P&L STATEMENT ONLY PROGRAM

Revised: September 27, 2024

P&L STATEMENT ONLY ALT INCOME DOCUMENTATION [2, 6, 7]

1-4 Unit Primary [9]; 1-Unit Second Home; 1-4 Unit Investment Property [6]

PRODUCT DESCRIPTION: The P&L Statement Only option relies on unaudited P&L statement(s) to determine qualifying income.

THIS IS A QUICK GUIDE FOR THE P&L STATEMENT ONLY PROGRAM. REFER TO FULL GUIDELINES FOR ACCESS WHICH SUPERSEDE THIS DOCUMENT.

Purchase and Rate/Term Refinance

<=$1,000,000 [1]			
	Owner Occupied	Second Home	Investment
FICO	Alt-Doc	Alt-Doc	Alt-Doc
740	80%	80%	80%
720	80%	80%	80%
700	80%	80%	80%
680	80%	80%	80%
660	80%	75%	75%
<=$1,500,000			
	Owner Occupied	Second Home	Investment
740	80%	80%	80%
720	80%	80%	80%
700	80%	80%	80%
680	80%	80%	80%
660	75%	75%	75%
<=$2,000,000			
	Owner Occupied	Second Home	Investment
740	80%	80%	80%
720	80%	80%	80%
700	80%	80%	80%
680	75%	75%	75%
660	75%	70%	70%
<=$2,500,000 [5]			
	Owner Occupied	Second Home	Investment
740	80%	75%	75%
720	80%	75%	75%
700	75%	75%	75%
680	75%	70%	70%

Cash Out Refinance [3, 4, 8]

<=$1,000,000 [1]			
	Owner Occupied	Second Home	Investment
FICO	Alt-Doc	Alt-Doc	Alt-Doc
740	80%	80%	80%
720	80%	80%	75%
700	75%	75%	75%
680	75%	75%	75%
660	75%	70%	70%
<=$1,500,000			
	Owner Occupied	Second Home	Investment
740	80%	80%	80%
720	80%	80%	75%
700	75%	75%	75%
680	75%	75%	75%
660	70%	70%	70%
<=$2,000,000			
	Owner Occupied	Second Home	Investment
740	75%	75%	70%
720	75%	75%	70%
700	75%	70%	70%
680	70%	70%	65%
660	65%	65%	65%
<=$2,500,000 [5]			
	Owner Occupied	Second Home	Investment
740	75%	70%	70%
720	75%	70%	70%
700	70%	65%	65%
680	65%	65%	60%

Matrix continues on next page

MATRIX CONTINUED

<=$3,000,000 [5]			
	Owner Occupied	Second Home	Investment
740	75%	70%	70%
720	75%	70%	70%
700	75%	70%	70%
680	70%	70%	65%

<=$3,000,000 [5]			
	Owner Occupied	Second Home	Investment
740	70%	65%	60%
720	70%	65%	60%
700	65%	65%	60%
680	65%	65%	60%

FOOTNOTES

1. Minimum loan amount $125,000
2. Max DTI is 50%
3. Max Cash Out Refinance Limits:
   • For LTVs 65% and lower, unlimited cash-out funds
   • For LTVs > 65%, $1MM total cash-out funds
4. See Texas Cash Out Refinances a/k/a Texas Home Equity Loans for full details regarding Texas
   Home Equity Section 50(a)(6) eligibility
5. Loan amounts >$2MM require Credit Committee approval; **NO EXCEPTIONS TO MAX LOAN AMOUNTS**
6. Interest Only is capped at 85% LTV up to $2M (Max 80% LTV > $2M) with min 700 FICO
7. Non-Permanent Resident Alien borrowers: Purchase & Rate-Term Refinances only; Cash-Out ineligible
8. Properties listed for sale or purchased/refinanced within the last 6 months (Note to Note) require 5% LTV reduction
9. 2-4 Unit properties: Max 80% LTV

GUIDELINES

Credit Requirements	Use the middle score of the primary income earner. A borrower's documented income may not be excluded to determine the primary income earner on a file. Borrowers with only one (1) bureau reporting are not eligible. Each borrower must have three trade lines and a credit history covering 24 months. One trade line must have been open and active within the last 6 months. At least one trade line must be seasoned for 24 months.
Age of Documents	Asset statements are generally valid for 120 days. Asset statements provided must cover at least 60 days. The title report/commitment/certification is valid for 60 days. The credit report is good for 120 days from report date to note date. CPA Letter is valid for 60 days. Most recent unaudited 12-month P&L statement end date must be less than 90 days old at closing.
Qualifying Ratios	Note that these requirements are superseded by any regulatory requirements such as HPML, unless exempt by definition. Fixed Rate Loans: Loans are qualified at the note rate Fully-Amortized ARM Loans: Qualified at the greater of the Note rate or the index plus margin, using the full term of the loan. Interest Only Loan: Determine a simulated fully amortizing payment for purposes of loan qualification based on the following: ○ For 30-year loan – use a 20-year term and the Note rate* to simulate the qualifying payment ○ For 40-year loan – use a 30-year term and the Note rate* to simulate the qualifying payment. *For IO ARMs, use the greater of the Note rate or fully-indexed rate (index + margin) Interest Only is capped at 85% LTV up to $2M (Max 80% LTV > $2M) with min 700 FICO (or the max LTV defined by the eligibility matrix, whichever is less).

GUIDELINES	
Eligible Borrowers	Eligible borrowers include United States Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens, First Time Home Buyers, and Non-Occupant Co-Borrowers. Borrowers with housing payment history of 0x30x12 (or 1x30x12 with applicable pricing adjustment) Payment Shock cannot exceed 100% Non-Permanent Resident Aliens are eligible for purchase and Rate-Term Refinance transactions only with a maximum LTV of 80%. Cash-Out Refinances are not eligible. FTHB Eligible with one of the following: Document a 12-month rental history (documented via cancelled checks, paid by the borrower or an institutional VOR completed by a management company; private party/landlord VORs are not an acceptable form of documentation) within the 3 years prior to application showing 0x30. Payment shock cannot exceed 100%. If a FTHB is living rent-free or cannot document their 12mo housing history, the following eligibility criteria must apply in lieu of payment shock (80% max LTV, 700 minimum FICO, primary residence only, reserves must be borrower sourced, LOX from owner/leaseholder of borrower's current address verifying rent free status). Non-Occupant Co-Borrowers are eligible under the below guidelines. ▪ Primary Residence Only ▪ 1-Unit Only ▪ Purchase and Rate/Term Refinance Transactions Only ▪ Max Loan Amount $1,500,000 ▪ Max 80% LTV ▪ LTV reduced by 5% ▪ This is exclusive of the 80% Max LTV. A loan which would be 85% must be reduced to 80% and would be acceptable. A loan which would be 80% must be reduced to 75% ▪ The occupant borrower must contribute 50% of the total income required to qualify and front-end HTI may not exceed 60%. Income and assets are fully blended to determine back-end DTI of 50%. Non-occupant co-borrower may contribute remaining funds to close and reserves
Ineligible Borrowers	▪ Borrowers with diplomatic immunity ▪ Borrowers without a social security number or a number that cannot be validated with the SSA. ▪ Life Estates ▪ Non-revocable trust – **no exceptions** ▪ Guardianships ▪ Borrowers previously convicted of mortgage fraud ▪ Broker company employees and owners
Eligible Properties	▪ 1-4 unit attached and detached properties (Max LTV of 85% for 2-4 unit properties) ▪ Attached and detached PUDs ▪ Attached and detached Condos which are warrantable under Fannie Mae/Freddie Mac criteria ▪ Non-Warrantable Condos (see Non-Warrantable Condo section): Max 80% LTV. Pricing adjustments apply ▪ Condotels (review "Condotels" section of REMN Access guidelines for eligibility rules) ▪ Properties with an Accessory Unit (ADU) must meet Fannie Mae/Freddie Mac criteria ▪ TBD Properties (file must be resubmitted when property address is found – valid change of circumstance to add the property address is ineligible for this product) ▪ Rural properties are eligible as primary residence or second homes only. Investment properties are not eligible. Must be primarily for residential use. Property must not be agricultural or provide a source of income to the borrower. Lot size and acreage must be typical for the area and similar to the surrounding properties. Present use as per the appraisal must be the highest and best use for the property. Maximum 75% LTV/CLTV

GUIDELINES	
Ineligible Properties	▪ Acreage greater than 20 acres (appraisal must include total acreage) ▪ Mixed Use Properties ▪ Agricultural zoned property ▪ Log Homes ▪ Manufactured housing/Modular homes ▪ Properties subject to oil and/or gas leases ▪ Unique properties ▪ Working farms, ranches, or orchards ▪ Hobby farms ▪ Co-ops ▪ Properties in Lava Zones 1 and 2 ▪ Properties with a condition rating of C5 or C6
Geographic Eligibility	The Access product suite is eligible in ALL states. No state subprime or equivalent allowed. Loans that fall under the definition of New York Subprime Home Loan are not eligible for the product. In the event an appraisal indicates a property is located in a declining market, a 5% LTV reduction will be applied.
# of Properties Owned	Loan/Property restrictions per borrower are as follows: • Borrowers are collectively limited to eight (8) loans either issued or purchased by REMN/HBFS not to exceed $10,000,000. If greater than four (4) loans, then REMN WS Credit Committee approval is required • Borrowers with > 15 properties are not eligible for any second home or investment property transaction (purchase, rate/term, or cash-out). This is an aggregate based on all borrowers, and includes commercial properties and properties owned free and clear • Borrowers may have REMN/HBFS financing on a maximum of 5% of the properties in a condominium project. Condo project will require upfront validation with the Project Standards group to ensure maximum exposure in the project has not been reached. • For projects ≤ 10 total units, financing on a maximum of 1 unit is allowed • Multiple simultaneous submissions require REMN management approval
Prepayment Penalties	Prepayment penalties may be placed on investment properties (all documentation types) where allowed and to the extent permitted by state and federal law. Except as otherwise specified or directed, the prepayment penalty placed shall be for a term of at least 1 year and permit the Borrower to pay down up to 20% of the original principal balance per 12-month period. Any pay downs (including complete payoff) which exceed 20% per year are penalized in an amount not less than six (6) months interest on the amount prepaid which exceeds 20% of the original principal balance, unless restricted by state/federal law. Any loan which has a prepayment penalty must be a business purpose loan as defined in 12 CFR 1026.3(a). This includes cash-out refinance transactions, where the cash-out proceeds must be used solely for business purposes. Prepayment penalties are available for terms up to five (5) years. Pricing implications may apply in the event that a PPP shorter than three years or no PPP is placed. Eligible states for PPP are AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL*, IN, KS, KY, LA, MA, ME, MD*, MO, MT, NC, ND, NE, NH, NJ*, NV, NY, OK, OR, PA*, RI*, SC, SD, TN, TX, UT, VA, VT, WA*, WI, WY *State Specific Limitations: Illinois – PPP permitted only when closing in an LLC Maryland – Note must include Choice of Law – Title 12, Subtitle 10 Credit Grantor provisions New Jersey – PPP permitted only when closing in an LLC Pennsylvania – Minimum loan balance of $312,159 required to allow PPP on 1-2 unit properties Rhode Island – Purchase transactions must have a Flat-Pay structure: Max 1 year prepay period with 2% of balance due as penalty. Refinances may follow standard Access structure as described above Washington – PPP permitted only on fixed rate transactions
Reserves	Loan amount up to $1.5MM – 6 months PITIA or ITIA* Loan amount above $1.5MM up to $2MM – 9 months PITIA or ITIA* Loan amount above $2MM up to $3.5MM – 12 months PITIA or ITIA* Other real estate owned – 2 months of each property PITIA or ITIA* * For Interest-Only transactions: The qualifying payment must include the principal element. See the “Interest-Only Payment Qualification” section within full guidelines for more details

GUIDELINES

Gifts	A borrower of a mortgage loan may use funds received as a personal gift from an acceptable donor as a source of funds to close, closing costs, and funds to pay down debts. The gift donor must be a relative. A relative is any person related by blood, legal proceedings, marriage, or adoption and also includes a fiancé or domestic partner. Gift funds may not be used for reserves. The borrower must contribute 5% of the purchase price from their own funds, except as otherwise specified. A purchase of a primary residence with an LTV ≤80 does not require a borrower contribution, except as otherwise specified. Gift funds are eligible on primary, second, and investment properties. For second homes and investment properties, the borrower must contribute 5% of the purchase price from their own funds if the LTV > 75%. No minimum borrower contribution is required for LTV ≤ 75%.
Seller Concession	On a primary or second home, 9% up to 75% LTV and 6% to 90% LTV; On an investment property, 3%.
Appraisals	Appraisals may not be more than 120 days old as of the note date. All transactions require a new appraisal. Appraisals must be ordered through a REMN approved Appraisal Management Company. **Determining Collateral Value** Collateral valuations impact the determination of the loan-to-value ratios, as well as approval and identification of exceptions. Loans wherein the best usage is as a “tear down and replace” are not eligible. The methods for determining collateral value are different for purchase versus refinance transactions (see below). In instances where two full appraisals are completed, utilize the lower of the two. *Purchase Transaction* The collateral value is based upon the lesser of the sales price (minus concessions or excess contributions) or the appraised value. *Rate/Term Refinance Transaction* For properties owned less than 12 months as of the application date, current value may be used provided the value is supported both by appraisal and a CDA with a variance <=10%. If value not supported, use lesser of purchase price plus documented improvements or market value. If more than 12 months, use market value. *Cash-Out Refinance Transaction* For properties owned less than six months (Note to Note), the LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraisal value. • Proof of improvements are required • Proof of purchase price is required as evidenced by the final Closing Disclosures (CD) from the property purchase For properties owned less than twelve months, but greater than or equal to six months as of the application date, current value may be used provided the value is supported both by appraisal and a CDA with a variance <=10%. If value not supported, use lesser of purchase price plus documented improvements or market value. If more than 12 months, use market value. In instances where one appraisal is required, the CU and/or LCA score must be reviewed. If the CU and/or LCA score is less than or equal to 2.5, no additional appraisal review products are required unless otherwise specified. If the CU and/or LCA score exceeds 2.5 or there is no CU and/or LCA score, a CDA with a variance less than 10% is required. If the variance between the CDA and the appraisal is greater than 10%, a field review must be performed. **NOTE**: The > 10% variance rule applies when the CDA variance is reflecting a lower value than the property appraisal. If the CDA variance is reflecting a higher value than the property appraisal, the property appraisal is fully supported, and a field review is not necessary. If the value of the field review is within 5% of the value of the appraisal, utilize the lower of the two. If the value is outside of 5% of the appraised value, complete a second full appraisal. Loan amounts above $1.5MM and up to $2MM may not utilize the CU and/or LCA score in lieu of obtaining a CDA. In the event of two appraisals, the lower of the two values will be utilized and a CDA is not required unless otherwise specified in these guidelines. **For each transferred appraisal, the following criteria must be met:** ▪ A copy of the appraiser’s current license, to be independently verified by REMN WS ▪ A copy of the appraiser’s current E&O Policy with sufficient coverage name the appraiser as insured ▪ If the appraisal is a transferred appraisal, the AMC must provide an assignment of appraisal to REMN WS. In lieu of this requirement the AMC’s business license must be independently verified by REMN WS. ▪ The AIR certificate confirming compliance with Dodd-Frank AIR requirements ▪ A Collateral Desktop Analysis (CDA) with a variance between 0% and positive 10%, inclusive **Appraisal Requirements:** Up to and including $2,000,000 – One Appraisal Above $2,000,000 – Two Appraisals HPML Loan with a Flipped Property* – Two Appraisals (Borrower is not permitted to pay for 2nd appraisal) **For HPML loans, the borrower must provide evidence of receipt of the appraisal(s) or 3 calendar days must have elapsed since delivery of the appraisal(s) report.*

GUIDELINES	
Product Eligibility	▪ The P&L Statement Only program is for self-employed borrowers only. Self-employed borrowers who file their own tax returns are not eligible. ▪ Minimum of two (2) years self-employment in the current profession required. Validation of a minimum of two (2) years existence of the business from one of the following: Business license, letter from tax-preparer, Secretary of State filing or equivalent ▪ Borrower must have ≥ 50% ownership of the respective business (if more than one borrower holds ownership in the respective business, the 50% minimum ownership is cumulative) ▪ Ownership percentage must be documented via Certified Public Accountant (CPA), IRS Enrolled Agent (EA), California Tax Education Council (CTEC) letter, Operating Agreement or equivalent ▪ The CPA / EA / CTEC preparing the P&L must have filed the borrower's most recent business tax returns

Documentation Requirements	The following documentation is required for this program:
	▪ Most recent unaudited Profit & Loss (P&L) statement(s), based on below application date range. P&L end date must be less than 90 days old at closing
	▪ All Profit & Loss (P&L) statements must be completed by an independent CPA / EA / CTEC / CTA
	    ▪ Only the above licenses/designations are allowed. Tax Preparers that solely possess a PTIN or equivalent without one of the above designations are not allowed
	▪ The CPA / EA / CTEC / CTA prepared P&L statement(s) must be signed by both the borrower(s) with ownership and CPA / EA / CTEC / CTA
	▪ The CPA / EA / CTEC must attest that they have performed either of the following functions:
	    1. CPA / EA / CTEC / CTA has reviewed working papers provided by the borrower and has also prepared the most recent year of tax returns for the applicable companies as well. The CPA / EA must also attest that, based on this review, they certify that the P&L represents an accurate summary of the business cash flow and applicable cash expenses
	    2. CPA / EA / CTEC / CTA prepared the last two years of tax returns for the applicable companies as well as prepared the P&L, and the P&L statements(s) represents an accurate summary of the business cash flow and applicable cash expenses
	▪ Credit file must contain documentation that the CPA / CTEC / CTA license is verified and active. A screenshot of the IRS website for an IRS Enrolled Agent (EA) is acceptable
	▪ Borrower narrative on nature of business is required
	▪ An internet search of the business is required with documentation to be included in the credit file to support the existence of the business
	▪ Verification of business existence and that the business is fully operational/active within 120 calendar days of closing (Note: additional steps may be required due to latency in system updates or recertifications)
	
	Full Documentation Supplemental Income Sources
	Qualifying income may be supplemented with the following sources: Social Security, Pension, Asset Utilization/Distribution (not eligible for Cash-Out Refinances), Alimony, Child Support, and Second Job Income. Self-employed income as calculated via P&L statements must still be the borrower's primary income source (>50%). *Refer to complete guidelines for details.*
	
	Co-Borrower Income
	Full Documentation from a co-borrower who is not self-employed may be used to supplement the P&L statement income. See Full Documentation guidelines for additional information on acceptable sources and requirements. Tax returns for the borrower must not be provided., otherwise the loan will be underwritten based on Full Documentation requirements.

Qualifying Income	▪ Qualifying income is the lesser of the unaudited Profit & Loss (P&L) statement(s) or monthly income disclosed on the initial signed 1003 (cannot use an updated or revised 1003 for this comparison – must be the initial signed 1003) ▪ The net income calculated from the business's P&L statement must be based on the borrower's percentage of ownership ❖ For example: if the borrower has 65% ownership, the borrower's qualifying income is the net income calculated form the P&L statement(s) multiplied by 65%