

TOPIC	ITIN LOAN PROGRAMS MATRIX																																																					
BASIC GUIDELINES	This matrix applies to ITIN guidelines. This is a unique program designed to help America’s immigrant and unbanked populations attain homeownership. Information in this matrix is subject to change without notice.																																																					
Eligible Products / Terms	<u>Adjustable-Rate Mortgages:</u> <ul style="list-style-type: none"><li>5/1 ARM</li></ul>																																																					
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Ineligible Product Type	<ul style="list-style-type: none"><li>Negative amortization</li><li>Interest-Only</li><li>Balloon loans.</li><li>Temporary Buydown or graduated-payment mortgages</li></ul>																																																					
Loan Purpose	<ul style="list-style-type: none"><li>Purchase</li><li>Rate and Term Refinance</li></ul>																																																					

Qualifying Rate	<ul style="list-style-type: none"> <li>Note Rate</li> </ul>
Documentation Required	<ul style="list-style-type: none"> <li>Unexpired government photo ID. <ul style="list-style-type: none"> <li>Example: Government license, passport, matricula consular, etc...</li> <li>Note: Visa is not required</li> </ul> </li> <li>ITIN card or letter from the IRS <ul style="list-style-type: none"> <li>ITIN is required to be assigned to the borrower prior to application taken date.</li> <li>Verification of the unexpired ITIN is provided by a legible copy of the letter from the IRS confirming the ITIN is assigned to the borrower. <b><u>Only page one is required.</u></b></li> </ul> </li> <li>A signed IRS Form W-7 submitted with an expired or expiring ITIN is acceptable.</li> <li>IRS Form W-7 is not acceptable evidence if the ITIN letter is not provided, or if the ITIN letter submitted is not legible.</li> <li>All documentation in file must support the borrower's ITIN number and cannot reference a SSN belonging to another individual.</li> <li>A W-7 Certificate of Accuracy (COA) form must be signed by FlexPoint Inc. underwriter prior to closing.</li> <li>A new W-7 form is required to be executed by the borrowers at closing. This form must be mailed to the IRS after the loan closes.</li> <li>DACA borrowers are qualified for this program with ITIN/SSN and Valid US driver's license and other government ID.</li> </ul>
Compliance/Patriot Act	<ul style="list-style-type: none"> <li>All parties (borrowers and property sellers) involved on the transaction must be screened through exclusionary lists and must be cleared through <b>OFAC's</b> SDN list. A search of Specially Designated National &amp; Blocked Persons list may be completed via the US Department of Treasury: <a href="https://www.treasury.gov/sanctions">Sanctions List Search (treas.gov)</a></li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>ITIN must be valid or must include a signed W-7 Form.</li> <li>If multiple borrowers, on borrower must have an ITIN.</li> <li>May use SSN previously issued for work purposes.</li> </ul>
Ineligible Borrower Types	<ul style="list-style-type: none"> <li>Irrevocable or Blind Trusts.</li> <li>Inter-Vivo Revocable Trust.</li> <li>Limited Partnerships, general partnerships, corporations.</li> </ul>
Mortgage Insurance Guidelines	<ul style="list-style-type: none"> <li>Not Required</li> </ul>
Occupancy	<ul style="list-style-type: none"> <li>Primary residence</li> </ul>
Assets Requirements	<ul style="list-style-type: none"> <li>Most recent consecutive three months bank statements.</li> <li>Deposits exceeding 50% of borrower's monthly income must be sourced.</li> </ul>

	<ul style="list-style-type: none"> <li>• Use of business funds requires a letter from Tax Preparer/CPA stating funds drawn from the business will have a negative impact on the business.</li> <li>• Underwriter to provide funds needed calculation sheet.</li> </ul>
Reserves Requirements	<ul style="list-style-type: none"> <li>• Six (6) months PITI required. <ul style="list-style-type: none"> <li>○ Non-Vested or restricted stock accounts are not eligible for use as down payment or reserves.</li> <li>○ Retirement Accounts – Sixty (60)% of the vested value of retirement accounts, after reduction of any outstanding loans may be considered towards the required reserves.</li> <li>○ Retirement accounts that do not allow any type of withdrawal are ineligible for use as reserves.</li> <li>○ Equity from unsecured loans, cash advance proceeds are ineligible for use as reserves.</li> </ul> </li> </ul>
Interested Party Contributions (IPC)	<ul style="list-style-type: none"> <li>• Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, or their affiliates, or any other party with an interest in the real estate transaction. Interested party contributions may only be used for closing costs and prepaid expenses and may never be applied to any portion of the down payment.</li> <li>• If the purchase price <math>\leq</math> to the listed price: Maximum IPC 6%</li> <li>• If the purchase price <math>&gt;</math> listed price: Maximum IPC 3%.</li> </ul>
Gifts Requirements	<ul style="list-style-type: none"> <li>• There is no seasoning requirement; fund must be in a bank account prior to final approval.</li> <li>• All funds must be verified. Any significant increase in average balance or large deposits require an explanation of source from applicant.</li> <li>• The borrower must make a 10% minimum borrower contribution from his or her own funds.</li> <li>• Gift funds are allowed on owner-occupied only.</li> <li>• Gift must be evidenced by a letter signed by the donor.</li> <li>• Gift fund must be from a relative.</li> <li>• Gift funds may not be used to meet reserves requirements.</li> <li>• The gift funds from the donor must be verified to show the donor has the funds available.</li> <li>• A “gift of equity” is permitted for Owner-Occupied purchase transactions; and it must meet all other guideline for gift funds.</li> </ul>
Minimum Borrower Contributions	<ul style="list-style-type: none"> <li>• 10% borrower own funds.</li> </ul>
Appraisal Requirements	<ul style="list-style-type: none"> <li>• <i>Collateral Desktop Analysis (CDA)</i> with accompanying MLS sheets ordered from Clear Capital or an approved alternative vendor, with a similar product, is required to support the value of the appraisal.</li> <li>• Appraisal ordered through Clear Capital, then a CDA will not be required.</li> </ul>

	<ul style="list-style-type: none"> <li>• If the CDA returns a value that is "Indeterminate" or if the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met: <ul style="list-style-type: none"> <li>○ A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of Three Reports is required. The Value Reconciliation will be used for the appraised value of the property. The BPO will be ordered and Value Reconciliation through Clear Capital.</li> <li>○ 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.</li> </ul> </li> <li>• If two (2) full appraisals are provided, a CDA is not required.</li> </ul>
Appraisal Transfers	<ul style="list-style-type: none"> <li>• Appraisal transfers are not permitted.</li> </ul>
Minimum Property Standards	<ul style="list-style-type: none"> <li>• Minimum 700 square feet.</li> <li>• Property constructed for year-round use</li> <li>• Permanently affixed continuous heat source</li> <li>• No health or safety issues both internal and external.</li> </ul>
Eligible Property Types	<ul style="list-style-type: none"> <li>• SFR, PUD, Townhome</li> <li>• Warrantable Condos</li> <li>• 2-4 Units</li> </ul>
Ineligible Property Types	<ul style="list-style-type: none"> <li>• Acreage greater than 10 acres (appraisal must include total acreage)</li> <li>• Agricultural zoned property</li> <li>• Condo hotel</li> <li>• Coops</li> <li>• Dome homes</li> <li>• Hobby Farms</li> <li>• Income producing properties with acreage.</li> <li>• Leaseholds</li> <li>• Log Homes</li> <li>• Manufactured housing.</li> <li>• Mixed use properties</li> <li>• Modular homes</li> <li>• Properties subject to oil and/or gas leases</li> <li>• Unique properties</li> <li>• Working farms, ranches, or orchards</li> </ul>

	<ul style="list-style-type: none"> <li>Properties for which the appraisal indicates condition ratings of C5 or C6</li> </ul>
Property Flipping Requirements	<ul style="list-style-type: none"> <li>For properties purchased by the seller of the property within 90 days of the fully executed purchase contract the following requirements apply: <ul style="list-style-type: none"> <li>Second full appraisal is required.</li> <li>Property seller on the purchase contract is the owner of record.</li> <li>Increases in value should be documented with commentary from the appraiser and recent paired sales.</li> </ul> </li> <li>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.</li> <li>If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20% then a second full appraisal is required. Bank owned properties are not exempt.</li> </ul>
Credit Scores	<ul style="list-style-type: none"> <li>Lowest of two (2) scores, middle of three (3) scores for the primary wage earner. In the case of multiple borrowers, an average of all borrower's middle score is used to qualify.</li> <li>Must have a minimum of two open and active trades reporting for 24 months or</li> <li>Three open and active trades reporting for 12 months.</li> </ul>
Non-Traditional Credit	<p>The minimum requirement is a 12-month history, generally verified with lender-written verification, cancelled checks or bills marked paid.</p> <ul style="list-style-type: none"> <li>The credit history must include three (3) credit references, from the list below covering the most recent 12 months' activity from date of application.</li> <li>A 12-month housing history is required to be one of the 3 credit references. <ul style="list-style-type: none"> <li>If a borrower's mortgage or rental history is not reported on the credit report, alternative documentation showing the most recent 12-month history (cancelled checks, mortgage/rental statements including payment history, management company VOR, etc.) must be provided.</li> <li>Private landlord VORs may be considered on a case-by-case basis.</li> <li>LOE or rent-free letter is required when a 12-month housing history is not applicable maximum.</li> <li>The other two tradelines may be documented using a combination of credit report, alternative credits or through utilities, such as electricity, gas, water, telephone service, television, and internet service providers. If utilities are included in the rental housing payment, they cannot be considered a separate source of nontraditional credit.</li> </ul> </li> </ul> <p><u>Note:</u> If any late payments are indicated, the payment history must be stated in the "number of past dues" format such as 30, 60, and 90-day late payments. Proof of monthly or quarterly payment is required.</p> <ul style="list-style-type: none"> <li>Allowable alternative credit references include:</li> </ul>

	<ul style="list-style-type: none"><li>○ Housing payments</li><li>○ Installment loan payments (such as an auto loan)</li><li>○ Utility payments</li><li>○ Telephone and cable service payments</li><li>○ Insurance payments (excluding payroll deductions)</li><li>○ Lease payments related to durable goods (including leases)</li><li>○ Local store payments (department, furniture, appliance)</li><li>○ School tuition payments or ongoing childcare payments</li><li>○ Payments on a loan obtained from an individual (repayment terms must be documented in a written agreement).</li></ul>												
Payment History Requirements	<table><tr><th>Obligation<sup>1</sup></th><th>Last 12-Month</th><th>Last 24-Month</th></tr><tr><td>Housing (Rent)</td><td>0x30</td><td>1x30, 0x60 or 0x90+</td></tr><tr><td>Installment, Nontraditional or Revolving</td><td>0x30</td><td>2x30 or 1x60 and 0x90+</td></tr><tr><td>Collections (excluding medical) <sup>2</sup>, Charge offs, or Repossessions.</td><td>None</td><td>None</td></tr></table> <p><u>Note:</u> If any late payments are indicated, the payment history must be stated in the “number of past dues” format 30, 60, and 90-day late payments.</p>	Obligation <sup>1</sup>	Last 12-Month	Last 24-Month	Housing (Rent)	0x30	1x30, 0x60 or 0x90+	Installment, Nontraditional or Revolving	0x30	2x30 or 1x60 and 0x90+	Collections (excluding medical) <sup>2</sup> , Charge offs, or Repossessions.	None	None
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Judgments and Tax Liens	<ul style="list-style-type: none"><li>• All outstanding balances must be paid in full prior to closing.</li></ul>												
Medical Collections	<ul style="list-style-type: none"><li>• Up to \$2,000 aggregate may remain open after closing. Amount greater than \$2,000 must be paid in full prior to closing.</li></ul>												

<sup>1</sup> All income tax (federal, state, local) obligations must be paid prior to closing.

<sup>2</sup> Collections may not be the result of a traditional or nontraditional tradeline that exceeds the number of lates allowed in the most recent 24 months. Documentation must be provided.

Bankruptcies	<ul style="list-style-type: none"> <li>• Ineligible</li> </ul>
Foreclosures, Deeds-in-lieu, Short Sales	<ul style="list-style-type: none"> <li>• Ineligible</li> </ul>
Consumer Credit Counseling/Debt Management Plan	<ul style="list-style-type: none"> <li>• Must be discharged/completed 3 years prior to loan application taken.</li> </ul>
Co-Applicant Credit	<p>Co-Applicants must meet the same minimum credit requirement as primary applicants unless is listed as follows:</p> <ul style="list-style-type: none"> <li>• The co-applicant is a spouse, in which case no additional credit is required. The spouse is not required to be a guarantor on the note but, pursuant to state community property laws pertaining to primary residence, may be required to sign the Deed of Trust (and other pertinent documents).</li> <li>• The co-applicant(s) has/have been living with the primary applicant for 12 months, in which case 2 references are required and the housing reference is waived.</li> </ul>
Non-Purchasing Spouse	<ul style="list-style-type: none"> <li>• If the bank accounts used for the application are joint accounts, then both spouses must be on the note.</li> </ul>
Non-Occupying Co-borrowers	<ul style="list-style-type: none"> <li>• Max LTV of 80%</li> <li>• Must sign the note and mortgage.</li> <li>• Non-occupant cannot have an interest in the subject property sales transaction to include, but not limited to, seller, real estate broker or builder.</li> <li>• Non-occupying coborrower must be a relative</li> <li>• DTI on Occupying borrower max 43%</li> <li>• Occupying borrower must be the primary wage earner.</li> <li>• Total combined DTI max 42%</li> <li>• Occupying borrower must have a minimum score of 640.</li> <li>• Maximum loan amount of \$850,000.</li> </ul>
Income	<p><u>Full Doc:</u></p> <p><u>Self-Employed Borrowers:</u></p> <ul style="list-style-type: none"> <li>○ 2 years signed tax returns (business and personal) including all pages, schedules, and statements.</li> <li>○ YTD P&amp;L must be signed by the borrower along with the most recent two months of bank statements that align with the good through date on the P&amp;L.</li> <li>○ K-1's on all corporations and Schedule E business entities for the prior year.</li> <li>○ Verify existence of business within 30-days of the note date with <u>one</u> of the following:</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Letter from business tax professional.</li> <li>▪ On-line verification from regulatory agency or licensing bureau.</li> <li>▪ Certifications verify business existence through direct contact or internet search.</li> </ul> <ul style="list-style-type: none"> <li>○ Tax transcripts are required.</li> <li>○ Underwriting income will be calculated using the average Adjusted Gross Income (AGI) on the most recent two years of 1040s including the most recent tax year, plus the net income for the current year based on the most recent P&amp;L provided, averaged together.</li> <li>○ FlexPoint Inc. underwriter must provide a self-employment income worksheet.</li> </ul> <p><u>W-2 Borrowers:</u></p> <ul style="list-style-type: none"> <li>○ Written Verification of employment will be required.</li> <li>○ W-2 Borrower's income is calculated by using the previous two years tax returns and</li> <li>○ Most recent 30-day paystub, which includes year-to-date earnings. Additionally, the pay stub must include sufficient information to calculate income.</li> <li>○ Two years 1040s will be required.</li> <li>○ If the 1040 has not been filed for the most recent tax year, then income will be calculated using the two most recent years of 1040s, plus a year end paystub from the previous tax year (showing YTD earnings), plus 2 of the most recent paystubs with current YTD income.</li> <li>○ Tax transcripts are required.</li> </ul> <p><u>Expanded 12--months Bank Statement (Personal) Requirements:</u></p> <p>If borrower is self-employed (or one of the co-borrowers is self-employed), income can be calculated using bank statements.</p> <ul style="list-style-type: none"> <li>○ 12 consecutive month's personal bank statements to verify ability to repay.</li> <li>○ Business Accounts can only be used if the business account reflects that personal expenses are being paid from this account (i.e., Rent, Car Payments, Utility Bills, Personal Credit Cards, etc.)</li> <li>○ Deposits must be consistent and typical.</li> <li>○ Large Deposits must be sourced to determine if funds came from a business source.</li> <li>○ Non-borrowing spouse on the bank statements-The portion of the income from a non-borrowing spouse must be excluded.</li> <li>○ Determined total monthly average deposited and divided by 12 to determine the qualifying income.</li> <li>○ Deposits that CANNOT BE USED in the average of the total S/E qualifying income are as follows:             <ul style="list-style-type: none"> <li>○ Credit back from credit/Debit returns</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>o Unsourced transfers from another account (if borrower transfers money from his business account to pay themselves the transfers must be consistent)</li> <li>o Payroll Advance</li> <li>o Undocumented large deposits that cannot be determined as an income source.</li> </ul> <p>If the applicant is self-employed and has an operating company current financials on the applicant's company must be obtained. The applicant may be required to provide a letter from a CPA to substantiate all income documentation provided.</p>
Rental Income	<ul style="list-style-type: none"> <li>• For borrowers purchasing a new property and retaining their existing property, proposed rental income on the vacating primary cannot be included as effective income. The borrower must qualify with both PITI payments.</li> </ul>
Impounds	<ul style="list-style-type: none"> <li>• Required</li> </ul>
Escrow Holdbacks	<ul style="list-style-type: none"> <li>• Not Permitted</li> </ul>
Age of Documents	<ul style="list-style-type: none"> <li>• Credit Report must be dated within 90 days of the note date</li> <li>• Income and Asset documents must be dated within 60 days of the note date</li> <li>• Appraisal must be dated within 120 days. Recertification of value is not allowed. A new appraisal will be required.</li> <li>• Preliminary title policies must be no more than 90 days old on the date the note is signed.</li> </ul>