

# Residential Transition Loan (“RTL”)

Version: 4.0

## Underwriting Guidelines

| Score                    |                          |   |
|--------------------------|--------------------------|---|
| Credit Decision Score    | >= 750                   | 3 |
|                          | 700-749                  | 2 |
|                          | < 700 / Foreign National | 0 |
| # of Verified Experience | 20+                      | 7 |
|                          | 10-19                    | 5 |
|                          | 3-9                      | 3 |
|                          | < 3                      | 1 |

| Total Score             |    |      |
|-------------------------|----|------|
| Borrower Classification | A+ | >= 7 |
|                         | A  | 5-6  |
|                         | B  | 2-4  |
|                         | C  | < 2  |

| Loan Program         | Loan Purpose            | Borrower Classification | Initial Loan Amount |       | Loan Amount |
|----------------------|-------------------------|-------------------------|---------------------|-------|-------------|
|                      |                         |                         | AS-IS LTV           | LTC   | LTARV       |
| Fix & Flip           | Purchase                | A+                      | 90.0%               | 90.0% | 75.0%       |
|                      |                         | A                       | 85.0%               | 85.0% | 70.0%       |
|                      |                         | B                       | 82.5%               | 82.5% | 65.0%       |
|                      |                         | C                       | 75.0%               | 75.0% | 60.0%       |
|                      | Refinance (Rate & Term) | A+                      | 75.0%               | N/A   | 65.0%       |
|                      |                         | A                       | 72.5%               | N/A   | 65.0%       |
|                      |                         | B                       | 70.0%               | N/A   | 60.0%       |
|                      |                         | C                       | 60.0%               | N/A   | 55.0%       |
|                      |                         | A+                      | 70.0%               | N/A   | 65.0%       |
| Refinance (Cash Out) | A                       | 67.5%                   | N/A                 | 65.0% |             |
|                      | B                       | 65.0%                   | N/A                 | 60.0% |             |
|                      | C                       | N/A                     | N/A                 | N/A   |             |
|                      | A+                      | 77.5%                   | N/A                 | N/A   |             |
| Bridge               | Purchase                | A                       | 82.5%               | 82.5% | N/A         |
|                      |                         | A                       | 80.0%               | 80.0% | N/A         |
|                      |                         | B                       | 80.0%               | 80.0% | N/A         |
|                      |                         | C                       | 75.0%               | 75.0% | N/A         |
|                      | Refinance (Rate & Term) | A+                      | 77.5%               | N/A   | N/A         |
|                      |                         | A                       | 75.0%               | N/A   | N/A         |
|                      |                         | B                       | 75.0%               | N/A   | N/A         |
|                      |                         | C                       | 65.0%               | N/A   | N/A         |
|                      | Refinance (Cash Out)    | A+                      | 72.5%               | N/A   | N/A         |
|                      |                         | A                       | 70.0%               | N/A   | N/A         |
|                      |                         | B                       | 70.0%               | N/A   | N/A         |
|                      |                         | C                       | 60.0%               | N/A   | N/A         |
| Bridge Plus          | Purchase                | A+                      | 77.5%               | 77.5% | N/A         |
|                      |                         | A                       | 75.0%               | 75.0% | N/A         |
|                      |                         | B                       | 75.0%               | 75.0% | N/A         |
|                      |                         | C                       | 70.0%               | 70.0% | N/A         |
|                      | Refinance (Rate & Term) | A+                      | 72.5%               | N/A   | N/A         |
|                      |                         | A                       | 70.0%               | N/A   | N/A         |
|                      |                         | B                       | 70.0%               | N/A   | N/A         |
|                      |                         | C                       | 60.0%               | N/A   | N/A         |
|                      | Refinance (Cash Out)    | A+                      | 67.5%               | N/A   | N/A         |
|                      |                         | A                       | 65.0%               | N/A   | N/A         |
|                      |                         | B                       | 65.0%               | N/A   | N/A         |
|                      |                         | C                       | 55.0%               | N/A   | N/A         |

| Underwriting Description              | Leverage Reductions |
|---------------------------------------|---------------------|
| Heavy Rehab Projects - Class A & B    | -5%                 |
| Heavy Rehab Projects - Class C        | -10%                |
| HPA decline between 0% - 10%          | -5%                 |
| 200% < ZHVI Multiplier < 300%         | -5%                 |
| Loan Amount between \$2.0M and \$3.0M | -5%                 |

## Pricing Matrix - Suggested Interest Rate

| Purchase | Based on LTC |         |        |         |        |         |        |         |        |         |        |         |        |
|----------|--------------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|
|          | 60.00%       | 60.01%  | 65.00% | 65.01%  | 70.00% | 70.01%  | 75.00% | 75.01%  | 80.00% | 80.01%  | 85.00% | 85.01%  | 90.00% |
| A+       | 9.750%       | 9.875%  |        | 10.000% |        | 10.125% |        | 10.250% |        | 10.375% |        | 10.500% |        |
| A        | 10.000%      | 10.125% |        | 10.250% |        | 10.375% |        | 10.500% |        | 10.625% |        | N/A     |        |
| B        | 10.250%      | 10.375% |        | 10.500% |        | 10.625% |        | 10.750% |        | 10.875% |        | N/A     |        |
| C        | 10.500%      | 10.625% |        | 10.750% |        | 10.875% |        | N/A     |        | N/A     |        | N/A     |        |

| Refinance (No Cash Out) | Based on As Is LTV |         |        |         |        |         |        |         |        |        |        |        |        |
|-------------------------|--------------------|---------|--------|---------|--------|---------|--------|---------|--------|--------|--------|--------|--------|
|                         | 60.00%             | 60.01%  | 65.00% | 65.01%  | 70.00% | 70.01%  | 75.00% | 75.01%  | 80.00% | 80.01% | 85.00% | 85.01% | 90.00% |
| A+                      | 10.500%            | 10.625% |        | 10.750% |        | 10.875% |        | 11.000% |        | N/A    |        | N/A    |        |
| A                       | 10.750%            | 10.875% |        | 11.000% |        | 11.125% |        | N/A     |        | N/A    |        | N/A    |        |
| B                       | 11.000%            | 11.125% |        | 11.250% |        | 11.375% |        | N/A     |        | N/A    |        | N/A    |        |
| C                       | 11.250%            | 11.375% |        | N/A     |        | N/A     |        | N/A     |        | N/A    |        | N/A    |        |

| Refinance (Cash Out) | Based on As Is LTV |         |        |         |        |         |        |        |        |        |        |        |        |
|----------------------|--------------------|---------|--------|---------|--------|---------|--------|--------|--------|--------|--------|--------|--------|
|                      | 60.00%             | 60.01%  | 65.00% | 65.01%  | 70.00% | 70.01%  | 75.00% | 75.01% | 80.00% | 80.01% | 85.00% | 85.01% | 90.00% |
| A+                   | 11.250%            | 11.375% |        | 11.500% |        | 11.625% |        | N/A    |        | N/A    |        | N/A    |        |
| A                    | 11.500%            | 11.625% |        | 11.750% |        | N/A     |        | N/A    |        | N/A    |        | N/A    |        |
| B                    | 11.750%            | 11.875% |        | 12.000% |        | N/A     |        | N/A    |        | N/A    |        | N/A    |        |
| C                    | 12.000%            | N/A     |        | N/A     |        | N/A     |        | N/A    |        | N/A    |        | N/A    |        |

## Borrower Experience

| Experience Description                                | Qualifying Points (<= 48 Months) | Qualifying Points (>48 Months) |
|-------------------------------------------------------|----------------------------------|--------------------------------|
| Property rehab completed and sold                     | 1.00                             | 0.75                           |
| Property rehab completed and retained as rental       | 0.75                             | 0.50                           |
| Property acquired as rental                           | 0.50                             | 0.25                           |
| Ground up construction and sold                       | 1.00                             | 0.75                           |
| Ground up construction and retained as rental         | 0.75                             | 0.50                           |
| Rehab completed and sold as GC for 3rd party investor | 0.50                             | 0.25                           |

## Eligible Loan Characteristics

|                                 |                                                       |                                         |                                                  |
|---------------------------------|-------------------------------------------------------|-----------------------------------------|--------------------------------------------------|
| Minimum Loan Amount             | \$100,000                                             | Loan Term (Fix & Flip)                  | 12-24 Months                                     |
| Maximum Loan Amount             | \$3,000,000 (up to \$4,500,000 on an exception basis) | Loan Term (Bridge)                      | 12-24 Months                                     |
| Minimum Qualifying Credit Score | 660                                                   | Loan Term (Bridge Plus)                 | 25-36 Months                                     |
| Eligible Property Types         | SFR, Townhome, Condo, 2-4 Units                       | Interest Accrual (Fix & Flip)           | Dutch / Non-Dutch                                |
| Loan Structure                  | Interest Only                                         | Interest Accrual (Bridge / Bridge Plus) | Dutch                                            |
| Borrower Eligibility            | LLC, Ltd Partnership, Corp, Trust, Individual         | Property Ownership                      | Fee Simple                                       |
| Heavy Rehab                     | Rehab Budget >100% of Pur. Price / As-Is Value        | Not Permitted States                    | N. Dakota, S. Dakota, Hawaii, Alaska             |
| Lien Position                   | Only 1st Liens are allowed                            | Minimum Square Footage                  | SFR/Townhome: 600 / Condo/2-4 Unit: 500 per unit |
| Rate Type                       | Fixed                                                 | Recourse                                | At least 51% of entity                           |

## Valuation Type

|                                               | Full Appraisal | Interior BPO |                                       | Full Appraisal | Interior BPO |
|-----------------------------------------------|----------------|--------------|---------------------------------------|----------------|--------------|
| Loan Amount Less than or equal to \$1,500,000 | ✓              | ✓            | As-Is LTV Less than or equal to 80%   | ✓              | ✓            |
| Loan Amount Greater than \$1,500,000          | ✓              | ✗            | As-Is LTV Greater than 80%            | ✓              | ✗            |
| Property Type: SFR, Townhome, PUD, Condo      | ✓              | ✓            | Loan Purpose: Purchase                | ✓              | ✓            |
| Property Type: 2-4 Units                      | ✓              | ✗            | Loan Purpose: Refinance (Rate & Term) | ✓              | ✗            |
| Rehab Less than or equal to \$100,000         | ✓              | ✓            | Loan Purpose: Refinance (Cash Out)    | ✓              | ✗            |
| Rehab Greater than \$100,000                  | ✓              | ✗            |                                       |                |              |