



Closed-End Second Mortgage Loan Program Concurrent & Stand-Alone

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Effective 4/2/18

Occupancy Type	Primary Residence			
Purpose	Purchase / Rate/Term / Cash-Out			
SFR/PUD/Condo	Loan Amount	Min FICO	Max CLTV	Maximum DTI
	\$25,000 - \$250,000	680	85%	43%
		720	90%	43%

Occupancy Type	Second Home			
Purpose	Purchase & Rate/Term			
SFR/PUD/Condo	Loan Amount	Min FICO	Max CLTV	Maximum DTI
	\$25,000 - \$250,000	720	80%	43%
				Cash-Out
\$25,000 - \$250,000	720	70%	43%	

Ventana Closed-Second Mortgage Program Overlays	
Additional Restrictions	<ul style="list-style-type: none"> Maximum combined first and second lien loan amount: \$2,000,000 0x30 for 24 months on all mortgage debt Second lien loan amount must be less than first lien loan amount
Underwriting	<ul style="list-style-type: none"> Eligible First Liens: Agency, Jumbo, ARMs, Non-QM, Private Note Ineligible First Liens: FHA, VA, USDA, HELOCs, Negative amortization Underwritten to Fannie Mae Selling Guide except as outlined in this Matrix. Revert to the Fannie Mae Selling Guide for any item not specified in this Matrix Ability to Repay (ATR) Compliant - ATR worksheet required File must be submitted with 1008 and DU run on subject loan Manual underwrites outside of this Program Guide and Fannie Mae guides are not allowed Stand-Alone: LTV and CLTV must be accurately reflected when submitting through DU Prior loan modifications for 1st or 2nd liens must be seasoned 7 years. No deferred balances allowed. IRS Form 4506-T must be signed by all borrower(s) Both concurrent and stand-alone transactions allowed. Simultaneous Transaction: Copy of 1st lien origination file must be included Simultaneous Transaction: Follow DU requirements Stand-Alone Transaction: <ul style="list-style-type: none"> Non-self employed borrowers: Minimum Year-to-date paystub and most recent W-2 Self Employed: 2 years tax returns and all schedules Self Employed: Prior year P&L required if most recent tax return is not available Self Employed: Year-to-date P&L required after March 31 Tax-filing Extension: Extension requirements per Fannie Mae Selling Guide
Eligible Terms	<ul style="list-style-type: none"> 15 Year Fixed 20 Year Fixed (refer to 30 year pricing) 30 Year Fixed No Prepayment Penalty No negative amortization
Geographic Restrictions	Alaska, Hawaii, Maine, North Dakota, South Dakota, Texas (Refinance), West Virginia & Puerto Rico
Gift Funds	Primary Residence only - Immediate family members only (parents, children, brothers, sisters, grandparents)
Interested Party Contribution	<ul style="list-style-type: none"> Primary Residence – 6% for CLTVs up to 90% CLTV of the lesser of sales price or appraised value Second Home - No interested party contribution
Funds to Close/Reserves	<ul style="list-style-type: none"> Closing costs and prepaid's may be paid by lender credit or by seller credit, if allowed by first mortgage guidelines Prepays paid by other than borrower must be included with seller-paid items in calculation of maximum financing concessions Required reserves: As required by first mortgage guidelines for concurrent transactions No reserves required for stand-alone transactions
Eligible	<ul style="list-style-type: none"> U.S. Citizens Permanent resident aliens Non-Permanent Resident Aliens with a current H-1 or L-1 visa. Visa copy must be included in the loan file.

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Ineligible Borrowers	<ul style="list-style-type: none"> • Non-occupant Co-borrowers • Co-signers • Foreign Nationals • Corporations, LLC's, Partnerships and Limited Partnerships • Land Trusts • Non-Revocable Trusts • Living Will • Borrowers with Diplomatic Immunity
Qualifying Ratios	<ul style="list-style-type: none"> • See Product Matrix. Max DTI: 43% • Qualifying Payment: <ul style="list-style-type: none"> - First Lien: 3/1 & 5/1 Fully Amortized ARM - Qualify at note rate plus 2% - First Lien: 7/1 & 10/1 Fully Amortized ARM - Qualify at note rate - Second Lien: Qualify at note rate
Qualifying Rate	<ul style="list-style-type: none"> • Note Rate
Credit	<ul style="list-style-type: none"> • 0 x 30 mortgage/rental delinquency in the past 24 months. Includes all mortgage debt and all borrowers on the loan. • Minimum credit scores as detailed in the Program Matrix • Credit score: Lowest middle score of all applicants • Bankruptcy (Chapter 7 & Chapter 13): 7 years from discharge date - Multiple bankruptcies ineligible • Foreclosure: 7 years from recording date - Multiple foreclosures ineligible • Short Sale/Short Payoff / Deed-in-Lieu / Modified or Restructured Loan: 7 years from completion date - Multiple occurrences ineligible • Significant Derogatory Credit Event: Notice of Default (120+ day late) in last 7 years requires letter of explanation – Multiple occurrences ineligible • Multiple occurrences of each (Bankruptcy, Foreclosure, Short Sale/Short Payoff/Deed-in-Lieu/Modified or Restructured) are not allowed regardless of age • Timeshares: No 60+ day lates allowed for last 24 months • Tax liens, delinquent taxes, judgments, collection accounts, past-due accounts, charged-off accounts or anything that has potential to affect title must be paid off prior to closing • The borrower must provide a written explanation for all material adverse credit information
Lien Position	<ul style="list-style-type: none"> • Second lien must have a valid second position • Other junior liens (For example: HELOCs, contract for deed, home improvement loan) must be paid off • Levied special assessments must be combined with the first and second lien when calculating combined LTV ratios (pending special assessments may be ignored) • The borrower takes title as fee simple. No leasehold or cooperatives.
Definition of Rate/Term Refinance	<ul style="list-style-type: none"> • The payoff of the outstanding principal balance of an existing first mortgage • The payoff of subordinate liens that were used in total for home improvement. Documentation of the costs of the home improvement required. No Seasoning necessary
Definition of Cash Out Refinance	<ul style="list-style-type: none"> • Transaction in which any proceeds from the first or second lien refinance is used for debt payoff, debt consolidation, or cash-out will require the second lien to be treated as a cash-out • Properties owned less than 6 months are reviewed on a case-by-case basis
Lien Position	<ul style="list-style-type: none"> • Second lien must have a valid second position • Other junior liens (For example: HELOCs, contract for deed, home improvement loan) must be paid off • Levied special assessments must be combined with the first and second lien when calculating combined LTV ratios (pending special assessments may be ignored) • The borrower takes title as fee simple. No leasehold or cooperatives.
Eligible Property Types	<ul style="list-style-type: none"> • Eligible: Single Family, PUDs, Condominiums • Ineligible: 2-4 units, Manufactured homes, Co-ops, Mixed use, commercial, timeshares, condotels • Condominiums: Fannie Mae Warrantable • 1 Unit Second Home • Maximum acreage: 10 acres
Appraisal Requirements	<ul style="list-style-type: none"> • Loan file must contain a Full or Desktop Appraisal. No Property Inspection Waiver (PIW) allowed. • Full appraisal required for all Higher-Priced Mortgage Loans (HPML) • > \$100,000 - Full appraisal required • < \$100,000 - Desktop Appraisal - Vendor Options: Clear Capital (ClearVal), Pro Teck (ADI) or Servicelink (DVI)
Mortgage Insurance	<ul style="list-style-type: none"> • Not allowed
Wells & Septic Requirements	<ul style="list-style-type: none"> • See Conventional Underwriting Guidelines – Well & Septic Requirements
Termite Inspection	<ul style="list-style-type: none"> • See Conventional Underwriting Guidelines – Termite Inspection
Work Completion Escrow	<ul style="list-style-type: none"> • Not allowed
Shared Road	<ul style="list-style-type: none"> • See Conventional Underwriting Guidelines – Private Road Maintenance Agreement
Assumable	<ul style="list-style-type: none"> • Not Assumable
Escrow Waiver	<ul style="list-style-type: none"> • Escrows are not required for this product. Escrows may be waived on the First lien as allowed by underwritten product
Temporary Buydown	<ul style="list-style-type: none"> • Not Allowed
Late Charges	<ul style="list-style-type: none"> • 5% or the highest amount allowed by state law