Jumbo Elite Fixed Program Guidelines

Revised 1/23/2024 rev. 104

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Section 1 Program Summary

The Plaza Jumbo Elite program offers 20, 25 & 30-year fixed rate fully amortized loans for non-conforming loan amounts up to a maximum of $3 million. The minimum loan amount is $766,551 or $1 above the standard conforming limit for the number of units. High Balance loan amounts are eligible except in the state of New York.

Refer to Plaza's Credit Guidelines and Fannie Mae's Selling Guide for any information not specified in these Program Guidelines.

All Jumbo Elite loans must be Qualified Mortgages (QM) and within the QM Safe Harbor. Jumbo Elite loans that are Higher Priced Mortgage Loans (HPML), non-QM, or that are QM with Rebuttable Presumption are not eligible.

Section 2 Product Codes

Product Name	Product Code	Available Term in Months
Jumbo Elite 30 Year Fixed	JEF30	240, 300, 360
Jumbo Elite 30 Year Fixed w/2-1 Buydown	JEF30BD21	360
Jumbo Elite 30 Year Fixed w/1-0 Buydown	JEF30BD10	360

30-Year FIXED RATE Primary Residence Purchase and Rate/Term Refinance					
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Loan Amount[1]**	**Max DTI**
1-Unit PUD Condo Co-op	85%[2]	N/A[2]	740	$1,000,000	36%
	80%	80%	700	$1,500,000	45%
	75%	75%	720	$2,000,000	
	70%	70%	680	$1,000,000	
	70%	70%	720	$2,500,000	
	60%	60%	760	$3,000,000	
2 Units	65%	65%	700	$1,000,000	
	60%	60%	720	$1,500,000	

1. First time homebuyers:
   - Loan amounts to $1,000,000 allowed in all locations and per the matrix. See **FTHB reserve requirements**.
   - Loan amounts up to $1,500,000 allowed in CA, NJ, NY, WA, and CT with a minimum 720 Credit Score, no gift funds, and see **FTHB reserve requirements**.
2. LTV > 80% additional requirements:
   - Subordinate financing not allowed
   - Gift funds not allowed
   - Escrow/impound accounts required unless prohibited by applicable laws

30-Year FIXED RATE Primary Residence Cash-Out Refinance						
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Loan Amount**	**Max Cash-Out**	**Max DTI**
1-Unit PUD Condo Co-op	70%	70%	720	$1,000,000	Refer to the Max Cash-out table below	45%
	65%	65%	700	$1,000,000		
	65%	65%	720	$1,500,000		
	60%	60%	720	$2,000,000		
	50%	50%	720	$2,500,000		
2 Units	60%	60%	720	$1,000,000		

Maximum Cash-Out				
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Max Cash-Out**
1-Unit PUD Condo Co-op	70%	70%	720	$500,000
	65%	65%	700	$500,000
	50%	50%	720	$750,000
2 Units	60%	60%	720	$500,000

30-Year FIXED RATE Second Home Purchase and Rate/Term Refinance					
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Loan Amount**	**Max DTI**
1-Unit PUD Condo Co-op	80%	80%	720	$1,000,000	40%
	70%	70%		$1,500,000	
	65%	65%		$2,000,000	

30-Year FIXED RATE Second Home Cash-Out Refinance						
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Loan Amount**	**Max Cash-Out**	**Max DTI**
1-Unit PUD Condo	60%	60%	720	$1,500,000	Refer to the Max Cash-out table below	40%
	50%	50%		$2,000,000		

Maximum Cash-Out				
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Max Cash-Out**
1-Unit PUD Condo	60%	60%	720	$500,000
	50%	50%		$750,000

30-Year FIXED RATE Investment Property Purchase and Rate/Term Refinance					
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Loan Amount**	**Max DTI**
1-Unit PUD Condo[1] 2-4 Units	70%[1]	70%[1]	740	$1,500,000	38%

1. Florida attached condos are limited to 50% LTV/CLTV/HCLTV

30-Year FIXED RATE Investment Property Cash-Out Refinance[1]						
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Loan Amount**	**Max Cash-Out**	**Max DTI**
1-Unit PUD Condo[1] 2-4 Units	60%[1]	60%[1]	740	$1,500,000	$500,000	38%

1. Florida attached condos are limited to 50% LTV/CLTV/HCLTV

Section 4 Occupancy

- Owner-occupied primary residences
- Second homes
- Investment Properties

- Purchase
- Rate/Term Refinance
- Cash-Out Refinance

Rate & Term Refinance:

The new loan amount is limited to the payoff of the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items.

- If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for 12 months and total draws do not exceed $2000 in the most recent 12 months.
- A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for 12 months.
- A seasoned equity line is defined as not having any draws greater than $2,000 in the past 12 months. Withdrawal activity must be documented with a transaction history.
- Cash to the borrower must be less than or equal to 1% of the new loan amount
- Properties listed for sale within the last 6 months at time of loan application are not eligible for a rate/term refinance transaction.
- Inherited properties with at least 12 months ownership are eligible for a rate/term refinance. Properties inherited less than twelve 12 months prior to application are eligible if the following requirements are met:
    - Must have clear title or copy of probate evidencing borrower was awarded the property.
    - A copy of the will or probate document must be provided, along with the buy-out agreement signed by all beneficiaries.
    - Borrower retains sole ownership of the property after the pay out of the other beneficiaries.
    - Cash back to borrower not to exceed 1% of loan amount.

Cash-Out Refinance:

- The property must have been purchased by the borrower at least 6 months prior to the loan application unless the borrower meets the requirements in the **Delayed Purchase Refinance** section.
- Properties that have been listed for sale within the past 12 months of loan application are not eligible for a cash-out refinance transaction.
- Inherited properties may not be refinanced as cash-out prior to 12 months ownership. See Rate/Term refinance.
- Maximum cash-out limitations include the payoff of any unsecured debt, unseasoned liens, and any cash in hand.
- For cash-out refinance transactions where the borrower is paying off a pledged asset/retirement account loan, secured loan, unsecured family loan, or replenishing business funds used to purchase the property, the following guidelines apply:
    - Cash-out limitation is waived if previous transaction was a purchase.
    - Seasoning requirement for cash-out is waived (borrower does not have to have owned property for at least 6 months prior to subject transaction).
    - Funds used to purchase the property must be fully documented and sourced.
    - The CD of the subject transaction must reflect payoff or pay down of the pledged asset/retirement account loan, secured loan, unsecured family loan, or business funds.
    - If cash-out proceeds exceed payoff of eligible loans listed above, excess cash must meet cash-out limits.
    - The purchase must have been arm's length.
    - Investment properties are ineligible.

LTV/CLTV/HCLTV Calculation for Refinances:

- When determining ownership seasoning the 12 month time frame may be based on subject transaction note date.
- If the borrower has less than 12 months ownership in the property, the LTV/CLTV/HCLTV for a refinance transaction is calculated on the lesser of the purchase price or appraised value.
  - For homes where capital improvements have been made to the property after purchase, LTV/CLTV/HCLTV can be based on the lesser of the current appraised value or original purchase price plus the documented improvements. Receipts are required to document cost of improvements.
- If the borrower has owned the property for 12 months, the LTV/CLTV/HCLTV is based on the appraised value.
- Released subordinate liens must be paid off and closed to exclude from CLTV/HCLTV calculation.

Continuity of Obligation:

When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed:

- The borrower has been on title for at least 12 months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements:
  - Has been making the mortgage payments (including any secondary financing) for the most recent 12 months, or
  - Is related to the borrower on the mortgage being refinanced.
- The borrower on the new refinance transaction was added to title 24 months or more prior to the disbursement date of the new refinance transaction.
- The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership.
- The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply:
  - Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer.
  - The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan.

  Note: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.

Delayed Purchase Refinance:

A Delayed Purchase Refinance is the refinance of a property purchased by the borrower for cash within 6 months of the current loan application date and requires the following:

- The LTV/CLTV/HCLTV is calculated based on the lesser of the purchase price or appraised value of the subject property.
- Loan is underwritten as a rate & term refinance for LTV/CLTV/HCLTV purposes and the loan is priced as a rate & term refinance.
    - Texas primary residence must be treated as cash out and locked as cash out however cash out limits, and 6 months seasoning will not be applicable.
- The CD from the original purchase. Documentation must show that no financing was obtained for the purchase of the property.
- Preliminary title reflects the borrower as the owner and no liens.
- Funds used to purchase the property must be fully documented and sourced and must be the borrower's own funds (no gift funds or no business funds).
- Funds drawn from a HELOC on another property owned by the borrower, funds borrowed against a margin account or funds from a 401(k) loan are acceptable if the following requirements are met:
    - The borrowed funds are fully documented.
    - The borrowed funds are reflected on the Closing Disclosure (CD) as a payoff on the new refinance transaction.
- Reimbursement of business funds, funds secured by a pledged asset, or funds from the borrower's retirement account are not considered "borrower's cash" for the purposes of this Delayed Purchase Refinance program; refer to the cash-out section if the transaction involves reimbursement of these types of borrower funds.

Construction to Permanent Financing:

The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a Borrower for the purpose of replacing interim construction financing that the Borrower has obtained to fund the construction of a new residence. The Borrower must hold title to the lot, which may have been previously acquired or purchased as part of the transaction.

LTV/CLTV/HCLTV is determined based on the length of time the borrower has owned the lot. The time frame is defined as the date the lot was purchased to the Note date of the subject transaction.

- For lots owned ≥12 months from application date for subject transaction, LTV/CLTV/HCLTV is based on the current appraised value.
- For lots owned < 12 months from application date for subject transaction, LTV/CLTV/HLCTV is based on the lesser of the current appraised value of the property or the total acquisition costs (sum of documented construction costs and documented purchase price of lot).

Texas Section 50(a)(6) transactions:

- 1-unit primary residence only
- Maximum LTV of 80%
- Regardless if the new loan is a rate/term or cash-out refinance, any loan classified under Texas law as a Texas 50(a)(6), must follow the cash-out eligibility matrix and be locked as a cash-out refinance.
- Refer to Plaza's **Texas Home Equity Section 50(a)(6) guidelines** for additional information.

New York Consolidation, Extension and Modification Agreement (CEMA):

CEMA transactions are allowed for cash-out refinance and rate & term transactions subject to **Plaza's NY CEMA Underwriting** requirements. Lost Note Affidavits are not acceptable under any circumstance.

Section 6 Property Flips

If, on a purchase transaction, the seller of the property (individual or entity) sells a property within 90 days after the date of acquisition (based on the seller's purchase contract date), the following requirements apply:

- A second full appraisal is required.
- The property seller on the purchase contract must be the owner of record.
- Increases in value must be documented with commentary from the appraiser and recent paired sales.
- 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.

Section 7 Identity of Interest / Non-Arm's Length Transactions

Identity of Interest and Non-Arm's Length Transactions describe certain transactions that may pose increased risk. A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party.

Non-Arm's Length transactions are ineligible with the exception of the following:

- Family sales or transfers.
- Property Sellers are representing themselves as agent in real estate transaction.
- Relative of the property seller acting as the seller's real estate agent.
- Buyers/Borrowers are representing themselves as agent in real estate transaction.
- Relative of the borrower acting as the borrower's real estate agent.
- The borrower is the employee of the originating lender and the lender has an established employee loan program. Loan file to contain evidence of the employee loan program.
- Originator is related to the borrower.
- Originator is a current subsidiary of the builder.
- Renter buying from landlord – canceled checks required to verify satisfactory pay history.
- Investment property transactions are not eligible in any circumstances.
- Gifts from relatives that are interested parties are not allowed unless a gift of equity which is allowed.
- Real estate agents may apply their commission towards closing costs and/or prepaids as long as the amounts are within the interested party contribution limitations.

Section 8 Loan Limits

Units	Contiguous U.S.		Alaska & Hawaii	
	Min Loan Amount[1]	Max Loan Amount	Min Loan Amount	Max Loan Amount
1	$766,551	See Matrix	$1,149,826	See Matrix
2	$981,501		$1,472,251	
3	$1,186,351		$1,779,526	
4	$1,474,401		$2,211,601	

1. **Minimum Loan Amount:**
   - $766,551 for 1-unit properties.
   - $1 above the standard conforming limit for properties with 2-4 units.
   - High Balance loan amounts are eligible except in New York. Loans in New York must be $1 over the conforming/high balance limit set by FHFA based on property location and number of units.

Section 9 Subordinate Financing

Subordinate financing is allowed per the Credit Matrix with the following requirements/restrictions:

- Subordinate financing is not allowed for LTV > 80%.
- Institutional financing only. Seller subordinate financing is not allowed.
- Full disclosure must be made on the existence of subordinate financing and the repayment terms. Acceptable Subordinate Financing terms:
    - Mortgages with regular payments that cover at least the interest due.
    - Mortgage terms that require interest at a market rate.
- Employer subordinate financing is allowed with the following requirements:
    - Employer must have an Employee Financing Assistance Program in place.
    - Employer may require full repayment of the debt if the borrower's employment ceases before the maturity date.
    - Financing may be structured in any of the following ways:
        - Fully amortizing level monthly payments
        - Deferred payments for some period before changing to fully amortizing payments
        - Deferred payments over the entire term
        - Forgiveness of debt over time
        - Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien.

Ineligible Subordinate Mortgages:

- Subordinate mortgages through a Community Second Mortgage/Down Payment Assistance Program.
- Any type of tax or judgment lien.

Section 10 Borrower Eligibility

Eligible Borrowers:

- All borrowers must have a valid Social Security Number
- U.S. citizens
- Permanent resident aliens:
    - An Alien Registration Card or other acceptable documentation to verify that the borrower is legally present in the U.S.
    - Must be employed in the United States for the past 24 months.
    - Income must be likely to continue for 3 years.
- Inter Vivos Revocable Trusts – Refer to **Plaza's Living Trust Policy** requirements.
- First time homebuyer: A first time homebuyer is defined as anyone who has not owned a home in the past three (3) years. For loans with more than one (1) borrower where at least one borrower has owned a home in the past three (3) years, first-time homebuyer requirements do not apply.
    - Refer to product matrix for eligibility
    - Second home and investment property transactions not allowed
    - Loan amounts > $1,000,000 gift funds not allowed

Ineligible Borrowers:

- Non-Occupant Co-Borrowers
- Partnerships, Limited Partnerships, Corporations and LLC's
- Non-Revocable Trusts
- Non-Permanent Resident Aliens
- Borrowers with Diplomatic Immunity
- Land Trusts
- Foreign Nationals
- Life Estates
- Guardianships
- Borrowers with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying

Section 11 Underwriting Method

All loans must be manually underwritten and fully documented per these program guidelines. Follow Fannie Mae Selling Guide for items not referenced in these program guidelines.

QM Designation: The underwriter must indicate the QM designation of the loan on the 1008. All Jumbo Elite loans must be QM Safe Harbor. Although some investment property transactions may be exempt, Plaza requires all Jumbo Elite loans to be disclosed and closed in compliance with TRID.

Section 12 Credit

Unless otherwise addressed below, Fannie Mae underwriting guidelines must be followed for evaluating a borrower's credit history.

Credit Reports:

- A tri-merged credit report is required.
- Credit reports with bureaus identified as "frozen" are required to be unfrozen and a current credit report with all bureaus unfrozen is required.
- Credit Refreshes/Rescores: Credit Score refreshes are allowed; however, all credit reports and documentation must be provided to support the change in score and still meet sufficient assets as required by the program guidelines.

Credit Scores: The lowest qualifying score of all applicants is used to qualify. The qualifying score is the lower of 2 or middle of 3 scores and must be reviewed for each borrower.

Trade Lines:

- Each borrower contributing income for qualifying must meet the minimum trade line requirements. Borrowers not contributing income for qualifying purposes are not subject to the minimum trade line requirement.
- Authorized User accounts may not be used to satisfy the trade line requirements.
- Non-traditional trade lines may not be used to satisfy the trade line requirements.

3 trade lines:

- 1 trade line must be open for 24 months and active within the most recent 6 months
- Remaining trade lines must be rated for 12 months and may be open or closed

OR

2 trade lines:

- 1 trade line must be a satisfactory mortgage rating for at least 12 months (opened or closed) within the last 24 months
- 1 additional open trade line

Housing Payment History:

- Mortgage History Requirements:
  - If the borrower(s) has a mortgage in the most recent 24 months, a mortgage rating must be obtained reflecting 0X30 in the last 24 months.
  - Mortgage must be rated up to and including the month of the new loan closing.
  - Applies to all mortgages and all borrowers on the loan.
  - The mortgage rating may be on the credit report or a VOM.
  - If the mortgage holder is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory mortgage history is required.
- Rental History Requirements:
  - If the borrower(s) has a rental history in the most recent 12 months, a VOR must be obtained reflecting 0X30 in the last 12 months.
  - Rent must be rated up to and including the month of the new loan closing.
  - Applies to all borrowers on the loan.
  - If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise if not related or a party to the transaction a satisfactory VOR can be provided.

Borrowers Living Rent Free:

Borrowers who have been living with a relative rent free are eligible, including first-time-homebuyers. Any portion of a 24 or 12-month housing history (mortgage or rent as required above) must be paid as agreed; housing payment history must be documented for all months in which the borrowers had a housing payment obligation. If the borrower does not have a housing payment history due to living rent free, the underwriter must pay particular attention to the borrower's payment shock and their ability to support the new housing payment.

Payment History on any other Property (Regardless of Occupancy):

All payment ratings on properties will be considered mortgage credit for grading purposes. Payments on a manufactured home, timeshare, or second mortgage are considered to be mortgage debt, even if reported as an installment loan. Any late payment in the last 24 months on a manufactured home, timeshare, second mortgage, will be considered ineligible for the program.

Bankruptcy / Foreclosure / NOD / Short Sale / Deed-in-Lieu / Short Payoff:

- Must be seasoned 7 years with 7 years re-established credit.
- Multiple derogatory credit events not allowed.

Loan Modifications / Forbearance:

- Lender initiated modification will not be considered a derogatory credit event if the modification did not include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply.
- If the modification was due to hardship or included debt forgiveness – 7 years seasoning since modification is required.
- A forbearance that results in a loan modification (moving payments to the end of the mortgage) is a credit event and will be considered "due to hardship."
- Forbearance without skipped payments: 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 any payments. Payoff statements and mortgage statements must not reflect any deferred principal balances or any indication of current forbearance.

Collections / Charge-offs / Judgments / Garnishments / Liens:

- Delinquent credit including taxes, judgments, charged-off accounts, collection accounts, past-due accounts, tax liens, mechanics' liens, etc. must be paid off at or prior to closing.
- Payment plans on prior year tax liens/liabilities are not allowed and must be paid in full.
- Cash-out proceeds may not be used to satisfy accounts paid off at closing.
- Medical collection accounts do not have to be paid off if the aggregate balance does not exceed $10,000.

Disputed Trade Lines:

- All disputed trade lines must be included in the DTI if the account belongs to the borrower unless documentation can be provided that authenticates the dispute.
- Derogatory accounts must be considered in analyzing the borrower's willingness to repay. However, if a disputed account has a zero balance and no late payments, it can be disregarded.

Section 13 Income & Employment

Stability of Employment & Income: Stable monthly income must meet the following requirements to be considered for qualifying:

- Stable - 2 year history of receiving the income. Self-employed borrowers' business must be in existence for a minimum of 2 years.
- Verifiable
- High probability of continuing for at least 3 years

Declining Income:

- When the borrower has declining income, the most recent 12 months should be used.
- In certain cases, an average of income for a longer period may be used when the decline is related to a one-time capital expenditure and proper documentation is provided.
- In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay.
- The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying.

Gaps in Employment: A minimum of 2 years employment and income history is required to be documented. Gaps more than 30 days during the past 2 years require a satisfactory letter of explanation. Satisfactory employment must be documented before and after any gaps.

Unacceptable Sources of Income:

- Deferred compensation
- Education benefits
- Future income or projected earnings
- Illegal - any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations. Federal law restricts the following activities and therefore the income from these sources are not allowed for qualifying:
  - Foreign shell banks.
  - Medical marijuana dispensaries.
  - Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law.
  - Businesses engaged in any type of internet gambling.
- Rental income from primary residence – 1-unit property or 1-unit property with accessory unit
- Rental income from a second home
- Retained earnings
- Temporary or one-time occurrence income
- Trailing spouse income
- Unverified – any income from an unverified source

Tax Returns:

- Personal income tax returns (if applicable) must be complete with all schedules (W-2 forms, K-1s etc.) and must be signed.
- Business income tax returns (if applicable) must be complete with all schedules and must be signed.
- For Unfiled Tax Returns for the prior year's tax return:
  - Between Jan 1 and the tax filing date (typically April 15), borrowers must provide:
    - IRS form 1099 and W-2 forms from the previous year.
    - Loans closing in January prior to receipt of W-2s may use the prior year year-end paystub. For borrowers using 1099s, evidence of receipt of 1099 income must be provided.
  - Extensions - Personal 1040 tax returns: Between the tax filing date (April 15) and the extension expiration date (typically October 15), borrowers must provide (as applicable):
    - Copy of the filed extension.
    - W-2 forms.
    - Form 1099, when applicable.
    - Year-end profit and loss for prior year (if self-employed)
    - Current year profit & loss (if self-employed)
  - Extensions - Partnership (1065) or S-Corp (1120S) tax returns: Between the tax filing date (March 15) and the extension expiration date (typically September 15), borrowers must provide (as applicable):
    - Copy of the filed extension.
    - Year-end profit and loss for prior year.
  - Extensions - Corporate (1120) tax returns: Between the tax filing date (assuming calendar year – filing date is typically April 15) and the extension expiration date (typically October 15), borrowers must provide (as applicable):
    - Copy of the filed extension.
    - Year-end profit and loss for prior year.
- After the extension expiration date, the loan is not eligible without the filed tax returns.

Year-to-date Defined for Self-employed Documentation:

- Year-to-date is defined as the period ending as of the most recent tax return through the most recent quarter ending 1 month prior to the Note date. For example:
    - 2022 returns in file and Note date is 7/14/2023 would require 2023 YTD documentation through Q1 or through March 31, 2023.
    - 2022 returns in file and Note date is 8/14/2023 would require 2023 YTD documentation through Q2 or through June 30, 2023.
- For tax returns on extension the entire unfiled year is also required.
- Year-to-date financials (profit and loss statement and balance sheet) are not required if the income reporting is positive, not declining, and not counted in qualifying income.

Paystubs: Paystubs must meet the following requirements:

- Clearly identify the employee/borrower and the employer.
- Reflect the current pay period and year-to-date earnings.
- Computer generated.
- Paystubs issued electronically via email or internet, must show the URL address, date and time printed and identifying information.
- Year-to-date pay with most recent pay period at the time of application and no earlier than 120 days prior to the Note date.

4506-C/Tax Transcripts: A signed 4506-C will be processed and tax transcripts obtained for all borrowers and all years in which income or loss was documented with personal tax returns and used in the underwriting decision.

- Tax transcripts for personal tax returns are required for any tax returns used to document borrower's income or any loss and must match the documentation in the loan file.
- Transcripts must be obtained from the IRS via a third party (may not be provided by the borrower).
- W-2 transcripts are not required to validate W-2 wages.
- Transcripts are not required for business tax returns.

Taxpayer Consent Form: Must be signed by all borrowers. Plaza's loan documents include a taxpayer consent form.

Verbal Verification of Employment: A verbal verification to confirm the borrower's current employment status is required for all borrowers.

- Salaried/Wage Earners: VVOE must be obtained within 10 calendar days of the Note date
- Self-employed: Verification of the existence of the borrower's business through a third-party source is required within 30 calendar days prior of the Note date per the requirements below:
    - Third party verification can be from a CPA, regulatory agency or applicable licensing bureau.
    - A borrower's website is not acceptable third-party source.
    - Listing and address of the borrower's business.
    - Name and title of person completing the verification and date of verification.

Income Analysis Form: An income worksheet must be provided on every loan. Borrowers with multiple businesses must show income/loss details separately, not in aggregate on the Income Worksheet.

- **Plaza's Income Worksheet** or Fannie Mae Form 1084 is required for self-employment income analysis.
- Liquidity analysis must be included in the loan file if the income analysis includes income from boxes 1, 2 or 3 on the K-1 that is greater than distributions indicated on the K-1.
- If a liquidity analysis is required and the borrower is using business funds for down payment or closing costs, the liquidity analysis must consider the reduction of those assets.

Income Type Employment Income	Documentation Requirement
Salaried	• YTD paystub • W-2s or W-2 Transcripts for 2 years • VVOE
Hourly / Part-Time	• YTD paystub • W-2s or W-2 Transcripts for 2 years • VVOE • Stable to increasing income should be averaged over a 2 year period.
Commission	• YTD paystub • W-2s or W-2 Transcripts for 2 years • VVOE • Stable to increasing income should be averaged over a 2 year period.
Overtime & Bonus	• YTD paystub • W-2s or W-2 Transcripts for 2 years • VVOE • Stable to increasing income should be averaged over a 2 year period.
Borrowers Employed by Family	• YTD Paystub • 2 years W-2s • 2 years personal tax returns • 2 years tax transcripts • VVOE • Borrower's potential ownership interest in the business must be addressed

Self-Employment & Other Income Self-employed borrowers are defined as those individuals who have 25% or greater ownership interest or receive a 1099 statement to document income.	

Sole Proprietorship (Schedules C & F)	• 2 years personal tax returns, signed.
	• 2 years tax transcripts to support.
	• YTD profit and loss statement.
	  ○ YTD P&L may be waived if the borrower is a 1099 paid borrower who does not actually own a business if a written VOE or pay history is provided by the employer paying the 1099. YTD income must support prior year's income.
	  ○ YTD P&L is not required if the income reporting is positive, not declining, and not counted in qualifying income.
	• Stable to increasing income should be averaged for 2 years.

Partnerships /S-Corporations /Corporations	• 2 years personal tax returns, signed. • 2 years tax transcripts to support. • 2 years K-1s reflecting ownership percentage if counting any income from this source in qualifying (K-1 income, W-2 income, capital gains or interest/dividends) or if Schedule E reflects a loss. • 2 years business tax returns (1065s or 1120s) if 25% or greater ownership, signed. • YTD profit and loss statement if 25% or greater ownership. • Business returns and P&L statement are not required if the income reporting is 0 or positive, not declining and not counted as qualifying income. • Stable to increasing income should be averaged for 2 years.

	K-1 Income/Loss on Schedule E
	• If the income is 0 or positive, stable, and not used for qualifying, the K-1 is not required.
	• If less than 25% ownership with income used in qualifying:
	  ○ Verification of Employment Requirements apply (see Income/Employment General Documentation Requirements).
	  ○ Year-to-date income must be verified if the most recent K-1 is more than 90 days aged prior to Note date.
	• If 25% or greater ownership with income used in qualifying:
	  ○ Verification of Employment Requirements apply (see Income/Employment General Documentation Requirements).
	  ○ Partnership/S-Corp and Self-Employment requirements apply.
	• If the income is negative, the K-1s for the applicable years are required and loss from the most recent tax year should be applied. If ownership is 25% or greater, see self-employment requirements in this section.
	• 2 years tax transcripts.

Alimony / Child Support / Separate Maintenance	• Considered with a divorce decree, court ordered separation agreement, or other legal agreement provided the income will continue for at least 3 years. • If the income is the borrower's primary income source and there is a defined expiration date (even if beyond 3 years) the income may not be acceptable for qualifying purposes. • Evidence of receipt of full, regular, and timely payments for the most recent 6 months.

Asset Depletion	• Eligible assets must be held in US account
	• Calculate the depletion of assets using a 3% rate of return over the life of the loan; the same as calculating a P & I payment for a mortgage.
	  ○ Minimum liquid post-closing assets of $500,000 required to include asset depletion for qualifying income.
	  ○ For borrowers > 59 1/2, all post-closing retirement and liquid assets may be used in the calculation if the assets are fully vested and unrestricted.
	  ○ For borrowers < 59 ½, all post-closing liquid non-retirement assets can be included in the calculation.
	• Business funds are not allowed for income calculation.

Capital Gains	• Must be gains from similar assets for 2 continuous years to be considered qualifying income. • If the trend results in a gain, it may be added as income. • Personal tax returns – 2 years with a consistent history of gains from similar assets. • 2 years tax transcripts to support tax returns. • Document assets similar to the assets reported as capital gains to support the continuation of the capital gain income.
Dividend / Interest	• Personal tax returns – 2 years • 2 years tax transcripts. • Documented assets to support the continuation of the interest and dividend income
Foreign Income	• YTD paystub • W-2s or the equivalent and personal tax returns reflecting the foreign earned income (Income must be reported on 2 years US tax returns) • 2 years tax transcripts. • VVOE • All income must be converted to US Currency.

<table>
<tr><td>Long Term Disability Income (Private policy or employer sponsored policy)</td><td>Policy or benefits statement must be provided to determine current eligibility for disability payments, amount of payments, frequency of payments, and if there is an established termination date.
Termination date may not be within 3 years of Note date; note: reaching a specific age may trigger a termination date depending on the policy.</td></tr>
<tr><td>Non-Taxable Income (Including child support, disability, foster care, military rations, etc.)</td><td>Documentation must be provided to support continuation for 3 years.
Income may be grossed up by applicable tax amount.
Tax returns must be provided to confirm income is non-taxable.
2 years tax transcripts to support tax returns.
If the borrower is not required to file a federal tax return, gross-up to 25%.</td></tr>
<tr><td>Note Income</td><td>A copy of the note must document the amount, frequency and duration of payments.
Evidence of receipt for the past 12 months and evidence of the Note income must be reflected on personal tax returns.
Tax transcripts to support tax returns.
Note income must have a three (3) year continuance.</td></tr>
<tr><td>Rental Income</td><td>Follow Fannie Mae Rental Income guidelines.
If the property is an investment property (subject or non-subject) and is a seasonal rental, vacation rental or short-term rental, the following requirements must be met:
Must have a history of at least one filed 1 year tax return reflecting the property on Schedule E.
Personal tax returns – 2 years required
For properties listed on Schedule E, rental income should be calculated using net rental income + depreciation + interest + taxes + insurance + HOA divided by applicable months minus PITIA.
If rental income is not available on the borrower’s tax returns, net rental income should be calculated using gross rents X75% minus PITIA.
2 years tax transcripts.
Net rental income may be added to the borrower’s total monthly income. Net rental losses must be added to borrower’s total monthly obligations.
If the subject property is the borrower’s primary residence 1 unit property or 1 unit property with an accessory unit) and generating rental income, the full PITIA should be included in the borrower’s total monthly obligations.
If the subject property is the borrower’s primary residence with 2 units, rental income may be included for the unit not occupied by the borrower if the requirements for a lease agreement and/or tax returns above are met.</td></tr>
<tr><td>Rental Income - Departure Residence</td><td>If the borrower is converting their current primary residence to a rental property and using rental income to offset the payment the following requirements apply:
Copy of current fully executed lease agreement; and
Two months consecutive bank statements or electronic transfers of rental payments for existing lease agreements, or
Copies of the security deposit and first month's rent check with proof of deposit for newly executed agreements; and
Form 1007 (or Form 1025 as applicable) to support rents being used for departing residence.
Rent calculation is 75% of the market rent per the 1007 less PITIA.
Any positive rental income is disregarded for the income calculation and can only be used to offset the PITIA of the related property (in other words, is limited to zero positive cash flow).</td></tr>
</table>

Restricted Stock & Stock Options	• May only be used as qualifying income if the income has been consistently received for 2 years and is identified on the paystubs and W-2s as income and the vesting schedule indicates the income will continue for a minimum of 2 years at a similar level as prior 2 years. • A 2 year average of prior income received from RSUs or stock options should be used to calculate the income, with the continuance based on the vesting schedule using a stock price based on the lower of the current stock price or the 52-week average for the most recent 12 months reporting at the time of application. • The income used for qualifying must be supported by future vesting based on the stock price used for qualifying and vesting schedule. • Additional awards must be similar to the qualifying income and awarded on a consistent basis. • There must be no indication the borrower will not continue to receive future awards consistent with historical awards received. • Borrower must be currently employed by the employer issuing the RSUs/stock options for the RSUs/stock options to be considered in qualifying income. • Stock must be a publicly traded stock. • Vested restricted stock units and stock options cannot be used for reserves if using for income to qualify. • **NOTE: RSU income is capped at 50% of qualifying income**.

Retirement Income (Pension, Annuity, 401(k), IRA Distributions)	• Existing distribution of assets from an IRA, 401(k) or similar retirement asset must be sufficient to continue for a minimum of 3 years.
	  o Distribution must have been set up at least 6 months prior to note date if there is no prior history of receipt; or 2 year history of receipt evidenced.
	  o Distributions cannot be set up or changed solely for loan qualification purposes.
	• Document regular and continued receipt of income as verified by any of the following:
	  o Letters from the organizations providing the income.
	  o Copies of retirement award letters.
	  o Copies of federal income tax returns signed.
	  o Most recent IRS W-2 or 1099 forms.
	  o Proof of current receipt with 2 months bank statements.
	• If any retirement income will cease within the first 3 years of the loan, the income may not be used.

Social Security Income	• Social Security income must be verified by a Social Security Administration benefit verification letter. • If any benefits expire within the first 3 years of the loan, the income may not be used. • Benefits with a defined expiration date (children or surviving spouse) must have a remaining term of at least 3 years.

Trust Income	• Income from trusts may be used if guaranteed and regular payments will continue for at least 3 years.
	• Regular receipt of trust income for the past 12 (for fixed) or 24 (for variable) months must be documented.
	• For variable trust payments follow Fannie Mae policy for calculating qualifying income for Variable Income in B3-3.1-01, General Income Information.
	• A copy of the Trust Agreement or Trustee Statement showing:
	  o Total amount of borrower-designated trust funds
	  o Terms of payment
	  o Duration of trust
	  o Evidence the trust is irrevocable
	• If trust funds are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income.

Section 14 Qualifying Ratios / Liabilities

- Refer to the **Program Matrix** for qualifying ratios.
- Borrowers qualify at the greater of the fully indexed rate or the note rate.
- For other properties owned, documentation to confirm the amount and/or presence or absence of liability for P&I, taxes, insurance, HOA dues, lease payments or other property-related expenses must be provided.

30-day Charge Accounts: If the credit report reflects an open-end or net thirty (30) day account, the balance owing must be subtracted from liquid assets.

Alimony Payments:

- Divorces prior to 1/1/2019: Alimony payments may be deducted from income rather than included as a liability.
- Divorce on or after 1/1/2019: Alimony payments must be treated as a liability.

Co-Signed Loans: The monthly payment on a co-signed loan may be excluded from the DTI if evidence of timely payments made by the primary obligor (other than the borrower) is provided for the most recent 12 months and there are no late payments reporting on the account.

Debts Paid by Others: Follow Fannie Mae guidelines.

Departure Residence Converted to Investment Property: Refer to **Rental Income – Departure Residence** in the Income and Employment section.

Departure Residence Pending Sale: To exclude the payment for a borrower's primary residence that is pending sale but will close after the subject transaction, the following requirements must be met:

- A copy of an executed sales contract for the property pending sale and confirmation all contingencies have been cleared/satisfied.
- The pending sale transaction must be arm's length.
- The closing date for the departure residence must be within 30 days of the subject transaction Note date.
- 6 months reserves must be verified for the PITIA of the departure residence.

HELOCs: HELOCs with a current outstanding balance with no payment reflected on the credit report may have the payment documented with a current billing statement. HELOCs with a current $0 balance do not need a payment included in the DTI unless using for down payment or closing costs.

Inquiries: A detailed explanation letter that specifically addresses both the purpose and outcome of each inquiry in the last 90 days is required. If additional credit was obtained, a verification of that debt must be obtained and the borrower re-qualified with the additional debt.

Installment Debt: Installment debt must be considered part of the borrower's recurring monthly debt obligations if there are 10 or more monthly payments remaining. However, an installment debt with fewer monthly payments remaining also should be considered as a recurring monthly debt obligation if it significantly affects the borrower's ability to meet his or her credit obligations.

IRS Funds Owed for Current Tax Year: If the most recent tax return or tax extension indicate a borrower owes money to the IRS or State Tax Authority, evidence of sufficient liquid assets to pay the debt must be documented if the amount due is within 90 days of loan application date or if tax transcripts show an outstanding balance due. In lieu of sufficient assets to pay the debt, a payment plan for the most recent tax year is allowed if the following requirements are met:

- Payment plan was set up at the time the taxes were due. Copy of payment plan must be included in loan file.
- Payment is included in the DTI.
- Satisfactory pay history based on terms of payment plan is provided.
- Payment plan is only allowed for taxes due for most recent tax year, prior years not allowed. For example, borrower files their 2022 return or extension in April 2023. A payment plan would be allowed for taxes due for 2022 tax year. Payment plans for 2021 or prior years would not be allowed.
- Borrower does not have a prior history of tax liens.

Lease Payments: Payment must be included in qualifying DTI regardless of the number of remaining payments.

Loans Secured by Financial Assets: Loans secured by financial assets (life insurance policies, 401(k), IRAs, CDs, etc.) do not require a payment to be included in the DTI if documentation is provided to show the borrower's financial asset as collateral for the loan.

Revolving Charges/Lines of Credit: The monthly payment on revolving accounts with a balance must be included in the borrower's DTI, regardless of the number of months remaining. If the credit report does not reflect a payment and the actual payment cannot be determined, a minimum payment may be calculated using the greater of $10 or 5%. If a revolving account balance is to be paid off at or prior to closing, a monthly payment on the current outstanding balance does not need to be included in the borrower's long-term debt, i.e., not included in the debt-to-income (DTI) ratio. Such accounts do not need to be closed as a condition of excluding the payment from the DTI ratio.

Student Loans: For all student loans, whether deferred, in forbearance, or in repayment, a monthly payment must be included in the borrower's monthly debt obligation.

- If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used in qualifying.
- If the credit report does not provide a monthly payment or if it shows $0 as the monthly payment, the monthly payment may be one of the options below:
    - Loan payment indicated on student loan documentation verifying monthly payment is based on an income-driven plan.
    - For deferred loans or loans in forbearance:
        - 1% of the outstanding loan balance (even if this amount is lower than the actual fully amortizing payment) or
        - A fully amortizing payment using the documented loan repayment terms.

Eligible Assets:

- Eligible assets must be held in a U.S. account.
- Large deposits inconsistent with monthly income must be verified if used for down payment, reserves or closing costs. Large deposits must not result in any new undisclosed debt.
- Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets. The asset verification must provide 60 days of account activity and include all items normally indicated on bank statement.
- A hand-written VOD as a stand-alone document is not acceptable. A system generated automated VOD may be used as a stand-alone documentation if provided by a verifiable financial institution.

Assets	
Type	**Documentation**
Checking/Savings /Money Market/CD	• 100% of verified funds are eligible. • 2 months most recent statements for each account.
Publicly Traded Stocks/Bonds /Mutual Funds	• 100% of vested funds are eligible. • 2 months most recent statements for each account. • Margin account and/or pledged assets balances must be deducted. • Non-vested or restricted stock accounts are ineligible.
Retirement Accounts (401k, IRA, etc.)	• 100% of vested funds are eligible. • Most recent statement(s) covering a 2-month period. • Evidence of liquidation is required when funds are used for down payment or closing costs. • Evidence of access to funds is required regardless of employment status. • Retirement accounts that do not allow for any type of withdrawal are ineligible for use as reserves.
Cash Value of Life Insurance /Annuities	• 100% of value unless subject to penalties. • Ineligible if there is a penalty to liquidate. • Most recent statement(s) covering a 2-month period.
Business Funds	• 100% of verified funds are eligible subject to the borrower's ownership % and the requirements below. • A cash flow analysis using the most recent 3 months business bank statements to determine no negative impact to business. • Business bank statements must not reflect any overdrafts or NSFs. • If borrower(s) ownership in the business is less than 100%, the following requirements must be met: ○ Borrower(s) must have majority ownership of 51% or greater. ○ The other owners of the business must provide an access letter to the business funds. ○ Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s). • **Business funds for reserves or a combination of personal/business funds for reserves will require the total amount of reserves to be 2X or double the regular requirement for the subject property and any additional financed REO.** • **If business funds are used for reserves the max LTV is reduced to 65%.**

Crypto / Virtual Currency	Virtual currency that has been exchanged into U.S. dollars is acceptable for the down payment, closing costs, and financial reserves provided the following requirements are met: • there is documented evidence that the virtual currency has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution, and • the funds are verified in U.S. dollars prior to the loan closing. • A large deposit may be from virtual currency that was exchanged into U.S. dollars. The lender must obtain sufficient documentation to verify the funds originated from the borrower's virtual currency account. • Virtual currency may not be used for the deposit on the sales contract (earnest money) for the purchase of the subject property.
1031 Exchange	• Allowed on second home and investment purchases only. • Reverse 1031 exchanges not allowed. • HUD-1/CD for both properties. • Exchange agreement. • Sales contract for exchange property. • Verification of funds from the Exchange Intermediary.

Gift Funds:

- Gift funds not allowed:
    - LTV > 80%
    - Investment property transactions
    - FTHB loan amounts > $1,000,000
- Gift funds may be used once the borrower has contributed 5% of their own funds.
- Gift funds may not be used to meet reserve requirements.
- Gift funds may not be used to pay off debts to qualify.
- Donor must be a family member, or future spouse or domestic partner.
- An executed gift letter with the gift amount and source, donor's name, address, and telephone number and relationship is required.
- Proof of donor's ability to give (bank statement or fully executed letter from the depository confirming account balance).
- Proof of transfer and receipt of funds. Acceptable documentation includes the following:
    - A copy of the donor's check and the borrower's deposit slip.
    - A copy of the donor's withdrawal slip and the borrower's deposit slip.
    - A copy of the donor's check to the closing agent.
    - A settlement statement showing receipt of the donor's check. When the funds are not transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of a certified check, cashier's check, or other official check.

Section 16 Reserves

Refer to the **Assets** section above and Ineligible Funds for Reserves at the end of this section to determine if a particular asset is eligible for reserves (assets are eligible unless stated otherwise).

Occupancy	Loan Amount	# of Months Reserves	
		Wage-Earner	Self-Employed
Primary Residence	≤ $1,000,000 with LTV ≤ 80%	6	9
	≤ $1,000,000 with LTV > 80%	12	15
	$1,000,001 - $1,500,000	9	12
	$1,500,001 - $2,000,000	12	15
	$2,000,001 - $3,000,000	24	27
Second Home	≤ $1,000,000	12	15
	$1,000,001 - $1,500,000	18	21
	$1,500,001 - $2,000,000	24	27
Investment Property	≤ $1,000,000	18	21
	$1,000,001 - $1,500,000	24	27
First-Time Homebuyer	≤ $1,000,000 with LTV ≤ 80%	12	15
	≤ $1,000,000 with LTV > 80%	18	21
	$1,000,001 - $1,500,000	15	18

Reserves and Multiple Financed Properties: All financed properties, other than the subject property, require an additional 6 months PITIA reserves for each property. If a property is eligible to be excluded from the count of multiple financed properties, reserves are not required for that property (refer to **Max Financed Properties**).

Ineligible Funds for Reserves:

- Gift funds
- Cash proceeds from the subject transaction
- Bridge loans
- Borrowed funds, including funds secured by other assets
- Proceeds from the sale of non-real estate assets

Section 17 Interested Party Contributions

Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, 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 or contributed to the borrower's financial reserve requirements. Contribution limitations:

Occupancy	LTV/CLTV/HCLTV	Maximum Seller Contributions
Primary Residence and Second Home	> 75% and <= 85%	6%
	<= 75%	9%
Investment Properties	All LTVs	2%

Seller Concessions:

All seller concessions must be addressed in the sales contract, appraisal and CD/HUD-1. A seller concession is defined as any interested party contribution beyond the stated limits in the above section, or any amounts not being used for closing costs or prepaid expenses (i.e., funds for repairs not completed prior to closing is a seller concession). If a seller concession is present, both the appraised value and sales price must be reduced by the concession amount for purposes of calculating the LTV/CLTV/HCLTV.

Eligible Properties:

- Attached/detached SFRs
- Attached/detached PUDs
- Condos
- Co-ops
- 2-4units

Condominiums:

- Attached condos must be Fannie Mae Warrantable
- Limited review allowed for attached units in established projects
  - Florida: Projects located in Florida are not eligible for limited review
- CPM or PERS allowed
- Site (detached) condos are eligible and follow SFR guidelines

Co-op:

- Must meet Fannie Mae cooperative project standards
- The co-op project must be reviewed and approved by Plaza
- Must be located in the states of California, Connecticut, Florida, Illinois, Maryland, New Jersey, New York or Washington D.C.
- Refer to Plaza's **Project Standards** for Plaza's complete co-op requirements.
- Plaza Underwriters must follow Plaza's **Cooperative (Co-Op) Project Approval Process and Key Document Requirements**.

Properties with > 10 ≤ 20 acres:

- No commercial use
- No income producing attributes

Properties Subject to Existing Oil or Gas Leases:

- Title endorsement providing coverage to the lender against damage to existing improvements resulting from the exercise of the right to use the surface of the land which is subject to an oil and/or gas lease.
- No active drilling. Appraiser to comment or current survey to show no active drilling.
- No lease recorded after the home construction date. Re-recording of a lease after the home was constructed is permitted.
- Must be connected to public water.

Leased Solar Panels: Properties with leased solar panels must meet Fannie Mae requirements.

Ineligible Properties:

- Properties with condition rating of C5/C6
- Properties with construction rating of Q6
- Model home leaseback
- Properties with a private transfer covenant
- 2-4 unit 2nd homes
- Commercial properties
- Condos that are Unwarrantable
- Condotels
- Geodesic dome homes
- Geothermal homes
- Manufactured housing
- Mixed use
- Properties > 20 acres. It is not acceptable to have property appraised with only 20 acres in order to meet eligibility.
- Tenants-in-common projects (TICs)
- Timeshares
- Unique properties
- Working farms, ranches, orchards
- Properties located on Indian/Native American tribal land
- Properties with UCC filings, private transfer covenants (unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant), mechanics liens and other items that would impact title (including PACE solar, etc.), marketability or foreclosure are not allowed.

Section 19 Appraisal

All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR). Appraisals on wholesale transactions must be ordered through a Plaza approved Appraisal Management Company (AMC). Appraisals will be reviewed by Plaza and will also require a satisfactory CDA ordered by Plaza.

Any personal property transferred with a property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV.

First Lien Loan Amount	Appraisal Requirement
Purchase Transactions	
≤ $2,000,000	1 Full Appraisal
> $2,000,000	2 Full Appraisals
Refinance Transactions	
≤ $1,500,000	1 Full Appraisal
> $1,500,000	2 Full Appraisals

Appraisal Considerations:

- Appraisals must be completed for the subject transaction. Use of a prior appraisal, regardless of the date of the prior appraisal, is not allowed.
- Investment properties must contain a comparable rent schedule.
- When 2 appraisals are required, the following applies:
  - Appraisals must be completed by 2 independent companies.
  - The LTV will be determined by the lower of the 2 appraised values.
  - The underwriter must review both appraisal reports and address any inconsistencies between the 2 reports and all discrepancies must be reconciled.
  - If both appraisals are completed “subject to”, the 1004D/final inspection and/or recertification of value must be for the appraisal with the lower value (the 1004D is not required for both appraisals).

Third Party Appraisal Review:

- A “Collateral Desktop Analysis - Jumbo (CDA) Pre-Fund” will be ordered by Plaza after the underwriter has reviewed the appraisal.
- Note: If 2 full appraisals are provided, a CDA is not required.
- The CDA is required to support the value of the appraisal.
  - If the CDA returns a value that is “Indeterminate” or a variance > 10% to the appraised value a field review or 2nd full appraisal is required.
  - If a second appraisal is provided, the lower of the two values will be used as the appraised value of the property.

Declining Markets: There is a 5% reduction to the maximum LTV/CLTV/HCLTV for properties in declining markets.

Transferred Appraisals: Transferred appraisals are not allowed.

Section 20 Geographic Restrictions

Program specific geographic restrictions are identified below. Refer to the Appraisal Policy in Plaza’s Credit Guidelines for general guidelines and restrictions.

Florida: Florida attached condominiums limited to 50% LTV/CLTV/HCLTV on investment transactions.

Hawaii: Properties in Lava Flow Zones 1 or 2 are not allowed.

Section 21 Max Financed Properties / Exposure

The borrower(s) may own a total of 4 financed, 1-4 unit residential properties, including the subject property, regardless of occupancy.

Note:

- Financed properties held in the name of an LLC or other corporation can be excluded from the number of properties financed only in cases where the borrower is not personally obligated for the mortgage.
- Partial or joint ownership is considered the same as total ownership in the property.
- Ownership in commercial properties, multi-family properties containing 5 or more units, lots and properties owned free & clear are not included.

Maximum Loans/Maximum Exposure: A maximum of two Plaza Jumbo loans and no more than four total Plaza loans are permitted to one borrower.

Section 22 Mortgage Insurance

Not Applicable, regardless of LTV.

Section 23 Repair Escrows

Loans with escrows for completion of postponed improvements (escrow holdbacks) are not eligible.

Section 24 ARM Adjustments

Not applicable.

Section 25 Temporary Buydowns

Temporary Buydowns are eligible subject to the following:

- 2-1 and 1-0 buydowns are offered
- 30-Year Fixed Rate
- Purchase transactions only
- Primary Residence
- Qualify at the note rate
- Funds may come from the seller or other eligible interested party
    - Interested Party Contribution (IPC) limits apply
    - Seller paid buydowns should be disclosed in the purchase contract and must be provided to the appraiser with all appropriate financing data and IPCs for the subject property
    - Borrower funded buydowns are ineligible
- Buydown Agreement required and will print with Plaza loan docs
- **Plaza's Buydown Calculator** can be used to estimate the buydown payment and total contribution amount

Section 26 Insurance

For Insurance requirements refer to Plaza's **Hazard and Flood Insurance Policy**.

Section 27 Other Requirements

Age of Documentation:

- **Credit Report:** No more than 120 days before the date the Note is signed.
- **Income:** No more than 120 days before the date the Note is signed.
- **Assets:** No more than 120 days before the date the Note is signed.
- **Appraisal:** No more than 120 days before the date the Note is signed.
- **Title Commitment:** No more than 120 days before the date the Note is signed.

Lawsuits: If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral.

Payment Recast: Loans may be eligible for a payment recast (re-amortization) if the borrower makes a large principal curtailment. Recasts are not guaranteed. All recasts will be reviewed and approved on a case-by-case basis by the servicer. The following are requirements for requesting a recast:

- The borrower must submit a request in writing to the servicer after servicing has transferred from Plaza to the investor's servicer (generally greater than 90 days after the closing date)
- Minimum principal curtailment of $10,000
- Mortgage must be current with no record of 30-day delinquency