

Delegated Plus DSCR >= 1.15				
LTV/CLTV MATRIX – Investment Property				
Loan Amount	Credit Score	>= 1.15 DSCR		
		Purchase	Rate & Term	Cash-Out
≤ \$1,000,000	720	80%	80%	75%
≤ \$1,500,000	720	75%	75%	70%
Delegated Plus DSCR >= 1.15				
Available Product	Product	Qualifying Rate	Term	I.O. Term
	30 Year Fixed	Note Rate	360	N/A
Restrictions	Interest Only – not allowed Escrow holdbacks – not allowed Minimum DSCR – 1.15 Minimum Credit Score – 720			
Ineligible States	Mississippi and South Dakota			

<p>Prepayment Penalty</p>	<ul style="list-style-type: none"> <li>- Six (6) months of interest – The prepayment charge will be equal to six (6) months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The charge applies to loans that pay off due to sale or refinance, or curtailments that exceed 20% of the original principal balance in a given 12-month time period</li> <li>- Fixed 5% percent - The prepayment charge will be equal to 5% and applied to any curtailment or the entire outstanding principal balance during the prepay period. The charge applies to loans that pay off due to sale or refinance</li> <li>- Step Down Prepay Types that do not exceed 5% and do not drop below 3% at any point during term of prepay. For example: (5%/4%/3%/3%/3%) or (5%/4%/3%) – The prepayment charge will be equal to the percentage in effect and applied to any curtailment or the entire outstanding principal balance during the prepay period. The charge applies to loans that pay off due to sale or refinance</li> </ul> <p>Prepayment Penalties are not allowed in the following states:</p> <ul style="list-style-type: none"> <li>- Alaska</li> <li>- DC</li> <li>- Illinois</li> <li>- Louisiana</li> <li>- Kansas</li> <li>- Michigan</li> <li>- Minnesota</li> <li>- New Mexico</li> <li>- Ohio</li> <li>- Rhode Island</li> <li>- Vermont</li> </ul> <p>Prepayment Penalties are allowed in the following states with restrictions:</p> <ul style="list-style-type: none"> <li>- North Carolina: Prepay terms &gt; 3 years Not Allowed</li> <li>- New Jersey: Allowed only if closing in LLC or Corp</li> <li>- Iowa: Allowed on 3-4 units only</li> <li>- Indiana: Allowed only if fixed rate</li> <li>- Prepayment penalties not allowed on loan amounts less than \$312,159 in PA</li> </ul>
<p>Automatic Payment Authorization (ACH)</p>	<p>Automatic Payment Authorization is an option borrowers may select. An executed Automatic Payment Authorization (ACH) Form is required and must be provided with signed closing docs. Funds must be from a U.S. Bank. The (ACH) enrollment form must include the bank routing number, account number, and account type.</p>



Minimum Loan Amount	\$100,000
Secondary Financing	<p>Allowed - See LTV/CLTV grid</p> <p>Junior financing can be lender or seller provided and must meet the requirements as defined by Fannie Mae</p> <p>Junior financing used for purchase or fixed 2nd's seasoned for 12 months can be paid off for transaction to be considered rate &amp; term. If junior financing is a HELOC, total draws within previous 12-months cannot exceed the lesser of 2% or \$5,000 to be considered rate &amp; term.</p>
PACE / HERO Loans	<p>Follow FNMA</p> <p>Any energy efficiency-based liens, like PACE or HERO, when paid off through loan proceeds, the transaction is treated like a rate &amp; term.</p> <p>Cannot be subordinated.</p>
Property Type	<p>Single Family (attached and detached)</p> <p>PUD</p> <p>Warrantable Condo, established projects only</p> <p>2 - 4 Units</p>
Cash-Out	<p>Max Equity Withdrawal</p> <p>&gt; 65% LTV up to \$300,000 allowed</p> <p>&lt;= 65% LTV up to \$500,000 allowed</p> <p>&lt;= 50% LTV up to \$1,000,000 allowed</p> <p>Cash out limitations do not apply on delayed financing transactions</p>
Purpose of Cash out	<p>Cash out can only be used for the business purpose of owning rental properties: acquire, manage, and improve real estate.</p> <p>When a borrower is required to pay off a non-subject property related lien, judgment, IRS or state tax obligation, etc., funds from the subject refinance may be used as an accommodation, provided the following are met:</p> <ul style="list-style-type: none"> <li>- The borrower has documented sufficient liquid assets to cover the obligation in question AND</li> <li>- The purpose of the subject C/O refinance is clear and is an eligible purpose</li> </ul>
LTV Determination	<p>Rate &amp; Term: Use current appraised value</p> <p>Cash-Out - Owned &gt;= 6 months: use current appraised value</p> <p>Cash-Out - Owned (delayed financing) &lt; 6 months: use lesser of acquisition cost or appraised value (see delayed financing)</p>
Delayed Financing	<p>Properties purchased with cash, or debt not secured to the subject property, within the past six (6) months (measured from the purchase date of the property to the disbursement date of the new loan) are eligible for a cash-out refinance. Cash-out equity withdrawal not restricted to guideline maximums.</p>

Borrower Requirements	
Eligible Borrowers	<p>US Citizens            Permanent Resident Alien            Non-Permanent Resident Alien</p>
Ineligible Borrowers	<ul style="list-style-type: none"> <li>- Foreign Nationals</li> <li>- Borrowers without a Social Security Number</li> <li>- Irrevocable trust, Land trust, or Blind trust</li> <li>- Borrower with diplomatic immunity</li> <li>- Not for profit entity</li> <li>- Any material parties to the transaction on HUD's Limited Denial of Participation (LDP) or General Services Administration (GSA) or any other exclusionary list</li> <li>- Borrower who is also the Developer/Builder of subject property development for projects of 5 or more units</li> </ul>
Ineligible Tenant(s)	<p>Family member or other related individual to borrower</p>
Non-Permanent Resident	<p>Non-Permanent Resident Alien: Standard</p> <ul style="list-style-type: none"> <li>- Visa types allowed E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, L-2, NATO, O-1, R-1, TN NAFTA</li> <li>- Visas must be current and have at least six (6) months remaining from the close date, if less than six (6) months provide evidence that extension has been requested</li> </ul> <p>Non-Permanent Resident Alien: Non-standard</p> <p>Any residency status that meets FNMA guidelines is allowed provided the requirements listed below are met:</p> <ul style="list-style-type: none"> <li>- Visa/EAD must be current and have at least six (6) months remaining from the close date, if less than six (6) months provide evidence that extension has been requested</li> <li>- Must have a two (2) year US credit and residency history and must meet program credit profile, the two (2) year history is measured from note date</li> </ul>

<p>Entity Vesting Requirements</p>	<p>Entity vesting is allowed on non-owner occupied only, the following are required</p> <ul style="list-style-type: none"> <li>- Entity type is LLC or Corporation</li> <li>- Borrower(s) must represent a minimum of 50% of the entity ownership</li> <li>- All borrowers must sign a Personal Guarantee</li> <li>- U.S. domiciled entities only</li> <li>- Purpose of entity must be for real estate acquisition</li> </ul> <p>Documentation verifying the following must be provided.</p> <p>For LLC:</p> <ul style="list-style-type: none"> <li>- Verify entity membership with formation docs or other entity documentation</li> <li>- Provide federal licensing entity ID number (EIN)</li> <li>- Show the entity is in good standing</li> </ul> <p>For Corporations:</p> <ul style="list-style-type: none"> <li>- Filed Certificate/Articles of Incorporation and all amendments (or equivalent)</li> <li>- By-Laws and all amendments</li> <li>- Evidence of good standing             <ul style="list-style-type: none"> <li>- Good standing is always required for the state in which the entity was formed (e.g., Certificate, screen shot from state website)</li> </ul> </li> <li>- EIN/Tax Identification Number</li> <li>- Borrowing Resolution/Corporate Resolution granting authority of signer to enter loan obligation</li> <li>- Receipt of current year franchise tax payment, clear search, or evidence the state does not require a franchise tax payment</li> </ul>
<p>Investor Experience</p>	<p><b>Experienced Investor</b></p> <p>A borrower who has owned one (1) or more non owner-occupied investment properties for at least 12 months (investment and commercial properties can be included) during the most recent 36-month period. Ownership may be documented with the following:</p> <ul style="list-style-type: none"> <li>- Property profiles demonstrating ownership date property was acquired</li> </ul> <p>Verification of the minimum number of properties for an experienced investor is required</p> <p><b>Novice Investor</b></p> <p>A Novice Investor does not meet the Experienced Investor requirements and are allowed with the following restrictions:</p> <ul style="list-style-type: none"> <li>- Max LTV/CLTV Purchase, Rate/Term: reduce max allowed LTV by 5%</li> <li>- Max LTV/CLTV Cash-out: reduce max allowed LTV by 5%</li> <li>- Minimum Reserve Requirement is 8 months</li> </ul> <p><b>First Time Property Owner</b></p> <p>Not allowed. Defined as a borrower who has not owned real estate in the most recent 36 months.</p>



Multiple Loans - Same Borrower	<p>Max exposure to Newfi Lending for a single borrower is eight (8) loans or \$5,000,000 UPB</p> <p>The max exposure rule is not automatic. The loans must not be secured to properties in the same micro-geographic area, for example, same block, subdivision, PUD project, or condo project. The files will also be screened for other risk attributes like cash out transaction, high LTV, STR income, negative credit profiles, and borrower liquidity.</p>
Multiple Properties Owned	No limit, however, Newfi will not finance a condo unit where the borrower owns more than 1 unit in the same condo project
Non-Arm's Length	Non ARM's Length - Allowed case-by-case, max LTV 70%.
<b>Credit</b>	
Credit Score	<p>Refer to Matrices for eligibility</p> <p>When multiple borrowers apply, the lowest middle score is the qualifying credit score</p>
Age of Credit Docs	<p>Appraisal and title valid for 120-days from note date</p> <p>Appraisal recerts allowed, valid for 120-days</p> <p>Credit and Assets valid for 90-days from note date</p>
Housing Payment History	<p>Document the pay history covering the most recent 12 months for the subject property and the borrower's primary residence - The payment history for any other REO is not required or evaluated if provided</p> <ul style="list-style-type: none"> <li>- Max 1X30X12 on mortgage/rental debt for primary residence and subject property allowed</li> <li>- Borrowers living "rent free" in a home they do not own or rent, must provide supporting documentation: property profile and LOE from the owner or lessee</li> </ul>
Forbearance	<p>Forbearance allows for borrower experiencing financial hardship to pause making mortgage payments. A recent forbearance, due to COVID-19, may be eligible based upon the following:</p> <ol style="list-style-type: none"> <li>1. Borrowers who entered into forbearance but continued to make timely payments and remained employed without income disruption, are eligible without any other requirements.</li> <li>2. Borrowers who participated in forbearance and missed payments have two options:             <ol style="list-style-type: none"> <li>a) Pay loan current by making all missed payments from borrower verified funds.</li> <li>b) Make three monthly payments in lender modification plan after exiting forbearance. Third payment must be made prior to note date. Evidence the borrower has exited forbearance or entered the modification plan is required.</li> </ol> </li> </ol> <p>This forbearance guidance applies to all open mortgage accounts</p>

Major Credit Events	<p>Three (3) year seasoning is required on all major credit events  Seasoning is measured from date of credit event to note date and includes: Bankruptcy, Foreclosure, Deed-in-Lieu, Short-Sale / Short-Refinance, Modification with principal forgiveness  Modifications that were a result of a COVID-19 forbearance plan are acceptable with no restrictions</p>
Credit Report Security Freeze	<p>If the credit report shows a security freeze and the borrower unfreezes credit after the date of the original credit report, a new report is required to reflect current and updated information</p>
Collections & Charge Offs	<p>Need not be paid or addressed unless the collection / charge-off impacts title</p>
Required Credit History	<p>Borrowers with three (3) credit scores meet the minimum trade requirement.  Note: if the credit scores are derived from thin credit, for example authorized user accounts or new accounts with minimal usage, the borrower will need to qualify with one of the four options below.</p> <p>Borrowers with only two (2) credit scores must meet one of the following options below:</p> <p>Option #1 - <b>3 of 12</b>: At least three (3) tradelines reporting for a minimum of 12 months, with all three (3) having activity in the last 12 months, accounts can be open or closed  Option #2 - <b>2 for 24</b>: At least two (2) tradelines reporting for a minimum of 24 months, with both having activity in the last 12 months, accounts can be open or closed  Option #3 - <b>8 for 8</b>: No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.  - At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.  - The borrower has an established credit history for at least eight (8) years.</p> <p>Tradelines with recent serious adverse history are not acceptable  Rental verification can be included as a tradeline  Student loans can be counted in credit depth as long as they are in repayment and not being deferred</p>

Rental Income	
Rental Income - Purchase	<p>Long Term Rents (LTR)</p> <ul style="list-style-type: none"> <li>- Vacant property: use 1007 or 1025</li> <li>- Existing tenant lease use:               <ul style="list-style-type: none"> <li>- Actual rent which is &lt;= to 110% of the rent survey</li> <li>- Actual rent which is &lt;= to 120% of the rent survey provided 2 months proof of receipt is documented (security plus 1 month rent OK)</li> </ul> </li> <li>- New lease to new or existing tenant use:               <ul style="list-style-type: none"> <li>- Actual rent which is &lt;= to 110% of the rent survey</li> <li>- Actual rent which is &lt;= to 120% of the rent survey provided 2 months proof of receipt is documented (security plus 1 month rent OK)</li> <li>- New lease greater than 120% of the 1007 is not eligible, use 1007</li> </ul> </li> </ul> <p>Short Term Rents (STR) not allowed</p> <p>Transaction is ineligible if any tenant is a family member of the borrower            A 1007 is required on all transactions            DSCR is calculated on all transactions</p>



<p>Rental Income - Refi</p>	<p>Long Term Rents (LTR)</p> <ul style="list-style-type: none"> <li>- Use the lower of estimated market rent from the 1007 or the lease agreement</li> <li>- If the lease is higher than the 1007 rents, it may be used with two (2) months proof of rent received</li> <li>- If the current lease has expired, it may be used provided the appraisal shows the property it clearly tenant occupied an the 1007 exceeds the current rent</li> <li>- A new lease within 120% of the 1007 can be used provided the first month rent and security deposit are paper trailed to the borrower’s bank account or placed into escrow. A new lease is one where only one month of rent has been collected.</li> <li>- New lease greater than 120% of the 1007 is not eligible, use 1007</li> </ul> <p>Short Term Rents (STR) not allowed</p> <p>Property Recently Acquired or Placed in Service</p> <p>Property acquired, or placed in service, in the two months prior to application date, which are vacant due to borrowers updating the property.</p> <ul style="list-style-type: none"> <li>- For long term rents use the 1007 rents. Property must be documented to be in ready to rent condition and listed for rent.</li> <li>- Short term rents not allowed</li> </ul> <p>Transaction is ineligible if any tenant is a family member of the borrower</p> <p>A 1007 is required on all transactions</p> <p>DSCR is calculated on all transactions</p>
<p>Short Term Rental Income</p>	<p>Not allowed</p>
<p>Accessory Dwelling Unit (ADU) Rents</p>	<p>ADUs are becoming increasing popular in many locations across the US as housing gets more scarce and more expensive. Using rents from an ADU are acceptable with the following requirements:</p> <ul style="list-style-type: none"> <li>- Appraisal shows the ADU to be legal</li> <li>- Appraiser to provide comparables with ADUs</li> <li>- Multi-family or multi-ADU acceptable provided total unit count is less than or equal to four</li> </ul> <p><b>Refinance</b></p> <ul style="list-style-type: none"> <li>- Appraiser to address ADU rents on a 1007</li> <li>- Document a 12-month history of the ADU being rented on a refinance</li> </ul> <p><b>Purchase</b></p> <ul style="list-style-type: none"> <li>- Follow guidance above Rental Income Calculation section</li> </ul>

Assets	
Gift Funds	Allowed with a minimum of a 10% borrower contribution
Assets	<ul style="list-style-type: none"> <li>- Must be dated within 90 days of the note</li> <li>- Only large deposits from a borrower's business need be addressed. See section on business assets for further guidance.</li> <li>- Foreign assets may be used for down payment and closing costs with the following:               <ul style="list-style-type: none"> <li>- Assets must be verified in USD at current exchange rate <a href="http://www.xe.com">http://www.xe.com</a> AND</li> <li>- Two (2) months recent statements</li> </ul> </li> </ul> <p>Non vested or restricted stock accounts are not allowed</p> <p>Joint Accounts: Access letters from co-owners are not required provided our borrower is clearly an account owner</p>
Reserves	<p>All reserve requirements are based on subject property PITI or ITI if applicable</p> <p>If transaction fits 2 categories listed below, only the larger requirement applies</p> <p>Loan proceeds may be used to meet the reserve requirement</p> <p>4 months PITI required</p> <p>6 months PITI required for loan amount &gt; \$1.0mm</p> <p>8 months PITI required for Novice Investor</p>
Source of Reserves	<p>IRA and other non-employer related savings plans</p> <p>Funds in non-cash holdings, stocks, bonds, mutual funds are not required to be discounted</p> <p>Life insurance surrender value</p> <p>529 accounts</p> <p>Business funds</p> <p>Cash-Out proceeds</p>
Ineligible Source of Reserves	<p>Reserves may not come from a 1031 exchange account</p> <p>Reserves may not come from gift funds</p> <p>Employer sponsored savings plans, like 401k</p>
Business Funds	<p>May be used for down payment and reserves, with the following restrictions:</p> <ul style="list-style-type: none"> <li>- Business funds may be used up to the borrower's percentage of ownership</li> <li>- If account co-owner is also an owner or purchaser of the subject property, then assets can be used to the combined percentage of ownership</li> <li>- Large deposits into a business account do not need to be addressed</li> </ul>
IPC (Interested Party Contributions)	3% for all LTV's

Property / Appraisal Information	
Acreage	No more than three (3) acres
Rural Properties	<p>Not allowed</p> <p>Considered Rural when 2 of the 3 listed below are present or the appraiser has designated the property as rural:</p> <ul style="list-style-type: none"> <li>- Non paved service road</li> <li>- 2 or more comps are &gt; 5 miles away from the subject property</li> <li>- Subject surrounding area is less than 25% built up</li> </ul>
Property Insurance	<p>We follow standard industry insurance requirements, with the following overlays allowed</p> <p>1-4 Unit Coverage Overlays</p> <ul style="list-style-type: none"> <li>- Allow for greater than 5% deductible. Maximum of 10%</li> <li>- Allow for less than full replacement cost on roof coverage. One example is policies that provide for full replacement cost thru year 15, but thereafter revert to actual cash value</li> </ul> <p>HOI Overlay Requirements:</p> <ul style="list-style-type: none"> <li>- The transaction reserve floor is the lesser of \$30k or 12 months PITI</li> <li>- Files with credit exceptions are not eligible</li> </ul> <p>Condo Master Coverage Overlays</p> <ul style="list-style-type: none"> <li>- Allow for greater than 5% deductible. Maximum of 10%</li> <li>- Allow for less than full replacement cost on roof coverage. One example is policies that provide for full replacement cost thru year 15, but thereafter revert to actual cash value</li> </ul> <p>Condo Master Overlay Requirements:</p> <ul style="list-style-type: none"> <li>- Regardless of transaction requirements, an HOA budget must be provided for review. Budget must contain required reserve holdback*</li> <li>- Files with credit exceptions are not eligible</li> </ul> <p>*For condos treated like an SFR (small projects or detached), please see requirements for 1 - 4 Unit Coverage</p>

<p>Zoning</p>	<p>Zoning designations are determined by the City or County based on the property location, each governing entity has their own unique zoning titles or descriptions. The property's specific zoning will describe, in general, what type of activity is allowed, and the density that is allowed. Regardless of what the zoning designation is for the subject property, the property must meet the 3 requirements listed below.</p> <ul style="list-style-type: none"> <li>- The current usage of the subject property is residential</li> <li>- Residential must be an allowed usage of the subject property zoning</li> <li>- Residential must be the highest and best use of the subject property, as defined by the appraiser</li> </ul> <p>As long as the property passes the 3 question test listed above, the zoning designation is acceptable.</p>
<p>Recently Listed Properties</p>	<p>Rate &amp; Term transaction: property must be off the market prior to the application date</p> <p>Cash Out transaction: not eligible if listed for sale in the 6 months prior to the application date</p>
<p>Condos</p>	<p>Established projects ONLY</p> <p>Detached units and small projects (2-4 condos) follow FNMA guidance (No HOA review required)</p> <p>HOA Review Type; follow FNMA requirements</p>
<p>Non Warrantable Condos</p>	<p>Not allowed</p>
<p>New Condo Projects</p>	<p>Not allowed</p>
<p>Ineligible Properties</p>	<p>Rural</p> <p>New condo projects</p> <p>Non warrantable condos</p> <p>Condotel</p> <p>Log homes and log-style homes</p> <p>Unique style homes: earth, dome, etc.</p> <p>Property condition of C5 or C6</p> <p>Agricultural use such as working farms or ranches or orchards</p> <p>Leaseholds</p>

Property Flips	<p>A property is considered a flip if either of the following are true:</p> <ul style="list-style-type: none"> <li>- The purchase price exceeds the seller's acquisition cost by more than 10% if the property was acquired 90 or fewer days prior to the borrower's purchase contract date</li> <li>- The purchase price exceeds the seller's acquisition cost by more than 20% if the property was acquired 91 – 180 days prior to the borrower's purchase contract date</li> </ul> <p>If the property is a flip based on the guidance above, a second appraisal is required</p>
Appraisal Requirements	<p>A second appraisal is required when any of the following exist:</p> <ul style="list-style-type: none"> <li>- The transaction is a flip (see Property Flipping section)</li> </ul> <p>When a second appraisal is required, the value is based on the lower of the two (2) values. The second appraisal must be from a different company and appraiser than the first appraisal.</p>
Appraisal Review	<p>An appraisal review product is required on every loan unless a second appraisal is obtained, one of the three options below is acceptable:</p> <ul style="list-style-type: none"> <li>- CDA from Clear Capital OR</li> <li>- ValREVIEW from Valligent OR</li> <li>- Collateral Underwriter (CU Score) less than 2.5 OR</li> <li>- A field review or a second appraisal is also acceptable – These must be from a different company and appraiser than the first appraisal.</li> </ul> <p>If the CDA/ValREVIEW reflects a value of 10% or less below the appraised value, the appraised value is accepted.          If the CDA/ValREVIEW reflects a value of more than 10% below the appraised value, a field review or a second appraisal is required.</p>
Appraisal Age	<p>Appraisal must be dated within 120 days of the note date          Re-certs of value are allowed</p>
Transferred Appraisals	<p>Allowed          When two (2) appraisals are required, only one (1) appraisal can be transferred</p>
Declining Property Value	<p>If the trend of property values is downward, a declining market exists and a 5% LTV reduction from the LTV product matrices for LTVs greater than 70%</p>