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1 OVERVIEW

This Product Eligibility Policy outlines the parameter requirements for prime jumbo residential mortgage loans to be sold to Excelerate Capital (“EC”). This document is an integral part of the loan underwriting review process and should be reviewed in conjunction for all potential fundings. Originators and sellers should become familiar with the contents of this document in its entirety.

All loans submitted to EC will be examined and evaluated to determine whether the proposed loans generally conform to these prime jumbo guideline parameters. The qualifying specifications and procedures are meant to serve as a principle foundation to qualify, and each borrower will be reviewed in its entirety on an individual basis.

Prime jumbo mortgage loans that do not conform to the provisions of this Product Eligibility Policy will be comprehensively reviewed on a case-by-case basis. All applicable mitigating and compensating factors to a policy exception must be fully documented and will be reviewed and considered prior to granting or denying approval.

2 UNDERWRITING CRITERIA

EC guidelines are intended to reference and supplement Fannie Mae’s Seller Guide. Originators should refer to the Fannie Mae Seller Guide for specific information concerning qualification requirements that are not specifically required under Appendix Q or referenced herein.

The EC Loan Submission Form must be included with all file submissions. Until we receive the form, we will be unable to commence new loan applications.

All loans must be manually underwritten. All primary and second home residence loans must be designated as Qualified Mortgages and must adhere to the standards set forth in the CFPB’s Reg Z, Section 1026.43(e). If any aspect of these overlays related to income and/or obligations is less than the minimum required under Appendix Q, please refer to Appendix Q for the ultimate QM resolution as not all Appendix Q guideline criteria are detailed herein.

High-Cost Mortgages and Higher-Priced Mortgage loans are not permitted.
3 PRODUCT ELIGIBILITY

3.1 AVAILABLE PRODUCTS

**Fixed Rate Products**
- 30yr Fixed Rate
- 20yr Fixed Rate
- 15yr Fixed Rate

**Adjustable Rate Products**
- 5/1 ARM
- 7/1 ARM
- 10/1 ARM

3.2 ADJUSTABLE RATE CRITERIA

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>INDEX</th>
<th>MARGIN*</th>
<th>INITIAL</th>
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<th>CEILING</th>
<th>LOOK BACK PERIOD</th>
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<td>7/1 ARM &amp; 10/1 ARM</td>
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<td>2%</td>
<td>5%</td>
<td>45 Days</td>
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</tbody>
</table>

5/1 ARM must be qualified at the Note Rate + Initial Cap
7/1 and 10/1 ARM must be qualified at the Note Rate

*Floor equals the margin
# 4 PRODUCT MATRIX

## PRIMARY

<table>
<thead>
<tr>
<th>LOAN PURPOSE</th>
<th>PROPERTY TYPE</th>
<th>LOAN AMOUNT</th>
<th>FICO</th>
<th>LTV/CLTV</th>
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<tbody>
<tr>
<td>Purchase &amp; Rate/Term Refinance</td>
<td>SFR, Condo¹, Townhouse, PUD, 2 Unit</td>
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<td>Cash Out Refinance³,⁴</td>
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</table>

1 Maximum LTV/CLTV for Condo is 75%; High rise condos (>4 stories) reduce max LTV/CLTV by additional 5%

3 Max cash out for >65% ≤ 70% LTV/CLTV is $300,000

4 Max cash out for ≤ 65% LTV/CLTV is $500,000

## SECONDARY

<table>
<thead>
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<th>LOAN PURPOSE</th>
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1 Maximum LTV/CLTV for Condo is 70%; High rise condos (>4 stories) reduce max LTV/CLTV by additional 5%

## INVESTMENT

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<td>60</td>
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</table>

1 High rise condos (>4 stories) reduce max LTV/CLTV by additional 5%

### 4.1 GEOGRAPHY

The following US States and territories are eligible:

- Arizona, California, Colorado, Florida, Nevada, Hawaii and Texas

### 4.2 MINIMUM LOAN AMOUNTS

- $424,101 or $1 over the conforming limit (or FHFA High Cost County Limit, if applicable) based on the number of units
5 BORROWER ELIGIBILITY

5.1 ELIGIBLE BORROWERS

- U.S Citizens
- First Time Home Buyer
- Permanent Resident Aliens
- Non-Permanent Resident Aliens
- Inter-Vivos Revocable Trusts

5.2 FIRST TIME HOMEBUYERS

- First Time Homebuyers are individuals that have not owned a home or had a residential mortgage in the last 3 years.
- First Time Homebuyer must meet the following requirements:
  - 720 Minimum FICO
  - Maximum loan amount $1,000,000
  - Primary Residence only
  - Minimum of 12 months reserves required
    - Borrowers living rent free must have 12 months liquid reserves
  - 5/1 ARM not permitted

5.3 PERMANENT RESIDENT ALIERN

- Permanent Resident Aliens are individuals who permanently reside in the United States
  - A legible front and back copy of the borrower(s) valid Green Card

5.4 NON-PERMANENT RESIDENT ALIERN

- Non-Permanent Resident Aliens must meet the following requirements:
  - Must have an unexpired passport from their country of citizenship containing INS form I-94 which must be stamped Employment Authorized
  - All borrowers signing the Note must have a valid Social Security number
  - The borrower(s) must have minimum of 2 years residency and employment continuance for at least 2 years.
  - Primary Residence only
  - A valid Visa with a minimum remaining duration of 1 year is required.
  - Borrowers with diplomatic immunity are ineligible
  - 75% LTV/CLTV Maximum
  - Single unit only
  - An additional 6 months reserves are required
5.5 NON-OCCUPANT CO-BORROWER

- Non-occupant co-borrowers are credit applicants who do not occupy the subject property as a primary residence.
- Following restrictions apply:
  - Must be an immediate relative, proof of relationship is required
  - Must sign the mortgage or deed of trust
  - Must not have an interest in the property sales transaction, such as the seller, builder, or real estate broker
  - Maximum LTV/CLTV 75%
  - Primary Residence only
  - Single unit only
  - Maximum DTI 40%
  - An additional 6 months reserves are required
  - Fixed Rate Mortgage Only
  - Cash-Out not permitted
  - Occupying borrower must have documented income equal to 75% of the required PITI
  - Must have recent rental history

5.6 INTER VIVOS REVOCABLE TRUST

- An inter vivos revocable trust (a "living trust") is a trust defined as follows:
  - Created by an individual during his or her lifetime
  - Becomes effective during its creator's lifetime
  - Can be changed or canceled by its creator at any time, for any reason, during his or her lifetime
- At least one individual establishing the trust must be used to qualify for the loan
- A copy of the trust must be provided to EC and Title Agent
- The trust must be established by one or more natural persons, solely or jointly.
- Primary residence or Second Home Only

5.7 INELIGIBLE BORROWERS

- Foreign Nationals
- Irrevocable or Blind Trusts
- Limited partnerships, general partnerships, corporations
- Land Trusts
6 OCCUPANCY ELIGIBILITY

6.1 ELIGIBLE OCCUPANCY

- Primary Residence
- Second Homes
- Investment Property

6.2 PRIMARY RESIDENCE

- A primary residence is a property that the borrower(s) intend to occupy as his or her principal residence.
- Characteristics that may indicate that a property is used as a borrower's primary residence include:
  - It is occupied by the borrower for the major portion of the year
  - It is in a location relatively convenient to the borrower’s principal place of employment
  - It is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing, and similar functions

6.3 SECOND HOMES

- A property is considered a second home when it meets all the following requirements:
  - Must be located a reasonable distance away from the borrower(s) primary residence
  - Must be occupied by the borrower(s) for some portion of the year
  - Is restricted to a one-unit dwelling
  - Must be suitable for year-round occupancy
  - The borrower(s) must have exclusive control over the property
- Maximum DTI 40%
- Gifts are not permitted

6.4 INVESTMENT PROPERTIES

- Occupancy designation when the borrower does not occupy the subject property.
- Maximum DTI 38%
- Cash-Out not permitted
- Borrowers with additional financed properties require an additional 2 months of reserves for each additional financed property. The 2 months additional reserves are based on the PITI plus HOA fees of the other financed properties
- Gifts are not permitted
7 TRANSACTION ELIGIBILITY

7.1 ELIGIBLE TRANSACTIONS

- Purchase
- Rate/Term Refinance
- Cash Out Refinance

7.2 PURCHASE

- No property flipping, prior owners must have owned the property greater than 6 months. (Bank owned REO are eligible and not considered a flip transaction)
- Interested Party Contributions permitted up to 3%

7.3 RATE/TERM REFINANCE

- A Rate/Term Refinance transaction is when the new loan amount is limited to the payoff of the present first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepay
- A seasoned non-first lien mortgage is a purchase money mortgage or a closed end or HELOC mortgage that has been in place for more than 12 months and not having any draws greater than $2,000 in the past 12 months for HELOC’s. Withdrawal activity must be documented with a transaction history from the HELOC
- Limited cash to the borrower must not be greater than 1% or $5,000 of the principal amount of the new mortgage to be considered a Rate/Term refinance
- Delayed Financing is permitted in accordance with Fannie Mae
- If the property is owned less than 12 months, the LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value. The prior HUD-1 will be required for proof of purchase price. Proof of improvements is required
- Properties that have been listed for sale within the past 6 months from the loan application date are not eligible for a rate/term refinance transaction. Inherited properties may not be refinanced prior to 12 months of ownership
- The rate/term refinance of a construction loan is eligible with the following conditions:
  o If the lot was acquired 12 or more months before applying for the subject loan, the LTV/CLTV/HCLTV is based on the current appraised value of the property
  o If the lot was acquired less than 12 months before applying for the subject loan, the LTV/CLTV/HCLTV is based on the lesser of i) the current appraised value of the property and ii) the total acquisition costs

7.4 CASH-OUT REFINANCE

- A Cash-Out Refinance transaction allows the borrower to pay off the existing mortgage by obtaining new financing secured by the same property or allows the property owner to obtain a mortgage on a property that is currently owned free and clear. The borrower can receive funds at closing if they do not exceed the program requirements
- To be eligible for a Cash-Out Refinance the borrower must have owned the property for a minimum of 6-months prior to the application date. Properties listed for sale within the last 12 months are ineligible for cash out
- If the property is owned less than 12 months but greater than 6 months, the LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value. The prior HUD-1 will be required for proof of purchase price. Proof of improvements is required
7.5 CONTINUITY OF OBLIGATION

Continuity of obligation occurs on a refinance transaction when at least one of the borrower(s) on the existing mortgage is also a borrower/member on the new refinance transaction secured by the subject property. When an existing Mortgage will be satisfied as a result of a refinance transaction, the following requirements must be met:

- At least one borrower on the refinance mortgage held title to for the most recent 6 month period and the mortgage file contains documentation evidencing that the borrower, either:
  - Has been making timely mortgage payments, including the payments for any secondary financing, for the most recent 6-month period; OR
  - Is a Related Person to a Borrower on the Mortgage being refinanced;
- At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation or dissolution of a domestic partnership

7.6 SUBORDINATE FINANCING

New subordinate financing (institutional) allowed for purchase transactions only

- Primary residences only
- If a HELOC is present the CLTV must be calculated by dividing the sum of the original loan amount of the first mortgage, the amount of the HELOC (whether or not there have been any draws), and the unpaid principal balance of all other subordinate financing by the lower of the property’s sales price or appraised value
- All subordinate loan obligations must be considered, verified, and taken into account when calculating the Borrower’s DTI
- If the subordinate financing is a HELOC secured by the subject property, monthly payments equal to the minimum payment required under the HELOC terms considering all draws made on or before closing of the subject transaction.
- For closed-end fixed rate, fully amortizing simultaneous loans, the qualifying payment is the monthly payment

7.7 PRINCIPAL CURTAILMENT

- Lender Paid Transactions
  - On transactions where the loan originator is paid by the lender, EC will permit a principal curtailment on purchase and refinance loans unless noted below as a result of excess premium rate credit. The excess premium must be identified on the Closing Disclosure and is limited to the amount of the excess premium rate credit below. The premium rate credit is the amount associated with the lowest pricing rate option that allows for some or all the borrower's closing costs to be paid so the borrower does not have to pay those closing costs out of pocket
  - If the premium rate credit is less than or equal to $2,000 for loan amounts up to $350,000, or $4,000 for loans amounts exceeding $350,000, then no further documentation is required
  - For premium credits exceeding these thresholds, evidence that the next lower pricing option would require the borrower to pay closing costs out of pocket must be documented in the file (LE, CD, Rate sheet, etc.)
  - If the borrower was not provided with the best rate, the loan is not eligible for sale to EC
- Borrower Paid Transactions
  - On transactions where the loan originator is paid by the consumer, principal curtailments are not permitted.
  - The premium rate credit may not exceed the amount of third-party costs
7.8 INELIGIBLE TRANSACTIONS

- Construction to Perm
- Non-Arm’s length
- Texas Equity a (6)
- Temporary Buydowns
- Builder Bailout
- HELOCs
- Employer Assistance Programs
- Lease Options

8 CREDIT ELIGIBILITY

8.1 CREDIT REPORT DETAIL

- A tri-merged in file credit report from all three repositories is required
- Credit Report is good for 90 days from application to closing
- A written explanation for all inquiries within 90 days of application is required
- Additional confirmation that there is no new debt may include a new credit report, pre-close credit score soft-pull or gap report
- The DTI should be recalculated based on any new debt, and any new credit scores must be reviewed for qualifications

8.2 HOUSING HISTORY

- Mortgage or Rental history must be 0x30 over prior 24 months
- Rental history evidenced by Institutional VOR or 24 months proof of payment

8.3 CREDIT SCORES

- The representative credit score is the lowest middle of the three scores for each borrower. If fewer than three scores are returned, the lesser of two will be used.

8.4 CREDIT HISTORY

- Each Borrower’s credit profile must include a minimum of 3 open trade lines that have a 24-month history.
- Current housing not reporting on credit can be considered an open trade if supported by bank records
- Any Borrower not employed, or employed but not using their income to qualify does not need to meet the minimum tradeline requirements listed above
- All tradelines with delinquency history in the past 12 months requires a written explanation
- No prior bankruptcies, foreclosure, short-sale, deed-in-lieu or modifications are allowed within 7 years of application
- All Judgments or liens affecting title must be paid
- Non-title charge-offs and collections exceeding $1,000 (individually or in aggregate) must be paid
- All past due accounts must be brought current prior to closing
- Borrowers with a history of collection accounts should be required to pay off derogatory accounts
- No authorized user accounts will be used to satisfy minimum trade line requirements
- Disputed accounts require a LOE per Fannie Mae. An updated credit report not required
- Delinquent tax IRS payment plans are ineligible
9 INCOME DOCUMENTATION

9.1 FULL INCOME DOCUMENTATION

- Must meet all requirements of Appendix Q
- Wage Earners: Most Recent Paystub including year-to-date earnings (covering minimum of 30 days), two years W2’s and a Written Verification of Employment (if needed for the analysis of overtime, bonus or commission)
- Self-Employed Borrowers: Two years personal returns (along with all schedules, including K-1’s) and business tax returns from any businesses where borrower has 25% or more ownership interest. Year to date P&L and balance sheet. Self-employed borrowers’ income will be considered only from a business that’s been in existence for more than 2 years, unless otherwise stated by Appendix Q
- In addition, Verbal Verification of Employment required for all wage earner borrowers and must be completed within 10 calendar days prior to the disbursement date
  - Wage Earners VVOE should include name of contact at place of employment, phone number and title along with company name, address and borrower’s job description and title
  - Self-Employed Borrowers should include verification of a phone listing and address for the borrower’s business AND verification through a third party such as a CPA, regulatory agency or applicable licensing bureau. If contact is made verbally, the loan file must be documented to identify both the source of the information obtained and the name & title of the person who obtained the information
- All borrowers - IRS Form 4506T is required to be executed and all transcript documentation (W-2 and/or 1040 transcripts, as applicable) obtained directly or indirectly (stamped by IRS) for the most recent two years, and must be provided in the closed loan file for review. For self-employed borrowers, this is required for both personal returns and business returns where borrower has 25% or more ownership of a business
  - In the case where taxes have been filed and the tax transcripts are not available from the IRS, the IRS response to the request must reflect “No Record Found” and be present in the loan file
  - Evidence of any IRS filing extensions must also be present in the loan file

9.1.1 INELIGIBLE INCOME SOURCES

- Restricted Stock Units
- Deferred Compensation
- Any business or activity related to marijuana, even if legally permitted under state or local law.
- Foreign Income
- One-time occurrence or temporary income
- Retained Earnings
- Mortgage Credit Certificates
10 ASSET DOCUMENTATION

10.1 ASSETS

- Full Asset Documentation is required for both funds to close and reserves. For most asset types, this would include all pages of the most recent two months statements or the most recent quarterly statement. All Assets from the borrower(s) must be disclosed and verified by the lender
- No business accounts may be used to meet reserve and down payment requirements unless the borrower(s) are 100% owners of the business. A letter from the businesses accountant or cash flow analysis (Per FNMA) must be obtained to confirm that the withdrawal will not negatively impact the business
- Stocks/Bonds/Mutual Funds - 70% may be used for reserves - Must be publicly traded and liquid accounts
- Vested Retirement Accounts - 60% may be considered for reserves (eligible plans can use 70% if borrower > 59 ½)
- Assets being used for income may not be used to meet reserve requirements
- If needed to close, verification that funds have been liquidated (if applicable) is required
- Interested Party Contributions permitted up to 3%

10.1.1 INELIGIBLE ASSETS SOURCES

- Grant Funds or Pooled Funds
- Gift of Equity
- Builder Profits
- Employer Assistance Funds
- Real Estate Commissions
- Cash on Hand/Mattress Money

10.2 GIFT FUNDS

- Gifts from family members, as defined by FNMA, are allowed
- The borrower(s) must have a minimum of 5% of own funds available, (but may elect not to use own funds for the transaction if sufficient gift funds are available)
- Gift funds cannot be counted towards reserves
- Purchase transaction only
- Gifts not permitted on loans on loans exceeding $1,000,000
- Gift not permitted on second homes or investment properties

10.3 QUALIFYING RATIOS

- Primary - 43% Maximum DTI
- Secondary Residence - 40% Maximum DTI
- Investment Property – 38% Maximum DTI

Paying down debt to qualify is not permitted. Debt must be paid off and the account closed for the obligation to be excluded from DTI. If debts are being paid off, the source of funds must be documented and verified. If an installment debt is paid off at closing, the creditor must provide a payoff statement which same balance must be reflected as the payoff amount on the Closing Disclosure. If a revolving account is not closed, the debt must be included in the debt-to-income ratio
11 DOCUMENTATION AGE

All Credit documents including credit report, income docs, and asset statements must be dated no more than 90 days prior to the note date. The Note date is utilized for document expiration for all funding types including escrow and non-escrow funding.

12 PROPERTY REQUIREMENTS

12.1 APPRAISAL

- All appraisals must comply with and conform to USPAP and the Appraisal Independence Requirements, and any requirement for HPMLs, if applicable
- The appraiser must not have a direct or indirect interest, financial or otherwise, in the property or in the transaction. Selection criteria should ensure that the appraiser is independent of the transaction and is capable of rendering an unbiased opinion
- An appraisal prepared by an individual who was selected or engaged by a borrower, property seller, real estate agent or other interested party is not acceptable. Appraisal reports that are altered by the appraiser to replace any references to the original client with the lender’s name are not acceptable. Additionally, the borrower, property seller, real estate agent or other interested party is not allowed to select an appraiser from an approved appraiser list
- Two appraisals are required for loan amounts > $1,500,000. Interior photos are required
- Appraisals are good for 120 days. Any appraisal seasoned greater than 120 days will require a recertification of value completed by the original licensed appraiser. A recertification of value will be permitted up to 180 days
- Legal nonconforming zoned properties must indicate that subject property can be 100% rebuilt if damaged or destroyed
- For 2-unit properties, a FNMA 1025 Small Residential Income Property Appraisal Report is required
- A 1004MC is required for all loans
- Market Rents Schedule Form 1007 & Form 216 for all investment properties
- Transferred appraisals are not permitted

12.2 DECLINING MARKETS

- A 5% reduction in LTV/CLTV is required for all properties identified in a declining market as noted by the appraiser

12.3 THIRD PARTY APPRAISAL REVIEW

- Prior to submitting a loan for EC’s Credit & Compliance review, Sellers should submit the appraisal to ECs fulfillment vendor who will obtain a third-party appraisal review to validate the origination appraisal(s)
- The Vendor Appraisal Review final opinion of value must be within 10% (i.e. above or below) the origination appraisal(s) or sales price
- Please refer to the Excelerate Capital Sellers Guide for additional requirements
13 PROPERTY ELIGIBILITY

13.1 ELIGIBLE PROPERTY TYPES

- One Unit Single Family Residences (Attached and Detached)
- PUDs (Attached and Detached)
- Warrantable Condominiums
- Townhouse
- 2-Unit Properties (within matrix parameters)

13.1.1 DEED/RESALE RESTRICTIONS

- The following resale restrictions are eligible:
  - Communities where the minimum age requirement is 55
  - Financial institution REO resale restrictions

Deed/resale restrictions, other than those noted above, are not permitted.

13.2 INELIGIBLE PROPERTY TYPES

- Non-Warrantable Condominiums
- Co-ops
- Manufactured Homes
- Properties exceeding 15 acres
- Log Homes
- Condotels
- Unique Properties
- 3-4 units
- Mixed Use properties
- Agriculturally Zoned
- Working Farms
- Properties with oil, gas, or mineral rights
- Builder Model Leaseback
- Non-Conforming zoning regulations that prohibit rebuilding

13.3 ASSUMABLE

- Not allowed on fixed rate products
- Eligible for ARM products after the fixed rate period with prior approval and qualification

13.4 MAXIMUM FINANCED PROPERTIES

- The maximum number of financed residential 1-4 family properties to any one borrower is limited to 4. Additional reserves are required for borrowers with greater than 2 financed residential properties.
### 14 RESERVES REQUIREMENTS\(^{1,2}\)

<table>
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<th>OCCUPANCY</th>
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<td>Rate &amp; Term Refinance</td>
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<td>$2,000,000</td>
<td>18 Months</td>
</tr>
<tr>
<td>Investor</td>
<td>Purchase</td>
<td>SF, Condo, Townhouse, PUD</td>
<td>$1,000,000</td>
<td>18 Months</td>
</tr>
<tr>
<td></td>
<td>Rate &amp; Term Refinance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Borrowers with additional financed properties require 2 months of PITIA reserves for each additional financed property

\(^2\) First Time Homebuyers require a minimum of 12 months reserves

### 14.1 INELIGIBLE RESERVE SOURCES

- Bridge Loans
- Cash-Out Proceeds
- Gifts Funds
- Proceeds from the sale of non-real estate assets
- Loans secured by other assets
- Non-qualified business assets
- Qualified tuition plans (529 Plan)