

Primary Residence 1-2 Units						
Transaction	Max Loan AMT	LTV / CVLTV¹	FICO	Max Cash Out	Max DTI	Reserves
Purchase & Rate/Term	\$1,000,000	80/80	720	N/A	41%	12
	\$2,000,000	75/75	720		39%	18
	\$3,000,000	70/70	760		39%	24
		75/75				36
Cash-Out Refinance	\$1,000,000	70/70	740	\$350,000	41%	24
	\$1,500,000	65/65	740			
Primary Residence 3-4 Units						
Transaction	Max Loan AMT	LTV / CVLTV¹	FICO	Max Cash Out	Max DTI	Reserves
Purchase & Rate/Term	\$2,000,000	70/70	720	N/A	41%	18
	\$3,000,000	65/65	760		39%	36
Cash-Out Refinance	Not Permitted					
Second Home 1-Unit						
Transaction	Max Loan AMT	LTV / CVLTV¹	FICO	Max Cash Out	Max DTI	Reserves
Purchase & Rate/Term	\$1,500,000	70/70	740	N/A	41%	18
Cash-Out Refinance	Not Permitted					

- NOTE:** Properties located in a depreciating market or the appraisal indicates that value is declining, are subject to the Depreciating Market Policy as found in the overlay section.

Product Codes	Description
3000-03	30 Year Fixed Sage A Series Jumbo
3300-03	15 Year Fixed Sage A Series Jumbo
3700-03	5/6 ARM SOFR Sage A Series Jumbo
3800-03	7/6 ARM SOFR Sage A Series Jumbo
3900-03	10/6 ARM SOFR Sage A Series Jumbo

Continued

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<i>Overlays</i>	
Depreciating Market Policy	<p>When the subject property is located in a depreciating market, the maximum LTV/CLTV/HCLTV is reduced by 5%</p> <p>Depreciating Markets policy applies when either:</p> <ul style="list-style-type: none"> the subject property is located in a depreciating market, as shown on the Depreciating Markets List OR if the appraiser/appraisal indicates that the property value is “declining”. <p>See Depreciating Markets Exhibit 1, here.</p>
PUD	<ul style="list-style-type: none"> Planned Unit Developments are only allowed on 1 unit properties

<i>Highlights</i>	
Lock Policy	<ul style="list-style-type: none"> MAX 30 day extensions. Contact lock desk for pricing. Loan must be approved before locking.
Borrower Residency Status	<ul style="list-style-type: none"> Citizen or Perm Resident only (Green Card)
Non-occupant co-borrower	<ul style="list-style-type: none"> Not allowed
Continuity of Obligation	<ul style="list-style-type: none"> At least one borrower on the refinance mortgage was a borrower on the mortgage being refinanced. Ask for details.
NON-ARMS Length	<p>NOT ALLOWED</p> <ul style="list-style-type: none"> Family sale; property in an estate; employee/Employer; renter/landlord or flip transaction

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<p>Appraisal</p>	<p>A full appraisal is required. Recertification of value required after 90 days.</p> <p><i>If the loan amount is > \$2.0MM, 2 appraisals are required.</i></p> <ul style="list-style-type: none"> • CDA (Desk Review) required – regardless of loan amount. • Ordering both reports from the same company, vendor, or agent is expressly forbidden. <u>Appraisal orders must be from 2 different AMC's if two appraisals are required.</u> • If two appraisals are required the lesser of the two values should be used to underwrite the transaction and determine LTV/CLTV/HCLTV, unless investor reviews both and determines the higher value is more accurate. <p>Depreciating Markets policy applies. See overlay section.</p>																
<p>Underwriting</p>	<ul style="list-style-type: none"> • Non-Delegated • Full documentation – only <ul style="list-style-type: none"> ▪ Wage earners ▪ Self Employed • Manual Underwriting – only 																
<p>Mortgage Insurance</p>	<ul style="list-style-type: none"> • No PMI required 																
<p>Minimum Loan Amount</p>	<ul style="list-style-type: none"> • Minimum loan amount is \$1 over the agency conforming loan size as dictated by FHFA. <p>FHFA 2023 Conforming Limits</p> <table border="1" data-bbox="540 1150 1341 1297"> <thead> <tr> <th>1 Unit</th> <th>2 Units</th> <th>3 Units</th> <th>4 Units</th> </tr> </thead> <tbody> <tr> <td>\$726,200</td> <td>\$929,850</td> <td>\$1,123,900</td> <td>\$1,396,800</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1 Unit	2 Units	3 Units	4 Units	\$726,200	\$929,850	\$1,123,900	\$1,396,800								
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<p>Debt to Income (DTI) Ratio</p>	<ul style="list-style-type: none"> • Maximum 39% - 41% DTI; See matrix above. 																
<p>Multiple Financed Properties</p>	<ul style="list-style-type: none"> • Max 4 financed. 																
<p>Previously Listed Properties</p>	<ul style="list-style-type: none"> • Listed within the most recent 180 days <ul style="list-style-type: none"> ▪ Rate and Term Only 																

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Income	<ul style="list-style-type: none"> • 4506C – 2 yrs 1040s on all transactions • If income >20% from past 1040 to current paystub – UW must do in-depth review. • Extended absences – Extended = 6 months. Borrower must be employed for 6 months to use income. • Co-borrower is self-employed – Personal tax returns are required. <ul style="list-style-type: none"> ▪ Looking for meaningful business loss. • Bonus/Overtime/Commission – Must have two-year history – NO Exceptions • Gap of employment - >30 days need LOE • Interested party employer – Requires 2yr tax returns • Family employer – Requires 2 yr tax returns • Tax returns included in file – Nothing is ignored. • Rental Income – if there is a history of receiving rental income; 2yrs tax returns with income averaged. • Partial or NO rental history on tax return: <ul style="list-style-type: none"> ▪ If property was acquired during the most recent tax filing: confirm purchase date with CD or other documentation and Schedule E must confirm a partial year of rental income and expenses. Annualize income. ▪ If property was acquired after the tax filing year: Current and fully executed lease agreement with minimum term of one year. Use 75% of the lease gross amount. • Alimony – Must provide 12 months receipts. • Retirement distribution – Must provide 2 months receipts. • Restricted Stock Units – Available for use as income. • Non-Taxable Income sources – Must use previous year’s tax rate to determine “gross up” percentage – not always 125%
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<p>Reserves</p>	<p>Reserves are considered to be the amount of post-close liquid assets a borrower has remaining after the down payment and closing costs have been deducted. One month's reserve is equal to the monthly PITIA payment.</p> <p>Multiple Properties: If a borrower has multiple properties, the following reserve requirement must be satisfied for all of the borrower's Mortgage Loans:</p> <ul style="list-style-type: none"> In addition to the reserve requirements specified in the LTV Matrices and Program fact sheets for the subject property, 2 months PITIA is required on each additional residential property with a lien (i.e., primary residence, second home, and investment property). <p>Reserve types:</p> <ul style="list-style-type: none"> Cash-out amount to be received at closing may not be used to satisfy reserve requirements. Reserves must be cash or marketable securities. Retirement assets can be used if it meets Fannie Mae guidelines. <p>Note: Large Deposits > 25% of monthly income, must be sourced.</p>
<p>Assets</p>	<ul style="list-style-type: none"> Gift Funds: <ul style="list-style-type: none"> Allowed on Primary residence ONLY 2nd Homes not allowed If funds received prior to closing: <ul style="list-style-type: none"> Need bank statements from both donor and borrower OR cancelled gift check OR copy of withdrawal slip and borrower deposit slip. If funds received at closing: <ul style="list-style-type: none"> Donor must provide proof they have sufficient funds to cover the gift via bank statement. Need proof of transfer in either with transfer confirmation or copy of cashier's check. Gift funds not allowed as reserves. Business Use of funds – NOT ALLOWED Retirement funds – Must determine actual amount available to the borrower – so may not even be 70% if they must take a loan or early withdrawal – maybe limited.
<p>Cryptocurrency</p>	<p>Use of Cryptocurrency:</p> <ul style="list-style-type: none"> Income paid in cryptocurrency cannot be used to qualify for the mortgage. Assets / Reserves – may not be in the form of cryptocurrency. Cryptocurrency must be converted to U.S. dollars if it will be needed for the mortgage transaction.

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<p>Minimum Credit Requirements</p>	<p>The borrower must have an established credit history.</p> <p>Traditional Credit</p> <ul style="list-style-type: none"> • Credit history of all borrowers on the transaction needs to consist of a minimum 4 tradelines (installment, revolving accounts, mortgages, etc), one of which is open and has minimum of 24 months history, the other 3 may be open or closed, however, must be rated for at least 12 months. • If there are less than 4 tradelines, or the tradelines do not meet the required payment history requirements as outlined or if there is no credit, there is insufficient data to determine credit behavior – even if the report includes a credit score. <p>Note: Non-traditional credit history is not permitted.</p>
	<p>Misc:</p> <ul style="list-style-type: none"> • Extenuating Circumstance – Not allowed to lower the timeline require for significant credit events. • Forbearance – Under restructured loans – if the loan terms were altered/modified then 24 months from the restructure AND 0x30 in the past 24 months history. • Multiple Bankruptcies – OK – 5 years must have elapsed from the most recent dismissal or discharge.
<p>Liabilities</p>	<ul style="list-style-type: none"> • Payment of Alimony – Always considered a debt • Payoff of debts to qualify – Not allowed for revolving debts • Cosigned debts – Payment can be omitted from DTI with 12 months payment history if borrower is co-signer but NOT primary on the debt. • Departing residence – Must have 2-year landlord history. Need appraisal to prove 25% equity.

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<p>Student Loans</p>	<p>For all student loans, the monthly payment should be calculated using the payment amount provided on the credit report unless 10 months or fewer payments remain. See Installment Debt section for requirements when not including the payment in the debt to income ratios, if 10 months or fewer payments remain.</p> <p>For deferred student loans the payment amount that will be required once the deferment or forbearance period has ended must be included as part of the borrower’s recurring monthly obligations.</p> <p>If the credit report does not reflect a payment, the following may be used to qualify the borrower:</p> <ul style="list-style-type: none"> • The monthly payment reflected on the student loan documentation (i.e., a copy of the installment loan agreement or the most recent student loan statement); or • 1% of the outstanding balance, as reported on the credit report. <p>Note: Customer provided documentation (i.e., most recent student loan statement) may be used to support a different monthly payment amount than what’s reflected on the credit report. A credit report supplement may be used to resolve further discrepancies.</p>
<p>Departure Property</p>	<p>Current principal residence is pending sale or up for sale but the transaction will not be closed (with title transfer to a new owner) prior to the new transaction (evidence that property is up for sale or pending sale is required):</p> <p>The following reserve requirements must be met for all loans:</p> <ul style="list-style-type: none"> • If the borrower can qualify with both properties in DTI, count both payments plus two months PITIA reserves for the departure property. • If there is an accepted contract, a minimum of 6 months PITIA reserves on the departure property in addition to the reserves required for the transaction is required and payment on the departure property does not have to be included in the DTI. • If there is no contract on the departure property, a minimum of 24 months PITIA reserves for the departure property in addition to the reserves required for the transaction is required and the payment on the departure property does not have to be included in the DTI. <p>The current principal residence is being converted to a second home:</p> <ul style="list-style-type: none"> • The PITIA for the current and proposed mortgage payments must be used to qualify the borrower for the new mortgage loan; and • Minimum of 6 months of PITIA reserves are required for the departure property in addition to the reserves required for the transaction. <p>The current principal residence is being converted to an Investment Property:</p> <ul style="list-style-type: none"> • If the borrower qualifies with the PITIA for the departing property and the PITIA for the new proposed mortgage payment, the borrower must have six months PITIA reserves for the departure property in addition to

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	<p>the reserves required for the transaction.</p> <ul style="list-style-type: none"> • To determine if rental income may be used to qualify, equity must be documented with one of the following: <ul style="list-style-type: none"> ○ A current appraisal (2055 or better), minus any liens. The appraisal may not be dated more than 180 days prior to the note date; or ○ By comparing the original sales price of the departure property to the current unpaid principal balance. ○ If 25% or more equity is in the departure property: 75% of the rental income can be used to calculate rental income, the following must be obtained: <ul style="list-style-type: none"> ○ A copy of the fully executed lease agreement; and ○ Twelve months of PITIA for the departure property is required in addition to the reserves required for the transaction, and ○ if the borrower does not have a 2 year history of managing an investment property a minimum 760 FICO is required ○ If less than 25% equity in the departure property: rental income may not be used to qualify: <ul style="list-style-type: none"> ○ Both the current and the proposed mortgage payments must be used to qualify the borrower for the new transaction; and ○ 6 months of PITIA for the departure property in addition to the reserves required for the transaction.
<p>Maximum # of properties</p>	<p>Subject property is a Primary Residence:</p> <ul style="list-style-type: none"> • For loans secured by primary residences, borrowers may not own or be obligated on a combined total of more than 5 financed residential properties, including the subject property. (Refer to the table below to determine if “other properties owned” should be included in limitation.) <p>Subject property is a Second Home:</p> <ul style="list-style-type: none"> • If the subject property is a second home, typically each borrower individually and all borrowers collectively may not own or be obligated on a combined total of more than 4 financed residential properties (including the subject property) at the time of application (applies to either a single lender or several different lenders, including Investor).

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<p>Occupancy</p>	<ul style="list-style-type: none"> • Owner Occupied – Allowed <ul style="list-style-type: none"> ▪ Children can provide housing for parents unable to work or does not have sufficient income to qualify for a mortgage on their own. The child is considered the owner occupant. • 2nd Homes – Allowed <ul style="list-style-type: none"> ▪ 1 unit property only. Suitable for year-round occupancy. No specific milage requirements but needs to make sense. • Non-Owner Occupied / Investment – NOT ALLOWED
<p>Ineligible Properties, Transactions & Scenarios</p>	<ul style="list-style-type: none"> • Properties with unpermitted additions – Not Allowed • Non-eligible Fannie Mae condos (includes condohotels) • Assisted living projects • Deed restriction properties – Even if age restrictions • Multiple parcels • Manufactured Homes • Cantilever construction • Cooperatives (Co-ops) • House boats • Leaseholds • Mixed used • Agricultural properties • Properties consisting of 20 or more acres. • Non-Arm’s Length Transactions • Non-occupant Co-borrowers • Non-resident Applicants • Non-Warrantable Condo Projects • Condominium and/or projects with “Pending Litigation” • Work completion escrow • Higher Priced Mortgage Loans • All Deed Restricted Properties, including Age Only • Industrial, Commercial or Agricultural Zoned Properties
<p>Condominium Restrictions</p>	<ul style="list-style-type: none"> • Fannie Mae warrantable condominiums - only • Minimum 400 sq ft. • Full review of all condo documentation • Non-Warrantable Condo Projects – Not Allowed • Condominium and/or projects with “Pending Litigation” – Not Allowed
<p>State Restrictions</p>	<p>Texas</p> <ul style="list-style-type: none"> • cash out – Not Allowed • Section 50(a)(6) – Not Allowed • Section 50(a)(2) – Not allowed

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<p>Rate/Term Refinance – Limited Cash Out</p>	<ul style="list-style-type: none"> • Cash back to the borrower may not exceed 1% of the principal amount of the new mortgage or \$5,000 whichever is less, as noted on the Closing Disclosure. • Cash back on the Closing Disclosure may only exceed this amount by the amount that was paid outside of closing by the borrower, or due to refunds that may be required in accordance with federal laws or regulations as documented in the loan file <ul style="list-style-type: none"> ➢ The settlement statement clearly identifies the refund, and ➢ The loan file includes documentation to support the amount and reason for the refund. • If paying off a purchase money 2nd you need 12 months seasoning to be considered rate and term. Max 1% or \$1,000 whichever is less.
	<ul style="list-style-type: none"> • Use current appraised value. • If paying off a non-purchase money 2nd, you must have 12 months seasoning and no more than \$2000 withdrawals in that 12-month period. • The transaction is not eligible as R/T if borrower completed cash out 30 days or less. • Delinquent property taxes must be less than 60 days delinquent.
<p>Continuity of Obligation</p>	<p>When an existing Mortgage on the subject property will be satisfied as a result of a refinance transaction (rate/term and cash out), one of the following requirements must be met:</p> <ul style="list-style-type: none"> • At least one Borrower on the refinance mortgage was a Borrower on the mortgage being refinanced; or • At least one Borrower on the refinance Mortgage held title to and resided in the mortgaged premises as a primary residence for the most recent 12- month period and the mortgage file contains documentation evidencing that the borrower, either: <ul style="list-style-type: none"> ▪ Has been making timely mortgage payment, including the payments for any secondary financing, for the most recent 12-month period; or ▪ Is a related person to a borrower on the mortgage being refinanced; or • At least one Borrower on the refinance mortgage inherited or was legally awarded the mortgaged premises (for example), in the case of divorce, separation, or dissolution of a domestic partnership. <p>Note: Continuity of Obligation requirements do not apply when there is no existing mortgage on the subject property.</p>
<p>Cash-Out Refinance</p>	<ul style="list-style-type: none"> • Cash-out is limited to the maximum amounts stated in the Matrix above. <p>NOTE: This includes the payoff of consumer debt and certain subordinate debt and is not limited to “cash-in-hand”. Applies to all product-types, occupancies and property types.</p> <ul style="list-style-type: none"> • Use current value.
<p>Delayed Financing</p>	<ul style="list-style-type: none"> • Delayed Financing – NOT ALLOWED

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Subordinate Financing	<p>Existing subordinate financing refers to a secondary lien against the subject property that will not be paid off with the refinance transaction. The secondary lien must be included in the DTI and LTV, CLTV, and HCLTV calculations.</p> <p>Obtain:</p> <ul style="list-style-type: none"> • Note to verify the terms of the secondary financing. • Subordination agreement (to be recorded at closing). • Modification agreement, if applicable (to be recorded at closing). <p>New subordinate financing refers to a new secondary lien that is closing simultaneously with a new first mortgage. The subordinate lien must be recorded in second position. The secondary lien must be included in the DTI and LTV, CLTV, and HCLTV calculations.</p>
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	<p>Note: New Subordinate Financing not allowed on refinance transactions.</p> <p>Obtain: Note to verify the terms of the secondary financing.</p>
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Fixed Rate Loan Terms	<ul style="list-style-type: none"> • 15 year fixed – fully amortizing • 30 year fixed – fully amortizing
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First Time Home Buyer	<ul style="list-style-type: none"> • Permitted on owner-occupied residence only
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Minimum Borrower Contribution	<p>Gift funds – Allowed after borrower meets minimum borrower contribution of 10%. Gifts of equity – Not Allowed</p> <p>Note: Minimum borrower contribution 10%</p> <table border="1"> <thead> <tr> <th><i>LTV / CLTV</i></th> <th colspan="2"><i>Minimum Borrower Contribution</i></th> </tr> </thead> <tbody> <tr> <td>70% or less</td> <td>Primary Residence</td> <td>The borrower must make a 5% minimum contribution from his or her own funds.</td> </tr> <tr> <td>Greater than 70%</td> <td>Primary Residence</td> <td>The borrower must make a 10% minimum contribution from his or her own funds.</td> </tr> <tr> <td>All LTV's</td> <td>Second Home</td> <td>Borrower must make full down payment. Gift funds are not permitted.</td> </tr> </tbody> </table>	<i>LTV / CLTV</i>	<i>Minimum Borrower Contribution</i>		70% or less	Primary Residence	The borrower must make a 5% minimum contribution from his or her own funds.	Greater than 70%	Primary Residence	The borrower must make a 10% minimum contribution from his or her own funds.	All LTV's	Second Home	Borrower must make full down payment. Gift funds are not permitted.
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<p>Interested Party Contribution Limits</p>	<p>Primary Residence & Second Home 6%</p> <p><u>Interested Party.</u> An interested party is defined as anyone other than the borrower who has a financial interest in or can influence the terms and sale or transfer of, the property including: the property seller, builder/ developer, real estate agent, or broker (or an affiliate who may benefit from the sale of the property and/or the sale of the property at the highest possible price). A relative, domestic partner, fiancé, fiancée, municipality, non-profit organization, or employer is not considered an interested party unless s/he is the property seller or is affiliated with the property seller.</p> <p>Contributions may not be used to meet the borrower’s down payment or minimum borrower contribution requirements, or to meet reserve requirements for the transaction.</p>
<p>Escrow Holdback</p>	<ul style="list-style-type: none"> • Not Allowed – Sage Overlay

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