



QUONTIC BANK

NON-TRADITIONAL MORTGAGE LOANS

FIRST-LIEN PRODUCT GUIDELINES

CORRESPONDENT

12/11/2025



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NON-TRADITIONAL MORTGAGE
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Owner Occupied - LITE DOC				
1-4 FAMILY, CONDO, PUD, COOP				
OCCUPANCY	UNITS	MAXIMUM LOAN AMOUNT	MAX LTV & CLTV	MIN FICO
PRIMARY RESIDENCE	PURCHASE & RATE/TERM REFINANCE			
	1-4	\$1,000,000	80%	660
	1-4	\$1,500,000	75%	660
	1-4	\$2,000,000	80%	720
	1-4	\$2,500,000	75%	740
	1-4	\$2,000,000	70%	700
	1-4	\$3,000,000	70%	740
	1-4	\$2,500,000	60%	720
	CASH-OUT REFINANCE (maximum cash-out proceeds up to \$1,500,000)			
	1-4	\$1,000,000	80%	740
	1-4	\$1,500,000	75%	700
	1-4	\$2,000,000	75%	720
	1-4	\$1,500,000	70%	660
	1-4	\$2,000,000	70%	700
	1-4	\$2,500,000	70%	740
	1-4	\$3,000,000	65%	740
	1-4	\$2,500,000	60%	720
	SECOND OR VACATON HOME	PURCHASE & RATE/TERM REFINANCE		
1		\$1,500,000	75%	700
1		\$2,000,000	75%	720
1		\$2,000,000	70%	700
CASH-OUT REFINANCE (maximum cash-out proceeds up to \$1,500,000)				
1	\$2,000,000	60%	700	
NOTES	<ul style="list-style-type: none"> • <u>Second Homes:</u> 2-4 Unit Properties are Ineligible. • <u>Non-Warrantable Projects:</u> <ul style="list-style-type: none"> ○ Purchase & Rate/Term: Max 75% LTV ○ Cash-Out: Max 70% LTV • <u>Non-Permanent Resident:</u> <ul style="list-style-type: none"> ○ Purchase & Rate/Term Refinance: Max 80% LTV ○ Cash-Out Refinance: Max 75% LTV • <u>Interest-Only Option:</u> <ul style="list-style-type: none"> ○ Minimum 700 FICO ○ Not available to First-Time Homebuyers 			

UNDERWRITING GUIDELINES

The following guidelines are specific to: **Owner Occupied - Lite Doc**
Refer also to [Master Underwriting Guidelines](#) beginning on p.19

Minimum Loan Amount:

- \$150,000
- Texas 50(a)(6) - Primary Cash-Out Refinance - \$250,000

Eligible Properties:

- Primary Residence: SFH, 2-4 Family, Condo, PUD, Coop
- Second Home: SFH, Condo, PUD, Coop (2-4 Family not eligible for second home)
- Non-Warrantable Projects:
 - Purchase & Rate/Term: Max 75% LTV
 - Cash-Out: Max 70% LTV

Ineligible Properties:

- Rural Properties
- Properties located in HI lava zones 1 & 2.

Borrower Eligibility:

- US Citizens.
- Permanent Residents.
- Non-Permanent Residents with valid Employment Authorization or VISA.
 - Purchase & Rate/Term Refinance: Max 80% LTV
 - Cash-Out Refinance: Max 75% LTV
- First-Time Homebuyers (Interest-Only Option not available)

Ineligible Borrowers:

- ITIN Borrowers
- Foreign Nationals
- Corporations and LLCs

ARM Caps, Margin, Index:

- 6% Cap after initial fixed period
- 2% Cap per each adjustment
- 6% Cap lifetime cap
- Floor: Equal to Margin
- Index: 30-day Average SOFR (adjusting every 6 months)
- Margin: 4.50%

Debt to Income Ratio ("DTI"):

- Max 50% DTI Ratio.
- 2-4 Family: May add 75% of the non-owner-occupied units' gross rent to borrower's total qualifying income (based on lower of market rents per appraisal or actual documented rents).

Employment/Income Documentation:

- Wage-Earning Borrowers
 - Written Verification of Employment (VOE) requested by Correspondent verifying at least two years of employment and current income only (prior years' income is not required). VOE must be

completed and signed by employer.

- If business is family-owned, VOE must be completed and signed by the business's CPA/Accountant/Tax Preparer.
- Satisfactory verification of employer's validity to be completed by Correspondent. These would include but are not limited to:
 - Google search (or comparable search engine)
 - Reverse phone search
 - Corp/LLC search per State Registry
 - Filed Articles of Organization/Incorporation, Operating Agreement, or Bylaws

Correspondent to make notation/explanation on the 1008 is required if there are no returns when attempting an internet search.

○ Self-Employed Borrowers – Business Income / Validation:

- Must be self-employed for at least 1 year and in the same line of business for at least 2 years.
- Business License / Registration / Certification / Credentials to be provided, if applicable.
- An internet search or other satisfactory verification of the business is required with documentation to be included in the credit file to support the business's existence. These would include but are not limited to:
 - Google search (or comparable search engine)
 - Reverse phone search
 - Corp/LLC search per State Registry
 - Filed Articles of Organization/Incorporation, Operating Agreement, or Bylaws

Correspondent to make notation/explanation on the 1008 is required if there are no returns when attempting an internet search.

○ Self-Employed Borrower – CPA/Accountant/Tax Preparer/Enrolled Agent – Income Verification

- CPA/Accountant/Tax Preparer/Enrolled Agent's letter confirming:
 - Length of relationship with borrower
 - Borrower's position/title
 - Ownership percentage of company
 - Business inception date, and
 - Statement on good standing of the borrower's business
- CPA/Accountant/Tax Preparer/Enrolled Agent prepared 12-month Profit & Loss Statement (P&L) for a period ending within 90 days of closing.
- Letter and P&L must be dated and signed on accounting firm's letterhead evidencing signer's contact information, or completed using the Profit & Loss and Self-Employment Letter forms. CPA/Accountant/Tax Preparer/Enrolled Agent must have a valid PTIN (preparer tax identification number). Letter and/or P&L must not contain any exculpatory language that may compromise the integrity of the information provided.
- CPA/Accountant/Tax Preparer/Enrolled Agent must have an existing relationship with the borrower for at least one (1) year or have filed the borrower's most recent tax return. Quontic reserves the right to request additional information such as accepting a letter and P&L from a preparer with a shorter relationship history or from a preparer that did not file borrower's last tax return. This would be accompanied with a satisfactory explanation and supporting documentation establishing the accountant-client relationship. Examples may include but are not limited to: completing borrower's business IRS Form 941 for the most recent quarter, review of last 12-months' business documents to produce P&L and intent to file next year's returns, etc.
- Satisfactory verification of business and CPA/Accountant/Tax Preparer/Enrolled Agent validity to be completed and documented by Correspondent. Examples of verifications would include but not be limited to:
 - PTIN search <https://www.ptindirectory.com/membership-certificates.cfm>
 - CPA verification <https://cpaverify.org/> (CPA's only)

- IRS website

Other Real Estate Owned:

- See Master Guidelines for general requirements.
- Section VI Assets and Liabilities Schedule of Real Estate Owned of the 1003 application must be fully completed to include the following information:
 - Amount of Mortgages & Liens
 - Gross Rental Income (note: will use 75% to qualify loan)
 - Mortgage Payments
 - Other Expenses not escrowed in mortgage payment (taxes, insurance, HOA, etc.)
- If using rental income from other real estate owned to qualify, CPA/Accountant/Tax Preparer/Enrolled Agent to provide signed and dated letter on accounting firm’s letterhead or completed Rental Income Form confirming all properties owned by the borrower and the monthly/annual gross rental income from each of those properties.
- Verification of properties owned free-and-clear is required.

Cash Reserve Requirements:

LTV/CLTV	Minimum Reserve Requirement
Less than or equal to 65%	0 months PITIA
Greater than 65%	3 months PITIA

- **Cash Reserves Notes:**
 - Reserve requirements apply to subject property PITIA only.
 - Borrowers who own other financed properties are required to evidence an additional 1 month of PITIA reserves for the subject property for each additional financed property, capped at a maximum total of 18 months PITIA reserves.
 - Gifts may NOT be used to meet the reserve requirements (however, gifts can still be used towards the down payment and closing costs). Reserves must come from borrower funds.
 - Cash-out proceeds may ONLY be used and applied towards Reserves, if:
 - LTV is 70% or less; **and**
 - FICO is 720 or greater.

Maximum Cash-Out Proceeds:

LTV/CLTV	Maximum Cash-in-Hand Proceeds
Less than or equal to 60%	\$1,500,000
Greater than 60%	\$750,000

Owner Occupied - ASSET UTILIZATION				
1-4 FAMILY, CONDO, PUD, COOP				
OCCUPANCY	UNITS	MAXIMUM LOAN AMOUNT	MAX LTV & CLTV	MIN FICO
PRIMARY RESIDENCE	PURCHASE & RATE/TERM REFINANCE			
	1-4	\$1,000,000	80%	700
	1-4	\$1,500,000	75%	700
	1-4	\$2,000,000	80%	720
	1-4	\$2,500,000	75%	740
	1-4	\$2,000,000	70%	700
	1-4	\$3,000,000	70%	740
	1-4	\$2,500,000	60%	720
	CASH-OUT REFINANCE (maximum cash-out proceeds up to \$1,500,000)			
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	1-4	\$2,000,000	75%	720
	1-4	\$2,000,000	70%	700
	1-4	\$2,500,000	70%	740
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SECOND OR VACATON HOME	PURCHASE & RATE/TERM REFINANCE			
	1	\$1,500,000	75%	700
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	1	\$2,000,000	70%	700
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1	\$2,000,000	60%	700	
NOTES	<ul style="list-style-type: none"> • Second Homes: 2-4 Unit Properties are Ineligible. • <u>Non-Permanent Resident:</u> <ul style="list-style-type: none"> ○ Purchase & Rate/Term Refinance: Max 80% LTV ○ Cash-Out Refinance: Max 75% LTV • <u>Non-Warrantable Projects:</u> <ul style="list-style-type: none"> ○ Purchase & Rate/Term: Max 75% LTV ○ Cash-Out: Max 70% LTV • <u>Interest-Only Option:</u> <ul style="list-style-type: none"> ○ Minimum 700 FICO ○ Not available to First-Time Homebuyers 			

UNDERWRITING GUIDELINES

The following guidelines are specific to: **Owner Occupied - Asset Utilization**
[Refer also to Master Underwriting Guidelines beginning on p.19](#)

Minimum Loan Amount:

- \$150,000
- Texas 50(a)(6) - Primary Cash-Out Refinance - \$250,000

Eligible Properties:

- Primary Residence: SFH, 2-4 Family, Condo, PUD, Coop
- Second Home: SFH, Condo, PUD, Coop (2-4 Family not eligible for Second Home)
- Non-Warrantable Projects:
 - Purchase & Rate/Term: Max 75% LTV
 - Cash-Out: Max 70% LTV

Ineligible Properties:

- Rural Properties
- Properties located in HI lava zones 1 & 2.

Borrower Eligibility:

- US Citizens.
- Permanent Residents.
- Non-Permanent Residents with valid Employment Authorization or VISA.
 - Purchase & Rate/Term Refinance: Max 80% LTV
 - Cash-Out Refinance: Max 75% LTV
- First-Time Homebuyers (Interest-Only Option not available)

Ineligible Borrowers:

- ITIN Borrowers
- Foreign Nationals
- Corporations and LLCs

ARM Caps, Margin, Index:

- 6% Cap after initial fixed period
- 2% Cap per each adjustment
- 6% Cap lifetime cap
- Floor: Equal to Margin
- Margin: 4.50%
- Index: 30-day Average SOFR (adjusting every 6 months)

Debt to Income Ratio ("DTI"):

- Max 50% DTI Ratio.
- 2-4 Family: May add 75% of the non-owner-occupied units' gross rent to borrower's total qualifying income (based on lower of market rents per appraisal or actual documented rents).

Employment/Income Documentation:

- No statement of Employment on 1003. No Employment documentation or verification required.
- Total qualifying monthly income will be calculated by adding all eligible, post-closing eligible assets at their utilization factor (below), divided by 60 months.
- Funds required for down payment, closing costs, and/or minimum reserve requirements will be deducted from the total assets and may not be utilized in the income calculation.
- A recent account statement for each eligible asset used to qualify the borrower must be provided. Statement(s) must be within 90 days of the closing date.

Eligible Assets & Utilization Factor:

- Assets in Liquid Cash accounts, such as Checking, Savings, Money Market, Certificate of Deposit = 100% of value
- Assets in Brokerage, Mutual Funds, Securities, Publicly Traded Stocks and Bonds, Mutual Funds = 90% of vested value
- Assets in Crypto Currencies = 40% of US Dollar value
- Assets in Retirement, IRA, Roth accounts =
 - 70% of vested value if borrower is younger than 59 ½ years in age
 - 90% of vested value if borrower is older than 59 ½ years in age
- Assets are not required to be liquidated unless 100% of the asset value is required to qualify.
- Gift funds are ineligible to be used towards the income calculation. However, gift funds are acceptable to be used for down payment and/or closing costs. See Master Guidelines for general gift documentation requirements.
- Cash-out proceeds are ineligible to be used towards the income calculation. However, cash-out proceeds may still be used and applied towards the minimum reserve requirements (to follow).

Other Real Estate Owned:

- See Master Guidelines for general requirements.
- Section VI Assets and Liabilities Schedule of Real Estate Owned of the 1003 application must be fully completed to include the following information:
 - Amount of Mortgages & Liens
 - Gross Rental Income (note: will use 75% to qualify loan)
 - Mortgage Payments
 - Other Expenses not escrowed in mortgage payment (taxes, insurance, HOA, etc.)
- If using rental income from other real estate owned to qualify, CPA/Accountant/Tax Preparer/Enrolled Agent to provide signed and dated letter on accounting firm’s letterhead or completed Rental Income Form confirming all properties owned by the borrower and the monthly/annual gross rental income from each of those properties.
- Verification of properties owned free-and-clear is required.

Cash Reserve Requirements:

LTV/CLTV	Minimum Reserve Requirement
Less than or equal to 65%	0 months PITIA
Greater than 65%	3 months PITIA

- **Cash Reserves Notes:**
 - Reserve requirements apply to subject property PITIA only.
 - Borrowers who own other financed properties are required to evidence an additional 1 month

of PITIA reserves for the subject property for each additional financed property, capped at a maximum total of 18 months PITIA reserves.

- Gifts may NOT be used to meet the reserve requirements (however, gifts can still be used towards the down payment and closing costs). Reserves must come from borrower funds.
- Cash-out proceeds may ONLY be used and applied towards Reserves if:
 - LTV is 70% or less; ***and***
 - FICO is 720 or greater.

Maximum Cash-Out Proceeds:

LTV/CLTV	Maximum Cash-in-Hand Proceeds
Less than or equal to 60%	\$1,500,000
Greater than 60%	\$750,000

Investor - LITE DOC 1-4 FAMILY, CONDO, PUD				
OCCUPANCY	UNITS	MAXIMUM LOAN AMOUNT	MAXIMUM LTV & CLTV	MINIMUM CREDIT SCORE
NON-OWNER OCCUPIED	PURCHASE & RATE/TERM REFINANCE			
	1-4	\$2,000,000	80%	720
	1-4	\$2,000,000	75%	700
	1-4	\$3,000,000	70%	700
	1-4	\$2,000,000	70%	680
	1-4	\$3,000,000	65%	680
	1-4	\$2,000,000	60%	660
	CASH OUT REFINANCE (maximum cash-out proceeds up to \$1,500,000)			
	1-4	\$1,000,000	75%	700
	1-4	\$1,500,000	75%	720
	1-4	\$2,000,000	70%	700
	1-4	\$3,000,000	65%	700
	1-4	\$2,000,000	65%	680
	1-4	\$3,000,000	60%	680
NOTES	<ul style="list-style-type: none"> • <u>Non-Warrantable Projects:</u> <ul style="list-style-type: none"> ○ Purchase & Rate/Term: Max 75% LTV ○ Cash-Out: Max 70% LTV • <u>Interest-Only Option:</u> <ul style="list-style-type: none"> ○ Minimum 700 FICO ○ Not available to First-Time Homebuyers 			

UNDERWRITING GUIDELINES

The following guidelines are specific to: **Investor – Lite Doc**
Refer also to Master Underwriting Guidelines beginning on p.19

Minimum Loan Amount:

- \$150,000

Eligible Properties:

- SFH, 2-4 Family, Condo, PUD
- Non-Warrantable Projects:
 - Purchase & Rate/Term: Max 75% LTV
 - Cash-Out: Max 70% LTV

Ineligible Properties:

- Coops
- Rural Properties

State Restrictions:

- Properties located in HI Lava Zones 1 & 2 are ineligible.
- Correspondent must adhere to federal, state, and local regulatory compliance with respect to applying prepayment penalties.

Borrower Eligibility:

- US Citizens.
- Permanent Residents.
- Non-Permanent Residents with valid Employment Authorization or VISA.
- Corporations and LLCs
- First-Time Homebuyers (Interest-Only Option not available)

Ineligible Borrowers:

- ITIN Borrowers
- Foreign Nationals

ARM Caps, Margin, Index:

- 6% Cap after initial fixed period
- 2% Cap per each adjustment
- 6% Cap lifetime cap
- Floor: Equal to Margin
- Margin: 5.00%
- Index: 30-day Average SOFR (adjusting every 6 months)

Debt to Income Ratio ("DTI"):

- Max 50% DTI Ratio.

Rental Income:

- Rental income used for qualifying purposes will be 75% of either the lesser of the documented rent or market rent per the appraisal.

Employment/Income Documentation:

- Wage-Earning Borrowers
 - Written Verification of Employment (VOE) requested by Correspondent verifying at least two years of employment and current income only (prior years' income is not required). VOE must be completed and signed by employer.
 - If business is family owned, VOE must be completed and signed by the business's CPA/Accountant/Tax Preparer.
 - Satisfactory verification of employer's validity to be completed by Correspondent. These would include but are not limited to:
 - Google search (or comparable search engine)
 - Reverse phone search
 - Corp/LLC search per State Registry
 - Filed Articles of Organization/Incorporation, Operating Agreement, or Bylaws
- Self-Employed Borrowers – Business Income / Validation:
 - Must be self-employed for at least 1 year and in the same line of business for at least 2 years.
 - Business License / Registration / Certification / Credentials to be provided, if applicable.
 - An internet search or other satisfactory verification of the business is required with documentation to be included in the credit file to support the business's existence. Examples of verification sources would include but not be limited to:
 - Google search (or comparable search engine)
 - Reverse phone search
 - Corp/LLC search per State Registry
 - Filed Articles of Organization/Incorporation, Operating Agreement, or Bylaws
- Self-Employed Borrower – CPA/Accountant/Tax Preparer/Enrolled Agent – Income Verification
 - CPA/Accountant/Tax Preparer/Enrolled Agent's letter confirming:
 - Length of relationship with borrower
 - Borrower's position/title
 - Ownership percentage of company
 - Business inception date, and
 - Statement on the good standing of the borrower's business
 - CPA/Accountant/Tax Preparer/Enrolled Agent-prepared 12-month Profit & Loss Statement (P&L) for a period ending within 90 days of closing.
 - Letter and P&L must be dated and signed on accounting firm's letterhead evidencing signer's contact information, or completed using the Profit & Loss and Self-Employment Letter forms. CPA/Accountant/Tax Preparer/Enrolled Agent must have a valid PTIN (preparer tax identification number). Letter and/or P&L must not contain any exculpatory language that may compromise the integrity of the information provided.
 - CPA/Accountant/Tax Preparer/Enrolled Agent must have an existing relationship with the borrower for at least one (1) year or have filed the borrower's most recent tax return. Quontic reserves the right to request additional information such as accepting a letter and P&L from a preparer with a shorter relationship history or from a preparer that did not file borrower's last tax return. This would be accompanied with a satisfactory explanation and supporting documentation establishing the accountant-client relationship. Examples may include but are not limited to: completing borrower's business IRS Form 941 for the most recent quarter,

review of last 12-months' business documents to produce P&L and intent to file next year's returns, etc.

- Satisfactory verification of business and CPA/Accountant/Tax Preparer/Enrolled Agent validity to be completed and documented by Correspondent. Some verification would include:
 - PTIN search <https://www.ptindirectory.com/membership-certificates.cfm>
 - CPA verification <https://cpaverify.org/> (CPA's only)
 - IRS website

Other Real Estate Owned:

- See Master Guidelines for general requirements.
- Section VI Assets and Liabilities Schedule of Real Estate Owned of the 1003 application must be fully completed to include the following information:
 - Amount of Mortgages & Liens
 - Gross Rental Income (note: will use 75% to qualify loan)
 - Mortgage Payments
 - Other Expenses not escrowed in mortgage payment (taxes, insurance, HOA, etc.)
- If using rental income from other real estate owned to qualify, CPA/Accountant/Tax Preparer/Enrolled Agent to provide signed and dated letter on accounting firm's letterhead or completed Rental Income Form confirming all properties owned by the borrower and the monthly/annual gross rental income from each of those properties.
- Verification of properties owned free-and-clear is required.

Cash Reserve Requirements:

Loan Amount	Minimum Reserve Requirement
Less than or equal to \$500,000	3 months PITIA
\$500,001 - \$1,500,000	6 months PITIA
Greater than \$1,500,000	12 months PITIA

- **Cash Reserves Notes:**
 - Reserve requirements above apply to subject property PITIA.
 - Borrowers who own other financed investment properties are required to evidence an additional 2 months of PITIA reserves for the subject property for each additional financed investment property.
 - Cash-out proceeds may be used and applied towards Reserves.
 - Gifts may NOT be used to meet the reserve requirements. Reserves must come from borrower-sourced funds.

Maximum Cash-in-Hand Proceeds:

LTV/CLTV	Maximum Cash-in-Hand Proceeds
Less than or equal to 60%	\$1,500,000
Greater than 60%	\$750,000

Additional Disclosures Required:

- Borrower Statement of Occupancy
- Borrower Statement of Business Purpose
- Certification of Beneficial Owners of Legal Entities (if loan under an entity)

Investor - ASSET UTILIZATION 1-4 FAMILY, CONDO, PUD				
OCCUPANCY	UNITS	MAXIMUM LOAN AMOUNT	MAXIMUM LTV & CLTV	MINIMUM CREDIT SCORE
NON-OWNER OCCUPIED	PURCHASE & RATE/TERM REFINANCE			
	1-4	\$2,000,000	80%	720
	1-4	\$2,000,000	75%	700
	1-4	\$3,000,000	70%	700
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	1-4	\$1,500,000	75%	720
	1-4	\$2,000,000	70%	700
	1-4	\$3,000,000	65%	700
	NOTES	<ul style="list-style-type: none"> • <u>Non-Warrantable Projects:</u> <ul style="list-style-type: none"> ○ Purchase & Rate/Term: Max 75% LTV ○ Cash-Out: Max 70% LTV • <u>Interest-Only Option:</u> <ul style="list-style-type: none"> ○ Minimum 700 FICO ○ Not available to First-Time Homebuyers 		

UNDERWRITING GUIDELINES

The following guidelines are specific to: **Investor – Asset Utilization**
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Minimum Loan Amount:

- \$150,000

Eligible Properties:

- SFH, 2-4 Family, Condo, PUD
- Non-Warrantable Projects:
 - Purchase & Rate/Term: Max 75% LTV
 - Cash-Out: Max 70% LTV

Ineligible Properties:

- Coops
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State Restrictions:

- Properties located in HI Lava Zones 1 & 2 are ineligible.
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- Non-Permanent Residents with valid Employment Authorization or VISA.
- Corporations and LLCs
- First-Time Homebuyers (Interest-Only Option not available)

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- Floor: Equal to Margin
- Margin: 5.00%
- Index: 30-day Average SOFR (adjusting every 6 months)

Debt to Income Ratio ("DTI"):

- Max 50% DTI Ratio.

Rental Income:

- Rental income used for qualifying purposes will be 75% of either the lesser of the documented rent or market rent per the appraisal.

Employment/Income Documentation:

- **No statement of Employment on 1003. No Employment documentation or verification required.**
- Total qualifying monthly income will be calculated by adding all eligible, post-closing eligible assets at their utilization factor (below), divided by 60 months.
- Funds required for down payment, closing costs, and/or minimum reserve requirements will be deducted from the total assets and may not be utilized in the income calculation.
- A recent account statement for each eligible asset used to qualify the borrower must be provided. Statement(s) must be within 90 days of the closing date.

Eligible Assets & Utilization Factor:

- Assets in Liquid Cash accounts, such as Checking, Savings, Money Market, Certificate of Deposit = 100% of value
- Assets in Brokerage, Mutual Funds, Securities, Publicly Traded Stocks and Bonds, Mutual Funds = 90% of vested value
- Assets in Crypto Currencies = 40% of US Dollar value
- Assets in Retirement, IRA, Roth accounts =
 - 70% of vested value if borrower is younger than 59 ½ years in age
 - 90% of vested value if borrower is older than 59 ½ years in age
- Assets are not required to be liquidated unless 100% of the asset value is required to qualify.
- Gift funds are ineligible to be used towards the income calculation. However, gift funds are acceptable to be used for down payment and/or closing costs. See Master Guidelines for general gift documentation requirements.
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Cash Reserve Requirements:

Loan Amount	Minimum Reserve Requirement
Less than or equal to \$500,000	3 months PITIA
\$500,001 - \$1,500,000	6 months PITIA
Greater than \$1,500,000	12 months PITIA

- **Cash Reserves Notes:**
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- Borrowers who own other financed investment properties are required to evidence an additional 2 months of PITIA reserves for the subject property for each additional financed investment property.
- Cash-out proceeds may be used and applied towards Reserves.
- Gifts may NOT be used to meet the reserve requirements. Reserves must come from borrower-sourced funds.

Maximum Cash-in-Hand Proceeds:

LTV/CLTV	Maximum Cash-in-Hand Proceeds
Less than or equal to 60%	\$1,500,000
Greater than 60%	\$750,000

Additional Disclosures Required:

- Borrower Statement of Occupancy
- Borrower Statement of Business Purpose
- Certification of Beneficial Owners of Legal Entities (if loan under an entity)

MASTER UNDERWRITING GUIDELINES

APPLIES TO ALL QB LOAN PRODUCTS

MASTER UNDERWRITING GUIDELINES

The following guidelines apply to all products.

Application:

- Complete and fully executed Uniform Residential Loan Application (URLA) 1003 form.

Loan Terms:

- 5/6-month SOFR ARM: 30-year amortization
- 15-Year Fixed
- 30-Year Fixed
- Interest-Only: Available on all loan terms except the 15-year fixed. Interest-only loans have a 10-year interest-only period followed by a 20-year amortization period. See qualifying information below.
 - Interest-Only option may not be eligible to all borrowers or loan programs. See Program-specific guidelines for details.

Qualification Rates:

- Fully Amortizing Fixed and ARMs: The note rate is used to calculate the qualifying PITI(A).
- Interest-Only ARMs: The greater of the note rate or the fully indexed (Index plus Margin) rate is used to calculate the qualifying PITI(A).
- Interest-Only Fixed: The note rate is used to calculate the qualifying PITI(A).

Borrower Eligibility:

- US Citizens.
- Permanent Residents.
- Non-Permanent Residents with valid two-year minimum Employment Authorization or VISA and proof of country of origin.

Ineligible Borrowers:

- Non-Permanent Residents without valid or expired Employment Authorization or VISA.
- ITIN Borrowers
- Foreign Nationals

Credit Requirements:

- A tri-merge credit report is required for each borrower/guarantor (with exception to Foreign National loans).
- Qualifying FICO is the middle score of the three scores for each borrower. When only two credit scores are obtained, choose the lower score. When there are multiple borrowers, use the lowest of the middle scores.
- Credit reports expire after 90 days.
- No late mortgage payments (on subject or other REO) in prior 12 months.
- Minimum tradelines:
 - 3 tradelines reported for at least 12 months each, **OR:**
 - 2 tradelines reported for at least 24 months each.

Eligible Properties:

- 1-4 Family, PUDs
- Warrantable Condos & Coops*:

- Condo & Coop Projects will be determined as “Warrantable” if found on FNMA/Agency investor approved list(s).
- If the project is not found on the aforementioned approval lists, project warrantability will be determined via minimum FNMA Limited Review Eligibility requirements:
 - Not be considered a FNMA Ineligible project (see FNMA Guide Section B4-2.1-03)
 - Meets FNMA Appraisal requirements, Chapter B4-1
 - Meets FNMA Insurance requirements, Chapter B7-4
 - Project does not consist of Manufactured Housing
 - Project is complete, including all units and common elements.
- Non-Warrantable Condos & Coops*:
 - Non-approved/warrantable Condo/Coops* are acceptable subject to the following:
 - The project is complete, including all units and common elements.
 - No Pre-Sale Requirement
 - Project Concentration Limit determined on a case-by-case basis.
 - Project Approval on case-by-case basis.
- For Non-Warrantable Condo and Coop Properties, LTV restrictions may apply. See Product-specific LTV Matrices for details.
- ***Coops are not eligible for all products. See Product-specific Guidelines for details.**

Property Seasoning:

- No seasoning for Rate & Term Refinances for all loan programs
- Cash-Out Refinances on properties owned less than 6 months from the closing date are limited to purchase price plus documented improvement costs.

Employment / Income:

- For Documentation and Qualification requirements please see Product-specific Guidelines.

Other Real Estate Owned:

- All Real Estate Owned (REO) that is:
 - a) Owned in borrower's personal name, and/or;
 - b) Borrower is personally liable on the mortgage and appears on the borrower's personal credit report (even if the property is held under an entity),
 must be listed on the Schedule of Real Estate Owned of the 1003 application. If these properties are financed, they must be linked to at the appropriate mortgages from the Liabilities section of the 1003.
- If borrower owns real estate under an entity (Corp/Inc./LLC) where there is *either*:
 - a) No mortgage or;
 - b) The mortgage is under the entity (i.e., does not appear on the borrower's personal credit report),
 property does not need to be disclosed on the application.
- For Documentation and Qualification requirements please see Product-specific Guidelines.

Down Payment (Earnest Money Deposit) Sourcing:

- Borrower to provide a copy of the cancelled down payment check (front and back) or wire confirmation from the incoming or outgoing bank.
- OR**
- If down payment was given in the form of an official Bank Check or Certified Check, provide a copy of the bank statement evidencing withdrawal. For any large deposits other than those clearly indicating that they came from a depository institution titled to borrower, borrower must provide a letter of explanation and supporting documentation. Undocumented / Unsourced single and/or cumulative

deposits up to \$10,000 within the transaction period may be used in the qualifying assets. Any undocumented / unsourced single and/or cumulative deposits over the \$10,000 limit within the transaction period will be deducted from the qualifying assets.

Asset Verification:

- One-month recent bank statement(s) (all pages) covering a period of at least 30-days evidencing balance of funds to close, closing costs, and reserves (see product-specific guidelines for reserve requirements). For any large deposits other than those clearly indicating that they came from a depository institution titled to borrower, borrower must provide a letter of explanation and supporting documentation. Undocumented / Unsourced single and/or cumulative deposits up to \$10,000 within the transaction period may be used in the qualifying assets. Any undocumented / unsourced single and/or cumulative deposits over the \$10,000 limit within the transaction period will be deducted from the qualifying assets.
 - Note: On Refinance transactions, documentation or explanation for large deposits is *not* required for reserves; however, borrower must confirm if any funds have been borrowed. If borrower requires cash to close the transaction, deposit verification guidelines apply.
- Joint account holders not on the loan application must provide a letter stating that Borrower has access to 100% of funds in the bank account(s).
- If Business assets are to be used, the business's Accountant/CPA/Tax Preparer must verify that business will not be adversely impacted by Borrower withdrawals.

Gift Funds:

- Funds for down payment and closing costs may be gifted.
- Gifts may NOT be used to meet the reserve requirements. Reserves must come from borrower-sourced funds.
- Borrower must provide fully executed donor gift letter, borrower's bank statement evidencing the deposit of the gift, ***AND EITHER:***
 - **Option 1:**
 - donor's cancelled personal check, wire confirmation from the incoming or outgoing bank, or Official Bank/Certified Check (Official Bank check must have donor's name as Remitter).
 - OR***
 - **Option 2:**
 - donor's non-negotiated check ***and:***
 - donor's bank statement evidencing withdrawal of the gift.
- Donor's Gift Letter must state donor's source of funds for the gift.

Cash Reserve Requirements:

- See Product-specific Guidelines.

Vesting:

- Owner-Occupied Properties (includes Second Homes):
 - Natural Persons
 - Inter Vivo / Living Revocable Trusts
- Investor Properties:
 - Natural Persons
 - Limited Liability (LLC), Partnerships, Corporations, and S Corporations (Corp/Inc):
 - Entity purpose and activities are limited to ownership and management of real property.
 - Business entities are limited to a maximum of 4 owners or members.

- All members, partners, or shareholders of the entity with a 25% or greater ownership interest must complete and sign a 1003 Loan Application and provide personal guarantee (guarantor). Each guarantor's credit score and creditworthiness will be used to determine qualification and pricing.
- Each member of the entity must receive notice of the loan and its terms prior to closing.

Corporations and LLCs:

- The following documentation must be provided:
 - IRS Letter evidencing the EIN
 - Filing Receipt
 - Articles of Organization (on LLC's only)
 - Operating Agreement (on LLC's only)
 - Articles of Incorporation (on Corp/Inc's only)
 - Bylaws (on Corp/Inc's only)
 - CPA/Accountant/Attorney letter confirming members, their social security numbers, and percentage of ownership (if Operating Agreement or Bylaws do not provide ownership breakdown)
 - Certificate of Good Standing within 30 days of closing (if entity over 6 months old)
 - Certificate of Authorization for the persons executing all documents on behalf of the entity

Acceptable Collateral:

- Properties that are in good condition and up to residential code and regulations.
- C4 Condition or better; Deferred maintenance acceptable subject to \$2,000 aggregate cost to cure max & no impact to safety or habitability of the subject property.
- Minor violations with no penalties and no exceptions from the title company are acceptable.

Prepayment Penalties*:

- Owner-Occupied / Second Home loans: None
- Investor loan Options:
 - None
 - 3-Year (36-month) Prepayment Penalty Term. Prepayment penalty is as follows:
 - 3% during the 1st loan year;
 - 3% during the 2nd loan year, and;
 - 3% during the 3rd loan year.

*** Note:** Originators submitting loans with any prepayment penalty structures outside of the 3-year, 3/3/3 structure defined above will be qualified and priced as a no prepayment penalty loan. Please adhere to federal, state, and local regulatory compliance with respect to applying prepayment penalties.

Title Insurance:

- Title Insurance amounts must be sufficient to cover the loan amount.

Property Insurance:

- Refer to FNMA guidelines. A homeowner insurance policy must be obtained with replacement cost coverage equal to the *lesser* of the following:
 - 100% of the insurable value of the improvements, as established by the property insurer; *or*
 - the unpaid principal balance of the mortgage, so long as it equals at least 80% of the insurable value of the improvements required to compensate for damage or loss on a replacement cost basis.
- Condominiums: Individual condo units must obtain a HO-6 Policy unless the Master Condo policy

included walls in coverage.

- All 3-4 unit Primary residence properties require Rent-Loss coverage equal to or greater than 6 months of total gross rents.
- All Investment properties (including condominiums) require Rent-Loss coverage equal to or greater than 6 months of total gross rents.
- Properties located in Flood Zone must obtain Flood insurance with coverage of at least the *lower* of:
 - 100% of the replacement cost of the insurable value of the improvements,
 - The unpaid principal balance of the mortgage loan, *or*;
 - The maximum insurance available from the NFIP.

Impounds:

- Escrows for Real Estate Taxes, Homeowners' Insurance, and Flood Insurance (if applicable) are required on all loan programs and all property types, with the exception to Coops.
- Escrow waivers are only available for loans that do not fall under the CFPB's Regulation Z (Truth-in-Lending) definition of a Higher-Priced Mortgage Loan ("HPML").
 - Escrows cannot be waived if subject property is located in a FEMA flood zone where flood insurance is required.

Personal Guarantee:

- Full personal recourse is required on all programs.

Judgments and Liens:

- All open judgments, garnishments, and all outstanding liens must be paid off prior to or at loan closing (prior approval required).

Income Tax Liens:

- All income tax liens (federal, state, local) must be paid off prior to or at loan closing (prior approval required).

Bankruptcy History:

- Chapter 7 / 11: waiting period is 4 years from dismissal date or discharge date.
- Chapter 13: DTI-qualified loans: waiting period is 2 years from discharge date or 4 years from dismissal date.
- Bankruptcies are allowed if they have been settled. Evidence of bankruptcy resolution is required.
- Bankruptcies resolved require a letter of explanation from the borrower. The situation causing the bankruptcy must be adequately documented. The new housing payment must be considered when determining if the situation is adequately resolved.
- If multiple bankruptcies exist in this time frame each must be addressed in the explanation. Loans where the borrower has any late payments occurring after the bankruptcy may be considered on a case-by-case basis with advanced approval from Quontic Bank at its discretion.

Foreclosures:

- Must be aged 4 years without any other significant derogatory credit history after event.

Short Sale/Deed in Lieu of Foreclosure:

- Must be aged 4 years without any other significant derogatory credit history after event.

Forbearance or Modification:

- May be considered on a case-by-case basis without any other significant derogatory credit history after event.

Foreclosure Bailout:

- Not eligible.

New York Properties:

- NY CEMAs are acceptable.
 - Refinance of a privately-owned mortgages are not eligible for CEMA.

Appraisal Requirements:

- An interior/exterior appraisal is required on all loan programs.
- A Second Appraisal is required for all loan programs when:
 - a) the loan amount is greater than \$1,500,000, *or*
 - b) on an Owner-Occupied property that might be considered a 'flip', whereas:
 - the seller acquired the property within the last 90 days prior to the date of the purchase contract and the purchase price on the contract exceeds the price the seller paid by more than 10%, *or*
 - the seller acquired the property within the last 91 to 180 days prior to the date of the purchase contract and the purchase price on the contract exceeds the price seller paid by more than 20%.

When a second appraisal is provided, the transaction's "Appraised Value" will be the *lesser* of the two appraised values.

- A Collateral Desktop Analysis ("CDA") is required on all loan programs. The review will be reconciled for value and risk flags. If the CDA value variance is within 10% of the appraisal value, with no risk flags present, the loan will proceed using the appraised value. If the CDA value variance is greater than 10% of the appraised value, receives an indeterminate score, *or* reports any significant red flags relative to accuracy, then:
 - If Appraisal can be remediated to cure CDA value variance or identified risks, proceed with appraised value.
 - If identified value variance or risks cannot be cured, a second appraisal and subsequent acceptable CDA would be required.
- For loans that require more than one appraisal, an acceptable CDA is required for each appraisal.
- Declining Markets: If the appraisal indicates the subject property is located in a declining market, the maximum LTV will be reduced by 5%.

Appraisal Transfers:

- Correspondent may accept an appraisal transferred from another lender that originally ordered the appraisal with an accompanying Appraisal Transfer Letter. All transferred appraisals must comply with the Home Valuation Code of Conduct (HVCC) and Appraiser Independence Requirements (AIR). Transferred appraisals must be completed by an appraiser that is not on any Bank Ineligible List or Agency Exclusionary List. All transferred appraisals will be underwritten in adherence to Quontic's standard appraisal review procedures.
- The Appraisal Transfer Letter must be on the letterhead of the original lender must include the following:
 - Current date;
 - Borrower name;
 - Property address;
 - A statement transferring ownership of the appraisal to Correspondent;
 - The following statement "Transferring lender certifies that this appraisal was prepared in accordance with, and is compliant with, the Appraisal Independence Rules (AIR), Truth in

- Lending regulations, and all applicable laws, and;
- Signature of Authorized Representative.
- The appraisal must be emailed in a suitable electronic format directly from the original lender to Correspondent.
- Correspondent must receive a copy of the appraisal invoice which evidences it is paid in full.

Higher-Priced Mortgage Loan (“HPML”):

- HPML defined as secondary / subordinate financing with an APR that is 3.50% above the APOR.
- HPMLs are permitted with the following requirements:
 - Loan complies with HPML appraisal rules in Reg. Z.
 - Loan must have Full Appraisal.
 - Second Appraisal required under the following circumstances:
 - Greater than 10% increase in sales price if the seller acquired the property in the past 90 days from purchase contract date.
 - Greater than 20% increase in sales price if the seller acquired the property in the past 91-180 days from purchase contract date.

High Cost:

- All Owner-Occupied mortgage loans must comply with all Federal and State High-Cost requirements.

Compliance:

- All loans should be run through Compliance and Fraud Risk software by Correspondent prior to closing. Upon review of reports, additional documentation may be requested.
- Wherever Guidelines are silent, defer to Fannie Mae and Freddie Mac guidelines.
- Quontic reserves the right to request additional information or clarification on any aspect of the loan file when red flags or concerns are identified.