

PREMIUM: INVESTOR DSC PROGRAM

Introduction:

This program is intended for real estate investors who do not want to use their own income to qualify. Properties being financed are for investment purpose only and are not occupied by borrower. Borrower does not have to provide income documents and are qualified using the documented lease from the subject property.

Program Summary:

Transaction types	Purchase / Rate and Term / Cash out Refinance	
Occupancy	Investment Property	
Minimum Loan Amount	\$135,000	
Maximum Loan Amount*	\$2,000,000	
Minimum Required FICO	680	
Maximum DTI	Not Applicable	
Housing Payment History	OX30 in prior 24 months	
Income Documentation type	Income is determined by subject property rent	
Waiting Period Requirement	Chapter 7 Bankruptcy	48 months
	Chapter 13 Bankruptcy	48 months
	Housing Event (Foreclosure/DIL/Short Sale)	48 months

*Refer below Guideline for allowed LTV for maximum loan amount.

Product code	<ul style="list-style-type: none"> SUNNPM0025 									
Loan Purpose	<ul style="list-style-type: none"> Purchase Rate & Term Refinance* Cash Out Refinance <p>*Cash back to borrower is limited to the \$2000.</p>									
Occupancy	<ul style="list-style-type: none"> Investment Property 									
Eligible State	<ul style="list-style-type: none"> AL, AR, AZ, CA, CO, CT, DE, FL, IA, ID, IL, IN, KS, KY, LA, MD, ME, MI, MN, MO, MT, NC, ND, NE, NJ, NM, NV, NY, OK, OR, PA, RI, SC, SD, TN, TX (purchase only), UT, VA, WA, WI, WY, DC 									
Amortization Term	<ul style="list-style-type: none"> 5/1 ARM: 7 year / 10 year I/O or 30 Year Self – Amortization 7/1 ARM: 10 year I/O or 30 Year Self – Amortization 30 year FRM: 7 year / 10 year I/O or 30 Year Self – Amortization <p>Note: Interest Only (I/O) products are for a 30-year term. After the Interest Only period the loan must amortize over the remaining term.</p>									
Prepayment Penalty	<ul style="list-style-type: none"> Not Allowed 									
Eligible Properties	<ul style="list-style-type: none"> Attached / Detached SFRs 2-4 Unit Property PUD, Warrantable Condo 									
Eligible Borrowers	<ul style="list-style-type: none"> U.S. Citizens Permanent Resident Aliens with a Green Card (I-551 or I-151) Non-Permanent Resident Alien with an unexpired H1, B1 or TN Visa Corporation/LLC 									
Compliance	<ul style="list-style-type: none"> Escrows required for taxes and insurance Total Points and Fees must be less than 3% Compliance with all applicable Federal and State regulations Fully documented ability-to-repay Section 32 or state high cost loan is not allowed 									
Minimum Loan Amount	<ul style="list-style-type: none"> \$135,000 <p>Note: Loan amounts of \$100,000 to \$134,999 are permitted with a 5% reduction to the maximum permissible LTV</p>									
Minimum FICO Required	<ul style="list-style-type: none"> 680 									
Maximum DTI Ratios	<ul style="list-style-type: none"> Not Applicable 									
Debt Service Coverage Ratio (DSCR)	<ul style="list-style-type: none"> DSCR is defined as ratio of the qualifying subject property rent and PITIA of the mortgage DSCR Must be equal to or greater than 1.2X if the loan is fully amortizing and 1.25X if amortization include I/O feature for LTV > 70% at standard pricing DSCR Must be equal to or greater than 1X for LTV ≤ 70% <p>Note:</p> <ul style="list-style-type: none"> Qualifying Rent will be lower of documented lease or market rent from appraisal. The note rate is used to determine the qualifying PITIA. 									
Bankruptcy and Housing Event waiting Period	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th colspan="3">Waiting Period Matrix¹</th> </tr> <tr> <th>Chapter 7 Bankruptcy</th> <th>Chapter 13 Bankruptcy</th> <th>Housing Event²</th> </tr> </thead> <tbody> <tr> <td>4 years</td> <td>4 years</td> <td>4 years</td> </tr> </tbody> </table> <p>Notes</p> <ol style="list-style-type: none"> Waiting period is measured from the month and year of discharge to the loan closing date. A 'Housing Event' is a completed foreclosure, short sale, deed in lieu or notice of default (or similar notice required under state law as an initial phase of the foreclosure process). 	Waiting Period Matrix ¹			Chapter 7 Bankruptcy	Chapter 13 Bankruptcy	Housing Event ²	4 years	4 years	4 years
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Chapter 7 Bankruptcy	Chapter 13 Bankruptcy	Housing Event ²								
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Housing Payment History	<ul style="list-style-type: none"> No late allowed in past 24 months 									

LTV / CLTV

LTV Matrix					
Occupancy Type	Maximum Loan Amount	Max LTV			Reserves
		Purchase	Rate / Term Refinance	Cash Out Refinance*	
Investment Property	\$500,000	75% ²	75% ^{1,2}	70% ¹	4 months PITIA
	\$650,000	75% ²	75% ^{1,2}	65%	
	\$1,250,000	65%	65%	65%	
	\$2,000,000	60%	60%	55%	

1. Maximum allowed LTV is 65% for properties that are vacant or that have been rented for fewer than 2 consecutive months in refinance transactions.
2. Maximum allowed LTV is 70% for 3-4 unit properties

Maximum Cash Out Amount* Matrix		
Occupancy Type	LTV	Maximum cash out amount
Investment Property	70% ≥ LTV > 65%	\$250,000
	65% ≥ LTV > 55%	\$400,000
	55% ≥ LTV	\$850,000

- *The Cash Out Amount is the difference between
- o The loan amount, and
 - o The sum of Seasoned Mortgages** and customary closing costs paid from the Loan's proceeds.
- **Seasoned Mortgages are Mortgages that were paid in full with proceeds of the Loan, and were
- (a) Closed-end mortgages that were outstanding for one year or longer, or
 - (b) Revolving (HELOC) mortgages that have been outstanding for one year or longer, and which have not been drawn on in excess of \$2000 during the twelve-month period preceding the date of the Final Application.

Subordinate Financing	<ul style="list-style-type: none"> • Not Allowed
Income Documentation	<ul style="list-style-type: none"> • There is no employment verification or income analysis required. • Income is determined by subject property rent.
Unacceptable Source of Funds	<ul style="list-style-type: none"> • Cash on hand; • Gifts; • "Sweat equity" or labor; • The sale of automobiles, household goods or similar personal property; • Proceeds from a loan secured by an automobile, household goods or similar personal property; • Proceeds from unsecured loans including but not limited to credit card advances, and signature loans; • Balances derived from larger than typical deposits that are not traced to an acceptable source; • Balances held in accounts outside of the United States.
Assets	<ul style="list-style-type: none"> • Assets need to be sourced & seasoned for 60 days
Contribution by Interested Parties	<ul style="list-style-type: none"> • The amount of seller contributions to closing costs is limited to 6% of the purchase price of the Subject Property if the loan to value ratio is 80% or less.
Max. Number of Properties Financed	<ul style="list-style-type: none"> • Maximum financed properties by SWMC can be 2
Temporary Buydown	<ul style="list-style-type: none"> • Not Allowed
Assumable	<ul style="list-style-type: none"> • Allowed

**Property Flip
Waiver**

- A subject property will be considered to have been conveyed in a Flip transaction if the sellers who sold the Subject Property to the Borrowers obligated on a loan to be sold to Sprout acquired an interest in the Subject Property within twelve months of the such loan's closing date, except that the following transactions will not be considered Flip transactions:
 - A sale by home builder or real estate developer of a newly constructed house or condominium, provided that if the location where such house or condominium is located requires that builders or developers be licensed that the selling builder or developer hold the prerequisite license;
 - A sale by a bank, licensed mortgage servicer, government entity or government sponsored entity of a property acquired through a foreclosure or deed in lieu of foreclosure;
 - A sale by a nationally recognized relocation company; or
 - A property sold by the estate of a deceased prior owner, provided that the deceased prior owner held title to such property for 12 or more months prior to the sale of the loan's closing.

**Appraisal
Review
Product**

- A Clear Capital Collateral Desk Analysis (CDA) is required on the loan.
- Second appraisals required for properties with a market value of \$1 million or greater.

**Ineligible
Property Type**

- Manufactured homes
 - Properties with any commercial occupancy.
 - Time shares
 - Ground leases and similar leaseholds
 - Condotels (condominium hotels)
 - Kiddie Condos (student based condominiums)
 - Non Warrantable Condo
 - Properties of more than ten acres
 - Farms, ranches or other agricultural properties
 - Rooming or boarding houses
 - Properties with adverse environment conditions
 - Rectories, Priest Houses and similar uses
 - Properties improved by residences of less than 600 sq. ft. of GLA
 - Properties unique or unusual for their neighborhood
 - Log homes
 - Earth, berm or basement properties
 - Vacant land
 - Properties not accessible by roads
 - Properties not suitable for year-round occupancy
 - Cooperative properties (unless located in the five boroughs of New York City)
 - Properties used as bed and breakfasts
 - Properties considered dome or geodesic
 - Properties located in Hawaii lava zone 1 or 2
 - Houseboats
 - Mobile homes
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