

# Product Snapshot

## Solutions Non-QM



The Plaza Home Mortgage® Solutions Program offers Non-Qualified Mortgages on fully amortizing 15 & 30-Year Fixed Rate and 5/6 & 7/6 ARM and interest only 40-year Fixed Rate and 5/6 & 7/6 ARM with a 40 year term. Loan amounts from \$100,000 to \$4,000,000 are eligible.

- Standard Documentation: 24 Month Standard Doc or 12 Month Standard Doc
- Bank Statement Income Documentation
  - 24 Month Bank Statements – Personal or Business
  - 12 Month Bank Statements – Personal or Business
- Profit & Loss Statement prepared by CPA or Enrolled Agent: 24 Month P&L or 12 Month P&L
- 1099: 2 Years 1099s or 1 Year 1099
- Asset Utilization
- Interest-only and fully amortized products
- DTI to 55% (24 month standard doc)
- LTVs to 90% with no MI

Please visit our website at [plazahomemortgage.com](http://plazahomemortgage.com) to view full Program Guidelines. The information contained in this matrix may not highlight all requirements of these programs and does not reduce or eliminate any requirements set forth in our Guidelines. Guidelines are subject to change without notice.

Standard Doc - 24 Month and 12 Month					
Primary Residence: Purchase					
Property Type	Loan Amount	Credit Score <sup>1</sup>	LTV/CLTV	Max DTI <sup>1,2</sup>	Reserves
1-Unit PUD	\$1,000,000	680	90%	50%	<b>See Reserves Section</b>
		660	80%	55% <sup>2</sup>	
	\$1,500,000	700	90%	50%	
		680	85%	50%	
	\$2,000,000	660	80%	55% <sup>2</sup>	
		700	85%	50%	
	\$2,500,000	680	80%	55% <sup>2</sup>	
		660	75%	55% <sup>2</sup>	
	\$3,000,000	720	80%	55% <sup>2</sup>	
		680	75%	55% <sup>2</sup>	
	\$3,500,000	660	70%	55% <sup>2</sup>	
		700	75%	55% <sup>2</sup>	
	\$4,000,000	680	70%	55% <sup>2</sup>	
		700	70%	55% <sup>2</sup>	
Condo Condotel <sup>3</sup> 2-4 Units	\$1,500,000	720	70%	55% <sup>2</sup>	
		680	85%	50%	
	\$2,000,000	660	80%	55% <sup>2</sup>	
		700	85%	50%	
	\$2,500,000	680	80%	55% <sup>2</sup>	
		660	75%	55% <sup>2</sup>	
	\$3,000,000 <sup>3</sup>	720	80%	55% <sup>2</sup>	
		680	75%	55% <sup>2</sup>	
	\$3,500,000 <sup>3</sup>	660	70%	55% <sup>2</sup>	
		700	75%	55% <sup>2</sup>	
\$4,000,000 <sup>3</sup>	680	70%	55% <sup>2</sup>		
	700	70%	55% <sup>2</sup>		

<sup>1.</sup> First Time Homebuyer additional restrictions apply.  
<sup>2.</sup> DTI: 50% allowed without additional requirements. DTI up to 55% allowed for:  
 a. 24 month income documentation  
 b. 80% LTV/CLTV  
 c. Residual income \$3,500  
 d. 12 months reserves  
 e. First Time Home-Buyer not eligible  
<sup>3.</sup> Condotel max loan amount \$2,500,000

Standard Doc - 24 Month and 12 Month							
Primary Residence: Rate/Term and Cash-Out Refinance							
Property Type	Loan Amount	Credit Score	LTV/CLTV		Max DTI <sup>2</sup>	Reserves	Max Cash-Out
			Rate/Term	Cash-Out			
1-Unit PUD Condo Condotel <sup>3</sup> 2-4 Units	\$1,000,000	700	80%	80%	55% <sup>2</sup>	See Reserves Section	Unlimited
		680	80%	75%	55% <sup>2</sup>		
		660	75%	75%	55% <sup>2</sup>		
	\$1,500,000	700	80%	80%	55% <sup>2</sup>		
		680	80%	75%	55% <sup>2</sup>		
		660	75%	75%	55% <sup>2</sup>		
	\$2,000,000	720	80%	80%	55% <sup>2</sup>		
		680	75%	70%	55% <sup>2</sup>		
		660	70%	65%	55% <sup>2</sup>		
	\$2,500,000	720	75%	75%	55% <sup>2</sup>		
		680	70%	65%	55% <sup>2</sup>		
		660	65%	65%	55% <sup>2</sup>		
	\$3,000,000 <sup>3</sup>	720	70%	70%	55% <sup>2</sup>		
		700	70%	65%	55% <sup>2</sup>		
		680	65%	65%	55% <sup>2</sup>		
	\$3,500,000 <sup>3</sup>	720	70%	NA	55% <sup>2</sup>		
		700	65%	NA	55% <sup>2</sup>		
	\$4,000,000 <sup>3</sup>	720	65%	NA	55% <sup>2</sup>		

1. Non-occupant co-borrowers not allowed
2. DTI: 50% allowed without additional requirements. DTI up to 55% allowed for:
  - a. 24 month income documentation
  - b. 80% LTV/CLTV
  - c. Residual income \$3,500
  - d. 12 months reserves
  - e. First Time Home-Buyer not eligible
3. Condotel max loan amount \$2,500,000

Standard Doc - 24 Month and 12 Month					
Second Home: Purchase					
Property Type	Loan Amount	Credit Score	LTV/CLTV	Max DTI	Reserves
1-Unit PUD Condo Condotel 2-4 Units	\$1,500,000	680	85%	50%	See Reserves Section
		660	80%	50%	
	\$2,000,000	700	85%	50%	
		680	80%	50%	
		660	75%	50%	
	\$2,500,000	720	80%	50%	
		680	75%	50%	
		660	70%	50%	

Standard Doc - 24 Month and 12 Month							
Second Home: Rate/Term and Cash-Out Refinance							
Property Type	Loan Amount	Credit Score	LTV/CLTV		Max DTI	Reserves	Max Cash-Out
			Rate/Term	Cash-Out			
1-Unit PUD Condo Condotel 2-4 Units	\$1,500,000	680	80%	75%	50%	See Reserves Section	Unlimited
		660	75%	75%	50%		
	\$2,000,000	720	80%	75%	50%		
		680	75%	70%	50%		
		660	70%	65%	50%		
	\$2,500,000	720	75%	75%	50%		
		680	70%	65%	50%		
		660	65%	65%	50%		

Standard Doc - 24 Month and 12 Month					
Investment Property <sup>1</sup> : Purchase					
Property Type	Loan Amount	Credit Score	LTV/CLTV	Max DTI	Reserves
1-Unit PUD Condo Condotel 2-4 Units	\$1,500,000	680	85%	50%	See Reserves Section
		660	80%	50%	
	\$2,000,000	700	85%	50%	
		680	80%	50%	
		660	75%	50%	
	\$2,500,000	720	80%	50%	
		680	75%	50%	
		660	70%	50%	

1. First time homebuyer not eligible.

Standard Doc - 24 Month and 12 Month							
Investment Property: Rate/Term and Cash-Out Refinance							
Property Type	Loan Amount	Credit Score	LTV/CLTV		Max DTI	Reserves	Max Cash-Out
			Rate/Term	Cash-Out			
1-Unit PUD Condo Condotel 2-4 Units	\$1,500,000	680	80%	75%	50%	See Reserves Section	Unlimited
		660	75%	75%	50%		
	\$2,000,000	720	80%	75%	50%		
		680	75%	70%	50%		
		660	70%	65%	50%		
	\$2,500,000	720	75%	75%	50%		
		680	70%	65%	50%		
		660	65%	65%	50%		

Alt Doc <sup>2</sup>					
Bank Statements - Personal and Business - 24 Month and 12 Month					
P&L - 1099 - Asset Utilization					
Primary Residence: Purchase					
Property Type	Loan Amount	Credit Score <sup>3</sup>	LTV/CLTV <sup>3</sup>	Max DTI <sup>3</sup>	Reserves
1-Unit PUD	\$1,000,000	680	90% <sup>1</sup>	50%	See Reserves Section
		660 <sup>1</sup>	80%	50%	
	\$1,500,000	700	90% <sup>1</sup>	50%	
		680	85% <sup>1</sup>	50%	
	\$2,000,000	660 <sup>1</sup>	80%	50%	
		700	85% <sup>1</sup>	50%	
		680	80%	50%	
		660 <sup>1</sup>	75%	50%	
	\$2,500,000	720	80%	50%	
		680	75%	50%	
		660 <sup>1</sup>	70%	50%	
		700	75%	50%	
	\$3,000,000 <sup>1</sup>	680	70%	50%	
		660 <sup>1</sup>	70%	50%	
\$3,500,000 <sup>1</sup>	700	70%	50%		
\$4,000,000 <sup>1</sup>	720	70%	50%		
Condo Condotel <sup>4</sup> 2-4 Units	\$1,500,000	680	85% <sup>1</sup>	50%	
		660 <sup>1</sup>	80%	50%	
	\$2,000,000	700	85% <sup>1</sup>	50%	
		680	80%	50%	
		660 <sup>1</sup>	75%	50%	
	\$2,500,000	720	80%	50%	
		680	75%	50%	
		660 <sup>1</sup>	70%	50%	
	\$3,000,000 <sup>1,4</sup>	700	75%	50%	
		680	70%	50%	
	\$3,500,000 <sup>1,4</sup>	700	70%	50%	
	\$4,000,000 <sup>1,4</sup>	720	70%	50%	

1. P&L Doc type additional overlays:
  - a. 80% LTV/CLTV
  - b. 680 Credit Score
  - c. \$2,500,000 loan amount
2. Non-occupant co-borrowers not allowed.
3. First Time Homebuyer additional restrictions apply.
4. Condotel max loan amount \$2,500,000.

Alt Doc Bank Statements - Personal and Business - 24 Month and 12 Month P&L - 1099 - Asset Utilization Primary Residence: Rate/Term and Cash-Out Refinance							
Property Type	Loan Amount	Credit Score	LTV/CLTV		Max DTI	Reserves	Max Cash-Out
			Rate/Term	Cash-Out			
1-Unit PUD Condo Condotel <sup>3</sup> 2-4 Units	\$1,000,000	700	80% <sup>2</sup>	80% <sup>2</sup>	50%	See Reserves Section	Unlimited
		680	80% <sup>2</sup>	75% <sup>2</sup>	50%		
		660 <sup>2</sup>	75%	75% <sup>2</sup>	50%		
	\$1,500,000	700	80% <sup>2</sup>	80% <sup>2</sup>	50%		
		680	80% <sup>2</sup>	75% <sup>2</sup>	50%		
		660 <sup>2</sup>	75%	75% <sup>2</sup>	50%		
	\$2,000,000	720	80% <sup>2</sup>	80% <sup>2</sup>	50%		
		680	75%	70%	50%		
		660 <sup>2</sup>	70%	65%	50%		
	\$2,500,000	720	75%	75% <sup>2</sup>	50%		
		680	70%	65%	50%		
		660 <sup>2</sup>	65%	65%	50%		
	\$3,000,000 <sup>2,3</sup>	720	70%	70%	50%		
		700	70%	65%	50%		
		680	65%	65%	50%		
\$3,500,000 <sup>2,3</sup>	720	70%	NA	50%			
	700	65%	NA	50%			
\$4,000,000 <sup>2,3</sup>	720	65%	NA	50%			

1. Non-occupant co-borrowers not allowed.
2. P&L Doc type additional overlays:
  - a. Rate/Term 75% LTV/CLTV
  - b. Cash-Out 70% LTV/CLTV
  - c. 680 Credit Score
  - d. \$2,500,000 loan amount
3. Condotel max loan amount \$2,500,000

Alt Doc Bank Statements - Personal and Business - 24 Month and 12 Month P&L - 1099 - Asset Utilization Second Home: Purchase					
Property Type	Loan Amount	Credit Score	LTV/CLTV	Max DTI <sup>1</sup>	Reserves
1-Unit PUD Condo Condotel 2-4 Units	\$1,500,000	680	85% <sup>1</sup>	50%	See Reserves Section
		660 <sup>1</sup>	80%	50%	
	\$2,000,000	700	85% <sup>1</sup>	50%	
		680	80%	50%	
		660 <sup>1</sup>	75%	50%	
	\$2,500,000	720	80%	50%	
		680	75%	50%	
		660 <sup>1</sup>	70%	50%	

1. P&L Doc type additional overlays:
  - a. 80% LTV/CLTV
  - b. 680 Credit Score

Alt Doc Bank Statements - Personal and Business - 24 Month and 12 Month P&L - 1099 - Asset Utilization Second Home: Rate/Term and Cash-Out Refinance							
Property Type	Loan Amount	Credit Score	LTV/CLTV		Max DTI	Reserves	Max Cash-Out
			Rate/Term	Cash-Out			
1-Unit PUD Condo Condotel 2-4 Units	\$1,500,000	680	80% <sup>1</sup>	75% <sup>1</sup>	50%	See Reserves Section	Unlimited
		660 <sup>1</sup>	75%	75% <sup>1</sup>	50%		
	\$2,000,000	720	80% <sup>1</sup>	75% <sup>1</sup>	50%		
		680	75%	70%	50%		
		660 <sup>1</sup>	70%	65%	50%		
	\$2,500,000	720	75%	75% <sup>1</sup>	50%		
		680	70%	65%	50%		
		660 <sup>1</sup>	65%	65%	50%		

1. P&L Doc type additional overlays:
  - a. Rate/Term 75% LTV/CLTV
  - b. Cash-Out 70% LTV/CLTV
  - c. 680 Credit Score

Alt Doc Bank Statements - Personal and Business - 24 Month and 12 Month P&L - 1099 - Asset Utilization Investment Property <sup>1</sup> : Purchase					
Property Type	Loan Amount	Credit Score	LTV/CLTV	Max DTI	Reserves
1-Unit PUD Condo Condotel 2-4 Units	\$1,500,000	680	85% <sup>2</sup>	50%	See Reserves Section
		660 <sup>2</sup>	80%	50%	
	\$2,000,000	700	85% <sup>2</sup>	50%	
		680	80%	50%	
		660 <sup>2</sup>	75%	50%	
	\$2,500,000	720	80%	50%	
		680	75%	50%	
		660 <sup>2</sup>	70%	50%	

1. First time homebuyer not eligible.
2. P&L Doc type additional overlays:
  - a. 80% LTV/CLTV
  - b. 680 Credit Score

Alt Doc Bank Statements - Personal and Business - 24 Month and 12 Month P&L - 1099 - Asset Utilization Investment Property: Rate/Term and Cash-Out Refinance							
Property Type	Loan Amount	Credit Score	LTV/CLTV		Max DTI	Reserves	Max Cash-Out
			Rate/Term	Cash-Out			
1-Unit PUD Condo 2-4 Units	\$1,500,000	680	80% <sup>1</sup>	75% <sup>1</sup>	50%	See Reserves Section	Unlimited
		660 <sup>1</sup>	75%	75% <sup>1</sup>	50%		
	\$2,000,000	720	80% <sup>1</sup>	75% <sup>1</sup>	50%		
		680	75%	70%	50%		
		660 <sup>1</sup>	70%	65%	50%		
	\$2,500,000	720	75%	75% <sup>1</sup>	50%		
		680	70%	65%	50%		
		660 <sup>1</sup>	65%	65%	50%		

1. P&L Doc type additional overlays:
  - a. Rate/Term 75% LTV/CLTV
  - b. Cash-Out 70% LTV/CLTV
  - c. 680 Credit Score

Product Parameters	
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>All appraisals must be ordered and processed in compliance with Appraiser Independence (AIR).</li> <li>Loan amounts &gt; \$2,000,000 require two full appraisals.</li> <li>Properties in a declining market, as indicated in the appraisal, require a 5% LTV reduction from the maximum otherwise allowed if the LTV &gt; 80%.</li> <li>Plaza will accept transferred/assigned appraisals.</li> </ul>
<b>Underwriting Method</b>	Manual underwriting only
<b>Assets/Down Payment/Gifts</b>	Assets used for down payment, closing costs, debt payoff, and reserves must be documented. The asset documentation requirement for all transactions is a single account statement covering a one (1) month period and dated within 90-days of the loan note date.
<b>Bankruptcy / Foreclosure / NOD / Short Sale / Deed-in-Lieu</b>	Four years seasoning is required. Seasoning is measured to the new note date.
<b>Credit History</b>	<p><b>Trade Lines:</b> If the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived. When the primary borrower has less than three credit scores each borrower must meet the minimum tradeline requirement. Exception – if the co-borrower is the spouse of the borrower only one spouse is required to meet the minimum tradeline requirement. Tradeline requirement:</p> <ul style="list-style-type: none"> <li>At least three (3) tradelines reporting for a minimum of 12 months, with activity in the last 12 months, or</li> <li>At least two (2) tradelines reporting for a minimum of 24 months, with activity in the last 12 months.</li> </ul> <p>Borrowers who do not meet one of the above tradeline requirements, but have a minimum of two credit scores, can alternatively satisfy the tradeline requirement by meeting the below requirements:</p> <ul style="list-style-type: none"> <li>No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.</li> <li>At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.</li> <li>The borrower has an established credit history for at least eight (8) years.</li> </ul>

	<ul style="list-style-type: none"> <li>• Tradelines with recent serious adverse history are not acceptable.</li> <li>• Student loans can be counted in credit depth as long as they are in repayment and not being deferred.</li> </ul>
<b>Geographic Restrictions</b>	<p><b>Declining Markets:</b> Properties in a declining market, as indicated in the appraisal, require a 5% LTV reduction from the maximum otherwise allowed if the LTV &gt; 80%.</p> <p><b>Additional Program specific geographic restrictions are identified below:</b></p> <ul style="list-style-type: none"> <li>• <b>Hawaii:</b> Properties in Lava Flow Zones 1 or 2 are not allowed.</li> <li>• <b>New York:</b> Loans meeting the definition of NY Subprime are not eligible.</li> <li>• <b>Texas:</b> Texas Section 50(a)(6) restrictions apply.</li> </ul>
<b>Income &amp; Employment</b>	<p>The information in this section applies to all income documentation options unless stated otherwise in the specific documentation sections that follow:</p> <ul style="list-style-type: none"> <li>• A minimum two (2) year employment history is required to be documented on the loan application (1003).</li> <li>• Self-employed borrowers' business must be in existence for a minimum of two (2) years.</li> <li>• In exception cases, when the borrower has less than a two-year history of employment, documented positive factors must exist to offset the shorter employment history, such as education or training. Exceptions will be considered case-by-case.</li> <li>• Any gaps in employment that span one or more months must be explained.</li> <li>• All income sources must be legal in accordance with all applicable federal, state, and local laws, rules and regulations, without conflict.</li> </ul> <p><b>Standard Doc:</b></p> <ul style="list-style-type: none"> <li>• 24 Month Standard Doc: Salary/wage, self-employed and other income sources</li> <li>• 12 Month Standard Doc: Salary/wage, self-employed and other income sources</li> <li>• <b>4506-C/Tax Transcripts:</b> A signed IRS Form 4506-C is required in every standard documentation credit file. See specific income documentation to determine if transcripts are required.</li> <li>• <b>Taxpayer Consent Form:</b> Must be signed by all borrowers. Plaza's loan documents include a taxpayer consent form.</li> </ul> <p><b>Alt Doc:</b> Alt Doc includes the following documentation types:</p> <ul style="list-style-type: none"> <li>• Bank Statements</li> <li>• Profit &amp; Loss Statement prepared by CPA or Enrolled Agent</li> <li>• 1099: 2 Years 1099s or 1 Year 1099</li> <li>• Asset Utilization</li> <li>• Income documented using Alt Doc may be combined with other income sources that are documented as Standard Doc. When Alt Doc is combined with Standard Doc, the loan must meet the Alt Doc eligibility matrices and will be placed as Alt Doc.</li> </ul> <p><b>Bank Statement Income Documentation:</b></p> <ul style="list-style-type: none"> <li>• 12 or 24 month personal bank statements</li> <li>• 12 or 24 month business bank statements</li> </ul> <p>Refer to Program Guidelines for complete income and employment requirements.</p>
<b>Bank Statement Income</b>	<p><b>Eligible Borrowers/Employment:</b></p> <ul style="list-style-type: none"> <li>• Bank Statement Income documentation is available for self-employed borrowers only.</li> <li>• Borrowers with a primary source of income from residential 1-4 unit real estate investment are not eligible for bank statement documentation.</li> <li>• Borrowers earning income buying and selling residential 1-4 unit properties (flipping houses) are not eligible for bank statement documentation.</li> <li>• Not-For-Profit entities are ineligible sources of income.</li> </ul> <p>Income documented using bank statements may be combined with other income sources that are documented as Standard Doc but not associated with self-employment.</p> <ul style="list-style-type: none"> <li>• When wage income is combined with bank statement income documentation, a tax return is not required for the full income documentation, as this would invalidate the bank statements. The 4506-C form is still required; however, Box 8 should be checked to obtain a transcript of W-2 earnings only.</li> <li>• When bank statement documentation is combined with standard documentation the loan must meet the bank statement eligibility matrices and will be priced as bank statement documentation</li> </ul>

**Tax Returns/4506-C/Tax Transcripts:**

Tax returns, 4506-C and transcripts are not required for bank statement documentation. If tax returns and/or transcript are provided, the loan will be ineligible for the bank statement program.

**Personal Bank Statements:**

- Most recent 24 or 12 months of PERSONAL bank statements.
- Most recent two (2) months of BUSINESS bank statements.
  - They must evidence activity to support business operations.
  - They must reflect transfers to the personal account.
- Verify that the borrower owns 20% of the business by providing one of the following:
  - CPA letter, Tax Preparer letter, operating agreement, or equivalent, reflecting the borrower's ownership percentage.
- The borrower's business being used to source the income must be in existence for a minimum of two (2) years as evidenced by one of the following:
  - CPA or tax preparer letter, or
  - Business License, or
  - Business bank statement from 24 or more months prior to note date reflecting activity, or
  - Other reasonable evidence of business activity.
- If the borrower does not have a separate business bank account and cannot provide two (2) months of business bank statements, the personal bank statements will be considered co-mingled personal and business accounts and will be analyzed as follows:
  - An expense factor must be applied using one of the business bank statement analysis method.
  - Verify the borrower is 100% owner of the business (borrower and spouse with combined 100% ownership is eligible)
- If the borrower has a personal account and a business account and co-mingles business deposits into both accounts, only deposits into the business account may be used.

**Personal Bank Statement Income Calculation:**

- Only transfers or deposits from the business account(s) are eligible deposits, except
  - ATM deposits may be included if a consistent pattern of such deposits is present.
- Any inconsistent or large deposits not justified must be backed out of the calculation.
- Qualifying income is the lower of:
  - for the 24-month statement option, the net income from the analysis using all 24 months of bank statements, or
  - for both the 24 or 12 month statement option, the net income based upon the most recent 12 months of bank statements
  - Income cannot exceed the income disclosed on the initial 1003.
- The most recent bank statement must be consistent with the qualifying income.

**Business Bank Statements:**

- Verify that the borrower is at least 25% owner of the business by providing one of the following:
  - CPA letter, Tax Preparer letter, operating agreement, or equivalent; reflecting the borrower's ownership percentage.
- The business used to source the income must be in existence for a minimum of two years as evidenced by:
  - CPA or tax preparer letter, or
  - Business License, or
  - Business bank statement from 24 or more months prior to note date reflecting activity, or
  - Other reasonable evidence of business activity.
- Non-borrowing owners of the business must provide a signed and dated letter acknowledging the transaction and verifying the borrower's access to the account for income calculations.
- Net income from the analysis of the bank statements must be multiplied by the borrower's ownership percentage to determine the borrower's qualifying income.
- The expense analysis method should be reasonable for the type of business being reviewed.

**Business Bank Statement Analysis:**

Two (2) options exist to analyze business accounts. Regardless of the options utilized, expenses must be reasonable for the type of business. The following applies regardless of the expense method used:

- Expenses must be reasonable for the type of business.
- Deposits should be reviewed for consistency.
- Deposits from alternative payment processing applications (i.e., Square, Venmo) are eligible.
- Inconsistent or large deposits should be sourced or excluded from the analysis. The definition of a large deposit is any deposit exceeding 50% of the average monthly sales of the business.
- Changes in deposit pattern must be explained.
- Income documented separately or not from the business must be backed out of deposits.
  - **Option 1 - Business Expense Statement Letter**
    - 24 or 12 months of business bank statements covering the most recent time-period and;
    - An expense statement (**example letter**) specifying business expenses (minimum expense ratio is 10%) as a percent of the gross annual sales/revenue, prepared and signed by either a CPA/accountant, IRS Enrolled Agent or tax preparer; and
    - Credit file must contain documentation showing evidence of the preparer's business.
  - **Determining Income Using Business Expense Statement Letter:**
    - Net Income is determined by the total deposits from the bank statements, minus any inconsistent deposits, less total expenses, multiplied by ownership percentage, divided by the number of bank statements reviewed. Total expenses are calculated by multiplying the total deposits by the expense factor provided by a CPA/accountant, IRS Enrolled Agent, or tax preparer (subject to a minimum total expense percentage of 10%).
    - Qualifying income is the lower of:
      - for the 24-month statement option, the net income from the analysis using all 24 months of bank statements, or
      - for both the 24 or 12 month statement option, the net income based upon the most recent 12 months of bank statements.
      - Income cannot exceed the income disclosed on the initial 1003.
    - The most recent bank statement must be consistent with the qualifying income.
    - Expenses must be reasonable for the type of business.
- Plaza reserves the right, at the reviewer's discretion, to require additional documentation if the expense ratio appears unreasonable for any business entity.
- **Option 2 - Fixed Expense Ratio 50%**
  - Not eligible for businesses that experience higher expense ratios. Higher expense ratio industries include, but are not limited to the following:
    - Construction
    - Manufacturing
    - Retail and Wholesale Trade
    - Hospitality, Food and Beverage Services
    - Transportation
  - 24 or 12 months of business bank statements covering the most recent time-period.
  - A business narrative provided by the borrower (See **Self-Employed Business Narrative Form**) which includes details regarding the industry, size, and operating profile of the business, addressing location/rent, number of employees/contractors, COGS, and physical assets such as trucks/equipment (owned or leased).
  - The **Self-Employed Business Narrative Form** should be used to determine if the borrower's business is eligible for this option based on reasonableness of expenses.
- **Determining Income Using Fixed Expense Ratio 50%:**
  - Qualifying income is the lower of:
    - Total deposits from the bank statements, minus any inconsistent deposits, multiplied by 50% Profit Margin, multiplied by ownership percentage, divided by the number of bank statements reviewed, or
    - If 24 months of statements reviewed: total deposits from the most recent 12 months of bank statements, minus any inconsistent deposits, multiplied by 50% Profit Margin, multiplied by ownership percentage, divided by 12.
    - Income cannot exceed the income disclosed on the initial 1003.
  - The deposits from the most recent bank statement must be consistent with the qualifying income.



	<ul style="list-style-type: none"> <li>○ Plaza reserves the right, at the reviewer’s discretion, to require additional documentation if the expense ratio appears unreasonable for any business entity.</li> </ul> <p><b>Non-Sufficient Funds:</b>  Non-sufficient funds (NSF) or negative balances reflected on the bank statement must be considered. Overdraft protection fees associated with a pre-arranged link to a savings account or line of credit must also be considered unless one of the following conditions exist:</p> <ul style="list-style-type: none"> <li>● Occurrences included in the analysis are subject to the following tolerances (An occurrence is defined as one or more checks returned the same day): <ul style="list-style-type: none"> <li>○ If there are one (1) or more occurrences in the most recent three-month time period, up to three (3) occurrences are allowed in the most recent 12-month time period.</li> <li>○ If there are zero (0) occurrences in the most recent three-month time period, up to five (5) occurrences in the most recent 12-month time period are acceptable.</li> </ul> </li> <li>● Overdraft protection from a depository account: Occurrences may be excluded if statements for the linked account confirm that: <ul style="list-style-type: none"> <li>○ (a) the linked account balance at the time of the transfer exceeded the amount of the overdraft transfer,</li> <li>○ (b) the linked account’s balance did not report as zero or negative at any point during the statement period of the transfer, and</li> <li>○ (c) the linked account did not itself receive overdraft protection proceeds during the statement period of the transfer.</li> </ul> </li> <li>● Overdraft protection from a line of credit: Occurrences may be excluded if statements for the linked account confirm that (a) the line’s credit limit was not exceeded during the statement period of the transfer, and (b) a payment amount which equals or exceeds the sum of all overdraft protection occurrences analyzed in the statement period is made within 30 days after the statement close date.</li> <li>● Exception requests for tolerance deviations must include (a) a letter of explanation from the borrower outlining the reason for the occurrences and an explanation of how and when the issue leading to the occurrences was rectified, and (b) additional compensating factors outlined by the underwriter supporting the viability of income.</li> <li>● The underwriter must consider the financial strength of a self-employed borrower’s business</li> </ul>
<p><b>Asset Utilization</b></p>	<ul style="list-style-type: none"> <li>● Minimum Asset Requirement: <ul style="list-style-type: none"> <li>○ When asset utilization is the primary source of income, the following minimum assets are required: the lesser of 1.5 times the loan amount or \$1,000,000 after down payment, loan costs and required reserves</li> <li>○ When asset utilization is used to supplement other primary income sources the minimum asset requirement above is waived.</li> </ul> </li> <li>● Eligible Assets: <ul style="list-style-type: none"> <li>○ Assets must be liquid and available excluding any penalty (amount of available assets must be reduced by the amount of any penalty applied to access the assets). Additional documentation may be requested to validate the origin of the funds.</li> <li>○ 100% of Checking, Savings, Money Market Accounts and U.S. Treasuries with maturity less than 1 year</li> <li>○ 100% of cash surrender value of life insurance less any loans</li> <li>○ 70% of Stocks, Bonds, and Mutual Funds</li> <li>○ 70% of Retirement Assets: Eligible if the borrower is of retirement age (at least 59 ½)</li> <li>○ 60% of Retirement Assets: Eligible if the borrower is not of retirement age. (60% takes into account a 10% early withdrawal penalty)</li> <li>○ Assets held in a trust are eligible per the following: <ul style="list-style-type: none"> <li>▪ Assets in a revocable trust where the trustee is the borrower</li> <li>▪ Assets in an irrevocable trust where the borrower is the beneficiary and the borrower has immediate access to the assets of the trust</li> <li>▪ Based upon the type of assets held in the trust, the above asset percentages apply</li> </ul> </li> </ul> </li> <li>● Ineligible Assets: <ul style="list-style-type: none"> <li>○ Equity in Real Estate</li> <li>○ Privately traded or restricted/non-vested stocks</li> <li>○ Any asset which produces income already included in the income calculation</li> <li>○ Any assets held in the name of a business</li> <li>○ Assets held in an irrevocable trust where the beneficiary of the trust is not the borrower</li> <li>○ Assets held in a charitable giving trust, donor advised fund, or similar entity where the intended beneficiary is not the borrower</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Income Calculation: <ul style="list-style-type: none"> <li>○ Total Assets Eligible for Depletion, less down payment, less out of pocket closing costs, less required reserves, divided by 84</li> </ul> </li> <li>• Documentation: <ul style="list-style-type: none"> <li>○ Assets must be verified with the most recent three (3) monthly account statements, quarterly statement or a VOD covering at least 90 days</li> <li>○ Assets must be seasoned 120-days</li> </ul> </li> <li>• Tax returns, 4506-C and transcripts are not required.</li> <li>• Program Restrictions: <ul style="list-style-type: none"> <li>○ Non-occupant co-borrowers not allowed</li> <li>○ All individuals listed on the asset account(s) must be on the Note and Mortgage</li> <li>○ Gift funds not eligible</li> </ul> </li> </ul>
<b>Rental Income (Standard Doc)</b>	<ul style="list-style-type: none"> <li>• Rental income from other properties must be documented with the borrower's most recent signed federal income tax return that includes Schedule E. <ul style="list-style-type: none"> <li>○ Leases are required for properties where rental income is being used to qualify and the property was acquired during or subsequent to the most recent tax filing year or the rental property was out of service for an extended period.</li> <li>○ For commercial properties a copy of the lease or rent roll is required</li> </ul> </li> <li>• Proposed rental income from the comparable rent schedule, reflecting long term rental rates, may be used for qualifying if there is not a current lease or assignment of lease on purchase of an investment property</li> <li>• Properties with expired leases that have converted to month to month per the terms of the lease will require bank statements for the lesser of 2 months or the time period after the lease expired</li> <li>• A 25% vacancy factor must be applied to the gross rent used for qualifying. Multiply the gross rent by 75% and subtract the PITIA to arrive at the rental income/loss used for qualifying</li> <li>• Commercial properties owned on schedule E must be documented with a rent roll and evidence that the primary use and zoning of the property is commercial</li> <li>• Application of Rental Income: <ul style="list-style-type: none"> <li>○ Primary Residence <ul style="list-style-type: none"> <li>▪ The monthly qualifying rental income (as defined above) must be added to the borrower's total monthly income. (The income is not netted against the PITIA of the property)</li> <li>▪ The full amount of the mortgage payment (PITIA) must be included in the borrower's total monthly obligations when calculating the debt-to-income ratio.</li> </ul> </li> <li>○ Investment Property <ul style="list-style-type: none"> <li>▪ If the monthly qualifying rental income (as defined above) minus the full PITIA is positive, it must be added to the borrower's total monthly income</li> <li>▪ If the monthly qualifying rental income minus PITIA is negative, the monthly net rental loss must be added to the borrower's total monthly obligations</li> <li>▪ The full PITIA for the rental property is factored into the amount of the net rental income (or loss); therefore, it should not be counted as a monthly obligation</li> <li>▪ The full monthly payment for the borrower's principal residence (full PITIA or monthly rent) must be counted as a monthly obligation.</li> </ul> </li> </ul> </li> </ul>
<b>Residual Income</b>	<p>All loans must meet the residual income requirements below:</p> <ul style="list-style-type: none"> <li>• Residual income calculation must be calculated and displayed on the 1008</li> <li>• Residual income equals Gross Monthly Qualifying Income minus total monthly debt</li> <li>• DTI &lt;= 50%: \$2,500 Residual Income required + \$250 for first dependent + \$125 for each additional dependent</li> <li>• DTI &gt; 50%: \$3,500 Residual Income required + \$250 for first dependent + \$125 for each additional dependent</li> </ul>
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Permanent resident aliens with acceptable documentation</li> <li>• Non-Permanent Resident Aliens</li> <li>• Inter Vivos Revocable Trusts (refer to Plaza's Living Trust Policy)</li> <li>• Non-occupant co-borrowers with restrictions</li> <li>• First-time homebuyers (FTHB) are individuals who have had no ownership interest (sole or joint) in a residential property during the three-year period preceding the application date of the subject property transaction. For loans that include more than one borrower, if any borrower is not a FTHB, the FTHB restrictions do not apply. FTHB are allowed with the following restrictions: <ul style="list-style-type: none"> <li>○ Primary residence only</li> <li>○ DTI: <ul style="list-style-type: none"> <li>▪ 45% with 12-month housing history</li> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>▪ 43% if living rent free</li> <li>○ Minimum 6 months of reserves</li> <li>○ 12-month rental history reflecting 0x30.</li> <li>○ FTHB living rent free or without a complete 12-month rental history are eligible with a maximum LTV of 80%.</li> </ul>
<b>Eligible Properties</b>	<ul style="list-style-type: none"> <li>• Attached/detached SFRs</li> <li>• Attached/detached PUDs</li> <li>• 2-4 Units</li> <li>• Condos (Warrantable and Non-Warrantable)</li> <li>• Condotels</li> </ul>
<b>Escrow / Impounds</b>	<p>Escrow funds/impound accounts can be waived by exception only when the following requirements are met:</p> <ul style="list-style-type: none"> <li>• Must not be Higher Priced Mortgage Loan (HPML)</li> <li>• LTV less than 80%</li> <li>• Minimum credit score of 720</li> <li>• Minimum 12-months of reserves</li> <li>• Pricing adjustment applies; see rate sheet.</li> <li>• Note: Flood Insurance Premium impound cannot be waived when Flood Insurance is required.</li> </ul>
<b>Interest Only</b>	<ul style="list-style-type: none"> <li>• Eligible for 40 Yr Term products <ul style="list-style-type: none"> <li>○ 10 year interest only term</li> <li>○ 30 year amortized term</li> </ul> </li> </ul>
<b>Max Financed Properties</b>	There is no limit to the number of financed properties a borrower may own.
<b>Housing Payment History</b>	<ul style="list-style-type: none"> <li>• Housing payment history (mortgage or rental) for a 12-month period must be addressed. <ul style="list-style-type: none"> <li>○ Borrowers who live rent free or without a complete 12-month payment history may be eligible (see section below); however, a complete 12-month period must be accounted for and documented.</li> <li>○ The 12-month mortgage history is required for all financed properties owned by the borrower.</li> </ul> </li> <li>• 0 x 30 mortgage/rental delinquency in the past 12 months.</li> <li>• This applies all mortgages and all borrowers on the loan.</li> <li>• Mortgage/rent rating must be current. Current means the borrower has made all mortgage/rental payments due in the month prior to the note date.</li> </ul>
<b>Reserves</b>	<p>Reserves must come from the borrower's eligible assets. Additionally, net proceeds from a cash-out transaction may be used for reserves.</p> <p>Reserve Requirement: (if more than one attribute exists, the greater reserve requirement applies)</p> <ul style="list-style-type: none"> <li>• LTV/CLTV ≤ 85%: 6-months of PITIA</li> <li>• LTV/CLTV &gt; 85%: 12-months of PITIA</li> <li>• Loan Amount &gt; \$1.5M: 9-months of PITIA</li> <li>• Loan Amount &gt; \$2.5M: 12-months of PITIA</li> </ul> <p><b>Other Reserves Considerations:</b></p> <ul style="list-style-type: none"> <li>• Reserve requirements apply to the subject property loan only. Additional reserves are not required for additional financed properties.</li> <li>• Cash-out may be used for reserves</li> <li>• Reserves for a loan with an Interest Only feature are based upon the Interest Only payment amount</li> <li>• For Adjustable-Rate Mortgages, the reserves are based upon the initial PITIA, not the qualifying payment</li> <li>• Gift funds are not allowed for reserves</li> <li>• Proceeds from a 1031 exchange are not allowed for reserves</li> </ul> <p><b>Reserves Waiver:</b> Reserves may be waived when <u>all</u> of the following exist:</p> <ul style="list-style-type: none"> <li>• Rate/Term Refinance transactions, and</li> <li>• Reduction in principal and interest payment of 10% or greater (for an Interest Only loan, the reduction is based on the fully amortizing payment), and</li> <li>• Housing history 0x30x12, and</li> <li>• DTI ≤ 50% (for an Interest Only loan, the DTI is based on the fully amortizing payment)</li> </ul>

**Transactions**

Purchase, Rate/Term Refinance, Cash-Out Refinance

**Purchase:**

- Proceeds from the transaction are used to finance the acquisition of the subject property.
- LTV/CLTV is based upon the lesser of the sales price or appraised value.
- Assignment of contract or finder's fees reflected on the purchase contract are not eligible to be included in the sales contract price or associated with the LTV/CLTV calculation.

**Rate & Term Refinance:** Proceeds from the transaction are used to:

- Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
- Pay off any subordinate loan not used in the acquisition of the subject property, provided one of the following apply:
  - Closed-end loan, at least 12 months of seasoning has occurred.
  - HELOC, at least 12 months of seasoning has occurred, and total draws over the past 12 months are less than \$2,000. (For business purpose transactions, any draw over the life of the loan may not have been used for personal use. Business purpose transactions will require a draw history schedule, along with an attestation from the borrower, in the credit file, that none of the advances were used for personal/consumer use).
- Buy out a co-owner pursuant to an agreement.
- Pay off an installment land contract executed more than 12 months from the loan application date.

**Other Rate/Term Considerations:**

- Refinance of a previous loan that provided cash out, as measured from the previous note date to the application date, and is seasoned less than 12 months, will be considered a cash out refinance.
- Cash back not to exceed the lesser of 2% of the new loan amount or \$5,000.
- The transaction must be treated as cash-out when the subject property is encumbered by one of the following:
  - Blanket/Cross-Collateralized loan, or
  - Loan that allows for Paid in Kind (PIK) interest. A copy of the note must be provided to determine required payment terms. Notes allowing interest to accumulate during the term of the loan are eligible.
- Properties listed for sale in the past six (6) months are ineligible. If the property has been listed for sale in the previous 12 months, the LTV will be based on the lesser of the lowest list price or appraised value.
- LTV/CLTV:
  - If the subject property was acquired greater than six (6) months from application date, the appraised value will be used to determine LTV/CLTV.
  - If the property was acquired less than or equal to six (6) months from the application date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV/CLTV. The purchase settlement statement and any invoices for materials/labor will be required.
  - If the property has been listed for sale in the previous 12 months, the LTV will be based on the lesser of the lowest list price or appraised value.

**Cash-Out Refinance:** A refinance that does not meet the definition of a rate/term transaction is considered cash-out.

- A letter explaining the use of loan proceeds is required for all transactions.
- A mortgage secured by a property currently owned free and clear is considered cash-out.
- The payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out.
- For all investment property transactions, any loan proceeds used to pay off personal debt creates a consumer transaction, and the loan is subject to ATR and TRID. This includes any past draws, regardless of timing, on a HELOC secured by the subject property.
- Loans not eligible for cash-out:
  - Properties listed for sale in the past six (6) months
  - There has been a prior cash-out within the past six (6) months.
  - Land Contract/Contract for Deed.
- Cash-Out Seasoning is defined as the time difference between application date of the new loan and the property acquisition date.
  - Borrower ownership seasoning of six (6) months is required for a transaction to be eligible for cash-out.

	<ul style="list-style-type: none"> <li>○ Cash-out seasoning of six (6) months or less is only allowed when it is documented that the borrower acquired the property through an inheritance, or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership.</li> <li>○ If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower's six-month ownership requirement.</li> <li>○ If the property was owned prior to closing by an inter vivos revocable trust, the time held by the trust may be counted towards meeting the borrower's six-month ownership requirement if the borrower is the primary beneficiary of the trust.</li> <li>● Title must be in the borrower's name at time of application and on the closing date except that title may be in an LLC at time of application if the borrower(s) is a majority owner (i.e. more than 50%), and the property must be deeded to the borrower individually at closing. Loans may not close with title held in the name of the LLC. The other owners of the LLC must acknowledge the transfer of ownership to our borrower(s).</li> <li>● LTV/CLTV: <ul style="list-style-type: none"> <li>○ If the subject property was acquired greater than six (6) months from application date, the appraised value will be used to determine LTV/CLTV.</li> <li>○ If the property was acquired less than or equal to six (6) months from the application date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV/CLTV. The purchase settlement statement and any invoices for materials/labor will be required.</li> <li>○ If the property has been listed for sale in the previous 12 months, the LTV will be based on the lesser of the lowest list price or appraised value.</li> </ul> </li> </ul> <p><b>Texas Section 50(a)(6):</b></p> <ul style="list-style-type: none"> <li>● 1-unit primary residence, 30 year fixed rate only</li> <li>● Maximum LTV/CLTV of 80%</li> <li>● Points and Fees are limited to 2%</li> </ul>
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Product Name	Product Code	Available Term in Months
Solutions 15 Year Fixed	NQF15	180
Solutions 30 Year Fixed	NQF30	360
Solutions 5/6 SOFR ARM	NQA56S	360
Solutions 7/6 SOFR ARM	NQA76S	360
Solutions 40 Year Fixed Interest Only	NQF40IO	480
Solutions 5/6 SOFR ARM Interest Only 40 Yr	NQA56S40IO	480
Solutions 7/6 SOFR ARM Interest Only 40 Yr	NQA76S40IO	480

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