QUONTIC BANK

PARTNERSHIP

FIRST-LIEN PRODUCT GUIDELINES

RETAIL

05/12/2026

[FOR INTERNAL USE ONLY]

QUONTIC BANK

PARTNERSHIP
PRODUCT GUIDELINES

RETAIL

TABLE OF CONTENTS

QUONTIC
ADAPTIVE DIGITAL BANK

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
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	1-4	$2,500,000	60%	720
NOTES	• Non-Warrantable Projects: ○ Purchase & Rate/Term: Max 75% LTV ○ Cash-Out: Max 70% LTV • Non-Permanent Resident: ○ Purchase & Rate/Term Refinance: Max 80% LTV ○ Cash-Out Refinance: Max 75% LTV			

UNDERWRITING GUIDELINES

The following guidelines are specific to: Owner Occupied - Lite Doc
Refer also to Master Underwriting Guidelines beginning on p.19

Application Requirements:

- The LLC must be indicated as the primary applicant. Occupancy for the LLC must be indicated as Investment.
- The Customer (natural person) must be indicated as the secondary applicant. To be eligible for this program, the Customer must declare their intention to occupy the subject property.

Customer Eligibility:

- US Citizens.
- Permanent Residents.
- Non- Permanent Residents with valid two-year minimum Employment Authorization or VISA and proof of country of origin.
  - Purchase & Rate/Term Refinance: Max 80% LTV
  - Cash-Out Refinance: Max 75% LTV
- First-Time Homebuyers

Ineligible Customers:

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

Minimum Loan Amount:

- $150,000

Eligible Properties:

- SFH, 2-4 Family, PUD, Condo, Coop
- Non-Warrantable Projects:
  - Purchase & Rate/Term: Max 75% LTV
  - Cash-Out: Max 70% LTV
- Rural Properties:
  - Max 5 acres
  - Cash-Out: Max 70% LTV

Ineligible Properties:

- Rural Properties with more than 5 acres
- Second Homes

State Restrictions:

- Properties located in HI Lava Zones 1 & 2 are ineligible.
- Properties located in Baltimore City, MD are Ineligible.

Debt to Income Ratio ("DTI"):

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

Employment/Income Documentation:

- Wage-Earning Customers
  - Written Verification of Employment (VOE) requested by Quontic 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 Quontic. 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

    Quontic to make notation/explanation on the 1008 is required if there are no returns when attempting an internet search.
- Self-Employed Customers – 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
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- Self-Employed Customer – CPA/Accountant/Tax Preparer/Enrolled Agent – Income Verification
  - CPA/Accountant/Tax Preparer/Enrolled Agent's letter confirming:
    - Length of relationship with Customer
    - Customer's position/title
    - Ownership percentage of company
    - Business inception date, and
    - Statement on good standing of the Customer'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 Customer for at least one (1) year or have filed the Customer'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 Customer'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 Customer'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 Quontic. 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 Customer 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.
  - Customers 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 Customer 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

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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			
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	1-4	$3,000,000	65%	740
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NOTES	• Non-Permanent Resident: ○ Purchase & Rate/Term Refinance: Max 80% LTV ○ Cash-Out Refinance: Max 75% LTV • Non-Warrantable Projects: ○ Purchase & Rate/Term: Max 75% LTV ○ Cash-Out: Max 70% LTV			

UNDERWRITING GUIDELINES

The following guidelines are specific to: Owner Occupied - Asset Utilization
Refer also to Master Underwriting Guidelines beginning on p.19

Application Requirements:

- The LLC must be indicated as the primary applicant. Occupancy for the LLC must be indicated as Investment.
- The Customer (natural person) must be indicated as the secondary applicant. To be eligible for this program, the Customer must declare their intention to occupy the property as their primary residence.

Customer Eligibility:

- US Citizens.
- Permanent Residents.
- Non- Permanent Residents with valid two-year minimum Employment Authorization or VISA and proof of country of origin.
  - Purchase & Rate/Term Refinance: Max 80% LTV
  - Cash-Out Refinance: Max 75% LTV
- First-Time Homebuyers

Ineligible Customers:

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

Minimum Loan Amount:

- $150,000

Eligible Properties:

- SFH, 2-4 Family, PUD, Condo, Coop
- Non-Warrantable Projects:
  - Purchase & Rate/Term: Max 75% LTV
  - Cash-Out: Max 70% LTV
- Rural Properties:
  - Max 5 acres
  - Cash-Out: Max 70% LTV

Ineligible Properties:

- Rural Properties with more than 5 acres
- Second Homes

State Restrictions:

- Properties located in HI Lava Zones 1 & 2 are ineligible.
- Properties located in Baltimore City, MD are Ineligible.

Debt to Income Ratio ("DTI"):

- Max 50% DTI Ratio.

- 2-4 Family: May add 75% of the non-owner-occupied units' gross rent to Customer'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 Customer 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 Customer is younger than 59 ½ years in age
  - 90% of vested value if Customer 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:

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  - Amount of Mortgages & Liens
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- 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 Customer and the monthly/annual gross rental income from each of those properties.
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Cash Reserve Requirements:

LTV/CLTV	Minimum Reserve Requirement
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  - 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:

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Less than or equal to 60%	$1,500,000
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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
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NOTES	• Non-Warrantable Projects: ○ Purchase & Rate/Term: Max 75% LTV ○ Cash-Out: Max 70% LTV			

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- Rural Properties:
  - Max 5 acres
  - Max 75% LTV
  - Purchase and Rate/Term Only (Cash-Out not permitted)

Ineligible Properties:

- Coops
- Rural Properties with more than 5 acres

State Restrictions:

- Properties located in HI Lava Zones 1 & 2 are Ineligible.
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Debt to Income Ratio ("DTI"):

- Max 50% DTI Ratio.

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

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  - Must be self-employed for at least 1 year and in the same line of business for at least 2 years.
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    - 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:
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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:**
    - Reserve requirements above apply to subject property PITIA.
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    - Gifts may NOT be used to meet the reserve requirements. Reserves must come from Customer-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

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- 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 Customer 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 Customer is younger than 59 ½ years in age
  - 90% of vested value if Customer 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
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Greater than $1,500,000	12 months PITIA

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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

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 forms.

Loan Terms:

- 15-Year Fixed
- 30-Year Fixed

Qualification Rates:

- Fully Amortizing Fixed: The note rate is used to calculate the qualifying PITI(A).

Credit Requirements:

- A tri-merge credit report is required for each Customer/guarantor
- Qualifying FICO is the middle score of the three scores for each Customer. When only two credit scores are obtained, choose the lower score. When there are multiple Customers, 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:

- SFH, 2-4 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 Customer's personal name, and/or;
  b) Customer is personally liable on the mortgage and appears on the Customer'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 Customer 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 Customer'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:
- Customer 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 Customer, Customer 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 Customer, Customer 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, Customer must confirm if any funds have been borrowed. If Customer requires cash to close the transaction, deposit verification guidelines apply.
- Joint account holders not on the loan application must provide a letter stating that Customer 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 Customer 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 Customer-sourced funds.
- Customer must provide fully executed donor gift letter, Customer'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:

- Limited Liability Company (LLC):
    - 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.
- The following documentation must be provided:
    - IRS Letter evidencing the EIN
    - Filing Receipt
    - Articles of Organization
    - Operating Agreement
    - 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
- All LLC documents must be reviewed by Quontic council prior to closing.

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:

- None

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 available upon request.
  - 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 Customer. 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 Customer 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.

<u>Foreclosures:</u>
- Must be aged 4 years without any other significant derogatory credit history after event.

<u>Short Sale/Deed in Lieu of Foreclosure:</u>
- Must be aged 4 years without any other significant derogatory credit history after event.

<u>Forbearance or Modification:</u>
- May be considered on a case-by-case basis without any other significant derogatory credit history after event.

<u>Foreclosure Bailout:</u>
- Not eligible.

<u>CEMAs:</u>
- Not eligible.

<u>Appraisal Requirements:</u>
- An interior/exterior appraisal is required on all loan programs.
- A Second Appraisal is required for all loan programs when the loan amount is greater than $1,500,000,
- 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.
- <u>Declining Markets:</u> If the appraisal indicates the subject property is located in a declining market, the maximum LTV will be reduced by 5%.

<u>Appraisal Transfers:</u>
- Quontic 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;
    - Customer name;
    - Property address;
    - A statement transferring ownership of the appraisal to Quontic;

  - 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 is a suitable electronic format directly from the original lender to Quontic.
- Quontic must receive a copy of the appraisal invoice which evidences it is paid in full.

Compliance:

- All loans should be run through Compliance and Fraud Risk software by Quontic 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.