



Neptune Platinum EZ Jumbo

Product Matrix

Primary Residence

Transaction Type	# of Units	Minimum Credit Score	Maximum LTV/CLTV	Reserves ¹
Purchase & Rate/Term	1	680	70% (up to 1.0 million)	6-12 ¹
		700	80% (up to 1.5 million)	
		720	75% (up to 2.0 million)	6-12 ¹
	2	700	65% (up to 1.0 million)	6 ¹
		720	60% (up to 1.5 million)	6-12 ¹
Cash-Out Refinance	1	700	65% (up to 1.0 million)	6 ¹
		720	65% (up to 1.5 million)	6-12 ¹
	2	720	60% (up to 2.0 million)	6-12 ¹
		720	60% (up to 1.0 million)	6 ¹

• Maximum Cash-out Follow Fannie Mae

Second Home

Transaction Type	# of Units	Minimum Credit Score	Maximum LTV/CLTV	Reserves ¹
Purchase & Rate/Term	1	720	80% (up to 1.0 million)	6 ¹
			70% (up to 1.5 million)	6-12 ¹
			65% (up to 2.0 million)	
Cash-Out Refinance	1	720	60% (up to 1.5 million)	6-12 ¹
			50% (up to 2.0 million)	

Investment Property not permitted

¹ Reserves

- 6 months reserves for loan amounts ≤ \$1.0 million
- 12 months reserves for loan amounts > \$1.0 million
- Additional 3 or 6 months reserves for each additional financed property. **See Multiple Financed Properties section for full reserves.**

Eligible Products	<ul style="list-style-type: none"> • Encompass Product Code = "Platinum EZ Non-Conf Jumbo" • Fixed Rate: 30, 25 or 20 - year term
DTI	<ul style="list-style-type: none"> • 49.90% max DTI
Loan Amount	<ul style="list-style-type: none"> • Must be \$1 over the current 1-unit conforming loan limit.
Age of Documentation	<ul style="list-style-type: none"> • All credit documents, including title commitment, must be within 120 days of the Note date.
Interested Party Contributions	<ul style="list-style-type: none"> • Follow Fannie Mae Seller Guide
Ineligible Product Types	<ul style="list-style-type: none"> • Higher Priced Mortgages (HPML) • Higher Priced Covered Transactions (HPCT) • High cost loans
Underwriting	<p>Follow FNMA Seller Guide and DU Findings subject to overlays in these guidelines</p> <ul style="list-style-type: none"> • A Fannie Mae DU must be run on all files. AUS findings with an Approve/Ineligible decision due to loan amount must be present in all closed loan files. <p><i>(Jumbo EZ best practice aligns with Fannie Mae as the default throughout this guideline. Loans must be fully underwritten to Fannie Mae (chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide))</i></p>
Eligible Borrowers	<ul style="list-style-type: none"> • US Citizens • Permanent Resident Alien <ul style="list-style-type: none"> ▶ Must be employed in the US for the past 24 months. • Non-Permanent Resident Alien with evidence of lawful residency. <ul style="list-style-type: none"> ▶ Primary residence only ▶ Full 24 month, uninterrupted years of employment in the United States ▶ Valid Social Security number ▶ History of at least one visa renewal
Ineligible Borrowers	<ul style="list-style-type: none"> • Non-occupying co-borrower are not permitted • LLC's, Corporations and partnerships • Foreign Nationals • Non-Revocable Trusts • Life Estates

<p>Credit Report</p>	<ul style="list-style-type: none"> • A minimum of 2 credit scores for all borrowers is required. The lowest mid-score will be used. If a borrower only has 2 scores, the lower of the two will be used. • Rescored credit reports are ineligible. • Tradeline Requirements: Follow FNMA Seller Guide and DU Findings <ul style="list-style-type: none"> ▶ Authorized user accounts are not allowed as an acceptable tradeline ▶ Non-traditional credit is not allowed as an acceptable tradeline. • Disputed Tradelines: <ul style="list-style-type: none"> ▶ Follow FNMA Seller Guide an DU Findings
<p>Frozen Credit</p>	<p>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>Housing Payment History</p>	<p><u>Mortgage/Rental History:</u></p> <ul style="list-style-type: none"> • Borrower(s) housing payment history in past 12 months must 0 X 30 • If renting from a private landlord, cancelled checks must be provided.
<p>Derogatory Credit</p>	<p><u>Forbearance:</u></p> <ul style="list-style-type: none"> • Allowable six months after the end of the forbearance period, and only if the borrower made all the monthly payments during forbearance and did not utilize the forbearance terms to skip or miss any payments. <p><u>Waiting periods for significant derogatory credit:</u></p> <ul style="list-style-type: none"> • Chapter 7, 11 or 13 Bankruptcy = 7 years since discharge • Foreclosure, Notice of Default (NOD) and short sale = 7 years since completion date • Short payoffs, loan modifications due to hardship = 7 years • Multiple events are not permitted <p><u>Judgements/Tax Liens/Charge-offs/Past-Due Account:</u></p> <ul style="list-style-type: none"> • Follow Fannie Mae Seller Guide
<p>Liabilities</p>	<ul style="list-style-type: none"> • Follow Fannie Mae Seller Guide
<p>Multiple Owned Properties</p>	<ul style="list-style-type: none"> • Borrowers may own a total of ten (10) financed, 1-4 unit residential properties including the subject property <ul style="list-style-type: none"> ▶ If the borrower owns up to four (4) financed properties: <ul style="list-style-type: none"> ○ Max financing for the subject transaction is allowed. ○ Additional financed 1-4 unit residential properties require three(3)months reserves for each property. ▶ If the borrower owns between five (5) and ten (10) financed properties: <ul style="list-style-type: none"> ○ The subject transaction is limited to a maximum of 80% LTV/CLTV/HCLTV or program maximum (lower of the two) ○ Subject property requires the greater of six (6) months reserves or required reserves per guidelines. ○ Additional financed 1-4 unit residential properties require six (6) months reserves for each property • The borrower may own an unlimited number of financed 1-4 unit residential properties when the subject transaction is a primary residence with the following requirements met: <ul style="list-style-type: none"> ▶ The subject transaction is limited to a maximum of 80%LTV/CLTV/HCLTV or program maximum (lower of the two). ▶ Additional financed 1-4 unit residential properties require six (6)months reserves for each property. • 1-4 unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage. • Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation. • Properties owned free and clear require 6 mos of taxes, ins. and HOA dues for reserves.
<p>Asset Documentation</p>	<p>Asset Requirements: Follow Fannie Mae Selling Guide for guideline details.</p> <ul style="list-style-type: none"> • Eligible assets must be held in a US account • Asset verification by a Fannie Mae approved asset validation provider is allowed in lieu of 2 months statements provided by the borrower. The asset verification must provide 60 days of account activity and include all items normally indicated on bank statements. • 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. • Refer to Reserve Overlays

Reserves

Reserve Requirements	
Loan Amount	# of Months
≤ \$1,000,000	6
> \$1,000,000	12

Additional 1-4 Unit Financed REO:

- ▶ Additional three (3) -OR- six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO.
 - ▶ If eligible to be excluded from the count of multiple financed properties, reserves are not required.
- **Refer to "Multiple Financed Properties section for full reserves.**

Tax Transcripts

- Tax transcripts are required on all loans regardless of income/employment type.
- Borrower pulled transcripts are not acceptable.

Employment

- **All Verbal VOE's must be within 10 business days of the Note date.**
 - **Verification of borrower's self-employment no later than 20 calendar days prior to Note date**
 - A stable two (2) year history of verifiable income must be documented
- (When the borrower has less than a two (2) year history of receiving income, the lender must provide a written analysis to justify the determination that the income used to qualify the borrower is stable.)*

Specific Income Documentation Requirements:

Income Documentation Requirements

Salaried/Hourly:

- Follow DU Findings or Fannie Mae Selling Guide
- Most recent paystub, Written Verification of Employment, The Work Number report or Payroll Direct report.
- W2 (W2 is not required if a Written Verification of Employment, The Work Number report, or Payroll Direct report is in the file.)

Part-Time Income:

- Follow DU Findings or Fannie Mae Selling Guide
- Verification of a minimum history of two years secondary employment income is recommended. However, income that has been received for a shorter period of time (but, no less than 12 months) may be considered as acceptable income, as long as there are positive factors to reasonably offset the shorter income history.

Commission Income:

- Follow DU Findings or Fannie Mae Selling Guide
- Written VOE; YTD paystub; W2's

Overtime & Bonus:

- Follow DU Findings or Fannie Mae Selling Guide
- YTD paystub
- W2

Alimony/Child Support/Separate Maintenance:

- Follow DU Findings or Fannie Mae Selling Guide
- Divorce decree, court ordered separation agreement, or other legal agreement provided the income will continue for at least three (3) years.
- Evidence of receipt of full, regular, and timely payments for the most recent 6 months

Borrowers Employed by Family:

- YTD Paystub
- Two (2) years W2's
- Personal tax returns – two (2) years with two (2) years transcripts
- Evidence of potential ownership must be addressed.

Dividend and Interest Income:

- Follow DU Findings or Fannie Mae Selling Guide
- Personal tax returns – two (2) years with two (2) years transcripts
- Documented assets to support the continuation of the interest and dividend income

Foreign Income:

- Follow DU Findings or Fannie Mae Selling Guide
- YTD Paystub
- Personal tax returns reflecting the foreign earned income. Income must be reported on two (2) years US tax returns
- All income must be converted to US Currency.

Income Documentation Requirements	Retirement Income: (Pension, Annuity, 401(k), IRA Distributions)
	<ul style="list-style-type: none"> Follow DU Findings or Fannie Mae Selling Guide <p>Document current receipt of the income, as verified by:</p> <ul style="list-style-type: none"> a statement from the organization providing the income, a copy of retirement award letter or benefit statement, a copy of financial or bank account statement, a copy of signed federal income tax return, an IRS W-2 form, or an IRS 1099 form. <p>Note: The borrower must have unrestricted access to the accounts without penalty. Income must continue for at least 3 years.</p>
	Social Security Income:
	<ul style="list-style-type: none"> Follow DU Findings or Fannie Mae Selling Guide Social Security income must be verified by a Social Security Administration benefit verification letter. Benefits must not expire within the first three (3) years of the loan.
	Non-Taxable Income: (Child support, foster care, military rations/ disability, etc.)
	<ul style="list-style-type: none"> Follow DU Findings or Fannie Mae Selling Guide Documentation must be provided to support continuation for three (3) years. Income may be grossed up by applicable tax amount. Tax returns must be provided to confirm income is non-taxable. Two (2) years tax transcripts to support tax returns. If the borrower is not required to file a federal tax return, gross-up to 25%.
	Trust Income:
	<ul style="list-style-type: none"> Follow DU Findings or Fannie Mae Selling Guide Income from trusts may be used if guaranteed and regular payments will continue for at least three (3) years. Copy of trust agreement or trustee statement showing: <ul style="list-style-type: none"> Total amount of borrower designated trust funds. Terms of payment and evidence of receipt Duration of trust Evidence the trust is irrevocable
	K-1 Income/Loss on Schedule E
	<ul style="list-style-type: none"> Follow DU Findings or Fannie Mae Selling Guide If the Schedule K-1 reflects a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then no further documentation of access to the income or adequate business liquidity is required. The Schedule K-1 income may then be included in the borrower's cash flow. If the Schedule K-1 does not reflect a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then the lender must confirm the business has adequate liquidity to support the withdrawal of earnings. The lender may use discretion in the method used to confirm the business has adequate liquidity
Rental Income:	
<ul style="list-style-type: none"> Follow DU Findings or Fannie Mae Selling Guide <p>Refinance:</p> <ul style="list-style-type: none"> Borrower has a previous history of rental income: <ul style="list-style-type: none"> Form 1007 or Form 1025 and either one of the following Most recent year of signed 1040's including Schedule 1 or Schedule E. Borrower does not have a previous history of rental income: <ul style="list-style-type: none"> Form 1007 or Form 1025 Copies of current executed lease agreement(s) <p>Purchase:</p> <ul style="list-style-type: none"> Form 1007 or 1025 Copies of current executed lease agreement(s) Personal tax returns: <ul style="list-style-type: none"> 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. 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 	

Rental Income from Departing Primary Residence:

- Follow DU Findings or Fannie Mae Selling Guide

Self-Employment:

- Follow DU Findings or Fannie Mae Selling Guide

Self-Employed borrowers are defined as having 25% or greater ownership or receive 1099 statement to document income.

- ▶ Income calculations should be based on the Fannie Mae Form 1084 or equivalent income calculation form.
- ▶ Year-to-date financials (profit and loss statement) is not required if the income reporting is positive, not declining and not counted in qualifying income.

- 1-2 years signed 1040's and K1's depending on DU Findings.
- If one year is required per DU findings the following requirements apply:
 - ▶ Signed 1040s and Business Tax Returns for the most recent year.
 - ▶ Confirm the tax returns reflect at least 12 months of self-employment income.
- **2 years business tax returns required unless all the following is true:**
 - ▶ Client is using his or her own personal funds for the down payment, closings costs and reserves
 - ▶ Client has been self-employed for at least five years.
 - ▶ Client's individual tax returns show an increase in self-employment income over the past two years.

- Year-To-Date Profit & Loss Statement:

- ▶ Year-to-Date Profit & Loss is only required if self-employment income is the primary income source used to qualify.
- ▶ Must be updated through the most recent quarter prior to application
- ▶ Prior to the end of the first quarter a Year-to-Date Profit & Loss is required for the following year. No current Year-to-Date Profit & Loss is required.
- ▶ If the Year-to-Date profit & loss statements reflects a downward income trend the lower income reporting on the YTD Profit & Loss must be used for qualification

- Secondary Self-Employment Income:

- ▶ Business income reported on a client's individual income tax returns is not required to be used in qualification if the client is only using income that is not derived from self-employment and self-employment is a secondary and separate source of income
- ▶ Secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required

- Income from Self-Employed Co-borrower:

- ▶ When co-borrower income is derived from self-employment is not being used for qualifying purposes, the lender is not required to document or evaluate the co-borrower's self-employment income.
- ▶ Co-borrower self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required.

Sole Proprietorship / Schedule C / Partnership / S-Corp:

- Follow DU Findings or Fannie Mae Selling Guide

Properties Listed for Sale

- Properties listed for sale at time of application are not eligible for refinance transactions

Refinances

Title to the subject property must be in the borrower's name at the time of application for a refinance transaction. Must meet continuity of obligation.

Continuity Of Obligation:

- At least one borrower on the new loan is also on the current lien.

Exceptions:

- Borrower has been on title to the subject property for the previous 12 months but is not obligated on the existing mortgage that is being refinanced AND
 - ▶ 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.

Refinances	Exceptions Cont'd: <ul style="list-style-type: none"> The borrower on the new refinance was added to title at least twenty-four (24) months prior to the disbursement date of the new transaction The borrower on the refinance inherited or was legally awarded the property by a court as in the case of a divorce, separation or dissolution of a domestic partnership. 	
	Rate & Term Refinance & Cash-Out Refinance Requirements:: <ul style="list-style-type: none"> Follow FNMA Seller Guide and DU Findings 	
	Delayed Purchase Refinancing: <ul style="list-style-type: none"> Follow FNMA Seller Guide . The loan is treated as a Rate and Term refinance except for primary residence transaction in Texas. 	
Appraisal Requirements	Appraisal requirements based on loan amount:	
	First Lien Amount	Appraisal Requirements
	Purchase Transactions	
	≤ \$2,000,000	1 Full Appraisal
	Refinance Transactions	
	≤ \$1,500,000	1 Full Appraisal
	> \$1,500,000	2 Full Appraisals
	<ul style="list-style-type: none"> All appraisals must be prepared for EMM. Transferred appraisals are not permitted. Full appraisals required. Waivers also known as a PIW not allowed. Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from Note. <ul style="list-style-type: none"> The appraiser must inspect the exterior of the property and provide a photo. Appraiser must review current market data to determine whether the property as declined in value since the date of original appraisal. If the value has declined since original appraisal, a new full appraisal is required. The appraisal Update (1004D) must be dated within 120 days of the Note date. 	
When two (2) appraisals are required, the following applies: <ul style="list-style-type: none"> Appraisals must be completed by two (2) independent companies. The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion. Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon. 		
Appraisal Review Requirements	An Appraisal/Collateral valuation (Collateral Desktop Analysis/CDA) from Clear Capital may be required. <ul style="list-style-type: none"> A third party appraisal review (CDA) is not required if the UCDP SSR with a Fannie CU score of 2.5 or less. 	
	A Collateral Desktop Analysis (CDA) with accompanying MLS sheets ordered from Clear Capital is required to support the value of the appraisal on all loans. (See separate instructions on how to order a Clear Capital CDA.	
	<ul style="list-style-type: none"> If the CDA is ≤ 10% of the appraised value the LTV would be based on the original appraised value. If the CDA returns a value that is “Indeterminate” or if the CDA indicates a lowvalue than the appraised value that exceeds a 10% tolerance, then one (1) of thefollowing requirements must be met: <ul style="list-style-type: none"> A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. The Seller is responsible for providing the field review or 2nd full appraisal. If two (2) appraisals are provided, a CDA is not required. 	

• **Appraisal Condition rating of C5/C6 or Quality rating of Q6: Not permitted**

Eligible Property Types:

- 1-2 Unit Owner Occupied Properties
- 1 Unit Second Homes
- Condominiums:
 - ▶ Must be Fannie Mae warrantable.
 - ▶ Limited review allowed for attached units in established condominium projects:
 - Eligible transactions as per Fannie Mae guidelines.
 - **Projects located in Florida are not eligible for limited review.**
 - ▶ 2-4 unit condominiums do not require review or warranty. Follow Fannie Mae basic requirements.
 - ▶ CPM or PERS allowed
 - ▶ Full review allowed. Warranty to Fannie Mae full review guidelines.
- Maximum lot size 30 Acres
 - ▶ Properties > 10 acres ≤ 30 acres must meet the following:
 - No income producing attributes
 - No commercial use allowed
- Leaseholds must meet Fannie Mae requirements.
- Properties with leased solar panels must meet Fannie Mae requirements.

Ineligible Property Types:

- | | |
|-------------------------------------|----------------------------|
| • Manufactured housing | • Cooperatives |
| • Mobile Homes | • Condotels and Timeshares |
| • Log Homes | • Unique homes |
| • Mixed Use Properties | • Condo's in litigation |
| • Model Home Leasebacks | • Hobby farms |
| • Properties with deed restrictions | • Properties > 20 acres |

Property Flips

For properties purchased by the seller of the property within ninety (90) days of the fully executed purchase contract the following requirements apply:

- ▶ Second full appraisal is required.
- ▶ Property seller on the purchase contract is the owner of record.
- ▶ Any increases in value should be documented with commentary from the appraiser and recent paired sales.

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.