

# Product Snapshot

## Closed-End Second Lien



Plaza Home Mortgage's second lien loan program offers a closed-end stand-alone second mortgage behind an existing first lien. The second lien allows borrowers to access the equity in their home while leaving their low rate first lien intact. Loan amounts range from \$50,000 to \$500,000 and both Full Doc and Bank Statement income documentation options are offered. All second lien proceeds are considered cash-out and there are no restrictions on the use of the funds. Refer to Fannie Mae's Selling Guide for any information not specified in the Program Guidelines.

Please visit our website at [plazahomemortgage.com](http://plazahomemortgage.com) to view full Program Guidelines. The information contained in this matrix may not highlight all the requirements of these programs and does not reduce or eliminate any requirements set forth in our Guidelines. Guidelines are subject to change without notice.

Primary Residence, Full Doc				
Property Type	CLTV	Credit Score	Loan Amount <sup>2</sup>	Max DTI
1-Unit SFR, PUD, Condo	85%	700	\$350,000	45% - 50% <sup>1</sup>
	80%	700	\$500,000	
	75%	680	\$350,000	

<sup>1</sup> 50% DTI allowed with:

- 80% CLTV
- 720 Credit Score
- \$5,000 residual income

<sup>2</sup> Minimum loan amount \$50,000. Maximum combined first and second lien amount of \$3,000,000.

Second Home, Full Doc				
Property Type	CLTV	Credit Score	Loan Amount <sup>2</sup>	Max DTI
1-Unit SFR, PUD, Condo	80%	700	\$350,000	45% - 50% <sup>1</sup>
	75%	700	\$500,000	
	70%	680	\$350,000	

<sup>1</sup> 50% DTI allowed with:

- 80% CLTV
- 720 Credit Score
- \$5,000 residual income

<sup>2</sup> Minimum loan amount \$50,000. Maximum combined first and second lien amount of \$3,000,000.

Primary Residence, Bank Statement				
Property Type	CLTV	Credit Score	Loan Amount <sup>1</sup>	Max DTI
1-Unit SFR, PUD, Condo	80%	700	\$350,000	45%
	70%	700	\$500,000	

<sup>1</sup> Minimum loan amount \$50,000. Maximum combined first and second lien amount of \$3,000,000.

Second Home, Bank Statement				
Property Type	CLTV	Credit Score	Loan Amount <sup>1</sup>	Max DTI
1-Unit SFR, PUD, Condo	75%	700	\$350,000	45%
	65%	700	\$500,000	

<sup>1</sup> Minimum loan amount \$50,000. Maximum combined first and second lien amount of \$3,000,000.

Product Parameters	
<b>Appraisal</b>	<p>Appraisal requirements are determined by loan amount. When a full appraisal is required the appraisal must comply with USPAP and Appraiser Independence Requirements.</p> <p><b>Appraisal Requirement:</b></p> <ul style="list-style-type: none"> <li>• Loan amount &lt;= \$250,000: <ul style="list-style-type: none"> <li>○ AVM with exterior property condition inspection (PCI) <ul style="list-style-type: none"> <li>▪ Property condition average condition or better</li> <li>▪ Forecast standard deviation (FSD) must be within the limit identified by the AVM</li> </ul> </li> <li>○ 2055 exterior appraisal, or</li> <li>○ Full appraisal</li> </ul> </li> <li>• Loan amount &gt; \$250,000: Full Appraisal</li> <li>• Properties in Texas requires a full appraisal regardless of loan amount.</li> </ul> <p><b>Higher Priced Mortgage Loans (HPML)</b> require a full appraisal regardless of loan amount.</p> <p><b>Age of Valuation:</b></p> <ul style="list-style-type: none"> <li>• AVM: Dated within 60 days of note date</li> <li>• Appraisal: Dated within 120 days of note date</li> </ul>

	<p><b>Declining Markets:</b> Properties in a declining market, as indicated on the appraisal, require a 5% CLTV reduction from the maximum otherwise allowed.</p> <p><b>Transferred Appraisals:</b> Transferred appraisals are allowed.</p>
<b>Credit</b>	<p><b>Trade Lines:</b> If the primary borrower has three credit scores, the minimum tradeline requirement is waived. When the primary borrower has less than three credit scores, each borrower must meet the minimum tradeline requirement. Tradeline requirement:</p> <ul style="list-style-type: none"> <li>• At least three (3) tradelines reporting for a minimum of 12 months, with activity in the last 12 months, or</li> <li>• At least two (2) tradelines reporting for a minimum of 24 months, with activity in the last 12 months.</li> </ul> <p>Borrowers who do not meet one of the above tradeline requirements, but have a minimum of two credit scores, can alternatively satisfy the tradeline requirement by meeting the below requirements:</p> <ul style="list-style-type: none"> <li>• No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.</li> <li>• At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.</li> <li>• The borrower has an established credit history for at least eight (8) years.</li> <li>• Tradelines with recent serious adverse history are not acceptable.</li> <li>• Student loans can be counted in credit depth as long as they are in repayment and not being deferred.</li> </ul> <p><b>Housing Payment History:</b></p> <ul style="list-style-type: none"> <li>• 0 X 30 x 24 (or since inception if owned &lt; 24 months) for all borrowers and all mortgages.</li> <li>• Mortgage/rent rating must be current. Current means the borrower has made all mortgage/rent payments due in the month prior to the note date. If the credit report does not reflect the current payment history, one of the following additional documents is required to show the loan is current: <ul style="list-style-type: none"> <li>○ A loan payment history from the servicer or third-party verification service, or</li> <li>○ The latest mortgage account statement from the borrower, or</li> <li>○ A verification of mortgage.</li> </ul> </li> </ul> <p>Refer to the Program Guidelines for additional requirements.</p>
<b>Down Payment / Gifts</b>	Not applicable
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• U.S. citizens</li> <li>• Permanent resident aliens</li> <li>• Inter-Vivos Revocable Trusts</li> </ul>
<b>Eligible First Liens</b>	<p><b>Documentation:</b> Document the first lien with a copy of the first mortgage note or billing statement (the billing statement must contain the loan terms if a copy of the note is not provided).</p> <p><b>Eligible First Liens:</b></p> <ul style="list-style-type: none"> <li>• First lien LTV must be less than or equal to 80%. <ul style="list-style-type: none"> <li>○ Properties free and clear are not eligible.</li> </ul> </li> <li>• LTV/CLTV: The LTV and CLTV is based on the current UPB of the first lien. <ul style="list-style-type: none"> <li>○ First lien current UPB is determined by the recent billing statement.</li> <li>○ The credit report can be used to determine the current first lien UPB when a copy of the mortgage note is provided.</li> </ul> </li> </ul> <p><b>Ineligible First Liens:</b></p> <ul style="list-style-type: none"> <li>• Modification from original terms</li> <li>• Deferred balances</li> <li>• Term &gt; 30 years</li> <li>• Private mortgages</li> <li>• Land contracts</li> <li>• HELOCs</li> <li>• Balloon notes</li> <li>• Negative amortization</li> <li>• Reverse mortgages</li> <li>• Interest only</li> <li>• Loans vested in an entity</li> </ul>

<p><b>Eligible Properties</b></p>	<ul style="list-style-type: none"> <li>• Attached/detached SFRs</li> <li>• Attached/detached PUDs</li> <li>• Condos (Fannie Mae Warrantable) <ul style="list-style-type: none"> <li>○ Follow Fannie Mae review requirements</li> <li>○ Projects consisting entirely of detached (site) units will not require a project review and are eligible for single-family dwelling LTV/CLTV</li> <li>○ All other condominium projects require a completed <b>Fannie Mae Form 1076, Plaza Condo HOA Questionnaire Full Review Form FM-259</b>, or equivalent condo project questionnaire; or</li> <li>○ Evidence of Fannie Mae Condo Project Manager (CPM) approval is acceptable in lieu of providing a completed condo project questionnaire</li> </ul> </li> </ul>
<p><b>Geographic Restrictions</b></p>	<ul style="list-style-type: none"> <li>• <b>Hawaii:</b> Properties located in Lava Flow Zones 1 and 2 are not allowed.</li> <li>• <b>New York:</b> Loans meeting the definition of NY Subprime are not eligible.</li> <li>• <b>Texas:</b> All Texas second liens on this program are considered Texas Section 50(a)(6) transactions and the following requirements apply: <ul style="list-style-type: none"> <li>○ Verify with Title the first lien is not a 50(a)(6) loan.</li> <li>○ Primary residence only.</li> <li>○ Maximum CLTV 80%.</li> <li>○ A full appraisal with interior/exterior inspection is required regardless of loan amount.</li> <li>○ 12-month seasoning is required since any prior refinance or any prior origination of any other subordinate lien. <ul style="list-style-type: none"> <li>▪ Payoff of an existing second lien with a note date &gt; 12 months is allowed.</li> <li>▪ Payoff of an existing HELOC with a note date &gt; 12 months is allowed (regardless of draw timing)</li> </ul> </li> <li>○ All other standard TX 50(a)(6) requirements must be met, including but not limited to the 2-Day Notice Rule and the 2% cap on designated points and fees.</li> <li>○ Admin Fee is not allowed if the APR exceeds 10%</li> </ul> </li> </ul>
<p><b>Income and Employment</b></p>	<p><b>Full Doc (24 Mo):</b> Refer to <b>Fannie Mae Selling Guide Chapter B3-3</b> and the information in this section.</p> <p><b>Alt Doc – Bank Statement Income Documentation:</b> Refer to <b>Bank Statement</b> section</p> <p><b>Income Analysis Form:</b> An income worksheet must be provided on every loan. Borrowers with multiple businesses must show income/loss details separately, not in aggregate on the Income Worksheet. Plaza’s Income Worksheet or Fannie Mae Form 1084 is required for self-employment income analysis.</p> <p><b>Verbal Verification of Employment:</b> A verbal verification to confirm the borrower's current employment status is required for all borrowers.</p> <ul style="list-style-type: none"> <li>• Salaried/Wage Earners: VVOE must be obtained within 10 calendar days of the Note date</li> <li>• Self-employed: Verification of the existence of the borrower's business through a third-party source is required within 30 calendar days prior of the Note date per the requirements below: <ul style="list-style-type: none"> <li>○ Third party verification can be from a CPA, regulatory agency or applicable licensing bureau.</li> <li>○ A borrower’s website is not acceptable third-party source.</li> <li>○ Listing and address of the borrower’s business.</li> <li>○ Name and title of person completing the verification and date of verification.</li> </ul> </li> </ul> <p><b>4506-C/Tax Transcripts:</b></p> <ul style="list-style-type: none"> <li>• A signed IRS Form 4506-C is required for all Full Doc borrowers.</li> <li>• Transcripts for personal tax returns are required for all loans except for loans with bank statement income documentation.</li> <li>• W-2 transcripts may be obtained when only W-2 income is used to qualify.</li> <li>• Transcripts are required for all years to match the income documentation.</li> <li>• Transcripts are not required for business tax returns.</li> </ul> <p><b>Taxpayer Consent Form:</b> Must be signed by all borrowers. Plaza’s loan documents include a taxpayer consent form.</p> <p><b>Bank Statement Income Documentation:</b></p> <ul style="list-style-type: none"> <li>• 12 or 24 month personal bank statements</li> <li>• 12 or 24 month business bank statements</li> </ul> <p><b>Eligible Borrowers/Employment:</b> Bank Statement Income documentation is available for self-employed borrowers only.</p>

	<p><b>Ineligible Sources of Income for Bank Statement Documentation:</b></p> <ul style="list-style-type: none"> <li>• Primary source of income from residential 1-4 unit real estate investment (rental income) is not eligible for bank statement documentation.</li> <li>• Income earned buying and selling properties (flipping houses) is not eligible for bank statement documentation.</li> <li>• Passive or portfolio income sources are not eligible (distributions from limited partnerships, day trading, etc.) for bank statement documentation.</li> <li>• Funds/Deposits in an IOLTA (Trust) are ineligible sources of income for bank statement documentation.</li> <li>• Not-For-Profit entities are ineligible sources of income.</li> </ul> <p>Refer to Program Guidelines for additional requirements.</p>
<b>Mortgage Insurance</b>	Not required
<b>Reserves</b>	<p>Two months reserves required.</p> <ul style="list-style-type: none"> <li>• Reserves are based on the PITIA of the first and second mortgage combined.</li> <li>• Cash-out may be used for reserves</li> </ul>
<b>Transactions</b>	<p><b>Stand-Alone Refinance:</b></p> <ul style="list-style-type: none"> <li>• All transactions are refinances and considered cash-out and there is no restriction on the amount of or the use of cash-out.</li> <li>• Properties owned &lt; 12 months use the lesser of the purchase price or AVM/appraised value to determine the CLTV.</li> <li>• Any other existing subordinate liens must be satisfied; no re-subordination permitted.</li> </ul> <p><b>Ineligible Transactions:</b></p> <ul style="list-style-type: none"> <li>• Properties listed for sale within the last 6 months.</li> <li>• Lien Free Properties – If the subject property is lien free, including delayed financing.</li> <li>• Payoff of a Land Contract/Contract for Deed.</li> <li>• Subject loan being used as a bridge (i.e., short term).</li> </ul> <p><b>Seasoning:</b> Seasoning is based on the application date (not the note date) of the subject mortgage.</p>
<b>Underwriting Method</b>	Loans are manually underwritten per these program guidelines. For anything not addressed in these program guidelines refer to Fannie Mae underwriting guidelines.

Product Name	Product Code	Available Term in Months
Closed-End Second 15 Year Fixed	SF15	180
Closed-End Second 20 Year Fixed	SF20	240
Closed-End Second 30 Year Fixed	SF30	360

The information contained in this flyer may not highlight all requirements. Refer to Plaza's program guidelines. Plaza's programs neither originate from nor are expressly endorsed by any government agency.

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