

**DG (HELOC) - Standard and Alt Doc**

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$250,000	740	90	75	70
	700	85	75	65
	680	75	75	NA
\$350,000	740	85	75	65
	700	85	75	65
	680	75	70	NA
\$500,000	740	75	75	NA
	700	75	70	NA
	680	75	65	NA

**Bank Statement - Maximum HCLTV**

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$250,000	740	80	75	70
	700	75	70	65
\$350,000	740	75	75	65
	700	75	70	65
\$500,000	740	75	70	NA
	700	70	65	NA

**Property Type**

- Single Family: Attached, Detached
- 2-4 Unit: Max HCLTV 80%
- FNMA Warrantable Condo: Max HCLTV 80%
- **Not Eligible:** Rural, Non-Warrantable Condominium, Condotel

Housing History	Credit Event Seasoning	Forbearance, Modification, or Deferral	First Time Homebuyer
0x30x12	BK/FC/SS/DIL/PreFC/MC/NOD: >= 84 Mo Multiple Derogatory Events: >= 84 Mo	> 12 Mo	Not Applicable

**State Eligibility**

- Ineligible States: TX
- Ineligible Locations:
  - o Investor occupancy in Baltimore City, MD, and Philadelphia County, PA
  - o Puerto Rico, Guam, & the US Virgin Islands
- State Overlays for CT, FL, IL, NJ, NY: Max HCLTV 80%, min credit score 720
- TN: Maximum total loan term is 15 years

**Declining Market**

If the appraisal report identifies the property in a declining market, the maximum HCLTV is limited to 80% for all transactions.

**General Requirements**

<b>Product and Term</b>	<ul style="list-style-type: none"> <li>• Variable Rate Terms: 15, 20, 25, 30 years                             <ul style="list-style-type: none"> <li>o Index: Prime as published in the Wall Street Journal (daily)</li> <li>o Margin: See Rate Sheet</li> <li>o Floor Rate: 4.0</li> <li>o Maximum Rate: 18%</li> <li>o Daily Periodic Interest Rate, Index plus Margin</li> <li>o Finance Charges: Interest accrues on the day of an advance and continues until the outstanding balance is paid in full. Interest is calculated daily based upon the Daily Periodic Rate and the daily balance.</li> </ul> </li> <li>• Draw Period: 2 year, 3 year, or 5 year</li> <li>• Minimum Payment:                             <ul style="list-style-type: none"> <li>o Draw Period: Interest only calculation, greater of accrued interest or \$100</li> <li>o Repayment Period: Amortizing principal and interest payment based upon the maximum line amount, repayment term, current rate (Index plus Margin)</li> </ul> </li> </ul>
<b>Qualifying Payment for Subject Loan</b>	<ul style="list-style-type: none"> <li>• Qualifying Payment for Subject Loan: Amortizing principal and interest payment based upon the maximum line amount, repayment term, current rate (Index plus Margin)</li> </ul>
<b>Advances</b>	<ul style="list-style-type: none"> <li>• Initial Advance: Minimum 50% of total line amount</li> <li>• Minimum Advance: \$1,000.00</li> <li>• Maximum Advance: Line amount</li> <li>• Lock-out Period: Advances not available for a period of 90-days after closing to allow for servicing transfer</li> <li>• HELOC Purchase and Settlement by DG Pinnacle. DG uses the initial advance at the time of purchase to determine final settlement price. If the initial advance has been paid down by the borrower prior to purchase by DG, the final settlement price will be based on the current HELOC balance.</li> </ul>
<b>Responsible Lending</b>	<ul style="list-style-type: none"> <li>• Ineligible loans include State High Cost and HOEPA</li> <li>• Points/Fees not to exceed 5%</li> </ul>
<b>Loan Amounts</b>	<ul style="list-style-type: none"> <li>• Min: \$50,000</li> <li>• Max: \$500,000</li> </ul>
<b>Home Equity Combined Loan to Value (HCLTV)</b>	<ul style="list-style-type: none"> <li>• Maximum line amount of the HELOC combined with the total outstanding balance of the first lien are used for the HCLTV ratio</li> </ul>
<b>Combined Loan Balance</b>	<ul style="list-style-type: none"> <li>• Maximum line amount of the HELOC combined with the total outstanding balance of the first lien not to exceed \$2,000,000</li> </ul>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>• Stand-Alone Cash-Out (minimum ownership of 1 2 months required)</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Primary, Second Home, Investment</li> </ul>

**DG (HELOC) - Standard and Alt Doc continued**

General Requirements, continued			
<b>Cash-In-Hand</b>	<ul style="list-style-type: none"> <li>Max: \$500,000</li> </ul>		
<b>Eligible Borrower</b>	<ul style="list-style-type: none"> <li>U.S. Citizen</li> <li>Permanent Resident Alien</li> </ul>		
<b>Vesting</b>	<ul style="list-style-type: none"> <li>Vesting in an entity is ineligible</li> </ul>		
<b>Ineligible Loan Features</b>	<ul style="list-style-type: none"> <li>Lien Free Properties - if the subject property is lien free, including delayed financing, ineligible.</li> <li>Unseasoned cash-out - if the existing lien is a cash-out, measured within six (6) months of the note date to note date.</li> <li>Frequent Refinances - Two (2) or more cash-out refinances in the past twelve (12) months.</li> </ul>		
<b>Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>For criteria not referenced in this matrix, follow the HELOC chapter of the Non-Agency Seller Guide</li> </ul>		
First Lien Eligibility			
<b>First Lien Documentation Requirements</b>	<ul style="list-style-type: none"> <li>First lien documentation requirements, all of the following apply:                             <ul style="list-style-type: none"> <li>Copy of 1<sup>st</sup> lien Note                                     <ul style="list-style-type: none"> <li>Default interest rate on Note cannot exceed Note rate</li> <li>If Interest Only and/or ARM, terms of the Note to be reviewed (See DTI Requirements)</li> </ul> </li> <li>Copy of most recent monthly mortgage payment statement</li> <li>Utilized to determine if payment includes escrows (See DTI Requirements)</li> </ul> </li> </ul>		
<b>First Lien Qualifying Payment</b>	<ul style="list-style-type: none"> <li>First lien qualifying payment for the debt-to-income (DTI) ratio:                             <ul style="list-style-type: none"> <li>Fixed Rate: Note rate amortized over the total loan term.</li> <li>Adjustable Rate Mortgage (ARM): Qualifying rate is the higher of the fully indexed rate or the Note rate.</li> <li>Interest Only (Fixed/ ARM), Qualifying rate is amortized over the remaining term after the expiration of the interest only period.</li> </ul> </li> </ul>		
<b>Ineligible First Liens</b>	<ul style="list-style-type: none"> <li>Ineligible First liens with high-risk features include, but are not limited to:                             <ul style="list-style-type: none"> <li>Forbearance, modifications, or deferrals completed or reinstated within 12- months of the Note date</li> <li>Loans in active forbearance or deferment</li> <li>Negative amortization including loans with Paid-In-Kind (PIK) features</li> <li>Balloon, if the balloon payment becomes due during the amortization period of the new 2<sup>nd</sup> lien</li> <li>Reverse Mortgages</li> <li>Loans secured by more than one underlying property, including cross collateralized loans or blanket mortgages</li> <li>Home Equity Line of Credit</li> <li>Note with default interest rate greater than the Note rate</li> </ul> </li> </ul>		
Income Requirements			
<b>Standard Doc</b>	<ul style="list-style-type: none"> <li>Wage/Salary: Paystubs, W-2's, 1-year or 2-years Tax Returns, IRS Form 4506-C, Verbal VOE</li> <li>Self-Employed: 1-year or 2-years Personal and Business Tax Returns, YTD P&amp;L, IRS Form 4506-C</li> </ul>		
<b>Personal Bank Statements</b>	<ul style="list-style-type: none"> <li>12- or 24-months of personal and 2-months of business bank statements.</li> <li>Qualifying income is determined by the total eligible deposits from the 12- or 24-months of personal statements divided by the number of statements.</li> <li>The business bank statements must reflect business activity and transfers to the personal account.</li> </ul>		
<b>Business Bank</b>	<ul style="list-style-type: none"> <li>12- or 24-months of business bank statements. Qualifying income is determined by one of the following analysis methods: Statement of Fixed Expense Ratio (50%)</li> </ul>		
Property Requirements			
<b>Acreage</b>	<ul style="list-style-type: none"> <li>Property up to 10 acres, not meeting the rural definition, eligible</li> </ul>		
<b>Appraisal Requirements</b>	<ul style="list-style-type: none"> <li>Transferred appraisals are not eligible</li> <li><b>Primary Valuation:</b> <ul style="list-style-type: none"> <li>Primary Valuation - Loan Amount &lt;=\$400,000: See Non-Agency Seller Guide for requirements</li> <li>Primary Valuation - Loan Amount &gt;\$400,000: Full appraisal report with an interior inspection is required, see Non-Agency Seller Guide for requirements</li> </ul> </li> <li><b>Secondary Valuation (Appraisal Review):</b> Not required</li> <li>When a full appraisal report is obtained, a new appraisal is required after 120 days. Appraisal Update 1004D is not allowed.</li> </ul>		
<b>Listing Seasoning</b>	<ul style="list-style-type: none"> <li>Properties currently listed for sale or previously listed for sale within the past 6-months are not eligible</li> </ul>		
<b>Title Requirements</b>	<ul style="list-style-type: none"> <li><b>Title Report:</b> <ul style="list-style-type: none"> <li>Loan Amount &lt;= \$250,000: See Non-Agency Seller Guide for requirements</li> <li>Loan Amount &gt; \$250,000: Title Insurance is required, see Non-Agency Seller Guide for requirements</li> </ul> </li> <li><b>Ownership Seasoning:</b> Subject property must be owned a minimum of 12-months (on title) to be eligible</li> <li><b>Existing Subordinate Liens,</b> All existing subordinate liens must be satisfied</li> <li><b>Solar Panels:</b> UCC filings associated with the subject property are ineligible</li> </ul>		
<b>Flood Certificate and Flood Insurance</b>	<ul style="list-style-type: none"> <li>Flood determination required for every loan file</li> <li>Properties within a flood zone require evidence of insurance coverage in accordance with the HFIAA</li> <li>Loss payee clause must reflect seller as additional insured</li> </ul>		
<b>Hazard Insurance</b>	<ul style="list-style-type: none"> <li>Hazard Insurance coverage must provide for claims to be settled on a replacement cost basis</li> <li>Loss payee clause must reflect seller as additional insured</li> </ul>		
<b>Escrows</b>	<ul style="list-style-type: none"> <li>Escrows for taxes and insurance are not permitted for second lien programs</li> </ul>		
Underwriting Requirements			
<b>Credit Score</b>	<ul style="list-style-type: none"> <li>Use the lowest representative score amongst all borrowers                             <ul style="list-style-type: none"> <li>Representative score for each borrower is the lower of two (2) or middle of three (3) credit scores</li> </ul> </li> <li>Rapid rescoring is not allowed</li> </ul>	<b>Tradelines</b>	<ul style="list-style-type: none"> <li>All borrowers must have three (3) reporting with one (1) currently open and active for at least 24-months based on credit report pull date. Other two (2) reported for 12-months can be open or closed.</li> </ul>
<b>Assets and Reserves</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<b>DTI Requirements</b>	<ul style="list-style-type: none"> <li>Maximum DTI ratio:                             <ul style="list-style-type: none"> <li>50% DTI for HCLTV less than or equal to 80%</li> <li>45% DTI for HCLTV greater than 80%</li> </ul> </li> </ul>
<b>Document Age - Property</b>	<ul style="list-style-type: none"> <li>Title Report (or O&amp;E): 60-days</li> <li>Appraisal: 120-days</li> <li>AVM: 90-days</li> </ul>	<b>Document Age - Credit</b>	<ul style="list-style-type: none"> <li>120-days</li> </ul>