="list-style-type: none"> Single Family Detached Single Family Attached 2-4 Unit Detached PUDs Condominiums – must be Freddie Mac eligible Rural Properties – in accordance with Agency Guidelines, properties must be residential in nature Leaseholds – must be Freddie Mac eligible (provide Freddie Mac Ground Lease Analysis)



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Ineligible Property Types	<ul style="list-style-type: none"> • <u>Manufactured Homes</u> • Mobile Homes • <u>Cooperatives</u> • Condotels • Hotel Condominiums • Timeshares • Working Farms and Ranches • Unimproved Land • <u>Community Land Trusts</u>
Appraisal Requirements	<ul style="list-style-type: none"> • Appraisal Condition Rating of <u>C5/C6</u> or a Quality Rating of Q6: not permitted • <u>Successful UCPD Submission Summary Reports (SSRs) from both Fannie Mae and Freddie Mac are required. Loans will not be purchased that include the recently added proprietary messages that indicate 100% of the loans submitted with appraisals from the identified appraiser or supervisory appraiser will be reviewed, or that Fannie Mae will not accept appraisals from the identified appraiser or supervisory appraiser as applicable.</u>
Appraisal Transfers	Appraisal transfers are permitted in accordance with the Freddie Mac Seller Guide
Appraisal Re-Use	The re-use of an appraisal is permitted in according with the Freddie Mac Seller Guide
Condos/PUDs	Must follow Freddie Mac published Condominium Eligibility Guidelines
Disaster Area Requirements	<ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the Special Products Seller Guide for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> ◦ FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); ◦ Areas where FEMA has not made a disaster declaration, but Community Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; ◦ Areas where the Seller has reason to believe that a property might have been damaged in a disaster • Correspondent lenders are responsible for monitoring the Disaster Declarations File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster.
Escrow Holdbacks	<ul style="list-style-type: none"> • Refer to the Freddie Mac Seller Guide regarding reason, type of improvements, time to complete, quality, disbursements, and post-closing documentation • It is the Seller's responsibility to forward final completion documents to CLS per Freddie Mac Seller Guide
Deed Restricted Properties	Refer to the Freddie Mac Seller Guide
Primary Residence Conversion	Refer to the Freddie Mac Seller Guide
Geographic Restrictions	<i><u>Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted.</u></i>



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Special Restrictions	
High Cost Loans	<i>CLS will not purchase High Cost Loans.</i>
Higher Priced Mortgage Loans (HPML)	Refer to the Freddie Mac Seller Guide
Multiple Financed Properties	The loan must comply with Freddie Mac's limitations on the maximum number of financed properties on which the borrower is obligated
Insurance	
Mortgage Insurance	<ul style="list-style-type: none"> Standard Coverage required Split Premium MI is eligible subject to Freddie Mac Seller Guide Financed MI is eligible subject to Freddie Mac Seller Guide Lender paid single premium and borrower paid single premium MI is eligible subject to Freddie Mac Seller Guide <i>Reduced MI: not permitted</i>
Other Considerations	
Age of Documents	<ul style="list-style-type: none"> All credit documents must be dated within 120 days of the note date Preliminary Title Policies must be no more than 180 days old on the date that the note is signed
Assignment of Mortgage	All loans must be registered with MERS at the time of delivery to CLS. The MERS transfer of beneficial rights and transfer of servicing rights must be initialed by the Seller within 7 calendar days of purchase date. Refer to the Seller Guide for transfer requirements.
Seasoning Requirements	<i>Complete closed loan packages (Credit file, Closing file, and Note) must be received by CLS within 45 calendar days from Note date.</i>
Escrow Waivers	<ul style="list-style-type: none"> <i>Tax and insurance escrows are required on all loans greater than 80% LTV with the exception of California, where State Law prescribes escrows are not required on loans less than 90% LTV</i> <i>Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association, or other group, no escrow is required</i> <i>Escrow waivers for property taxes and homeowner's insurance are permitted on loans with LTVs less than or equal to 80% in accordance with the Freddie Mac Seller Guide and all state specific restrictions.</i> Tax and insurance escrows are required on all HPML loans
Forbearance	<ul style="list-style-type: none"> Community Loan Servicing will not purchase any loan where the borrower is actively seeking a forbearance or any loan that is in an "active" forbearance status prior to purchase by Community Loan Servicing
Seller shall deliver loans that were originated in accordance with the Freddie Mac Single Family Seller Guide, unless otherwise stated in this product matrix.	



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Version Control			
Author	Section	Date	Update
DH	Reserves	04/24/17	Removed language requiring borrower to have an ownership interest in the subject property when calculating required reserves when the subject is a second home or investment property. Consideration is based on properties on which the borrower is obligated.
DH	Limitations on Financed Properties	04/24/17	Removed language requiring borrower to have an ownership interest in the subject property when calculating required reserves when the subject is a second home or investment property. Consideration is based on properties on which the borrower is obligated.
DH	Employment/Income Verification	06/29/17	<ul style="list-style-type: none"> • Added clarification that form 4506-T is required to be signed at closing for all transactions • Added updated transcript requirements: <ul style="list-style-type: none"> ○ W2/W9 transcripts will not be required for a borrower when all income for that borrower is derived from W-2 wage earner and/or 1099 fixed income sources ○ Tax transcripts are required when tax returns are used to qualify the borrower. The number of years provided must be based on the DU findings. Income verified via tax returns includes but is not limited to the examples listed below: <ul style="list-style-type: none"> ▪ Self-employment income ▪ Commission income ≥ 25% ▪ Rental Income ▪ Employment by Family Members ▪ Other income sources (i.e. Dividend Interest, Capital Gains, Alimony, etc.)
RM	Geographic Restrictions	10/26/17	<ul style="list-style-type: none"> • Removed Hawaii from the ineligible list
DH	Liabilities	01/18/18	<ul style="list-style-type: none"> • Added a Liabilities section – refer to the Freddie Mac Seller Guide
DH	Eligibility Grid	04/26/18	<ul style="list-style-type: none"> • LTVs updated as follows: <ul style="list-style-type: none"> ○ 2-unit primary residence maximum updated from 80% to 85% LTV/CLTV/HCLTV ○ Second home maximum updated from 85% to 90% LTV/CLTV/HCLTV
DH	Employment/Income	07/19/18	<ul style="list-style-type: none"> • Added clarification that all sources of qualifying income must be legal in accordance with all applicable Federal, State and Local laws, rules and regulations, without conflict • Added clarification that tax transcripts are required when amended tax returns have been filed and must support the amended income
DH	Appraisal	07/19/18	<ul style="list-style-type: none"> • Clarification added permitting the transfer and re-use of an appraisal in accordance with the Freddie Mac Seller Guide
DH	Escrow Waivers	07/19/18	<ul style="list-style-type: none"> • Escrow waiver row added as follows: <ul style="list-style-type: none"> ○ Tax and insurance escrows are required on all loans greater than 80% loan to value (LTV) with the exception of California, where State Law prescribes escrows are not required on loans less than 90% LTV ○ Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association, or other group, no escrow is required ○ Escrow waivers for property taxes and homeowner's insurance are permitted on loans with LTVs less than or equal to 80% in accordance with the Freddie Mac Seller Guide and all State specific restrictions ○ Tax and insurance escrows are required on all HPML loans
DH	Eligibility Grid	07/29/18	<ul style="list-style-type: none"> • Updated purchase and rate/term refinance transactions to 97% for one-unit Primary residence • Added footnotes 1 and 2 as follows: <ul style="list-style-type: none"> ○ ¹Greater than 95% LTV/CLTV limited to Conforming, Fixed Rate loan amounts only. Refer to 97% LTV Eligibility Section for additional restrictions ○ ²ARM Transactions – maximum 95% LTV/CLTV/HCLTV
DH	97% LTV/CLTV/HCLTV Eligibility Requirements	07/29/18	<p>Added 97% LTV/CLTV/HCLTV bucket:</p> <p>For Purchase and No Cash-Out Refinance of Freddie Mac Loans</p> <ul style="list-style-type: none"> • 1-unit principal residence (including condos and PUD's) • Fixed-rate mortgage with maximum term of 30 years • Super Conforming loans are not permitted • Loan must have standard MI coverage • LTV/CLTV/HCLTV Ratios <ul style="list-style-type: none"> ○ LTV – 95.01 to 97% ○ CLTV – 95.01 to 97% ○ HCLTV – 95.01 to 97% • Purchase Transactions <ul style="list-style-type: none"> ○ First-time home buyer requirement – At least 1 borrower must be a first-time home buyer ○ First Time Home Buyer Definition – At least one buyer must not have owned any residential property in the past three years. In addition, an individual who is a displaced homemaker or single parent also will be



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Author	Section	Date	Update
			considered a first-time home buyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period. See FHLMC Selling Guide for further information. <ul style="list-style-type: none"> o Pre-purchase home-buyer education and counseling required when All Borrowers are first time homebuyers • Refinance Option (No Cash-Out) for an Existing Freddie Mac Loan <ul style="list-style-type: none"> o The lender must document that the existing loan being refinanced is owned (or securitized) by Freddie Mac. Documentation may come from the lender's servicing system, the current servicer (if the lender is not the servicer), from the Freddie Mac Loan Lookup Tool or any other source as confirmed by the lender. <ul style="list-style-type: none"> ▪ Not required if Affordable secondary financing is present • All other standard purchase and no cash-out refinance policies apply. NOTE: Lenders must enter the valid value of FRE for ULDD Data Point <i>Related Loan Investor Type</i> and, if available, should also provide the associated Freddie Mac loan number of the mortgage being refinanced for ULDD Date Point <i>Related Investor Loan Identifier</i> .
DH	Ineligible Property Types	10/29/18	<ul style="list-style-type: none"> • Added Community Land Trusts as an ineligible property type
DH	Borrower Eligibility	10/29/18	Revised: <ul style="list-style-type: none"> • Acceptable Residency Statuses: <ul style="list-style-type: none"> o US Citizen(s) o Non-US Citizen(s) who are lawfully present in the United States. This includes both Permanent Qualified Resident Aliens and Non-Permanent Qualified Aliens defined in the Bayview Loan Servicing Selling Guide or the Bayview Lakeview Borrower Residency and Eligibility Guide o <u>Note: If closing in a Trust, the Trust beneficiaries must meet one of the above residency statuses</u>
DH	Down Payment and Closing Cost Assistance	11/01/18	<ul style="list-style-type: none"> • Added clarification that down payment and closing cost subordinate financing is not permitted
DH	Disaster Area Requirements	01/31/19	Removed: <ul style="list-style-type: none"> • Please refer to the list of affected counties published by FEMA using the following link: http://www.fema.gov/disasters • If FEMA does not identify an area as a disaster, Bayview reserves the right to declare an area not identified by FEMA as a disaster. In these cases Bayview will communicate any declarations. • The Disaster Policy should be followed during an ongoing disaster and up to 90 days from the FEMA declaration date • If the subject property is located in one of the impacted counties and the appraisal was completed prior to the incident period (as defined by FEMA), Bayview Loan Servicing will require a post disaster inspection confirming the property was not adversely affected by the disaster. • Full appraisals obtained after the incident period need to indicate that the property has not been impacted by the disaster • If the inspection notes the property is uninhabitable, unsound, or the condition of the property has been affected by the disaster, a new full appraisal is required. • The following are acceptable inspection formats: <ul style="list-style-type: none"> o <u>A property inspection report with photo from a licensed inspector</u> o <u>Appraisal Update and/or Completion Report</u> <ul style="list-style-type: none"> • A substitute appraiser may be used when the original appraiser is not available Replaced: <ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the Bayview Loan Servicing Selling Guide or the Bayview Lakeview Loan Servicing Disaster Guide for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> o FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); o Areas where FEMA has not made a disaster declaration, but Bayview Loan Servicing or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; o Areas where the Seller has reason to believe that a property might have been damaged in a disaster • Correspondent lenders are responsible for monitoring the Bayview Lakeview Loan Servicing Disaster File and the FEMA Website including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster.
DH	Employment/Income Verification	02/21/19	<ul style="list-style-type: none"> • Removed requirement for tax transcripts when commission income is greater than or equal to 25%
DH	Borrower Eligibility	02/21/19	Removed: <ul style="list-style-type: none"> o <u>Borrowers purchasing an investment property must demonstrate a 12 month primary housing history.</u> <ul style="list-style-type: none"> o <u>Borrower(s) will need to represent primary ownership through mortgage history or property records/tax and HOI payments; or</u> o <u>Borrower(s) must demonstrate that they have handled a primary housing payment. This can be documented through 12 months cancelled checks or VOR from a property management company.</u>



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Author	Section	Date	Update
LR	Employment/Income Verification	04/25/19	Updated: Self-employment verifications to be completed within 120 calendar days (from 30 days) as per guide
AM	Matrix	09/16/19	Updated to new format
DH	Eligibility Grid	11/15/19	<ul style="list-style-type: none"> Expanded eligibility to allow primary and second homes
DH	Occupancy	11/15/19	<ul style="list-style-type: none"> Expanded eligibility to allow primary and second homes
DH	Liabilities	11/22/19	Added: <ul style="list-style-type: none"> <u>Follow Freddie Mac requirements defined in future revision of Seller Guide dated 01/02/2020 as announced in Freddie Mac Bulletin 2019-20</u>
AM	Verification of Employment	01/09/20	Marked line as an overlay: <u>For borrowers in the Military, the LES dated within 30 calendar days prior to the Note date (or 31 days for longer months) is acceptable in lieu of a VVOE.</u>
DH	Eligible Products/Terms	04/09/20	<ul style="list-style-type: none"> Removed ARM product codes
DH	COVID-19 Guidance	04/09/20	<ul style="list-style-type: none"> Added front page detailing COVID-19 guidance to be applied to product
DH	COVID-19 Guidance	4/23/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Appraisal flexibilities Condo project reviews
DH	COVID-19 Guidance	5/07/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Income and Employment Verification Age of Documentation Appraisal flexibilities Condo project reviews
DH	COVID-19 Guidance	5/11/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Rescission of forbearance LLPAs and \$1000 administration fee
DH	COVID-19 Guidance	6/01/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Updated forbearance guidance section to include reference to C2020-22 announcement
DH	COVID-19 Guidance	6/11/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Added that self-employment income must be assessed and verified in accordance with Fannie Mae and Freddie Mac temporary COVID-19 guidance.
DH	COVID-19 Guidance	6/22/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Updated VVOE requirements and reference to C2020-25 Updated Appraisal Flexibility section to reference C2020-25 Updated Forbearance section to reference C2020-25 Updated Age of Documentation section to reference C2020-25 Updated Condo Project Review section to reference C2020-25
DH	COVID-19 Guidance	7/23/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Updated VVOE requirements and reference to C2020-27 Updated Appraisal Flexibility section to reference C2020-27 Updated Forbearance section to reference C2020-27 Updated Age of Documentation section to reference C2020-27 Updated Condo Project Review section to reference C2020-27
AM	COVID-19 Guidance	09/17/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Updated VVOE requirements and reference to C2020-34 Updated Appraisal Flexibility section to reference C2020-34 Updated Forbearance section to reference C2020-34 Updated Age of Documentation section to reference C2020-34 Updated Condo Project Review section to reference C2020-34
DH	COVID-19 Guidance	10/01/20	<ul style="list-style-type: none"> Updated the following sections on the COVID-19 cover page to point to the Lakeview announcements as posted on the <u>Lakeview Correspondent</u> website for full details <ul style="list-style-type: none"> VVOE requirements Appraisal Flexibility section Forbearance section Age of Documentation section Condo Project Review section
DH	COVID-19 Guidance	10/15/20	<ul style="list-style-type: none"> Updated COVID-19 cover page <ul style="list-style-type: none"> Removed temporary tax transcript flexibilities
DH	Various	12/10/20	<ul style="list-style-type: none"> Updated product matrix to replace Bayview Loan Servicing with Community Loan Servicing throughout
MM	Employment/Income Verification	12.23.20	Removed <ul style="list-style-type: none"> A 4506-T is required <u>to be signed at closing</u> for all transactions. Revised <ul style="list-style-type: none"> A 4506-C or 4506-T form is required to be signed at closing for all transactions; however, all notes dated on 3/1/21 or after will require the 4506-C <u>to be signed at closing.</u>
AM	COVID-19 Guidance	01.07.21	Prior: <u>At this time Lakeview is not aligning with Fannie Mae and Freddie Mac's Power of Attorney flexibilities.</u> Lakeview will continue to accept POAs in accordance with Lakeview Seller Guide and Fannie Mae and Freddie Mac standard guidelines



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			Revised: <u>At this time Lakeview is not aligning with Fannie Mae's Power of Attorney flexibilities.</u> Lakeview will continue to accept POAs in accordance with Lakeview Seller Guide and Fannie Mae and Freddie Mac standard guidelines.
MM	Employment/ Income Verification	02.18.21	Removed: • A 4506-C or 4506-T form is required <u>to be signed at closing</u> for all transactions; however, all Notes dated on 3/1/21 or after will require the 4506-C <u>to be signed at closing</u> . Added: • A 4506-C or 4506-T form is required <u>to be signed at closing</u> for all transactions; however, all loans delivered to CLS on or after 2/18/2021 will require the 4506-C form <u>to be signed at closing</u> .
DH	COVID-19 Guidance	04.01.21	• Removed POA overlay from temporary COVID page
DH	COVID-19 Guidance	06.01.21	• Updated COVID Overlay page to reflect retirement of flexibilities in accordance with Fannie Mae and Freddie Mac
MM	Ineligible Product Types	06.24.21	• Added Refi Possible as an ineligible product type
MM	Maximum Loan Amount	08.19.21	REMOVED: <u>\$1,000,000</u>
MM	COVID-19 Guidance	08.26.21	REMOVED: Age of Documentation Refer to the Lakeview announcements as posted on the <u>Lakeview Correspondent</u> website for full details
MM	Employment/ Income Verification	11.24.21	REMOVED: • <u>For borrowers in the military, a military Leave and Earnings Statement [LES], dated within 30 days prior to the note date, is acceptable in lieu of a verbal verification of employment</u>
AS	Ineligible Product Type	12.09.22	Added HUD194
AS	Ineligible Property Type	12.09.22	Removed: Group Homes
AS	COVID-19 Guidance	03.08.23	Removed from beginning of matrix
AS	Appraisal Requirements	03.08.23	Added: • <u>Hybrid appraisals and the Property Data Report (PDR) are not permitted</u>
AS	Forbearance	03.08.23	Added section from COVID-19 guidance: Community Loan Servicing will not purchase any loan where the borrower is actively seeking a forbearance or any loan that is in an "active" forbearance status prior to purchase by Community Loan Servicing
AS	Income/Employment Verification	03.29.23	Added: • Note: Typically, tax returns are not available from the IRS until two to three weeks after a Consumer e-files their tax returns and six to eight weeks after filing by mail. If the current tax return has been filed but the corresponding tax transcript is not yet available due to IRS lag times, the prior year's transcripts are required (depending on AUS requirement), in addition to the current tax return and current year transcript request returned as a "No Record Found". The current year tax returns must be reviewed to validate the stability of income/business and determine the reasonableness of any positive trends for the purpose of considering as qualifying income. <u>Additional documents, (i.e. copies of cancelled checks for IRS Payment or IRS refund, or electronic filing receipt from the IRS indicating the SID and AGI that matches the return) may be required on a case-by-case basis.</u> • In FEMA declared disaster areas, the IRS may grant tax filing extensions to citizens of specific Counties and Parishes. If a tax payer takes advantage of these extensions, a copy of the extension, the "No Record" result and the prior year's transcripts are required (based on AUS finding).
SG	Appraisal Requirements	6.28.23	Removed Overlay: • <u>Hybrid appraisals and the Property Data Report (PDR) are not permitted</u>



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**Delegated Correspondent
Bayview Jumbo AUS
Fixed Rate & ARMs**

Bayview Jumbo AUS

Bayview Jumbo AUS Eligibility Matrix				
30 Year Fixed Rate				
Primary Residence Purchase, Rate and Term Refinance				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount ¹
Purchase or Rate and Term Refinance	1	740	89.99% ³	\$1,500,000
		720	85% ³	\$1,500,000
		700 ²	80%	\$1,500,000
		720	75%	\$2,000,000
		720	70%	\$2,500,000
		680 ²	60%	\$1,000,000
	2-4	700 ²	65%	\$1,000,000
		720	60%	\$1,500,000
Primary Residence Cash-Out Refinance				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Cash-Out Refinance	1	700 ²	75%	\$1,000,000
		720	70%	\$1,500,000
		720	60%	\$2,000,000
		720	50%	\$2,500,000
	2	700 ²	60%	\$1,000,000
Second Home Purchase, Rate and Term Refinance				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Purchase	1	720	80%	\$1,000,000
Purchase or Rate and Term Refinance	1	720	75%	\$1,000,000
			70%	\$1,500,000
			65%	\$2,000,000
			50%	\$2,500,000
Second Home Cash-Out Refinance				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
	1	740	60%	\$1,500,000



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Bayview Jumbo AUS

Cash-Out Refinance			50%	\$2,000,000
Investment Purchase Rate and Term Refinance				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Purchase or Rate and Term Refinance	1-4	740	70%	\$1,500,000
Investment Cash-Out Refinance				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Cash-Out Refinance	1-4	740	60%	\$1,500,000

¹First-Time Homebuyer maximum loan amount: 30 Year Fixed = \$1,500,000

²Self-Employment income: Minimum 720 FICO when any Self-Employment income is required for qualifying purposes. If the Self-Employment income is not needed for qualifying purposes, then the 720 FICO minimum is not applicable

³The following requirements apply for transactions with LTVs greater than 80%:

- MI not required
- Escrow/Impound accounts required for LTVs greater than 80% unless prohibited by applicable laws

⁴ See Declining Market Section for LTV/CLTV reductions

Bayview Jumbo AUS Eligibility Matrix				
15 Year Fixed Rate and ARMs				
Primary Residence Purchase, Rate and Term Refinance				
Transaction Type	Units	FICO ⁵	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount
Purchase, Rate and Term Refinance	1	700 ^{2,3}	70%	\$1,000,000
		720	80%	\$1,500,000 ¹
		720	75%	\$2,000,000 ¹
Primary Residence Cash-Out Refinance				
Transaction Type	Units	FICO ⁵	Maximum LTV/CLTV/HCLTV ⁴	Maximum Loan Amount ¹
Cash-Out Refinance	1	720	65%	\$1,000,000
		740	65%	\$2,000,000 ¹

¹First-Time Homebuyer maximum loan amount: 15 Year Fixed and ARMs = \$1,250,000

²FICO ≥ 700 and < 720: Maximum 40% DTI

³Self-Employment income: Minimum 720 FICO when any Self-Employment income is required for qualifying purposes. If the Self-Employment income is not needed for qualifying purposes, then the 720 FICO minimum is not applicable

⁴ See Declining Market Section for LTV/CLTV reductions

⁵ **First-Time Homebuyer minimum FICO 740**

Bayview Jumbo AUS Notes:

- Single loan variances may be granted on a case-by-case basis (at purchasing entity's sole determination) for loans with terms or characteristics that are outside of Bayview's Jumbo AUS Eligibility requirements. Approval of the single loan variance must be granted by purchasing entity prior to the delivery of the loan



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Bayview Jumbo AUS

Loan Product

Seller must ensure that each loan delivered to the Bayview is in compliance with the Ability to Repay (ATR) and the Safe Harbor Qualified Mortgage (QM) rules established by the Consumer Financial Protection Bureau (“CFPB”) with an APR not to exceed more than 1.5% above the average price offer rate (“APOR”). Seller shall deliver loans that were originated in accordance with the Special Products Seller Guide unless otherwise stated with this product matrix. Refer to Appendix A for a summary of overlays. For topics not specifically addressed in this product matrix or the Special Products Seller Guide, refer to the Fannie Mae Single Family Selling Guide

Eligible Products Terms	<ul style="list-style-type: none"> • PJF315 - Fixed 15 Year Term • PJF330 - Fixed 20, 25, 30 Year Terms • PJA500 - 5/6 SOFR ARM 30 YR 2/1/5 • PJA700 - 7/6 SOFR ARM 30 YR 5/1/5 • PJA100 - 10/6 SOFR ARM 30 YR 5/1/5
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Ineligible Product Types	<ul style="list-style-type: none"> • Non-Standard to Standard Refinance Transactions (ATR Exempt) • Higher-Priced Mortgage Loans (HPML) • Higher-Priced Covered Transactions (HPCT QM-Rebuttable Presumption) • Balloons • Graduated Payments • Interest Only Products • Temporary Buydowns • Loans with Prepayment Penalties • Single Close Construction to Permanent Transactions
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Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-Out
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Minimum Loan Amount	<ul style="list-style-type: none"> • 30 Year Fixed: Minimum loan amounts are \$1 above the current FHFA conforming loan limits. High balance loans are permitted • ARMS & 15 year fixed rate: Minimum \$600,000 loan amount
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Rate/Term Refinance Transactions	<ul style="list-style-type: none"> • The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items <ul style="list-style-type: none"> ◦ If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months ◦ A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months ◦ A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history ◦ Max cash back at closing is limited to 1% of the new loan amount
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Cash-Out Transactions	<ul style="list-style-type: none"> • 30 Year Fixed: No maximum cash-out limit • ARMS & 15 year fixed rate: Maximum \$500,000 cash out
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Delayed Financing	<ul style="list-style-type: none"> • Follow Fannie Mae Selling Guide requirements • LTV/CLTV/HCLTV for Rate and Term refinances must be met. The loan is treated as a Rate and Term refinance except for primary residence transactions in Texas.
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LTV/CLTV/HCLTV Calculation for Refinance Transactions	<ul style="list-style-type: none"> • If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value. The twelve (12) month time frame may be based on subject transaction Note date • If subject property is owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the original purchase price plus documented improvements made after the purchase of the property, or the appraised value. Documented improvements must be supported with receipts. The twelve (12) month time frame may be based on subject transaction Note date
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Bayview Jumbo AUS

Age of Documents	<ul style="list-style-type: none"> Follow Fannie Mae Selling Guide Requirements See Self-Employment section for restrictions
Higher Priced Mortgage Loans (HPML) Higher Priced Covered Transactions (HPCT)	<ul style="list-style-type: none"> Loans that are Higher Priced Mortgage Loans (HPML) or Higher Priced Covered Transactions (HPCT) are not permitted. All Jumbo AUS loans must be Qualified Mortgages (QM) and within the QM Safe Harbor protection
Documentation	<ul style="list-style-type: none"> If subject property has a HELOC that is not included in the CLTV/HCLTV calculation, the loan file must contain evidence the HELOC has been closed
ARM Features	<ul style="list-style-type: none"> 5YR/6M 7YR/6M 10YR/6M
Index	<ul style="list-style-type: none"> Index: 30 Day Average SOFR Index as published by the New York Federal Reserve
Margin	<ul style="list-style-type: none"> 2.75%
Floor	<ul style="list-style-type: none"> 2.75%
Interest Rate Caps	<ul style="list-style-type: none"> 5YR/6M: 2/1/5 (Initial, Periodic, Lifetime) 7YR/6M: 5/1/5 (Initial, Periodic, Lifetime) 10YR/6M: 5/1/5 (Initial, Periodic, Lifetime)
Conversion Option	<ul style="list-style-type: none"> Not permitted
Assumable	<ul style="list-style-type: none"> In accordance with Fannie Mae Selling Guide requirements
ARM Qualification	<ul style="list-style-type: none"> 5YR/6M: Qualify at the higher of Note rate plus 2% or the fully indexed rate 7YR/6M & 10YR/6M: Qualify at the higher of the Note rate or the fully indexed rate (sum of index and margin)
15 Year Fixed Rate & ARM Requirements	<ul style="list-style-type: none"> See eligibility grid for 15 Year Fixed & ARM loan amount, occupancy, LTV/CLTV/HCLTV and FICO requirements Rate/Term Refinance transactions may have incidental cash back to the borrower up to \$5000 First Time Homebuyer <ul style="list-style-type: none"> Maximum loan amount \$1,250,000 Minimum FICO 740 Minimum Loan Amount: \$600,000 Maximum Cash Out: \$500,000 Texas 50(a)(6) not permitted 2-4 units not eligible 2nd home & investment properties not eligible Appraisal Review <ul style="list-style-type: none"> CU not permitted to meet appraisal review requirement CDA required for every loan Field review required for any CDA variance greater than 5% with an LTV greater than 75% Cooperatives not eligible Leaseholds not eligible
Eligibility	
Texas 50(a)(6)	<ul style="list-style-type: none"> 30 year fixed rate only See Special Products Seller Guide for additional requirements



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<p>Borrower Eligibility</p>	<ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens with evidence of lawful residency <ul style="list-style-type: none"> ◦ Must be employed in the US for the past twenty-four (24) months • Non-Permanent Resident Aliens with evidence of lawful residency are eligible with the following restrictions: <ul style="list-style-type: none"> ◦ Primary Residence Only ◦ Maximum LTV/CLTV/HCLTV 75% ◦ Unexpired H1B, H2B, E1, L1, and G Series VISAs only; G Series VISAs must have no diplomatic immunity ◦ Borrower must have a current twenty-four (24) month employment history in the US • Documentation evidencing lawful residency must be met (see Special Products Seller Guide for requirements) • Illinois Land Trust • Inter Vivos Revocable Trust • All borrowers must have a valid Social Security Number • Non-Occupant Borrower – Follow Fannie Mae Selling Guide requirements with exception of non-occupant relationship who must be a related family member of the borrower(s)
<p>Ineligible Borrowers</p>	<ul style="list-style-type: none"> • Foreign Nationals • Borrowers with Diplomatic Immunity status • Life Estates • Non-Revocable Trusts • Guardianships • LLCs, Corporations or Partnerships • Land Trusts, except for Illinois Land Trust • Borrowers with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying
<p>First-Time Homebuyer</p>	<ul style="list-style-type: none"> • First-Time Homebuyer is defined as a borrower who has not owned a home in the last three (3) years. For loans with more than one (1) borrower, where at least one (1) borrower has owned a home in the last three (3) years, First-Time Homebuyer requirements do not apply • Verification of rental history is not required • 30 Year Fixed: Maximum loan amount is \$1,500,000 • 15 Year Fixed and ARMs: Maximum loan amount \$1,250,000 • Not allowed on investment property transactions • See Reserve Section for additional requirements
<p>Non-Arm's Length Transactions</p>	<p>A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party. The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> • Family sales or transfers • Property seller acting as their own real estate agent • Relative of the property seller acting as the seller's real estate agent • Borrower acting as their own real estate agent • Relative of the borrower acting as the borrower's real estate agent • Borrower is the employee of the originating lender and the lender has an established employee loan program. Evidence of employee program to be included in loan file • Originator is related to the borrower • Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord) <p>Gifts from relatives that are interested parties to the transaction are not allowed, unless it is a gift of equity. Real estate agents may apply their commission towards closing costs and/or</p>



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	<p>prepays if the amounts are within the interested party contribution limitations</p> <p>Investment property transactions must be arm's length</p> <p>Other non-arm's length transactions may be acceptable on an single loan variance basis</p>				
Continuity of Obligation	<p>When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:</p> <ul style="list-style-type: none"> • The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements: <ul style="list-style-type: none"> ◦ Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or ◦ Is related to the borrower on the mortgage being refinanced • The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction • The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership • The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: <ul style="list-style-type: none"> ◦ Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer ◦ The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan • NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement 				
Credit					
Underwriting	<ul style="list-style-type: none"> • All loans must have Fannie Mae DU Findings included in the loan file <ul style="list-style-type: none"> ◦ The DU recommendation may be in accordance with the below table <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Approve/Ineligible Reasons</th> <th style="text-align: center;">Approve/Eligible Reasons</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Loan Amount • Maximum cash-out on a rate/term refinance transaction – see Rate/Term Refinance section of product matrix </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • 15 Year Fixed Rate and ARM term loan amounts down to \$600,000 • High balance loan amount </td> </tr> </tbody> </table> <ul style="list-style-type: none"> ◦ Lender is responsible for ensuring that all data and information provided in the final submission to DU matches the terms of the closed loan or is within the acceptable tolerances specified in the Fannie Mae Selling Guide ◦ The loan delivery data must match the closed loan and the final data submitted to DU • Manual underwrite is not permitted • Delegated underwriting only • Second Home Transactions: Prudent underwriting must be exercised to determine the reasonableness of considering the property a second home 	Approve/Ineligible Reasons	Approve/Eligible Reasons	<ul style="list-style-type: none"> • Loan Amount • Maximum cash-out on a rate/term refinance transaction – see Rate/Term Refinance section of product matrix 	<ul style="list-style-type: none"> • 15 Year Fixed Rate and ARM term loan amounts down to \$600,000 • High balance loan amount
Approve/Ineligible Reasons	Approve/Eligible Reasons				
<ul style="list-style-type: none"> • Loan Amount • Maximum cash-out on a rate/term refinance transaction – see Rate/Term Refinance section of product matrix 	<ul style="list-style-type: none"> • 15 Year Fixed Rate and ARM term loan amounts down to \$600,000 • High balance loan amount 				
Credit Requirements	<ul style="list-style-type: none"> • Non-traditional credit is not allowed • All borrowers must have a minimum of two (2) credit scores • <u>Disputed tradelines:</u> <ul style="list-style-type: none"> ◦ All disputed tradelines must be included in the DTI if the account belongs to the borrower unless documentation can be provided that authenticates the dispute ◦ Derogatory accounts must be considered in analyzing the borrower's willingness to repay. However, if a disputed account has a zero balance and no late payments, it can be disregarded • <u>Frozen Credit:</u> Follow Fannie Mae Selling Guide requirements except as noted below <ul style="list-style-type: none"> ◦ All borrowers must have a minimum of two (2) credit scores <u>that are generated from the unfrozen bureaus</u> 				



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	<ul style="list-style-type: none"> • Rapid credit rescoring are permitted. A rapid rescore is a process that can quickly update a borrower's credit score by submitting proof of positive account changes to the three major credit bureaus since the last reporting deadline in order to reflect the current credit status
<p>Housing History</p>	<ul style="list-style-type: none"> • Mortgage history requirements: <ul style="list-style-type: none"> ◦ If the borrower(s) has a Mortgage in the most recent twenty-four (24) months, a mortgage rating must be obtained, reflecting 0x30 in the last twenty-four (24) months ◦ The mortgage rating may be on the credit report or a VOM ◦ Applicable to all borrowers on the loan ◦ Sellers must review the borrower(s) credit report to determine status of all mortgage loans including verification mortgage is not subject to a loss mitigation program, repayment plan, loan modification or payment deferral plan. In addition to reviewing the credit report, the Seller must also apply due diligence for each mortgage loan on which a borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine the loan payments are current as of the Note date of the subject transaction. Current means the borrower has made all payments due in the month prior to the Note date of the subject transaction and no later than the last business day of that month. Acceptable documentation includes one of the following: <ul style="list-style-type: none"> ▪ Loan payment history from the servicer or third party verification service ▪ Payoff statement for loans being refinanced ▪ Current mortgage statement from the borrower ▪ Verification of mortgage (VOM) ◦ If the mortgage holder is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory mortgage history is required
<p>Significant Derogatory Credit</p>	<ul style="list-style-type: none"> • Bankruptcy, Chapter 7, 11, 13 - seven (7) years since discharge / dismissal date • Foreclosure - seven (7) years since completion date • Notice of Default - seven (7) years • Short Sale/Deed-in-Lieu - seven (7) years since completion / sale date • Forbearance resulting in subsequent loan modification - seven (7) years since exit from forbearance (See below Forbearance section for flexibilities available for loans with 20, 25 & 30 year fixed rate terms) • Mortgage accounts that were settled for less, negotiated or short payoffs – seven (7) years since settlement date • Loan modifications: <ul style="list-style-type: none"> ◦ Lender initiated modification will not be considered a derogatory credit event if the modification did not include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply ◦ If the modification was due to hardship or included debt forgiveness – seven (7) years since modification • Single loan variances for credit events will be considered on a case-by-case basis between four (4) and seven (7) years with extenuating circumstances subject to the following: <ul style="list-style-type: none"> ◦ Extenuating circumstances are defined as non-recurring events that are beyond the borrower's control resulting in a sudden significant and prolonged reduction in income or catastrophic increase in financial obligations <ul style="list-style-type: none"> ▪ Examples would include death or major illness of a spouse or child but would not include divorce or job loss ◦ Documentation must be provided to support the claim of extenuating circumstances and confirm the nature of the event that led to the credit event and illustrate the borrower has no reasonable option other than to default on their obligations ◦ If the defaulted debt was assigned to an ex-spouse and the default occurred after the borrower was relieved of the obligation, the event may be considered on a single loan variance basis • Multiple derogatory credit events not allowed, regardless if seasoned over seven (7) years <ul style="list-style-type: none"> ◦ A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event



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	<ul style="list-style-type: none"> o A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event • Tax liens, judgments, charge-offs, and past-due accounts must be satisfied or brought current prior to or at closing • Cash-Out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts • Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full
<p>Forbearance</p>	<p>Determining Eligibility for New Loan</p> <p>For 20, 25 & 30 year fixed rate term loans only, borrowers who have entered into forbearance on any loan (including but not limited to the subject mortgage) between 01.01.2020 and 06.01.2022, the below listed criteria is to be used to determine eligibility. All other loans must follow the forbearance waiting period as required in the Significant Derogatory Credit section above</p> <ul style="list-style-type: none"> • Any loans that are shown to be in active or previous forbearance but where the borrower continued to make regularly scheduled payments and has made at least one (1) regularly scheduled payment since forbearance inception date are eligible <ul style="list-style-type: none"> o All payments must have been made within the month due o The forbearance plan must be terminated at or prior to closing and the loan file must contain documentation that the forbearance is no longer active (i.e. removal letter from servicer, etc.). • Any loans (including but not limited to the subject mortgage) where a mortgage reflects reduced or missed payments under a forbearance <u>and borrower has accepted a payment deferral, initiated a repayment plan or has reinstated the mortgage to return to a current status</u> must meet the requirements below: <ul style="list-style-type: none"> o <u>Purchase & Rate/Term Refinance:</u> <ul style="list-style-type: none"> ▪ Three (3) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due o <u>Cash-out Refinance:</u> <ul style="list-style-type: none"> ▪ Twelve (12) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due • <u>Payment Deferral:</u> The refinance of a loan that has a payment deferral and where the amount of the deferred payments is included in the new loan is eligible as a rate/term transaction. Funds applied to pay off the prior loan, including the deferred portion, are not considered cash out • <u>Repayment Plan:</u> The full amount of the repayment plan monthly payment must be considered in meeting the required consecutive payment requirements (Purchase/Rate Term or Cash-out) detailed above • A mortgage subject to forbearance must utilize the mortgage payment history in accordance with the forbearance plan in determining late housing payments • Loan file must contain a letter of explanation from the borrower detailing the reason for forbearance and that the hardship no longer exists
<p>DTI</p>	<p>30 Year Fixed Rate:</p> <ul style="list-style-type: none"> • LTVs ≤ 80% = Maximum 45% • LTVs > 80% = Maximum 36% <p>15 Year Fixed Rate & ARMs:</p> <ul style="list-style-type: none"> • Maximum 43% • FICO ≥ 700 and < 720: Maximum 40% DTI

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Lawsuit/Pending Litigation	<ul style="list-style-type: none"> If the 1003, title commitment or credit documents indicate that the borrower is party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral
Liabilities	
Liabilities	<ul style="list-style-type: none"> Tax liens and Payment Plans <ul style="list-style-type: none"> If the most recent tax return or tax extension indicate a borrower owes money to the IRS or State Tax Authority, evidence of sufficient liquid assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application date or if the tax transcripts show an outstanding balance due: <ul style="list-style-type: none"> A payment plan for the most recent tax year is allowed if the following requirements are met: <ul style="list-style-type: none"> Payment plan was setup at the time the taxes were due. Copy of the payment plan must be included in the loan file Payment is included in the DTI Satisfactory pay history based on terms of payment plan is provided Payment plan is only allowed for taxes due for the most recent tax year, prior years not allowed. For example, borrower files their 2019 return or extension in April 2020 A payment plan would be allowed for taxes due for 2019 tax year. Payment plans for 2018 or prior years would not be allowed Borrower does not have a prior history of tax liens Alimony Payments <ul style="list-style-type: none"> Follow Fannie Mae Selling Guide requirements
Employment/Income	
Employment/Income	<ul style="list-style-type: none"> A two-year employment history is generally required If the borrower(s) have less than a two-year employment and income history, the lender must provide a written analysis to justify the determination that the income used to qualify the borrower is stable. <p>Declining Income: When the borrower has declining income, the most recent twelve (12) months should be used or the most conservative income calculation if the declining period is shorter than 12 months. Income must be stabilized and not subject to further decline in order to be considered for qualifying purposes</p> <ul style="list-style-type: none"> The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying
General Documentation Requirements	<ul style="list-style-type: none"> Borrower(s) must have a minimum of two (2) years employment and income history Tax transcripts for personal tax returns are required when tax returns are used to document borrower's income or any loss and must match the documentation in the loan file. Tax transcripts must be obtained directly from the IRS via a third party except as indicated below: <ul style="list-style-type: none"> In the instance where there is an indication of possible identity theft or fraud and the transcript request has been rejected by the IRS with a Code 10 indicating that "Due to limitations, the IRS is unable to process this request", online borrower obtained tax transcripts are permitted to validate income used for qualifying purposes. Evidence of the IRS transcript request rejection is required. Borrower obtained transcripts are not permitted due to IRS rejection because of missing, incomplete or altered information on the Form 4506-C (Codes 1-9) Social Security Income: Secondary validation is required when income is documented via either a Social Security Benefit Award Letter or a 1099. Acceptable validation can be in the form of tax transcripts/1099 transcripts or a bank statement showing evidence of the SSI deposit and dated within 30 days of the application date A 4506-C form is required to be signed at closing by all borrowers for all transactions Taxpayer consent form signed by all borrowers Verification of the existence of borrower's self-employment must be verified through a third-

	<p>party source and no more than twenty (20) business days prior to the Note date. In addition, confirmation that the business is currently operating must be provided. Below are acceptable examples of documentation to confirm the business is currently operating:</p> <ul style="list-style-type: none"> o Evidence of current work (executed contracts or signed invoices) that indicate the business is operating on the day the lender verifies self-employment; o Evidence of current business receipts within 10 days of the Note date (payment for services performed); o Lender certification the business is open and operating (lender confirmed through a phone call or other means); or o Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled) <ul style="list-style-type: none"> • Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrower’s total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required <ul style="list-style-type: none"> o K-1 losses where borrower owns less than 25% must be deducted from qualifying income when the aggregate loss is greater than 5% of borrowers total qualifying income o Passive losses shown on K-1s, such as publicly traded companies or where ownership is under 5%, can be excluded from income on a case-by-case basis. Any passive K-1 losses excluded will not count toward the aggregate secondary and separate sources of self-employment losses and the 5% threshold for deducting the loss from income 						
<p>Unacceptable Sources of Income</p>	<ul style="list-style-type: none"> • Deferred compensation • Retained earnings • Education benefits • Trailing spouse income • Any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations. Federal law restricts the following activities and therefore the income from these sources are not allowed for qualifying: <ul style="list-style-type: none"> o Foreign shell banks o Medical marijuana dispensaries if borrower has any ownership o Any income resulting from ownership in a business related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law 						
<p>Salaried, Bonus & Commission Income</p>	<ul style="list-style-type: none"> • Salaried Borrowers: <ul style="list-style-type: none"> o Income and Employment must be documented per the DU findings and all income sources and methods of income calculation must meet the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 and the requirements below o Secondary verification of the income documentation is required via W-2 transcripts or via Fannie Mae approved third party vendors (i.e., The Work Number) with separation of income types (base, bonus, OT, etc.). The number of years provided will be based on the DU findings <ul style="list-style-type: none"> ▪ Manual verification of employment, even if through a 3rd party are not permitted ▪ The IRS transcripts and the supporting income documentation must be consistent ▪ If 3rd party (i.e., The Work Number) is the source used to verify income, then W-2 transcripts are also required as the secondary verification of the income – see below table <table border="1" data-bbox="490 1677 1471 1829"> <thead> <tr> <th data-bbox="490 1677 959 1707">Income Documentation Source</th> <th data-bbox="959 1677 1471 1707">Allowable Secondary Verification</th> </tr> </thead> <tbody> <tr> <td data-bbox="490 1707 959 1757">Paystub and W-2(s)</td> <td data-bbox="959 1707 1471 1757">W-2 transcript(s) or Fannie approved 3rd party vendor (i.e., The Work Number)</td> </tr> <tr> <td data-bbox="490 1757 959 1829">Fannie approved 3rd party vendor (i.e., The Work Number)</td> <td data-bbox="959 1757 1471 1829">W-2 transcript(s)</td> </tr> </tbody> </table>	Income Documentation Source	Allowable Secondary Verification	Paystub and W-2(s)	W-2 transcript(s) or Fannie approved 3 rd party vendor (i.e., The Work Number)	Fannie approved 3 rd party vendor (i.e., The Work Number)	W-2 transcript(s)
Income Documentation Source	Allowable Secondary Verification						
Paystub and W-2(s)	W-2 transcript(s) or Fannie approved 3 rd party vendor (i.e., The Work Number)						
Fannie approved 3 rd party vendor (i.e., The Work Number)	W-2 transcript(s)						

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	<ul style="list-style-type: none"> • Commission/Bonus Income: <ul style="list-style-type: none"> ◦ Follow requirements above for salaried borrowers, and ◦ Commission/Bonus income must be documented for the most recent 2 (two) years with a year-to-date paystub and W-2s
Retirement Income (Pension, Annuity, 401(k), IRA Distributions)	<ul style="list-style-type: none"> • Existing distribution of assets from an IRA, 401(k) or similar retirement asset must be sufficient to continue for a minimum of three (3) years • If any retirement income will cease within the first three (3) years of the loan, the income may not be used
Trust income	<ul style="list-style-type: none"> • Income from trusts may be used if guaranteed and regular payments will continue for at least three (3) years • Regular receipt of trust income for the past twelve (12) months must be documented • Copy of trust agreement or trustee statement showing: <ul style="list-style-type: none"> ◦ Total amount of borrower designated trust funds ◦ Terms of payment ◦ Duration of trust ◦ Evidence the trust is irrevocable • If trust fund assets are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income
Restricted Stock and Stock Options	<ul style="list-style-type: none"> • May only be used as qualifying income if the income has been consistently received for two (2) years and is identified on the paystubs, W-2s and tax returns as income and the vesting schedule indicates the income will continue for a minimum of two (2) years at a similar level as prior two (2) years • A two (2) year average of prior income received from RSUs or stock options should be used to calculate the income, with the continuance based on the vesting schedule using a stock price based on the lower of the current stock price or the 52-week average for the most recent twelve (12) months reporting at the time of application. The income used for qualifying must be supported by future vesting based on the stock price used for qualifying and vesting schedule. • Additional awards must be similar to the qualifying income and awarded on a consistent basis • There must be no indication the borrower will not continue to receive future awards consistent with historical awards received • Borrower must be currently employed by the employer issuing the RSUs/stock options for the RSUs/stock options to be considered in qualifying income • Stock must be a publicly traded stock • Vested restricted stock units and stock options cannot be used for reserves if using for income to qualify • Incentive sign on income and future RSU's are limited to 50% of total qualifying income. Income calculation results may be reduced to meet the 50% restriction • RSU income must be entered into DU as bonus income
Projected Income	Paystub (once borrower has started with new employer) must be provided prior to purchase of the loan by Bayview
Asset Depletion	<ul style="list-style-type: none"> • Maximum 80% LTV/CLTV/HCLTV • Primary residence 1-2 units only and Second Homes are eligible • Primary residence 3-4 units are not eligible • Investment properties are not eligible • Purchase, Rate/Term and Cash-Out transactions are eligible • Eligible assets must be held in a US account • There are no age restrictions for the use of Asset Depletion as a source of qualifying income • Qualifying Asset Income = Net Eligible Assets divided by 240



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- Asset Depletion may not be combined with employment related income to qualify (i.e., salaried income, self-employment income, etc.) for any Borrower that is an account holder of the assets used for Asset Depletion. If there is employment related income from a Borrower that is not a joint account holder of the account used for Asset Depletion, then this income may be eligible to be used for qualifying purposes
- Pension, Social Security or other annuity type income streams may be used and combined with Asset Depletion income as long as the assets generating that income are not used in the Asset Depletion income calculations
- Assets used as income can only be sourced from one income stream. As an example, an asset cannot be used as both capital gains income and asset depletion income
- Net Eligible Assets
 - Minimum Net Eligible Assets: Borrowers must have at least \$1,000,000 of Net Eligible Assets
 - Net Eligible Assets equals Total Eligible Assets as defined in the below table (after any haircuts required for retirement assets per the Asset Requirements section of this product matrix) minus:
 - Funds required to be paid by borrower for closing (i.e., down payment, closing costs)
 - Gift and/or borrowed funds
 - Reserves
 - Any portion of assets pledged as collateral for a loan
 - Cash Out proceeds are not allowed to be used in the Asset Depletion calculation and are not an Eligible Asset
- Business funds not permitted to be included in net eligible asset amount
- Most recent two years of tax returns and corresponding tax transcripts are required
- Assets must meet the eligibility and documentation requirements outlined in the below table:

Asset Type	Asset Eligibility Requirements	Documentation Requirements
Retirement Assets	<ul style="list-style-type: none"> • The retirement assets must be in a retirement account recognized by the Internal Revenue Service (IRS) (e.g., 401(k), IRA) • Borrower must be the sole owner • The asset must not currently be used as a source of income by the Borrower, i.e. retirement distributions • The Borrower's rights to the funds in the account must be fully vested 	<ul style="list-style-type: none"> • Most recent retirement asset account statement • Documentation evidencing asset eligibility requirements are met • Most recent two years tax returns and corresponding tax transcripts
Lump-sum distribution funds not deposited to an eligible retirement asset	<ul style="list-style-type: none"> • If the lump-sum distribution funds have been deposited to an eligible retirement asset, follow the requirements for retirement assets described above, otherwise: <ul style="list-style-type: none"> ◦ Lump-sum distribution funds must be derived from a retirement account recognized by the IRS (e.g., 401(k), IRA) and must be deposited to a depository or non-retirement securities account ◦ A Borrower must have been the recipient of the lump-sum distribution funds ◦ Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the funds from the lump-sum distribution ◦ The proceeds from the lump-sum distribution must be immediately accessible in their entirety ◦ The proceeds from the lump-sum distribution must not have been or currently be subject to a penalty or early distribution tax 	<ul style="list-style-type: none"> • Employer distribution letter(s) and/or check-stub(s) evidencing receipt and type of lump-sum distribution funds; IRS 1099-R (if it has been received) • Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> ◦ Funds verified in the non-retirement account and used for qualification must have been derived from eligible retirement assets ◦ Lump-sum distribution funds must not have been or currently be subject to a penalty or early distribution tax • Most recent two years tax returns and corresponding tax transcripts



About Us

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	<p>Depository accounts and Securities</p>	<ul style="list-style-type: none"> • The Borrower must solely own assets or, if asset is owned jointly, each asset owner must be a Borrower on the Mortgage and /or on the title to the subject property • As of the Note Date, the Borrower must have access to withdraw the funds in their entirety, less any portion pledged as collateral for a loan or otherwise encumbered, without being subject to a penalty • Account funds must be located in a United States- or State-regulated financial institution and verified in U.S. dollars 	<ul style="list-style-type: none"> • Provide account statement(s) covering a two-month period • For securities only, if the Borrower does not receive a stock/security account statement <ul style="list-style-type: none"> o Provide evidence the security is owned by the Borrower, and o Verify value using stock prices from a financial publication or web site • Documentation evidencing asset eligibility requirements are met • Sourcing deposits: <ul style="list-style-type: none"> o The Seller must document the source of funds for any deposit exceeding 10% of the Borrower's total eligible assets in depository accounts and securities, and verify the deposit does not include gifts or borrowed funds, or reduce the eligible assets used to qualify the Borrower by the amount of the deposit o When the source of funds can be clearly identified from the deposit information on the account statement (e.g., direct payroll deposits) or other documented income or asset source in the Mortgage file, the Seller is not required to obtain additional documentation • Most recent two years tax returns and corresponding tax transcripts 	
	<p>Assets from the sale of the Borrower's business</p>	<ul style="list-style-type: none"> • The Borrower(s) must be the sole owner(s) of the proceeds from the sale of the business that were deposited to the depository or non-retirement securities account • Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the proceeds from the sale of the Borrower's business • The proceeds from the sale of the business must be immediately accessible in their entirety • The sale of the business must not have resulted in the following: retention of business assets, existing secured or unsecured debt, ownership interest or seller-held notes to buyer of business 	<ul style="list-style-type: none"> • Most recent three months' depository or securities account statements • Fully executed closing documents evidencing final sale of business to include sales price and net proceeds • Contract for sale of business • Most recent business tax return prior to sale of business • Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> o Funds verified in the non-retirement account and used for qualification must have been derived from the sale of the Borrower's business • Most recent two years tax returns and corresponding tax transcripts 	
<p>Self-Employment</p>	<p>Self-Employed borrowers are defined as having 25% or greater ownership</p> <ul style="list-style-type: none"> • Minimum 720 FICO when any Self-Employment income is required for qualifying purposes. If the Self-Employment income is not needed for qualifying purposes, then the 720 FICO minimum is not applicable • In order to use self-employment income for qualifying purposes, the underwriter must consider economic impacts to the business and determine the stability of income • Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrower's total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required <ul style="list-style-type: none"> o K-1 losses where borrower owns less than 25% must be deducted from qualifying income when the aggregate loss is greater than 5% of borrowers total qualifying income o Passive losses shown on K-1s, such as publicly traded companies or where ownership is under 5%, can be excluded from income on a case-by-case basis. Any passive K-1 losses 			

	<p>excluded will not count toward the aggregate secondary and separate sources of self-employment losses and the 5% threshold for deducting the loss from income</p> <p><u>Documentation Requirements</u></p> <p>The requirements below apply for Self-Employed Borrowers with Self-Employment income used for qualifying:</p> <ul style="list-style-type: none"> • Follow the requirements per the DU findings and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 except as detailed below: <ul style="list-style-type: none"> ◦ If DU returns a recommendation for one (1) year of tax returns, the most recent year’s tax return must be provided. IRS extensions are not permitted <ul style="list-style-type: none"> ▪ If borrower has filed an extension, the most recent prior two (2) years tax returns are required • YTD profit and loss statement (<u>audited or unaudited</u>) is required up to and including the most recent month preceding the loan application date and must not be more than 90 days aged prior to the Note date <ul style="list-style-type: none"> ◦ Unaudited P&L <ul style="list-style-type: none"> ▪ An unaudited year-to-date profit and loss statement <u>signed by the borrower</u> reporting business revenue, expenses, and net income; OR ◦ Audited P&L <ul style="list-style-type: none"> ▪ An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income ◦ If the borrower has filed an extension for the current tax year, the year-to-date profit and loss statement must be provided to cover the full year ◦ If the year-to-date business income is less than the historically calculated income derived from the tax returns, the borrower may qualify by reducing the historical income to no more than the current level of stable monthly income using details from the year-to-date profit and loss statement
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Assets/Reserves

<p>Asset Requirements</p>	<ul style="list-style-type: none"> • Beyond the minimum reserve requirements and to fully document the borrower’s ability to meet their obligations, borrowers should disclose all liquid assets • Eligible assets must be held in a US account • Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs • Lender is responsible for verifying large deposits did not result in any new undisclosed debt • Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets • Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 except as detailed below • A written VOD as a stand-alone document is not acceptable <ul style="list-style-type: none"> ◦ A system generated automated VOD may be used as a stand-alone documentation if provided by a verifiable institutional bank • Gift Funds <ul style="list-style-type: none"> ◦ Gift funds may be used once borrower has contributed 5% of their own funds ◦ Not permitted for reserves ◦ LTVs greater than 80% - gift funds not permitted • Business Funds <ul style="list-style-type: none"> ◦ Not permitted for reserves ◦ Cash flow analysis required using most recent three (3) months business bank statements to determine no negative impact to business. Business bank statements must be no older than the latest three months represented on the year-to-date profit and loss statement ◦ Business bank statements must not reflect any NSF’s (non- sufficient funds) or overdrafts
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	<ul style="list-style-type: none"> o If borrower(s) ownership in the business is less than 100%, the following requirements must be met: <ul style="list-style-type: none"> ▪ Borrower(s) must have majority ownership of 51% or greater ▪ The other owners of the business must provide an access letter to the business funds ▪ Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s) • Retirement Accounts <ul style="list-style-type: none"> o Eligibility Percentage to meet reserve requirements <ul style="list-style-type: none"> ▪ If borrower is $\geq 59 \frac{1}{2}$, then 70% of the vested value after the reduction of any outstanding loans ▪ If borrower is $< 59 \frac{1}{2}$, then 60% of the vested value after the reduction of any outstanding loans o Refer to Fannie Mae Selling Guide for liquidation of funds requirements • Stocks, bonds and mutual funds do not require documentation of liquidation or of the borrower's actual receipt of funds when used for down payment or closing costs • Virtual Currency is an ineligible asset type. Virtual currency must be exchanged into U.S. dollars to be acceptable for use as down payment, closing costs or reserves. Refer to Fannie Mae Selling Guide for additional details 																																																		
Reserves	<table border="1"> <thead> <tr> <th colspan="3" style="background-color: #0056b3; color: white;">Reserve Requirements (# of Months of PITIA)</th> </tr> <tr> <th style="background-color: #0056b3; color: white;">Occupancy</th> <th style="background-color: #0056b3; color: white;">Loan Amount</th> <th style="background-color: #0056b3; color: white;"># of Months</th> </tr> </thead> <tbody> <tr> <td rowspan="6" style="text-align: center;">Primary Residence</td> <td style="text-align: center;">$\leq \\$1,000,000$ with LTV $\leq 80\%$</td> <td style="text-align: center;">6</td> </tr> <tr> <td style="text-align: center;">\$1,000,001-\$1,500,000 with LTV $\leq 80\%$</td> <td style="text-align: center;">9</td> </tr> <tr> <td style="text-align: center;">$\leq \\$1,000,000$ with LTV $> 80\%$</td> <td style="text-align: center;">12</td> </tr> <tr> <td style="text-align: center;">\$1,000,001 - \$1,500,000 with LTV $> 80\%$</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">\$1,500,001-\$2,000,000</td> <td style="text-align: center;">12</td> </tr> <tr> <td style="text-align: center;">\$2,000,001-\$2,500,000</td> <td style="text-align: center;">24</td> </tr> <tr> <td rowspan="4" style="text-align: center;">Second Home</td> <td style="text-align: center;">$\leq \\$1,000,000$</td> <td style="text-align: center;">12</td> </tr> <tr> <td style="text-align: center;">\$1,000,001-\$1,500,000</td> <td style="text-align: center;">18</td> </tr> <tr> <td style="text-align: center;">\$1,500,001-\$2,000,000</td> <td style="text-align: center;">24</td> </tr> <tr> <td style="text-align: center;">\$2,000,001-\$2,500,000</td> <td style="text-align: center;">36</td> </tr> <tr> <td rowspan="2" style="text-align: center;">Investment Property</td> <td style="text-align: center;">$\leq \\$1,000,000$</td> <td style="text-align: center;">18</td> </tr> <tr> <td style="text-align: center;">\$1,000,001 - \$1,500,000</td> <td style="text-align: center;">24</td> </tr> <tr> <td rowspan="4" style="text-align: center;">First-Time Homebuyer</td> <td style="text-align: center;">$\leq \\$1,000,000$ with LTV $\leq 80\%$</td> <td style="text-align: center;">12</td> </tr> <tr> <td style="text-align: center;">$\leq \\$1,000,000$ with LTV $> 80\%$</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">\$1,000,001-\$1,500,000 with LTV $\leq 80\%$</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">\$1,000,001-\$1,500,000 with LTV $> 80\%$</td> <td style="text-align: center;">18</td> </tr> <tr> <td rowspan="2" style="text-align: center;">Additional 1-4 Unit Financed REO</td> <td colspan="2">Additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO</td> </tr> <tr> <td colspan="2">If eligible to be excluded from the count of multiple financed properties, reserves are not required</td> </tr> <tr> <td style="text-align: center;">Borrowed funds</td> <td colspan="2">Borrowed funds (secured or unsecured) are not allowed for reserves</td> </tr> </tbody> </table>	Reserve Requirements (# of Months of PITIA)			Occupancy	Loan Amount	# of Months	Primary Residence	$\leq \$1,000,000$ with LTV $\leq 80\%$	6	\$1,000,001-\$1,500,000 with LTV $\leq 80\%$	9	$\leq \$1,000,000$ with LTV $> 80\%$	12	\$1,000,001 - \$1,500,000 with LTV $> 80\%$	15	\$1,500,001-\$2,000,000	12	\$2,000,001-\$2,500,000	24	Second Home	$\leq \$1,000,000$	12	\$1,000,001-\$1,500,000	18	\$1,500,001-\$2,000,000	24	\$2,000,001-\$2,500,000	36	Investment Property	$\leq \$1,000,000$	18	\$1,000,001 - \$1,500,000	24	First-Time Homebuyer	$\leq \$1,000,000$ with LTV $\leq 80\%$	12	$\leq \$1,000,000$ with LTV $> 80\%$	15	\$1,000,001-\$1,500,000 with LTV $\leq 80\%$	15	\$1,000,001-\$1,500,000 with LTV $> 80\%$	18	Additional 1-4 Unit Financed REO	Additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO		If eligible to be excluded from the count of multiple financed properties, reserves are not required		Borrowed funds	Borrowed funds (secured or unsecured) are not allowed for reserves	
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Subordinate Financing	<ul style="list-style-type: none"> • Allowed up to maximum CLTV per matrix. Secondary financing term must conform to Fannie Mae guidelines • If subject property has a HELOC that is not included in the CLTV/HCLTV calculation, the loan file must contain evidence the HELOC has been closed • Shared equity finance agreements are an ineligible source of subordinate financing 																																																		

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Down Payment/Closing Cost Assistance	Down payment and closing cost assistance subordinate financing is not permitted
Property/Appraisal	
Eligible Property Types	<ul style="list-style-type: none"> • 1-4 Unit Owner Occupied Properties • 1 Unit Second Homes • 1-4 Unit Investment Properties • Condominiums – Must be Fannie Mae warrantable and meet Fannie Mae guidelines and project standards <ul style="list-style-type: none"> ◦ Florida new construction: Full review or PERS permitted • Cooperatives <ul style="list-style-type: none"> ◦ Investment properties not allowed ◦ 30 year fixed rate only ◦ Must meet Fannie Mae Selling Guide requirements and project standards • Modular homes • Planned Unit Developments (PUDs) • Leaseholds (30 year fixed rate product term only) • Properties with ≤40 Acres <ul style="list-style-type: none"> ◦ Properties >10 acres ≤40 acres must meet the following: <ul style="list-style-type: none"> ▪ Maximum land value 35% ▪ No income producing attributes ▪ Transaction must be 10% below maximum LTV/CLTV/HCLTV as allowed on Bayview Jumbo AUS for transactions over twenty (20) acres. For example, if borrower qualifies for a loan at 80% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed would be 70% • Properties Subject to Existing Oil/Gas Leases must meet the following: <ul style="list-style-type: none"> ◦ Title endorsement providing coverage to the lender against damage to existing improvements resulting from the exercise of the right to use the surface of the land which is subject to an oil and/or gas lease ◦ No active drilling; Appraiser to comment or current survey to show no active drilling ◦ No lease recorded after the home construction date; Re-recording of a lease after the home was constructed is permitted ◦ Must be connected to public water <p>NOTE: Properties that fall outside these parameters can be considered on a single loan variance basis</p>
Ineligible Property Types	<ul style="list-style-type: none"> • 2-4 unit second home properties • Condotels/Condo Hotels • Leaseholds (ineligible for 15 year fixed and ARMs) • Manufactured Homes/Mobile Homes • Mixed-Use Properties • Model Home Leasebacks • Non-Warrantable Condominiums • Properties with condition rating of C5/C6 • Properties with quality rating of Q6 • Properties located in Hawaii in lava zones 1 & 2 • Properties located in areas where a valid security interest in the property cannot be obtained • Properties >40 acres • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches or orchards

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<p>Declining Markets</p>	<ul style="list-style-type: none"> LTV/CLTV/HCLTV must be 10% below product maximum per product matrix eligibility grid up to a maximum 75% LTV/CLTV/HCLTV <p><i>As an example:</i> <i>If the eligibility grid indicates a maximum of 89.99% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 75%</i></p> <p>OR</p> <p><i>If the eligibility grid indicates a maximum of 80% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 70%</i></p>																
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> Full appraisal is required regardless of the DU Findings <ul style="list-style-type: none"> Property inspection waivers are not permitted Transferred appraisals are not allowed The subject property must be appraised within 90 days prior to the Note date Collateral Underwriter (CU) with a score of 2.5 or less is allowed in lieu of a CDA (30 Year Fixed Rate only) <ul style="list-style-type: none"> Maximum LTV 80% Maximum Loan amount \$1,500,000 Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets. See Declining Market section for additional requirements Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date Collateral Desktop Analysis (CDA) ordered from Clear Capital is required to support the value of the appraisal. The Seller is responsible for ordering the CDA. See above for the allowance of CU score in lieu of CDA <ul style="list-style-type: none"> If the CDA returns a value that is “Indeterminate” or if the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met: <ul style="list-style-type: none"> A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of Three Reports is required. The Value Reconciliation will be used for the appraised value of the property. The Seller is responsible for ordering the BPO and Value Reconciliation through Clear Capital A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. The Seller is responsible for providing the field review or 2nd full appraisal full appraisal If two (2) full appraisals are provided, a CDA is not required (CDA still required for 15 year fixed and ARMs) 15 Year Fixed & ARMs <ul style="list-style-type: none"> In addition to the above requirements, a field review would be required for any CDA variance greater than 5% with an LTV greater than 75% <table border="1" data-bbox="399 1535 1500 1814"> <thead> <tr> <th colspan="2">Appraisal Requirements Based on Loan Amount:</th> </tr> <tr> <th>First Lien Amount</th> <th>Appraisal Requirements</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">Purchase Transactions</td> </tr> <tr> <td>≤ \$2,000,000</td> <td>1 Full Appraisal</td> </tr> <tr> <td>> \$2,000,000</td> <td>2 Full Appraisals</td> </tr> <tr> <td colspan="2" style="text-align: center;">Refinance Transactions</td> </tr> <tr> <td>≤ \$1,500,000</td> <td>1 Full Appraisal</td> </tr> <tr> <td>> \$1,500,000</td> <td>2 Full Appraisals</td> </tr> </tbody> </table>	Appraisal Requirements Based on Loan Amount:		First Lien Amount	Appraisal Requirements	Purchase Transactions		≤ \$2,000,000	1 Full Appraisal	> \$2,000,000	2 Full Appraisals	Refinance Transactions		≤ \$1,500,000	1 Full Appraisal	> \$1,500,000	2 Full Appraisals
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	<ul style="list-style-type: none"> • When two (2) appraisals are required, the following applies: <ul style="list-style-type: none"> ◦ Appraisals must be completed by two (2) independent companies ◦ The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion ◦ Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled ◦ If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon • Higher Priced Mortgage Loans (HPML) (30 Year Fixed Rate only) <ul style="list-style-type: none"> ◦ If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller’s acquisition price by more than 10% then a second full appraisal is required. Bank owned properties are not exempt. ◦ If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller’s acquisition price by more than 20%, then a second full appraisal is required. Bank owned properties are not exempt ◦ If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals
<p>Construction to Permanent Financing</p>	<ul style="list-style-type: none"> • The borrower must hold title to the lot which may have been previously acquired or purchased as part of the transaction • LTV/CLTV/HCLTV is determined based on the length of time the borrower has owned the lot. The time frame is defined as the date the lot was purchased to the Note date of the subject transaction <ul style="list-style-type: none"> ◦ For lots owned twelve (12) months or more, the appraised value can be used to calculate the LTV/CLTV/HCLTV ◦ For lots owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the current appraised value of the property or the total acquisition costs (documented construction costs plus documented purchase price of lot)
<p>Disaster Area Requirements</p>	<ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the <u>Special Products Seller Guide</u> for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> ◦ FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); ◦ Areas where FEMA has not made a disaster declaration, but Bayview or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; ◦ Areas where the Seller has reason to believe that a property might have been damaged in a disaster • Correspondent lenders are responsible for monitoring the <u>Disaster Declaration File</u> and the <u>FEMA Website</u> including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster
<p>Escrow Holdbacks</p>	<p>Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase</p>
<p>Special Restrictions</p>	
<p>Multiple Financed Properties</p>	<ul style="list-style-type: none"> • Maximum number of financed properties – follow Fannie Mae Selling Guide requirements • All financed 1-4 unit residential properties require an additional six (6) months reserves for each property, unless the exclusions below apply • 1-4 unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage • Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation

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Geographic Restrictions	Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted
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Bayview Jumbo AUS

Version Control			
Author	Section	Date	Update
DH	All	06.07.21	<ul style="list-style-type: none"> New Jumbo AUS product matrix created
DH	Eligibility Grid	07.22.21	<p>Removed</p> <ul style="list-style-type: none"> Footnote #2: Self-employment maximum 70% Footnote #4: Self-employment income is not an eligible source of qualifying income on cash-out transactions <p>Replaced</p> <ul style="list-style-type: none"> Footnote #2: Self-Employment income: Minimum FICO of 720 when any Self-Employment income is required for qualifying purposes. If the Self-Employment income is not needed for qualifying purposes, then the 720 FICO minimum is not applicable
DH	Cash-Out	07.22.21	<p>Removed</p> <ul style="list-style-type: none"> Self-employment income may not be used for qualification
DH	Asset Depletion	07.22.21	<p>Added Asset Depletion to Income Section</p> <ul style="list-style-type: none"> Maximum 80% LTV/CLTV/HCLTV Primary residence 1-2 units only Eligible assets must be held in a US account At least one borrower who is an account holder must be age 62 or older unless assets have been derived from the sale of a business Purchase and rate/term transactions only Minimum Post-Closing assets <ul style="list-style-type: none"> Borrowers ≥ 62 years of age = \$500,000 Borrowers < 62 years of age = \$1,000,000 Calculate Net Eligible Assets divided by 240 Net Eligible Assets equals Total Assets minus <ul style="list-style-type: none"> Funds required to be paid by borrower for closing (i.e., down payment, closing costs) Gift and/or borrowed funds Reserves Any portion of assets pledged as collateral for a loan Business funds not permitted Added Eligible Asset & Documentation Table
DH	Significant Derogatory Credit	07.22.21	<p>Removed</p> <ul style="list-style-type: none"> Forbearance – Seven (7) year waiting period <p>Added</p> <ul style="list-style-type: none"> Forbearance resulting in subsequent loan modification - seven (7) years since exit from forbearance (See below Forbearance section for additional requirements)
DH	Forbearance	07.22.21	<p>Added Forbearance Section</p> <p><u>Determining Eligibility for New Loan</u></p> <ul style="list-style-type: none"> Any loans that are shown to be in active or previous forbearance but where the borrower continued to make regularly scheduled payments and has made at least one (1) regularly scheduled payment since forbearance inception date are eligible <ul style="list-style-type: none"> All payments must have been made within the month due The forbearance plan must be terminated at or prior to closing and the loan file must contain documentation that the forbearance is no longer active (i.e. removal letter from servicer, etc.). Any loans (including but not limited to the subject mortgage) where a mortgage reflects reduced or missed payments under a forbearance <u>and borrower has accepted a payment deferral, initiated a repayment plan or has reinstated the mortgage to return to a current status</u> must meet the requirements below: <ul style="list-style-type: none"> <u>Purchase & Rate/Term Refinance:</u> <ul style="list-style-type: none"> Three (3) consecutive months of required payments since completed forbearance plan All payments must have been made within the month due



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			<ul style="list-style-type: none"> o <u>Cash-out Refinance:</u> <ul style="list-style-type: none"> ▪ Twelve (12) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due • <u>Payment Deferral:</u> The refinance of a loan that has a payment deferral and where the amount of the deferred payments is included in the new loan is eligible as a rate/term transaction. Funds applied to pay off the prior loan, including the deferred portion, are not considered cash out • <u>Repayment Plan:</u> The full amount of the repayment plan monthly payment must be considered in meeting the required consecutive payment requirements (Purchase/Rate Term or Cash-out) detailed above • A mortgage subject to forbearance must utilize the mortgage payment history in accordance with the forbearance plan in determining late housing payments • Loan file must contain a letter of explanation from the borrower detailing the reason for forbearance and that the hardship no longer exists • Forbearance resulting in subsequent loan modification is considered a significant derogatory credit event and subject to a seven (7) year waiting period
DH	Self-Employment	07.22.21	<p>Removed</p> <ul style="list-style-type: none"> • If the year-to-date period covers multiple quarters, the profit and loss statement must break out each quarter separately • Maximum of 70% LTV/CLTV/HCLTV <ul style="list-style-type: none"> o If self-employment losses have already been considered in qualifying the borrower, then the maximum 70% LTV/CLTV/HCLTV is not applicable • Self-employment income may not be used as qualifying income on a cash-out transaction <p>Added</p> <ul style="list-style-type: none"> • YTD profit and loss statement (audited or unaudited) up to and including the most recent month preceding the loan application date. YTD profit and loss statement must not be more than 60 days aged prior to the Note date <ul style="list-style-type: none"> o Audited P&L <ul style="list-style-type: none"> ▪ An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date; OR o Unaudited P&L <ul style="list-style-type: none"> ▪ An unaudited year-to-date profit and loss statement <u>signed by the borrower</u> reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date <u>and three business depository account statements</u> no older than the latest three months represented on the year-to-date profit and loss statement <ul style="list-style-type: none"> • The three most recent business depository account statements must be reviewed and must support and/or not conflict with the level of business revenue reported in the current year-to-date profit and loss statement • The business revenue analysis of the bank statements includes bank deposits from gross receipts from the business. Transfers and proceeds from the Small Business Administration PPP or any other similar COVID-19 related loans or grants should not be included • If the year-to-date profit and loss statement cannot be supported by account statements, the self-employment income is not eligible for use in qualifying o If the borrower has filed an extension for the current tax year, the year-to-date profit and loss statement must be provided to cover the full year o If the year-to-date business income is less than the historically calculated income derived from the tax returns, the borrower may qualify by reducing the historical income to no more than the current level of stable monthly income using details from the year-to-date profit and loss statement and business account statements (if applicable)
DH	Asset Requirements	07.22.21	<ul style="list-style-type: none"> • Added clarification that when using business funds for assets, business bank statements must no older than the latest three months represented on the year-to-date profit and loss statement
DH	Appendix A	07.22.21	<p>Updated the below sections in Appendix A as a result of above 7.22.21 changes</p> <ul style="list-style-type: none"> • Significant Derogatory Credit • Forbearance • Self-employment • Asset Depletion
DH	Age of Documents	09.02.21	Removed



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			<ul style="list-style-type: none"> All credit documents, including title commitment must be no older than ninety (90) days from the Note date <p>Added</p> <ul style="list-style-type: none"> Follow Fannie Mae Selling Guide Requirements
DH	Asset Requirements	09.02.21	<p>Added</p> <ul style="list-style-type: none"> Retirement Accounts <ul style="list-style-type: none"> Eligibility Percentage to meet reserve requirements <ul style="list-style-type: none"> If borrower is $\geq 59 \frac{1}{2}$, then 70% of the vested value after the reduction of any outstanding loans If borrower is $< 59 \frac{1}{2}$, then 60% of the vested value after the reduction of any outstanding loans Refer to Fannie Mae Selling Guide for liquidation of funds requirements <ul style="list-style-type: none"> In cases where the account holder is not of retirement age and funds are being used for down payment or closing costs, evidence of liquidation of retirement funds is required
DH	Credit Requirements	09.02.21	<p>Removed</p> <ul style="list-style-type: none"> Frozen Credit: <ul style="list-style-type: none"> Credit reports with bureaus identified as "frozen" are required to be unfrozen and a current credit report with all bureaus unfrozen is required <p>Added</p> <ul style="list-style-type: none"> Frozen Credit: Follow Fannie Mae Selling Guide requirements except as noted below <ul style="list-style-type: none"> All borrowers must have a minimum of two (2) credit scores that are generated from the unfrozen bureaus
DH	Unacceptable Sources of Income	09.02.21	<p>Removed</p> <ul style="list-style-type: none"> Businesses engaged in any type of internet gambling
DH	General Documentation Requirements	10.28.21	<p>Added</p> <ul style="list-style-type: none"> Tax transcripts must be obtained directly from the IRS via a third party except as indicated below <ul style="list-style-type: none"> In the instance where there is an indication of possible identity theft or fraud and the transcript request has been rejected by the IRS with a Code 10 indicating that "Due to limitations, the IRS is unable to process this request", online borrower obtained tax transcripts are permitted to validate income used for qualifying purposes. Evidence of the IRS transcript request rejection is required. Borrower obtained transcripts are not permitted due to IRS rejection because of missing, incomplete or altered information on the Form 4506-C (Codes 1-9)
DH	Asset Depletion	10.28.21	<ul style="list-style-type: none"> Updated Asset Depletion section to allow for Second Homes and for Cash-Out transactions Removed 62 years of age requirement Added Net Eligible asset requirement of \$1,000,000 <ul style="list-style-type: none"> Retirement Accounts: Eligibility percentage must be applied as defined in the Asset Requirements Section of this product matrix Cash-Out from the transaction may not be used to meet minimum post-closing asset requirements Added clarification regarding Qualifying Asset Income <ul style="list-style-type: none"> Asset Depletion may not be combined with employment related income to qualify (i.e., salaried income, self-employment income, etc.) for any Borrower that is an account holder of the assets used for Asset Depletion. If there is employment related income from a Borrower that is not a joint account holder of the account used for Asset Depletion, then this income can be used for qualifying purposes Pension, Social Security or other annuity type income streams may be used and combined with Asset Depletion income as long as the assets generating that income are not used in the Asset Depletion income calculations Assets used as income can only be sourced from one income stream. As an example, an asset cannot be used as both capital gains income and asset depletion income Added the requirement for the most recent two years tax returns and corresponding tax transcripts
DH	Asset Requirements	10.28.21	<p>Added</p> <ul style="list-style-type: none"> A written VOD as a stand-alone document is not acceptable <ul style="list-style-type: none"> A system generated automated VOD may be used as a stand-alone documentation if provided by a verifiable institutional bank
DH	Reserves	10.28.21	<p>Added</p> <ul style="list-style-type: none"> Borrowed funds (secured or unsecured) are not allowed for reserves
DH	Higher Priced Mortgage Loans	11.29.21	<p>Added New Section</p> <ul style="list-style-type: none"> Higher Priced Mortgage Loans (HPML) are allowed if the following requirements are met: <ul style="list-style-type: none"> Loan must have an escrow account for a minimum of 5 years



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			<ul style="list-style-type: none"> o 1002.14(a)(1) allowing the consumer to waive the requirement that the appraisal copy be provided three (3) business days before consummation, does not apply to Higher Priced Mortgage Loans subject to §1026.35(c). A Consumer of a Higher Priced Mortgage Loan subject to §1026.35(c) may not waive the timing requirement to receive a copy of the appraisal under §1026.35(c)(6)(i) • Appraisal Requirements <ul style="list-style-type: none"> o If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required. Bank owned properties are not exempt. o If the property was acquired by the seller between 91-180 days from the purchase agreement date and the purchase price exceeds the seller's acquisition price by more than 20%, then a second full appraisal is required. Bank owned properties are not exempt. o If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals
DH	Underwriting	11.29.21	<p>Added Clarification</p> <ul style="list-style-type: none"> • Lender is responsible for ensuring that all data and information provided in the final submission to DU matches the terms of the closed loan or is within the acceptable tolerances specified in the Fannie Mae Selling Guide
DH	General Documentation Requirements	11.29.21	<p>Removed</p> <ul style="list-style-type: none"> • Losses for secondary self-employment must be included in the DTI and self-employed documentation requirements must be met • Losses for co-borrower's self-employment must be included in DTI and self-employed documentation requirements must be met <p>Added</p> <ul style="list-style-type: none"> • Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required <ul style="list-style-type: none"> o K-1 losses where borrower owns less than 25% must be deducted from qualifying income when the aggregate loss is greater than 5% of borrowers total qualifying income o Passive losses shown on K-1s, such as publicly traded companies or where ownership is under 5%, can be excluded from income on a case-by-case basis. Any passive K-1 losses excluded will not count toward the aggregate secondary and separate sources of self-employment losses and the 5% threshold for deducting the loss from income
DH	Self-Employment	11.29.21	<p>Added</p> <ul style="list-style-type: none"> • Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required <ul style="list-style-type: none"> o K-1 losses where borrower owns less than 25% must be deducted from qualifying income when the aggregate loss is greater than 5% of borrowers total qualifying income o Passive losses shown on K-1s, such as publicly traded companies or where ownership is under 5%, can be excluded from income on a case-by-case basis. Any passive K-1 losses excluded will not count toward the aggregate secondary and separate sources of self-employment losses and the 5% threshold for deducting the loss from income
DH	Appraisal Requirements	11.29.21	<p>Added</p> <ul style="list-style-type: none"> • Higher Priced Mortgage Loans <ul style="list-style-type: none"> o If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required. Bank owned properties are not exempt. o If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20%, then a second full appraisal is required. Bank owned properties are not exempt o If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals
DH	Bayview Jumbo AUS Notes	12.09.21	<p>Removed</p> <ul style="list-style-type: none"> • Minimum loan amounts are \$548,251 for 1-unit properties and \$1 above the Conforming loan limits for properties 2-4 units <p>Added</p> <ul style="list-style-type: none"> • Minimum loan amounts are \$1 above the current FHFA conforming loan limits. High balance loans are permitted.



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DH	Liabilities	01.28.22	Added <ul style="list-style-type: none"> Alimony Payments: Follow Fannie Mae Selling Guide requirements
DH	Appraisal Requirements	01.28.22	Added <ul style="list-style-type: none"> If the date of the appraisal report is more than 120 days from the date of the Mortgage Note, the original appraiser must provide an update to the appraisal based on his or her exterior inspection of the Mortgaged Property and knowledge of current market conditions and in accordance with Fannie Mae Selling Guide age of document requirements
DH	Self-Employment	02.18.22	Removed <ul style="list-style-type: none"> YTD profit and loss statement must not be more than 60 days aged prior to the Note date Added <ul style="list-style-type: none"> YTD profit and loss statement must not be more than 90 days aged prior to the Note date Removed <ul style="list-style-type: none"> The requirement for bank statements to support the profit and loss statement
DH	Ineligible Transactions	03.25.22	Added Clarification <ul style="list-style-type: none"> Single Close Construction to Permanent Transactions
DH	Asset Requirements	03.25.22	Added <ul style="list-style-type: none"> Stocks, bonds and mutual funds do not require documentation of liquidation or of the borrower's actual receipt of funds when used for down payment or closing costs
DH	Eligibility Grid	04.08.22	Added <ul style="list-style-type: none"> Added Investment Cash-Out Eligibility up to \$1.5M loan amount, maximum 60% LTV and minimum 740 FICO
DH	Eligible Property Types	04.08.22	Added <ul style="list-style-type: none"> Condominiums <ul style="list-style-type: none"> Florida new construction: Full review or PERS permitted
DH	Restricted Stock and Stock Options	05.20.22	Added <ul style="list-style-type: none"> Incentive sign on income and future RSU's are limited to 50% of total qualifying income. Income calculation results may be reduced to meet the 50% restriction
DH	Asset Requirements	05.20.22	Added <ul style="list-style-type: none"> Virtual Currency is an ineligible asset type. Virtual currency must be exchanged into U.S. dollars to be acceptable for use as down payment, closing costs or reserves. Refer to Fannie Mae Selling Guide for additional details
DH	Subordinate Financing	05.20.22	Added <ul style="list-style-type: none"> Shared equity finance agreements are an ineligible source of subordinate financing
DH	Forbearance	06.03.22	Added <ul style="list-style-type: none"> For borrowers who have entered into forbearance on any loan (including but not limited to the subject mortgage) between 01.01.2020 and 06.01.2022, the below listed criteria is to be used to determine eligibility. All other loans must follow the forbearance waiting period as required in the Significant Derogatory Credit section above
DH	Asset Requirements	07.01.22	Removed <ul style="list-style-type: none"> Retirement Accounts <ul style="list-style-type: none"> In cases where the account holder is not of retirement age and funds are being used for down payment or closing costs, evidence of liquidation of retirement funds is required
DH	Credit Requirements	07.01.22	Added <ul style="list-style-type: none"> Rapid credit rescoring are permitted. A rapid rescore is a process that can quickly update a borrower's credit score by submitting proof of positive account changes to the three major credit bureaus since the last reporting deadline in order to reflect the current credit status
DH	General Documentation Requirements	07.01.22	Added <ul style="list-style-type: none"> Social Security Income: Secondary validation is required when income is documented via either a Social Security Benefit Award Letter or a 1099. Acceptable validation can be in the form of tax transcripts/1099 transcripts or a bank statement showing evidence of the SSI deposit and dated within 30 days of the application date
DH	Various Sections	10.21.22	Added 15 year fixed rate and ARM requirements throughout matrix
DH	Eligibility Grid	11.04.22	Added Declining Market footnote
DH	Declining Market	11.04.22	Added Declining Market Section <ul style="list-style-type: none"> LTV/CLTV/HCLTV must be 10% below product maximum per product matrix eligibility grid up to a maximum 75% LTV/CLTV/HCLTV <p><i>As an example: If the eligibility grid indicates a maximum of 89.99% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 75%</i></p> <p>OR</p>



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			<i>If the eligibility grid indicates a maximum of 80% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 70%</i>
DH	Appraisal Requirements	11.04.22	<p>Removed Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged</p> <p>Added</p> <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date The subject property must be appraised within 90 days prior to the Note date Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets
DH	Minimum Loan amount	02.08.23	<p>Removed ARMS & 15 year fixed rate: Minimum \$400,000 loan amount</p> <p>Added ARMS & 15 year fixed rate: Minimum \$600,000 loan amount</p>
DH	15 Year Fixed Rate & ARM Requirements	02.08.23	<p>Added</p> <ul style="list-style-type: none"> First Time Homebuyer minimum FICO 740 Rate/Term Refinance transactions may have incidental cash back to the borrower up to \$5000 Updated minimum loan amount to \$600,000
SG	Heading	6.28.23	Added: Delegated Correspondent



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Appendix A - Summary of Program Overlays to Fannie Mae Guidelines

Below is a summary of the Jumbo AUS program overlays to Fannie Mae guidelines. Please refer to the Jumbo AUS product matrix for complete details and requirements on the below topics as well as for LTV, FICO and loan amount requirements. This summary is intended for reference only. In the event of any conflict with this document, the product matrix and seller guide will govern.

- **15 Year Fixed Rate & ARMs**
 - First Time Homebuyer:
 - Maximum loan amount \$1,250,000
 - Minimum FICO 740
 - Rate/Term Refinance transactions may have incidental cash back to the borrower up to \$5000
 - Minimum Loan Amount: \$600,000
 - Maximum Cash Out: \$500,000
 - Texas 50(a)(6) not permitted
 - 2-4 units not eligible
 - 2nd home & investment properties not eligible
 - Appraisal Review
 - CU not permitted to meet appraisal review requirement
 - CDA required for every loan
 - Field review required for any CDA variance greater than 5% with an LTV greater than 75%
 - Cooperatives not eligible
 - Leaseholds not eligible
- **Ineligible Product Types**
 - Non-Standard to Standard Refinance Transactions (ATR Exempt)
 - Higher-Priced Mortgage Loans (HPML)
 - Higher-Priced Covered Transactions (HPCT QM-Rebuttable Presumption)
 - Balloons
 - Graduated Payments
 - Interest Only Products
 - Temporary Buydowns
 - Loans with Prepayment Penalties
 - Single Close Construction to Permanent Transactions
- **Borrower Eligibility**
 - First Time Homebuyer:
 - Maximum loan amount \$1,500,000 (15 Year Fixed and ARMS maximum loan amount \$1,250,000)
 - Not permitted on investment properties
 - Permanent and Non-Permanent Resident Aliens must be employed in the U.S. for the past 24 months
 - Non-Permanent Resident Aliens
 - Maximum LTV/CLTV/HCLTV 75%
 - Primary residence only
 - Non-Occupant Co-Borrower must be a related family member of the borrower(s)
 - All borrowers must have a valid Social Security Number
- **LTV/CLTV/HCLTV Calculation for Refinance Transactions**
 - If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value. The twelve (12) month time frame may be based on subject transaction Note date
 - If subject property is owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the original purchase price plus documented improvements made after the purchase of the property, or the appraised value.



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Documented improvements must be supported with receipts. The twelve (12) month time frame may be based on subject transaction Note date

- **Continuity of Obligation**
 - On a refinance transaction, there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction. See Continuity of Obligation section for full requirements
- **Credit Requirements**
 - Non-traditional credit not permitted
 - All borrowers must have a minimum of two (2) credit scores
 - Manual underwrite is not permitted
- **Mortgage History:**
 - 0x30x24
 - Sellers must review the borrower(s) credit report to determine status of all mortgage loans including verification mortgage is not subject to a loss mitigation program, repayment plan, loan modification or payment deferral plan. **In addition to reviewing the credit report**, the Seller must also apply due diligence for each mortgage loan on which a borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine the loan payments are current as of the Note date of the subject transaction. Current means the borrower has made all payments due in the month prior to the Note date of the subject transaction and no later than the last business day of that month. Acceptable documentation includes one of the following:
 - Loan payment history from the servicer or third party verification service
 - Payoff statement for loans being refinanced
 - Current mortgage statement from the borrower
 - Verification of mortgage (VOM)
 - If the mortgage holder is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory mortgage history is required
- **Significant Derogatory Credit:** At least seven (7) years must have elapsed since bankruptcy discharge/dismissal, foreclosure, NOD, Short Sale/DIL or forbearance resulting in a subsequent loan modification. Multiple derogatory credit events not permitted
- **Forbearance**
 - Any loans (including but not limited to the subject mortgage) where a mortgage reflects reduced or missed payments under a forbearance and borrower has accepted a payment deferral, initiated a repayment plan or has reinstated the mortgage to return to a current status must meet the requirements below:
 - Cash-out Refinance:
 - Twelve (12) consecutive months of required payments since completed forbearance plan
- **DTI:**
 - 30 Year Fixed Rate
 - LTVs ≤ 80% = Max 45%
 - LTVs > 80% = Max 36%
 - 15 Year Fixed Rate & ARMs:
 - Maximum 43%
 - FICO ≥ 700 and < 720: Maximum 40% DTI
- **Employment/Income**
 - General Requirements: Tax transcripts for personal tax returns are required when tax returns are used to document borrower's income or any loss and must match the documentation in the loan file. The number of years of transcripts required will be based on the DU findings



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- o **Salaried Borrowers:** Secondary verification of the income documentation is required via W-2 transcripts or 3rd party verification (i.e., The Work Number) with separation of income types (base, bonus, OT, etc.). The number of years provided will be based on the DU findings
 - Manual verification of employment, even if through a 3rd party are not permitted
 - Tax transcripts must be obtained directly from the IRS via a third party except as indicated below:
 - o In the instance where there is an indication of possible identity theft or fraud and the transcript request has been rejected by the IRS with a Code 10 indicating that “Due to limitations, the IRS is unable to process this request”, online borrower obtained tax transcripts are permitted to validate income used for qualifying purposes. Evidence of the IRS transcript request rejection is required. Borrower obtained transcripts are not permitted due to IRS rejection because of missing, incomplete or altered information on the Form 4506-C (Codes 1-9)
 - The IRS transcripts and the supporting income documentation must be consistent
 - If 3rd party verification (i.e., The Work Number) is the source used to verify income, then W-2 transcripts are also required as the secondary verification of the income
- o **Commission/Bonus:** Income must be documented for the most recent 2 (two) years with a year-to-date paystub and W-2s
- o **Projected Income:** Paystub (once borrower has started with new employer) must be provided prior to purchase of the loan by Bayview
- o **Asset Depletion:**
 - Maximum 80% LTV/CLTV/HCLTV
 - Primary residence 1-2 units only and Second Homes are eligible
 - Primary residence 3-4 units are not eligible
 - Investment properties are not eligible
 - Purchase, Rate/Term and Cash-Out transactions are eligible
 - Eligible assets must be held in a US account
 - There are no age restrictions for the use of Asset Depletion as a source of qualifying income
 - Qualifying Asset Income = Net Eligible Assets divided by 240
 - Asset Depletion may not be combined with employment related income to qualify (i.e., salaried income, self-employment income, etc.) for any Borrower that is an account holder of the assets used for Asset Depletion. If there is employment related income from a Borrower that is not a joint account holder of the account used for Asset Depletion, then this income may be eligible to be used for qualifying purposes
 - Pension, Social Security or other annuity type income streams may be used and combined with Asset Depletion income as long as the assets generating that income are not used in the Asset Depletion income calculations
 - Income from assets may not be double counted. For example, income derived from assets generating capital gains, interest income or note income from assets may not also be included in those assets in the Asset Depletion income calculation
 - Net Eligible Assets
 - o Minimum Net Eligible Assets: Borrowers must have at least \$1,000,000 of Net Eligible Assets
 - o Net Eligible Assets equals Total Eligible Assets as defined in the below table (after any haircuts required for retirement assets per the Asset Requirements section of this product matrix) minus:
 - Funds required to be paid by borrower for closing (i.e., down payment, closing costs)
 - Gift and/or borrowed funds
 - Reserves
 - Any portion of assets pledged as collateral for a loan
 - o Cash Out proceeds are not allowed to be used in the Asset Depletion calculation and are not an Eligible Asset
 - Business funds not permitted to be included in total asset amount
 - Most recent two years of tax returns and corresponding tax transcripts are required
- o **Self-Employment:**
 - Self-Employment income: Minimum 720 FICO when any Self-Employment income is required for qualifying purposes. If the Self-Employment income is not needed for qualifying purposes, then the 720 FICO minimum is not applicable



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- If DU returns a recommendation for one (1) year of tax returns, the most recent year's tax return must be provided and IRS extensions are not permitted
 - If borrower has filed an extension, the most recent prior two (2) years tax returns are required
 - If the borrower has filed an extension for the current tax year, the YTD profit and loss statement must be provided to cover the full year
 - Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required
 - K-1 losses where borrower owns less than 25% must be deducted from qualifying income when the aggregate loss is greater than 5% of borrowers total qualifying income
 - Passive losses shown on K-1s, such as publicly traded companies or where ownership is under 5%, can be excluded from income on a case-by-case basis. Any passive K-1 losses excluded will not count toward the aggregate secondary and separate sources of self-employment losses and the 5% threshold for deducting the loss from income
 - YTD profit and loss statement (audited or unaudited) is required up to and including the most recent month preceding the loan application date and must not be more than 90 days aged prior to the Note date
 - Unaudited P&L
 - An unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income; **OR**
 - Audited P&L
 - An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income
 - If the borrower has filed an extension for the current tax year, the year-to-date profit and loss statement must be provided to cover the full year
 - If the year-to-date business income is less than the historically calculated income derived from the tax returns, the borrower may qualify by reducing the historical income to no more than the current level of stable monthly income using details from the year-to-date profit and loss statement
- **Assets**
 - A written VOD as a stand-alone document is not acceptable
 - Gift Funds
 - Gift funds may be used once borrower has contributed 5% of their own funds
 - Not permitted for reserves
 - LTVs greater than 80% - gift funds not permitted
 - Business Funds
 - Not permitted for reserves
 - Cash flow analysis required using most recent three (3) months business bank statements to determine no negative impact to business. Business bank statements must be no older than the latest three months represented on the year-to-date profit and loss statement
 - Business bank statements must not reflect any NSF's (non-sufficient funds) or overdrafts
 - If borrower(s) ownership in the business is less than 100%, the following requirements must be met:
 - Borrower(s) must have majority ownership of 51% or greater
 - The other owners of the business must provide an access letter to the business funds
 - Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s)
 - Reserves – Refer to Reserve section of the product matrix for overlay reserve requirements
 - Retirement Accounts
 - Eligibility Percentage to meet reserve requirements
 - If borrower is >59 ½, then 70% of the vested value after the reduction of any outstanding loans
 - If borrower is <59 ½, then 60% of the vested value after the reduction of any outstanding loans
 - **Subordinate Financing**
 - Down payment and closing cost assistance subordinate financing is not permitted
 - **Maximum Acreage**
 - Maximum ≤ 40 acres



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- Properties >10 acres ≤40 acres must meet the following:
 - Maximum land value 35%
 - No income producing attributes
 - Transaction must be 10% below maximum LTV/CLTV/HCLTV as allowed on Bayview Jumbo AUS for transactions over twenty (20) acres. For example, if borrower qualifies for a loan at 80% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed would be 70%
- **Ineligible Property Types**
 - Manufactured Homes/Mobile Homes
 - Mixed-Use Properties
 - Model Home Leasebacks
 - Properties with condition rating of C5/C6
 - Properties with quality rating of Q6
 - Unique properties
 - Leaseholds (ineligible for 15 year fixed and ARMs)
- **Declining Markets**
 - LTV/CLTV/HCLTV must be 10% below product maximum per product matrix eligibility grid up to a maximum 75% LTV/CLTV/HCLTV
- **Appraisal Requirements**
 - Transferred appraisals are not permitted
 - Collateral Desktop Analysis (CDA) ordered from Clear Capital or CU score ≤ 2.5 is required to support the value of the appraisal. CDA not required if two full appraisals provided. See 15 Year Fixed and ARM restrictions in Appraisal Requirements section of product matrix.
 - Purchase > \$2M = 2 Full appraisals required
 - Refi >\$1.5 M = 2 Full appraisals required
 - Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date
 - The subject property must be appraised within 90 days prior to the Note date
 - Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets
- **Escrow Holdbacks** – Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase
- **Geographic Restrictions** - Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted



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Bayview Jumbo Plus AUS**

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Bayview Jumbo Plus AUS Eligibility Matrix				
Fixed Rate				
Primary Residence Purchase, Rate and Term Refinance				
Transaction Type	Units	FICO ¹	Maximum LTV/CLTV/HCLTV ^{4,5}	Maximum Loan Amount ³
Purchase or Rate and Term Refinance	1-2	700	89.99% ²	\$1,500,000
		680	85% ²	\$1,500,000
		661	80%	\$1,500,000
		680	75%	\$2,000,000
	1-4	680	70%	\$2,000,000
Primary Residence Cash-Out Refinance				
Transaction Type	Units	FICO ¹	Maximum LTV/CLTV/HCLTV ^{4,5}	Maximum Loan Amount ³
Cash-Out Refinance	1	680	80%	\$1,000,000
	1-2	680	75%	\$1,500,000
	1-4	661	60%	\$2,000,000
Second Home Purchase, Rate and Term Refinance				
Transaction Type	Units	FICO ¹	Maximum LTV/CLTV/HCLTV ^{4,5}	Maximum Loan Amount ³
Purchase or Rate and Term Refinance	1	680	80%	\$1,500,000
		661	70%	\$1,500,000
		680	65%	\$2,000,000
Second Home Cash-Out Refinance				
Transaction Type	Units	FICO ¹	Maximum LTV/CLTV/HCLTV ^{4,5}	Maximum Loan Amount
Cash-Out Refinance	1	680	70%	\$1,000,000
			65%	\$1,500,000
Investment Purchase Rate and Term Refinance				
Transaction Type	Units	FICO ¹	Maximum LTV/CLTV/HCLTV ^{4,5}	Maximum Loan Amount
Purchase or Rate and Term Refinance	1-4	680	75%	\$1,500,000
Investment Cash-Out Refinance				
Transaction Type	Units	FICO ¹	Maximum LTV/CLTV/HCLTV ^{4,5}	Maximum Loan Amount
Cash-Out Refinance	1-4	680	60%	\$1,500,000

¹Self-Employment income: Minimum 720 FICO when any Self-Employment income is required for qualifying purposes. If the Self-Employment income is not needed for qualifying purposes, then the 720 FICO minimum is not applicable

²The following requirements apply for transactions with LTVs greater than 80%:

- MI not required
- Escrow/Impound accounts required for LTVs greater than 80% unless prohibited by applicable laws

³First time homebuyer maximum loan amount is \$1,500,000

⁴Non-warrantable condominiums and Condotels: LTV/CLTV must be 10% below product/program maximum up to a maximum of 70% LTV/CLTV

⁵ See Declining Market Section for LTV/CLTV reductions

Bayview Jumbo Plus AUS Notes:



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- Minimum loan amounts down to \$300,000 are permitted. High balance loans are permitted
- Single loan variances may be granted on a case-by-case basis (at purchasing entity's sole determination) for loans with terms or characteristics that are outside of Bayview's Jumbo Plus AUS Eligibility requirements. Approval of the single loan variance must be granted by purchasing entity prior to the delivery of the loan

Loan Product	
<p>Seller must ensure that each loan delivered to Bayview is in compliance with the Ability to Repay (ATR) and General Qualified Mortgage rules established by the Consumer Financial Protection Bureau ("CFPB"). Seller shall deliver loans that were originated in accordance with the Special Products Seller Guide unless otherwise stated with this product matrix. For topics not specifically addressed in this product matrix or the Special Products Seller Guide, refer to the Fannie Mae Single Family Selling Guide. Refer to Appendix A for a summary of overlays.</p>	
Eligible Products Terms	<ul style="list-style-type: none"> • PJF311 • Fixed Rate: 20, 25, 30 Year Terms
Ineligible Product Types	<ul style="list-style-type: none"> • High Cost Loans (Federal, State or Local) • Non-Standard to Standard Refinance Transactions (ATR Exempt) • Balloons • Graduated Payments • Interest Only Products • Temporary Buydowns • Loans with Prepayment Penalties • Adjustable Rate Terms • Single Close Construction to Permanent Transactions
Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-Out
Minimum Loan Amount	<ul style="list-style-type: none"> • Minimum loan amounts down to \$300,000 are permitted. High balance loan amounts are permitted
Rate/Term Refinance Transactions	<ul style="list-style-type: none"> • The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items <ul style="list-style-type: none"> ◦ If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months ◦ A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months ◦ A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history ◦ Max cash back at closing is limited to 1% of the new loan amount
Cash-Out Transactions	<ul style="list-style-type: none"> • No maximum cash-out limit
Delayed Financing	<ul style="list-style-type: none"> • Follow Fannie Mae Selling Guide requirements • LTV/CLTV/HCLTV for Rate and Term refinances must be met. The loan is treated as a Rate and Term refinance except for primary residence transactions in Texas.
LTV/CLTV/HCLTV Calculation for Refinance Transactions	<ul style="list-style-type: none"> • If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value. The twelve (12) month time frame may be based on subject transaction Note date • If subject property is owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the original purchase price plus documented improvements made after the purchase of the property, or the appraised value. Documented improvements must be supported with receipts. The twelve (12) month time frame may be based on subject transaction Note date
Age of Documents	<ul style="list-style-type: none"> • Follow Fannie Mae Selling Guide Requirements • See Self-Employment section for restrictions



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<p>QM Designation</p>	<ul style="list-style-type: none"> • QM designation must be provided in the loan file <ul style="list-style-type: none"> ◦ QM designation is QM Safe Harbor if the loan is not a Higher Priced Covered Transaction (HPCT) ◦ QM designation is QM Rebuttable Presumption if the loan is a Higher Priced Covered Transaction (HPCT) ◦ QM designation is Exempt for investment property transactions when the transaction is exclusively for business purposes. (Refer to §1026.3(a) and the Official Interpretation to §1026(a)) • Loan file must meet and document the eight (8) Ability to Repay (ATR) rules under the federal Truth-in-Lending Act, as implemented by Regulation Z
<p>Higher Priced Mortgage Loans (HPML)</p>	<ul style="list-style-type: none"> • Higher Priced Mortgage Loans (HPML) are allowed if the following requirements are met: <ul style="list-style-type: none"> ◦ Loan must have an escrow account for a minimum of 5 years ◦ 1002.14(a)(1) allowing the consumer to waive the requirement that the appraisal copy be provided three (3) business days before consummation, does not apply to Higher Priced Mortgage Loans subject to §1026.35(c). A Consumer of a Higher Priced Mortgage Loan subject to §1026.35(c) may not waive the timing requirement to receive a copy of the appraisal under §1026.35(c)(6)(i) • Appraisal Requirements <ul style="list-style-type: none"> ◦ Higher Priced Mortgage Loans (HPML) ◦ If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required. Bank owned properties are not exempt. ◦ If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20%, then a second full appraisal is required. Bank owned properties are not exempt ◦ If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals
<p>Eligibility</p>	
<p>Texas 50(a)(6)</p>	<ul style="list-style-type: none"> • See Special Products Seller Guide for additional requirements
<p>Borrower Eligibility</p>	<ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens with evidence of lawful residency <ul style="list-style-type: none"> ◦ Must be employed in the US for the past twenty-four (24) months • Non-Permanent Resident Aliens with evidence of lawful residency are eligible with the following restrictions: <ul style="list-style-type: none"> ◦ Primary Residence Only ◦ Unexpired H1B, H2B, E1, L1, and G Series VISAs only; G Series VISAs must have no diplomatic immunity ◦ Borrower must have a current twenty-four (24) month employment history in the US • Documentation evidencing lawful residency must be met (see Special Products Seller Guide for requirements) • Illinois Land Trust • Inter Vivos Revocable Trust • All borrowers must have a valid Social Security Number • Non-Occupant Borrower – Follow Fannie Mae Selling Guide requirements with exception of non-occupant relationship who must be a related family member of the borrower(s)
<p>Ineligible Borrowers</p>	<ul style="list-style-type: none"> • Foreign Nationals • Borrowers with Diplomatic Immunity status • Life Estates • Non-Revocable Trusts • Guardianships

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	<ul style="list-style-type: none"> • LLCs, Corporations or Partnerships • Land Trusts, except for Illinois Land Trust • Borrowers with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying
First-Time Homebuyer	<ul style="list-style-type: none"> • First-Time Homebuyer is defined as a borrower who has not owned a home in the last three (3) years. For loans with more than one (1) borrower, where at least one (1) borrower has owned a home in the last three (3) years, First-Time Homebuyer requirements do not apply • Verification of rental history is not required • Maximum loan amount of \$1,500,000 • Not allowed on investment property transactions • See Reserve Section for additional requirements
Non-Arm's Length Transactions	<p>A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party. The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> • Family sales or transfers • Property seller acting as their own real estate agent • Relative of the property seller acting as the seller's real estate agent • Borrower acting as their own real estate agent • Relative of the borrower acting as the borrower's real estate agent • Borrower is the employee of the originating lender and the lender has an established employee loan program. Evidence of employee program to be included in loan file • Originator is related to the borrower • Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord) <p>Gifts from relatives that are interested parties to the transaction are not allowed, unless it is a gift of equity. Real estate agents may apply their commission towards closing costs and/or prepaids if the amounts are within the interested party contribution limitations</p> <p>Investment property transactions must be arm's length</p> <p>Other non-arm's length transactions may be acceptable on an single loan variance basis</p>
Continuity of Obligation	<p>When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:</p> <ul style="list-style-type: none"> • The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements: <ul style="list-style-type: none"> ◦ Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or ◦ Is related to the borrower on the mortgage being refinanced • The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction • The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership • The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: <ul style="list-style-type: none"> ◦ Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer ◦ The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan • NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement



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Credit					
Underwriting	<ul style="list-style-type: none"> • All loans must have Fannie Mae DU Findings included in the loan file <ul style="list-style-type: none"> ◦ The DU recommendation may be in accordance with the below table <table border="1" style="margin-left: 40px; width: 100%;"> <thead> <tr> <th style="background-color: #92d050;">Approve/Ineligible Reasons</th> <th style="background-color: #92d050;">Approve/Eligible Reasons</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Loan Amount • Maximum cash-out on a rate/term refinance transaction – see Rate/Term Refinance section of product matrix • 2 unit primary residence purchase or rate/term refinance transaction > 85% LTV </td> <td> <ul style="list-style-type: none"> • Loan amount down to \$300,000 • High balance loan amount </td> </tr> </tbody> </table> <ul style="list-style-type: none"> ◦ Lender is responsible for ensuring that all data and information provided in the final submission to DU matches the terms of the closed loan or is within the acceptable tolerances specified in the Fannie Mae Selling Guide • Manual underwrite is not permitted • Delegated underwriting only • Second Home Transactions: Prudent underwriting must be exercised to determine the reasonableness of considering the property a second home 	Approve/Ineligible Reasons	Approve/Eligible Reasons	<ul style="list-style-type: none"> • Loan Amount • Maximum cash-out on a rate/term refinance transaction – see Rate/Term Refinance section of product matrix • 2 unit primary residence purchase or rate/term refinance transaction > 85% LTV 	<ul style="list-style-type: none"> • Loan amount down to \$300,000 • High balance loan amount
Approve/Ineligible Reasons	Approve/Eligible Reasons				
<ul style="list-style-type: none"> • Loan Amount • Maximum cash-out on a rate/term refinance transaction – see Rate/Term Refinance section of product matrix • 2 unit primary residence purchase or rate/term refinance transaction > 85% LTV 	<ul style="list-style-type: none"> • Loan amount down to \$300,000 • High balance loan amount 				
Credit Requirements	<ul style="list-style-type: none"> • Non-traditional credit is not allowed • All borrowers must have a minimum of two (2) credit scores • <u>Disputed tradelines</u>: <ul style="list-style-type: none"> ◦ All disputed tradelines must be included in the DTI if the account belongs to the borrower unless documentation can be provided that authenticates the dispute ◦ Derogatory accounts must be considered in analyzing the borrower's willingness to repay. However, if a disputed account has a zero balance and no late payments, it can be disregarded • <u>Frozen Credit</u>: Follow Fannie Mae Selling Guide requirements except as noted below <ul style="list-style-type: none"> ◦ All borrowers must have a minimum of two (2) credit scores <u>that are generated from the unfrozen bureaus</u> • Rapid credit rescoring are permitted. A rapid rescore is a process that can quickly update a borrower's credit score by submitting proof of positive account changes to the three major credit bureaus since the last reporting deadline in order to reflect the current credit status 				
Housing History	<ul style="list-style-type: none"> • Mortgage history requirements: <ul style="list-style-type: none"> ◦ If the borrower(s) has a Mortgage in the most recent twenty-four (24) months, a mortgage rating must be obtained ◦ The mortgage rating may be on the credit report or a VOM ◦ Applicable to all borrowers on the loan ◦ No more than 1x30 in the last twelve (12) months or 2x30 in the last twenty-four (24) months ◦ Mortgage lates must not be within the most recent three (3) months of the subject transaction ◦ 0x60 and 0x90 required in the most recent twenty-four (24) months ◦ A satisfactory explanation letter from the borrower(s) must be provided for any mortgage lates within the most recent twenty-four (24) months ◦ Sellers must review the borrower(s) credit report to determine status of all mortgage loans including verification mortgage is not subject to a loss mitigation program, repayment plan, loan modification or payment deferral plan. In addition to reviewing the credit report, the Seller must also apply due diligence for each mortgage loan on which a borrower is obligated, including co-signed mortgage loans and mortgage loans not related to the subject transaction, to determine the loan payments are current as of the Note date of the subject transaction. Current means the borrower has made all payments due in the month prior to the Note date of the subject transaction and no later than the last business day of that month. Acceptable documentation includes one of the following: <ul style="list-style-type: none"> ▪ Loan payment history from the servicer or third party verification service 				



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	<ul style="list-style-type: none"> ▪ Payoff statement for loans being refinanced ▪ Current mortgage statement from the borrower ▪ Verification of mortgage (VOM) ○ If the mortgage holder is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory mortgage history is required
<p>Significant Derogatory Credit</p>	<ul style="list-style-type: none"> • Follow Fannie Mae Selling Guide requirements (See below Single Loan Variance requirement for credit events between two (2) and four (4) years) • Forbearance - four (4) years since exit from forbearance (See below Forbearance section for additional requirements) • Mortgage accounts that were settled for less, negotiated or short payoffs – four (4) years since settlement date • Loan modifications: <ul style="list-style-type: none"> ○ Lender initiated modification will not be considered a derogatory credit event if the modification did not include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply ○ If the modification was due to hardship or included debt forgiveness – four (4) years since modification • Single loan variances for credit events will be considered on a case-by-case basis between two (2) and four (4) years with extenuating circumstances subject to the following: <ul style="list-style-type: none"> ○ Must be approved by Bayview ○ Extenuating circumstances are defined as non-recurring events that are beyond the borrower’s control resulting in a sudden significant and prolonged reduction in income or catastrophic increase in financial obligations <ul style="list-style-type: none"> ▪ Examples would include death or major illness of a spouse or child but would not include divorce or job loss ○ Documentation must be provided to support the claim of extenuating circumstances and confirm the nature of the event that led to the credit event and illustrate the borrower has no reasonable option other than to default on their obligations ○ If the defaulted debt was assigned to an ex-spouse and the default occurred after the borrower was relieved of the obligation, the event may be considered on a single loan variance basis • Multiple derogatory credit events not allowed, regardless if seasoned over four (4) years <ul style="list-style-type: none"> ○ A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event ○ A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event • Tax liens, judgments, charge-offs, and past-due accounts must be satisfied or brought current prior to or at closing • Cash-Out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts • Payment plans on <u>prior year</u> tax liens/liabilities are not allowed, must be paid in full. See Liabilities Section for additional guidance regarding payment plan for current tax year

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<p>Forbearance</p>	<p>Determining Eligibility for New Loan</p> <p>For borrowers who have entered into forbearance on any loan (including but not limited to the subject mortgage) between 01.01.2020 and 06.01.2022, the below listed criteria is to be used to determine eligibility. All other loans must follow the forbearance waiting period as required in the Significant Derogatory Credit section above</p> <ul style="list-style-type: none"> • Any loans that are shown to be in active or previous forbearance but where the borrower continued to make regularly scheduled payments and has made at least one (1) regularly scheduled payment since forbearance inception date are eligible <ul style="list-style-type: none"> ◦ All payments must have been made within the month due ◦ The forbearance plan must be terminated at or prior to closing and the loan file must contain documentation that the forbearance is no longer active (i.e. removal letter from servicer, etc.). • Any loans (including but not limited to the subject mortgage) where a mortgage reflects reduced or missed payments under a forbearance <u>and borrower has accepted a payment deferral, initiated a repayment plan or has reinstated the mortgage to return to a current status</u> must meet the requirements below: <ul style="list-style-type: none"> ◦ <u>Purchase & Rate/Term Refinance:</u> <ul style="list-style-type: none"> ▪ Three (3) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due ◦ <u>Cash-out Refinance:</u> <ul style="list-style-type: none"> ▪ Twelve (12) consecutive months of required payments since completed forbearance plan ▪ All payments must have been made within the month due • <u>Payment Deferral:</u> The refinance of a loan that has a payment deferral and where the amount of the deferred payments is included in the new loan is eligible as a rate/term transaction. Funds applied to pay off the prior loan, including the deferred portion, are not considered cash out • <u>Repayment Plan:</u> The full amount of the repayment plan monthly payment must be considered in meeting the required consecutive payment requirements (Purchase/Rate Term or Cash-out) detailed above • A mortgage subject to forbearance must utilize the mortgage payment history in accordance with the forbearance plan in determining late housing payments • Loan file must contain a letter of explanation from the borrower detailing the reason for forbearance and that the hardship no longer exists
<p>DTI</p>	<ul style="list-style-type: none"> • Up to 49.99% • DTI > 45% require the following: <ul style="list-style-type: none"> ◦ Maximum 80% LTV, and ◦ Minimum 700 FICO, and ◦ Minimum six (6) months reserves
<p>Lawsuit/Pending Litigation</p>	<ul style="list-style-type: none"> • If the Uniform Residential Loan Application, title commitment or credit documents indicate that the borrower is party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral

	<p>About Us ©2022 Community Loan Servicing, NMLS #2469. This information is for lending institutions only, and not intended for use by individual consumers or borrowers. CLS programs are offered to qualified residential lending institutions and are not applicable to the general public or individual consumers. Equal Housing Lender.</p>	<p>Contact Us (855) 253-8439 www.lakeviewcorrespondent.com</p>
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Liabilities	
Liabilities	<ul style="list-style-type: none"> • Tax liens and Payment Plans <ul style="list-style-type: none"> ◦ If the most recent tax return or tax extension indicate a borrower owes money to the IRS or State Tax Authority, evidence of sufficient liquid assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application date or if the tax transcripts show an outstanding balance due: <ul style="list-style-type: none"> ▪ A payment plan for the most recent tax year is allowed if the following requirements are met: <ul style="list-style-type: none"> • Payment plan was setup at the time the taxes were due. Copy of the payment plan must be included in the loan file • Payment is included in the DTI • Satisfactory pay history based on terms of payment plan is provided • Payment plan is only allowed for taxes due for the <u>most recent</u> tax year, prior years not allowed. For example, borrower files their 2019 return or extension in April 2020 A payment plan would be allowed for taxes due for 2019 tax year. Payment plans for 2018 or prior years would not be allowed • Borrower does not have a prior history of tax liens • Alimony Payments <ul style="list-style-type: none"> ◦ Follow Fannie Mae Selling Guide requirements
Employment/Income	
Employment/Income	<ul style="list-style-type: none"> • A two-year employment history is generally required • If the borrower(s) have less than a two-year employment and income history, the lender must provide a written analysis to justify the determination that the income used to qualify the borrower is stable. <p>Declining Income: When the borrower has declining income, the most recent twelve (12) months should be used or the most conservative income calculation if the declining period is shorter than 12 months. Income must be stabilized and not subject to further decline in order to be considered for qualifying purposes</p> <ul style="list-style-type: none"> • The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying
General Documentation Requirements	<ul style="list-style-type: none"> • Borrower(s) must have a minimum of two (2) years employment and income history • Tax transcripts obtained for personal tax returns are required when tax returns are used to document borrower's income or any loss and must match the documentation in the loan file. Tax transcripts must be obtained directly from the IRS via a third party except as indicated below <ul style="list-style-type: none"> ▪ In the instance where there is an indication of possible identity theft or fraud and the transcript request has been rejected by the IRS with a Code 10 indicating that "Due to limitations, the IRS is unable to process this request", online borrower obtained tax transcripts are permitted to validate income used for qualifying purposes. Evidence of the IRS transcript request rejection is required. Borrower obtained transcripts are not permitted due to IRS rejection because of missing, incomplete or altered information on the Form 4506-C (Codes 1-9) • Social Security Income: Secondary validation is required when income is documented via either a Social Security Benefit Award Letter or a 1099. Acceptable validation can be in the form of tax transcripts/1099 transcripts or a bank statement showing evidence of the SSI deposit and dated within 30 days of the application date • A 4506-C form is required to be signed at closing by all borrowers for all transactions • Taxpayer consent form signed by all borrowers • Verification of the existence of borrower's self-employment must be verified through a third-party source and no more than twenty (20) business days prior to the Note date. In addition, confirmation that the business is currently operating must be provided. Below are acceptable examples of documentation to confirm the business is currently operating: <ul style="list-style-type: none"> ▪ Evidence of current work (executed contracts or signed invoices) that indicate the



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	<ul style="list-style-type: none"> business is operating on the day the lender verifies self-employment; <ul style="list-style-type: none"> ▪ Evidence of current business receipts within 10 days of the Note date (payment for services performed); ▪ Lender certification the business is open and operating (lender confirmed through a phone call or other means); or ▪ Business website demonstrating activity supporting current business operations (timely appointments for estimates or service can be scheduled) • Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required <ul style="list-style-type: none"> ▪ K-1 losses where borrower owns less than 25% must be deducted from qualifying income when the aggregate loss is greater than 5% of borrowers total qualifying income ▪ Passive losses shown on K-1s, such as publicly traded companies or where ownership is under 5%, can be excluded from income on a case-by-case basis. Any passive K-1 losses excluded will not count toward the aggregate secondary and separate sources of self-employment losses and the 5% threshold for deducting the loss from income 						
<p>Unacceptable Sources of Income</p>	<ul style="list-style-type: none"> • Deferred compensation • Retained earnings • Education benefits • Trailing spouse income • Any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations. Federal law restricts the following activities and therefore the income from these sources are not allowed for qualifying: <ul style="list-style-type: none"> ◦ Foreign shell banks ◦ Medical marijuana dispensaries if borrower has any ownership ◦ Any income resulting from ownership in a business related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law 						
<p>Salaried, Bonus & Commission Income</p>	<ul style="list-style-type: none"> • Salaried Borrowers: <ul style="list-style-type: none"> ◦ Income and Employment must be documented per the DU findings and all income sources and methods of income calculation must meet the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 and the requirements below ◦ Secondary verification of the income documentation is required via W-2 transcripts or via Fannie Mae approved third party vendors (i.e., The Work Number) with separation of income types (base, bonus, OT, etc.). The number of years provided will be based on the DU findings <ul style="list-style-type: none"> ▪ Manual verification of employment, even if through a 3rd party are not permitted ▪ The IRS transcripts and the supporting income documentation must be consistent ▪ If 3rd party (i.e., The Work Number) is the source used to verify income, then W-2 transcripts are also required as the secondary verification of the income – see below table <table border="1" data-bbox="511 1549 1479 1677"> <thead> <tr> <th style="background-color: #92d050;">Income Documentation Source</th> <th style="background-color: #92d050;">Allowable Secondary Verification</th> </tr> </thead> <tbody> <tr> <td>• Paystub and W-2(s)</td> <td>• W-2 transcript(s) or Fannie approved 3rd party vendor (i.e., The Work Number)</td> </tr> <tr> <td>• Fannie approved 3rd party vendor (i.e., The Work Number)</td> <td>• W-2 transcript(s)</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Commission/Bonus Income: <ul style="list-style-type: none"> ◦ Follow requirements above for salaried borrowers, and ◦ Commission/Bonus income must be documented for the most recent 2 (two) years with a year-to-date paystub and W-2s 	Income Documentation Source	Allowable Secondary Verification	• Paystub and W-2(s)	• W-2 transcript(s) or Fannie approved 3 rd party vendor (i.e., The Work Number)	• Fannie approved 3 rd party vendor (i.e., The Work Number)	• W-2 transcript(s)
Income Documentation Source	Allowable Secondary Verification						
• Paystub and W-2(s)	• W-2 transcript(s) or Fannie approved 3 rd party vendor (i.e., The Work Number)						
• Fannie approved 3 rd party vendor (i.e., The Work Number)	• W-2 transcript(s)						

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Retirement Income (Pension, Annuity, 401(k), IRA Distributions)	<ul style="list-style-type: none"> Existing distribution of assets from an IRA, 401(k) or similar retirement asset must be sufficient to continue for a minimum of three (3) years If any retirement income will cease within the first three (3) years of the loan, the income may not be used
Trust income	<ul style="list-style-type: none"> Income from trusts may be used if guaranteed and regular payments will continue for at least three (3) years Regular receipt of trust income for the past twelve (12) months must be documented Copy of trust agreement or trustee statement showing: <ul style="list-style-type: none"> Total amount of borrower designated trust funds Terms of payment Duration of trust Evidence the trust is irrevocable If trust fund assets are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income
Restricted Stock and Stock Options	<ul style="list-style-type: none"> May only be used as qualifying income if the income has been consistently received for two (2) years and is identified on the paystubs, W-2s and tax returns as income and the vesting schedule indicates the income will continue for a minimum of two (2) years at a similar level as prior two (2) years A two (2) year average of prior income received from RSUs or stock options should be used to calculate the income, with the continuance based on the vesting schedule using a stock price based on the lower of the current stock price or the 52-week average for the most recent twelve (12) months reporting at the time of application. The income used for qualifying must be supported by future vesting based on the stock price used for qualifying and vesting schedule. Additional awards must be similar to the qualifying income and awarded on a consistent basis There must be no indication the borrower will not continue to receive future awards consistent with historical awards received Borrower must be currently employed by the employer issuing the RSUs/stock options for the RSUs/stock options to be considered in qualifying income Stock must be a publicly traded stock Vested restricted stock units and stock options cannot be used for reserves if using for income to qualify Incentive sign on income and future RSU's are limited to 50% of total qualifying income. Income calculation results may be reduced to meet the 50% restriction RSU income must be entered into DU as bonus income
Projected Income	<ul style="list-style-type: none"> Paystub (once borrower has started with new employer) must be provided prior to purchase of the loan by Bayview
Asset Depletion	<ul style="list-style-type: none"> Maximum 80% LTV/CLTV/HCLTV Primary residence 1-2 units only and Second Homes are eligible Primary residence 3-4 units are not eligible Investment properties are not eligible Purchase, Rate/Term and Cash-Out transactions are eligible Eligible assets must be held in a US account There are no age restrictions for the use of Asset Depletion as a source of qualifying income Qualifying Asset Income = Net Eligible Assets divided by 240 Asset Depletion may not be combined with employment related income to qualify (i.e., salaried income, self-employment income, etc.) for any Borrower that is an account holder of the assets used for Asset Depletion. If there is employment related income from a Borrower that is not a joint account holder of the account used for Asset Depletion, then this income may be eligible to be used for qualifying purposes



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- Pension, Social Security or other annuity type income streams may be used and combined with Asset Depletion income as long as the assets generating that income are not used in the Asset Depletion income calculations
- Income from assets may not be double counted. For example, income derived from assets generating capital gains, interest income or note income from assets may not also be included in those assets in the Asset Depletion income calculation
- Net Eligible Assets
 - Minimum Net Eligible Assets: Borrowers must have at least \$1,000,000 of Net Eligible Assets
 - Net Eligible Assets equals Total Eligible Assets as defined in the below table (after any haircuts required for retirement assets per the Asset Requirements section of this product matrix) minus:
 - Funds required to be paid by borrower for closing (i.e., down payment, closing costs)
 - Gift and/or borrowed funds
 - Reserves
 - Any portion of assets pledged as collateral for a loan
 - Cash Out proceeds are not allowed to be used in the Asset Depletion calculation and are not an Eligible Asset
- Business funds not permitted to be included in total asset amount
- Most recent two years of tax returns and corresponding tax transcripts are required
- Assets must meet the eligibility and documentation requirements outlined in the below table:

Asset Type	Asset Eligibility Requirements	Documentation Requirements
Retirement Assets	<ul style="list-style-type: none"> • The retirement assets must be in a retirement account recognized by the Internal Revenue Service (IRS) (e.g., 401(k), IRA) • Borrower must be the sole owner • The asset must not currently be used as a source of income by the Borrower • As of the Note Date, the Borrower must have access to withdraw the funds in their entirety, less any portion pledged as collateral for a loan or otherwise encumbered, without being subject to a penalty or an additional early distribution tax • The Borrower's rights to the funds in the account must be fully vested 	<ul style="list-style-type: none"> • Most recent retirement asset account statement • Documentation evidencing asset eligibility requirements are met • Most recent two years tax returns and corresponding tax transcripts
Lump-sum distribution funds not deposited to an eligible retirement asset	<ul style="list-style-type: none"> • If the lump-sum distribution funds have been deposited to an eligible retirement asset, follow the requirements for retirement assets described above, otherwise: <ul style="list-style-type: none"> ◦ Lump-sum distribution funds must be derived from a retirement account recognized by the IRS (e.g., 401(k), IRA) and must be deposited to a depository or non-retirement securities account ◦ A Borrower must have been the recipient of the lump-sum distribution funds ◦ Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the funds from the lump-sum distribution ◦ The proceeds from the lump-sum distribution must be immediately accessible in their entirety ◦ The proceeds from the lump-sum distribution must not have been or currently be subject to a penalty or early distribution tax 	<ul style="list-style-type: none"> • Employer distribution letter(s) and/or check-stub(s) evidencing receipt and type of lump-sum distribution funds; IRS 1099-R (if it has been received) • Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> ◦ Funds verified in the non-retirement account and used for qualification must have been derived from eligible retirement assets ◦ Lump-sum distribution funds must not have been or currently be subject to a penalty or early distribution tax • Most recent two years tax returns and corresponding tax transcripts
Depository accounts and Securities	<ul style="list-style-type: none"> • The Borrower must solely own assets or, if asset is owned jointly, each asset owner must be a Borrower on the Mortgage and /or on the title to the subject property • As of the Note Date, the Borrower must have access to withdraw the funds in their entirety, less any portion pledged as collateral for a loan or otherwise encumbered, without being subject to a penalty 	<ul style="list-style-type: none"> • Provide account statement(s) covering a two-month period • For securities only, if the Borrower does not receive a stock/security account statement <ul style="list-style-type: none"> ◦ Provide evidence the security is owned by the Borrower, and ◦ Verify value using stock prices from a financial publication or web site



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		<ul style="list-style-type: none"> Account funds must be located in a United States- or State-regulated financial institution and verified in U.S. dollars 	<ul style="list-style-type: none"> Documentation evidencing asset eligibility requirements are met Sourcing deposits: <ul style="list-style-type: none"> The Seller must document the source of funds for any deposit exceeding 10% of the Borrower's total eligible assets in depository accounts and securities, and verify the deposit does not include gifts or borrowed funds, or reduce the eligible assets used to qualify the Borrower by the amount of the deposit When the source of funds can be clearly identified from the deposit information on the account statement (e.g., direct payroll deposits) or other documented income or asset source in the Mortgage file, the Seller is not required to obtain additional documentation Most recent two years tax returns and corresponding tax transcripts 	
	<p>Assets from the sale of the Borrower's business</p>	<ul style="list-style-type: none"> The Borrower(s) must be the sole owner(s) of the proceeds from the sale of the business that were deposited to the depository or non-retirement securities account Parties not obligated on the Mortgage may not have an ownership interest in the account that holds the proceeds from the sale of the Borrower's business The proceeds from the sale of the business must be immediately accessible in their entirety The sale of the business must not have resulted in the following: retention of business assets, existing secured or unsecured debt, ownership interest or seller-held notes to buyer of business 	<ul style="list-style-type: none"> Most recent three months' depository or securities account statements Fully executed closing documents evidencing final sale of business to include sales price and net proceeds Contract for sale of business Most recent business tax return prior to sale of business Satisfactorily documented evidence of the following: <ul style="list-style-type: none"> Funds verified in the non-retirement account and used for qualification must have been derived from the sale of the Borrower's business Most recent two years tax returns and corresponding tax transcripts 	
<p>Self-Employment</p>	<p>Self-Employed borrowers are defined as having 25% or greater ownership</p> <ul style="list-style-type: none"> Minimum 720 FICO when any Self-Employment income is required for qualifying purposes. If the Self-Employment income is not needed for qualifying purposes, then the 720 FICO minimum is not applicable In order to use self-employment income for qualifying purposes, the underwriter must consider economic impacts to the business and determine the stability of income Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required <ul style="list-style-type: none"> K-1 losses where borrower owns less than 25% must be deducted from qualifying income when the aggregate loss is greater than 5% of borrowers total qualifying income Passive losses shown on K-1s, such as publicly traded companies or where ownership is under 5%, can be excluded from income on a case-by-case basis. Any passive K-1 losses excluded will not count toward the aggregate secondary and separate sources of self-employment losses and the 5% threshold for deducting the loss from income <p><u>Documentation Requirements</u></p> <p>The requirements below apply for Self-Employed Borrowers with Self-Employment income used for qualifying:</p>			

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	<ul style="list-style-type: none"> • Follow the requirements per the DU findings and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 except as detailed below: <ul style="list-style-type: none"> ◦ If DU returns a recommendation for one (1) year of tax returns, the most recent year's tax return must be provided. IRS extensions are not permitted <ul style="list-style-type: none"> ▪ If borrower has filed an extension, the most recent prior two (2) years tax returns are required • YTD profit and loss statement (audited or unaudited) is required up to and including the most recent month preceding the loan application date and must not be more than 90 days aged prior to the Note date <ul style="list-style-type: none"> ◦ Unaudited P&L <ul style="list-style-type: none"> ▪ An unaudited year-to-date profit and loss statement <u>signed by the borrower</u> reporting business revenue, expenses, and net income; OR ◦ Audited P&L <ul style="list-style-type: none"> ▪ An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income ◦ If the borrower has filed an extension for the current tax year, the year-to-date profit and loss statement must be provided to cover the full year ◦ If the year-to-date business income is less than the historically calculated income derived from the tax returns, the borrower may qualify by reducing the historical income to no more than the current level of stable monthly income using details from the year-to-date profit and loss statement
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Assets/Reserves

<p>Asset Requirements</p>	<ul style="list-style-type: none"> • Beyond the minimum reserve requirements and to fully document the borrower's ability to meet their obligations, borrowers should disclose all liquid assets • Eligible assets must be held in a US account • Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs • Lender is responsible for verifying large deposits did not result in any new undisclosed debt • Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets • Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 except as detailed below • A written VOD as a stand-alone document is not acceptable <ul style="list-style-type: none"> ◦ A system generated automated VOD may be used as a stand-alone documentation if provided by a verifiable institutional bank • Gift Funds <ul style="list-style-type: none"> ◦ Gift funds may be used once borrower has contributed 5% of their own funds ◦ Not permitted for reserves ◦ LTVs greater than 80% - gift funds not permitted • Business Funds <ul style="list-style-type: none"> ◦ Not permitted for reserves ◦ Cash flow analysis required using most recent three (3) months business bank statements to determine no negative impact to business. Business bank statements must be no older than the latest three months represented on the year-to-date profit and loss statement ◦ Business bank statements must not reflect any NSFs (non- sufficient funds) or overdrafts ◦ If borrower(s) ownership in the business is less than 100%, the following requirements must be met: <ul style="list-style-type: none"> ▪ Borrower(s) must have majority ownership of 51% or greater ▪ The other owners of the business must provide an access letter to the business funds ▪ Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s) • Retirement Accounts <ul style="list-style-type: none"> ◦ Eligibility Percentage to meet reserve requirements
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	<ul style="list-style-type: none"> ▪ If borrower is $\geq 59 \frac{1}{2}$, then 70% of the vested value after the reduction of any outstanding loans ▪ If borrower is $< 59 \frac{1}{2}$, then 60% of the vested value after the reduction of any outstanding loans ○ Refer to Fannie Mae Selling Guide for liquidation of funds requirements • Stocks, bonds and mutual funds do not require documentation of liquidation or of the borrower's actual receipt of funds when used for down payment or closing costs • Virtual Currency is an ineligible asset type. Virtual currency must be exchanged into U.S. dollars to be acceptable for use as down payment, closing costs or reserves. Refer to Fannie Mae Selling Guide for additional details
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Reserves	Reserve Requirements (# of Months of PITIA)		
	Occupancy	Loan Amount	# of Months
	Primary Residence	$\leq \$1,000,000$ and FICO ≥ 700 and LTV $\leq 80\%$	3
		$\leq \$1,000,000$ and FICO < 700	6
		$\leq \$1,000,000$ and LTV $> 80\%$	6
		$\$1,000,001 - \$1,500,000$	6
		$\$1,500,001 - \$2,000,000$	9
	Second Home	$\leq \$1,000,000$	6
		$\$1,000,001 - \$1,500,000$	12
		$\$1,500,001 - \$2,000,000$	15
	Investment Property	$\leq \$1,000,000$	6
		$\$1,000,001 - \$1,500,000$	12
	First-Time Homebuyer	$\leq \$1,000,000$	6
$\$1,000,001 - \$1,500,000$		9	
DTI > 45%	Minimum six (6) months reserves required		
Additional 1-4 Unit Financed REO	Additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO If eligible to be excluded from the count of multiple financed properties, reserves are not required		
Borrowed Funds	Borrowed funds (secured or unsecured) are not allowed for reserves		


Subordinate Financing

Subordinate Financing	<ul style="list-style-type: none"> • Allowed up to maximum CLTV per matrix. Secondary financing term must conform to Fannie Mae Selling Guide requirements • If subject property has a HELOC that is not included in the CLTV/HCLTV calculation, the loan file must contain evidence the HELOC has been closed • Shared equity finance agreements are an ineligible source of subordinate financing
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Down Payment/Closing Cost Assistance	<ul style="list-style-type: none"> • Down payment and closing cost assistance subordinate financing is not permitted
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Property/Appraisal

Eligible Property Types	<ul style="list-style-type: none"> • 1-4 Unit Owner Occupied Properties • 1 Unit Second Homes • 1-4 Unit Investment Properties • Condominiums – Must be Fannie Mae warrantable and meet Fannie Mae Selling Guide requirements and project standards <ul style="list-style-type: none"> ○ Florida new construction: Full review or PERS permitted • Condominiums – Non-Warrantable (see Non-Warrantable Condominiums section below) • Cooperatives
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	<ul style="list-style-type: none"> o Must meet Fannie Mae Selling Guide requirements and project standards o Investment properties not allowed • Modular homes • Planned Unit Developments (PUDs) • Leaseholds • Properties with ≤40 Acres <ul style="list-style-type: none"> o Properties >10 acres ≤40 acres must meet the following: <ul style="list-style-type: none"> ▪ Maximum land value 35% ▪ No income producing attributes ▪ Transaction must be 5% below maximum LTV/CLTV/HCLTV as allowed on Bayview Jumbo Plus AUS for transactions over twenty (20) acres. For example, if borrower qualifies for a loan at 80% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed would be 75% • Properties Subject to Existing Oil/Gas Leases must meet the following: <ul style="list-style-type: none"> o Title endorsement providing coverage to the lender against damage to existing improvements resulting from the exercise of the right to use the surface of the land which is subject to an oil and/or gas lease o No active drilling; Appraiser to comment or current survey to show no active drilling o No lease recorded after the home construction date; Re-recording of a lease after the home was constructed is permitted o Must be connected to public water <p>NOTE: Properties that fall outside these parameters can be considered on a single loan variance basis</p>
<p>Non-Warrantable Condominiums</p>	<p>Only one (1) non-warrantable feature is allowed and LTV/CLTV must be 10% below product/program maximum up to a maximum of 70% LTV/CLTV. For example, if borrower qualifies for a loan at 70% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed would be 60%</p> <ul style="list-style-type: none"> • Commercial Space <ul style="list-style-type: none"> o Includes space above and below grade o Must be compatible with the residential use of the project; for example, restaurants, small shops, business offices, small market/grocery store that complements the neighborhood o Maximum 50% commercial space allowed • Maximum Ownership by one (1) entity is 25% for projects with more than ten (10) units <ul style="list-style-type: none"> o Units owned by the developer, sponsor, or succeeding developer that are vacant and being actively marketed for sale are not included in the calculation o Units currently leased must be included in the calculation o For projects with ten (10) units or less, Fannie Mae guidelines apply for the number of units owned by one (1) entity and would not be considered non-warrantable • Presale <ul style="list-style-type: none"> o New projects or converted projects (as defined by Fannie Mae Selling Guide) must have at least 30% of the units sold or under contract to owner occupants or second home purchasers for the subject phase o Common areas/amenities must be complete for the subject phase • Budget – for projects with line item for replacement reserves of less than 10% <ul style="list-style-type: none"> o Less than 10% but greater than 7% replaced reserves allowed if current reserve balance exceeds 10% of operating expenses o Less than 7% replacement reserves allowed if current reserve balance exceeds 20% operating expenses o Project balance sheet must be provided and within 120 days of the Note date <p>The subject legal phase and any other prior legal phases in which units have been offered for sale are substantially complete (common elements complete and units complete subject to</p>



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	<p>selection of buyer upgrades/preference items)</p> <ul style="list-style-type: none"> o Primary residence and second home only o All other Fannie Mae Selling Guide condo requirements met o Loan must be locked as a non-warrantable condominium with applicable pricing adjustments applied <p>Loans outside of these parameters with strong compensating factors may be considered on a single loan variance basis</p> <p>Condotel Projects – LTV/CLTV must be 10% below product/program maximum up to a maximum of 70% LTV/CLTV. For example, if borrower qualifies for a loan at 70% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed would be 60%</p> <ul style="list-style-type: none"> • Rental income may not be used for qualifying • If subject unit appears on Schedule E of the borrower’s tax returns, there must be a minimum of thirty (30) days the unit is used for personal use • No fractional ownership allowed in the project • Subject unit must not be subject to a mandatory rental pool; it must be for the borrower’s exclusive use and enjoyment • Project must have no more than 50% investor concentration • Commercial space is limited to 50% <ul style="list-style-type: none"> o Commercial space does not need to include square footage from parking garage • Minimum square footage of 500 square feet and unit must have a fully functioning kitchen • Housekeeping, front desk, card key access and daily rentals allowed • Property must be in a resort area or metropolitan area with a project associated with luxury high-end hotel brands • Primary residence and second home only • Appraisal must include similar Condotel comps <p>All other Fannie Mae condominium requirements met</p> <p>Loan must be locked as a Condotel with applicable pricing applied</p>
<p>Ineligible Property Types</p>	<ul style="list-style-type: none"> • 2-4 unit second home properties • Manufactured Homes/Mobile Homes • Mixed-Use Properties • Model Home Leasebacks • Properties with condition rating of C5/C6 • Properties with quality rating of Q6 • Properties located in Hawaii in lava zones 1 & 2 • Properties located in areas where a valid security interest in the property cannot be obtained • Properties >40 acres • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches or orchards
<p>Declining Markets</p>	<ul style="list-style-type: none"> • LTV/CLTV/HCLTV must be 10% below product maximum per product matrix eligibility grid up to a maximum 75% LTV/CLTV/HCLTV <p><i>As an example:</i> <i>If the eligibility grid indicates a maximum of 89.99% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 75%</i> OR</p>

	<p>About Us ©2022 Community Loan Servicing, NMLS #2469. This information is for lending institutions only, and not intended for use by individual consumers or borrowers. CLS programs are offered to qualified residential lending institutions and are not applicable to the general public or individual consumers. Equal Housing Lender.</p>	<p>Contact Us (855) 253-8439 www.lakeviewcorrespondent.com</p>
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	<p><i>If the eligibility grid indicates a maximum of 80% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 70%</i></p>																
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • Full appraisal is required regardless of the DU Findings <ul style="list-style-type: none"> ◦ Property inspection waivers are not permitted • Transferred appraisals are not allowed • The subject property must be appraised within 90 days prior to the Note date • Collateral Underwriter (CU) with a score of 2.5 or less is allowed in lieu of a CDA <ul style="list-style-type: none"> ◦ Maximum LTV 80% ◦ Maximum Loan amount \$1,500,000 ◦ Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets. See Declining Market section for additional requirements • Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date • Collateral Desktop Analysis (CDA) ordered from Clear Capital is required to support the value of the appraisal. The Seller is responsible for ordering the CDA. See above for the allowance of CU score in lieu of CDA <ul style="list-style-type: none"> ◦ If the CDA returns a value that is “Indeterminate” or if the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met: <ul style="list-style-type: none"> ▪ A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of Three Reports is required. The Value Reconciliation will be used for the appraised value of the property. The Seller is responsible for ordering the BPO and Value Reconciliation through Clear Capital ▪ A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. The Seller is responsible for providing the field review or 2nd full appraisal full appraisal ◦ If two (2) full appraisals are provided, a CDA is not required <table border="1" data-bbox="418 1144 1523 1423" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #4CAF50; color: white;"> <th colspan="2">Appraisal Requirements Based on Loan Amount:</th> </tr> <tr style="background-color: #4CAF50; color: white;"> <th>First Lien Amount</th> <th>Appraisal Requirements</th> </tr> </thead> <tbody> <tr style="background-color: #4CAF50; color: white;"> <th colspan="2">Purchase Transactions</th> </tr> <tr> <td>≤ \$2,000,000</td> <td>1 Full Appraisal</td> </tr> <tr> <td>> \$2,000,000</td> <td>2 Full Appraisals</td> </tr> <tr style="background-color: #4CAF50; color: white;"> <th colspan="2">Refinance Transactions</th> </tr> <tr> <td>≤ \$1,500,000</td> <td>1 Full Appraisal</td> </tr> <tr> <td>> \$1,500,000</td> <td>2 Full Appraisals</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • When two (2) appraisals are required, the following applies: <ul style="list-style-type: none"> ◦ Appraisals must be completed by two (2) independent companies ◦ The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion ◦ Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled ◦ If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon • If the date of the appraisal report is more than 120 days from the date of the Mortgage Note, the original appraiser must provide an update to the appraisal based on his or her exterior inspection of the Mortgaged Property and knowledge of current market conditions and in accordance with Fannie Mae Selling Guide age of document requirements • Higher Priced Mortgage Loans (HPML) 	Appraisal Requirements Based on Loan Amount:		First Lien Amount	Appraisal Requirements	Purchase Transactions		≤ \$2,000,000	1 Full Appraisal	> \$2,000,000	2 Full Appraisals	Refinance Transactions		≤ \$1,500,000	1 Full Appraisal	> \$1,500,000	2 Full Appraisals
Appraisal Requirements Based on Loan Amount:																	
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Refinance Transactions																	
≤ \$1,500,000	1 Full Appraisal																
> \$1,500,000	2 Full Appraisals																

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	<ul style="list-style-type: none"> o If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required. Bank owned properties are not exempt. o If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20%, then a second full appraisal is required. Bank owned properties are not exempt o If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals
Construction to Permanent Financing	<ul style="list-style-type: none"> • The borrower must hold title to the lot which may have been previously acquired or purchased as part of the transaction • LTV/CLTV/HCLTV is determined based on the length of time the borrower has owned the lot. The time frame is defined as the date the lot was purchased to the Note date of the subject transaction <ul style="list-style-type: none"> o For lots owned twelve (12) months or more, the appraised value can be used to calculate the LTV/CLTV/HCLTV o For lots owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the current appraised value of the property or the total acquisition costs (documented construction costs plus documented purchase price of lot)
Disaster Area Requirements	<ul style="list-style-type: none"> • Refer to the Disaster Guidelines in the <u>Special Products Seller Guide</u> for requirements pertaining to properties impacted by a disaster in: <ul style="list-style-type: none"> o FEMA Major Disaster Declarations with designated counties eligible for individual assistance (IA); o Areas where FEMA has not made a disaster declaration, but Bayview or an Investor (Fannie Mae, Freddie Mac, FHA, USDA or the Veterans Administration) has determined that there may be an increased risk of loss due to a disaster; o Areas where the Seller has reason to believe that a property might have been damaged in a disaster • Correspondent lenders are responsible for monitoring the <u>Disaster Declaration File</u> and the <u>FEMA Website</u> including the FEMA Declarations Summary on an ongoing basis to ensure that the property is not located in an area impacted by a disaster
Escrow Holdbacks	<ul style="list-style-type: none"> • Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase
Special Restrictions	
Multiple Financed Properties	<ul style="list-style-type: none"> • Maximum number of financed properties – follow Fannie Mae Selling Guide requirements • All financed 1-4 unit residential properties require an additional six (6) months reserves for each property, unless the exclusions below apply • 1-4 unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage • Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation
Geographic Restrictions	<ul style="list-style-type: none"> • Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted



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Version Control

Author	Section	Date	Update
DH	All	11.29.21	<ul style="list-style-type: none"> New Jumbo Plus AUS product matrix created
DH	Bayview Jumbo Plus AUS Notes	12.09.21	<p>Removed</p> <ul style="list-style-type: none"> Minimum loan amounts are \$548,251 for 1-unit properties and \$1 above the Conforming loan limits for properties 2-4 units <p>Added</p> <ul style="list-style-type: none"> Minimum loan amounts are \$1 above the current FHFA conforming loan limits. High balance loans are permitted
DH	Eligibility Grid	01.28.22	<ul style="list-style-type: none"> Corrected grid to remove primary residence cash-out 1-2 units cap of 70% to \$1.5M. Cash-out on a 1-2 unit primary residence is permitted up to \$1.5M and up to a 75% LTV Increased investment property rate/term refinance from 70% LTV to a maximum 75% LTV
DH	Underwriting	01.28.22	<ul style="list-style-type: none"> Created table for acceptable DU recommendations Added 2 unit primary residence purchase or rate/term refinance transaction > 85% LTV as an acceptable Approve/Ineligible reason
DH	Liabilities	01.28.22	<p>Added</p> <ul style="list-style-type: none"> Alimony Payments: Follow Fannie Mae Selling Guide requirements
DH	Appraisal Requirements	01.28.22	<p>Added</p> <ul style="list-style-type: none"> If the date of the appraisal report is more than 120 days from the date of the Mortgage Note, the original appraiser must provide an update to the appraisal based on his or her exterior inspection of the Mortgaged Property and knowledge of current market conditions and in accordance with Fannie Mae Selling Guide age of document requirements
DH	Eligibility Grid Notes	02.07.22	<p>Removed</p> <ul style="list-style-type: none"> Minimum loan amounts are \$1 above the current FHFA conforming loan limits <p>Added</p> <ul style="list-style-type: none"> Minimum loan amounts down to \$300,000 permitted.
DH	Minimum Loan Amount	02.07.22	<p>Added Minimum Loan Amount Row</p> <ul style="list-style-type: none"> Minimum loan amounts down to \$300,000 are permitted. High balance loan amounts are permitted
DH	Underwriting	02.07.22	<p>Added acceptable Approve/Eligible reason</p> <ul style="list-style-type: none"> Loan amounts down to \$300,000
DH	Self-Employment	02.18.22	<p>Removed</p> <ul style="list-style-type: none"> YTD profit and loss statement must not be more than 60 days aged prior to the Note date <p>Added</p> <ul style="list-style-type: none"> YTD profit and loss statement must not be more than 90 days aged prior to the Note date <p>Removed</p> <ul style="list-style-type: none"> The requirement for bank statements to support the profit and loss statement
DH	Ineligible Transactions	03.25.22	<p>Added Clarification</p> <ul style="list-style-type: none"> Single Close Construction to Permanent Transactions
DH	Asset Requirements	03.25.22	<p>Added</p> <ul style="list-style-type: none"> Stocks, bonds and mutual funds do not require documentation of liquidation or of the borrower's actual receipt of funds when used for down payment or closing costs
DH	Eligible Property Types	04.08.22	<p>Added</p> <ul style="list-style-type: none"> Condominiums <ul style="list-style-type: none"> Florida new construction: Full review or PERS permitted
DH	Restricted Stock and Stock Options	05.20.22	<p>Added</p> <ul style="list-style-type: none"> Incentive sign on income and future RSU's are limited to 50% of total qualifying income. Income calculation results may be reduced to meet the 50% restriction
DH	Asset Requirements	05.20.22	<p>Added</p> <ul style="list-style-type: none"> Virtual Currency is an ineligible asset type. Virtual currency must be exchanged into U.S. dollars to be acceptable for use as down payment, closing costs or reserves. Refer to Fannie Mae Selling Guide for additional details
DH	Subordinate Financing	05.20.22	<p>Added</p> <ul style="list-style-type: none"> Shared equity finance agreements are an ineligible source of subordinate financing
DH	Forbearance	06.03.22	<p>Added</p> <p>For borrowers who have entered into forbearance on any loan (including but not limited to the subject mortgage) between 01.01.2020 and 06.01.2022, the below listed criteria is to be used to determine eligibility. All other loans must follow the forbearance waiting period as required in the Significant Derogatory Credit section above</p>



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DH	Asset Requirements	07.01.22	Removed <ul style="list-style-type: none"> Retirement Accounts <ul style="list-style-type: none"> In cases where the account holder is not of retirement age and funds are being used for down payment or closing costs, evidence of liquidation of retirement funds is required
DH	Credit Requirements	07.01.22	Added <ul style="list-style-type: none"> Rapid credit rescoring are permitted. A rapid rescore is a process that can quickly update a borrower's credit score by submitting proof of positive account changes to the three major credit bureaus since the last reporting deadline in order to reflect the current credit status
DH	General Documentation Requirements	07.01.22	Added <ul style="list-style-type: none"> Social Security Income: Secondary validation is required when income is documented via either a Social Security Benefit Award Letter or a 1099. Acceptable validation can be in the form of tax transcripts/1099 transcripts or a bank statement showing evidence of the SSI deposit and dated within 30 days of the application date
DH	First-Time Homebuyer	07.15.22	Added <ul style="list-style-type: none"> First-Time Homebuyer is defined as a borrower who has not owned a home in the last three (3) years. For loans with more than one (1) borrower, where at least one (1) borrower has owned a home in the last three (3) years, First-Time Homebuyer requirements do not apply Verification of rental history is not required
DH	Eligibility Grid	11.04.22	Added Declining Market footnote
DH	Declining Market	11.04.22	Added Declining Market Section <ul style="list-style-type: none"> LTV/CLTV/HCLTV must be 10% below product maximum per product matrix eligibility grid up to a maximum 75% LTV/CLTV/HCLTV <p><i>As an example:</i> <i>If the eligibility grid indicates a maximum of 89.99% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 75%</i> OR <i>If the eligibility grid indicates a maximum of 80% LTV/CLTV/HCLTV for the subject transaction and the appraisal indicates a declining market, then the maximum LTV/CLTV/HCLTV should be reduced to 70%</i></p>
DH	Appraisal Requirements	11.04.22	Removed Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged Added <ul style="list-style-type: none"> Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date The subject property must be appraised within 90 days prior to the Note date Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets
SG	Heading	6.28.23	Added: Delegated Correspondent



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Appendix A - Summary of Program Overlays to Fannie Mae Guidelines

Below is a summary of the Jumbo Plus AUS program overlays to Fannie Mae guidelines. Please refer to the Jumbo Plus AUS product matrix for complete details and requirements on the below topics as well as for LTV, FICO and loan amount requirements. This summary is intended for reference only. In the event of any conflict with this document, the product matrix and seller guide will govern.

- **Ineligible Product Types**
 - High Cost Loans (Federal, State or Local)
 - Non-Standard to Standard Refinance Transactions (ATR Exempt)
 - Balloons
 - Graduated Payments
 - Interest Only Products
 - Temporary Buydowns
 - Loans with Prepayment Penalties
 - Adjustable Rate Terms
 - Single Close Construction to Permanent Transactions

- **Borrower Eligibility**
 - First Time Homebuyer:
 - Maximum loan amount of \$1,500,000
 - Not permitted on investment properties

 - Permanent and Non-Permanent Resident Aliens must be employed in the U.S. for the past 24 months

 - Non-Permanent Resident Aliens
 - Primary residence only

 - Non-Occupant Co-Borrower must be a related family member of the borrower(s)

 - All borrowers must have a valid Social Security Number

- **LTV/CLTV/HCLTV Calculation for Refinance Transactions**
 - If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value. The twelve (12) month time frame may be based on subject transaction Note date
 - If subject property is owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the original purchase price plus documented improvements made after the purchase of the property, or the appraised value. Documented improvements must be supported with receipts. The twelve (12) month time frame may be based on subject transaction Note date

- **Continuity of Obligation**
 - On a refinance transaction, there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction. See Continuity of Obligation section for full requirements

- **Credit Requirements**
 - Non-traditional credit not permitted
 - All borrowers must have a minimum of two (2) credit scores
 - Manual underwrite is not permitted

- **Mortgage History:**
 - No more than 1x30 in the last twelve (12) months or 2x30 in the last twenty-four (24) months
 - Mortgage lates must not be within the most recent three (3) months of the subject transaction
 - 0x60 and 0x90 required in the most recent twenty-four (24) months



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- A satisfactory explanation letter from the borrower(s) must be provided for any mortgage lates within the most recent twenty-four (24) months
- **Significant Derogatory Credit:** Single loan variances for credit events will be considered on a case-by-case basis between two (2) and four (4) years with extenuating circumstances and must be approved by Bayview
- **Forbearance**
 - For borrowers who have entered into forbearance on any loan (including but not limited to the subject mortgage) between 01.01.2020 and 06.01.2022, refer to the criteria listed in the Forbearance section of this product matrix to determine eligibility. All other loans must follow the forbearance waiting period as required in the Significant Derogatory Credit section of this product matrix
- **DTI:**
 - Up to 49.99%
 - DTI > 45% requires the following:
 - Maximum 80% LTV, and
 - Minimum 700 FICO, and
 - Minimum six (6) months reserves
- **Employment/Income**
 - General Requirements: Tax transcripts for personal tax returns are required when tax returns are used to document borrower's income or any loss and must match the documentation in the loan file. The number of years of transcripts required will be based on the DU findings
 - Salaried Borrowers: Secondary verification of the income documentation is required via W-2 transcripts or via Fannie Mae approved third party vendors (i.e., The Work Number) with separation of income types (base, bonus, OT, etc.). The number of years provided will be based on the DU findings
 - Manual verification of employment, even if through a 3rd party are not permitted
 - Tax transcripts must be obtained directly from the IRS via a third party except as indicated below:
 - In the instance where there is an indication of possible identity theft or fraud and the transcript request has been rejected by the IRS with a Code 10 indicating that "Due to limitations, the IRS is unable to process this request", online borrower obtained tax transcripts are permitted to validate income used for qualifying purposes. Evidence of the IRS transcript request rejection is required. Borrower obtained transcripts are not permitted due to IRS rejection because of missing, incomplete or altered information on the Form 4506-C (Codes 1-9)
 - The IRS transcripts and the supporting income documentation must be consistent
 - If Fannie Mae approved third party vendor (i.e., The Work Number) is the source used to verify income, then W-2 transcripts are also required as the secondary verification of the income
 - Social Security Income: Secondary validation is required when income is documented via either a Social Security Benefit Award Letter or a 1099. Acceptable validation can be in the form of tax transcripts/1099 transcripts or a bank statement showing evidence of the SSI deposit and dated within 30 days of the application date
 - Commission/Bonus: Income must be documented for the most recent 2 (two) years with a year-to-date paystub and W-2s
 - Projected Income: Paystub (once borrower has started with new employer) must be provided prior to purchase of the loan by Bayview
 - Asset Depletion:
 - Maximum 80% LTV/CLTV/HCLTV
 - Primary residence 1-2 units only and Second Homes are eligible
 - Primary residence 3-4 units are not eligible
 - Investment properties are not eligible
 - Purchase, Rate/Term and Cash-Out transactions are eligible
 - Eligible assets must be held in a US account
 - There are no age restrictions for the use of Asset Depletion as a source of qualifying income
 - Qualifying Asset Income = Net Eligible Assets divided by 240



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- Asset Depletion may not be combined with employment related income to qualify (i.e., salaried income, self-employment income, etc.) for any Borrower that is an account holder of the assets used for Asset Depletion. If there is employment related income from a Borrower that is not a joint account holder of the account used for Asset Depletion, then this income may be eligible to be used for qualifying purposes
- Pension, Social Security or other annuity type income streams may be used and combined with Asset Depletion income as long as the assets generating that income are not used in the Asset Depletion income calculations
- Income from assets may not be double counted. For example, income derived from assets generating capital gains, interest income or note income from assets may not also be included in those assets in the Asset Depletion income calculation
- Net Eligible Assets
 - Minimum Net Eligible Assets: Borrowers must have at least \$1,000,000 of Net Eligible Assets
 - Net Eligible Assets equals Total Eligible Assets as defined in the below table (after any haircuts required for retirement assets per the Asset Requirements section of this product matrix) minus:
 - Funds required to be paid by borrower for closing (i.e., down payment, closing costs)
 - Gift and/or borrowed funds
 - Reserves
 - Any portion of assets pledged as collateral for a loan
 - Cash Out proceeds are not allowed to be used in the Asset Depletion calculation and are not an Eligible Asset
- Business funds not permitted to be included in total asset amount
- Most recent two years of tax returns and corresponding tax transcripts are required
- Trust Income
 - Income from trusts may be used if guaranteed and regular payments will continue for at least three (3) years
 - Regular receipt of trust income for the past twelve (12) months must be documented
 - Copy of trust agreement or trustee statement showing:
 - Total amount of borrower designated trust funds
 - Terms of payment
 - Duration of trust
 - Evidence the trust is irrevocable
 - If trust fund assets are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income
- Projected Income
 - Paystub (once borrower has started with new employer) must be provided prior to purchase of the loan by Bayview
- Self-Employment:
 - Self-Employment income: Minimum 720 FICO when any Self-Employment income is required for qualifying purposes. If the Self-Employment income is not needed for qualifying purposes, then the 720 FICO minimum is not applicable
 - If DU returns a recommendation for one (1) year of tax returns, the most recent year's tax return must be provided and IRS extensions are not permitted
 - If borrower has filed an extension, the most recent prior two (2) years tax returns are required
 - If the borrower has filed an extension for the current tax year, the YTD profit and loss statement must be provided to cover the full year
 - Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required
 - K-1 losses where borrower owns less than 25% must be deducted from qualifying income when the aggregate loss is greater than 5% of borrowers total qualifying income
 - Passive losses shown on K-1s, such as publicly traded companies or where ownership is under 5%, can be excluded from income on a case-by-case basis. Any passive K-1 losses excluded will not count toward the aggregate secondary and separate sources of self-employment losses and the 5% threshold for deducting the loss from income
 - YTD profit and loss statement (audited or unaudited) is required up to and including the most recent month preceding the loan application date and must not be more than 90 days aged prior to the Note date



About Us

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Bayview Jumbo Plus AUS

- Unaudited P&L
 - An unaudited year-to-date profit and loss statement signed by the borrower reporting business revenue, expenses, and net income; **OR**
 - Audited P&L
 - An audited year-to-date profit and loss statement reporting business revenue, expenses, and net income
 - If the borrower has filed an extension for the current tax year, the year-to-date profit and loss statement must be provided to cover the full year
 - If the year-to-date business income is less than the historically calculated income derived from the tax returns, the borrower may qualify by reducing the historical income to no more than the current level of stable monthly income using details from the year-to-date profit and loss statement
- **Assets**
 - A written VOD as a stand-alone document is not acceptable
 - Gift Funds
 - Gift funds may be used once borrower has contributed 5% of their own funds
 - Not permitted for reserves
 - LTVs greater than 80% - gift funds not permitted
 - Business Funds
 - Not permitted for reserves
 - Cash flow analysis required using most recent three (3) months business bank statements to determine no negative impact to business. Business bank statements must be no older than the latest three months represented on the year-to-date profit and loss statement
 - Business bank statements must not reflect any NSF's (non- sufficient funds) or overdrafts
 - If borrower(s) ownership in the business is less than 100%, the following requirements must be met:
 - Borrower(s) must have majority ownership of 51% or greater
 - The other owners of the business must provide an access letter to the business funds
 - Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s)
 - Reserves – Refer to Reserve section of the product matrix for overlay reserve requirements
 - Retirement Accounts
 - Eligibility Percentage to meet reserve requirements
 - If borrower is >59 ½, then 70% of the vested value after the reduction of any outstanding loans
 - If borrower is <59 ½, then 60% of the vested value after the reduction of any outstanding loans
 - **Subordinate Financing**
 - Down payment and closing cost assistance subordinate financing is not permitted
 - **Maximum Acreage**
 - Maximum ≤ 40 acres
 - Properties >10 acres ≤40 acres must meet the following:
 - Maximum land value 35%
 - No income producing attributes
 - Transaction must be 5% below maximum LTV/CLTV/HCLTV as allowed on Bayview Jumbo Plus AUS for transactions over twenty (20) acres. For example, if borrower qualifies for a loan at 80% LTV based on transaction, FICO score, loan amount and reserves, then the maximum allowed would be 75%
 - **Ineligible Property Types**
 - Manufactured Homes/Mobile Homes
 - Mixed-Use Properties
 - Model Home Leasebacks
 - Properties with condition rating of C5/C6
 - Properties with quality rating of Q6
 - Unique properties



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Bayview Jumbo Plus AUS

- **Declining Markets**

- LTV/CLTV/HCLTV must be 10% below product maximum per product matrix eligibility grid up to a maximum 75% LTV/CLTV/HCLTV

- **Appraisal Requirements**

- Transferred appraisals are not permitted
- Collateral Desktop Analysis (CDA) ordered from Clear Capital or CU score ≤ 2.5 is required to support the value of the appraisal
- Purchase $> \$2M$ = 2 Full appraisals required
- Refi $> \$1.5 M$ = 2 Full appraisals required
- Appraisal Update (Form 1004D) is not permitted for appraisals that are over 90 days aged from Note date. A new full appraisal is required for loans where the appraisal effective date is greater than 90 days from the Note date
- The subject property must be appraised within 90 days prior to the Note date
- Properties identified by appraiser as being in a declining market are not eligible to use the CU to meet appraisal review requirement. A CDA is required for properties in declining markets

- **Escrow Holdbacks** – Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase

- **Geographic Restrictions** - Properties located outside of the United States or in a Territory, Province or Commonwealth; including, but not limited to properties in Guam, Puerto Rico, the Virgin Islands, the Commonwealth of the Northern Mariana Islands or American Samoa are not permitted



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