



Jumbo 1 Fixed Program Guidelines

Correspondent

Revised 2/18/2021 rev. 101

Summary	The Plaza Jumbo 1 program offers 20, 25 and 30-year fixed rate fully amortized loans for non-conforming loan amounts up to a maximum of \$2.5 million.																																																																																																							
Products	<table border="1"> <thead> <tr> <th>Product Name</th> <th>Product Code</th> </tr> </thead> <tbody> <tr> <td>Jumbo 1 30 Year Fixed</td> <td>J1F30</td> </tr> </tbody> </table>		Product Name	Product Code	Jumbo 1 30 Year Fixed	J1F30																																																																																																		
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Eligibility Matrix	<table border="1"> <thead> <tr> <th colspan="6">Primary Residence Purchase and Rate/Term Refinance</th> </tr> <tr> <th>Property Type</th> <th>LTV¹</th> <th>CLTV/HCLTV¹</th> <th>Credit Score²</th> <th>Loan Amount²</th> <th>Max DTI¹</th> </tr> </thead> <tbody> <tr> <td rowspan="5">1-Unit PUD Condo Co-op</td> <td>85%³</td> <td>N/A³</td> <td>720</td> <td>\$1,500,000</td> <td>36%</td> </tr> <tr> <td>80%</td> <td>80%</td> <td>700</td> <td>\$1,500,000</td> <td>43%</td> </tr> <tr> <td>75%</td> <td>75%</td> <td>720</td> <td>\$2,000,000</td> <td>43%</td> </tr> <tr> <td>70%</td> <td>70%</td> <td>720</td> <td>\$2,500,000</td> <td>43%</td> </tr> <tr> <td>60%</td> <td>60%</td> <td>680</td> <td>\$1,000,000</td> <td>43%</td> </tr> <tr> <td rowspan="2">2 Units</td> <td>65%</td> <td>65%</td> <td>700</td> <td>\$1,000,000</td> <td>43%</td> </tr> <tr> <td>60%</td> <td>60%</td> <td>720</td> <td>\$1,500,000</td> <td>43%</td> </tr> </tbody> </table> <p>1. Self-employment income: When any self-employed income is required for qualification purposes the following limitations apply. If self-employment income exists but is not needed for qualifying purposes then these limitations do not apply.</p> <ul style="list-style-type: none"> Maximum LTV/CLTV/HCLTV the lesser of 70% or the maximum per program matrix. Rate/Term refinance maximum 35% DTI. <p>2. First time homebuyers: Maximum loan amount \$1,500,000. Loan amounts > \$1,000,000 <= \$1,500,000:</p> <ul style="list-style-type: none"> 720 FICO Gift funds not allowed <p>3. LTV > 80% additional requirements:</p> <ul style="list-style-type: none"> Gift funds not allowed Subordinate financing not allowed Escrow/impound accounts required unless prohibited by applicable laws <table border="1"> <thead> <tr> <th colspan="7">Primary Residence Cash-Out Refinance¹</th> </tr> <tr> <th>Property Type</th> <th>LTV</th> <th>CLTV/HCLTV</th> <th>Credit Score</th> <th>Loan Amount</th> <th>Max Cash-Out</th> <th>Max DTI</th> </tr> </thead> <tbody> <tr> <td>1-Unit</td> <td>75%</td> <td>75%</td> <td>700</td> <td>\$1,000,000</td> <td>\$500,000</td> <td>43%</td> </tr> <tr> <td>PUD</td> <td>70%</td> <td>70%</td> <td>720</td> <td>\$1,500,000</td> <td>\$500,000</td> <td>43%</td> </tr> <tr> <td>Condo</td> <td>60%</td> <td>60%</td> <td>720</td> <td>\$2,000,000</td> <td>\$500,000</td> <td>43%</td> </tr> <tr> <td>Co-op</td> <td>50%</td> <td>50%</td> <td>720</td> <td>\$2,500,000</td> <td>\$750,000</td> <td>43%</td> </tr> <tr> <td>2 Units</td> <td>60%</td> <td>60%</td> <td>700</td> <td>\$1,000,000</td> <td>\$500,000</td> <td>43%</td> </tr> </tbody> </table> <p>1. Self-employment income is not an eligible source of qualifying income on cash-out transactions.</p>						Primary Residence Purchase and Rate/Term Refinance						Property Type	LTV ¹	CLTV/HCLTV ¹	Credit Score ²	Loan Amount ²	Max DTI ¹	1-Unit PUD Condo Co-op	85% ³	N/A ³	720	\$1,500,000	36%	80%	80%	700	\$1,500,000	43%	75%	75%	720	\$2,000,000	43%	70%	70%	720	\$2,500,000	43%	60%	60%	680	\$1,000,000	43%	2 Units	65%	65%	700	\$1,000,000	43%	60%	60%	720	\$1,500,000	43%	Primary Residence Cash-Out Refinance ¹							Property Type	LTV	CLTV/HCLTV	Credit Score	Loan Amount	Max Cash-Out	Max DTI	1-Unit	75%	75%	700	\$1,000,000	\$500,000	43%	PUD	70%	70%	720	\$1,500,000	\$500,000	43%	Condo	60%	60%	720	\$2,000,000	\$500,000	43%	Co-op	50%	50%	720	\$2,500,000	\$750,000	43%	2 Units	60%	60%	700	\$1,000,000	\$500,000	43%
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Second Home Purchase and Rate/Term Refinance					
Property Type	LTV ¹	CLTV/HCLTV ¹	Credit Score	Loan Amount	Max DTI ¹
1-Unit	80% ²	80% ²	720	\$1,000,000	43%
	75%	75%	720	\$1,000,000	43%
PUD	70%	70%	720	\$1,500,000	43%
Condo	65%	65%	720	\$2,000,000	43%
Co-op	50%	50%	720	\$2,500,000	43%

- Self-employment income: When any self-employed income is required for qualification purposes the following limitations apply. If self-employment income exists but is not needed for qualifying purposes then these limitations do not apply.
 - Maximum LTV/CLTV/HCLTV the lesser of 70% or the maximum per program matrix.
 - Rate/Term refinance maximum 35% DTI.
- Refinance maximum 75% LTV/CLTV/HCLTV. 80% LTV/CLTV/HCLTV eligible for purchase transactions only.

Second Home Cash-Out Refinance ¹						
Property Type	LTV	CLTV/HCLTV	Credit Score	Loan Amount	Max Cash-Out	Max DTI
1-Unit	60%	60%	740	\$1,500,000	\$500,000	43%
	50%	50%	740	\$2,000,000	\$750,000	43%
PUD						
Condo						

- Self-employment income is not an eligible source of qualifying income on cash-out transactions.

Investment Property 30-Year ¹ Purchase and Rate/Term Refinance					
Property Type	LTV ²	CLTV/HCLTV ²	Credit Score	Loan Amount	Max DTI
1-Unit	70% ²	70% ²	740	\$1,500,000	43%
Condo ²					
2-4 Units	70%	70%	740	\$1,500,000	43%

- Gift funds not allowed. First-Time Homebuyers not eligible. Must be arms-length transaction.
- Florida Condos are limited to 50% LTV/CLTV/HCLTV.

4506-C / Tax Transcripts

4506-C/Tax Transcripts: A signed 4506-C will be processed and tax transcripts obtained for all borrowers and all years in which income or loss was used in the underwriting decision.

- Tax transcripts for personal tax returns for two (2) years are required when tax returns are used to document borrower's income or any loss and must match the documentation in the loan file.
- W-2 transcripts for two (2) years are required to validate W-2 wages if tax transcripts are not provided and the borrower does not have any other income source or loss. The following W-2 type earnings will require tax transcripts:
 - Borrower with commission-based income that is greater than 25% of borrower's total pay
 - Borrower with 2106 expenses (unreimbursed business expenses)
 - Borrower employed by family
 - Borrower with ownership in company
- Transcripts are not required for business tax returns.

Appraisal

Appraisals will be reviewed by Plaza and will also be subject to a 3rd party review prior to purchase

- Any personal property transferred with a property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal.
- If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV.

First Lien Loan Amount	Appraisal Requirement
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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In addition to the following, refer to Fannie Mae guidelines for appraisal requirements:

- Investment Properties: A rent comparable schedule is required for all investment property transactions.
- Appraisals should not include comparable sales greater than 6 months old at the time of underwriting review.
- Properties with values significantly in excess of the predominant value of the subject property's market area may be ineligible.
- Fannie Mae/Freddie Mac Forms 1004/70, 1025/72, 1073/465 or 2090 must be used.
- The appraisal must be dated within 120 days of the Note date. After a 120 day period, a new appraisal is required (re-certification of value is not acceptable).
- When 2 appraisals are required, the following apply:
 - Appraisals must be completed by 2 independent companies.
 - The LTV will be determined by the lower of the 2 appraised values as long as the lower appraisal supports the value conclusion. The final inspection and/or recertification of value must be for the appraisal with the lower value.
 - The underwriter must review both appraisal reports and address any inconsistencies between the 2 reports and all discrepancies must be reconciled.

Transferred Appraisals: Transferred appraisals are not allowed.

ARM Adjustments Reserved for future use.

Assets/Down Payment/Gifts

- 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.
- 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.

Assets		
Asset Type	% Eligible for Calculation of Funds	Requirements
Checking/Savings/Money Market/CD	100%	<ul style="list-style-type: none"> • Two (2) months most recent statements
Publicly Traded Stocks/Bonds/Mutual Funds	100%	<ul style="list-style-type: none"> • 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), IRA, etc.)	If borrower is $\geq 59 \frac{1}{2}$, then 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. • Minimum of three (3) months reserves must from non-retirement sources.
	If borrower is $< 59 \frac{1}{2}$, then 60% of the vested value after the reduction of any outstanding loans.	
Cash Value of Life Insurance/Annuities	100% of value unless subject to penalties	<ul style="list-style-type: none"> • Most recent statement(s) covering a two (2) month period.
1031 Exchange	100% of eligible Exchange funds	<ul style="list-style-type: none"> • Allowed on second home and investment purchases only. • Reverse 1031 exchanges not allowed. • HUD-1/CD for both properties. • Exchange agreement. • Sales contract for exchange property. • Verification of funds from the Exchange intermediary.

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	<p align="center">Business Funds</p>	<p align="center">Up to 100% for down payment & closing costs and up to 50% for reserves</p>	<ul style="list-style-type: none"> • 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 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) • 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 property and any additional financed REO. • Business funds must be reduced by 50% prior to being used to meet reserve requirements.
	<p align="center">Gift Funds</p>	<ul style="list-style-type: none"> • May be used once borrower has contributed 5% of their own funds • Not allowed for reserves • Not allowed on LTVs >80% • Not allowed on investment properties • Not allowed for FTHB 	<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. • 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
<p>Borrower Eligibility</p>	<p>Eligible Borrowers:</p> <ul style="list-style-type: none"> • All borrowers must have a valid Social Security Number • U.S. citizens • Permanent resident aliens with evidence of lawful residency <ul style="list-style-type: none"> ○ Must be employed in the United States for the past 24 months • Inter Vivos Revocable Trusts • First time homebuyer: A first time homebuyer is defined as anyone who has not owned a home in the past three (3) years. For loans with more than one (1) borrower where at least one borrower has owned a home in the past 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"> ○ FTHB reserve requirements per the Reserves section in these guides. ○ Investment property transactions not allowed ○ Maximum loan amount of \$1,500,000. ○ Additional requirements for loan amounts > \$1,000,000 <= \$1,500,000: <ul style="list-style-type: none"> ▪ 720 Minimum FICO score ▪ No gift funds allowed ▪ Maximum 80% LTV/CLTV/HCLTV 		

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	<p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> • Non-Occupant Co-Borrowers • LLCs, Corporations or Partnerships • Non-Revocable Trusts • Non-Permanent Resident Aliens • Borrowers with Diplomatic Immunity • Land Trusts • Foreign Nationals • Life Estates • Guardianships • Borrowers with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying
<p>Co-Ops</p>	<ul style="list-style-type: none"> • The co-op project must be reviewed and approved by Plaza prior to closing • Must meet Fannie Mae cooperative project standards • Must be located in the states of California, Connecticut, Florida, Illinois, Maryland, New Jersey, New York or Washington D.C. • Refer to Plaza's Project Standards for Plaza's complete co-op requirements
<p>Credit</p>	<p>Credit Standards: A tri-merged credit report is required. Unless otherwise addressed below, Fannie Mae underwriting guidelines must be followed for evaluating a borrower's credit history. Credit reports with bureaus identified as "frozen" are required to be unfrozen and a current credit report with all bureaus unfrozen is required.</p> <p>Credit Scores: The lowest qualifying score of all applicants is used to qualify. The qualifying score is the lower of 2 or middle of 3 scores and must be reviewed for each borrower.</p> <p>Trade Lines:</p> <ul style="list-style-type: none"> • Each borrower contributing income for qualifying must meet the minimum trade line requirements. Borrowers not contributing income for qualifying purposes are not subject to the minimum trade line requirement. • Authorized User accounts are not allowed as an acceptable tradeline . • Non-traditional credit is not allowed as an acceptable tradeline. <p>3 trade lines:</p> <ul style="list-style-type: none"> • 1 trade line must be open for 24 months and active within the most recent 6 months • Remaining trade lines must be rated for 12 months and may be open or closed <p style="text-align: center;">OR</p> <p>2 trade lines:</p> <ul style="list-style-type: none"> • 1 trade line must be a satisfactory mortgage rating for at least 12 months (opened or closed) within the last 24 months • 1 additional open trade line <p>Mortgage History:</p> <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. • 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. • The mortgage history requirements are applicable to all mortgages and all borrowers on the loan. • The borrower'(s) credit report must be reviewed to determine the status of all mortgage loans. For any mortgage on the credit report it must be verified that none of the mortgages are subject to a loss mitigation program, repayment plan, loan modification or payment deferral plan. In addition to reviewing the credit report, the same due diligence must be exercised for any other 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 for each mortgage: <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

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- Verification of mortgage (VOM)

Rental History:

- 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.
- The rental history requirements are applicable to all borrowers on the loan.
- If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required.
- If the landlord is not related or a party to the transaction, a satisfactory VOR can be obtained.

Borrowers Living Rent Free:

If the borrower has been living with a relative rent free, acceptable documentation to evidence this must be provided. If the borrower does not have a housing payment history, the underwriter must pay particular attention to the borrower's payment shock and the borrower must be able to document an accumulated savings pattern that supports the new housing payment.

Payment History on any other Property (Regardless of Occupancy):

All payment ratings on properties will be considered mortgage credit for grading purposes. Payments on a manufactured home, timeshare, or second mortgage are considered to be mortgage debt, even if reported as an installment loan. Any late payment in the last 24 months on a manufactured home, timeshare, second mortgage, will be considered ineligible for the program.

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 since filing date

Short Sale / Deed-in-Lieu: Seven (7) years since completion/sale date

Forbearance: Seven (7) years since exit from forbearance unless all payments were made according to the Note during the forbearance period

Mortgages Settled for Less, Renegotiated or Short Payoffs: Seven (7) years since settlement date

Loan Modifications:

- If the modification was due to hardship or included debt forgiveness, seven (7) years seasoning since modification is required.
- 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.

Multiple Derogatory Credit Events:

Multiple derogatory credit events are not allowed, regardless if seasoned over seven (7) years. A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event and 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, & 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 and must be paid in full.
- 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. 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



	<ul style="list-style-type: none"> ○ 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 <p>Medical Collections: Allowed to remain outstanding if the aggregate balance does not exceed \$10,000.</p> <p>Credit Inquiries:</p> <ul style="list-style-type: none"> • If the credit report indicates inquiries within the most recent 120 days of the credit report, it must be documented that the borrower did not obtain additional credit that is not reflected in the credit report or mortgage application. • The borrower must explain the reason for the credit inquiry. • If additional credit was obtained, a verification of that debt must be provided, and the borrower must be qualified with the monthly payment. • Confirmation of no new debt may be in the form of a pre-close QC gap credit report. <p>Disputed Trade Lines:</p> <ul style="list-style-type: none"> • All disputed trade lines 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.
Disaster Policy	Refer to Plaza's Natural Disaster Policy for requirements.
Flood Insurance	When flood insurance is required, an escrow account must be established for flood insurance premiums.
Geographic Restrictions	<p>Florida: Florida condominiums limited to 50% LTV/CLTV/HCLTV on investment transactions.</p> <p>Hawaii: Properties in Lava Flow Zones 1 or 2 are not allowed.</p> <p>West Virginia: Delegated deliveries only.</p>
Identity of Interest / Non-Arm's Length	<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.</p> <p>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 exception basis.</p>
Income & Employment	<p>Stability of Employment & Income: Income must be stable and meet the following requirements to be considered for qualifying:</p> <ul style="list-style-type: none"> • Income must be stable with a two (2) year history of receiving the income. If the borrower has less than a two (2) year history of receiving income an exception may be considered if all requirements per Appendix Q can be satisfied and documented. • Income must be verifiable. • Income must have a high probability of continuing for at least three (3) years.

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- Borrower(s) must execute an attestation at closing confirming no changes to employment and income listed on the final loan application as a result of COVID-19 impacts. **Plaza's Borrower Attestation form** or a substantially similar form may be used.
- **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.
 - 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
 - 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
- **Gaps in Employment:** A minimum of two (2) years consecutive employment and income history is required to be documented.
 - 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
 - Extended gaps of employment (six (6) months or greater) require a documented two (2) year work history prior to the absence
 - Exceptions 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

Paystubs: Paystubs must meet the following requirements:

- Clearly identify the employee/borrower and the employer.
- Reflect the current pay period and year-to-date earnings with most recent pay period at the time of application and no earlier than sixty (60) days prior to the Note date.
- Be computer generated.
- Paystubs issued electronically via email or internet, must show the URL address, date and time printed and identifying information.

W-2 Forms: W-2 Forms must be complete and be a copy provided by the employer.

Verification of Employment (VOE): VOE requirements below apply when income is positive and included in qualifying income:

- **Verbal Verification of Employment (VVOE)** must be performed no more than five (5) business days prior to the Note date. The Verbal VOE should include the following information for the borrower:
 - 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
- **Verbal Verification of the Existence of Borrower's Self-Employment** must be verified through a third-party source and no more than five (5) business days prior to the Note date.
 - Verification of the existence of the borrower's business from a third party, such as a CPA, regulatory agency, or applicable licensing bureau. A borrower's website is not acceptable as third-party verification.
 - Listing and address of the borrower's business using a telephone book, internet, or directory assistance.
 - Name and title of the person completing the verification.
- **Verification of Current Operation:** In addition to the verification of business above, confirmation that the business is currently operating must be provided. Below are acceptable examples of documentation to confirm the business is currently operating:
 - 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 five (5) 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)
- **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

Tax Returns: Tax returns must meet the following requirements when used for qualifying:

- Personal income tax returns (if applicable) must be complete with all schedules (W-2 forms, K-1s etc.) and must be signed and dated on or before the closing date.
- Business income tax returns (if applicable) must be complete with all schedules and must be signed and dated on or before the closing date.
- For Unfiled Tax Returns for the prior year's tax return:
 - Between Jan 1 and the tax filing date (typically April 15), borrowers must provide:
 - IRS form 1099 and W-2 forms from the previous year
 - Loans closing in January prior to receipt of W-2s may use the prior year year-end paystub. For borrowers using 1099s, evidence of receipt of 1099 income must be provided.
 - Between the tax filing date (April 16) and the extension expiration date (typically October 15), borrowers must provide (as applicable):
 - Copy of the filed extension.
 - Evidence of payment of any tax liability identified on the federal tax extension form.
 - W-2 forms.
 - Form 1099, when applicable.
 - Year-end profit and loss for prior year.
 - Current year profit & loss.
 - Balance sheet for prior calendar year.
 - After the extension expiration date, loan is not eligible without prior year tax returns.

Taxpayer Consent Form: Must be signed by all borrowers.

Income Analysis Form: An income worksheet must be provided on every loan. Borrowers with multiple businesses must show income/loss details separately, not in aggregate on the Income Worksheet. **Plaza's Income Worksheet**, Fannie Mae Form 1084 or Freddie Mac Form 91 is required for self-employment income analysis.

- Copy of liquidity analysis must be included in the loan file if the income analysis includes income from boxes 1, 2 or 3 on the K-1 that is greater than distributions indicated on the K-1.
- If a liquidity analysis is required and the borrower is using business funds for down payment or closing costs, the liquidity analysis must consider the reduction of those assets.

Unacceptable Sources of Income:

- Any unverified source
- Asset depletion
- 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
- 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:
 - Foreign shell banks
 - Medical marijuana dispensaries
 - Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law



- o Businesses engaged in any type of internet gambling

Specific Income Documentation Requirements:

Income Type Employment Income	Documentation Requirement
Salaried	<ul style="list-style-type: none"> • YTD paystub • W-2s or personal tax returns – two (2) years • W-2 transcripts or tax transcripts (see requirements under 4506-C/Tax Transcripts) • VVOE
Hourly & Part-Time	<ul style="list-style-type: none"> • YTD paystub • W-2s or personal tax returns – two (2) years • W-2 transcripts or tax transcripts (see requirements under 4506-C/Tax Transcripts) • VVOE • Stable to increasing income should be averaged over a two (2) year period
Commission	<ul style="list-style-type: none"> • YTD paystub • Two (2) years W-2s if commissions are less than 25% of total income or • Two (2) years tax returns and W-2 forms required if commissions are $\geq 25\%$ of the total income • W-2 transcripts or tax transcripts (see requirements under 4506-C/Tax Transcripts) • VVOE • Stable to increasing income should be averaged for the two (2) years
Overtime & Bonus	<ul style="list-style-type: none"> • YTD paystub • W-2s or personal tax returns – two (2) years • W-2 transcripts or tax transcripts (see requirements under 4506-C/Tax 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 • Employer must confirm that the current year bonus is in line with the prior years and is not negatively impacted due to COVID-19
Borrowers Employed by Family	<ul style="list-style-type: none"> • YTD paystub • Two (2) years W-2s and • Two (2) years personal tax returns • Tax transcripts • VVOE • Borrower’s potential ownership in the business must be addressed
2106 Expenses	<ul style="list-style-type: none"> • Employee business expenses must be deducted from the adjusted gross income regardless of the income type • Two (2) years tax returns are required. If 2017 tax returns reflect 2106 expenses and 2018 tax returns show no expenses (due to tax law change), a 12-month average of expenses must be based on 2017 tax return and deducted from qualifying income • Tax transcripts

Self-Employment: Self-employed borrowers are defined as those individuals who have 25% or greater ownership interest or receive a 1099 statement to document income. The requirements below apply to self-employed borrowers:

- Maximum of 70% LTV/CLTV/HCLTV when any self-employment income is used for qualifying purposes. If the self-employment income is not needed for qualifying purposes, then the maximum 70% LTV/CLTV/HCLTV is not applicable.
 - o If self-employment losses have already been considered in qualifying the borrower, then the maximum 70% LTV/CLTV/HCLTV is not applicable
- Maximum DTI: 43% Purchase; 35% Rate/Term refinance.
- May not be used as qualifying income on a cash-out transaction.



- In order to use self-employment income for qualifying purposes, the underwriter must consider the impact of COVID-19 on the business and the stability of income.
- Income calculations should be based on the Fannie Mae Form 1084 or Freddie Mac Form 91or equivalent income calculation form.
- Year-to-date financials (profit and loss statement and balance sheet) are not required if the income reporting is positive, not declining and not counted in qualifying income.
- For tax returns on extension, YTD profit and loss statement and balance sheet must be provided to cover the full year.

Income Type	Documentation Requirement
<p>Sole Proprietorship (schedules C & F)</p>	<ul style="list-style-type: none"> • Two (2) years personal tax returns. • Tax transcripts. • YTD profit and loss statement 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"> ◦ If the year-to-date period covers multiple quarters, the profit and loss statement must break out each quarter separately • YTD balance sheet up to and including the most recent month preceding the loan application date. Tax returns for prior year is not a substitute for balance sheet. • Stable to increasing income should be averaged for two (2) years. <p>NOTE: YTD P&L and YTD Balance Sheet may be waived if the borrower is a 1099 paid borrower who does not actually own a business if all the following requirements are met:</p> <ul style="list-style-type: none"> • Schedule C in Block 28 (Total Expenses) must be analyzed in relation to income in Block 7 (Gross Income). Expenses are less than 5% of income. • Analysis of Blocks 8 (Advertising), 11 (Contract Labor), 16a (Mortgage Interest), 20 (Rent/Lease) 26 (Wages) must indicate the borrower does not have expenses in these categories. • Analysis of Blocks 17 (Legal and Professional Services) and Block 18 (Office Expense) indicate nominal or \$0 expense. • Block C (Business Name) does not have a separate business name entity • Year-to-date income in the form of a written VOE or pay history is provided by the employer paying the 1099. YTD income must support prior year's income.
<p>Partnership/ S-Corporation</p>	<ul style="list-style-type: none"> • Two (2) years personal tax returns. • Tax transcripts. • Two (2) years K-1s reflecting ownership percentage if counting any income from this source in qualifying (K-1 income, W-2 income, capital gains or interest/dividends) or if Schedule E reflects a loss. • Two (2) years business tax returns (1065s or 1120s) if 25% or greater ownership. • Due date for business returns for Partnerships and S-Corporations is typically March 15 with an extension for six (6) months or typically September 15. After the extension date, the loan is not eligible without the filed tax return. • Business returns and YTD financials are not required if the income reporting is 0 or positive, not declining and not counted as qualifying income. • YTD profit and loss statement up to and including the most recent month preceding the loan application date if 25% or greater ownership. YTD profit and loss must not be more than 60 days aged prior to the Note date. <ul style="list-style-type: none"> ◦ If the year-to-date period covers multiple quarters, the profit and loss statements must break out each quarter separately • YTD balance sheet up to and including the most recent month preceding the loan application date if 25% or greater ownership. • Stable to increasing income should be averaged for two (2) years.

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<p style="text-align: center;">Corporation</p>	<ul style="list-style-type: none"> • Two (2) years personal tax returns. • Tax transcripts. • Two (2) years business returns (1120) if 25% or greater ownership. • Business returns must reflect % of ownership for borrower. • YTD profit and loss statement up to and including the most recent month preceding the loan application date if 25% or greater ownership. YTD profit and loss must not be more than 60 days aged prior to the Note date. <ul style="list-style-type: none"> ○ If the year-to-date period covers multiple quarters, the profit and loss statements must break out each quarter separately • YTD balance sheet up to and including the most recent month preceding the loan application date if 25% or greater ownership. • Stable to increasing income should be averaged for two (2) years.
<p style="text-align: center;">K-1 Income/Loss on Schedule E</p>	<ul style="list-style-type: none"> • If the income is 0 or positive, stable and not used for qualifying, the K-1 is not required • If less than 25% ownership with income used in qualifying: <ul style="list-style-type: none"> ○ Verification of Employment Requirements apply (see Income/Employment General Documentation Requirements) ○ Year-to-date income must be verified if the most recent K-1 is more than 90 days aged prior to Note date • If 25% or greater ownership with income used in qualifying: <ul style="list-style-type: none"> ○ Verification of Employment Requirements apply (see Income/Employment General Documentation Requirements) ○ Partnership/S-Corp and Self-Employment requirements apply • If the income is negative, the K-1s for the applicable years are required and if ownership is 25% or greater, see self-employment requirements. • Two (2) years tax transcripts.
<p style="text-align: center;">Retirement Income (Pension, Annuity, 401(k) and IRA distributions)</p>	<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"> ○ 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 ○ 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"> ○ Letters from the organizations providing the income ○ Copies of retirement award letters ○ Copies of federal income tax returns ○ Most recent IRS W-2 or 1099 forms ○ Proof of current receipt with two (2) months bank statements ○ Two (2) years tax transcripts <p>If any retirement income will cease within the first three (3) years of the loan, the income may not be used.</p>
<p style="text-align: center;">Social Security Income</p>	<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 (3) years
<p style="text-align: center;">Alimony/Child Support/Separation Maintenance</p>	<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 • Two (2) years tax transcripts

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Long Term Disability Income	<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
Capital Gains	<ul style="list-style-type: none"> • Must be gains from similar assets for three (3) continuous years to be considered qualifying income • If the trend results in a gain, it may be added as income • If the trend results in a loss, the loss must be deducted from total income • Personal tax returns – three (3) years with a consistent history of gains from similar assets. • Tax transcripts to support tax returns • Document assets similar to the assets reported as capital gains to support the continuation of the capital gain income
Dividend/ Interest	<ul style="list-style-type: none"> • Personal tax returns – two (2) years • Tax transcripts • Documented assets to support the continuation of the interest and dividend income
Restricted Stock & 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
Note Income	<ul style="list-style-type: none"> • Copy of the Note must document the amount, frequency and duration of the payment • Evidence of receipt for the past twelve (12) months • Personal tax returns. Note income must be reflected on personal tax returns. • Tax Transcripts to support tax returns • Note income must have a three (3) year continuance
Trust Income	<p>Income from trusts may be used if guaranteed and regular payments will continue for at least three (3) years.</p> <ul style="list-style-type: none"> • 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

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	<p>Foreign Income</p>	<ul style="list-style-type: none"> • YTD paystub • W-2 forms or the equivalent • Personal tax returns reflecting the foreign earned income. Income must be reported on two (2) years US tax returns • Tax transcripts • VVOE • All income must be converted to US Currency
	<p>Non-Taxable Income</p>	<ul style="list-style-type: none"> • Documentation must be provided to support continuation for three (3) years • Income may be grossed up by applicable tax amount. • Personal tax returns must be provided to confirm income is non-taxable • Tax transcripts to support tax returns • If the borrower is not required to file a federal tax return, gross up to 25%
Rental Income		
	<p>All Properties Except Departing Primary Residence</p>	<ul style="list-style-type: none"> • Lease agreements must be provided if rental income is used for qualifying purposes <ul style="list-style-type: none"> ○ Current lease for each rental property, including commercial properties listed in Part 1 of Schedule E of the 1040s; rent rolls are not allowed ○ If the current lease amount is less than the rental income reported on the tax returns, justification for using the income from the tax returns must be provided and warrant the use of the higher income; if there is no justification, the lease amount less expense will be considered for rental income/loss ○ For leases that have a roll over clause, or the property is in a state where all leases roll over, the following requirements must be met: <ul style="list-style-type: none"> ▪ Copy of most recent lease ▪ Current documentation to evidence receipt of rent (copy of check or deposit into bank account) must be consistent with most recent lease • Personal tax returns – two (2) years <ul style="list-style-type: none"> ○ For properties listed on Schedule E, rental income should be calculated using net rental income + depreciation + interest + taxes + insurance + HOA divided by applicable months minus PITIA ○ If rental income is not available on the borrower’s tax returns, net rental income should be calculated using gross rents x 75% minus PITIA ○ Two (2) years tax transcripts • 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) and generation rental income, 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 and/or tax returns above are met
	<p>Departure Residence</p>	<p>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:</p> <ul style="list-style-type: none"> • Borrower must have documented equity in departure residence of 25% • 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 • Copy of current lease agreement • Copy of security deposit and evidence of deposit to borrower’s account
<p>Interested Party Contributions</p>	<p>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:</p> <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. 	

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	<ul style="list-style-type: none"> Maximum interested party contributions are limited to: <table border="1"> <thead> <tr> <th>Occupancy</th> <th>LTV/CLTV/HCLTV</th> <th>Maximum Seller Contributions</th> </tr> </thead> <tbody> <tr> <td>Primary Residence and Second Home</td> <td>> 80%</td> <td>3%</td> </tr> <tr> <td></td> <td>< 80%</td> <td>6%</td> </tr> <tr> <td>Investment Properties</td> <td>All LTVs</td> <td>2%</td> </tr> </tbody> </table> <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, in the above section, or any amounts not being used for closing costs or prepaid expenses (i.e., funds for repairs not completed prior to closing is a seller concession). If a seller concession is present, both the appraised value and sales price must be reduced by the concession amount for purposes of calculating the LTV/CLTV/HCLTV. 	Occupancy	LTV/CLTV/HCLTV	Maximum Seller Contributions	Primary Residence and Second Home	> 80%	3%		< 80%	6%	Investment Properties	All LTVs	2%																	
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Loan Limits	<table border="1"> <thead> <tr> <th rowspan="2">Units</th> <th colspan="2">Contiguous U.S.</th> <th colspan="2">Alaska & Hawaii</th> </tr> <tr> <th>Min Loan Amount</th> <th>Max Loan Amount</th> <th>Min Loan Amount</th> <th>Max Loan Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$548,251</td> <td>See Matrix</td> <td>\$822,376</td> <td>See Matrix</td> </tr> <tr> <td>2</td> <td>\$702,001</td> <td>See Matrix</td> <td>\$1,053,001</td> <td>See Matrix</td> </tr> <tr> <td>3</td> <td>\$848,501</td> <td>See Matrix</td> <td>\$1,272,751</td> <td>See Matrix</td> </tr> <tr> <td>4</td> <td>\$1,054,501</td> <td>See Matrix</td> <td>\$1,581,751</td> <td>See Matrix</td> </tr> </tbody> </table> <p>The minimum loan amount is \$548,251 or \$1 above the standard conforming limit for the number of units.</p>	Units	Contiguous U.S.		Alaska & Hawaii		Min Loan Amount	Max Loan Amount	Min Loan Amount	Max Loan Amount	1	\$548,251	See Matrix	\$822,376	See Matrix	2	\$702,001	See Matrix	\$1,053,001	See Matrix	3	\$848,501	See Matrix	\$1,272,751	See Matrix	4	\$1,054,501	See Matrix	\$1,581,751	See Matrix
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Max Financed Properties / Exposure	<p>The borrower(s) may own a total of 4 financed, 1-4 unit residential properties, including the subject property regardless of occupancy.</p> <p>Note:</p> <ul style="list-style-type: none"> Financed properties held in the name of an LLC or other corporation can be excluded from the calculation of number of properties financed only in cases where the borrower is not personally obligated for the mortgage. Partial or joint ownership is considered the same as total ownership in the property. Ownership in commercial properties, multi-family properties containing 5 or more units, lots and properties owned free & clear are not included. <p>Maximum Loans/Maximum Exposure: A maximum of two Plaza Jumbo loans and no more than four total Plaza loans are permitted to one borrower.</p>																													
Mortgage Insurance	Not applicable, regardless of LTV.																													
Occupancy	<ul style="list-style-type: none"> Owner-occupied primary residences Second homes Investment properties 																													
Property Eligibility	<p>Eligible Properties:</p> <ul style="list-style-type: none"> Attached/detached SFRs Attached/detached PUDs Condos Co-ops in the states of California, Connecticut, Florida, Illinois, Maryland, New Jersey, New York or Washington D.C 1-4 units <p>Condominiums:</p> <ul style="list-style-type: none"> Attached condos must be Fannie Mae 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 Projects located in Florida are not eligible for limited review 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 																													

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	<ul style="list-style-type: none"> ○ 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 <p>Properties with > 10 ≤ 40 acres:</p> <ul style="list-style-type: none"> • 20, 25 or 30-year fixed rate only • Maximum 35% land to value • No income producing attributes • Properties > 20 acres reduce maximum LTV by 10% <p>Miscellaneous:</p> <ul style="list-style-type: none"> • Leaseholds must meet Fannie Mae requirements • Deed/resale restrictions must meet Fannie Mae requirements • Properties with solar panels must meet Fannie Mae requirements <p>Unpermitted Additions: Properties with unpermitted additions will be reviewed on a case-by-case basis.</p> <p>The property must meet zoning requirements and the appraiser must identify that the improvements have been made in a workmanlike manner and are consistent with the architecture of the remainder of the home.</p> <p>Ineligible Properties:</p> <ul style="list-style-type: none"> • 2-4 unit second home properties • 3-4 unit owner occupied properties • Condotels/Condo Hotels • Manufactured Homes/Mobile Homes • Mixed-Use Properties • Model Home Leasebacks • Non-Warrantable Condominiums • Properties with condition rating of C5/C6 • Properties with construction rating of Q6 • 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 • Commercial properties • Geodesic dome homes • Geothermal homes • Timeshares • Properties subject to existing oil or gas leases (exceptions allowed case-by-case) • Properties located on Indian/Native American tribal land • Properties with UCC filings¹, private transfer covenants, mechanics liens and other items that would impact title (including PACE liens), marketability or foreclosure are not allowed. ¹Properties with solar panels are eligible and must follow Fannie Mae guidelines.
Property Flips	<ul style="list-style-type: none"> • Non-Arm's Length or Identity of Interest transactions are not permitted. • There can be no pattern of previous flipping as evidenced by multiple transfers in the last 12 months. • No double escrows or assignment of sales contract. • Seller of record must own the property at the time of the purchase contract. • 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 sale

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	<ul style="list-style-type: none"> ○ NOTE: 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
Qualifying Ratios	<ul style="list-style-type: none"> • Refer to the Eligibility Matrix for qualifying ratios. • 43% for LTVs ≤ 80% • 36% for LTVs > 80% • Self-Employed Rate/Term Refinance: 35% • Transactions resulting in significant payment shock should always be considered by the underwriter. The borrower's income must clearly support the borrower's ability to make the higher monthly payment. It is always at the underwriter's discretion to require additional verification of assets or a larger down payment as a compensating factor for a loan with high payment shock. • For other properties owned, documentation to confirm the amount and/or presence or absence of liability for P&I, taxes, insurance, HOA dues, lease payments or other property-related expenses must be provided. <p>Revolving Charges/Lines of Credit: 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%.</p> <p>Installment Debt: Installment debts lasting ten (10) months or more must be included in the DTI.</p> <p>Payoff of or Paydown of Debt: Payoff or paydown of debt solely to qualify must be carefully evaluated and considered in the overall loan analysis. The borrower's history of credit use should be a factor in determining whether the appropriate approach is to include or exclude debt for qualification. As a rule of thumb:</p> <ul style="list-style-type: none"> • Installment loans that are being paid off or paid down to 10 or fewer remaining monthly payments should generally not be included in the borrower's long-term debt. • If a revolving account is to be paid off and closed, a monthly payment on the current outstanding balance may not need to be included in the borrower's long-term debt, i.e., not included in the DTI ratio. <p>30-day Charge Accounts: If the credit report reflects an open-end of net thirty (30) day account, the balance owing must be subtracted from liquid assets.</p> <p>HELOCs & Other Real Estate Owned:</p> <ul style="list-style-type: none"> • 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. • Other REO: Monthly PITIA for any additional properties owned by the borrower including second homes and investment properties with a negative cash flow must be included in the DTI. Principal, interest, tax, insurance and assessments must be documented for all REO. It is not acceptable to simply use the REO payment on the credit report. • REO owned free and clear: Current real estate taxes and insurance on properties owned free and clear must be documented and included in the DTI. <p>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.</p> <ul style="list-style-type: none"> • If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used in qualifying. • 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: <ul style="list-style-type: none"> ○ Loan payment indicated on student loan documentation verifying monthly payment is based on an income-driven plan ○ For deferred loans or loans in forbearance: <ul style="list-style-type: none"> ▪ 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 <p>Auto Lease Payments: Lease payments, regardless of the number of payments remaining, must be included in the DTI.</p>

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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.

Child Support, Alimony, & Separate Maintenance Payments: Payments must be included in qualifying DTI unless it is fully documented that there are 10 or fewer payments remaining.

- **Separation Agreement dated prior to 1/1/19:** Payments must be deducted from the borrower's income.
- **Agreement dated on or after 1/1/19:** Payments must be treated as a liability.

Contingent Liabilities:

- **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:
 - 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:
 - Payment history must be provided 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

Departure Residence:

- **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:
 - 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:
 - 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

Pending Litigation: 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.

Repair Escrows

Loans with escrows for completion of postponed improvements (escrow holdbacks) are not eligible.

Reserves

- Refer to **Assets** for funds eligible for reserves.
- Minimum of three (3) months reserves must be liquid and from non-retirement sources. All reserves may come from retirement funds considered liquid for borrowers of retirement age.

Occupancy	Loan Amount	Required Reserves
Primary Residence	≤ \$1,000,000 & LTV ≤ 80%	6 months
	≤ \$1,000,000 & LTV > 80%	12 months
	\$1,000,001 - \$1,500,000 ≤ 80%	9 months

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		\$1,000,001 - \$1,500,000 > 80%	15 months
		\$1,500,001 - \$2,000,000	12 months
		\$2,000,001 - \$2,500,000	24 months
	Second Home	≤ \$1,000,000	12 months
		\$1,000,001 - \$1,500,000	18 months
		\$1,500,001 - \$2,000,000	24 months
		\$2,000,001 - \$2,500,000	36 months
	Investment Property	≤ \$1,000,000	18 months
		\$1,000,001 - \$1,500,000	24 months
	First-Time Homebuyer	Loan Amount	Required Reserves
		≤ \$1,000,000 & LTV ≤ 80%	12 months
		≤ \$1,000,000 & LTV > 80%	18 months
		\$1,000,001 - \$1,500,000 ≤ 80%	15 months
		\$1,000,001 - \$1,500,000 > 80%	21 months
	Reserves and Multiple Financed Properties: All financed properties, other than the subject property, require an additional 6 months PITIA reserves for each property.		
	Ineligible Sources for Reserves:		
	<ul style="list-style-type: none"> • Gift funds • Cash proceeds from the subject transaction • Bridge loans • Borrowed funds, including funds secured by other assets • Proceeds from the sale of non-real estate assets 		
Subordinate Financing	<p>HELOC payoff: 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.</p> <p>Subordinate financing is allowed per the Credit Matrix with the following requirements/restrictions:</p> <ul style="list-style-type: none"> • Subordinate financing is not allowed for LTV > 80%. • Institutional financing only. Seller subordinate financing is not allowed. • Subordinate liens must be recorded and clearly subordinate to the first mortgage lien. • Full disclosure must be made on the existence of subordinate financing and the repayment terms. • Acceptable Subordinate Financing Types: <ul style="list-style-type: none"> ○ Mortgages with regular payments that cover at least the interest due, resulting in no negative amortization. ○ Mortgage terms that require interest at a market rate. • 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 • Down payment and closing cost assistance subordinate financing is not permitted. 		
Temporary Buydowns	Not allowed.		
Texas Home Equity	<p>Texas Section 50(a)(6) transactions:</p> <ul style="list-style-type: none"> • 1-unit primary residence only • 30-year fixed rate only • Regardless if the new loan is a rate/term or cash-out refinance, any loan classified under Texas law as a Texas 50(a)(6), must follow the cash-out eligibility matrix and be locked as a cash-out refinance. 		
Transactions	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-Out Refinance 		

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Rate/Term Refinance:

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/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.
 - Borrower retains sole ownership of the property after the pay out of the other beneficiaries.
 - Cash back to borrower not to exceed 1% of the loan amount.

Cash-Out Refinance:

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.

- Self-employment income may not be used for qualification.
- 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/Term Refinances for requirements.
- 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:
 - Cash-out limitation is waived if previous transaction was a purchase.
 - Seasoning requirement for cash-out is waived (borrower does not have to have owned for six (6) months prior to subject transaction).
 - Funds used to purchase the subject property must be documented and sourced
 - 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.
 - The purchase must have been arm's length.
 - Investment properties are ineligible.

Properties listed for Sale:

- Properties currently listed for sale (at the time of application or any time thereafter) 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:
 - Rate/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

LTV/CLTV/HCLTV Calculation for Refinances:

- If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value.
- 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.



	<p>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:</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. In this case 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. <p>Delayed Purchase Refinance: Property was purchased by borrower for cash within six (6) months of the loan application.</p> <ul style="list-style-type: none"> • 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"> ○ The borrowed funds are fully documented. ○ The borrowed funds are reflected on the Closing Disclosure (CD) as a payoff on the new refinance transaction. • LTV/CLTV for Rate/Term refinances must be met. The loan is treated and priced as a rate/term refinance except for primary residence transactions in Texas which must follow TX 50(a)(6) guidelines. • Investment properties are allowed if borrower is not a builder or in the construction industry and prior transaction was arm's length. <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>New York Consolidation, Extension and Modification Agreement (CEMA): CEMA transactions are allowed for cash-out refinance and rate & term transactions subject to Plaza's Seller Guide requirements. Lost Note Affidavits are not acceptable under any circumstance.</p>
<p>Underwriting Method</p>	<p>All loans must be manually underwritten and fully documented. No documentation waivers based on AUS recommendations are permitted.</p> <p>QM Designation: The underwriter must indicate the QM designation of the loan on the 1008. All Jumbo 1 loans must be QM Safe Harbor. Unless otherwise noted, the more restrictive of either the Fannie Mae Selling Guide or Appendix Q to part 1026, 12CFR Chapter X – Truth-in-Lending (Regulation Z), must be followed.</p>

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<p>Other Requirements</p>	<p>Age of Documentation: As of the date the note is signed:</p> <ul style="list-style-type: none"> • Credit Report: No more than 90 days. • Income: No more than 60 days. • Assets: No more than 90 days. • Appraisal: No more than 120 days. • Title Commitment: No more than 90 days. <p>Payment Recast: Loans may be eligible for a payment recast (re-amortization) if the borrower makes a large principal curtailment. Recasts are not guaranteed and this allowance is subject to change at any time. All recasts will be reviewed and approved on a case-by-case basis. General eligibility is based on the following characteristics:</p> <ul style="list-style-type: none"> • The loan must be current and in good standing. • A written request with the customer's signature must be submitted. The written request must include the loan number, the amount of funds being sent to be applied to reduce the principal and it must specifically request a recast of the payment after the funds have been applied. • A minimum of twenty thousand dollars (\$20,000) must be applied towards principal. • Funds must be a guaranteed funds source (Bank Check, Wire, etc.), not a personal check. • A recast cannot be performed on a loan closed, modified or recast within the last six (6) months.
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