

**STOCKTON  MORTGAGE
FUNDING**

JUMBO PRODUCT MATRIX

PRODUCT DESCRIPTION	<ul style="list-style-type: none"> • Non-Conforming • Fixed Rate OR; • Non-Convertible ARMs – 5/1, 7/1 and 10/1 LIBOR ARM with a 2.25% Margin and 5/2/5 Caps • No prepayment penalty • Escrow waivers allowed for LTV's of 80% or less with a fee unless the loan is a primary residence on a Higher Priced Mortgage Loan (HPML) • Allow at least 3 additional days for decisions on this product • TPO CLIENT MUST BE APPROVED BY STOCKTON MORTGAGE FUNDING TO ORIGINATE THIS PRODUCT!
TERM	<ul style="list-style-type: none"> • Fixed Rate – 15 or 30 years • 5/1 and 7/1 LIBOR ARMs – 15 or 30 years • 10/1 LIBOR ARM – 15 or 30 years
ASSUMABILITY	<ul style="list-style-type: none"> • Fixed Rate is not assumable • ARMs – are assumable after the initial fixed rate period (i.e., after 60 months for 5/1, 84 for the 7/1 and 120 months for the 10/1)
OCCUPANCY	<ul style="list-style-type: none"> • Primary Residence • Second Homes
QUALIFYING RATE	<ul style="list-style-type: none"> • Fixed rate - qualify using the note rate • 5/1 LIBOR ARMs – qualify based on the note rate plus the initial cap (5%) • 7/1 and 10/1 LIBOR ARMs – qualify based upon the GREATER of the initial note rate or the fully indexed rate
DEBT TO INCOME RATIO	<ul style="list-style-type: none"> • The maximum DTI is 43%
GEOGRAPHIC RESTRICTIONS	<ul style="list-style-type: none"> • Alabama, Arkansas, Florida, Georgia (no leasehold properties), Indiana, Kentucky, Michigan, Mississippi, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, West Virginia
MINIMUM CREDIT SCORE	<ul style="list-style-type: none"> • 680 (subject to loan amount and LTV/TLTV limitations) • The lender must request a three in-file merged report • Credit data must be available from 2 repositories
LOAN AMOUNT	The maximum loan amount is \$2,000,000. Minimum loan amount is always \$1 above conforming loan limit.

Please note that this is not a solicitation or offer for all loan products listed or a depiction of all guidelines. All loans submitted to Stockton Mortgage for purchase must be eligible and in compliance with the Agency Selling Guide, the Product Matrices and the approved Client Contract for each client. Rev. 12.20.18

CREDIT REQUIREMENTS

General Requirements:

- There can be no 30 day late payments in the last 24 months on any mortgage (1st, 2nd or HELOC) or rental accounts.
- There cannot be any major adverse credit reported in the last 24 months on revolving or installment accounts.
- No credit reports from foreign countries is allowed.

Minimum Tradeline Requirements:

Option 1

- The credit report contains a total of at least three (3) open non-disputed tradelines; one (1) of which must be a non-disputed installment or mortgage tradeline,
- Each of the three (3) tradelines must be open for at least 24 months, and
- Each of the three (3) tradelines must be updated within the last six (6) months.

Option 2

- The borrower(s) must have a credit history of at least five (5) years,
- The credit report must contain at least five (5) non-disputed tradelines (open, paid or closed); one (1) of which must be a non-disputed installment or mortgage tradeline (open, paid or closed),
- Individual tradelines may be established for less than a five (5) year period, and
- The tradelines being evaluated in Option 2 must have activity within the most recent five (5) year period.

The borrower must meet all requirements and the co-borrower must meet the credit score and;

- No major derogatory in the last 24 months,
- Not more than \$1,000 in aggregated balance(s) in judgments, collections and/or charge-offs may reflect on the credit report, and
- Any open judgment, collection and/or charge-off must be paid at closing.

NOTE: Generally, a non-traditional credit history is not acceptable and authorized user accounts may not be used to meet the minimum tradeline requirements.

NOTE: Open ended or revolving debt cannot be paid off to qualify a borrower.

NOTE: A \$10 payment must be added to the DTI for EACH open revolving account with no balance.

LTV/CLTV LIMITATIONS

PRIMARY RESIDENCE (Purchase and Limited Cash Out Refinance)					
Property Type	Loan Amount	FICO 680-699 LTV/TLTV	FICO 700-719 LTV/TLTV	FICO 720 – 739 LTV/TLTV	FICO 740 + LTV/TLTV
1 Unit SFR/PUD	\$1,000,000	70%	80%	80%	85%*
	\$1,500,000	70%	80%	80%	85%*
	\$2,000,000	65%	75%	75%	80%
Condo	\$1,000,000	70%	75%	75%	80%
	\$1,500,000	70%	75%	75%	80%
	\$2,000,000	60%	70%	70%	80%

*Mortgage Insurance is NOT required.

PRIMARY RESIDENCE (Cash Out Refinance)					
Property Type	Loan Amount	FICO 680-699 LTV/TLTV	FICO 700-719 LTV/TLTV	FICO 720 – 739 LTV/TLTV	FICO 740 + LTV/TLTV
1 Unit SFR/PUD	\$1,000,000	70%	70%	70%	75%
	\$1,500,000	70%	70%	70%	75%
	\$2,000,000	N/A	N/A	N/A	55%
Condo	\$1,000,000	70%	70%	70%	70%
	\$1,500,000	70%	70%	70%	70%

SECOND HOME (Purchase and Limited Cash Out Refinance)					
Property Type	Loan Amount	FICO 680-699 LTV/TLTV	FICO 700-719 LTV/TLTV	FICO 720 – 739 LTV/TLTV	FICO 740 + LTV/TLTV
1 Unit SFR/PUD	\$1,000,000	70%	75%	75%	80%
	\$1,500,000	70%	70%	70%	75%
	\$2,000,000	N/A	N/A	60%	65%
Condo	\$1,000,000	70%	70%	70%	75%
	\$1,500,000	70%	70%	70%	70%

- Cash out on Second Homes **not** allowed
- Investment Properties **not** allowed
- New secondary financing is ineligible on either purchase or rate/term transactions when the LTV is 80% or greater and the loan amount exceeds \$1,000,000.

DECLINING MARKETS: Properties deemed as located in a declining market will require a 5% reduction in the LTV/TLTV.

PROPERTY TYPES	<p>Eligible Property Types</p> <ul style="list-style-type: none"> • 1 Units • Condominiums (must be warrantable to Agency guidelines) • Planned Unit Developments (PUD) • Modular Homes (must be at least 2,500 square feet and are limited to a maximum of \$1,000,000) <p>Ineligible Property Types</p> <ul style="list-style-type: none"> • Condo Hotels • Co-ops • 2-4 units • Manufactured Homes (single wide) • Manufactured Homes (double wide) • Earth/dome/geodesic homes • Properties located on acreage exceeding 15 acres <p>Rural Properties</p> <ul style="list-style-type: none"> • Must have a highest and best use of residential in nature. • Outbuildings values cannot exceed 10% of the appraised value. • Improvements must represent at least 50% of the entire appraised value. • Pasture and cropland cannot exceed 35% of the properties land size, including all excess acreage regardless of current use. 						
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> • U.S. Citizens • Permanent Resident Aliens (Green Card) <ul style="list-style-type: none"> • Limited to 80% LTV with a maximum of \$1,000,000 • Must have a 2 (two) year employment, depository and credit history in the U.S. (non-traditional credit is not acceptable) <p>Not Eligible:</p> <ul style="list-style-type: none"> • Non-Permanent Resident Aliens • Foreign Nationals • Corporations, LLC's, Partnerships, etc. 						
RESERVES	<table border="1" data-bbox="520 1135 1915 1227"> <thead> <tr> <th data-bbox="520 1135 1220 1166">Loan Amount</th> <th data-bbox="1220 1135 1915 1166">Reserves Requirement</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 1166 1220 1196"></= \$1,000,000</td> <td data-bbox="1220 1166 1915 1196">6 months</td> </tr> <tr> <td data-bbox="520 1196 1220 1227">>\$1,000,000</td> <td data-bbox="1220 1196 1915 1227">12 months</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Funds from a business account cannot be used to meet cash reserve requirements • Gifts cannot be used as cash reserves 	Loan Amount	Reserves Requirement	</= \$1,000,000	6 months	>\$1,000,000	12 months
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APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> Total Loan Amounts less than \$1,500,000 require 1 full appraisal by a State Certified Appraiser Total Loan Amounts greater than \$1,500,000 require 2 full appraisals by State Certified Appraisers <p>NOTE: The total loan amounts include any outstanding balance on second mortgages. Two full appraisals are required on family transfer transactions when the loan amount is greater than or equal to \$1,000,000.</p>						
NON OCCUPYING CO-BORROWERS	<p>Non-Occupying Co-Borrowers</p> <ul style="list-style-type: none"> Limited to 70% LTV Must be an immediate family member The note and security instrument must be signed by both occupant borrower and non-occupant co-borrower. Occupant borrower must qualify for loan with a maximum DTI of 35%/40% 						
MINIMUM CONTRIBUTION	<table border="1" data-bbox="520 561 1917 654"> <thead> <tr> <th colspan="2" data-bbox="520 561 1917 594">MINIMUM INVESTMENT FROM BORROWERS OWN FUNDS</th> </tr> <tr> <th data-bbox="520 594 1215 626">Primary Residence</th> <th data-bbox="1215 594 1917 626">Second Home</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 626 1215 654">5% of own funds</td> <td data-bbox="1215 626 1917 654">5% of own funds</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Gift funds must be from an immediate family member 	MINIMUM INVESTMENT FROM BORROWERS OWN FUNDS		Primary Residence	Second Home	5% of own funds	5% of own funds
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4506T/Transcripts	<ul style="list-style-type: none"> IRS Transcripts are not required for W2/salaried borrowers with the following exceptions: <ul style="list-style-type: none"> Borrowers who receive 25% or more of their income from commissions will require 1040 transcripts Loans that have income sources verified by the 1040's (self-employed, rental income, capital gains, etc.) will require 1040 transcripts. If income is being grossed up (social security, etc.) a Wage and Income transcript may be used in place of 1040 transcripts to verify the income is non-taxable. Two years transcripts will be required. <u>All files must have a signed and dated 4506T</u> 						

<p>LIMITS ON OTHER REAL ESTATE OWNED</p>	<ul style="list-style-type: none"> • Maximum number of financed properties is a total of four (4), including all properties owned by all borrowers on the loan. • Included in the number of financed properties; <ul style="list-style-type: none"> • to the total number of properties financed; • For 1-4 unit residential properties where the borrower(s) are personally obligated on the mortgage(s); • To properties owned by a LLC, partnership, S Corp or Corporation of which the borrower is a participant; • Includes the borrower(s) primary residence; and • Is cumulative for all borrowers <p>Properties that are commercial, more than 4 units, in a timeshare or a commercial vacant lot are not counted.</p>
<p>CASH OUT REFINANCES</p>	<p><u>CONTINUITY OF OBLIGATION</u></p> <ul style="list-style-type: none"> • at least one borrower on the new loan must be on the existing loan being refinanced OR • the borrower has been on title for at least 12 months AND residing in the property for at least 12 months AND has either: <ul style="list-style-type: none"> • has a relationship with the current obligor (relative, domestic partner, etc.), OR • paid the mortgage for the last 12 months (including any payments for any secondary financing. <p><u>LTV CALCULATIONS AND SEASONING</u></p> <ul style="list-style-type: none"> • If the borrower has owned the property for less than 12 months from the date of the application, the LTV is based upon the lesser of the acquisition price or the current appraised value. • A 6 (six) month seasoning requirement must be met from the date the borrower took title to the application date, with 0 x 30 day late payments. This can be waived if the property was acquired through an inheritance or the borrower was legally awarded the property (divorce, etc.). • Cannot have been listed for sale in the past 6 months. • Funds must be used to pay off an existing mortgage secured by the subject property or the subject property must be free and clear of any mortgage liens. <p><u>MAXIMUM CASH OUT</u></p> <ul style="list-style-type: none"> • LTV > 50% - limited to \$350,000 including paying off debts, unseasoned subordinate financing and cash in hand. • LTV ≤ 50% - unlimited to the maximum loan amount <p><u>INELIGIBLE CASH OUT TRANSACTIONS</u></p> <ul style="list-style-type: none"> • Paying off real estate taxes that are more than 60 days delinquent and an escrow account is not established. • To pay off another lender's interim construction loan. • If the current loan has been "restructured", it is not eligible for cash out financing <p>NOTE: The existing loan being refinanced and the title must have been held in the name of a natural person or an LLC (as long as the borrower was a member of the LLC prior to transfer). In addition, a 6 (six) month history of ownership between the LLC and the natural person must be documented. Transfer of ownership from a corporation to an individual does not meet this requirement.</p> <p>NOTE: Seasoning requirements do not apply to borrowers meeting Fannie's Delayed Financing exceptions.</p>

LIMITED CASH OUT (RATE/TERM) REFINANCE	<p><u>CONTINUITY OF OBLIGATION</u></p> <ul style="list-style-type: none"> • at least one borrower on the new loan must be on the existing loan being refinanced OR • the borrower has been on title for at least 12 months AND residing in the property for at least 12 months AND has either: <ul style="list-style-type: none"> • has a relationship with the current obligor (relative, domestic partner, etc.), OR • paid the mortgage for the last 12 months (including any payments for any secondary financing). <p><u>LTV CALCULATIONS AND SEASONING</u></p> <ul style="list-style-type: none"> • The LTV is based upon the current appraised value, regardless of the length of time the borrower has been on title. • No minimum seasoning requirements • Funds must be used to pay off an existing mortgage secured by the subject property, related closing costs and subordinate mortgage liens that have been seasoned for at least 1 year with draws that do not exceed \$2,000 in the last 12 months, or that were used to purchase the home. • If the second was used for home improvements and is not seasoned, the borrower must provide copies of the canceled checks and receipts and/or a copy of the contract specifying the total of the improvements (if the borrower contracted the work). • The borrower cannot receive more than \$2,000 in cash at closing for loan amounts up to \$1,000,000 OR \$5,000 for loan amounts greater than \$1,000,000.
BANKRUPTCY/FORECLOSURE AND/OR DEEDS IN LIEU	<ul style="list-style-type: none"> • Must have been discharged from a Chapter 7 or 11 for at least 7 years prior to application. • Cannot have had a foreclosure or deed in lieu of foreclosure within 7 years prior to application. • Chapter 13 must be discharged or dismissed at least 4 years prior to application and MUST have a satisfactory Bankruptcy Court payment history from the Approval of the Chapter 13 to Discharge. • Borrowers with more than 1 bankruptcy filing are not eligible. • Must have re-established a satisfactory credit history as follows: <ul style="list-style-type: none"> • Minimum of 4 tradelines (one must be housing related) • At least 3 tradelines must have been active 24 months prior to application • No more than 2 x 30 late payments on installment loans in the 24 months prior to application • No 60+ day late payments on installment or revolving debt allowed since the discharge or dismissal • No past due housing payments since discharge or dismissal • No new public records, judgments, collections, garnishments, etc., since discharge or dismissal • Minimal usage of revolving accounts with no more than 50% of the limits being used.