



Closed-End Second Lien Program Guidelines

Correspondent

Revised 5/7/2019 rev. 102

Summary	Plaza's second lien loan program offers a closed-end simultaneous second mortgage originated in conjunction with a new Fannie Mae eligible first lien. Both the first lien and the second lien must be closed concurrently and sold to Plaza.																																																																																						
Products	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Product Name</th> <th style="width: 40%;">Product Code</th> </tr> </thead> <tbody> <tr> <td>Closed-End Second 15 Year Fixed</td> <td>SF15</td> </tr> <tr> <td>Closed-End Second 20 Year Fixed</td> <td>SF20</td> </tr> <tr> <td>Closed-End Second 30 Year Fixed</td> <td>SF30</td> </tr> </tbody> </table>	Product Name	Product Code	Closed-End Second 15 Year Fixed	SF15	Closed-End Second 20 Year Fixed	SF20	Closed-End Second 30 Year Fixed	SF30																																																																														
Product Name	Product Code																																																																																						
Closed-End Second 15 Year Fixed	SF15																																																																																						
Closed-End Second 20 Year Fixed	SF20																																																																																						
Closed-End Second 30 Year Fixed	SF30																																																																																						
Eligibility Matrix	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;">Primary Residence Purchase and Rate/Term Refinance</th> </tr> <tr> <th style="width: 20%;">Property Type</th> <th style="width: 15%;">CLTV¹</th> <th style="width: 15%;">Credit Score</th> <th style="width: 20%;">Loan Amount²</th> <th style="width: 30%;">Max DTI</th> </tr> </thead> <tbody> <tr> <td>1-Unit SFR</td> <td>95%³</td> <td>680</td> <td>\$20,000 - \$500,000</td> <td>35%</td> </tr> <tr> <td>PUD</td> <td rowspan="2">90%</td> <td rowspan="2">680</td> <td rowspan="2">\$20,000 - \$500,000</td> <td rowspan="2">45%</td> </tr> <tr> <td>Condo</td> </tr> <tr> <td>2-4 Units</td> <td>85%</td> <td>680</td> <td>\$20,000 - \$500,000</td> <td>45%</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;">Primary Residence Cash-out Refinance</th> </tr> <tr> <th style="width: 20%;">Property Type</th> <th style="width: 15%;">CLTV¹</th> <th style="width: 15%;">Credit Score</th> <th style="width: 20%;">Loan Amount²</th> <th style="width: 30%;">Max DTI</th> </tr> </thead> <tbody> <tr> <td>1-Unit SFR</td> <td>95%³</td> <td>720</td> <td>\$20,000 - \$500,000</td> <td>35%</td> </tr> <tr> <td>PUD</td> <td rowspan="2">85%</td> <td rowspan="2">680</td> <td rowspan="2">\$20,000 - \$500,000</td> <td rowspan="2">45%</td> </tr> <tr> <td>Condo</td> </tr> <tr> <td>2-4 Units</td> <td>80%</td> <td>680</td> <td>\$20,000 - \$500,000</td> <td>45%</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;">Second Home Purchase and Rate/Term Refinance</th> </tr> <tr> <th style="width: 20%;">Property Type</th> <th style="width: 15%;">CLTV¹</th> <th style="width: 15%;">Credit Score</th> <th style="width: 20%;">Loan Amount²</th> <th style="width: 30%;">Max DTI</th> </tr> </thead> <tbody> <tr> <td>1-Unit SFR</td> <td rowspan="3">85%</td> <td rowspan="3">680</td> <td rowspan="3">\$20,000 - \$500,000²</td> <td rowspan="3">45%</td> </tr> <tr> <td>PUD</td> </tr> <tr> <td>Condo</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;">Second Home Cash-out Refinance</th> </tr> <tr> <th style="width: 20%;">Property Type</th> <th style="width: 15%;">CLTV¹</th> <th style="width: 15%;">Credit Score</th> <th style="width: 20%;">Loan Amount²</th> <th style="width: 30%;">Max DTI</th> </tr> </thead> <tbody> <tr> <td>1-Unit SFR</td> <td rowspan="3">80%</td> <td rowspan="3">680</td> <td rowspan="3">\$20,000 - \$500,000</td> <td rowspan="3">45%</td> </tr> <tr> <td>PUD</td> </tr> <tr> <td>Condo</td> </tr> </tbody> </table> <p style="font-size: small;"> ^{1.} CLTV cannot exceed the lesser of the maximum per the first lien and second lien guidelines. ^{2.} Maximum combined loan amount of the first and second lien is \$1,500,000. ^{3.} CLTV > 90% purchase or rate/term and CLTV > 85% cash-out: Non-occupant co-borrowers not allowed. </p>	Primary Residence Purchase and Rate/Term Refinance					Property Type	CLTV ¹	Credit Score	Loan Amount ²	Max DTI	1-Unit SFR	95% ³	680	\$20,000 - \$500,000	35%	PUD	90%	680	\$20,000 - \$500,000	45%	Condo	2-4 Units	85%	680	\$20,000 - \$500,000	45%	Primary Residence Cash-out Refinance					Property Type	CLTV ¹	Credit Score	Loan Amount ²	Max DTI	1-Unit SFR	95% ³	720	\$20,000 - \$500,000	35%	PUD	85%	680	\$20,000 - \$500,000	45%	Condo	2-4 Units	80%	680	\$20,000 - \$500,000	45%	Second Home Purchase and Rate/Term Refinance					Property Type	CLTV ¹	Credit Score	Loan Amount ²	Max DTI	1-Unit SFR	85%	680	\$20,000 - \$500,000 ²	45%	PUD	Condo	Second Home Cash-out Refinance					Property Type	CLTV ¹	Credit Score	Loan Amount ²	Max DTI	1-Unit SFR	80%	680	\$20,000 - \$500,000	45%	PUD	Condo
Primary Residence Purchase and Rate/Term Refinance																																																																																							
Property Type	CLTV ¹	Credit Score	Loan Amount ²	Max DTI																																																																																			
1-Unit SFR	95% ³	680	\$20,000 - \$500,000	35%																																																																																			
PUD	90%	680	\$20,000 - \$500,000	45%																																																																																			
Condo																																																																																							
2-4 Units	85%	680	\$20,000 - \$500,000	45%																																																																																			
Primary Residence Cash-out Refinance																																																																																							
Property Type	CLTV ¹	Credit Score	Loan Amount ²	Max DTI																																																																																			
1-Unit SFR	95% ³	720	\$20,000 - \$500,000	35%																																																																																			
PUD	85%	680	\$20,000 - \$500,000	45%																																																																																			
Condo																																																																																							
2-4 Units	80%	680	\$20,000 - \$500,000	45%																																																																																			
Second Home Purchase and Rate/Term Refinance																																																																																							
Property Type	CLTV ¹	Credit Score	Loan Amount ²	Max DTI																																																																																			
1-Unit SFR	85%	680	\$20,000 - \$500,000 ²	45%																																																																																			
PUD																																																																																							
Condo																																																																																							
Second Home Cash-out Refinance																																																																																							
Property Type	CLTV ¹	Credit Score	Loan Amount ²	Max DTI																																																																																			
1-Unit SFR	80%	680	\$20,000 - \$500,000	45%																																																																																			
PUD																																																																																							
Condo																																																																																							
Appraisal	<p>One full appraisal is required. The appraisal used for the first lien will also be used for the second lien. If the first lien does not require a full appraisal then a full appraisal must be ordered for the second lien.</p> <p>Appraisals will be reviewed by Plaza and will also be subject to a 3rd party review prior to purchase.</p> <p>Transferred Appraisals: Transferred appraisals are allowed.</p>																																																																																						

This information is published and/or provided by Plaza Home Mortgage, Inc. as a courtesy to its clients and is meant for instructional purposes only. None of the information provided is intended to be legal advice in any context. Plaza makes every effort to provide accurate information. Plaza does not guarantee, warrant, ensure or promise that it is correct, and any effort to blame Plaza if this information proves to be incorrect will be vigorously defended. Each client is highly encouraged to seek the advice of legal counsel prior to distributing any of the information provided herein. Any unauthorized use, dissemination or distribution of this document is strictly prohibited.

Plaza Home Mortgage, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and is not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. Refer to Plaza's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 Plaza Home Mortgage, Inc. Plaza Home Mortgage and the Plaza Home Mortgage logo are trademarks of Plaza Home Mortgage, Inc. All other trademarks are the property of their respective owners. All rights reserved. Plaza NMLS #2113. P.N.Closed-End Second Lien Program Guidelines.G.102.5.7.19



<p>Borrower Eligibility</p>	<p>Eligible Borrowers:</p> <ul style="list-style-type: none"> • U.S. citizens • Permanent resident aliens <ul style="list-style-type: none"> ○ A copy of the Alien Registration Card is required. • Inter Vivos Revocable Trusts • Non-occupant co-borrowers <p>First-time Homeowners: Primary residences only</p> <p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> • Non-permanent resident aliens • Partnerships, Limited Partnerships, Corporations and LLC's • Non-Revocable Trusts • Borrowers with Diplomatic Immunity • Land Trusts • Borrowers with only an ITIN (Individual Taxpayer Identification Number) • Greater than 4 borrowers on one loan
<p>Credit</p>	<p>Credit Standards: A tri-merged credit report is required. Unless otherwise addressed below, Fannie Mae underwriting guidelines must be followed for evaluating a borrower's credit history.</p> <p>Credit reports with bureaus identified as "frozen" are required to be unfrozen and a current credit report with all bureaus unfrozen is required.</p> <p>Credit Scores:</p> <ul style="list-style-type: none"> • Minimum Credit Score: Refer to the Eligibility Matrix. • 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. <p>Trade Lines: Each borrower must have:</p> <ul style="list-style-type: none"> • 3 open and active trade lines: <ul style="list-style-type: none"> ○ 1 trade line reported for a minimum of 24 months. ○ All trade lines must have activity within the last 12 months. ○ At least one trade line must have a minimum \$2,500 high credit limit. <p>OR</p> <ul style="list-style-type: none"> • 4 years of established credit history as follows: <ul style="list-style-type: none"> ○ At least 1 tradeline established over 4 years from the application date ○ At least 8 tradelines reported within the last 4 years (may be established less than 4 years) ○ At least 1 tradeline active in the last 12 months ○ At least 1 tradeline must be a mortgage tradeline (the same tradeline can meet the mortgage and active tradeline requirement if applicable) <p>Housing Payment History:</p> <ul style="list-style-type: none"> • 0 x 30 mortgage/rental delinquency in the past 12 months. <ul style="list-style-type: none"> ○ This applies to all mortgages and all borrowers on the loan. ○ Mortgages must be rated up to and including the month of the new loan closing. • At least one borrower must have a fully documented, recent, consecutive, 12 month primary housing history with the exception of primary residences owned free and clear. • For primary residence transactions, if the borrower's primary residence is owned free and clear for the most recent 12 months, the borrower's housing payment history of the primary residence will be considered acceptable, however, the payment history on any other property must still be considered. <p>Bankruptcy:</p> <ul style="list-style-type: none"> • Chapter 7 bankruptcy: 4 years¹ from discharge date. • Chapter 13 bankruptcy: 2 years¹ from discharge date. <p>Foreclosure: 7 years¹ from discharge date.</p>

This information is published and/or provided by Plaza Home Mortgage, Inc. as a courtesy to its clients and is meant for instructional purposes only. None of the information provided is intended to be legal advice in any context. Plaza makes every effort to provide accurate information. Plaza does not guarantee, warrant, ensure or promise that it is correct, and any effort to blame Plaza if this information proves to be incorrect will be vigorously defended. Each client is highly encouraged to seek the advice of legal counsel prior to distributing any of the information provided herein. Any unauthorized use, dissemination or distribution of this document is strictly prohibited.

Plaza Home Mortgage, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and is not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. Refer to Plaza's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 Plaza Home Mortgage, Inc. Plaza Home Mortgage and the Plaza Home Mortgage logo are trademarks of Plaza Home Mortgage, Inc. All other trademarks are the property of their respective owners. All rights reserved. Plaza NMLS #2113. P.N.Closed-End Second Lien Program Guidelines.G.102.5.7.19



	<p>NOD / Short Sale/Short Payoff / Restructured or Modified Loan / Deed-in-Lieu: 4 years¹ from completion date.</p> <p>Collections, Charge-offs, Judgments, Garnishments & Liens: Delinquent taxes, judgments, charged-off accounts, collection accounts, past-due accounts, tax liens, and anything that has the potential to affect title must be paid off at or prior to closing. Tax repayment plans must be paid off at or prior to closing.</p> <p>^{1.} Timeframes for measuring derogatory credit seasoning is based on the application date, not the note</p>
<p>Down Payment / Gifts / Assets</p>	<p>A minimum of 5% of borrower's own funds is required.</p> <ul style="list-style-type: none"> • Gift funds are allowed after the borrower has contributed a minimum 5% of borrower's funds. <p>Eligible Assets and Documentation: All required funds must be disclosed and documented.</p> <ul style="list-style-type: none"> • Two months' current and consecutive account statements from each bank, brokerage, mutual fund account, or investment portfolio covering a minimum of 60 consecutive days. • Account statements must include the following information: <ul style="list-style-type: none"> ○ Borrower as the account holder ○ Account number ○ Time period covered ○ Current balance ○ Statement date ○ Name of the depository or investment institution • The Borrower must explain any recent large deposits, newly opened accounts (within the last 90 days), or account balances that are considerably greater than the average balance over the previous few months. Any indications of borrowed funds must be investigated and the funds must be sourced. <p>Earnest Money Deposits:</p> <ul style="list-style-type: none"> • Copy of the Borrower's cancelled check and two months' bank statements, up to and including the date the check cleared, to evidence a sufficient average balance to support the amount of the earnest money deposit. • Any large deposit to the account must be addressed in writing with supporting documentation. • Verification that there are sufficient funds on deposit to cover the earnest money deposit and any other required funds to close. • The canceled check or bank statement and the deposit receipt must agree with the Purchase Agreement. If additional earnest money deposits are made, an amendment to the original Purchase Agreement must be provided. <p>Business Funds:</p> <ul style="list-style-type: none"> • Business funds may be used for down payment, closing costs, or reserves. • The borrower must be the sole proprietor or 100% owner of the business (or all borrowers combined own 100%). • The individual federal income tax returns must be evaluated including, if applicable, the business federal income tax returns for that particular business. • A Fannie Mae cash flow analysis must be provided using the most recent 3 months business bank statements to determine no negative impact to business based on withdrawal of funds. <p>Marketable Securities:</p> <ul style="list-style-type: none"> • Two most recent, consecutive months stock/securities account statements are required. • Evidence of liquidation, including evidence of borrower receipt of funds, is required when funds are used for down payment or closing costs. • 70% of the value of stock accounts can be considered in the calculation of assets available for reserves. • Restricted stock subject to SEC rule 144 may be eligible subject to additional requirements. <p>Retirement Accounts:</p> <ul style="list-style-type: none"> • Most recent retirement account statement covering a minimum 2-month period. • Evidence of liquidation is required when funds are used for down payment or closing costs.

This information is published and/or provided by Plaza Home Mortgage, Inc. as a courtesy to its clients and is meant for instructional purposes only. None of the information provided is intended to be legal advice in any context. Plaza makes every effort to provide accurate information. Plaza does not guarantee, warrant, ensure or promise that it is correct, and any effort to blame Plaza if this information proves to be incorrect will be vigorously defended. Each client is highly encouraged to seek the advice of legal counsel prior to distributing any of the information provided herein. Any unauthorized use, dissemination or distribution of this document is strictly prohibited.

Plaza Home Mortgage, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and is not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. Refer to Plaza's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 Plaza Home Mortgage, Inc. Plaza Home Mortgage and the Plaza Home Mortgage logo are trademarks of Plaza Home Mortgage, Inc. All other trademarks are the property of their respective owners. All rights reserved. Plaza NMLS #2113. P.N.Closed-End Second Lien Program Guidelines.G.102.5.7.19



	<ul style="list-style-type: none"> • The following percentage of the vested amount may be used after reduction of any outstanding loans: <ul style="list-style-type: none"> ○ If the borrower is < 59.5 years old, 55% of the vested value of retirement accounts ○ If the borrower is ≥ 59.5 years old, 65% of the vested value of retirement accounts • Retirement accounts that do not allow any type of withdrawal are ineligible for use as reserves. • If the retirement account only allows withdrawals in connection with borrower's termination of employment, retirement or death, the vested funds may not be considered for reserves.
Eligible First Liens	<p>The second lien must close simultaneously with a concurrent conventional Fannie Mae eligible first lien.</p> <p>Both the first lien and the second lien must be delivered to Plaza.</p> <p>Ineligible First Liens:</p> <ul style="list-style-type: none"> • Any first lien that is not Fannie Mae eligible (first lien must receive DU Approve/Eligible findings) • First liens not sold to Plaza • Fannie Mae HomeReady • Fannie Mae HomeStyle • Fannie Mae DU Refi Plus
Geographic Restrictions	<p>Hawaii: Properties in Lava Flow Zones 1 and 2 are not allowed.</p> <p>Texas: Cash out refinance transactions are not eligible.</p> <p>West Virginia: Delegated deliveries only.</p>
Identity of Interest	Non-arm's length transactions are not allowed.
Income and Employment	<p>Income must be documented per the DU findings certificate subject to any limitations listed within these guidelines.</p> <p>Ineligible Income: Regardless of DU findings, the following are ineligible:</p> <ul style="list-style-type: none"> • Employment and income commencing after the note date • Non-employment related assets used for qualifying income <ul style="list-style-type: none"> ○ Standard Fannie Mae employment related assets as qualifying income is allowed • Restricted Stock Units (RSU) income • <u>Foreign Income</u> <p>The following is required on all loans:</p> <ul style="list-style-type: none"> • 1003: A completed and signed 1003 including a 2-year employment history is required for all borrowers. • 4506-T/Tax Transcripts: <ul style="list-style-type: none"> ○ A signed 4506-T for all years in which income was used in the underwriting decision is required. ○ Transcripts are required. The transcript requirement must match the documentation required by DU (e.g., if W-2 only income is used then W-2 transcripts are allowed). • Income/Employment: <ul style="list-style-type: none"> ○ Validated by DU: When income and employment have been validated by DU, the DU findings along with Employment and Income Verification report is acceptable documentation. ○ Not Validated by DU (either DU Validation Services not utilized or DU is unable to validate income) If income and employment have not been validated by DU, standard documentation per the DU findings report is required. • Verbal Verification of Employment: <ul style="list-style-type: none"> ○ Employment Validated by DU: DU employment validation obtained within 10 days of closing is acceptable to satisfy the VVOE requirement. ○ In all other situations and for all other employment verification methods, standard VVOE requirements apply. <p>When relying on DU validation services all Fannie Mae requirements must be met. Refer to Fannie Mae's Selling Guide for additional information.</p>
Insurance	<ul style="list-style-type: none"> • 100% of the insurable value of the improvements with replacement cost coverage as established by the property insurer, or the unpaid principal balance of the first and second mortgage (sufficient coverage for the new combined loans) is required.

This information is published and/or provided by Plaza Home Mortgage, Inc. as a courtesy to its clients and is meant for instructional purposes only. None of the information provided is intended to be legal advice in any context. Plaza makes every effort to provide accurate information. Plaza does not guarantee, warrant, ensure or promise that it is correct, and any effort to blame Plaza if this information proves to be incorrect will be vigorously defended. Each client is highly encouraged to seek the advice of legal counsel prior to distributing any of the information provided herein. Any unauthorized use, dissemination or distribution of this document is strictly prohibited.

Plaza Home Mortgage, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and is not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. Refer to Plaza's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 Plaza Home Mortgage, Inc. Plaza Home Mortgage and the Plaza Home Mortgage logo are trademarks of Plaza Home Mortgage, Inc. All other trademarks are the property of their respective owners. All rights reserved. Plaza NMLS #2113. P.N.Closed-End Second Lien Program Guidelines.G.102.5.7.19



	<ul style="list-style-type: none"> The hazard and flood insurance policy must reference both the first and second mortgage. 										
Interested Party Contributions	<table border="1"> <thead> <tr> <th>Occupancy</th> <th>CLTV</th> <th>Maximum Seller Contributions</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Primary Residence and Second Home</td> <td>> 90%</td> <td>3%</td> </tr> <tr> <td>> 75% and < 90%</td> <td>6%</td> </tr> <tr> <td>≤ 75%</td> <td>9%</td> </tr> </tbody> </table>	Occupancy	CLTV	Maximum Seller Contributions	Primary Residence and Second Home	> 90%	3%	> 75% and < 90%	6%	≤ 75%	9%
Occupancy	CLTV	Maximum Seller Contributions									
Primary Residence and Second Home	> 90%	3%									
	> 75% and < 90%	6%									
	≤ 75%	9%									
Loan Limits	<p>Minimum loan amount: \$20,000 Maximum loan amount: \$500,000 Maximum combined first and second lien loan amount: \$1,500,000</p> <p>The second lien loan amount must be less than the first lien loan amount.</p>										
Max Financed Properties	<p>Primary Residence: There is no restriction on the number of financed properties. Second Home: If the borrower has greater than 10 financed properties, the CLTV is limited to 70%.</p> <p>Maximum Loans/Maximum Exposure: A maximum of four Plaza loans are permitted to one borrower.</p>										
Mortgage Insurance	Not required.										
Occupancy	<ul style="list-style-type: none"> Owner-occupied primary residence Second home 										
Property Eligibility	<p>Eligible Properties:</p> <ul style="list-style-type: none"> Attached/detached SFRs Attached/detached PUDs Condos (Fannie Mae Warrantable) 2-4 units <p>Ineligible Properties:</p> <ul style="list-style-type: none"> Properties in declining markets Properties with condition rating of C5/C6 Properties with construction rating of Q6 Model home leaseback Properties with a private transfer covenant Properties with age restrictions or with any other resale restrictions Properties with litigation Commercial properties Co-ops Condominium conversions less than three years from completion Condominiums that are Unwarrantable 2-4 unit condominium projects Condotels Log, earth or geodesic dome homes Geothermal homes Factory built housing including Modular Homes and Manufactured housing Mixed use Timeshares Unique properties Properties > 20 acres Rural property as defined by any of the following: per appraiser, rural zoned, on a gravel road, comps > 5 miles, < 25% of surrounding market developed Agriculturally zoned, Hobby farms, ranches, orchards Properties located on Indian/Native American tribal land 										
Property Flips	<p>Flips are generally not allowed. Case-by-case exceptions may be granted in cases of inheritance, divorce settlement, employer relocation, lender REO or in cases with substantial documented improvements.</p> <p>A flip transaction is a purchase transaction of a property that has been acquired within the last 180 days by the seller and is being sold for a quick profit.</p>										
Repair Escrows	Not allowed.										

This information is published and/or provided by Plaza Home Mortgage, Inc. as a courtesy to its clients and is meant for instructional purposes only. None of the information provided is intended to be legal advice in any context. Plaza makes every effort to provide accurate information. Plaza does not guarantee, warrant, ensure or promise that it is correct, and any effort to blame Plaza if this information proves to be incorrect will be vigorously defended. Each client is highly encouraged to seek the advice of legal counsel prior to distributing any of the information provided herein. Any unauthorized use, dissemination or distribution of this document is strictly prohibited.

Plaza Home Mortgage, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and is not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. Refer to Plaza's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 Plaza Home Mortgage, Inc. Plaza Home Mortgage and the Plaza Home Mortgage logo are trademarks of Plaza Home Mortgage, Inc. All other trademarks are the property of their respective owners. All rights reserved. Plaza NMLS #2113. P.N.Closed-End Second Lien Program Guidelines.G.102.5.7.19



Reserves	<p>Reserve requirements are determined by DU.</p> <p>Reserves must come from the borrower's own funds. Reserves must be adequate to cover the first and second lien PITIA. Refer to the Assets section for documentation requirements and any limitations on allowable assets.</p> <p>Reserves for additional financed properties: Other than the simultaneous first lien, additional reserves are not required for additional financed properties.</p> <p>Ineligible Assets for Reserves:</p> <ul style="list-style-type: none"> • Gift funds • Proceeds from cash-out
Qualifying Ratios	<p>Refer to the Eligibility Matrix for maximum DTI. In no case can the DTI exceed 45%.</p> <p>Second Lien Qualifying Payment: Qualify at the note rate.</p> <p>First Lien Qualifying Payment:</p> <ul style="list-style-type: none"> • 5/1 Fully Amortized ARM: Qualify at the greater of the note rate plus 2% or the fully indexed rate. • Fixed Rate & 7/1 & 10/1 Fully Amortized ARM: Qualify at the greater of the note rate or the fully indexed rate.
Temporary Buydowns	<p>Not allowed.</p>
Transactions	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance <ul style="list-style-type: none"> ○ Follow Fannie Mae definitions for Limited Cash-Out Refinance when paying off a second lien. Payoff of a non-purchase money second lien is considered cash-out regardless of second lien seasoning. ○ Properties listed for sale at time of loan application are not eligible. ○ If the property was listed within the last 6 months, the following is required: <ul style="list-style-type: none"> ▪ Proof that the listing was canceled prior to the application date. ▪ Acceptable letter of explanation from the borrower detailing the rationale for changing the intention to sell. • Cash-Out Refinance <ul style="list-style-type: none"> ○ If any first or second lien loan proceeds are used for payoff of a non-purchase money second, debt consolidation, debt payoff, or cash-out then the second lien transaction will be treated as cash-out. ○ Cash-out > 80% CLTV is only eligible when the first lien is a rate/term refinance and any cash-out is obtained from the second lien. ○ Minimum 6 months ownership seasoning required. ○ Properties owned < 12 months use the lesser of the purchase price or the appraised value to determine the CLTV. ○ Properties listed for sale at time of loan application are not eligible. ○ If the property was listed within the last 6 months, the following is required: <ul style="list-style-type: none"> ▪ Proof that the listing was cancelled prior to the application date. ▪ Acceptable letter of explanation from the borrower detailing the rationale for changing the intention to sell. ▪ Maximum 80% CLTV or program maximum, whichever is less. <p>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:</p> <ul style="list-style-type: none"> • The CLTV is calculated based on the lesser of the purchase price or appraised value of the subject property. • Loan is underwritten as a cash-out refinance for CLTV purposes and cash-out pricing applies. • The CD from the original purchase must be provided. Documentation must show that no financing was obtained for the purchase of the property. • Funds used to purchase the property must be fully documented and sourced and must be the borrower's own funds (no borrowed funds, no gift funds, no business funds, no retirement funds, no pledged assets).

This information is published and/or provided by Plaza Home Mortgage, Inc. as a courtesy to its clients and is meant for instructional purposes only. None of the information provided is intended to be legal advice in any context. Plaza makes every effort to provide accurate information. Plaza does not guarantee, warrant, ensure or promise that it is correct, and any effort to blame Plaza if this information proves to be incorrect will be vigorously defended. Each client is highly encouraged to seek the advice of legal counsel prior to distributing any of the information provided herein. Any unauthorized use, dissemination or distribution of this document is strictly prohibited.

Plaza Home Mortgage, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and is not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. Refer to Plaza's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 Plaza Home Mortgage, Inc. Plaza Home Mortgage and the Plaza Home Mortgage logo are trademarks of Plaza Home Mortgage, Inc. All other trademarks are the property of their respective owners. All rights reserved. Plaza NMLS #2113. P.N.Closed-End Second Lien Program Guidelines.G.102.5.7.19



	<ul style="list-style-type: none"> • 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. <p>Continuity of Obligation: Refinances require continuity of obligation. Continuity of obligation is met when any one of the following exists:</p> <ul style="list-style-type: none"> • At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced; • The borrower has been on title and residing in the property for at least 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor; • The loan being refinanced and the title to the property are in the name of a natural person or a limited liability company (LLC), as long as the borrower was a member of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirements; • The borrower has recently inherited, or was legally awarded, the property (divorce, separation or dissolution of a domestic partnership). <p>Loans with an acceptable continuity of obligation are eligible for either cash-out or rate/term refinance. If the borrower is currently on title but is unable to demonstrate an acceptable continuity of obligation, or if there is no outstanding lien against the property, the loan is still acceptable as a cash-out refinance, as detailed below:</p> <ul style="list-style-type: none"> • All borrowers must be on title for a minimum of 6 months. • If the purchase date is within 6 to 12 months prior to application date and there is no lien, the LTV must be based on the lesser of the original sales price or the current appraised value. • If the purchase date is more than 12 months and there is no lien, the LTV may be based on the current appraised value. • If there is a lien and the borrower has been on title for at least six (6) months, the LTV is limited to 50%, or the program maximum, whichever is less based on the appraised value. <p>Ineligible Transactions:</p> <ul style="list-style-type: none"> • Refinances of Properties that are currently listed for sale • Cash out refinances in the state of Texas
Underwriting Method	<p>All loans must be processed through Desktop Underwriter (DU) and receive an Approve/Eligible finding. The underwriter will utilize the DU findings from the first lien which will include the CLTV and terms of the second lien. The more restrictive of the DU findings and these Second Lien Program Guidelines applies.</p> <p>Manual underwriting is not permitted.</p>
Other Requirements	<p>Title: UCC filings (including solar), private transfer covenants, mechanics liens and other items that would impact title, marketability or foreclosure are not allowed.</p> <p>Additional Documentation Requirements:</p> <ul style="list-style-type: none"> • A copy of the first lien Note and Deed of Trust/Mortgage is required • A copy of the final CD from the first lien is required • A Full ALTA title policy with Expanded Coverage that insures both the First Lien and Second Lien or a separate title policy for each transaction is required. • Disclosures: Second Lien Investors specifically audit for all lender required disclosures. Plaza requires that lenders provide us with a full and complete loan file including all disclosures. <p>Higher Priced Mortgage Loans: Eligible.</p> <p>High Cost: Federal, State and Local High Cost Loans are not permitted. Loans that meet the definition of "high cost," "high risk," "covered," "subprime," or any similar designation under state or local law are ineligible.</p>

This information is published and/or provided by Plaza Home Mortgage, Inc. as a courtesy to its clients and is meant for instructional purposes only. None of the information provided is intended to be legal advice in any context. Plaza makes every effort to provide accurate information. Plaza does not guarantee, warrant, ensure or promise that it is correct, and any effort to blame Plaza if this information proves to be incorrect will be vigorously defended. Each client is highly encouraged to seek the advice of legal counsel prior to distributing any of the information provided herein. Any unauthorized use, dissemination or distribution of this document is strictly prohibited.

Plaza Home Mortgage, Inc. is an Equal Housing Lender. This is not a commitment to lend. Information is intended for mortgage professionals only and is not intended for public use or distribution. Terms and conditions of programs are subject to change at any time. Refer to Plaza's underwriting and program guidelines for loan specific details and all eligibility requirements. © 2019 Plaza Home Mortgage, Inc. Plaza Home Mortgage and the Plaza Home Mortgage logo are trademarks of Plaza Home Mortgage, Inc. All other trademarks are the property of their respective owners. All rights reserved. Plaza NMLS #2113. P.N.Closed-End Second Lien Program Guidelines.G.102.5.7.19

