



EquityChoice							
CLTV/HCLTV MATRIX							
Loan Purpose	Occupancy	Property Type	Credit Score	1st Lien Term	Max CLTV*	Max DTI	Max EC LTV
Rate & Term / Cash-Out	Primary	SFR, PUD (detached only)	680*	<=20 Years	65%	45%	16%
				>20 <=30 Years	60%		
				>30 Years	55%		
*In all instances, an Interest-Only (IO) 1st Lien dictates that the max CLTV is 5% lower than it would be with an Fully Amortizing 1st Lien and mandates a FICO score of at least 720.							
EquityChoice General							
Overview	This product is a subordinate lien with a fixed interest rate and a shared appreciation component, with no required monthly payment						
Broker Compensation	- Product is structured borrower paid ONLY - Approved Broker paid greater of \$750 or 70 bps						
Term	10 yr Fixed (120 months)						
Fees	5% Limit						
Title/Occupancy Seasoning	- At least one borrower must have been on title for a minimum of 24 months - Must be owner occupied and at least one borrower must have resided in the property as a primary residence for a minimum of 24 months						
Max Home Value	Appraised value not to exceed \$3,125,000						
Min Loan Amount	\$85,000						
Max Loan Amount	\$500,000						
Geographic Restrictions	Available in Arizona, California, Colorado, Connecticut, Delaware, Georgia*, Idaho, Louisiana, Maine, Ohio, and Oregon *The minimum loan balance for properties in GA must be >\$250,000						
Borrower Requirements							
Eligible Borrowers	- U.S. Citizens - Permanent Resident Aliens						
Ineligible 1st Liens	- Shared Appreciation Products - Negative Amortization - Construction Loans - Reverse Mortgage - Balloon Notes - Private Mortgages Note: there must be a first mortgage in place - free and clear properties are not eligible						
PACE / HERO Loans	- Any property encumbered with an energy efficiency-based lien, like PACE or HERO, makes the property ineligible - Cannot be subordinated or paid off						
Multiple Properties Owned	The maximum number of residential 1-4 unit properties owned (financed or free and clear) including subject property is three (3)						



Credit & Liabilities	
Credit Score(s)	<ul style="list-style-type: none"> - When multiple borrowers apply, the lowest middle score is the qualifying credit score - A minimum of two (2) credit scores required for each borrower
Required Credit History	<ul style="list-style-type: none"> - There is no minimum tradeline requirement but there must be a mortgage history on the subject property of at least 24 months - All mortgages must be on the credit report, no private mortgages, no VOM or alternative documentation for mortgage history allowed on any mortgage regardless of subject or REO
Housing History	Maximum of 0x30 in past 24-months - all mortgages, subject or REO
Collections & Charge Offs	<ul style="list-style-type: none"> - Collections and charged-off accounts that exceed \$1,500 alone or combined, disqualify the borrower - Collections and charged-off accounts that do not impact title do not need to be paid off if individual or aggregated balances are <=\$1,500 - Medical collections not recorded on title, do not need to be paid off regardless of amount and does not disqualify the borrower - Collections and charge-offs that have passed the individual state statute of limitations do not disqualify the borrower
Major Credit Events	<ul style="list-style-type: none"> - Seven (7) 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, NOD - Extenuating circumstances criteria for shortened waiting periods is not allowed
Installment Debt	<ul style="list-style-type: none"> - The monthly payment may be excluded from the DTI calculation provided there are ten (10) or fewer payments remaining, and the payment does not exceed 5% of the borrower's qualifying income - Payoff of installment debt to qualify is not allowed, paying down installment debt to 10 payments or less to qualify is not allowed - Business or personal debt in borrower's name may not be excluded even with documentation - Contingent liabilities may not be excluded - Student loans, whether deferred, in forbearance, or in repayment qualify at 1% or actual documented payment - Timeshares are considered installment debt, not a mortgage
Revolving Debt	<ul style="list-style-type: none"> - Minimum payment on the credit report is used in the DTI calculation (documentation cannot be provided to override credit report) - Revolving debt may not be paid down to qualify - Business or personal debt in borrower's name may not be excluded even with documentation that another is paying - If no minimum payment amount is listed on the credit report and no supplemental documentation to support a payment is provided, the greater of \$10.00 or 5% of the outstanding balance will be used



Income & Assets	
Income	<p>Salaried and variable income:</p> <ul style="list-style-type: none"> • Paystubs covering last 30 days with YTD income AND • One (1) year W2 AND • VVOE dated no more than 10 business days prior to note date <p>Self Employed limited to Schedule C borrowers (no limit to Schedule C sources) and/ or one (1) additional 1120-S, 1065 or 1120 source:</p> <ul style="list-style-type: none"> • Most recent year complete tax return AND • Proof of 2-years of self-employment in business used for qualifying income AND • VVOE dated within 30 calendar days of close (self employed VVOE means proof of current business activity) <p>Rental Income:</p> <ul style="list-style-type: none"> • Most recent year complete tax return - Including Schedule E (rental income must be documented on filed 1040 to be used)
Variable Income Overtime/Bonus/Commission	<ul style="list-style-type: none"> - A Written Verification of Employment (WVOE) is required to show the breakdown of the income types - Variable income earned for less than two years may not be used - Variable income that is declining cannot be averaged and must be calculated on current year if deemed stable by UW
Wage / Salaried Borrowers with Incidental Self-Employment	The review and analysis of self-employed income activity is not required when a borrower is qualified using only income that is not derived from self-employment and self-employment is a secondary and separate source of income (or loss)
Alimony and Child Support	<ul style="list-style-type: none"> - Must document that support will continue for at least three (3) years from note date - Copy of divorce decree, separation agreement or other type of legal agreement/court document - Document at least six (6) months receipt of full, on-time and consistent payments
Cannabis	Wage income or self-employment income derived from the Cannabis industry is not allowed
Pension	<ul style="list-style-type: none"> - Award letter(s) from the organizations providing the income OR - One (1) prior year 1099-R will be acceptable in lieu of award letter WITH 30-days current proof of receipt is required
IRA Distributions	<p>Two methods of distributions:</p> <ul style="list-style-type: none"> - Method 1: From an average of historical distributions found on 1099 or 1040 <ul style="list-style-type: none"> • Income will be averaged based upon withdrawals over the past 24-months - Method 2: From evidence of a current monthly automatic distribution <ul style="list-style-type: none"> • Current distribution amount will be used for income • Evidence of automatic withdrawal (document must reflect a termination date of not less than 36 months from application date) <p>If income is from a 401K or IRA distribution:</p> <ul style="list-style-type: none"> • Income is expected to continue for at least three (3) years from the note date • Funds do not need to be discounted for market driven financial products if there are no early withdrawal penalty • If an early withdrawal penalty applies due to the borrower's age, it must be applied to the IRA/401K balance



Income & Assets - Continued	
Social Security Income	<ul style="list-style-type: none"> - When borrower receives his/her own benefits, whether retirement or disability, the benefit is expected to continue. A copy of the award letter as well as one (1) month receipt of payment is required - Benefits based upon another person's account for retirement, disability, or supplemental income require a copy of the award letter, current proof of receipt, and evidence of a three-year continuance
Length of Self Employment	<ul style="list-style-type: none"> - A minimum of a two (2) year history of self-employment is considered stable and effective - Self-employment activity under two (2) years is not acceptable
REO Held in Entities	<p>Real Estate holdings vested in a business entity, where the entity's sole purpose is for holding real estate, are treated like REO and not subject to self-employed income documentation requirements:</p> <ul style="list-style-type: none"> • No P&L or Balance sheets are required • No proof of current self-employment is required
Ineligible Income	<ul style="list-style-type: none"> - RSU, Capital Gains, Foreign Income - Non-occupying co-borrowers - Income produced, or in relation to, cannabis or hemp - Notes Receivable income
Assets	<p>Reserves must, at a minimum, equal 110% of the loan amount</p> <p>Eligible Reserves:</p> <ul style="list-style-type: none"> • Checking, Savings, IRA, 401K, Stocks, Bonds, Mutual Funds • Business funds can be used with documented evidence of 100% ownership of business <p>Requirements:</p> <ul style="list-style-type: none"> • Two (2) months statement or a quarterly statement • Large deposits greater than 50% of monthly income must be documented as borrower's own funds <p>Ineligible Reserves:</p> <ul style="list-style-type: none"> • Pension • Restricted Stock Options • Gift Funds <p>***Eligible Reserves do not need to be discounted. 100% of funds will be applied to determine assets.***</p>



Property Types	
Eligible Properties	<ul style="list-style-type: none"> - Single Family (detached only) - PUD (detached only)
Ineligible Properties	<ul style="list-style-type: none"> - 2-4 Units - Properties listed for sale within the last 6-months (based on application date) - Condos/Condotels/Co-Ops - Unique Properties (such as a log home) - Properties with more than 5 acres - Manufactured/Mobile Homes - Leaseholds/Land Trusts - Non-Warrantable Condos - Farms/working farms/Hobby farms - Rural properties: A property is classified as Rural if: <ul style="list-style-type: none"> • The appraiser indicates in the neighborhood section of the report as rural location; or • The following two (2) conditions exists: <ul style="list-style-type: none"> ◦ The property is located on a gravel road and ◦ Two of the three comparable properties are more than 5 miles from the subject property - Lava Zones 1 & 2
Valuation Requirements	
Valuation Requirements	<ul style="list-style-type: none"> - All loans require a Full Appraisal, no exception - Transferred appraisals are not allowed - Properties with Condition Rating of C5, C6 or a Quality Rating of Q6 are ineligible - Property must be minimum of 700 square feet - Cannot be on land of more than 5 acres and cannot be on more than 1 parcel
Appraisal from Previous Newfi Transaction	Allowed provided lender and borrower are the same as the current transaction and the appraisal meets the 90-day requirement (no recerts)