

EXPRESS CHOICE NON-QM ELIGIBILITY MATRIX

FIXED RATE AND HYBRID ARM PRODUCTS

PRIMARY RESIDENCE | PURCHASE, RATE AND TERM REFINANCE

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount
Purchase or Rate and Term Refinance	1-2	680	90% ²	\$1,000,000
		661	80%	\$1,500,000
		680	75%	\$2,000,000
	3-4	661	70%	\$2,000,000

PRIMARY RESIDENCE | CASH-OUT REFINANCE²

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1-2	680	80%	\$1,000,000	\$250,000
		661	70%	\$1,000,000	\$250,000
		661	60%	\$1,500,000	\$500,000

SECOND HOME | PURCHASE, RATE AND TERM REFINANCE³

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount ¹
Purchase or Rate and Term Refinance	1	661	80%	\$1,000,000
			70%	\$1,500,000
			65%	\$2,000,000

SECOND HOME | CASH-OUT REFINANCE

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out	1	661	65%	\$1,000,000	\$250,000
			60%	\$1,500,000	\$500,000

INVESTMENT | PURCHASE, RATE AND TERM REFINANCE, CASH-OUT REFINANCE⁴

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount
Purchase	1-4	680	75%	\$1,000,000
Rate and Term Refinance		680	70%	\$1,000,000
Cash-Out Refinance		680	60%	\$1,000,000 Max cash-out \$250,000

1 First-Time Homebuyers are subject to a maximum loan amount of \$1,000,000. Loan amounts up to \$1,500,000 allowed in CA. See Eligible Borrower section for specific requirements for First-Time homebuyers.

2 The following requirements apply for transactions with LTVs greater than 80%:

- MI not required.
- Secondary financing is allowed. See Secondary Financing section for allowable secondary financing.
- Non-permanent resident aliens not allowed.
- Escrow/impound accounts required for LTVs greater than 80% unless prohibited by applicable laws.

3 Texas 50 (a) (6) refinance (Texas Equity Loans) only allowed on 20, 25 and 30-year fixed rate. Additional restrictions apply, please see page 9 for details.

4 The following requirements apply for Investment Property Purchase, Rate and Term Refinance and Cash-Out

Refinance transactions:

- Florida condominiums limited to 50% LTV/CLTV/HCLTV.
- Transaction must be arm's length
- Gift funds not allowed
- Appraiser to provide rent comparable schedule
- First-time homebuyers not allowed

CHOICE LOANS QM NOTES:

• **Choice Non-QM is a Non-QM loan with any of the following attributes:**

- Interest-Only product.
- Debt-to-income ratio > 43%.
- Qualifying income stream using asset depletion calculation as outlined in the Income section.
- Projected income without a guaranteed non-revocable contract. See Projected Income requirements.
- Gaps of employment outside of QM requirements (exception basis only).
- Investment purchase transaction using rental income with no lease agreements provided. See Rental Income requirements.
- Departure residence excluded from DTI when the property is not listed for sale or leased to rent at the time of the subject transaction. See Departure Residence Section for requirements.

• **Minimum loan amount is \$1 over the current conforming/high balance limit set by the FHFA. fhfa.gov**

• **Higher priced Mortgage Loans (HPML) are allowed if the following requirements are met:**

- Loan must have an escrow account for a minimum of 5 years.
- If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required.
- If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20% then a second full appraisal is required.
- If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals.

• **Exceptions may be granted on a case-by-case basis by Commerce (at its sole determination) for loans with terms or characteristics that are outside of Commerce's Choice Non-QM guidelines. Approval of the exception must be granted by Commerce prior to Final Approval.**

• **A loan closed as a Non-QM loan that was not locked with Commerce on or before the Note date is not eligible for delivery under the Choice Non-QM product.**

• **Residual income calculation must be provided and must meet the residual income requirements indicated in the Income/Employment section of this guide.**