



Dominion Financial Wholesale Sellers Guide

VERSION 3/25/2025

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CH. 1 DOING BUSINESS WITH DOMINION FINANCIAL WHOLESAL

1.1 GENERAL INFORMATION

Dominion Financial Wholesale also known as Dominion Financial, or Dominion, through this Wholesale Guide is setting forth the loan underwriting guidelines applicable to each Wholesale entity (a “Broker”) that submits a residential mortgage loan to Dominion Financial for underwriting under the Non-QM Loan Programs.

The purpose of these underwriting guidelines is to ensure each mortgage loan meets Dominion Financial quality standards. A loan meets Dominion Financial quality standards if the legal documents, borrower’s credit, income documentation, quality of the collateral (property), and compliance with all applicable laws are consistent with the loan program under the guide.

All loans must be manually underwritten in accordance with this guide. Dominion Financial credit philosophy applies a practical application of the guidelines when analyzing a loan for underwriting. Our focus is on aligning the interest of the borrower and limiting layered risk through a combination of:

- Verified employment, income, assets, and reserves
- Borrower credit and housing history
- Value of collateral used to secure the loan

Exceptions to published guidelines are considered on a limited case-by-case basis. Loans requiring an exception are reviewed holistically taking into account the risk factors noted above. Regardless of exception type, the loan should demonstrate strong compensating factors to support granting an exception. All exception requests must be submitted by the Broker to Dominion Financial. Our decision to grant or reject any exception request is based on our role as a potential investor in any related mortgage loan. This decision is not intended to serve as advice regarding any decision to extend credit.

Dominion Financial’s decision to accept and/or close a loan or not on any mortgage loan will be based on a full credit, compliance and property review conducted by Dominion Financial. Our decision to accept and/or close any mortgage loan will be based on the results of our review and our own internal policies and procedures.

The Broker and any third-party originator must fully comply with all federal, state, and local laws applicable to the origination and sale of mortgage loans (“Applicable Law”). It is the Broker’s sole responsibility to ensure that all loans it originates comply with Applicable Law.

The Wholesale Guide and the executed Broker Agreement, as amended periodically, together govern the business relationship and constitute the entire agreement between Dominion Financial and the Broker. Dominion Financial may suspend or terminate its relationship with the Broker upon any failure to meet the requirements under this Guide.

1.1.1 HOLIDAYS

The federally recognized holidays at the time of publication of this Guide are:

New Year’s Day

Martin Luther King, Jr. Day

President’s Day

Independence Day

Labor Day

Columbus Day

Thanksgiving Day

Christmas Day

*Memorial Day
Juneteenth*

Veteran's Day

In addition to the above Federal Holidays Dominion Financial will be closed on the following days:

*Friday after Thanksgiving
Day After Christmas*

On federal holidays, banks and the US Postal Service do not operate, and wire transfers do not occur. Any funds due for wiring on the above days will be wired on the following business day.

1.2 BROKER ELIGIBILITY

This Eligibility section outlines requirements for becoming an approved Broker and for maintaining that eligibility in Good Standing.

1.3 APPROVAL OVERVIEW

Dominion Financial will review the applicant's information and request for approval to determine eligibility. At the discretion of Dominion Financial, eligibility standards may be waived or modified; however, the subsequent enforcement by Dominion Financial will not be affected.

1.3.1 LOANSCAPE®

Loanscape® serves as an online counterparty application and due diligence screening platform utilized by Dominion.

Through the Loanscape® portal, the application process for Dominion is simplified and enhanced with security features, allowing for a smoother approval experience via an electronic application.

Loanscape® combines thorough background checks with ongoing compliance monitoring, ensuring that the management process is straightforward, secure, and reliable for everyone involved.

Both Non-NMLS and NMLS-registered, mortgage loan originator companies can efficiently and securely submit their applications to Dominion using this streamlined approach.

Once approved, Dominion keeps the profile up to date, making annual recertification a hassle-free process.

To become an approved Broker to Dominion Financial Mortgage Capital, the applicant should:

- Apply with Dominion Financial via a URL link invitation from Dominion Account Executive
 - Or Direct at <https://app.loanscape.io/invite/w9nfjxsd>
- Setup company account in the Loanscape® platform. (<https://app.loanscape.io/>)
- Satisfy all Dominion Financial's eligibility requirements.
- Accurately and fully complete all required questionnaires and provide all necessary documentation.
- Execute the applicable Mortgage Loan Purchase Agreement (MLPA), in addition to other agreements.
- Provide any follow-up documentation or responses, if needed.

1.3.2 MINIMUM REQUIREMENTS

- Be a duly organized, valid entity and in good standing under the laws of the jurisdiction of the organization.

- Possess and maintain all required licenses necessary to conduct business in each jurisdiction in which loans are originated.
- Be in compliance with all applicable Federal, State, and Local regulations and laws.
- Not have any bankruptcies, foreclosures, or unsatisfied tax liens by the principals within the last four (4) years.
- Resolve or satisfactorily explain to Dominion any issues arising from the Loanscape® review. If the issue cannot be resolved, Dominion will determine the materiality of the issue.
- Not be listed on any exclusionary lists provided by the GSEs or HUD and must not be under investigation or suspended by any government agency.
- Not to be listed on any public or non-public commercial watch list or database that reports cases of misrepresentation or failure to honor contractual obligations.

1.4 PROCESS FOR APPROVAL

Upon receipt of a Loanscape® invitation from Dominion, please complete the application process. This will include completing and/or updating the online application, completing a questionnaire, and uploading specific documents as outlined by the Loanscape® System.

Upon completion of the application by the Broker, Dominion will be notified that the application is ready for processing. Dominion will review applicants' information, supporting documentation, questionnaire responses and check against exclusionary lists, business, and personnel licensing.

During the review process, Dominion will contact the applicant and discuss any missing items, clarify any questions, and request any additional items needed for review.

Upon completion of the review, the applicant will be notified of the disposition through the Loanscape system.

If approved, the client will also be provided with an email containing their formal approval letter, containing information on access to our loan portal, PODIUM, for our pricing engine, LoanPass, and scheduling of an onboarding welcome training call within 2- business days.

1.5 BROKER RESPONSIBILITY

1.5.1 MAINTAINING ELIGIBILITY

Once approved to be a Broker to Dominion Financial Mortgage, the Broker must continue to meet the eligibility requirements herein to maintain its eligibility and approval to participate.

1.5.2 NOTIFICATION OF SIGNIFICANT CHANGES

A Broker must provide written notice of any contemplated change in its organization, including copies of any filings with, or approvals from, its regulators, new licenses, as applicable. Dominion Financial requires written notice immediately, but no later than seven (7) calendar days, after the finalization of significant changes relating to the Broker that include, but are not limited to:

- Any mergers, consolidations, or reorganizations.

- Any direct or indirect material change in ownership. An indirect change in ownership includes any change in the ownership of the Seller's parent, any owner of the parent, or any beneficial owner of the Seller that does not own a direct interest in the Seller.
- Any change in corporate name.
- A materially adverse change in financial condition.
- Any change in fiscal year end-date.
- Use of a new or different fictitious name.
- Any change to active and approved Users of Dominion Financial specific systems.

1.5.3 GOOD STANDING

All approved Brokers must remain in "Good Standing" with Dominion Financial to maintain the required eligibility to broker loans. Failure to remain in Good Standing could result in Dominion Financial terminating the Agreement with cause.

To remain an approved Broker in Good Standing, the Broker must:

- Actively participate in the products and programs described in the Wholesale Guide.
- Be in full compliance with all terms of the Broker Agreement and this Wholesale Guide, which is a contractual document by reference in the Agreements.
- Complete and submit within the required timeframes all requested documents as part of the Annual Recertification process.

1.5.4 ANNUAL RECERTIFICATION

The Loanscape system will automatically send out the annual recertification notice to active clients which are due for annual renewal within the next 60-days. Within 60 days of receiving the renewal notice, the Broker must complete and submit all questions and documentation as outline in Loanscape:

- Prior Year Production Volume
- Review/Update company contacts.
- Confirmation of active users per the excel spreadsheet were validated in PODIUM PORTAL.
- Resumes on any new management-position changes since the last approval.
- Re-confirm active and approved contacts to Dominion Financial specific systems.
- Any other additional certifications or information requested by Dominion Financial.

1.5.5 STATE LICENSING

The Broker must comply with all applicable state license and registration requirements in connection with mortgage loan origination and any other related business activities, which include without limitation:

- Ensuring that each loan officer/originator involved in the origination of loans delivered to Dominion Financial is appropriately licensed.
- Maintaining appropriate organizational licensure based on the type and location of the activities it engages in.

1.5.6 STATE AND FEDERAL HIGH-COST LOANS

Dominion Financial does not close loans that are subject to the Home Ownership and Equity Protection Act of 1994 (HOEPA), also known as “federal high cost” mortgages.

Dominion Financial does not close mortgage loans that meet the definition of “high cost,” “high risk,” “covered,” “subprime,” or any similar designation under state or local law.

1.5.7 ABILITY TO REPAY (ATR)

All loans subject to the general ATR underwriting standards (12 C.F.R 1026.43(c)) require a creditor to make a reasonable, good-faith determination that the consumer has a reasonable ability to repay the loan prior to or at consummation. A reasonable, good-faith ATR evaluation must consider the following eight underwriting factors based on available information in the mortgage loan file using reliable third-party records:

- Income or assets used to repay the loan
- Employment status
- Monthly mortgage payment on the subject loan (fully indexed, fully amortizing)
- Monthly payments for any simultaneous loans secured by the subject property
- Monthly payments for property taxes, hazard insurance, HOA fees, or ground rents
- Debts (reported by a credit bureau or disclosed by the consumer), alimony, and child support obligations
- Monthly DTI or residual income
- Credit history

1.5.8 FEE POLICY

Fees charged by the Broker must be in compliance with all Applicable Requirements, including those governing permissible fees, maximum fee amounts, timing, and disclosures.

1.5.9 PREPAYMENT PENALTY

Prepayment penalties are only eligible for investment properties under the Non-QM program. Prepayment penalties are not eligible in states that prohibit penalties by state law.

CH. 2 COMMITMENT PRICING OVERVIEW

The Dominion Financial Lock Policy outlines the terms by which Brokers can lock loans. When Brokers lock a loan with Dominion Financial, the interest rate, pricing, and terms are protected through the lock expiration. Brokers are required to close the loan and for the loan to fund prior to the expiration of the rate lock. This includes the three-day right of rescission required on refinance transactions. Any loan that closes or disburses after the expiration date may be subject to a relock at worst-case pricing.

2.1 LOCK POLICY

Dominion Financial offers best efforts locks and provides interest rate protection for the purpose of pricing a mortgage application for the borrowers. Once Brokers lock a loan with Dominion Financial, they are obligated to make the best professional effort to close the loan.

The Lock Desk hours of operation are:	9:00am-6:00pm (CT)
The Lock Window hours are:	10:00am-7:00pm (CT)
The e-mail address for the Lock Desk is:	LockDesk@thedominiongroup.com
The phone number for the Lock Desk is:	(443)740-2761

2.1.1 REGISTRATION, RATE LOCK, AND LOCK CONFIRMATION

Brokers register and lock loans in the PODIUM Portal. Rate locks are priced based on the rates in effect at the time a lock is confirmed. The system displays the confirmed lock, which may be printed or downloaded. Brokers must review the confirmation upon receipt and contact the Lock Desk regarding any discrepancies. All rate locks are borrower and property specific.

A loan may be locked at any point in the loan process after an application is received by Dominion Financial. However, we strongly advise that the Broker's loan is locked with Dominion Financial after underwriting approval issued.

See [Section - Locking Loans](#) for details regarding locking loans with Dominion Financial.

Note: All loans must meet Dominion Financial lending criteria and the product matrix eligibility guidelines. An approved Rate Lock does not guarantee or indicate loan approval.

2.1.2 PIPELINE MANAGEMENT

- Loans which have been registered for 90 days or more and have not been submitted will be closed for incompleteness.
- Locked loans which are about to expire are identified in the “expiring soon” section of the PODIUM Portal.

2.1.3 CANCELLATIONS

Brokers must notify the Dominion Financial Lock Desk as soon as possible when a locked loan is canceled along with the reason for cancellation. Failure to maintain an acceptable pull through may impact Broker eligibility.

2.1.4 PREPARING TO SUBMIT FOR UNDERWRITING

All loans must be registered (locked or floating) before Dominion Financial reviews the file.

2.2 LOCK DESK AND PRICING

2.2.1 DAILY PRICING

Current live pricing is accessible for approved partners via the [LoanPass pricing engine](#). Rate sheets are also distributed daily, generally by 10 am Central Time, Monday through Friday.

Rates will be published in LoanPass, and distributed via email. Each rate sheet will provide the effective date and time.

2.2.2 INTRA-DAY PRICE CHANGES

Dominion Financial reserves the right to change pricing without notice at any time, which may also include after-market close re-prices. Dominion Financial Secondary Marketing makes its best effort to notify Brokers of new pricing when there is an intra-day price change; however, Brokers will receive the pricing that is effective when loans are locked on the portal. Brokers are responsible for verifying the lock confirmation form as soon as it is received and must contact the Lock Desk immediately if there is a discrepancy. Intra-day price changes will be emailed as new rate sheets and published in the system.

2.3 RATE LOCK PROGRAMS

Dominion Financial offers the Brokers competitive pricing. Specific information regarding rate locks, extensions, and renegotiations is provided as follows. Additional information can be found in Dominion Financial's Lock Policy.

2.3.1 GENERAL RATE LOCK INFORMATION

General information regarding the available duration of rate locks, cost and length of extensions, adjusters, and all matters related to pricing are found on the daily rate sheet. At the time of writing, Dominion Financial offers 30, 45, and 60-day initial locks and extensions in 1-day increments, up to 30-days total with a max of 3 extensions allowed. Brokers should rely on the most recent rate sheet for all pricing and rate extension information (or the rate sheet at the time of lock for extensions and worst-case pricing). Information on the rate sheet will take precedence over the information in this manual.

2.3.2 LOCKING LOANS

- Dominion Financial maintains a Broker Portal, PODIUM <https://podium.dominionfinancialwholesale.com/> for locking loans. Rate lock confirmations are also accessed through this portal. See "How-To" User Guides online at <https://dominionfinancialwholesale.com/>
- Loans are registered in the Portal by entering data through the user interface or by importing a FNMA MISMO 3.2/3.4 file to the system. Data required for pricing and locking varies by program and users are prompted to enter the required information. Loans requiring lock extensions beyond the maximum extension period, or loans requiring cumulative lock periods in excess of 60 days are subject to worse-case pricing, which is defined as the lower of (i) current rate sheet pricing and (ii) the existing lock price. If the

existing lock is to be extended, applicable lock extension fees will be applied after the determination of worse-case pricing. If the new rate sheet is the worst price, no lock extension fee needs to be applied for the relock, which will be a 15-day lock, subject to extension fees thereafter.

- Property address changes are only permitted on registrations. Property address changes on locked loans must be made by the Dominion Financial Lock Desk.

2.3.3 RATE EXTENSIONS

- Extension fees are posted on the Dominion Financial Broker rate sheet.
- Lock extensions are available for active locks. Expired locks may not be extended; they can only be relocked.
- Locks may be extended in increments of 1-day.
- Three (3) lock extensions may be requested; however, the cumulative lock extension maximum may not exceed 30 days from the initial expiration date. The cumulative lock period including extensions may not exceed 75 days. Loans requiring lock extensions beyond the maximum extension period, or loans requiring cumulative lock periods in excess of 75 days are subject to worse-case pricing, which is defined as the lower of (i) current rate sheet pricing or (ii) the existing lock price. If the existing lock is to be extended, applicable lock extension fees will be applied after the determination of worst-case pricing. If the new rate sheet is the worst price, no lock extension fee needs to be applied for the relock, which will be a 15-day lock, subject to extension fees thereafter.
- Lock extensions are not available for delivered files.

2.3.4 RATE LOCK RENEGOTIATIONS

Rate Lock Renegotiations are not permitted.

2.3.5 RATE RELOCKS

- Any lock that has expired may be relocked for 15 days as follows: The loan is re-priced using worse case pricing described below and charged a 25-basis point relock fee. Any fees, including extension costs, will remain in effect.
- Worse case pricing is determined by comparing the rate sheet from the lock date to the rate sheet from the relock date (current rates).
 - For rate-based programs, worse case pricing is determined by using the rate sheet with the higher base rate.
 - For price-based programs, worse case pricing is determined by using the rate sheet with the lower price.
- The loan will be relocked for 15 days. If additional days are needed, contact the Dominion Financial Lock Desk to request an extension. Standard fees will apply.
- Executing a relock is an irreversible transaction and results in mandatory delivery subject to a pair off fee.
- Any lock that has expired or has been cancelled by the Broker is eligible for current market pricing after 30 days.

2.3.6 RATE LOCKS

- All files must be closed, and rescission completed by the lock expiration date.

- Locks with weekend or holiday expiration dates expire on the first business day following the stated expiration date; this becomes the effective expiration date.
- If the file is not closed and funded by the lock expiration date, the loan will be subject to a pricing change.
- The original Note must be received within three (3) business days after the lock expiration date.
- Dominion Financial reserves the right to price expired loans outside of the matrix above based on market conditions.
- Dominion Financial publishes a maximum price and a minimum price on the daily rate sheets. Loans that price below the minimum are subject to additional price adjustments at Dominion Financial' discretion. Contact the lock desk for additional information.

CH. 3 BROKER FILE REVIEW

3.1 UNDERWRITING REVIEW

The review will assess and validate that the documentation supplied is sufficient to meet the required criteria under the applicable product/program guidelines according to the submitted loan with a valid and eligible float or lock in PODIUM. The following outlines the processes performed by Dominion Financial during the eligibility review.

3.1.1 CREDIT APPLICATION

- The application completed accurately including mailing address if property is investment and phone numbers
- All known borrower-owned properties are disclosed on the Real Estate Owned Section of the form
- Application reflects borrower assets and liabilities
- Application includes loan terms, occupancy, and reason for any cash out if applicable

3.1.2 CREDIT

- A verified credit report or alternative credit history as applicable to loan type is present for each borrower
 - Active Fraud Alerts on Credit: Must verify with borrower/guarantor that they have applied for transaction with Dominion
- Comparison of the credit report against application to ensure that no undisclosed debts exist
- Fraud Check:
 - All borrowers must be included in the fraud analysis performed by an automated fraud and data check vendor solution (i.e., Fraud Guard, CoreLogic, DataVerify, TransUnion TLOxp, LexisNexis: SmartLinx, Instant ID, or other industry recognized fraud and data vendor). A copy of the findings report from the vendor must be provided in the loan file with all “high” alerts, or “red flags” must be addressed and/or cleared by the Broker. Dominion will pull the fraud report during the underwriting review and add alerts to the underwriting conditions summary.
- Verify payment histories, judgments/collections and bankruptcy and foreclosure timelines meet applicable guidelines for the product/program
- Review for Borrower personal data consistency with the application and loan type
- Determine valid decision score and minimum trade lines
- Confirm housing and mortgage related payment history
- Review Bankruptcy, Foreclosure, Short-sale &/or Deed-In-Lieu dates if provided on the credit report
- Review Forbearance, Modification, or deferral documentation

3.1.3 ASSET REVIEW

Documentation verifying assets for down payment, closing costs, prepaid items and reserves may include but not be limited to:

- VODs
- Depository account statements
- Stock or security account statements
- Gift funds

- Settlement statement or other evidence of conveyance and transfer of funds for any sale of assets

3.1.4 HAZARD/FLOOD INSURANCE/TAXES

Verify that hazard insurance meets the minimum required amount of coverage in the product/program guidelines

- For condominium properties, confirm that the blanket policy meets the minimum amount of coverage to meet product/program guidelines
- Confirm that the flood certificate is for the correct borrower, property, lender, and loan number and includes a “Life of Loan” certificate
- For properties in a flood zone per the flood certificate, confirm that flood insurance meets product/program guidelines including, the minimum required amount of coverage
- Confirm that the mortgagee clause lists the lender’s name and “its successors and assigns”
- Confirm that the premium amount on both the hazard and flood insurance match what was used in the DTI calculations
- Calculating Real Estate Tax Payment
 - Applies to all programs/products
 - For New Construction: Property Taxes should be calculated using 1.5% of sales price (1.25% in California) for qualification or documented tax rate from municipality
 - Existing Purchase and Refinance: Use current tax amount per title or tax card. If exemptions that will no longer apply to property are present on tax card then must utilized tax amount without exemptions.
 - For California Purchases: Use 1.25% of purchase price or the documented tax rate from municipality (whichever is higher). Do not use property tax amount of current owner
- Calculating HOA monthly, quarterly or annual fees
 - Applies to all programs/products
 - PUD
 - If there are mandatory HOA fees, on a refinance, borrower to provide a copy of the most recent statement to confirm payment and when due
 - Existing property (Purchase) – Title or Escrow Company to provide a resale certification to confirm payment and when due
 - New Construction – Title Company, Escrow Company or Builder to provide documentation to confirm payment and when due; may also confirm amount from appraisal
 - Condo
 - Verify HOA dues and frequency from Condo questionnaire

3.1.5 PRELIMINARY TITLE COMMITMENT

The title policy must be written on one of the following forms:

- the 2021 American Land Title Association (ALTA) standard form
- an ALTA short form if it provides coverage equivalent to the 2021 ALTA standard form and does not materially impair protection to the Company
- in states in which standard ALTA forms of coverage are, by law or regulation, not used, the state-promulgated standard or short form which provides same coverage as the equivalent ALTA form, provided that those forms do not materially impair protection to the Company

The title insurance policy must ensure that the title is generally acceptable and that the mortgage constitutes a lien of the required priority on a fee simple property. The title policy also must list all other liens and state that they are subordinate to the Company's mortgage lien.

The Company must also review the following items for accuracy with regard to the preliminary title commitment:

- The amount of title insurance coverage must at least equal the original principal amount of the mortgage
- All files must contain a 24-month title history. Transfer date, price, and buyer and Seller names should be provided for any transfers that occurred within the past 24 months.
- Confirm current vesting (if a purchase, the seller; if a refinance, the borrower) and requested vesting is eligible
- Review for assessments, covenants, conditions, and any deed/resale restrictions. Deed restrictions that affect transferability of a property are not allowed.
- Review/confirm or condition to ensure HOA lien (super lien) issues have been identified and addressed, have been conditioned for or documented in the file accordingly
- Review/confirm or condition to ensure foreclosures, bankruptcies have been documented in the file accordingly, have been conditioned for or documented in the file accordingly
- Review/confirm or condition to ensure prior mortgage liens, judgment liens including but not limited to state and federal tax liens (including delinquent taxes that are not-liens), and environmental liens have been conditioned for or documented in the file accordingly

3.1.6 PROPERTY ELIGIBILITY REVIEW

The security property must be located in the United States (including the District of Columbia). See Program Matrices for any state specific exclusions.

Dominion Financial Underwriter will completely underwrite the appraisal and validate comparable sales or additional property data as warranted prior to issuing a clear to close. In addition, the following will be performed during the review:

- Confirm the property type and ensure it is eligible under applicable product/program guidelines;
- The highest and best use of the property as improved (or as proposed per plans and specifications), and the use of the property must be legal or legal non-conforming use;
- The mortgaged premises is readily accessible by roads that meet local standards;
- The mortgaged premises is served by utilities that meet community standards;
- The mortgaged premises is suitable for year round use;
- The mortgaged premises is safe, sound, and structurally secure;
- Review of comments regarding lot size, zoning and well and septic conditions as well as legal use restrictions;
- Perform a comparable sales analysis including age, distance, and adjustments;
- Analysis of the photos to verify clarity, conformity to property description and to review for external negative factors;
- Verification of appraiser licensing and that appropriate appraisal services were used as required in seller guidelines;
- Review of zoning concerns;
- Property description review including flood zoning, adverse physical conditions, easements, and best use;

- Review of sales comparison approach to include bracketed values, seasoning of comparable properties and active listings;
- Review of Appraiser comments for areas of concern or inconsistency;
- Review to ensure use of acceptable Appraisal source per guidelines;
- Complete a comparison of Appraisal Review product to appraisal to ensure performed on the same property and to note value discrepancy outside of seller tolerances or for any comments or concern;
- Confirm Appraisal Review Product is obtained from an acceptable source (e.g., Proteck ARR or Clear Capital per guidelines); and
- Determine if the subject property is in a FEMA Declared Disaster area with Individual Assistance designation. If the appraisal is dated after the disaster declaration date, confirm the appraisal states 'no impact' from the disaster. If the appraisal is dated prior to the disaster, require an updated appraisal or PDI report to confirm 'no impact' to subject property.

ACCEPTABLE DWELLING TYPES

Dwelling units for security properties may be detached, attached, or semi-detached.

Properties may be located

- on an individual lot,
- in a condo project,
- in a planned unit development (PUD) or subdivision project.

Properties located in a condo, or PUD project must meet Fannie Mae's project standards requirements (see Chapter B4-2, Project Standards). See Specific loan programs for additional property requirements/restrictions.

3.1.7 CREDIT REVIEW DATA COMPONENTS

The reviewer will also validate the following fields in the system as compared to the documentation submitted as applicable to the product/program submitted.

- | | | |
|--|-----------------|----------------------|
| • Dominion Financial Program and Product | • Loan Amount | • Credit Score |
| • Borrower Name/Entity | • Property type | • Documentation Type |
| • Loan Purpose | • Subject value | • Reserves |
| • Occupancy | • LTV/CLTV | |
| • Consumer or Business Purpose | • DTI/DSCR | |

3.2 INTEREST CREDIT

Loans closed within the first Five (5) days of the month may reflect an interest credit to the borrower.

3.3 PRINCIPAL CURTAILMENT

A principal curtailment is the application of funds that are used to reduce the unpaid principal balance of the mortgage loan. The Company permits certain curtailments prior to loan delivery provided that the delivery data reflects the curtailment as indicated below.

Acceptable Curtailments:

If the borrower receives more cash back than is permitted for limited cash-out refinances, applying a curtailment will reduce the amount of cash back to the borrower to bring the loan into compliance with the maximum cash-back requirement. The maximum amount of the curtailment cannot exceed the lesser of \$2,500 or 2% of the original loan amount for the subject loan.

3.4 ASSUMABILITY

Fixed Rate and ARM loans with assumability language are not acceptable.

3.5 PROPERTY INSURANCE

A Property (Hazard) insurance policy is required for all loans.

3.5.1 COVERAGE REQUIREMENTS

Property insurance for loans must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis. Property insurance policies that provide for claims to be settled on an actual cash value basis are not acceptable. Policies that limit, depreciate, reduce, or otherwise settle losses at anything other than replacement cost basis are also unacceptable. Extended coverage must include, at a minimum: wind, civil commotion (including riots), smoke, hail, and damage caused by aircraft, vehicle, or explosion. The maximum deductible allowed is 5% of coverage amount.

Policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damage, or any other perils that normally are included under an extended coverage endorsement are not acceptable. Borrowers may not obtain property insurance policies that include such limitations or exclusions unless they are able to obtain a separate policy or endorsement from another commercial insurer that provides adequate coverage for the limited or excluded peril, or from an insurance pool that the state has established to cover the limitations or exclusions.

The minimum hazard insurance coverage required should be equal to the lesser of:

- Replacement Cost Estimator from the property insurer or a 3rd party source (i.e., CoreLogic), if provided
- 100% replacement cost coverage amount (if specified on Hazard Insurance policy)
- The unpaid principal balance of the mortgage

Other Requirements (Applicable to all Products):

- Insurance Carrier must be rated no less than A-VIII by A.M. Best

For Refinance Transactions:

- **Investor Premier, Prestige, Prestige Plus, Cross Collateral** - Policies set to expire within 60 days of closing will require copy of renewal dec page and premium to be collected at closing.

- **Investor Premier Elite** – Policies set to expire within 60 days of closing will require copy of renewal dec page. If unable to obtain renewal declarations page, email confirmation from the insurance company with expected premium and start date will suffice. Renewal premium must be collected at closing.

For DSCR Products:

- The policy must include a minimum of 6 months of rent loss insurance and assignment of rent documentation to be signed at closing (all property types including condominiums).

Investor Premier Elite – Additional Insurance Requirements:

- Policy must be “Causes of Loss – Special Form” or “All Risk”
- Liability Insurance Required

3.5.2 FLOOD INSURANCE

Dominion Financial will determine whether or not the property is located in an SFHA by using the Standard Flood Hazard Determination form endorsed by FEMA. All flood zones beginning with the letter “A” or “V” are considered SFHAs.

Note: all flood insurance premiums must be escrowed regardless of whether the taxes and homeowners’ insurance are escrowed.

The Broker to ensure the property securing the mortgage loan is adequately protected by flood insurance when required and insurance provided to Dominion for review. Flood insurance coverage is required when a mortgage loan is secured by a property located in

- a Special Flood Hazard Area (SFHA), or
- a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA). (See below for additional information.)

The minimum amount of flood insurance required for first-lien mortgages is the lowest of:

- 100% of the replacement cost of the insurable value of the improvements,
- The maximum insurance available through the NFIP, or
- The unpaid principal balance (UPB) of the loan (or loan amount at the time of origination).
 - For Investor Premier Elite program – If the UPB of the loan or replacement cost of subject property is greater than \$750,000 then loan must be reviewed case-by-case by management unless the loan file contains additional private flood insurance coverage up to the UPB or replacement amount.

Minimum coverage must be equal to the dwelling coverage for hazard insurance, subject to the following:

- **1-4 Unit Properties:** If dwelling coverage for hazard insurance is greater than \$250,000 then flood coverage must be \$250,000 as this is the maximum allowed per FEMA.
- **5+ Units Properties:** If dwelling coverage for hazard insurance is greater than \$500,000 then flood coverage must be \$500,000 as this is the maximum allowed per FEMA.

Deductible may not exceed the maximum deductible amount currently offered by NFIP.

The following table describes how to evaluate a property to determine if flood insurance is required. For the purpose of these requirements, the “principal structure” is the primary residential structure on the property securing the mortgage loan:

If...	Then flood insurance is...
any part of the principal structure is located in an SFHA,	required.
the principal structure is not located in an SFHA, but a residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA	required for the residential detached structure.
the principal structure is not located in an SFHA, but a non-residential detached structure attached to the land that serves as part of the security for the mortgage loan is located within the SFHA	not required on either structure.
the principal structure is not located in an SFHA, but a detached structure attached to the land that does not serve as part of the security for the mortgage loan is located within the SFHA	not required on either structure.

3.5.3 ACCEPTABLE FLOOD INSURANCE POLICIES

The flood insurance policy must be one of the following:

- a standard policy issued under the NFIP; or
- a policy issued by a private insurer as long as the terms and amount of coverage are at least equal to that provided under an NFIP policy based on a review of the full policy issued by a private insurer.

3.6 TITLE POLICY REQUIREMENTS

Dominion Financial will require a title insurance policy on each loan. If the file contains the Commitment for Title Insurance, it must indicate the policy will be issued upon payment of the premium. The loan must be covered by the required title policy, issued by a licensed insurer, and includes any required endorsements. The title insurer and policy must conform to Fannie Mae® requirements.

3.6.1 TERMS OF COVERAGE

The title insurance policy must ensure the title is acceptable and that the mortgage represents a first lien on a fee simple estate in the property. The title policy must also list all other liens and reflect they are subordinate. The policy must be written on one of the following forms:

- The 2021 American Land Title Association (ALTA) standard form.
- An ALTA short form if it provides coverage equivalent to the 2021 ALTA standard form.
- In states in which standard ALTA forms of coverage are, by law or regulation, not used, the state-promulgated standard or short form which provides the same coverage as the equivalent ALTA form.
- For Adjustable-Rate Mortgages, the policy must include ALTA Endorsement 6-06.

3.6.2 EFFECTIVE DATE OF COVERAGE

The effective date of the title insurance coverage written on forms that do not provide the gap coverage included in the 2021 ALTA policies may be no earlier than the later of the date of the final disbursement of loan proceeds or the date the mortgage was recorded.

Because the 2021 ALTA forms provide protection for the time between loan closing and recordation of the mortgage, policies written on those forms may be effective as of loan closing.

The Title Commitment/Preliminary Report/Binder/O&E can be no more than 90 days old as of date of closing (date note is signed)

3.6.3 AMOUNT OF COVERAGE

The amount of title insurance coverage must at least equal the original principal amount of the mortgage.

3.6.4 OTHER REQUIREMENTS

The title insurance coverage must include an environmental protection lien endorsement (ALTA Endorsement 8.1-06 or equivalent state form providing the required coverage).

References are to the ALTA 2021 form of endorsement, but state forms may be used in states in which standard ALTA forms of coverage are, by law or regulation, not used, provided that those endorsements do not materially impair the protection to Dominion Financial. As an alternative to endorsements, the requisite protections may be incorporated into the policy.

Title policies may not include the creditors' rights exclusion language that ALTA adopted in 1990.

3.6.5 CHAIN OF TITLE

All files must contain a 24-month title history. Transfer date, price, and buyer and Seller names should be provided for any transfers that occurred within the past 24 months.

3.6.6 CONDOMINIUM OR PLANNED UNIT DEVELOPMENTS (PUD)

The title insurance policy for a condominium or PUD unit mortgage must describe all components of the unit estate.

For condominium unit mortgages, an ALTA 4-06 or 4.1-06 endorsement or its equivalent is required. For PUD unit mortgages, an ALTA 5-06 or 5.1-06 endorsement or its equivalent is required. These endorsements must be attached to each policy or incorporated into the text of the policy.

If the unit owners own the common areas of the project as tenants in common, the policy for each unit's mortgage must reflect that ownership.

If the homeowners' association (HOA) owns the common elements, areas, or facilities of the project separately, the title insurance on those areas must insure that ownership.

This title policy must show that title to the common elements, areas, or facilities is free and clear of any objectionable liens and encumbrances, including any statutory or mechanic's liens for labor or materials related to improvements on the common areas that began before the title policy was issued.

The title policy must protect Dominion Financial by insuring:

- that the mortgage is superior to any lien for unpaid common expense assessments. (In jurisdictions that give these assessments a limited priority over a first mortgage lien, the policy must provide assurance that those assessments have been paid through the effective date of the policy.)
- against any impairment or loss of title of the first lien caused by any past, present, or future violations of any covenants, conditions, or restrictions of the master deed for the project. (It must specifically insure against any loss that results from a violation that existed as of the date of the policy.)
- that the unit does not encroach on another unit or on any of the common elements, areas, or facilities. (The policy also must insure that there is no encroachment on the unit by another unit or by any of the common elements, areas, or facilities.)
- that the mortgage loan is secured by a unit in a condominium project that has been created in compliance with the applicable enabling statutes.
- that real estate taxes are assessable and lienable only against the individual condominium unit and its undivided interest in the common elements, rather than against the project as a whole.
- that the owner of a PUD unit is a member of the homeowners' association, and that the membership is transferable if the unit is sold.

3.6.7 TITLE EXCEPTIONS

Dominion Financial will not close a mortgage secured by property that has an unacceptable title impediment, particularly unpaid real estate taxes and survey exceptions.

If surveys are not commonly required in particular jurisdictions, the Broker must provide an ALTA 9 Endorsement. If it is not customary in a particular area to supply either the survey or an endorsement, the title policy must not have a survey exception.

3.6.8 MINOR IMPEDIMENTS TO TITLE

Title for a property that secures a conventional mortgage is acceptable even though it may be subject to the following conditions, which Dominion Financial considers minor impediments:

- Customary public utility subsurface easements that were in place and completely covered when the mortgage was originated, as long as they do not extend under any buildings or other improvements.
- Above-surface public utility easements that extend along one or more of the property lines for distribution purposes or along the rear property line for drainage purposes, as long as they do not extend more than 12 feet from the property lines and do not interfere with any of the buildings or improvements or with the use of the property itself.

CH. 4 STANDARD NON-QM – INVESTOR PREMIER, INVESTOR PREMIER PLUS, INVESTOR PREMIER FOREIGN NATIONAL, PRESTIGE, PRESTIGE PLUS

Dominion Wholesale’s standard Non-QM program offers loans to a broader base of real estate buyers, including both owner occupied and investment occupancy. Utilizing Full-Doc, Alternative Documentation, or the subject property cash flow, with DSCR ratios below 1.0, lower FICO limits, or closing in an individual’s name. Non-QM Investor Premier/Prestige/Prestige Plus loans submitted to Dominion Financial must meet the criteria of the current published Eligibility Guide as of the file submission date for review.

Top tier borrowers who qualify, may wish to seek Loan submissions which do not meet the Premier Elite guidelines, may be counteroffered to a Premier product ([CH. 5 – Investor Premier](#))

4.1 PRODUCT MATRICES

(See attached Loan Matrices Document)

- Investor Premier 1-4 Unit – DSCR
- Investor Premier 5-10 Unit – DSCR
- Investor Premier Cross Collateral - DSCR
- Prestige Plus – Alternative or Full Documentation
- Prestige – Alternative or Full Documentation

4.2 ELIGIBLE PRODUCTS

The following non-QM loan products are eligible for purchase by Dominion Financial under the Standard Non-QM Loan Program. See individual Loan Matrices for more details and available terms under each program:

PRODUCT	QUALIFYING RATE*	TERM	I/O TERM	AMORT TERM	INDEX	CAPS
5/6 ARM*	Higher of Fully indexed or Note Rate	360	NA	360	30-day avg SOFR	2/1/6
5/6 ARM I/O*	Higher of Fully indexed or Note Rate	360	120	240	30-day avg SOFR	2/1/6
7/6 ARM*	Higher of Fully indexed or Note Rate	360	NA	360	30-day avg SOFR	5/1/6
7/6 ARM I/O*	Higher of Fully indexed or Note Rate	360	120	240	30-day avg SOFR	5/1/6
30 YR FIXED	Note Rate	360	NA	360	NA	NA
30 YR FIXED I/O	Note Rate	360	120	240	NA	NA
40 YR FIXED I/O	Note Rate	480	120	360	NA	NA

Additional ARM Criteria			
Adjustment Reset Period	Lookback Period	Margin	Floor
6-months	45-days	See Rate Sheet	Margin

4.3 STATE ELIGIBILITY RESTRICTIONS

See the Dominion Financial Wholesale Loan Program Matrix and [Section – State Eligibility](#), for state eligibility restrictions for all programs.

4.4 QUALIFYING PAYMENT

The qualifying payment is based upon the principal and interest payment along with 1/12th of the annual real estate taxes, property insurance, any other insurance, and any association dues.

The qualifying payment is based on the amortization term. Single asset DSCR loans secured by 1–8-unit properties can be qualified using the interest only payment (ITIA).

4.5 LOAN-TO-VALUE / CREDIT SCORE RESTRICTIONS

INVESTOR PREMIER (1-4 Unit)*	INVESTOR PREMIER PLUS	INVESTOR PREMIER (5-10 Unit)*	INVESTOR PREMIER FOREIGN NATIONAL	INVESTOR PREMIER CROSS COLLATERAL*
Investment	Investment	Investment	Investment	Investment
Min Credit Score: 660	Min Credit Score: 700	Min Credit Score: 700	Min Credit Score: 680 (if applicable)	Min Credit Score: 660
Max LTV/CLTV: 80%	Max LTV/CLTV: 75%	Max LTV/CLTV: 75%	Max LTV/CLTV: 75%	Max LTV/CLTV: 70%
Minimum: \$150,000	Minimum: \$150,000	Minimum: \$400,000	Minimum: \$150,000	Minimum: \$400,000
Maximum: \$2,000,000	Maximum: \$1,500,000	Maximum: \$2,000,000	Maximum: \$1,500,000	Maximum: \$3,000,000

PRESTIGE PLUS*	PRESTIGE*
Primary, Second, Investment	Primary, Second, Investment
Min Credit Score: 680	Min Credit Score: 660
Max LTV/CLTV: 90%	Max LTV/CLTV: 90%
Minimum: \$150,000	Minimum: \$150,000
Maximum: \$2,500,000	Maximum: \$3,000,000

*See specific program matrices for additional credit score/LTV overlays

4.6 SOLAR PANEL REQUIREMENTS

Properties with Solar Panels

The ownership and debt financing structures commonly found with solar panels are key to determining whether the panels are third-party owned, personal property of the homeowner, or a fixture to the real estate. Common ownership or financing structures include:

- Borrower-owned panels,
- Leasing agreements,
- Separately financed solar panels (where the panels serve as collateral for debt distinct from any existing mortgage); or
- Power purchase agreements

Properties with solar panels and other energy efficient items financed with a PACE loan (or any similar loans with payments that are included in property taxes) are not eligible for delivery if the PACE loan is not paid in full prior to or at closing.

Lenders are responsible for determining the ownership and any financing structure of the subject property's solar panels in order to properly underwrite the loan and maintain first lien position of the mortgage. When financing is involved, lenders may be able to make this determination by evaluating the borrower's credit report for solar-related debt and by asking the borrower for a copy of all related documentation for the loan.

The lender must also review the title report to determine if the related debt is reflected in the land records associated with the subject property. If insufficient documentation is available and the ownership status of the panels is unclear, no value for the panels may be attributed to the property value on the appraisal unless the lender obtains a UCC "personal property" search that confirms the solar panels are not claimed as collateral by any non-mortgage lender.

Note: A Uniform Commercial Code (UCC) financing statement that covers personal property and is not intended as a "fixture filing" must be filed in the office identified in the relevant state's adopted version of the UCC.

The following sections summarize some of the specific underwriting criteria that must be applied depending on the details of any non-mortgage financing for the solar panels.

Scenario 1 – Solar Panel(s) Affixed to Real Estate

If the solar panels are financed and collateralized – the solar panels are collateral for the separate debt used to purchase the panels, but they are a fixture to the real estate because a UCC fixture filing has been filed for the panels in the real estate records.

Program Eligibility

Solar Panels with UCC filing against subject property may be eligible on a case-by-case basis

The lender must:

- Obtain and review the credit report, title report, appraisal, and/or UCC fixture filing
- Obtain a copy of the related Solar agreement that reflects the terms of the solar panel lease/loan;
 - Solar lease may be allowed if the Solar Equipment Provider is responsible for any damage because of installation/removal/defect/malfunction.
 - Solar Equipment Provider CANNOT be listed as a loss payee on the insurance policy otherwise loan is ineligible
 - Purchase transactions require a copy of the solar lease reflecting the borrower's name to show that they qualify for the transfer of the solar lease
- Include the debt obligation in the qualifying payment (DSCR/DTI);
- Provided that the panels cannot be repossessed for default on the financing terms, instruct the appraiser to consider the solar panels in the value of the property (based on standard appraisal requirements); and

- Include the solar panels in other debt secured by the real estate in the CLTV ratio calculation because a UCC fixture filing is of record in the land records.

Note: If a UCC fixture filing is in the land records as a priority senior to the mortgage loan, it MUST be subordinated.

Scenario 2 – Solar Panel(s) Not Affixed to Real Estate

Financed and collateralized – the solar panels are reported to be collateral for separate (non-mortgage) debt used to purchase the panels, but do NOT appear on the title report.

The lender must:

- Obtain and review documentation sufficient to confirm the terms of the secured loan (such as copies of the credit report, title report, and any UCC financing statement, related promissory note or related security agreement);
- Instruct the appraiser not to provide contributory value of the solar panels towards the appraised value because the panels are collateral for another debt;
- Not include the panels in the LTV ratio calculation; and
- Not include the debt in the other debt secured by the real estate in the CLTV ratio calculation since the security agreement of any UCC financing statement treat the panels as personal property not affixed to the home.

4.7 LOAN DOCUMENTATION

4.7.1 NOTE AND SECURITY INSTRUMENT FORMS

For consumer loan transactions, the current version of the Uniform Residential Loan Application (URLA) should be used. For business purpose loan transactions, the lender may utilize the URLA.

Available Fannie Mae® security instruments, notes, riders/addenda, and special purpose documents can be used for owner-occupied or investment property loan documentation. The Fannie Mae® forms are available at <https://singlefamily.fanniemae.com/selling-and-servicing-guide-forms-and-communications>. In instances when Fannie Mae® doesn't offer current documentation (e.g., interest only), a document vendor, such as Doc Magic or Ellie Mae should be used to obtain forms.

4.7.2 HYBRID CLOSING

Dominion Financial will purchase loans using a Hybrid closing method. The definition of Hybrid Closing is as follows:

- E-signed documents may be delivered for all documents in the file with the following exceptions:
 - Note, Mortgage, Deed of Trust, Closing Disclosure, Power of Attorney, Riders/Addendums, and any state regulated disclosures. These documents require a wet signature.
- The system used for the remote online notarization must meet the following minimum standards:
 - At least two-factor identity authentication, using a combination of at least two of the following factors:
 - Remote presentation of a government-issued photo ID that has a signature
 - Credential analysis
 - Identity-proofing (i.e., knowledge-based authentication)

If the hybrid closing is used, the collateral submission at the time of post-close submission must include the proof of digital signatures.

Dominion Financial cannot purchase loans closed with an Enote and Evault, also known as a full E-Closing.

4.8 AGE OF DOCUMENT REQUIREMENTS

4.8.1 CREDIT REVIEW DOCUMENTATION

The following documents may not be more than 90 days old at closing (the date the Note is signed):

- Income verification / pay stubs
- Mortgage /rental verification
- Asset documents / bank statements
- Title commitment / preliminary report / binder / E&O
- Credit Report

Any credit review documents exceeding these timeframes must be updated.

4.8.2 APPRAISAL

Residential Appraisals (1-4 units): The appraisal must be dated within 180 days of the Note date. 1004D Recertification of Value required if the report would exceed 120 days of the Note Date.

5-10 Unit Appraisals: The appraisal must be dated within 120 days of the note date. After 120 days, a new appraisal is required.

See complete appraisal requirements in [Section – Appraisal Requirements](#).

4.8.3 CLARIFICATION

It may be necessary for the applicant to explain or clarify information provided on the application or for a third-party to clarify information provided on a verification request form. This should be completed in writing and included in the underwriting file.

4.9 BORROWER ELIGIBILITY

4.9.1 CITIZENSHIP

US CITIZEN

Eligible without guideline restrictions. Borrower/Guarantor must be at least 21 years of age.

PERMANENT RESIDENT ALIEN

An alien admitted to the United States as a lawful permanent resident. Lawful permanent residents are legally accorded the privilege of residing permanently in the United States.

- Acceptable evidence of permanent residency include the following:
 - Alien Registration Receipt Card I-551 (referred to as a green card).

- Alien Registration Receipt Card I-551 (Resident Alien Card) that does not have an expiration date on the back (also known as a green card).
- Alien Registration Receipt Card I-551 (Conditional Resident Alien Card) that has an expiration date on the back, and is accompanied by a copy of the filed INS Form I-751 (petition to remove conditions).
- Borrower/Guarantor must be at least 21 years of age.
- Eligible without guideline restrictions.

NON-PERMANENT RESIDENT ALIEN

An individual admitted to the United States as a lawful temporary resident. Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States. For Dominion programs, lenders must validate the borrower has employment authorization. This may be documented with a VISA permitting employment.

- Borrower Eligibility Requirements:
 - Residing in U.S. for at least 2 years; and
 - Must have been employed in the U.S. for at least 2 years as evidenced on the loan application; and
 - Must have valid Social Security Number(s); and
 - Must have established U.S. credit, see [Section – Credit](#)
 - Borrower/Guarantor must be at least 21 years of age.
- Documentation required:
 - Copy of Unexpired/Valid Foreign Passport AND
 - Copy of Unexpired Visa permitting employment in United States
 - The following Visa Types are acceptable: E1, E2, E3, G1 through G5, H-1B, L-1B, O-1, and R-1
- Guideline restrictions:
 - Full or Alternative Documentaiton limited to 24-months only. Maximum LTV/CLTV limited to 80%
 - DSCR Documenation (investment Only): Maximum LTV/CLTV 75%
 - Non-occupant co-borrowers are not allowed.
 - Gift funds are not allowed.

4.9.2 FOREIGN NATIONAL

A Foreign National is a non-resident alien who may not purchase property intended for use as a primary residence or second home. Occupancy is limited to investment

- Foreign Nationals are eligible under the following products/matrix:
 - Investor Premier Foreign National (DSCR - Investment properties)
 - See Program Matrix for additional overlay information.
- Foreign Nationals are not eligible under:
 - Investor Premier, Investor Premier Plus, Prestige, Prestige Plus, Investor Premier (5-10), Investor Premier Cross Collateral

PRIMARY RESIDENCE

A foreign national borrower must evidence their primary residence as follows:

- Primary Residence in A Foreign Country:

- The application must include the borrower's full legal name, phone number, address including flat, floor, unit or house number, street name, city, province/state along with a postal code.
- Primary Residence in the U.S.:
 - The application must include the borrower's address for their primary residence.
 - Provide evidence of ownership (e.g., Property Profile Report, Fraud Report, Settlement Statement, Closing Disclosure)
 - ITIN borrowers who do not own a primary residence in the U.S. are ineligible
 - Housing History: [See Section – Housing History](#).

[AUTOMATIC PAYMENT AUTHORIZATION \(ACH\)](#)

Automatic Payment Authorization (ACH) Form is required for all foreign national borrowers. Funds must be from a U.S. Bank. The (ACH) enrollment form will be included in the closing package for execution. The (ACH) enrollment form must include the bank routing number, account number, and account type. Borrowers may select a date within the grace period stated on the Note.

[FOREIGN NATIONAL PROGRAM SPECIFIC DOCUMENTATION REQUIREMENTS](#)

- Documentation is required, as follows:
 - Primary Residence in A Foreign County:
 - Copy of the borrowers valid and unexpired passport (including photograph), or
 - Primary Residence in the U.S.:
 - Copy of unexpired government photo ID (e.g., driver's license, passport), and
 - ITIN card or letter from IRS assigning the ITIN number to the borrower
- For DSCR transactions, if a non-U.S. citizen is borrowing with a U.S. citizen, foreign national documentation requirements do not apply.
- OFAC SDN screening: See [Section – Individuals](#) for criteria.
- OFAC Sanctioned Countries: See [Section– Foreign Countries](#) for criteria
- Florida Purchases: Loans secured by property located in the state of Florida made to foreign principals, persons, and entities are to include one of the following Affidavits published by the Florida Land Title Association:
 - Conveyances to Foreign Entities – By Individual Buyer
 - Conveyances to Foreign Entities – By Entity Buyer
- All parties (borrowers and property sellers) involved in the transaction must be screened through exclusionary lists and must be cleared through OFAC's SDN list. A search of Specially Designated Nationals & Blocked Persons list may be completed via the US Department of Treasury: <http://sdnsearch.ofac.treas.gov/>.
- Borrowers from OFAC sanctioned countries are ineligible <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.
- Individuals with Diplomatic immunity are not eligible, immunity status is listed on the reverse side of the U.S. issued ID card or at: <https://2009-2017.state.gov/s/cpr/rls/dpl/index.htm>
- Documents signed by Borrowers outside of the United States must be notarized by a U.S. embassy or consular official. The certificate of acknowledgment must meet the standard notarial requirements and must include the embassy or consular seal. If the U.S. embassy or consular official is unavailable, a notary is acceptable if the country, where signing is taking place, is part of the Hague Convention and the signed documents are accompanied by an Apostille. See the following link to determine if the country is part of

the Hague Convention: <https://travel.state.gov/content/travel/en/records-and-authentications/authenticate-your-document/apostille-requirements.html>

- Model Apostille forms can be found on the following link: <https://www.hcch.net/en/instruments/specialised-sections/apostille>
- Power of Attorney (POA) is not allowed.

QUALIFYING U.S. CREDIT FOR FOREIGN NATIONAL BORROWERS

- Foreign national borrowers with a valid Social Security number or ITIN, the following apply:
 - Credit report is required, see [Section - Credit](#).
 - In all cases, credit report must be included in the file evidencing the borrower's score or score is not available
 - ITIN borrowers who do not own a primary residence in the U.S. are ineligible
- Restrictions when qualifying with U.S. credit:
 - Minimum credit score: 680

HOUSING HISTORY – FOREIGN NATIONAL

Housing history is required for the following:

- Primary residence if the borrower resides in the U.S., see [Section – Housing History](#).
- Subject property refinance transactions (including cash out), see [Section – Housing History](#).

FOREIGN NATIONAL INCOME

- DSCR Income Doc Type Only. See – Section Debt Service Coverage (Investment Property) for specific criteria.

FOREIGN NATIONAL ASSETS

RESERVES

Six (6) months of PITIA reserves are required.

ASSETS HELD IN FOREIGN ACCOUNTS

Assets held in foreign accounts may be used as a source of funds to close and to meet applicable reserve requirements.

One of the following options may be utilized:

- Transferred to a U.S. domiciled account in the borrower's name at least ten (10) days prior to closing unless funds are held in a foreign bank with U.S. branches insured by the FDIC; or
- Verified funds for closing to be wired directly to the closing agent. Wire transfer to include bank name, account holder name, and account number. Bank used as source of wire transfer must match the bank holding the assets verified in the loan file.

Documenting Assets Held in Foreign Accounts:

- Assets must be verified in U.S. Dollar equivalency at the current exchange rate via either www.xe.com or the Wall Street Journal conversion table
- A copy of the most recent statement of that account.
- See [Section - Asset Documentation](#) of this guide for eligible sources and types of assets.
- Reserves may remain in a foreign bank account.

GIFT FUNDS

Gift funds are not allowed

4.9.3 NON-OCCUPANT CO-BORROWERS

Non-occupant borrowers are credit applicants on a principal residence transaction who do not occupy the subject property.

- Primary purchase transactions only.
- Standard Doc only for both the occupant and non-occupant borrower(s).
- Occupying borrower(s) must have a DTI ratio of 60% or less. This excludes the income/debts of non- occupant borrower(s).
 - Overall DTI for all borrowers must adhere to requirements per the program matrix.
- The non-occupant borrower must be included on title for the subject property.
- Borrower(s) and co-borrower(s) must complete and sign a Non-Occupant Co-Borrower Certification similar to the example of a [Non-Occupant Co-Borrower Certification in this guide](#)

4.9.4 FIRST TIME HOMEBUYERS (FTHB)

An individual is to be considered a first time homebuyer (FTHB) who is (1) purchasing the security property; and (2) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the application date of the security property. Note: An individual who is a displaced homemaker or single parent also will be considered a first time homebuyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.

The following requirements apply to first time homebuyer transactions:

- Primary residence only.
- DTI may not exceed 45%.
- Minimum six (6) months of reserves.
- 12-month rental history, reflecting 0x30, documented per [Section - Housing History](#).
 - First time homebuyers with less than 12-month rental history:
 - DTI may not exceed 43%.
 - LTV may not exceed 80%.
 - Any available portion of a 12-month housing history must be paid as agreed.

4.9.5 INELIGIBLE BORROWERS

- Irrevocable Trust
- Land Trust
- Blind Trust
- Persons with Diplomatic Immunity, as defined by US Citizenship and Immigration Services
- Persons from OFAC sanctioned countries and persons sanctioned by OFAC
- Borrowers who are parties to a lawsuit (pending litigation)
- Borrowers without a valid SSN
- ITIN borrowers who are not Foreign Nationals
- EAD Card without valid Visa
- DACA Recipients
- Asylum applicants
- Not-for-profit entity
- Vesting in retirement vehicles
- Any material parties (company or individual) to the transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list, or any other exclusionary list.

4.9.6 TITLE VESTING AND OWNERSHIP

VESTING FOR CONSUMER AND BUSINESS PURPOSE LOANS (INDIVIDUAL AND TRUSTS)

Ownership may be fee simple. Leasehold ownership vesting is not eligible.

Title must be in the borrower's name at the time of application for refinance transactions.

Eligible forms of vesting are:

- Individuals
- Joint tenants
- Tenants in common
- Inter Vivos revocable trust

Ineligible forms of vesting are:

- Land trusts
- Blind trusts
- IRAs

Title vesting in an inter vivos revocable trust is permitted when the requirements set forth in this section are followed. The Fannie Mae[®] requirements should be followed to the extent this section is silent.

The trust must be established by one or more natural persons, solely or jointly. The primary beneficiary of the trust must be the individual(s) establishing the trust. The trust must become effective during the lifetime of the person establishing the trust. If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.

The trustee must include either:

- The individual establishing the trust (or at least one of the individuals, if two (2) or more)

- An institutional trustee that customarily performs trust functions in, and is authorized to act as trustee under the laws of, the applicable state

The trustee must have the power to hold the title, and mortgage the property. This must be specified in the trust. One or more of the parties establishing the trust must use personal income or assets to qualify for the mortgage.

The following documentation is required:

- If the trust was created under California law, a fully executed Certificate of Trust under Section 18100.5 of the California Probate Code, or a copy of the Trust Agreement.
- If the trust was created under the laws of a state other than California:
 - Attorney's Opinion Letter from the borrower's attorney or Certificate of Trust verifying all the following:
 - The trust is revocable.
 - The borrower is the settler of the trust and the beneficiary of the trust.
 - The trust assets may be used as collateral for a loan.
 - The trustee is:
 - Duly qualified under applicable law to serve as trustee
 - The borrower
 - The settler
 - Fully authorized under the trust documents and applicable law to pledge, or otherwise encumber the trust assets

VESTING FOR BUSINESS PURPOSE LOANS (ENTITY – INVESTMENT OCCUPANCY)

A Business Purpose Loan where the borrower is an entity is limited to the following structures:

Limited Liability Companies (LLC), Partnerships and Corporations.

To vest a loan in an Entity, the following requirements must be met:

- Property must be investment property and for business purposes
- Loans vested in an Entity are eligible under the following programs: **Prestige, Prestige Plus, Investor Premier, Investor Premier 5-10 Multifamily, and Investor Premier Cross Collateral**
- Purpose and activities are limited to ownership and management of real property.
- Multi-Level entity structures are allowed subject to entity documentation requirements met for all entities.
 - Max number of Levels = 2
- Vesting/Closing Entity must be domiciled in a US State.
- Any business structure is limited to a maximum of four (4) owners or members.
- Personal ID and OFAC search must be provided in the following situations:
 - **Prestige/Prestige Plus:** Any guarantor on application
 - **Investor Premier 1-4, Cross Collateral:** Any member with 25%+ ownership in vesting entity (even if not providing guaranty)
 - **Premier 5-10 Multi-Family:**
 - Any material owner (25% or more ownership) will require ID and OFAC search.
 - Any material owner (25% or more ownership) will also need Credit and Background check performed.

- If one of the 25%+ members/owners of the vested entity is another Entity then ALL of the members of that other entity would require Credit/Background check.
- Entity must be listed as participant on Third Party Fraud report and searched against OFAC, LDP/GSA, SDN lists.
- Personal guaranties (full recourse) must be provided by members representing at least 51% ownership of the entity. A Personal Guaranty form is available on the Dominion Financial website
 - **Prestige/Prestige Plus:** All loans must have full recourse guaranties by at least 51% of the owners
 - **Investor Premier 1-4, Foreign National, Cross Collateral:** All loans must have full recourse guaranties by at least 51% of the owners
 - **Premier 5-10 Multi-Family:**
 - All loans must have full recourse guaranties by at least 51% of the owners
 - If the borrower is a legal entity, all members of the entity with 25% or more controlling interest are considered material owners and must provide a full recourse guarantee. However, in the case where the highest majority member(s) are providing a full recourse guarantee and make up at least 51%; any additional materials borrowers full recourse guarantee can be waived.
 - Examples:
 - Four (4) member LLC with an ownership breakdown of 25%/25%/25%/25% - All members are material owners and would have to provide ID for credit and background check, but only 3 members would have to provide guaranty
 - Three (3) member LLC with an ownership breakdown of 45%/35%/20% - The 45% and 35% owners are material owners and would have to provide guaranty.
 - Three (3) member LLC with an ownership breakdown of 51%/30%/19% - The 51% and 30% owners are material owners, so both would need credit/background check however, only the 51% owner would be required to provide a guaranty as they are highest majority owner and own at least 51% of business.
- A guarantor must have authority to execute loan documents on behalf of the entity.
- Each Entity member providing a personal guaranty must complete a Uniform Residential Loan Application (URLA)/Business Purpose Loan Application indicating clearly that such document is being provided in the capacity of guarantor. Only the debt appearing on the personal credit report of individual(s) providing a personal guaranty needs to be reflected on the loan application. The application of each member providing a personal guaranty and their credit score, and creditworthiness will also be used to determine qualification and pricing.
- No Wholesale Broker shall suggest or encourage the formation of an Entity for the purpose of obtaining a mortgage loan. Such structures shall be initiated and arranged by the members of the Entity.
- Power of Attorneys may not be used if closing in name of entity

GUARANTOR(S) DOCUMENTATION

- Loan Application (e.g., FNMA Form 1003 or other application)
 - Completed for each member of the Entity providing a guaranty
 - Section labelled "Title will be held in what Name(s)" should be completed with only the LLC name
 - Signed by Individuals
- Credit report from each guarantor identified on the Loan Application. See [Section - Credit Reports](#)
- Third Party Fraud Report/Background Check for all members providing personal guaranty
- Loan documents
 - Business purpose loan disclosures as applicable (e.g., GFE, TIL, LE, CD, ECOA)

- Any state or federally required settlement statement as applicable
- Note, Deed of Trust/Mortgage, and all applicable Riders must be executed by the guarantor in their capacity as authorized signer for the entity. See exhibit for Entity Signature Examples
- Personal Guaranty
 - The guaranty must be full recourse
 - The guaranty must reference the Note and loan amount
 - Members/managers on the application must sign the guaranty as an individual
 - Personal guaranties from community property states (AK, AZ, ID, LA, NM, TX, WA, WI) must be accompanied with a Spousal Consent to Pledge. See Spousal Consent Form

ENTITY DOCUMENTATION REQUIREMENTS

The following Entity documentation must be provided:

- Limited Liability Company
 - Entity Articles of Organization
 - Evidence of good standing dated within 90 days of note date –
 - Good standing is always required for the state in which the entity was formed (e.g., Certificate, screen shot from state website)
 - Evidence of Good Standing as determined by Secretary of State website, indicating a status category of “Active”, “Good Standing”, or “Approved”.
 - Certificate of Foreign Authorization (if closing in state other than where entity was formed)
 - Certificate of Authorization for the person executing all documents on behalf of the Entity. The authorization may be determined in an Operating Agreement or other corporate documents. If not, a Borrowing Certificate is required.
 - Borrowing Certificate ([LLC Borrowing Certificate - Single Member](#) or [LLC Borrowing Certificate - Multiple Member](#))
 - Corporate/Entity documents that contain a list of owners, title, and ownership percentage, e.g., organization structure
 - Tax Identification Number (Employer Identification Number - EIN)
 - Single Member LLC may use EIN or the guarantor social security number
 - All multi-member LLCs must have an EIN
- Corporation
 - Filed Certificate/Articles of Incorporation (and all amendments)
 - By-Laws (and all amendments)
 - Certificate of Foreign Authorization (if closing in state other than where entity was formed)
 - Evidence of good standing dated within 90 days of note date (for state in which entity was formed) Evidence of Good Standing as determined by a status category of “Active”, “Good Standing”, or “Approved”.
 - Tax Identification Number (EIN)
 - Borrowing Resolution/Corporate Resolution granting authority of signer to enter loan obligation
 - Receipt of current year franchise tax payment or clear tax search
- Partnership
 - Filed Partnership Certificate (if a general partnership, filing with the SOS may not be required)
 - Partnership Agreement (and all amendments)

- Certificate of Foreign Authorization (if closing in state other than where entity was formed)
- Certificate of Good Standing dated within 90 days of note date (Issued by the SOS where the partnership is registered)
 - Evidence of Good Standing as determined by a status category of “Active”, “Good Standing”, or “Approved”.
- Tax Identification Number (EIN)
- Limited partner consents (where required by partnership agreement).

Documents must be completed and signed as follows:

- Signed as an individual by all members of the Entity that are on loan application:
 - Loan Application (URLA/Business Purpose Application)
 - Completed for each individual member of the Entity that is on loan application.
 - Section labelled “Title will be held in what Name(s)” should be completed with **only** the LLC name.
 - Signed by Individuals
 - Personal Guaranty
 - Completed for each individual member of the entity that is on loan application.
 - The guaranty should be executed at loan closing and dated the same date as the Note.
 - Spousal Consent to Pledge (Required for all loan amounts of \$1,000,000 or greater)
 - Personal Guaranties from community property states (AK, AZ, ID, LA, NM, TX, WA, WI) must be accompanied with a Spousal Consent to Pledge. See [Spousal Consent Form](#).
- Signed by the authorized signer for the entity:
 - Disclosures (e.g., GFE, TIL, ECOA)
 - Any state or federally required settlement statement
 - Note, Deed of Trust/Mortgage, and all Riders

EXAMPLES - SIGNATURE REQUIREMENTS

[Authorized Signatory] may be replaced by a different title as specified in the Member Consent (e.g., Managing Member, Member, etc.).

SAMPLE 1:

Borrower: JJ Investors, LLC by James Johnson, Single Member of LLC

Note, Security Instrument, and all Riders:

Signature Block

JJ INVESTORS, LLC a [_____] limited liability company

James Johnson

By: James Johnson

Title: [Authorized Signatory]

SAMPLE 2:

Borrower: JJ Investors, LLC, by James Johnson and Jane Nelson, two Members of LLC;

Both Members are Authorized Signatories of LLC.

Note, Security Instrument, and all Riders:

Signature Block

JJ INVESTORS, LLC a [____] limited liability company

James Johnson,

By: James Johnson

Title: [Authorized Signatory]

and

JJ INVESTORS, LLC a [____] limited liability company

Jane Nelson

By: Jane Nelson

Title: [Authorized Signatory]

4.9.7 POWER OF ATTORNEY

A limited Power of Attorney is acceptable when all the following are met:

- It is specific to the transaction;
- It is recorded with the Mortgage/Deed of Trust;
- It contains an expiration date;
- It is used to execute only the final loan documents; and
- The Borrower who executed the POA signed the initial URLA, and
- An interested party to the transaction (such as seller, broker, loan officer, realtor, etc.) may not act as Power of Attorney.
- Meets all agency and investor requirements

The borrower/guarantor must provide a signed LOE explaining why a POA is needed to close the transaction.

POAs are NOT acceptable for loans closing in an entity name, Cash Out Transactions or with Foreign National borrowers

4.9.8 OCCUPANCY TYPES

- Primary Residence – A primary residence is a property that the borrower occupies as his or her principal residence. May also be referred to as owner-occupied
- Second Home – A second home is a property occupied by the borrower for some portion of the year. The following criteria applies:
 - Restricted to one-unit dwellings

- Must be suitable for year-round occupancy
- The borrower must have exclusive control over the property. Cannot be subject to any agreements giving control over occupancy to a management firm, rental pools, or timeshare agreement.
- Investment Property – An investment property is owned but not occupied by the borrower. The primary purpose of the loan is commercial or business.

NOTE: Primary Residence and Second Home transactions are limited to the **Prestige and Prestige Plus** loan programs.

4.9.9 BORROWER STATEMENT OF OCCUPANCY

The borrower must acknowledge the intended occupancy of the subject property (“Primary Residence”, “Second Home”, or “Investment”) by completing and signing the appropriate sections of the “Occupancy Certification” found in the [Occupancy Certification](#) of this guide.

4.9.10 BORROWER STATEMENT OF BUSINESS PURPOSE

All business purpose transactions require the borrower to acknowledge the loan is a business purpose loan by completing and signing the appropriate sections of the [Borrower Certification of Business Purpose](#) form in this guide. Dominion Financial reserves the right to decline any loan that may indicate the property is not intended exclusively for investment purposes.

Common occupancy red flags include, but are not limited to:

- Subject property value significantly exceeds the value of the borrower’s primary residence.
- The borrower is a first-time homebuyer and currently living rent free or renting his/her primary residence.
- Subject property could reasonably function as a second home.
- Borrower documents show subject property as current residence.

4.10 TRANSACTION TYPES

4.10.1 ELIGIBLE TRANSACTIONS

PURCHASE

- Proceeds from the transaction are used to finance the acquisition of the subject property.
- LTV/CLTV is based upon the lesser of the sales price or appraised value.
- For Sale By Owner (FSBO) transactions must be arm’s length
- The loan file must include a fully executed agreement (purchase contract) of sale and counteroffer (if applicable) reflecting the following:
 - The purchase contract cannot be expired
 - Borrower as the purchaser of the property
 - Seller as the vested owner on title
 - Correct sales price
 - Amount of down payment
 - Closing dates

- Concessions and seller contributions
- Buyer's Real Estate Agent Commission - In response to the NAR Settlement, the following apply:
 - Commission paid by the property buyer: Considered a closing cost. ▪ Source of funds must be documented in assets.
 - If borrowed or financed, the monthly payment must be included in the debt-to-income ratio.
- Commission paid by the property seller:
 - Not considered an interested party contribution if seller agrees to pay according to the negotiated terms of the purchase contract.

Applies Investor Premier, Cross Collateral, and Investor Premier 5-10 Multifamily:

- Assignments of contract are not eligible
- Leasebacks are not eligible

Applies to Prestige and Prestige Plus:

- Assignment of contract or finder's fees reflected on the purchase contract are eligible, subject to interested party contribution limits.
- Ensure the transaction is compliant with the Higher Priced Mortgage Loan appraisal rule. See [Section - TILA Higher Priced Mortgage Loans Appraisal Rule \(Property Flips\)](#) for details.

RATE/TERM REFINANCE

Proceeds from the transaction are used to:

- Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
- Pay off any subordinate loan not used in the acquisition of the subject property, provided one of the following apply:
 - Closed-end loan, at least 12 months of seasoning has occurred.
 - HELOC at least 12 months of seasoning has occurred, and total draws over the past 12 months are less than \$2,000. (For business purpose transactions, any draw over the life of the loan may not have been used for personal use. Business purpose transactions will require a draw history schedule, along with an attestation from the borrower, in the credit file, that none of the advances were used for personal/consumer use).
- Buy out a co-owner pursuant to an agreement.
- Pay off an installment land contract executed more than 12 months from the loan application date.

Other considerations:

- Cash back in an amount not to exceed the lesser of 1% of the new loan amount or \$2,000 can be included in the transaction.
- Borrowers refinancing a loan that includes accrued interest > 59 days is not eligible for Rate/Term Refinance
- Refinance of a previous loan that provided cash out, as measured from the previous note date to the application date, and is seasoned less than 12 months, will be considered a cash out refinance.
- The transaction must be treated as a cash-out refinance when the subject property is encumbered by a Blanket/Cross-Collateralization loan.

- Subject property recently vacated by borrower requires a lease and proof of three months' rent paid at new primary residence in order to consider the property under DSCR guidelines. Subject property refinance is ineligible if borrower is now rent free or residing in a different owned residence

RATE/TERM REFINANCE SEASONING

Rate/Term refinancing Seasoning is defined as the time difference between application date of the new loan and the property acquisition date.

- If borrower has less than 6 months ownership seasoning prior to application date, LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value. The prior settlement statement will be required for proof of purchase price. Schedule of improvements and invoices/receipts as well as purchase appraisal/original listing photos will be required for proof of improvements.
- If borrower has more than 6 months ownership seasoning prior to the application date the LTV/CLTV will be based on the Appraised Value (except for permanent financing of construction loan)
- The permanent financing of a prior construction loan is eligible with the following conditions:
 - If the lot was acquired 12 or more months before applying for the subject loan the LTV/CLTV is based on the current appraised value of the property
 - If the lot was acquired less than 12 months before applying for the subject loan the LTV/CLTV is based on the lesser of the current appraised value or the total acquisition/cost to construct the property
 - A minimum 2-year prepayment penalty is required
- If the borrower acquired the property within the last 6 months through inheritance or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership the LTV/CLTV will be based on the current appraised value. The lender must obtain appropriate documentation to verify the acquisition and transfer of ownership
 - Recently Acquired Properties through Divorce/Separation or Inheritance: Max 60% LTV

CASH-OUT

- A refinance that does not meet the definition of a rate/term transaction is considered cash-out.
- See Loan/LTV Matrices for maximum cash-out amounts and restrictions.
- A mortgage secured by a property currently owned free and clear is considered cash-out.
- The payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out.
- Cash-out eligible to satisfy the reserve requirements.
 - **Investor Premier:** 100% of cash-out proceeds are eligible for reserves
 - **Investor Premier Cross Collateral:** 100% of cash-out proceeds are eligible for reserves
 - **Prestige Plus:** 100% of cash-out proceeds are eligible for reserves
 - **Prestige:** 100% of cash-out proceeds are eligible for reserves
- Loans not eligible for cash-out:
 - Investment properties listed for sale in the past six (6) months, unless a three (3) year prepay penalty, per requirements in [Section - Prepayment Penalty](#) are met.
 - There has been a prior cash-out transaction within the past six (6) months
 - Payoff of a Land Contract/Contract for Deed.
 - Non-Owner-Occupied investment property transactions (DSCR) when proceeds from the loan transaction are used for consumer purpose, i.e., payoff personal debt, personal tax lien(s), personal judgments, personal collection, or lines of credit secured by the subject property.
 - Loans with Power of Attorney

CASH-OUT SEASONING

Cash-Out Seasoning is defined as the time difference between application date of the new loan and the property acquisition date.

- For properties owned 12 months or longer, the LTV/CLV is based upon the appraised value.
 - LTV ≥ 65% cash out proceeds to borrower cannot exceed \$500,000 standard.
 - LTV < 65% cash out proceeds to borrower cannot exceed \$1,000,000 standard.
- If the cash-out seasoning is less than 12 months, but greater than 6 months, the transaction property value is limited to the lesser of the Acquisition cost + documented improvements or the Appraised Value.
 - Cash out proceeds cannot exceed \$500,000
- Cash-out seasoning of six (6) months or less is only allowed under the following scenarios:
 - **Investor Premier, Prestige Plus, and Prestige:** Lender has documented that the borrower acquired the property through an inheritance, or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership
 - The current appraised value is to be utilized for value purposes
 - 60% Max LTV
 - Cash out proceeds to borrower cannot exceed \$250k

DELAYED FINANCING

Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 180 days of the loan application. The following requirements apply:

- The transaction is considered cash out refinance for pricing and eligibility. Cash-in-hand limits do not apply except for Foreign Nationals.
 - Foreign Nationals are subject to max cash-in-hand limits per the Foreign National matrix.
- The original purchase transaction was an arms-length transaction.
 - If assignment fee was included in original purchase, then must be reviewed on case-by-case basis.
- The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).
 - If gift funds were utilized to purchase subject property, the borrower may only finance the amount personally contributed (excluding the gift)
- Copy of executed settlement statement is required to document acquisition cost and that no financing was utilized at time of purchase
- The preliminary title search or report must confirm that there are no existing liens on the subject property
- The new loan amount can be no more than the actual documented amount of the borrower's initial investment subject to the maximum LTV/CLTV for cash-out transactions.

Additional Requirements: Investor Premier, Prestige Plus, & Prestige

- The transaction is considered a cash-out for pricing/LTV purposes, cash-out pricing adjustments apply. Lock must be reviewed with Lock Desk to ensure that loan is set up properly in Encompass
- The maximum LTV/CLTV ratio for the transaction is based upon the lower of the current appraised value or the property's original purchase price.

4.10.2 CONTINUITY OF OBLIGATION

Continuity of obligation is a requirement for refinance transactions submitted to Dominion. An acceptable continuity of obligation exists when any of the following are present:

- At least one borrower obligated on the new loan must be a borrower obligated on the existing loan being refinanced;
- At least one borrower must have been on title for a minimum of six months, and has made the most recent six months payments;
- At least one borrower must have been on title for a minimum of six months, and has made the most recent six months payments;
- At least one borrower must be on title and has made the most recent 12 months documented payments;
- At least one borrower has recently inherited or was legally awarded the property through a divorce or separation;
- When title is held in the name of a natural person or an entity, as long as the borrower was a member of the entity prior to any transfer. 25% ownership of an entity is considered to meet continuity of obligation
- Continuity of Obligation is met when a borrower is at least 25% owner of an entity and is refinancing from a natural person to an entity or vice versa

4.10.3 LISTING SEASONING

For Primary/Second Home

- Properties previously listed for sale must be seasoned at least six (6) months from the listing contract expiration date to the loan application date.
- The value will be based on the lesser of the lowest list price or appraised value.

For investment properties:

Properties listed for sale as of the application date are not eligible. Properties listed for sale within the last 6 months are eligible based on the below table:

Listed for Sale	PPP Term/ LTV	0-6 months	6-12 months
Rate/Term without Prepayment Penalty (PPP)	N/A	Not Permitted	Case by Case
Rate/Term w/ PPP	Min 3 yr. penalty	Permitted	Permitted
Cash Out without PPP	Max LTV 70%	Not Permitted	Case by Case
Cash Out w/ PPP	Min 3 yrs. and max LTV 70%	Permitted	Permitted

Subject Property value will be based on the lesser of the lowest list price or appraised value.

4.10.4 NON-ARMS LENGTH TRANSACTIONS

NON-ARMS LENGTH TRANSACTION

Non-arms length transactions are purchase transactions in which the borrower has a direct relationship or business affiliation with subject property builder, developer, or seller. Examples of non-arms length transactions include family sales, property in an estate, employer/employee sales, and flip transactions.

When the property seller is a corporation, partnership, or any other business entity, it must be ensured that the borrower is not an owner of the business entity selling the property.

A non-arms length transaction is not intended to bail out a family member who has had difficulties making their mortgage payment. A thorough review of the title report in these cases is required, as well as the payment history pattern (verification of the Seller's mortgage (VOM)).

ELIGIBLE NON-ARMS LENGTH TRANSACTIONS

Investor Premier, Investor Premier 5-10 Multifamily, Prestige, and Prestige Plus:

- Buyer(s)/Borrower(s) representing themselves as agent in the real estate transaction.
 - Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves.
- Seller(s) representing themselves as an agent in the real estate transaction.

Prestige and Prestige Plus Only:

- Renter(s) purchasing from landlord
 - 12 months of cancelled checks to prove timely payments are required
 - A verification of rent (VOR) is not acceptable
- Purchase between family members
 - Gift of Equity requires a gift letter, and the equity gift credit is to be shown on the CD
 - Must provide a 12-month mortgage history on the existing mortgage securing the subject property, confirming the family sale is not a foreclosure bailout.

NON-ARMS-LENGTH RESTRICTIONS

- Borrower to provide verification of earnest money deposit.
- Maximum LTV/CLTV of 80%.
- Employer to employee sales or transfers are not allowed (e.g., newly constructed properties).
- Property trades between buyer and Seller are not allowed.
- Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves.

4.10.5 INTERESTED PARTY CONTRIBUTIONS (SELLER CONCESSIONS)

Primary & Second Home

- Max Contribution
 - 6% for LTVs > 75%
 - 9% for LTV ≤ 75%

Non-Owner Occupied/Investment Property

- May not exceed 3%

All Interested Party Contributions must be properly disclosed in the sales contract, appraisal, loan estimate and closing disclosure and be compliant with applicable federal, state, and local law.

Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction.

Interested party contributions may only be used for closing costs and prepaid expenses (Financing Concessions) and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements. If an Interested Party Contribution is present, both the appraised value and sales price must be reduced by the concession amount that exceeds the limits referenced above.

Lender credits associated with Premium Pricing are not considered an interested party contribution. Lender credits associated with Premium Pricing cannot exceed the total amount of closing costs and pre-paid expenses.

4.10.6 ESCROWS - IMPOUND ACCOUNTS

Escrow funds/impound accounts are required to be established for all HPML loans purchased by Dominion Financial. Escrows may be established for funds collected by the seller, originator or servicer as required to be paid under the security instrument. Escrow funds include, but are not limited to, taxes, insurance (hazard and flood), water/sewer taxes and ground rents.

Escrow funds/impound accounts can be waived, with the exception of Flood Insurance Premium, for non-HPML loans or exempt business purpose loans when the following requirements are met:

Investor Premier 1-4, Prestige Plus, Prestige:

- LTV of 80% or less
- Minimum decision credit score of 720
- Minimum 12 months of reserves
- Pricing adjustment may apply, see rate sheet.

Investor Premier 5-10 Multifamily, Investor Premier Cross Collateral DSCR, Investor Foreign National:

- Escrows are required. Waivers are not permitted.

Note: Escrows are required on any property utilizing short-term rental income for DSCR calculation purposes

4.10.7 SUBORDINATE/SECONDARY FINANCING

Investor Premier, Prestige Plus, Prestige: Subordinate/Secondary financing is acceptable as outlined below

- May be eligible for refinance transactions on a case-by-case basis, if monthly payment is included in DSCR calculation. Subordinate financing not eligible for purchase transactions
- Secondary financing must be institutional
- Private Party secondary financing not allowed
- Any acceptable secondary financing must be re-subordinated and included in CLTV
- Subordinate Financing is not eligible for ARM terms
- HELOC CLTV must be calculated at the maximum available line amount unless the borrower can provide documentation showing the line of credit is past its draw period.

Investor Premier 5-10 Multifamily: Subordinate/Secondary Financing is not eligible

4.10.8 PREPAYMENT PENALTY

INVESTMENT PROPERTY ONLY

Where permitted by applicable laws and regulations on an investment property, a prepayment charge may be assessed in the period between one (1) and five (5) years following the execution date of the Note. The prepayment penalty can be disclosed within the body of the Note or in a separate rider.

The following prepayment structures may be utilized:

- 5% fixed percentage - The prepayment charge will be equal to a fixed percentage and applied to any [curtailment](#) or the entire outstanding principal balance during the prepay period. The charge applies to loans that are paid off due to sale or refinance. A minimum 3-yr term is required. (Eligible for 1-10 Units)
- Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years. For example: (5%/4%/3%/2%/1%) - The prepayment charge will be equal to the percentage in effect and applied to any [curtailment](#) or the entire outstanding principal balance during the prepay period. The charge applies to loans that are paid off due to sale or refinance. (Eligible for 1-10 Units)
- Six (6) months of interest – The prepayment charge will be equal to six (6) months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The charge applies to loans that pay off due to sale or refinance, or curtailments that exceed 20% of the original principal balance in a given 12-month time period. (Eligible for 1-4 Unit only)

The prepayment penalty can be disclosed within the body of the Note or in a separate rider.

See [Appendix](#) and specific product matrix for list of prepayment penalty restrictions.

4.11 CREDIT

4.11.1 CREDIT REPORTS

A credit report is required for each individual borrower, including any member of an entity providing a personal guaranty. The credit report should provide merged credit data from the three major credit repositories: Experian, TransUnion, and Equifax. Either a three-bureau merged report, or a Residential Mortgage Credit Report is required.

- The credit report used to evaluate a loan may not reflect a security freeze. If the borrower(s) unfreeze credit after the date of the original credit report, a new tri-merged report must be obtained to reflect current and updated information from all repositories.

4.11.2 GAP CREDIT REPORT/UNDISCLOSED DEBT MONITORING (UDM)/SOFT PULL

Prestige & Prestige Plus:

A gap credit report or Undisclosed Debt Monitoring (UDM) report is required no more than 30- days prior to loan closing or any time after closing.

- Any new tradeline with a balance must be included in determining the DTI ratio.

Investor Premier & Investor Premier 5-10 Multifamily:

Investor Premier and Investor Premier 5-10 Multifamily DSCR transactions do not require a gap credit report/UDM report

4.11.3 FRAUD CHECK/BACKGROUND REPORT

Data integrity is crucial to quality loan file delivery and mitigation of fraud risk. All borrowers/guarantors must be included in the fraud analysis performed by an automated fraud and data check vendor solution (i.e., Fraud Guard, CoreLogic, DataVerify, TransUnion TLOxp, LexisNexis: SmartLinx, Instant ID, or other industry recognized fraud and data vendor). If closing in an entity name, the entity must be included in the Fraud Report as a participant and searched against the OFAC, SDN, LDP/GSA, and other exclusionary lists.

A copy of the findings report from the vendor must be provided in the loan file with all “high” alerts, or “red flags” addressed and/or cleared by the Broker.

Sellers may clear “high” alerts or “red flags” directly through the vendor solution or with an attestation. The attestation must address each “high” alert, or “red flag” noted in the fraud report. Dominion Financial may request additional documentation to address high fraud risk.

Fraud Reports for loans secured by multiple properties (Cross Collateral) do not need to reference every property, all other requirements apply.

Additional Requirement for Investor Premier 5-10 Multifamily:

The Fraud Report/Background check must include a criminal history search. No borrower shall have previous felony or misdemeanor convictions involving fraud, embezzlement, or other similarly crimes. Non-Financials felonies will be reviewed on a case-by-case basis.

If closing in the name of an entity, a clear judgment/lien search will be required for the business.

OFAC SEARCH

The Office of Foreign Assets Control (OFAC) of the US Department of Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against individuals and foreign countries. A clear OFAC search for individuals and foreign countries is required.

INDIVIDUALS

Individuals identified on OFAC’s SDN list are not eligible. All individuals involved in the transaction must be screened through exclusionary lists and must be cleared through OFAC’s SDN list, regardless of citizenship status.

Requirements:

- A search of Specially Designated Nationals & Blocked Persons list must be completed via the US Department of Treasury: <http://sanctionssearch.ofac.treas.gov>.
- Individuals to be included in the OFAC search: Borrowers/Guarantors, Property Sellers, Settlement Agents.
- When the borrower is an entity, Guarantor(s) and all member(s)/manager(s) of the entity must be included in the OFAC search.

FOREIGN COUNTRIES

Borrower(s)/Guarantor(s) from OFAC sanctioned countries are not eligible. The Borrower(s)/Guarantor(s) are defined as individuals signing the loan application.

Requirements:

- Borrowers/Guarantors who are Foreign Nationals must be screened against the OFAC sanctioned countries list. Search to be completed via the US Department of Treasury Office of Foreign Asset Control: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.
 - Not applicable for Non-Permanent Resident Aliens and Permanent Resident Aliens.
- If the borrower is an entity, member(s)/manager(s) who are not Guarantors do not have to be screened against the OFAC sanctioned country list.

4.11.4 CREDIT INQUIRIES

Credit inquiries listed on the report within 90 days of the report date must be addressed by the borrower with a letter of explanation. If no credit was extended, borrower must state the purpose of the inquiry. If new credit was extended, borrowers must provide documentation on the current balance and payment. New payment terms are to be included in the DTI ratio. DSCR is excluded from addressing credit inquiries.

4.11.5 HOUSING HISTORY

- Housing payment history is required for all Real Estate Owned (REO) evidencing the payment activity for the most recent 12-months.
 - **Note:** Written Verification of Employment qualifying option under **Prestige/Prestige Plus** loan programs require 24 month history
- All payment history will be used for program eligibility, see applicable program matrix for housing history requirements.
- Housing payments must be paid current as of 45 days of the loan application date
- Any REO listed on the application owned free & clear requires a Property Profile Report or similar document
 - Property taxes, all insurance, and homeowner's association dues (if applicable) are to be verified and included in DTI
- Borrower(s) who sold a primary residence within the past six (6) months, currently residing rent-free, and purchasing a new primary residence are allowed. 12-month mortgage history is required on previous primary residence.
- Less than 12-month history or residing rent-free allowed with the following restrictions:
 - DTI may not exceed 43%.
 - LTV may not exceed 80%.
 - Any available portion of a 12-month housing history must be paid as agreed.
- Borrowers who are currently renting a residence, a most recent 12-month rental history is required reflecting paid as agreed.
- If income is being used from a non-subject REO, a housing history is required.
- Applies to properties vested to an individual or entity.
- Mortgage liability must be factored into the net rental income used for qualification.

Investor Premier DSCR (See Product Matrix and [Section – Housing History – DSCR](#) for specific DSCR housing history eligibility requirements.)

- DSCR transactions require a 12 month housing payment history for primary residence and subject property (if refinance) depending on loan program and length of property ownership.
- All required payment history will be used for program eligibility Mortgage Verification

MORTGAGE(S) ON CREDIT REPORT

The lender must review the credit report to determine the payment status of all required mortgage accounts for the previous 12 months. Rolling late payments are not considered a single event. Each occurrence of a contractual delinquency is considered individually for loan eligibility.

If a complete 12-month mortgage history is not reported on the credit report, the lender must use one of the following to complete the borrower's payment history:

- Credit supplement; or
- Request for Verification of Mortgage Form completed by the institutional creditor; or
 - Institutional VOM for refinances of construction loans require payment ledger to pair with VOM
- Loan payment history from the loan servicer; or
- Borrower's proof of payment (e.g., cancelled check, ACH payment, bank transfer, etc.)

MORTGAGE(S) NOT REPORTING ON CREDIT REPORT

The seller must document mortgage history not reporting on credit report, by the following:

12-months mortgage payment history is to be documented, as follows:

- Mortgage statement or Note for the review period to verify monthly payment amount, **AND**
- Proof of payments through one of the following:
 - 12-months cancelled checks, ACH payment, bank transfer/wire, or electronic payment method from the borrower
 - Payments made in cash are not eligible, **or**
 - 12-months mortgage statements for the review period, **or**
 - 12-months loan payment history from the creditor/servicer
 - Proof of borrower's payment for the most recent 6-months is required **or**
 - 12-months Verification of Mortgage form (VOM) completed by the creditor/servicer
 - Proof of borrower's payment for the most recent 6-months is required
 - Institutional VOM for refinances of construction loans require payment ledger to pair with VOM

For private/individually held mortgages, or those not serviced by a national servicing platform, additional documentation is required:

- Evidence of monthly payments made by the borrower for most recent 12 months
 - Cancelled checks, ACH payment, bank transfer, etc.
 - Payments made in cash are not eligible.

If the subject transaction is a refinance, mortgage payoff statement is required from the creditor.

BALLOON NOTES WITH MATURITY DEFAULT

Balloons with an expired maturity date **MUST** be extended to avoid being considered delinquent. If more than 30 days has elapsed since maturity and balloon note has not been extended then it must be factored into housing history eligibility analysis.

RENTAL VERIFICATION

A 12-month rental history is required for all Dominion Financial programs when the borrower is renting their current primary residence. The following documents are required:

- A verification of rent (VOR) is required for any file when the borrower is currently renting.
 - For rental verification a standard VOR completed by a professional management company is required.
 - Any VOR completed by a private party, or any non-institutional landlord must be supported by alternative documentation showing the most recent 12-months bank statements or canceled checks, and a lease agreement to document the term and payment.

LIVING RENT FREE/INCOMPLETE HOUSING HISTORY

Prestige and Prestige Plus:

Less than 12-month history or residing rent-free allowed with the following restrictions:

- DTI may not exceed 43%
- LTV may not exceed 80%
- Any available portion of a 12 month housing history must be paid as agreed

See specific Prestige/Prestige Plus qualification options for any additional housing payment requirements.

Investor Premier and Investor Premier 5-10 Multifamily:

Borrowers who live rent free are not eligible under Premier and Premier 5-10 Multifamily programs. Borrowers without a complete 12-month housing history are allowed with the following requirements:

- There must be open/active mortgages on credit report with a minimum 12-month history
- The borrower must meet the definition of experienced real estate investor for respective loan program. See specific investor experience requirements for Investor Premier and Investor Premier 5-10 Multifamily.
- Borrower(s) who own their primary residence free and clear with no other current open/active mortgage history on credit report must be reviewed on a case-by-case basis
- Borrower(s) who sold a primary residence within the past six (6) months and are currently residing rent-free until subject transaction closes are not considered living rent-free. A 12-month payment history on the prior primary mortgage is required
- Borrower(s) who are living with spouse, but are not a vested owner of primary home are not considered a first-time homebuyer and are eligible with the evidence of the following:
 - Evidence spouse owns property/is vested on title
 - Proof of 12-month payment history for existing mortgage

4.11.6 CONSUMER CREDIT

DELINQUENT CREDIT

Any non-mortgage account can be no more than 30 days delinquent at time of application. Any delinquent account must be brought current. All delinquent revolving and installment accounts with a 60+ day late payment within the last 2 years will require a letter of explanation.

All mortgage accounts must be current at application and remain paid as agreed through closing.

Investor Premier - Delinquent credit belonging to ex-spouse can be excluded from analysis if late payments occurred after the divorce/separation and divorce decree/separation agreement indicates delinquent accounts belong solely to the ex-spouse.

INSTALLMENT DEBT

Applicable to Prestige/Prestige Plus Only:

Installment debt is a monthly obligation with fixed payments and terms. Payments on installments must be included in the borrower's debt-to-income (DTI) ratio.

Payments can be excluded if there are 10 or fewer monthly payments remaining to pay the debt in full. If the payment is substantial and exceeds 5% of the borrower's qualifying income, the overall transaction should be reviewed to ensure the remaining payments will not impact the borrower's ability to handle the new mortgage payment.

Installment debt paid in full or prior to closing can be excluded from the debt-to-income ratio. Supporting documentation, such as a credit supplement or direct verification from the creditor, must be obtained as evidence the debt has been paid in full.

LEASE PAYMENTS

Applicable to Prestige/Prestige Plus Only:

Lease payments must be considered as recurring monthly debt obligations and included in DTI ratio calculation. This is regardless of the number of months remaining on the lease. This is because the expiration of a lease agreement for rental housing or an automobile typically leads to either a new lease agreement, the buyout of the existing lease, or the purchase of a new vehicle or house.

STUDENT LOANS

Applicable to Prestige/Prestige Plus Only:

If a monthly student loan payment is provided on the credit report, the Seller may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the Seller may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower. If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, the Seller must determine the qualifying monthly payment. For deferred loans or loans in forbearance, the Seller may calculate:

- A payment equal to 1% of the outstanding balance (even if this amount is lower than the actual fully amortizing payment), or
- A fully amortizing payment using the documented loan repayment terms.

DEFERRED INSTALLMENT DEBT

Applicable to Prestige/Prestige Plus Only:

Deferred installment debts must be included as part of the borrower's recurring monthly debt obligations. For deferred installment debts other than student loans, if the borrower's credit report does not indicate the monthly amount that will be payable at the end of the deferment period, the Seller must obtain copies of the borrower's payment letters or forbearance agreements so that a monthly payment amount can be determined and used in calculating the borrower's total monthly obligations.

REVOLVING DEBT

Applicable to Prestige/Prestige Plus Only:

Revolving debt is open-ended debt in which the principal balance may vary from month to month. The minimum required payment, as stated on the credit report or current account statement, should be used to calculate the debt-to-income ratio. If no payment is stated on the credit report, the greater of \$10 or 5% of the current balance should be included in the DTI ratio calculation. Revolving accounts can be paid off prior to or at closing in order to exclude the payment from the debt ratio. Supporting documentation, such as a credit supplement or direct verification from the creditor, must be obtained as evidence the debt has been paid in full.

Equity lines of credit secured by real estate should be included in the housing expense. If the credit report does not show a minimum payment amount, the Seller must use 5% of the outstanding balance to be included in the DTI ratio calculation.

Any non-mortgage account can be no more than 30 days delinquent at time of application, except for DSCR transactions. Any delinquent account must either be brought current or paid off at closing, except for DSCR transactions.

AUTHORIZED USER ACCOUNTS

Applicable to Prestige/Prestige Plus Only:

Authorized user accounts can be excluded from the debt-to-income ratio.

OPEN 30-DAY CHARGE ACCOUNTS

Applicable to Prestige/Prestige Plus Only:

For open 30-day charge accounts that do not reflect a monthly payment on the credit report, or 30-day accounts that reflect a monthly payment that is identical to the account balance, sellers must verify borrower funds to cover the account balance. The verified funds must be in addition to any funds required for closing costs and reserves

SOLAR PANELS

Applicable to Prestige/Prestige Plus Only:

Installment debt from financed or leased payments associated with solar panels are to be included in the debt-to-income ratio. See [Section – Solar Panel Requirements](#) for additional criteria

TIMESHARES

Timeshare obligations will be treated as a consumer installment loan.

BUSINESS DEBT

Applicable to Prestige/Prestige Plus Only:

A business debt is a financial obligation of a business but may also be the responsibility of the business owner, making that person also liable for the debt. If the debt is reflected on the borrower's personal credit report, the borrower is personally liable for the debt, and it must be included in the debt-to-income ratio. When a self-employed borrower claims that a monthly obligation that appears on his or her personal credit report (such as a Small Business Administration loan) is being paid by the borrower's business, the seller must confirm that it verified that the obligation was actually paid out of company funds to exclude the debt.

Any of the following supporting documentation can be included in the credit file to exclude business debt:

- Most recent six (6) months of cancelled checks, ACH payment, or transferred draw against the business account
- Tax returns reflecting the business expense deduction
- Business bank account statement showing assets remaining after funds to close and reserve requirements are deducted, with a balance greater than or equal to the balance of the debt.

If the debt is less than six (6) months old, the payment must be included in the DTI ratio.

CONTINGENT LIABILITY ON COSIGNED OBLIGATIONS (DEBT PAID BY OTHERS)

Applicable to Prestige/Prestige Plus Only:

Contingent liability applies, and the debt must be included in the underwriting analysis, if an individual applying for a mortgage is a cosigner/co-obligor on:

- Car loan
- Student loan
- Mortgage
- Any other obligation

If the Broker obtains proof that the borrower is not the party who is repaying the debt, the Dominion may exclude the debt. In order to exclude debts from the borrower's DTI ratio, the Broker must obtain the most recent 12-months canceled checks (or bank statements) from the other party making the payments that document a 12-month payment history with no delinquent payments.

COURT ORDERED ASSIGNMENT OF DEBT

Applicable to Prestige/Prestige Plus Only:

When a borrower has outstanding debt what was assigned to another party by court order (such as under a divorce decree or separation agreement) and the creditor does not release the borrower from liability, the borrower has a contingent liability. The seller is not required to count this contingent liability as part of the borrower's recurring monthly debt obligations.

The seller is not required to evaluate the payment history for the assigned debt after the effective date of the assignment. The seller cannot disregard the borrower's payment history for the debt before its assignment

LOANS SECURED BY FINANCIAL ASSETS

Applicable to Prestige/Prestige Plus Only:

When a borrower uses his or her financial assets—life insurance policies, 401(k) accounts, individual retirement accounts, certificates of deposit, stocks, bonds, etc.—as security for a loan, the borrower has a contingent liability

Dominion is not required to include this contingent liability as part of the borrower’s recurring monthly debt obligations provided the Broker obtains a copy of the applicable loan instrument that shows the borrower’s financial asset as collateral for the loan. If the borrower intends to use the same asset to satisfy financial reserve requirements, Dominion must reduce the value of the asset (the account balance, in most cases) by the proceeds from the secured loan and any related fees to determine whether the borrower has sufficient reserves.

Payment on any debt secured by virtual currency is an exception to the above policy and must be included when calculating the debt-to-income ratio.

CONSUMER CREDIT CHARGE-OFFS AND COLLECTIONS

Delinquent credit, such as charge-offs of non-mortgage accounts and collections, have the potential to affect loan position or diminish borrower equity.

Prestige Plus, Prestige:

- Individual collection and non-mortgage charge-off accounts equal to or greater than \$250, and accounts that total more than \$2,000, must be paid in full prior to or at closing. See below for exceptions:
 - Medical collections may remain open.
 - A second mortgage or junior lien that has been charged off is subject to foreclosure seasoning periods for grade determination, based on the charge-off date.
 - Collections and charge-offs that have expired under the state statute of limitations on debts may be excluded from the DTI calculation. Evidence of expiration must be documented.

Charge-offs and collections not excluded by the above bullet points must be paid or may stay open if using one or a combination of both of the following:

- Payments for open charge-offs or collections are included in the DTI (subject to program DTI restrictions). If the payment amount is not known, 5% of the balance may be used as the payment.
- Reserves are sufficient to cover the balance of the charge-offs or collections and meet reserve requirements.

Investor Premier:

- Any charge-off/collection account reporting on title must be paid prior to or at closing
- Non-Title charge-offs and collections open less than 2 years with a balance greater than \$10,000 (individually or aggregate) must be paid.
 - Medical Collections less than \$15,000 are not required to be paid

Investor Premier 5-10 Multifamily:

- Any charge-off/collection reporting on title must be paid prior to or at closing

- Any combined non-title charge-offs/collections that exceed \$5,000 per credit must be paid in full
 - Any charge-off/collection that exceed the status of limitations can be excluded (proof of state specific statute of limitations is required to be in file)

CONSUMER CREDIT COUNSELING SERVICES

Borrowers currently enrolled in credit counseling or debt management plans are not permitted

JUDGMENT OR LIENS

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

INCOME TAX LIENS

Investor Premier, Prestige Plus, Prestige:

All tax liens (federal, state, and local) must be paid off prior to or at loan closing if appearing as lien on title report. If tax lien does not appear on title then it can remain open if all requirements listed below are met:

- The file must contain a copy of the approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due (Only one plan allowed).
- A minimum of two (2) payments has been made under the plan with all payments made on time and the account is current. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date.

Investor Premier 5-10 Multifamily: IRS Payment Plans are not eligible. Any government tax lien must be paid prior to closing.

DISPUTED TRADELINES

Investor Premier: Any disputed tradelines with derogatory information reported within the last 24 months require a signed letter of explanation from the borrower. The explanation must support a valid reason for the dispute or dispute must be removed and new credit report obtained. Disputes coded as “Resolved” are not considered active disputes unless borrower has submitted subsequent dispute.

Investor Premier 5-10 Multifamily: Actively disputed tradelines with derogatory information reporting within the last 24 months are not allowed. Disputes coded as “Resolved” are not considered active disputes unless borrower has submitted subsequent dispute.

Prestige/Prestige Plus: See associated Credit sections for additional requirements applicable to other programs

4.11.7 BANKRUPTCY HISTORY

Recent bankruptcies are not allowed. Evidence of bankruptcy resolution is required. The length of time is measured from the discharge/dismissal date to the Note date.

Investor Premier: All bankruptcies must be settled for a minimum of 36 months. Bankruptcies that occurred between 36-48 months may require pricing adjustment

Prestige/Prestige Plus: All bankruptcies must be settled for a minimum of 48 months.

4.11.8 FORECLOSURE SEASONING

Recent foreclosures are not allowed. The length of time is measured from the settlement date to the Note date. The event is considered if the property is owned by borrower (vested on title) even if not on the note.

Investor Premier: Foreclosures must be completed for a minimum of 36 months. Foreclosures that occurred between 36-48 months may require pricing adjustment

Prestige/Prestige Plus: Foreclosures must be completed for a minimum of 48 months

4.11.9 SHORT SALE / DEED-IN-LIEU SEASONING

Recent Short Sales and Deeds-in-Lieu of Foreclosures are not allowed. The length of time is measured from the settlement date to the Note date. The event is considered if the property is owned by borrower (vested on title) even if note on the note.

Investor Premier: Short Sales and Deeds-in-Lieu must be completed for a minimum of 36 months. Foreclosures that occurred between 36-48 months may require pricing adjustment

Prestige/Prestige Plus: Short Sales and Deeds-in-Lieu must be completed for a minimum of 48 months.

4.11.10 MORTGAGE MODIFICATIONS

Recent Mortgage loan modifications are not allowed. The length of time is measured from the modification inception date to the Note Date. The mortgage must have been paid as agreed after modification. The event is considered if the property is owned by borrower (vested on title) even if not on the note.

Investor Premier: Mortgage loan modifications require a 36-month waiting period. Mortgage modifications that occurred between 36-48 months may require pricing adjustment

Prestige/Prestige Plus: Mortgage loan modifications completed greater than 12-months from the Note date of the subject transaction may be eligible subject to housing history requirements for the selected program.

4.11.11 NOTICE OF DEFAULT/NOD (120+ DAY MORTGAGE DELINQUENCY)

Recent Notice of Defaults/NODs are not allowed. The length of time is measured from the 120-day late date to the note date. The mortgage must have been paid as agreed after the NOD. The event is considered if the property is owned by the borrower (vested on title) even if not on the note.

Investor Premier: Any Notice of Default (NOD)/120+ Day Mortgage Delinquency requires a 36-month waiting period. Notice of Defaults (NODs) that occurred between 36-48 months may require pricing adjustment

Prestige/Prestige Plus: Any Notice of Default (NOD)/120+ Day Mortgage Delinquency requires a 48-month waiting period.

4.11.12 FORBEARANCE/DEFERRALS

Mortgage Forbearances are allowed under the following:

Prestige Plus, Prestige:

- Forbearance or deferrals completed or reinstated greater than 12-months from the Note date of the subject transaction may be eligible subject to housing history requirements for the selected program

Investor Premier, Cross Collateral DSCR:

- Prior mortgage forbearance is allowed if completed/reinstated 12+ months prior to the note date
- No late payments are allowed after forbearance completed

Investor Premier 5-10 Multifamily:

- Forbearance must have been completed/reinstated 36+ months from Credit Report date
- No late payments are allowed after forbearance completed

4.11.13 MULTIPLE HOUSING EVENTS

Borrowers with a credit history that includes multiple bankruptcies, foreclosures, short sales/DIL, modifications, or Notice of Defaults (NODs) are not eligible

4.11.14 CREDIT SCORE

Loan eligibility is based upon the representative credit score, also referred to as the Decision Credit score. Each borrower/guarantor must have a minimum of two (2) credit scores. To determine a borrower(s) decision credit score, use the lower of two (2) or middle of (3) credit scores.

For a loan file with one borrower/guarantor, that borrower's score is the decision credit score.

Credit Rescores are permitted only for confirmation of paydown/payoff of debt and a correction of a reporting error.

For loan files with multiple borrowers:

- **Investor Premier 1- 4 Unit**: Use the highest representative score amongst all borrowers/guarantors who will be on the loan as the decision credit score.
 - Note: For Investor Premier Program, the use of the highest representative scores amongst all guarantors is only allowed if that borrower meets continuity of obligation. Otherwise, must utilize the lower score amongst guarantors.
- **Investor Premier 5-10 Multifamily**: Use the lowest representative score amongst all borrowers/guarantors who will be on the loan as the decision credit score.
- **Full and Alternative Documentation (Prestige Plus, Prestige)**: The Borrower with the higher monthly income is considered the primary borrower and their credit score can be used as the decision credit score.
 - If the borrower and co-borrower are self-employed and jointly own the business being used for income, the highest score amongst the borrowers is used as the decision credit score
- **Asset Depletion Documentation (Prestige)**: Use the lowest score amongst all borrowers who will be on the loan as the decision credit score.

4.11.15 TRADELINES

STANDARD TRADELINES

The minimum tradeline requirements are as follows and apply to each borrower/guarantor:

Prestige Plus, Prestige:

If the primary borrower has three (3) credit scores, the minimum tradeline requirement is waived. For loans when the primary borrower has less than three credit scores, each borrower must meet the minimum tradeline requirements, unless the co-borrower is the spouse of the borrower. In that case, only one spouse is required to meet the minimum tradeline requirements outlined below.

- At least two (2) tradelines rated for at least 24 months, OR at least three (3) tradelines rated for at least 12 months
 - To be utilized as eligible tradeline the account(s) must have been active within last 12 months
 - Accounts may be opened or closed

Investor Premier:

For each borrower who has three (3) credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually). Each borrower with less than three (3) credit scores must meet the minimum tradeline requirements outlined below:

- At least two (2) tradelines rated for at least 24 months, OR at least three (3) tradelines rated for at least 12 months
 - To be utilized as eligible tradeline the account(s) must have been active within last 12 months
 - Accounts may be opened or closed
- Current Housing not reporting on credit report can be considered an open tradeline if supported by bank statements/cancelled checks

Investor Premier 5-10 Multifamily:

- At least two (2) tradelines rated for at least 24 months, OR at least three (3) tradelines rated for at least 12 months
 - To be utilized as eligible tradelines the account(s) must have been active within the last 12 months
 - Accounts may be opened or closed

Foreign National DSCR With U.S. Credit:

For each borrower who has three (3) credit scores, the minimum tradeline requirement is waived (all borrowers must be evaluated individually). Each borrower with less than three (3) credit scores must meet the minimum tradeline requirements outlined below.

The minimum tradeline requirements are as follows:

- At least three (3) tradelines reporting for a minimum of 12-months, with activity in the last 12-months, or
- At least two (2) tradelines reporting for a minimum of 24-months, with activity in the last 12-months.

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 requirements below:

- No fewer than eight (8) tradelines are reporting, one (1) of which must be a mortgage or a rental history.

- At least one (1) tradeline has been open and reporting for a minimum of twelve (12) months.
- The borrower has an established credit history of at least eight (8) years.
- Tradelines with recent serious adverse history are not acceptable.
- Student loans can be counted in credit depth as long as they are in repayment and not being deferred.

The following are not acceptable to be counted as tradelines under any program:

- | | |
|--|-------------------------------|
| • “non-traditional” credit as defined by Fannie Mae® | • collection accounts |
| • self-reported tradeline | • foreclosures |
| • any liabilities in deferment status | • deed-in-lieu of foreclosure |
| • accounts discharged through bankruptcy | • short sales |
| • authorized user accounts | • pre-foreclosure sales |
| • charge-offs | |

4.11.16 OBLIGATIONS NOT APPEARING ON CREDIT REPORT

HOUSING AND MORTGAGE-RELATED OBLIGATIONS

Housing and mortgage-related obligations include property taxes, insurance premiums, ground rent, and leasehold payments. Mortgage/housing related obligations that are not reporting on credit report do not require additional research/documentation for Investor Premier, Investor Premier Elite, or Investor Premier 5-8 Multifamily programs unless the mortgage debt/housing obligation are associated with the subject property (if refinance) or the borrower/guarantor’s primary residence.

4.12 ASSETS

THE FOLLOWING APPLY TO ALL TRANSACTIONS UNLESS OTHERWISE STATED.

4.12.1 ASSET REQUIREMENTS

Acceptable asset documentation is required to be included in each loan file. The borrower must meet the minimum contribution amount per the program requirements. Assets should be liquid or able to be liquidated without restriction by the borrower. The documentation requirements are as follows:

Investor Premier (1-4 Unit), Prestige Plus, Prestige: An account statement covering a one (1) month period and dated within 90-days of the loan note date.

Investor Premier 5-10 Multifamily: Two consecutive months of statements/60-days asset verification required

For newly created accounts that do not cover the required seasoning period:

- Newly created accounts opened with funds from the sale of an asset require (a) proof of sale, (b) proof of required ownership seasoning of the asset, and (c) the account statement(s) covering the period from opening of account to present
- Other newly created accounts require an account statement from where the funds originated that supports required seasoning time

4.12.2 ASSET DOCUMENTATION

The following may be used as asset documentation for down payment, closing costs, and reserves. See applicable Loan/LTV matrix for minimum reserve requirement. The number of required months of reserves is calculated after accounting for down payment and closing costs.

Account statements must include the following for all programs:

- Name of financial institution
- Reflect borrower and/or entity as the account holder (Funds held jointly with a non-borrowing spouse are considered 100% of the borrower's funds)
- Account number
- Statement date
- Time period covered by the statement
- Available balance in U.S. dollar denomination
- Account verified through a third-party verification service (e.g. AccountChek or other FNMA Day 1 Certainty Vendor) are eligible in lieu of actual account statements

1-4 UNIT – ELIGIBLE ASSETS:

Prestige Plus, Prestige, Investor Premier 1-4:

- 100% of Checking, Savings, and Money Market Accounts
- 100% of Stocks, Bonds, and Mutual Funds if used for Down Payment and Closing Costs
 - 70% of Stock, Bonds, and Mutual Funds if used for reserves.
- 100% of Cash Out Refinance Proceeds may be utilized for reserves
 - Account statements not required for transactions where Cash Out proceeds are the only assets utilized to document reserves
- 100% of Cash Value of Life Insurance minus any outstanding loans
 - Life Insurance policy must be liquidated if used for Down Payment/Closing Costs
- 70% of Vested Retirement Accounts/IRAs/401ks if utilized for reserves
 - If needed for Down Payment/Closing Costs, verification that the funds have been liquidated is required unless the combined value of the retirement assets is at least 20% greater than the amount from these assets needed for closing.
 - If retirement funds are not liquidated must document that borrower has the ability to access/withdraw the funds
- Assets held in a Trust require the following:
 - Obtain written documentation (e.g. bank statements) that support the value of the trust account from either the trust management or trustee, and
 - Document the conditions under which the borrower/guarantor has access to the funds (e.g. Trust Agreement)
- Business Assets
 - If Vested Entity: Must either own 100% of business or must obtain access letter from all other members/partners allowing the use of business funds by the borrower/guarantor.
 - Large Deposits contributed to business account by other members of vested entity are not considered gift funds and may be utilized with access letter.
 - If Entity other than Vested Entity: Limited to borrower/guarantor's ownership % and requires access letters from other members/partners of entity that allows for use of the business funds by the borrower/guarantor

- HELOCs/Secured Loans attached to other Real Estate
 - Eligible for Down/Payment Closing Costs only
- 1031 Exchange
 - Eligible for Down Payment/Closing Costs only
 - Documented by 1031 accommodator instructions, fully executed exchange agreement at closing, and settlement statement
- Gift Funds
 - Eligible for Purchase transactions only
- 60% of cryptocurrency balance is eligible for closing costs and reserves
 - Evidence of Ownership is required (statement must be account statement requirements)
 - Current Valuation of Crypto assets required within 30 days of note date (e.g. current price of Bitcoin/Ethereum pulled from Coinbase Exchange)
 - Liquidation and deposit to a US Bank account is required for both closing costs and reserves
- Foreign Assets
 - Assets held in foreign accounts may be used as a source of funds to close. When required for down payment and closing costs the assets must have been transferred to a US bank and have been seasoned for a total of 60 days
 - Assets in foreign accounts that are being utilized for reserves can remain in the foreign account without being transferred to a US banking institution.
 - Any foreign asset documentation must be translated to English and verified in US Dollar equivalency at the current exchange rate via either <http://www.xe.com> or the Wall Street Journal conversion table.

1-4 UNIT – INELIGIBLE ASSETS:

The following are NOT acceptable as proof of eligible assets:

- Non-vested or restricted stock accounts
- Cash-on-hand
- Sweat equity
- Gift or Grant funds which must be repaid
- Down payment assistance programs
- Unsecured loans or cash advances
- 529 Savings Plan
- Funds contributed by non-borrowing spouse unless documented as a gift. See [Section – Gift Funds](#).

PREMIER 5-10 UNIT MULTIFAMILY – ELIGIBLE ASSETS:

Investor Premier 5-10:

- 100% of Checking, Savings, Money Market or Securities Accounts
- 100% of Cash Value of Life Insurance/Annuity Policy minus any outstanding loan balance
- Assets held in a Trust require the following:
 - Obtain written documentation (e.g. bank statements) that support the value of the trust account from either the trust management or trustee, and
 - Document the conditions under which the borrower/guarantor has access to the funds (e.g. Trust Agreement) – Funds in Trust account must be fungible

- Business/Entity Assets
 - Requires evidence that borrower is at least 25% owner of the business, and that borrower is an authorized signer on the account
 - Business Account in Name of Vested Entity: 100% of funds can be utilized towards eligible assets
 - Business Account not in name of Vested Entity (separate business): The amount of business assets utilized is limited to the borrower's ownership % in the business
- 60% of vested value of Vested Retirement/IRA/401k plan with proof that borrower has full access to account
 - If using for closing costs, proof of liquidation is required
- 1031 Exchange (eligible for Down Payment/Closing Costs only)

PREMIER 5-10 UNIT MULTIFAMILY - INELIGIBLE ASSETS

The following are NOT acceptable as proof of eligible assets under the Premier 5-10 Unit Multifamily program:

- Ineligible Asset List from Investor Premier Program (see above) as well as the following:
- HELOCs or other Lines of Credit
- Gift Funds
- Cash Out Proceeds
- Assets held in foreign accounts/institutions

4.12.3 LARGE DEPOSITS

Investor Premier & Investor Premier 5-10 Multifamily:

Large Deposits must be sourced to be included as an eligible asset. Large deposits are defined as:

Any single deposit that is more than 175% of the average total monthly deposits over \$5,000. (e.g. a single deposit of \$17,500 in a bank account with average monthly deposits of \$10,000 requires sourcing). Any large deposit requires a letter of explanation that provides the source of the deposit as well as documentation supporting the source explanation.

Prestige & Prestige Plus:

Large deposits must be sourced as follows:

- If personal accounts are used for assets, large deposits defined as any single deposit that represents greater than 100% of the borrower's qualifying monthly income are to be documented for a purchase transaction.
- If business accounts are used for assets, the following applies:
 - Business account used for income: Large deposits greater than 100% of monthly business revenue must be documented for a purchase transaction.
 - Business account not used for income: Large deposits do not need to be sourced.

4.12.4 RESERVES

- All Dominion Financial loan programs require minimum reserves as outlined on the respective Dominion Financial Loan\LTV matrices.

- Net proceeds from a cash-out transaction may be used to meet reserve requirements on 1-4 Unit Investor Premier and Premier Elite programs. See specific program requirements above for % allowed. Proceeds from Cash-Out are not eligible under Premier 5-10 Multifamily program.
- Reserves for a loan with an Interest Only feature are based upon the Interest Only payment amount.
- For Adjustable-Rate Mortgages (ARM), the reserves are based upon the initial PITIA, not the qualifying payment.
- Proceeds from a 1031 Exchange cannot be used to meet reserve requirements.
- Gift funds may not be used to meet reserve requirements.

4.12.5 GIFT FUNDS

MINIMUM BORROWER CONTRIBUTION AND ELIGIBILITY

Gift Funds are acceptable under the following programs:

Borrower must make a minimum of 10% of the total downpayment from their own funds:

- Investor Premier
- Investor Premier Elite
- Prestige Plus* - Investment Property
- Prestige* – Investment Property

Borrower must make a minimum 5% of the total downpayment from their own funds:

- Prestige Plus* - Primary/2nd Home
- Prestige* - Primary/2nd Home

*Gift Funds not eligible under Alt-Doc Asset Utilization or First-Time Home Buyer using Alt-Doc-Written Verification qualification options

Gift Funds are NOT permitted under the following programs:

- Investor Premier 5-10 Multifamily

Gift of Equity allowed for Primary Residence transactions under Prestige/Prestige Plus. Must meet all other guidelines for Gift Funds.

ELIGIBLE DONORS AND DOCUMENTATION

The following individuals are eligible donors under the Investor Premier and Investor Premier Elite programs:

- Family Members
- The borrower/guarantor's spouse
- For any gift provided by a non-US Citizen, the donor must be screened against the OFAC Specially Designated Nationals (SDN) list

The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transactions.

DOCUMENTATION REQUIREMENTS

Gifts must be evidenced by a letter signed by the donor, called a gift letter. The gift letter must:

- specify the dollar amount of the gift;
- specify the date the funds were transferred;
- include the donor's statement that no repayment is expected; and
- indicate the donor's name, address, telephone number, and relationship to the borrower.

When a gift from a relative or domestic partner is being pooled with the borrower's funds to make up the required minimum cash down payment, the following items must also be included:

- A certification from the donor stating that he or she has lived with the borrower for the past 12-months and will continue to do so in the new residence.
- Documents that demonstrate a history of borrower and donor shared residency. The donor's address must be the same as the borrower's address. Examples include but are not limited to a copy of a driver's license, a bill, or a bank statement.

VERIFYING DONOR AVAILABILITY OF FUNDS AND TRANSFER OF GIFT FUNDS

The lender must verify that sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account and reflected on the most recent bank statement. Acceptable documentation includes the following:

- a copy of the donor's check and the borrower's deposit slip,
- a copy of the donor's withdrawal slip and the borrower's deposit slip,
- a copy of the donor's check to the closing agent, or
- a settlement statement showing receipt of the donor's check.

When the funds are not transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of a certified check, a cashier's check, or other official check.

- Gift funds may not be used to meet reserve requirements.

4.13 INCOME

4.13.1 INCOME ANALYSIS

The following apply to all income documentation options unless otherwise stated in the specific section of the guidelines

EMPLOYMENT/INCOME VERIFICATION

- A minimum of two (2) years of employment history for both wage/salary or self-employment, is required to be documented on the loan application (FNMA Form 1003). When the borrower has less than a two-year history of employment, the Seller should document positive factors to offset the shorter employment history, such as education or training.
- Any gaps in employment that span one or more months must be explained.
- Salary/Wage Earner – income derived from employment at a business. Compensation may be based upon a salary, hourly wage, bonus, commission, or overtime.

- Any borrower with a 25% or greater ownership interest in a business/entity or is paid using IRS form 1099 is considered self-employed.
- The following are common business structures:
 - Sole proprietorship
 - Limit Liability Company (LLC)
 - Partnerships
 - S-Corporation
 - Corporation
- If any borrower is no longer employed in the position disclosed on the FNMA Form 1003 at the closing date, Dominion will not close or fund the loan.

EARNINGS TRENDS

When 24-months of income are analyzed for qualification, year over year income amounts must be compared using the borrower's W-2 forms, signed federal income tax returns, or bank statements. The earnings trends are addressed as follows:

- Stable or increasing: Defined as annual income that is equal to, greater than, or less than 20% below the prior year's income. The income amounts will be averaged.
- Declining but stable: If the 24-month earnings trend shows a decline in borrower income of 20% or more on a year over year basis, but the most recent 12-month earning has stabilized and there is no reason to believe the borrower's employment will change, the most recent 12-month average of income will be used.

4.13.2 DEBT-TO-INCOME (DTI) RATIO

The Debt-to-Income (DTI) ratio is calculated and reviewed for adherence to Dominion Program Matrix criteria. The DTI ratio consists of two components:

- The borrower's monthly debt obligations include the monthly mortgage payment for the subject loan, any simultaneous loans secured by the subject property, monthly mortgage-related obligations (property taxes, hazard/flood/other insurance, HOA fees, etc.), and consumer's current debts, alimony and child support obligations.
- The borrower's current monthly documented income used to qualify for the loan.

The qualifying monthly mortgage payment includes the following:

- Fixed rate: Note rate amortized over the total term
 - Interest Only: Note rate amortized over the remaining term after the expiration of the interest only period
- ARMs: Qualifying rate is the higher of the fully indexed rate or note rate
 - Interest Only: Qualifying rate amortized over the remaining term after the expiration of the interest only period

Monthly mortgage-related obligations include real estate taxes, property insurance, any other insurance, and any association dues.

- Calculating Real Estate Tax Payment for subject property:

- For purchase and construction-related transactions, the Seller must use a reasonable estimate of the real estate taxes based on the value of the land and the total of all new and existing improvements.
 - State of California exception: Use 1.25% of the purchase price to determine the monthly tax payment.
- For refinance transactions, use the current tax assessment.

4.13.3 RESIDUAL INCOME

Residual Income is the amount of monthly income remaining once a borrower has paid all monthly debt obligations. Residual Income = Gross Monthly Income minus total monthly debt.

The Minimum Residual Income requirements are calculated using the table below; \$250 is added for the first dependent and \$125 for each additional dependent. A dependent is any person other than the borrower or spouse in the household.

Occupancy	Maximum LTV	Minim Residual Income
Prestige Plus - Primary	90%	\$2,500
Prestige Plus Plus - Second	75%	\$2,500
Prestige - Primary	90%	\$2,500
Prestige - Second	80%	\$2,500

4.13.4 DOCUMENTATION OPTIONS

Standard and Alt Doc income documentation options are available.

In addition to wage/salary income, Standard documentation includes various other types of income. See [Section - Other Sources of Income](#) for documentation requirements. Income should be calculated and documented according to Dominion guidelines. If a specific source of income is not referenced in the Dominion Wholesale Guide, the Fannie Mae® guidelines for that income source may be used.

IRS FORM 4506-C

A signed copy of IRS Form 4506-C is required in every standard documentation credit file. See specific income documentation type if transcripts are required.

If the transcript request is returned with a code 10, or the borrower is a victim of taxpayer identification theft, the following must be provided to validate income:

- A copy of the IRS rejection with a code of “Unable to Process” or “Limitation”
- Proof of identification theft, as evidenced by one (1) of the following:
 - Proof that the identification theft was reported to and received by the IRS (IRS Form 14039).
 - A copy of the notification from the IRS alerting the taxpayer to possible identification theft.
- In addition to one (1) of the documents above, if applicable, a Tax Transcript showing fraudulent information.

- Record of Account from the IRS - Adjusted Gross Income and Taxable Income should match the borrower's personal tax return (Form 1040). Validation of prior tax year's income (The income for the current year must be in line with prior years).

TAXPAYER FIRST ACT

The Taxpayer First Act includes a provision that persons receiving tax return information must obtain the express permission of taxpayers prior to disclosing that tax return information to any other person. "Tax return information" is defined under the IRS Code, 26 U.S.C. § 6103.

Therefore, if a Broker obtains tax return information during the origination or servicing of a mortgage loan, the Broker must obtain express consent from the taxpayer to be able to share the tax information with another party. Such sharing would extend to Dominion Financial Wholesale, and any actual or potential owners of the loan, or any other loan participant.

4.13.5 STANDARD DOCUMENTATION

The Standard Income Documentation option is available to borrowers who meet the requirements listed below. This documentation option is available to borrowers who have experienced recent credit events and allows for higher LTVs for borrowers with clean payment histories.

RESTRICTIONS

- See the Dominion Financial Wholesale Matrices for maximum LTV/CLTV and DTI.
- A minimum credit score of 660.
- A minimum two (2) year employment history is required

STANDARD INCOME DOCUMENTATION (12- OR 24- MONTHS)

Eligibility and pricing differences exist for the 12- or 24- month documentation options, see Loan/LTV Matrices and rate sheets for details

WAGE/SALARY INCOME

- The borrower's most recent paystubs reflecting 30 days of pay and YTD earnings, along with IRS W-2 forms or W-2 transcripts covering the most recent one (1) or two (2) years depending upon documentation option selected; or
- Income verification provided by a FNMA approved 3rd party Vendor (e.g., The Work Number®) evidencing income from the most recent 1 or 2 years (as applicable) along with year-to-date earnings.
 - FNMA WVOE Form 1005 is not eligible for standard income documentation unless used in conjunction with documents verifying variable income. [See Section— Overtime/Bonus/Commission.](#)
- When tax returns are required, as in the case of income earned from subject or non-subject investment property REO, the most recent one (1) or two (2) years of tax returns should be provided. The definition of "most recent" is the last return scheduled to have been filed with the IRS. Any borrower who applied for a tax return extension must provide a copy of the extension in the credit file along with the prior one (1) or two (2) years of tax returns based upon the documentation method selected

SELF-EMPLOYMENT INCOME

- A minimum two (2) year history of self-employment is required.
- The most recent one (1) or two (2) years of tax returns (including evidence of filing). If applicable, both personal and business (including all K-1s and schedules), signed and dated by each borrower.
 - Evidence of filing may include one of the following:
 - IRS Form 8879 e-File Signature Authorization for the provider that prepared the return, or
 - E-mail provided from the software used to prepare the return showing successful submission of the return to the IRS.
 - If evidence of filing is not provided, tax transcripts for personal and corporate (IRS Form 1120) returns are required.
 - In lieu of tax returns, tax transcripts for the most recent one (1) or two (2) years may be provided as applicable. In certain cases, tax returns will be required as transcripts will not provide the details required to establish eligible qualifying income for the borrower.
- If the borrower pays themselves wage income, a YTD paystub must be included in the file.
- When analyzing tax returns, the following may be added back to the applicant's income calculation:
 - Depreciation
 - Depletion
 - Business use of home
 - Amortization/casualty loss
 - Ordinary income (loss) from other partnerships
 - Nonrecurring other (income) loss
 - Any expense(s) that can reasonably be documented to be one-time and non-recurring
 - Net operating loss carryforwards from years prior to the tax returns provided
- If the tax return date exceeds 120 days from the note date, a YTD Profit and Loss Statement (P&L), signed and dated by the borrower, up to and including the most recent month preceding the loan application date. The P&L may be either: prepared by a 3rd party or prepared by the borrower. If a gap exists between the tax return ending date and the start date of the YTD P&L, a gap-year P&L is also required. The qualifying income is determined from the tax returns; the P&L is used to determine the stability of that income.

EMPLOYMENT STATUS

In all cases, the borrower's current employment status is required. Employment status can be established as follows:

Wage/salary borrowers:

- A YTD paystub dated within 30 days of Note date; **or**
- A verbal VOE dated no more than 10 calendar days prior to Note date. Sellers may use any type of verification form. The VOE should include the following data:
 - Borrower name
 - Loan ID number
 - Current position
 - Verification that borrower's employment is currently active
 - Employer name/company name

- Employer contact name and title
- Name of individual who completed the VOE
- Business phone number must be independently verified; **or**
- A verification via e-mail exchange with the borrower's current employer dated no more than 10 calendar days prior to Note date. Due diligence must be conducted to confirm the e-mail address for the employer is accurate. The VOE should include the following data:
 - Work e-mail address of the individual contacted at the employer
 - Borrower name
 - Current position
 - Current employment status

Self-Employed Borrowers:

Existence of the borrower's business is to be verified within 90 days prior to the Note date, through one of the following:

- Third party verification from licensed tax preparer, regulatory agency, or applicable licensing bureau, or
- Internet screenshot displaying the phone listing and address verification of the borrower's business, or
- A business bank statement dated within 90 days of the Note date for income used in qualification

OTHER SOURCES OF INCOME

ALIMONY OR CHILD SUPPORT

Alimony or child support income is allowed with third-party documentation evidencing receipt of at least six (6) months. Document the support will continue for at least three (3) years by one of the following:

- Alimony:
 - Copy of final divorce decree or final separation agreement describing the payment terms.
 - Any other type of written legal agreement or court decree describing the payment terms.
- Child support:
 - Copy of final divorce decree or final separation agreement describing the payment terms.
 - Any other type of written legal agreement or court decree describing the payment terms.
 - The full amount of qualifying child support income may be treated as nontaxable and grossed up at 25% without supporting documentation verifying the nontaxable status.

AUTO ALLOWANCE

The borrower must have received payments for at least two (2) years. Add the full amount of the allowance to monthly income and the full amount of the lease or financing expenditure to the monthly debt obligations.

CAPITAL GAINS

Capital Gains income must be averaged over two (2) years and documented with the following:

- Most recent two (2) years of personal tax returns, including an IRS Form 1040, Schedule D.

- Third-party documentation to evidence that additional assets may be sold to support qualifying income.
- The third-party documentation must evidence the capital gain income will continue for a minimum of three (3) years.
- Capital losses do not have to be considered.

DISABILITY INCOME – LONG TERM

Generally, long-term disability will not have a defined expiration date and should be expected to continue. Obtain a copy of the borrower's disability policy or benefits statement to verify the following:

- Eligibility for the benefits,
- Amount and frequency of payments, current proof of receipt, and
- If there is a contractually established termination or modification date.

EMPLOYED BY A RELATIVE

Income for borrowers who are employed by a relative must be verified using Standard Documentation for two (2) years, including the following:

- Federal income tax returns for the most recent two (2) years.
- W-2s for the most recent two (2) years.
- Paystub(s) covering the most recent 30-day period.

Clarification of the potential ownership of family-owned businesses by the borrowers may also be required. A borrower may be an officer of a family-operated business, but not an owner. Verification of a borrower's status should be provided by written confirmation obtained from a CPA or legal counsel.

EMPLOYMENT OFFERS OR CONTRACTS

For borrower(s) starting new employment, the loan file must contain a copy of an executed offer or contract plus the first paystub. The first paystub must be dated prior to the Note date.

- The offer or contract cannot be for employment by a family member or interested party to the transaction.

FOREIGN INCOME

Foreign income is income earned by a borrower (US Citizen or Perm Resident Alien) who is employed by a foreign corporation or a foreign government and is paid in foreign currency. Borrowers may use foreign income to qualify if they provide copies of the following:

- Signed federal income tax returns or transcripts for the most recent two (2) years that include foreign income.
- Standard documentation requirements based upon the source and type of income.
- Any documents not in English or US currency must be translated.

FOSTER CARE INCOME

Income received from a state or county sponsored organization for providing temporary care for one or more children may be considered acceptable stable income if the following requirements are met:

- Verify the foster-care income with letters of verification from the organizations providing the income.
- Documentation verifying that the borrower has received foster care income for a minimum one-year period.
- Qualifying income is based upon the current amount received.

HOUSING/PARSONAGE INCOME

Housing or parsonage income may be considered qualifying income if there is documentation that the income has been received for the most recent 24-months and the allowance is likely to continue for the next three (3) years. The following documentation is required:

- The two (2) most recent years of tax returns are required.
- Written documentation, such as a Written Verification of Employment (WVOE) provided by the church, must be obtained.
- The housing allowance, although not subject to federal income taxes, is subject to self-employment taxes. Gross income on Schedule SE of the borrower's IRS Form 1040 should include the housing allowance paid.

The housing allowance may be added to income but may not be used to offset the monthly housing payment.

INTEREST/DIVIDENDS

Verify the borrower's ownership of the assets on which the interest or dividend income was earned. Documentation of asset ownership must be in compliance with the [Section - Age of Document Requirements](#) section.

- Document a two-year history of the income, as verified by copies of the borrower's federal income tax returns.
- Develop an average of the income received for the most recent two (2) years.
- Subtract any assets used for down payment or closing costs from the borrower's total assets before calculating expected future interest or dividend income.

NON-TAXABLE INCOME

- If the income is verified to be nontaxable, and the income and its tax-exempt status are likely to continue, the seller may develop an "adjusted gross income" for the borrower by adding an amount equivalent to 25% of the nontaxable income to the borrower's income.
 - Child support income: The full amount of qualifying child support income may be treated as nontaxable and grossed up at 25% without supporting documentation verifying the nontaxable status.
 - Social Security income: Income may be grossed up at 15% without documentation verifying the nontaxable status.

NOTES RECEIVABLE INCOME

Note receivable income may be used for qualifying income subject to the following:

- Verify that the income can be expected to continue for a minimum of three (3) years from the date of the mortgage application.
- Obtain a copy of the Note to establish the amount and length of payment.
- Document regular receipt of income for the most recent 12-months using either cancelled checks, bank statements, or federal tax returns.
- Payments on a Note executed within the past 12-months, regardless of the duration, may not be used as stable income.

PENSION, RETIREMENT, ANNUITY

The following provides verification requirements for pension, retirement, and annuity income.

Document regular and continued receipt of the income with one of the following:

- Statement from the organization providing the income, or
- Retirement award letter or benefit statement, or
- One (1) month financial or bank account statement evidencing the source/deposit, or
- Signed federal income tax return, or
- IRS W-2 form, or
- IRS 1099 form

In addition to the above, if retirement income is paid in the form of a distribution from a 401(k), IRA, or Keogh retirement account, the provide all of the following:

- Account Statement(s) reflecting available balance for withdrawals evidencing three (3) year continuance, and
- Borrower must have unrestricted access to the accounts without penalty

RENTAL INCOME

Rental income may be used for qualifying income subject to the following documentation requirements:

- Rental income from other properties must be documented with the borrower's most recent signed federal income tax return that includes Schedule E. Leases are required for properties where rental income is being used to qualify and the property was acquired during or subsequent to the most recent tax filing year or the rental property was out of service for an extended period. For commercial properties a copy of the lease or rent roll is required
- Proposed rental income from the comparable rent schedule, reflecting long term rental rates, may be used for qualifying if there is not a current lease or assignment of lease on purchase of an investment property
- Properties with expired leases that have converted to month to month per the terms of the lease will require bank statements for the lesser of 2 months or the time period

after the lease expired

- A 25% vacancy factor must be applied to the gross rent used for qualifying. Multiply the gross rent by 75% and subtract the PITIA to arrive at the rental income/loss used for qualifying
- Commercial properties owned on schedule E must be documented with a rent roll and evidence that the primary use and zoning of the property is commercial
- AirDNA is an ineligible method of documenting income for Standard Doc.
- Application of Rental Income:
 - Primary Residence
 - The monthly qualifying rental income (as defined above) must be added to the borrower's total monthly income. (The income is not netted against the PITIA of the property.)
 - The full amount of the mortgage payment (PITIA) must be included in the borrower's total monthly obligations when calculating the debt-to-income ratio.
 - Investment Property
 - If the monthly qualifying rental income (as defined above) minus the full PITIA is positive, it must be added to the borrower's total monthly income.
 - If the monthly qualifying rental income minus PITIA is negative, the monthly net rental loss must be added to the borrower's total monthly obligations.
 - The full PITIA for the rental property is factored into the amount of the net rental income (or loss); therefore, it should not be counted as a monthly obligation.
 - The full monthly payment for the borrower's principal residence (full PITIA or monthly rent) must be counted as a monthly obligation.

RESTRICTED STOCK UNITS

Restricted stock units (RSUs) are issued to an employee through a vesting plan and distribution schedule. RSUs give an employee interest in company stock but have no tangible value until vesting is complete. The RSUs are assigned a fair market value when they vest and are considered ordinal income with a portion of the shares withheld to pay income taxes upon vesting. The employee receives the remaining shares and can sell them at their discretion.

Restricted stock options may be used as qualifying income when all the following requirements are met:

- Income has been consistently received for the prior two (2) years and is verified it will continue for three (3) years.
- RSU income is calculated using the past two (2) year average.
- If the RSU income is declining, proof of stability must be provided, and the most conservative average used for qualifying.
- Borrowers must be employed at the same company that issued the RSUs.
- Employer must be a publicly traded entity (e.g., a Fortune 500 company).
- Non-vested restricted stock is not an acceptable source of income or reserves.
- Vested RSUs may not be considered as qualifying income if they are also used for down payment, closing costs, and/or reserves.

The following documentation is required:

- Evidence that stock is publicly traded.
- The most recent vesting schedule or issuance agreement showing continuance of RSU income.
- Evidence of the payouts of RSUs for the past two (2) years. Acceptable verification includes any of the following:
 - Tax returns for the last two (2) years, reflecting RSU income.
 - Year-end paystubs reflecting the RSU payout.
 - An employer-provided statement paired with a brokerage or bank statement, showing the transfer of shares or funds, that includes the (a) date of the payout and (b) the number of vested shares and their cash equivalent distributed to the borrower.

ROYALTY INCOME

- Obtain copies of the following:
 - Royalty contract, agreement, or statement confirming amount, frequency, and duration of the income.
 - The borrower's most recently signed federal income tax return, including IRS Form 1040 and Schedule E.
- Confirm that the borrower has received royalty payments for at least 12-months and that the payments will continue for a minimum of three (3) years after the date of the mortgage Note.

SOCIAL SECURITY

Social Security income for retirement that the borrower is drawing from their own account/work record will not have a defined expiration date and can be expected to continue.

Social Security income based on another person's account/work record or from the borrower's own work record, but for the benefit of another (such as a dependent) may also be used in qualifying, provided the seller documents a 3-year continuance.

Social Security income may be grossed up, see [Section – Non-Taxable Income](#).

- Borrower is drawing Social Security benefits from own account/work record, provide one of the following:
 - Most recent SSA Award Letter, or
 - Most recent SSA-1099, or
 - Proof of current receipt, or
 - Most recent signed federal income tax return (or tax transcript) if filed by all borrowers on the loan
- Borrower is drawing Social Security benefits from another person's account/work record or from their own account/work record for the benefit of another, provide all of the following:
 - Most recent SSA Award Letter,
 - Proof of current receipt, and
 - Proof of three year continuance
- Survivor Benefits, provide all of the following:
 - Most recent SSA Award Letter,
 - Proof of current receipt, and
 - Proof of three year continuance

- Supplement Social Security Income (SSI), provide all of the following:
 - Most recent SSA Award letter, and
 - Proof of current receipt

TEACHER INCOME

Teachers are paid on a 9-month, 10-month, or 12-month basis. The pay structure should be determined before calculating the monthly income. If unable to determine the pay frequency, documentation such as a copy of their contract or documents from the school district's personnel office may be required.

TIP INCOME

Tips and gratuity income may be considered if the receipt of such income is typical for the borrower's occupation (i.e., waitperson, taxi driver, etc.). Tip income should be received for at least two (2) years.

Documentation will be based upon the documentation type selected (12- or 24- months). Obtain one (1) or two (2) years of federal income tax returns along with a year-to-date paystub. Income should be averaged over the time- period verified. If the tip income is not reported on the paystubs or tax returns, then it may not be included in qualifying income.

TRUST INCOME

Confirm the trust income by obtaining a copy of the trust agreement or the trustee's statement confirming the amount, frequency, and duration of payments:

- Trust verification documentation must clearly identify the date the trust was created.
- Trustee statement evidencing borrower is a beneficiary and income will continue for three (3) years.
 - Trust verification documentation to include a letter from an accountant or attorney who has reviewed the trust's documentation when one of the following applies:
 - Trustee's statement or other documents are not available, or
 - Borrower is trustee
- Variable trust income: Use an average over the length of time per the doc type selected.
 - When variable trust income has been received for less than 24 months, but not less than 12 months, it may be considered as stable income with compensating factors
- Fixed trust income: Use the fixed payment as documented.
- If the borrower creates the trust as trustee, the assets within the trust must be verified with 3rd party documentation (i.e., bank statements).
- Unless this income is received monthly, documentation of current receipt of the income is not required if the income is on the borrower's most recent tax return.

UNEMPLOYMENT BENEFIT INCOME

Income derived from unemployment compensation is generally not allowed due to the limited duration of its receipt. Seasonal unemployment, however, can be considered if the borrower is employed in a field where weather affects the ability to work, and where unemployment compensation is often received (i.e., construction). The income can be used to qualify with a two-year

employment history in the same field of work and a two-year history of receipt of unemployment compensation. Income should be averaged over the time-period verified.

VA BENEFITS

Document the borrower's receipt of Veteran Administration (VA) benefits with one of the following:

- Award letter, or
- Distribution form from the VA

Verify that the income can be expected to continue for a minimum of three (3) years from the date of the mortgage Note. (Verification is not required for VA retirement or long-term disability benefits.)

Education benefits are not acceptable income because they are offset by education expenses.

VARIABLE – OVERTIME/BONUS/COMMISSION

Variable income sources are eligible provided the borrower has a minimum one (1) or two (2) years history of receiving such income in the same line of work, based on the documentation type. Variable income earned for less than one (1) year may not be used for qualifying income.

Variable earnings must be averaged over the most recent one (1) or two (2) years based upon the documentation type, and include the following:

- Most recent year-to-date pay stub reflecting the variable earnings, and
- Most recent W-2 form(s), and
- Documentation verifying break-down of prior year(s) earnings with one of the following:
 - Previous year-end paystub, or
 - Completed Written Verification of Employment – FNMA Form 1005, or
 - FNMA approved 3rd party Vendor (e.g., The Work Number®)

INELIGIBLE INCOME SOURCES

- Boarder income
- Educational benefits
- Gambling winnings
- Cannabis (see below)
- Mortgage Credit Certificates
- Mortgage Differential Payments
- Refunds of federal, state, or local taxes

Guidelines for income derived from cannabis:

- Self-employed income (active or passive) derived from a company involved in cultivation, transportation, retailing, etc. is not allowed regardless of percentage of company ownership.
- Income from borrowers who are wage earners in the industry are allowed.

4.13.6 ALTERNATIVE DOCUMENTATION – BANK STATEMENTS

Personal bank statements or business bank statements may be used to document self-employment income. Bank statements held in a foreign bank with U.S. branches insured by the FDIC are acceptable.

Bank statements may be obtained from the borrower, or the Seller can use a third-party asset vendor participating in the Fannie Mae Day 1 Certainty® process.

The Dominion Financial Wholesale Bank Statement calculator is available for download from the <https://dominionfinancialwholesale.com> website.

RESTRICTIONS

APPLIES TO PERSONAL/BUSINESS BANK STATEMENTS

- See the Dominion Financial Wholesale Matrices for maximum LTV and DTI.
- Borrowers must be self-employed for at least two (2) years. The employment section of the URLA must be completed with a minimum of two (2) years self-employment history.
 - If nature of borrower's business cannot be determined from the URLA, a business narrative may be provided by the borrower, see [Forms - Business Narrative Form](#).
- The business being used to source income must be in existence for a minimum of two (2) years as evidenced by one of the following:
 - CPA Letter, or
 - Business License, or
 - Bank statement from 24 or more months prior to note date reflecting activity, or
 - Other reasonable evidence of business activity.
- Minimum credit score is 660.
- Nonprofit Entity not eligible.
- Income and expense documentation must be prepared or validated by an acceptable 3rd party source with knowledge of the borrower's business.
- Funds/Deposits in a IOLTA (Trust) ineligible source.
- Tax returns and 4506-C are not required for the bank statement program.
- Alt Doc income may be combined with other income sources that are documented as Standard Doc but not associated with self-employment, such as wage income from spouse or domestic partner. When wage income is combined with Alt Doc, a tax return is not required for the standard full income documentation. If the 4506-C form is provided, Box 8 should be checked to obtain a transcript of W-2 earnings.

BANK STATEMENT OPTIONS/INCOME ANALYSIS

In addition to the factors described in the [Section – Income Analysis](#) section of this guide, Sellers should consider the following:

- Deposits should be reviewed for consistency.
- Deposits from alternative payment processing applications (i.e., Square, Venmo) are eligible.
- Inconsistent or large deposits should be sourced or excluded from the analysis. The definition of an inconsistent or large deposit is any deposit exceeding 50% of the average monthly sales of the business.
- Changes in deposit pattern must be explained.

- Income documented separately, but included as deposits in the statement under review, must be backed out of deposits.

PERSONAL BANK STATEMENT REVIEW

A personal bank account is held in the individual borrower(s) name. The following documentation requirements and analysis methods apply:

Documentation Requirements

- 12- or 24- months of consecutive PERSONAL bank statements, the most recent statement dated within 120- days of the note date.
- Most recent two (2) months of BUSINESS bank statements.
- Verify that the borrower owns 20% of the business by providing one of the following:
 - CPA letter, Tax Preparer letter, operating agreement, or equivalent, reflecting the borrower's ownership percentage.

Calculation Method

- Only transfers or deposits from the business account(s) are eligible deposits. Qualifying income calculated using the sum of the total eligible deposits from the statements reviewed divided by the number of statements. The most recent bank statement must be consistent with the qualifying income.
- If the personal account is jointly owned, and the joint owner is not an owner of the business, deposits that are not readily identifiable as transfers from the business accounts or business deposits must be excluded unless sourced.
- ATM deposits may be included if a consistent pattern of such deposits is present.
- Two (2) months of business bank statements, which must:
 - Evidence activity to support business operations.
 - Reflect transfers to the personal account.

BUSINESS AND CO-MINGLED BANK STATEMENT REVIEW

A **business bank statement** used for ongoing operations of the business must reflect the name of the business as completed on the URLA or loan application.

- Verify that the borrower has ownership of at least 25% of the business by providing one of the following
 - CPA letter, Tax Preparer letter, operating agreement, or equivalent; reflecting the borrower's ownership percentage.
- Net income from the analysis of the bank statements is multiplied by the borrower's ownership percentage to determine the borrower's qualifying income.

A **co-mingled bank statement** is a personal account used by a borrower for both business and personal use. A separate business account is not required.

- Verify that the borrower has 100% ownership of the business by providing one of the following:
 - CPA letter, Tax Preparer letter, operating agreement, or equivalent; reflecting the borrower's ownership percentage.
- The borrower must be the sole owner of the business listed on the URLA or loan application.

Borrower and spouse with combined 100% ownership of the account are eligible.

STANDARD EXPENSE RATIO – 50%

Documentation Requirements

- A standard 50% expense factor will be applied to the total of eligible deposits.
- 12- or 24- months of consecutive business bank statements, the most recent statement dated within 120 days of the note date.
- If the business operates more efficiently or typically has a materially different expense factor (higher or lower than standard expense factor), then an expense factor from a CPA/accountant, IRS Enrolled Agent, tax preparer or P&L may be used to determine qualifying income.

Income Calculation Method

- Total deposits from all bank statements, less any inconsistent deposit(s), multiplied by 50%, multiplied by ownership percentage, divided by the number of bank statements reviewed.
- $\text{Deposits} \times (.50) \times (\text{ownership \%}) / 24 \text{ or } 12 = \text{qualifying income}$
 - Example: $\$360,000 \times .50 = \$180,000 \times 1.00 = \$180,000 / 12 = \$15,000$

3RD PARTY PREPARED BUSINESS EXPENSE STATEMENT LETTER

Documentation Requirements

- 12- or 24- months of consecutive business bank statements, the most recent statement dated within 120- days of the note date and;
- Business expense statement letter to include:
 - Name of the business
 - Business expenses as a percentage of the gross annual sales/revenue
 - Prepared or reviewed by a 3rd party with knowledge of the business (e.g., CPA/accountant, IRS Enrolled Agent, or tax preparer)
 - Signed by the 3rd party preparer/reviewer

Income Calculation Method

- Total expenses are calculated by multiplying the total deposits by the expense factor provided (subject to a minimum total expense percentage of 10%), multiplied by ownership percentage, divided by the number of bank statements.
- $\text{Deposits} \times (\text{expense ratio}) \times (\text{ownership \%}) / 24 \text{ or } 12 = \text{qualifying income}$
 - Example: $\$360,000 \times .75 = \$270,000 \times .50 = \$135,000 / 12 = \$11,250$

3RD PARTY PREPARED P&L STATEMENT

Documentation Requirements

- 12- or 24- months of consecutive business bank statements, the most recent statement dated within 120- days of the note date and;
- P&L covering 12- or 24- months (determined by the months of bank statements provided)
 - Prepared or reviewed and acknowledged by a CPA/accountant, IRS Enrolled Agent, or tax preparer. Documentation is required to evidence the preparer's business.
 - Signed by the 3rd party preparer/reviewer

Income Calculation Method

- P&L Sales/Revenue must be supported by the provided bank statements. Total deposits reflected on the bank statements, minus any inconsistent deposits, must be greater than or no more than 20% below the sales/revenue reflected on the P&L. The bank statements and P&L must cover the same time period. If the deposits support the sales, qualifying income is the lower of:
 - The Net Income indicated on the P&L divided by the number of statements (24 or 12), or
 - Total deposits reported on the bank statements, minus any inconsistent deposits, divided by the number of statements (12 or 24).
- When analyzing the P&L Statement, the following may be added back to the applicant's income calculation:
 - Depreciation
 - Depletion
 - Amortization/casualty loss

4.13.7 NON-SUFFICIENT FUNDS

Non-sufficient funds (NSF) reflected on the bank statement must be considered. Overdraft protection fees associated with a pre-arranged link to a savings account or line of credit must also be considered unless one of the following conditions exist:

- Overdraft protection from a depository account: Occurrences may be excluded if statements for the linked account confirm that (a) the linked account balance at the time of the transfer exceeded the amount of the overdraft transfer, (b) the linked account's balance did not report as zero or negative at any point during the statement period of the transfer, and (c) the linked account did not itself receive overdraft protection proceeds during the statement period of the transfer.
- Overdraft protection from a line of credit: Occurrences may be excluded if statements for the linked account confirm that (a) the line's credit limit was not exceeded during the statement period of the transfer, and (b) a payment amount which equals or exceeds the sum of all overdraft protection occurrences analyzed in the statement period is made within 30 days after the statement close date.
- Occurrences included in the analysis are subject to the following tolerances:
 - An occurrence is defined as one or more checks returned the same day.
 - If there are one (1) or more occurrences in the most recent three-month time period, up to three (3) occurrences are allowed in the most recent 12-month time period.
 - If there are zero (0) occurrences in the most recent three-month time period, up to five (5) occurrences in the most recent 12-month time period are acceptable.
- Exception requests for tolerance deviations must include (a) a letter of explanation from the

borrower outlining the reason for the occurrences and an explanation of how and when the issue leading to the occurrences was rectified, and (b) additional compensating factors outlined by the underwriter supporting the viability of income.

- The underwriter must consider the financial strength of a self-employed borrower's business.

4.13.8 ALTERNATIVE DOCUMENTATION – RENTAL INCOME

Rental income may be included in loan qualification for Alt Doc income types, to be considered the following documentation must be provided:

- Long Term Rental:
 - A copy of the lease(s) for the rental property.
 - Must provide two (2) months of proof of the receipt of rental income. The deposits must be to a separate bank account. Any deposits in the business bank statements used in the business income analysis are not eligible.
 - 75% of the verified monthly rental income can be used to offset the PITIA of the rental property.
 - If the deposits cannot be validated in a separate account, the full PITIA of the rental unit must be included in the qualifying DTI ratio.
 - If the transaction type is a purchase of an investment property, and income from the subject property is considered in the underwriting, proposed rental income from the comparable rent schedule, reflecting long term rental rates, may be used for qualifying if there is not a current lease or assignment of lease.
- Short Term Rental:
 - Property leased on a short-term basis utilizing an on-line service such as Airbnb gross monthly rents can be determined by using a 12-month look back period to account for seasonality.
 - Rents for the look back period must be documented with either 12-monthly statements or an annual statement provided by the on-line service. In the event the borrower owns a single rental property, bank statements with deposits clearly identified/sourced as rental income can be substituted. If two or more rental properties owned, statements from an online service must be provided to associate rents received with the specific property.
 - 75% of the verified monthly rental income can be used to offset the PITIA of the rental property.
 - A screen shot of the online listing must show the property(s) activity marketed as a short-term rental
 - AirDNA is an ineligible method of documenting income for Alt Doc.
- Application of Rental Income
 - Primary Residence
 - The monthly qualifying rental income (as defined above) must be added to the borrower's total monthly income. (The income is not netted against the PITIA of the property.)
 - The full amount of the mortgage payment (PITIA) must be included in the

borrower's total monthly obligations when calculating the debt-to-income ratio.

- Investment Property
 - If the monthly qualifying rental income (as defined above) minus the full PITIA is positive, it must be added to the borrower's total monthly income.
 - If the monthly qualifying rental income minus PITIA is negative, the monthly net rental loss must be added to the borrower's total monthly obligations.
 - The full PITIA for the rental property is factored into the amount of the net rental income (or loss); therefore, it should not be counted as a monthly obligation.
 - The full monthly payment for the borrower's principal residence (full PITIA or monthly rent) must be counted as a monthly obligation.

4.13.9 ALTERNATIVE DOCUMENTATION – PROFIT & LOSS STATEMENT ONLY

Permitted for self-employed borrowers with a minimum of 25% ownership of the business. The Profit & Loss Statement (P&L) must be prepared by an individual with knowledge of the business sufficient to review or prepare a P&L Statement. Examples are 3rd party Certified Public Accountant (CPA), an IRS Enrolled Agent (EA), a CTEC registered tax preparer, or a Tax Attorney. PTIN is not allowed.

- Borrowers must be self-employed for at least two (2) years. The employment section of the URLA must be completed with a minimum of two (2) years self-employment history.
- Required documentation:
 - 12- or 24- month CPA, EA, CTEC, or Tax Attorney prepared P&L Statement representing total business sales and expenses for the time period covered by the P&L Statement.
 - Preparer to provide a signed document with all of the following:
 - Confirmation business has been in existence for a minimum of two (2) years
 - Indicate borrower's ownership percentage of the business
 - Confirmation the preparer completed or filed the most recent business tax return
 - If the CPA, EA, CTEC, or Tax Attorney has not completed or filed the borrower's most recent business tax return, the following must be provided:
 - a. Two (2) months business bank statements for the most recent two (2) months reflected on the P&L statement.
 - i. Deposits must support 80% of the monthly average sales/revenue reported on the P&L. If most recent 2 months business bank statements do not support 80% of the monthly average sales/revenue, continuous bank statements may be added to the analysis until the tolerance is met.
 - Current/active license or certification for the preparer:
 - State CPA license number as verified by license or screenshot from state licensing authority
 - IRS Enrolled Agent (EA) certification from IRS (e.g., screenshot of IRS web site)
 - CTEC certification from California (e.g., screenshot of CTEC web site)
 - State Attorney license number as verified by license or screenshot from state licensing authority
- Qualifying income:
 - Net income from the P&L Statement divided by the time period covered (12- or 24- months)

- multiplied by the borrower's ownership percentage.
- Expenses on the P&L must be reasonable for the industry, Dominion reserves the right to request additional information.
- The following may be added back to the qualifying income calculation:
 - Depreciation
 - Depletion
 - Amortization/Casualty Loss
- Ineligible sources of income:
 - Not-For-Profit entity
 - Dominion Financial Wholesale reserves the right to request additional documentation when a 3rd party Certified Public Accountant (CPA), IRS Enrolled Agent (EA), CTEC registered tax preparer, or Tax Attorney prepares P&L Statements for multiple borrowers.

4.13.10 ALTERNATIVE DOCUMENTATION – IRS FORM 1099

Permitted for individual(s) earning 100% commission or for independent contractors.

- 1-year or 2-years of 1099s or 1099 transcript(s) permitted
 - One of the following Business expense analysis methods:
 - 90% Net Margin (10% Expense Factor), or
 - 3rd Party prepared P&L (CPA, EA, accountant, tax preparer).
- A minimum 2-year self-employment history is required (e.g., 1099 income) as documented from the Employment section of the loan application.
- Qualifying income is the 12- or 24- monthly average from the total number of 1099's minus the expense factor from the method chosen above
- YTD earnings must be documented when the 1099 reporting period is greater than 120 days from the note date. YTD earnings must support the ongoing receipt of income shown on the 1099s by:
 - Checks or a single check stub(s) with YTD totals if available, or
 - Bank statements (YTD).
 - The YTD earnings from the total of check stubs or the tally of deposits from bank statements must be within 10% or greater than earnings used for qualification.
- The **Prestige Program** Loan/LTV matrix should be utilized, see the Product Matrices.

4.13.11 ALTERNATIVE DOCUMENTATION – WRITTEN VERIFICATION OF EMPLOYMENT

A written Verification of Employment may be utilized when documenting wages/salary income. The following criteria applies:

- Two year history with the same employer is required.
- Completed FNMA Form 1005
- Minimum credit score:
 - Prestige Income – 680
- Primary Residence Only
- 24-month 0x30 housing history required.

- Paystubs, Tax Returns, 4506-C, or W-2's not required.
- Eligible for Prime Ascent only
 - See Loan/LTV matrix for restrictions.
- Must be completed by Human Resource, Payroll Department or Officer of the Company.
- Two (2) Months Personal Bank Statements required to support the WVOE. The bank statements must reflect deposits from the employer supporting at least 65% of gross wage/salary reflected on the WVOE.
- First Time Homebuyer maximum LTV 70%, no gift funds allowed.
- Borrower(s) employed by family members or related individuals are not eligible.
- An internet search of the business is required with documentation to be included in the credit file to support the existence of the business.
- Other sources of income, documented using Alt Doc, are eligible and can be used to determine total household qualifying income.
 - For the borrower utilizing the WVOE, no other active employment income may be utilized, passive income such as rental income can be included.

4.13.12 ALTERNATIVE DOCUMENTATION – ASSET UTILIZATION

Asset Utilization may be used as the sole source of income for loan qualification or to supplement other income sources. When used to supplement other income sources, the minimum asset requirements under the qualification method is waived.

RESTRICTIONS

- Minimum credit score: 660
- See Dominion Matrices for max LTV
- See Dominion Matrices for max DTI
 - DTI limits:
 - First time homebuyer (FTHB): 45%
 - Less than 12-month housing history: 43%
- Gift funds not eligible
- Non-occupant co-borrowers not allowed

ASSET UTILIZATION QUALIFYING METHOD

Debt Ratio Calculation: Minimum Eligible Assets required is the lower of \$1,000,000 or 150% of the loan balance. Qualifying income based upon Total Assets Eligible for Depletion, less down payment, less out of pocket closing costs, less required reserves, divided by 84.

ASSET UTILIZATION INCOME DOCUMENTATION

Required documentation consists of the following:

- All individuals listed on the asset account(s) must be on the Note and Mortgage.
- Assets considered for this program must be verified with most recent three (3) monthly account statements, quarterly statement, or a VOD.

- Assets must be seasoned 90 days.

ASSETS ELIGIBLE FOR DEPLETION

Assets must be liquid and available with no penalty; additional documentation may be requested to validate the origin of the funds:

- 100% of Checking, Savings, Money Market Accounts, and US Treasuries with maturity < 1-year.
- 100% of the cash surrender value of life insurance less any loans may be considered for assets.
- 70% of Stocks, Bonds, and Mutual Funds.
- 70% of Retirement Assets: Eligible if the borrower is of retirement age (at least 59 ½).
- 60% of Retirement Assets: Eligible if the borrower is not of retirement age.

Eligible trust assets include:

- Assets held in a revocable trust where the trustee to the trust is the borrower.
- Assets in an irrevocable trust where the borrower is the beneficiary, and the borrower has immediate access to the assets of the trust.
- Based upon the assets held in the trust, the above asset percentages apply.

ASSETS INELIGIBLE FOR DEPLETION

- Equity in Real Estate;
- Privately traded or restricted/non-vested stocks;
- Any asset which produces income already included in the income calculation;
- Any assets held in the name of a business;
- Assets held in an irrevocable trust where the beneficiary of the trust is not the borrower;
- Assets held in a charitable giving trust, donor advised fund, or similar entity where the intended beneficiary is not the borrower.

4.14 DEBT SERVICE COVERAGE (INVESTMENT PROPERTY) - INVESTOR PREMIER

Debt Service Coverage Ratio transactions are available to experienced investors purchasing or refinancing investment properties for business purposes. The typical borrower is expected to have a history of managing income-producing rental properties or has a significant equity down payment in a purchase transaction. The borrower is required to execute a Borrower Certification of Business Purpose and an Occupancy Certification. For examples of these forms, see the following links: [Borrower Certification of Business Purpose](#) / [Occupancy Certification](#).

DSCR transactions are considered business purpose loans and monthly cash flow is used to determine a DSCR ratio. A DSCR ratio greater than 1.00 reflects a positive monthly cash flow and a DSCR ratio less than 1.00 reflects a negative monthly cash flow but is typically offset by the value of the property securing the loan.

4.14.1 1-4 FAMILY RESIDENTIAL PROPERTY

PROPERTY INCOME ANALYSIS

Gross monthly rents are used to determine the DSCR. A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser is required on all DSCR transactions. See the appropriate Long Term or Short-Term requirements below for rental income documentation and DSCR calculation.

RENT DOCUMENTATION REQUIREMENTS

○ LONG TERM RENTAL

Investor Premier

Purchase Transactions:

- The monthly qualifying rent is determined by taking the lesser of the lease agreement (if property is occupied) or 100% of the long-term market rent from the 1007/1025 rent schedule.
- If the subject property is currently tenant occupied, the 1007 or 1025 must reflect the current monthly rent.
- A vacant or unleased property is allowed without LTV restriction. Gross qualifying rent for vacant purchase transactions is 100% of the market rent from the 1007/1025 rent schedule.
- Units subject to rent control or housing subsidy (e.g. Section 8) must utilize current contractual rent to calculate DSCR

Required Documentation:

- Copy of lease (if property is occupied)
- 1007/1025 Rent Schedule prepared for Long-Term rental

Refinance Transactions

- Monthly Gross Rents are determined by using either the actual lease amount or estimated market rent from 1007/1025.
 - If using the lower of the actual monthly lease amount or estimated market rent, nothing further is required
 - If using a higher actual monthly lease amount, evidence of 3 months of receipt is required, and the lease amount must be within 120% of the estimated market rent from the 1007 or 1025. If the actual rent exceeds the market more than 120%, the rents are capped at 120%.
- Units subject to rent control or housing subsidy (e.g. Section 8) must utilize current contractual rent to calculate DSCR

Required documentation:

- FNMA Form 1007 or 1025 reflecting long term market rents
- Fully executed copy of unexpired long-term lease agreement
 - If the lease has expired and converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease.
 - If unable to provide evidence of receipt, the unit will be treated as vacant for LTV purposes – See Property Vacancy/Occupancy Requirements
 - Lease is not required in the following situations:
 - Property is a short-term rental (and meets short-term rental requirements)
 - Property was recently rehabbed (proof of recent renovations/ rehab and rental listing required). Vacant, recently rehabbed properties can use market rent from 1007/1025 for gross rent.

SHORT TERM RENTAL (E.G., AIRBNB, VRBO, FLIPKEY)

Short term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis. Short-term eligibility requirements are listed below:

Investor Premier:

Purchase Transactions

- Property Guard report required for all short-term rentals. The Report must confirm borrower has all permits necessary to operate a STR and city, county, and state municipalities allow for STRs.
- Must obtain AirDNA Revenue/Rentalizer Calculator (Property Earning Potential Report) for subject property. The AirDNA report must meet the following requirements:
 - Rentalizer/Revenue Calculator (Property Earning Potential Report)
 - Forecast Period must cover 12 months and be dated within 90 days of the note date
 - The occupancy rate must be greater than 50%
 - Must have 4 comparison properties
 - Comparison properties must within the same zip code
 - Comparison properties must be generally similar in size, room count, availability, and occupancy
 - Maximum Occupancy limited to 2 individuals per bedroom
 - Market score must be 60 or greater as reflected on the Property Earning Potential Report

Monthly qualifying rent equals the Lesser of:

- 80% of the estimated annual revenue from AirDNA Report (20% expense factor) divided by 12,

Short Term Rental Purchase Requirements/Restrictions

- Short-Term Rental only allowed on 1 Unit SFR Detached Properties (2-4 units and condos not eligible)
- 1.1x Minimum DSCR required
- 700 Minimum FICO required
- Max 75% LTV if borrower has 1+ year experience in operating a short-term rental in the last 12 months
- Escrows are required for Short-Term Rentals

Refinance Transactions

- Property Guard report required for all short-term rentals. The Report must confirm borrower has all permits necessary to operate a STR and city, county, and state municipalities allow for STRs.
- 12 Month Rental and Payment History required from the web based short-term rental property manager (AirBnB, VRBO, Flip Key, Home Away, etc). Private property managers not allowed.
 - Short-term rental statements must clearly identify the subject property by address. Property ID# and property description alone is NOT sufficient
- Monthly qualifying rent equals 80% of total annual short term rental deposits divided by 12. Zero (\$0) deposit months must be included in calculation

Short Term Rental Refinance Requirements/Restrictions

- Short-Term Rental only allowed on 1 Unit SFR Detached Properties (2-4 units and condos not eligible)
- 1.0x Minimum DSCR
- 700 Minimum FICO required
- Max 70% LTV and minimum 1 year experience operating a short-term rental in the past 12 months

MINIMUM DSCR RATIO REQUIREMENTS

See tables below for minimum DSCR requirements based on program/transaction type:

Investor Premier

Purchase & Rate/Term Refinance	.75x – See FICO/DSCR Program Matrix and LTV Table in policy for additional restrictions
Cash Out Refinance	1.0x – See FICO/DSCR Program Matrix and LTV Table in policy for additional restrictions

Short Term Rental	1.1x – Purchase 1.0x - Refinance
First Time Investor – Purchase or Rate/Term	1.0x – See First Time Investor section of policy for additional restrictions

*See the program specific sections of Dominion Financial guidelines and program specific matrices for additional restrictions.

LEASE REQUIREMENTS

- Properties leased to family members are not allowed
- Lease must have an initial term of at least 12 months – Shorter periods will be reviewed on case-by-case basis for Investor Premier program only
- Maximum lease term of 3 years
- No purchase or sale-leaseback options are permitted
- No individual room leases, Single Room Occupancy (SRO), or boarder leases permitted
- Leases that permit subletting as a short-term rental are not permitted
- No commercial use allowed

PROPERTY VACANCY/OCCUPANCY REQUIREMENTS

Purchase:

- Unoccupied/Vacant property allowed without restrictions for both Investor Premier and Investor Premier Elite

Refinance:

- Unoccupied/Vacant Property allowed only if recently rehabbed or if property is a short-term rental.
 - For recent rehab - Proof of recent renovations and current rental listing must be included in file

Investor Premier – LTV:

- LTV for vacant unit(s) is capped at 70% LTV or the LTV from FICO/Loan Amount Matrix (whichever is less).

BORROWER EXPERIENCE

EXPERIENCED INVESTOR

Experienced Investor Definitions:

Investor Premier:

An experienced investor is an individual borrower who has a history of owning and managing commercial or non-owner occupied residential real estate for at least 1 year in the last 3 years. For files with more than one borrower, only one borrower must meet the definition.

FIRST-TIME INVESTOR

A First-Time Investor is a borrower not meeting the Experienced Investor definition, but who currently owns a primary residence for at least one (1) year.

First Time Investors are eligible subject to the following restrictions:

Investor Premier:

- Minimum DSCR of 1.0x
- Minimum credit score: 680
 - If Short-Term Rental minimum FICO of 700
- Maximum LTV/CLTV
 - Purchase – Lesser of 75% LTV or the LTV based on the DSCR/FICO/Loan Balance Matrix
 - Refinance - Lesser of 70% LTV or the LTV based on the DSCR/FICO/Loan Balance Matrix
- Motivation letter required if property is purchased out of state from borrower’s guarantor’s residence
- No mortgage late payments during the past thirty-six (36) months.
- Minimum of 36-months seasoning from any credit event.
- Cash-out transactions not eligible
- First time homebuyers not eligible
 - See Living-Rent Free/Incomplete Housing History for borrower(s) residing with spouse

PROPERTY MANAGEMENT

Investor Premier: Borrower(s)/Guarantors can utilize property management company or self-manage properties with no additional requirements

HOUSING HISTORY REQUIREMENTS – DSCR INVESTOR PREMIER

Housing history requirements for the Investor Premier program is limited to verifying the borrower’s primary residence and the subject property (if a refinance transaction).

Investor Premier: One 30-day mortgage late payment within the last 12 months (1x30x12) is acceptable.

Investor Premier 5-10 Multifamily: No mortgage late payments within the last 12 months (0x30x12)

Housing history must meet the following:

- Housing History must cover the most recent 12 months and payments must be paid current as of the loan application date (dependent on length of property ownership)
- If the borrower is renting current residence, then a most recent rental history is required reflecting paid as agreed.
- Any housing event/mortgage late payments reported on the credit report for any property owned by the borrower needs to be included in the housing history eligibility (even if associated with property other than Primary or Subject)
- For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required.
 - For Primary Residence and Subject (if refinance), must document that mortgages are paid as agreed through closing
- Primary residence owned free & clear requires a Property Profile Report or similar document
 - Properties owned Free and Clear require evidence that property taxes are current
- For Living Rent Free or, Incomplete Housing History scenarios refer to [Living Rent Free/Incomplete Housing History](#) section of policy
- Payoffs that reflect late fees, deferred balances or delinquent interest more than 30 days are subject to housing history requirements and transaction will be treated as cash out (if max late payments not exceeded)

MINIMUM RESERVE REQUIREMENTS

The following tables list the minimum reserve/liquidity requirements based on loan program/loan features:

Investor Premier

Loan Feature	Months of Reserves
DSCR 1.0x+ w/ LTV less than or equal to 70%	3 months
DSCR 1.0x+ w/ LTV greater than 70%	6 months
DSCR .75x - .99x	6 months
Cash Out Refinance	6 Months
Loan Amount > \$1.5M	6 Months
Loan Amount > \$2.5M	12 Months
Escrow Waiver	12 Months *See Escrow section of policy for additional requirements

PROGRAM RESTRICTIONS

- No rural properties as defined by any of the following:
 - Appraisal (Including appraisal commentary that references rural/rural characteristics)
 - Neighborhood is less than 25% built up
 - Subject is in a community with a population of less than 25,000 (properties in towns with population less than 25,000 will be reviewed case-by-case)
 - County/City Zoning
 - Properties with no zoning will be reviewed on case-by-case basis
 - No paved service road
- Maximum of 2-acres. Truncating to meet acreage limits is not permitted.
- Gift funds permitted after a minimum 10% borrower contribution, documented per [Section – Asset Documentation](#)
- Neither the borrower, or the borrower’s immediate family shall occupy the subject property at any time.
- Cash-out on an investment property where loan proceeds are used for consumer purpose.
- When the subject property is encumbered by a blank/cross collateralized loan, the transaction is considered cashout. Copy of the note will be required to verify the payoff/release terms
- Interest reserve accounts are not permitted

LTV MAXIMUMS

See Tables below for Maximum LTV allowed based on program/transaction type:

Investor Premier (1-4 Unit)*

Purchase– 1 Unit	80% - See FICO/DSCR program matrix for additional limitations
Rate/Term & Cash Out Refinance	75% - See FICO/DSCR program matrix for additional limitations
2-4 Unit Properties	75% - Purchase

	70% - Rate/Term and Cash Out Refinance
Condominiums – Warrantable and Non-Warrantable	75% - Purchase 70% - Rate/Term and Cash Out Refinance
Short Term Rental (Min FICO of 700)	75% - Purchase w/ 1 year experience operating a STR 70% - Purchase without 1 year operating a STR 70% - Refinance
First Time Investor (Min FICO of 680)	75% - Purchase 70% - Rate/Term Refinance
Unleased Properties - Refinance	70% - See Long-Term Rental section of policy for additional requirements
Recent Acquisitions - Inheritance/Divorce	60%
Declining Markets (as defined by appraiser)	10% reduction from Max LTV borrower qualifies for from FICO/DSCR program matrix
Cash Out Refinance of Subject property listed for sale within the last 12 months	70%
CT, FL, IL, NJ, and NY Properties	75% – Purchase 70% – Rate/Term and Cash Out Refinances
Interest Only (Min FICO of 680)	75% - Purchase & Rate/Term 70% - Cash Out

*See the program specific sections of Dominion Financial guidelines and program specific matrices for additional restrictions. Actual Maximum LTV available to borrower(s)/guarantor(s) will be limited to the lesser of LTV above or the maximum LTV from the FICO/DSCR eligibility program matrix.

BORROWER APPLICATION

- The borrower information section of the loan application should be completed.
- REO Section of application must include, at a minimum, the borrower’s primary residence (if owned) and the subject property (if a refinance)
- The borrower’s contact information must be provided on the loan application.
- No proof of borrower income is required.

DEFAULT EVENT

If a loan payment is delinquent for 60 days, Dominion Financial’s loan servicer will enforce the provisions from the following:

- 1-4 Family Rider (Fannie Mae® Form 3170): Paragraph “G” - Assignment of Leases.
- Assignment of Leases and Rents Rider: Paragraph 5

4.14.2 INVESTOR PREMIER PLUS (1-4)

Investor Premier Plus is an enhanced DSCR product which follows all standard Investor Premier 1-4 underwriting guidelines with the following overlays:

- Minimum 700 FICO
- Loan amounts ≤ \$150,000 (exception only) – require min 1.25 DSCR
- Non-Permanent Resident Aliens and Foreign Nationals not permitted
- Minimum 3 Year Prepay Penalty Required. Non-PPP state restrictions apply. PPP Restricted states are ineligible.

- 40-Yr Fixed and 40-Yr ARM fully amortizing products not permitted
- Short-term rental: Not allowed
- 5 Acres Max. Rural property not allowed
- Geographic Restriction: Georgia loans must be closed in an entity to be eligible for Investor Premier

All other requirements of the Investor Premier 1-4 underwriting guidelines should be followed, in conjunction with the Investor Premier Plus product matrix for LTV/DSCR/FICO and other requirements.

See specific product matrix for LTV/DSCR/FICO requirements

4.14.3 INVESTOR PREMIER MULTIFAMILY 5-10 UNIT PROPERTY

PROPERTY INCOME ANALYSIS

- Minimum DSCR \geq 1.00
- DSCR = Eligible monthly rents/PITIA (Loans with an interest only feature may use the ITIA payment)
- Leased - Use lower of Estimated market rent or lease agreement.
- Reduce qualifying rents by any management fee reflected on appraisal report.
- Copies of any existing leases must be provided (Purchase and Refinance Transactions)
- Must document receipt of rent for most recent 2 months to pair with Lease Agreement (if occupied)
- If the lease has converted to month-to-month, then provide most recent two (2) months proof of receipt to evidence continuance of lease. If unable to provide evidence of receipt, the unit will be treated as vacant
 - Original lease term must have been at least 6 months
- Vacant Unit(s) – Use 75% of market rents.
 - Max: 2 vacancies on 5+ Unit properties
 - Vacant units must be actively marketed for rent. Provide screenshot of listing or other documentation
- Short Term Rental Income – Not Eligible for 5-10 Multi-Family Properties
- Neither the Borrower(s) nor the borrower’s immediate family shall at any time occupy the property.

BORROWER EXPERIENCE

- Experienced Investors only – Borrower must have a history of owning two (2) or more properties for at least twelve (12) months during the most recent thirty-six (36) month period. One (1) property must be an income producing property (residential or commercial)
- First-time investors are not eligible.

OCCUPANCY

- Residential unit(s) not permitted to be occupied by the borrower or the borrower’s immediate family.
- Occupancy Affidavit to be executed by borrower at initial application & closing.

ELIGIBLE PROPERTY

- Residential 5-10 Units (Max 2-acres – Rural Ineligible)
 - Unleased Units
 - Maximum of 2 unleased units on 5+ unit property

PROPERTY CONDITION

- No environmental issues (Storage or use of hazardous material i.e., Dry Cleaners, Laundromat , chemical storage, fuel station, auto body repair)

- No Fair or poor ratings
- No health or safety issues (As noted by appraiser, i.e., broken windows, stairs)
- No excessive deferred maintenance that could become a health or safety issue for tenants
- No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing)

See Ineligible Properties section of policy (4.1.43) for additional ineligible property characteristics.

PREPAYMENT PENALTY

Eligible prepayment penalties limited to either a fixed percentage or declining percentage style. 6 months advance interest is not eligible for 5-10 unit properties.

ELIGIBILITY REQUIREMENTS

Maximum loan term cannot exceed 30-years.

MINIMUM RESERVE REQUIREMENTS

The minimum reserve requirement for the 5-10 Multifamily program is as follows:

Loan Feature	Months of Reserves
Loan amount less than or equal to \$1,500,000	6 months
Loan amount greater than \$1,500,000	9 months

NOTE: Gift Funds are NOT an eligible asset and Cash Out Proceeds are NOT eligible for reserves under the 5-10 Multifamily program.

For additional asset documentation requirements, reference Asset Section of policy (4.1.35 - 4.1.39).

4.15 CROSS COLLATERAL

The term cross collateral loan refers to a single mortgage that covers three (3) or more properties. The properties are held together as collateral on the mortgage, but the individual pieces of real estate may be sold without extinguishing the entire mortgage. Traditional mortgages typically have a “due-on-sale clause,” which stipulates that if property secured by the mortgage is sold, the entire outstanding mortgage debt must be paid in full immediately. With a cross collateral mortgage, a partial release clause allows the sale of portions of the secured

property and corresponding partial repayment of the loan. This is done to facilitate purchases and sales of multiple units of property with the convenience of a single mortgage.

4.15.1 ELIGIBILITY REQUIREMENTS

- Only experienced investors are eligible for cross collateral loans.
- 1-4 residential units are eligible. 5-8 Residential and 2-8 Mixed use property are not eligible.
- Seller to complete cross collateral workbook and upload to PODIUM portal.
- Mixed transactions (i.e., Purchase, Cash-out) permitted, however, eligibility/pricing is based upon most conservative transaction type.
- DSCR: A Loan DSCR and Property DSCR is required to be calculated.
- The maximum loan term cannot exceed 30 years.
- Loan DSCR:
 - Minimum loan DSCR is 1.20.
 - Loan DSCR is calculated as follows:
 - Total of gross rental income for all properties/loan PITIA.
- Property DSCR:
 - Minimum DSCR requirements for each property:
 - Amortizing payment – 1.00
 - Interest Only – 1.20
 - Property DSCR is calculated as follows:
 - Rental income per property/Allocated loan amount PITIA
 - Rental income documentation/determination – see [Section - 1-4 Family Residential Property](#)
- Property Count: Minimum – 3; Maximum – 25
- Partial Release: 120% of the allocated balance required to be paid to obtain a partial release
- Prepayment Penalties: Required subject to State eligibility restrictions.
 - The prepayment penalty is assessed when:
 - The loan prepays in full during the prepay period; or
 - A partial release payment is made during the prepay period. The prepay penalty amount is based upon the release price.
 - Acceptable structures include the following:
 - 5% fixed up to 5-years
 - Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years. For example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%)
- Cash Out Seasoning – Property value based upon the lower of acquisition cost plus documented improvements or current appraised value for any property acquired within 6-months of the note date.
- Eligible Borrower Types – Vesting permitted as follows:
 - Individual(s): U.S. Citizen or Permanent Resident (See [Section - Citizenship](#))

- Entities: Limited Liability Company, Partnership, or Corporation (See [Section - Vesting For Business Purpose Loans](#))
- Closing Documentation – The Dominion Financial Wholesale Business Purpose documents or a similar commercial style closing documents must be utilized.
- Cross Collateral loans cannot be originated or assigned to MERS.
- See product matrix and rate sheet for fee information.

APPRAISAL REQUIREMENTS

- 1-4 Units
 - See Appraisal Requirements for 1-4 Unit Residential in [Section - Appraisal Requirements 1-4 Unit Residential](#) for complete criteria.
 - Review product required: SSR with a score of 2.5 or less, CDA, ARA, or ARR

GROSS RENT DOCUMENTATION REQUIREMENTS

- Purchase
 - FNMA Form 1007, if applicable.
 - Existing lease agreement(s), if applicable.
 - If the existing lease is being transferred to the borrower, the Seller must verify that it does not contain any provisions that could affect the first lien position of the subject property.
- Refinance
 - FNMA Form 1007, if applicable.
 - Existing lease agreement(s), if applicable.
 - If subject property leased on a short-term basis is utilizing an on-line service such as Airbnb; gross monthly rents can be determined by using a 12-month look back period; and either 12-monthly statements, or an annual statement provided by the on-line service to document receipt of rental income. In addition, a screen shot of the online listing must show the property is actively marketed as a short-term rental. A 5% LTV reduction is required when using short term rental income to qualify.

DEBT SERVICE COVERAGE RATION (DSCR) – CALCULATION REQUIREMENTS

- Leased property: DSCR is based upon the contracted monthly rent amount from the lease:
 - A property is considered Leased” when there is an executed long term (Min. 12-months) lease agreement between the lessor and lessee.
 - Most recent two months of rent payment per lease agreement is required.
- Unleased and vacant property: DSCR is based upon the estimate of the monthly rent of the subject. The final reconciliation of Market Rent must be based on a 12-month rent schedule.
 - A property is considered unleased and vacant when no long term executed lease is in

place. The Borrower should provide the cause of vacancy (Letter of Explanation) for refinance transactions, such as recently completed renovation, tenant turnover, etc.

- Vacancies
 - 1-4 Units – Vacant unit qualify at 75% of market rent (Maximum 1 vacancy).

ELIGIBLE TENANT

- Neither the Borrower(s) nor the borrower’s immediate family shall at any time occupy the properties.
- Borrower affiliated tenants are defined as any borrower or guarantor, any affiliate of the borrower/guarantor, any holder of a direct or indirect interest in Borrower or such affiliate, any officer, director, executive employee, or manager of the borrowing entity, and any family member (including spouse, siblings, ancestors, and lineal descendants) of any person or entity described in the preceding.
- Borrower(s) must attest that all tenants are non-borrower affiliated.

LEASE AND OCCUPANCY REQUIREMENTS

- Copies of any existing leases must be provided (Purchase and Refinance transactions).
- All units must be residential units that are currently occupied and leased to tenants, except that up to 10% of the units for a loan may be comprised of units which are currently vacant, but in lease-ready condition. Notwithstanding the foregoing, for portfolios of less than 10 units, up to one (1) unit may be vacant in the normal course of lease turnover.
- All properties must be either leased to an eligible tenant or in lease ready condition meaning the properties have been cleaned, no renovations or repairs to the properties are needed and the properties are immediately available to be leased to an eligible tenant.
- Corporate lease agreements are acceptable with lease terms consistent with typical market standards and will be subject to standard market rent verification.
- Lease Agreements that allow Single Room Occupancy (SRO), or boarder leases are not permitted.
- Third-party sale-and-leaseback agreements and contract for deed transactions will not be permitted.
- Leases must be in U.S. dollars.

4.15.2 RESTRICTIONS

- Gift funds are not allowed.
- Escrow waivers are not allowed.

4.16 PROPERTY ELIGIBILITY

4.16.1 APPRAISALS

APPRAISAL REQUIREMENTS 1-4 UNIT RESIDENTIAL

Dominion Financial reserves the right to review all valuation reports and determine if the subject property value is supported.

Appraisers must meet all industry standards and be State Certified. State Licensed Appraisers and Trainees are not permitted. All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and Fannie Mae[®] guidelines, including Universal Appraisal Dataset (UAD) requirements. Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. Dominion Financial reserves the right to restrict the use of any specific appraiser and/or appraisal management company at its discretion.

Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan. For guidance in the manual review of an appraisal report, see the [Appraisal Review Guide](#).

The age and price of the subject property should fall within the age and price range of properties in the subject neighborhood. Comparable properties should be selected from the same neighborhood when possible. Selection of a comparable outside the subject neighborhood should be addressed within the report. For condominiums, at least one comparable should be from outside the subject project. Ideally, comparable sales should be within six months of the report date. Older comparable sales that are the best indicator of value should be addressed in comments by the appraiser.

A Full Interior/Exterior appraisal report requires use of one of the following forms depending on the property type:

- Uniform Residential Appraisal Report - Fannie Mae[®]/Freddie Mac Forms 1004/70
- Small Residential Income Property Report - Fannie Mae[®]/Freddie Mac Forms 1025/72
- Individual Condominium Unit Appraisal Report - Fannie Mae[®]/Freddie Mac Forms 1073/465
- Appraisal Update and/or Completion Report - Fannie Mae[®]/Freddie Mac Forms 1004D/442
- Single Family Comparable Rent Schedule - Fannie Mae[®]/Freddie Mac Forms 1007/1000

The appraisal must include color interior and exterior photos, aerial photo, sketch or floor plan, map and flood map, plot plan/survey, and appraiser qualifications.

Sellers must order appraisals using one of two processes. The appraisal must either be ordered through an Appraisal Management Company (AMC) that complies with Appraiser Independence Requirements (AIR), or via the correspondent's own AIR-compliant process.

Appraisal Delivery Requirements for 1-4 Unit Residential Appraisals:

- E-Consent in File: Must document that the appraisal has been sent and opened/accessed by the borrower at least 3 business days prior to closing. Any appraisal correction must also be provided to the borrower and proof of delivery must be in the file.
- E-Consent not available: Must document that the appraisal has been mailed to the borrower at least 6 business days prior to closing. Any appraisal correction must also be provided to the borrower and proof of delivery must be in the file.

- If borrower provides proof/acknowledgement of receipt of mailed appraisal within 3 days of mailing, then waiting period can be reduced based on date of receipt (3 business days from date of receipt)

Waiting period requirements can be waived with a signed appraisal waiver when the waiver pertains solely to the applicant's receipt of a copy of an appraisal that contains only clerical changes from a prior version.

APPRAISER LICENSE AND CERTIFICATION

The appraisal report forms identify the appraiser as the individual who:

- Performed the analysis, and
- Prepared and signed the original report as the appraiser.

This does not preclude appraisers from relying on individuals who are not state-licensed or state-certified to provide significant professional assistance, such as an appraiser trainee.

An unlicensed or uncertified appraiser, or trainee (or some other similar classification) may perform a significant amount of the appraisal (or the entire appraisal if they are qualified to do so). If an unlicensed or uncertified individual provides significant professional assistance, they must sign the left side of the appraisal certification as the Appraiser if:

- They are working under the supervision of a state-licensed or state-certified appraiser as an employee or sub-contractor,
- The right side of the appraiser certification is signed by that supervisory appraiser, and
- It is acceptable under state law.

APPRAISAL AGE

The appraisal should be dated no more than 180 days prior to the Note date.

When an appraisal report will be more than 120 days old on the date of the Note, regardless of whether the property was appraised as proposed or existing construction, the original appraiser must inspect the exterior of the property and review current market data to determine whether the property has declined in value since the date of the original appraisal. This inspection and results of the analysis must be reported on the Appraisal Update and/or Completion Report (Form 1004D).

- If the appraiser indicates on the Form 1004D that the property value has declined, then the seller must obtain a new appraisal for the property.
- If the appraiser indicates on the Form 1004D that the property value has *not* declined, then the seller may proceed with the loan in process without requiring any additional fieldwork.

Appraisals over 180 days old as of note date will require a new appraisal be ordered and a 1004D cannot be utilized.

Not eligible for Dominion Financial purchase: Properties for which the appraisal indicates condition ratings of C5 or C6, or a quality rating of Q6, as determined under the Uniform Appraisal Dataset (UAD) guidelines. Dominion Financial will consider purchase if the issue has been corrected prior to loan funding and with proper documentation.

SECOND APPRAISAL

A second appraisal is required when any of the following conditions exist:

- The loan balance exceeds \$2,000,000 for either a single property loan or the allocated loan balance of a property within a cross-collateral loan
- As required under the Appraisal Review Products section of this guide.
- The transaction is a flip as defined in the [TILA/Higher Priced Mortgage Loan \(HPML\) Appraisal Rule for Property Flips](#) section of this guide.

When a second appraisal is provided, the transaction's "Appraised Value" will be the lower of the two appraisals. The second appraisal must be from a different company and appraiser than the first appraisal.

APPRAISAL EVALUATION

The sales comparison approach must be used as the final appraised value.

SUBJECT ANALYSIS

- Loans Vesting in an Entity: Borrower name disclosed on the appraisal report may reflect the individual member(s) of the entity or the entity name.

NEIGHBORHOOD ANALYSIS

- Neighborhood boundaries should be described using the four (4) cardinal directions, streets, waterways, other geographic features, and natural boundaries that define the separation of one neighborhood from another.
- Neighborhood characteristics should be described with types and sizes of structures, architectural styles, current land uses, site sizes, and street patterns or designs.
- Factors that affect value and marketability should be mentioned in as much detail as possible - e.g., proximity of the property to employment and amenities, public transit, employment stability, market history, and environmental considerations.

EXISTING CONSTRUCTION

- If the appraiser reports the existence of minor conditions or deferred maintenance items that do not affect the safety, soundness, or structural integrity of the property, the appraiser may complete the appraisal "as is." These items must be reflected in the appraiser's opinion of value.
- When there are incomplete items or conditions that do affect the safety, soundness, or structural integrity of the property, the property must be appraised subject to completion of the specific alterations or repairs. These items can include a partially completed addition or renovation, or physical deficiencies that could affect the safety, soundness, or structural integrity of the improvements, including but not limited to, cracks or settlement in the foundation, water seepage, active roof leaks, curled or cupped roof shingles, or inadequate electrical service or plumbing fixtures. In such cases, the Seller must obtain a certificate of completion from the appraiser before the mortgage is delivered to Dominion Financial.
- Negative property influences must be disclosed and adjusted accordingly by the appraiser. Including but not limited to: Water Tower, Cell Tower, Gas Station, Railroad Tracks, Landfill/Dump, Auto Repair, Auto Sales, Highway Overpass, On- & Off-Ramp, Billboards/Advertisements, Airports, Hospitals, Police & Fire Stations
- Properties with unpermitted additions: appraiser to determine if addition is completed in a workman like manner

- Permanent and Functioning Heat Source – A permanent heat source is required except for properties located in geographic areas where it is typical not to have heat source and has no adverse effect on marketability.
- Legal non-conforming zoned properties must indicate that the subject property can be rebuilt if it is severely damaged or destroyed.
- Properties near commercial influence are ineligible if any of the following exist:
 - Environmental hazards with potential impact to health and safety
 - Located near Industrial Factory or Power Plants
 - Located in area with few residential properties/low residential density
- Requirements for properties near commercial influence:
 - Minimum 1 comparable sale with similar commercial influence
 - Appraiser must adjust for commercial influence if all comps are not located within the commercial influence

SUBJECT SECTION

The appraiser is required to research and identify whether the subject property is currently for sale or if it has been offered for sale in the 12 months prior to the effective date of the appraisal. If the answer is ‘No,’ the data source(s) used must be provided. If the answer is ‘Yes,’ the appraiser must report on each occurrence or listing and provide the following information:

- Offering price(s)
- Offering date(s)
- Data source(s) used
- For example, if the subject property is currently listed for sale and was previously listed eight months ago, the appraiser must report both offerings.

ACTUAL AND EFFECTIVE AGES

There is no restriction on the actual age of the dwelling. Older dwellings that meet general requirements are acceptable. Improvements for all properties must be of the quality and condition that will be acceptable to typical purchasers in the subject neighborhood. The relationship between the actual and effective ages of the property is a good indication of its condition. A property that has been well-maintained generally will have an effective age somewhat lower than its actual age. On the other hand, a property that has an effective age higher than its actual age probably has not been well-maintained or might have a specific physical problem. In such cases, the Seller should pay particular attention to the condition of the subject property in its review of any appraisal report. When the appraiser adjusts for the “Year Built,” he or she must explain those adjustments.

ACCESSORY DWELLING UNITS (ADU)

Dominion Financial will purchase a one-unit property with an accessory dwelling unit (ADUs). See following program specific requirements section for additional requirements for specific loan programs. An accessory unit is typically an additional living area independent of the primary dwelling unit and includes a fully functioning kitchen and bathroom. Some examples may include a living area over a garage and basement units. Whether a property is defined as a one-unit property with an accessory unit or a two-unit property will be based on the characteristics of the property, which may include, but are not limited to, the existence of separate utilities, a unique postal address, and whether the unit is rented. The appraiser is required to provide a description of the accessory unit and analyze any effect it has on the value or marketability of the subject property.

If the property contains an accessory unit, the property is eligible under the following conditions:

- The property is defined as a one-unit property.
- The property must conform with all zoning requirements.
- There is only one accessory unit on the property; multiple ADUs are not permitted
 - The ADU must be substantially smaller than the main dwelling
- The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use.
- If zoning (current or grandfathered) permits an accessory unit the rental income may be included, subject to the following:
 - The ADU must be a permitted addition. Unpermitted additions cannot be included in DSCR calculation.
 - Appraisal reflects the accessory is legal and the appraisal report includes at least one comp with an accessory unit.
 - The market rent for the accessory unit must be documented on FNMA Form 1007. Utilize the lesser of the market rent from the 1007 or the actual lease amount for DSCR calculation purposes.
 - Refinance: For refinances the file must include a copy of a current lease with two (2) months proof of current receipt.
 - Purchase: For purchases the borrower must provide a written attestation/LOE regarding their intent to lease the ADU.
 - If the rental income from an ADU is not included in the DSCR calculation, then an underwriter attestation is required explaining why the ADU is not included in the calculation

PROGRAM SPECIFIC REQUIREMENTS – ACCESSORY DWELLING UNITS (ADU)

Investor Premier Elite: Accessory Dwelling Units (ADUs) will be reviewed by management on a case-by-case basis. If approved, the ADU must be included in the unit count, appraisal, hazard/flood insurance, and title coverage.

OUTBUILDINGS

A Seller must give properties with outbuildings special consideration in the appraisal report review to ensure that the property is residential in nature. Descriptions of the outbuildings should be reported in the Improvements and Sales Comparison Approach sections of the appraisal report form.

TYPE OF OUTBUILDING	SUITABILITY
Minimal outbuildings, such as small barns or stables, that have relatively insignificant value in relation to the total appraised value of the subject property	The appraiser must demonstrate, using comparable sales with similar amenities, that the improvements are typical of the residential properties in the subject area for which an active, viable residential market exists.
An atypical minimal building	The property is acceptable provided the appraiser’s analysis reflects little or no contributory value for it.
Significant outbuildings, such as silos, large barns, storage areas, or facilities for farm-type animals	The presence of the outbuildings may indicate that the property is agricultural in nature. The Seller must determine whether the property is residential in nature, regardless of whether the appraiser assigns value to the outbuildings.

TRANSFER OF APPRAISAL

Appraisal transfers are permitted with approval from Dominion Financial to ensure compliance with the Home Value Code of Conduct (HVCC) and Appraiser Independence requirements and are subject to the following requirements:

- Appraisal must have been completed by an AMC.
- Appraisal cannot have been ordered by borrower or seller/affiliate of seller
- Transferred appraisal must be addressed/assigned to Dominion Financial
- The appraisal must be less than 60-days old (less than 120-days at closing) and completed by an Appraisal Management Company.
- AIR Certification should be attached to the appraisal.
- Borrower to confirm in writing they received a copy of the appraisal.

Appraisal transfers that do not meet these requirements will require a new appraisal to be ordered. If any material corrections are required on transferred appraisal, then a new appraisal must be ordered.

PRIVATE ROADS

Require a permanent easement for ingress and egress with provisions for road maintenance.

APPRAISAL REQUIREMENTS FOR 5-10 RESIDENTIAL PROPERTIES

5-10 UNIT RESIDENTIAL PROPERTIES

A full interior inspection with photos is required for all units. The sales comparison approach should be used as the appraised value. If multiple appraisals are obtained, the lowest value must be used.

The following appraisal forms are acceptable:

- FHLMC Form 71A, FHLMC Form 71B, FNMA Form 1050 or similar short form can be used to appraise 5+ residential properties,
or
- A narrative report for complex higher value property; appraisers may require the report to be in narrative form to adequately cover the scope of the project.

Note: Appraisal Transfers are NOT permitted on 5-10 unit properties. Appraisals must be in Dominion Financial Wholesale's name.

APPRAISAL ATTACHMENTS REQUIRED FOR 5-10 UNIT PROPERTIES

- Rent Roll
- Income and Expense Statement
- Photos of subject including exterior/interior and street scene
 - Interior photos of all units should be included.
- Aerial photo
- Sketch or floor plan of typical units
- Map (including flood map)
- Plot plan or survey
- Appraiser qualifications (must be Certified General appraiser in order to appraised 5-10 unit properties)

PROPERTY CONDITION

- Appraisals that are completed “subject to” are not eligible
- No fair or poor ratings
- No environmental issues (Storage or use of hazardous material i.e., Dry Cleaners, Laundromat)
- No health or safety issues (As noted by appraiser, i.e., broken windows, stairs)
- No excessive deferred maintenance that could become a health or safety issue for tenants
- No structural deferred maintenance, (i.e., Foundation, roof, electrical, plumbing)
 - Deferred maintenance cannot exceed 3% of the value of the subject property and cannot include items that cause health or safety concerns

APPRAISAL REVIEW REQUIREMENTS

APPRAISAL REVIEW PRODUCTS 1-4 RESIDENTIAL PROPERTY

An appraisal review product is required on every loan file unless a second appraisal is obtained. The appraisal review product should provide an “as is” value for the subject property (the “Appraisal Review Value”) as of the date of the subject loan transaction.

Investor Premier

Three (3) Appraisal Review Product options are available:

- The Seller may submit the appraisal report to Collateral Underwriter® (CU®) or Loan Collateral Advisor® (LCA). An eligible score is 2.5 or less. The file must include a copy of the Submission Summary Report (SSR). (Only one score required, if both scores (CU & LCA) provided, both required to be 2.5 or less).
- If SSR score is greater than 2.5, then an enhanced desk review product from one of the following choices:
 - ARR from Pro Teck
 - CDA from Clear Capital
 - If the ARR/CDA is unable to provide a value then a Field Review or 2nd appraisal will be required
 - If the ARR/CDA is +/- 10% from the appraised value, then the CDA/ARR is NOT acceptable. A field/review or 2nd appraisal must be ordered to retain eligibility.

A field review or a second appraisal is acceptable as an appraisal review product. These may not be from the same appraiser or appraisal company as the original report.

APPRAISAL REVIEW PRODUCT FOR 5-10 UNIT RESIDENTIAL PROPERTIES

- A commercial sales and income Broker Price Opinion (BPO) is required. The appraised value is considered valid if the BPO is greater than or not more than 10% below the value of the appraisal. If the BPO is more than 10% below the appraised value, then the BPO value is used to determine the loan LTV.
- In Pennsylvania and North Carolina, a commercial evaluation product is used instead of the BPO product.
- A second appraisal may be provided. The transaction’s “Appraised Value” will be the lower of the two appraisals. The second appraisal must be from a different company and appraiser.

MINIMUM PROPERTY REQUIREMENTS

MINIMUM SQUARE FOOTAGE			
Single Family (1 Unit) 700 sq. ft	Condominium 500 sq. ft	2-4 Units 500 sq ft per individual unit	5-10 Unit 400 sq ft per individual unit

All properties must:

- Be improved real property.

- Be accessible and available for year-round residential use.
- Contain a full kitchen and a bathroom. Kitchenettes are not eligible.
- Represent the highest and best use of the property.
- Not contain any health or safety issues.

PERSONAL PROPERTY

Any personal property transferred with a real property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV.

ESCROW HOLDBACKS

Escrow holdbacks are not allowed. Any repair or maintenance required by the appraiser must be completed prior to loan purchase. Dominion Financial will not acquire any loan with an escrow holdback.

DECLINING MARKETS

If the trend of property values is downward, a “Declining Market” exists. This requires a 10% LTV reduction from the maximum LTV that the borrower qualifies for per the specific program FICO/Loan amount matrix.

STATE LTV OVERLAYS

- See program specific matrix for applicable state LTV overlays.

4.16.2 PROPERTY TYPES

ELIGIBLE PROPERTIES

- Single Family Detached (maximum of 6 bedrooms)
- Single Family Attached (maximum of 6 bedrooms)
- 2-4 Unit residential properties
 - 2 to 4 Unit Properties: Max LTV of 75%
- 5-10 Unit residential properties (DSCR only)
- Condominiums
 - **Investor Premier, Prestige, and Prestige Plus:** Warrantable and Non-Warrantable
- Modular homes
- Properties of:
 - Up to 2 Acres (**Investor Premier** and **Investor Premier 5-10 Unit Multifamily**)
 - Up to 20 acres (**Prestige** and **Prestige Plus**)
 - Cannot be defined as Rural
- Multiple Assessor Parcel Numbers (APNs) are acceptable if the subject dwelling is on one lot or built across both parcels. Improvements allowed on adjoining parcel(s) are limited to non-residential improvements (e.g. garage).

INELIGIBLE PROPERTIES

- Vacant land or land development properties
- Single Family residences with more than 6 bedrooms

- Mixed Use Properties
- Properties not readily accessible by roads that meet local standards
- Properties not suitable for year-round occupancy, regardless of location
- Agricultural properties (including farms, ranches, or orchards)
- Commercial Zoned (except condos)
- Industrial Zoning
- Live/Work Condos
- Condotels
- Properties with Mandatory Rental Pools
- Manufactured or Mobile homes
- Co-ops
- Projects that include registration services and offer rentals of units on a daily, weekly, or monthly basis
- Cooperative share loans
- Boarding houses or bed/breakfast properties
- Properties with zoning violations
- Properties with underground oil tanks
- Total or partially condemned properties (including threatened or pending eminent domain)
- Dome or geodesic homes
- Assisted living facilities/Continuing Care Facilities
- Homes on Native American Land (Reservations)
- Log homes or log home characteristics
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Fractional ownership/Timeshares
- Properties used for the cultivation, distribution, manufacture, or sale of marijuana
- Properties with known adverse environmental conditions
- Builder Model Leaseback
- Unsold Builder Inventory
- C5 or C6 condition properties (per appraisal)
- Rural property:
 - A property is classified as rural if:
 - Appraiser indicates property is rural
 - County/City Zoning indicates rural
 - CFPB Rural and Underserved Designation = “Yes” (<https://www.consumerfinance.gov/rural-or-underserved-tool/>)

4.16.3 ACREAGE LIMITATIONS

Limitations based on loan program.

- A maximum of 2 acres – Investor Premier & Investor Premier Elite 1-4 Unit programs
- No truncating allowed

4.16.4 STATE ELIGIBILITY

INVESTMENT OCCUPANCY (BUSINESS PURPOSE)

Eligible States:

Nationwide except for the states/territories listed below

Ineligible States

Investor Premier and Premier 5-10 Unit Multifamily: US Territories (Guam, Puerto Rico, American Samoa, US Virgin Islands, etc)

TEXAS HOME EQUITY LOANS 50(A)(6)

A Texas Section 50(a)(6) mortgage is a home equity loan originated under the provisions of Article XVI, Section 50(a)(6), of the Texas Constitution, which allow a borrower to take equity out of a homestead property under certain conditions. All loans must comply with the requirements listed in the Texas Constitution. Sellers should not rely on Dominion Financial Mortgage Capital categorization of refinance loans for purposes of determining whether compliance with the provisions of Texas Constitution Section 50(a)(6) is required. Sellers should consult with their counsel to determine the applicability of Texas Constitution Section 50(a)(6) to a specific transaction.

Note: Texas A(6) Home Equity Loans are not eligible under the Investor Premier or Investor Premier Elite loan programs

NEW YORK – CEMA

Consolidation, Extension, and Modification Agreement (CEMA) may be utilized for refinance transactions secured by property located in the State of New York. Attorneys experienced in reviewing and preparing CEMA documentation will be utilized.

4.16.5 PROPERTY FLIPS

A property is considered a “flip” when the home is being resold within 180 days of the seller’s original purchase date (based on the day the borrower executes sales contract). See the following subsections for flip requirements.

INVESTOR PREMIER – REQUIREMENTS FOR PROPERTY FLIPS:

Flips with resale prices in excess of the following must be reviewed on a case-by-case basis unless it can be documented that the seller acquired the property in a private sale not exposed to a multiple listing service:

- The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower’s purchase agreement.
- The price in the borrower’s purchase agreement exceeds the property Seller’s acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower’s purchase agreement.

If the property is a “flip” as defined above, the following additional requirements apply:

- The property Seller on the purchase contract must be the owner of record.
- The current purchase transaction must be listed with a realtor on the Multiple Listing Services (MLS)
- Increases in value should be documented with commentary from the appraiser and recent comparable sales.

Note: Bank Owned REO and Corporate Relocations are not considered flip transactions under Investor Premier Elite

TILA/HIGHER PRICED MORTGAGE LOANS (HPML) APPRAISAL RULE FOR PROPERTY FLIPS

- Applies to covered HPML transactions under **Prestige and Prestige Plus** programs.
 - Qualified Mortgages (QM) are excluded.
 - Investment Occupancy types are excluded.

If either of the following are true:

- The price in the borrower's purchase agreement exceeds the property Seller's acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower's purchase agreement.
- The price in the borrower's purchase agreement exceeds the property Seller's acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower's purchase agreement.

Then the following additional requirements apply:

- The property Seller on the purchase contract must be the owner of record.
- A second appraisal must be obtained.
- If the loan is subject to Regulation Z, a copy of the second appraisal must be provided to the borrower in compliance with the federal HPML requirements.
- The second appraisal must be dated prior to the loan consummation/note date.
- Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable.
- Increases in value should be documented with commentary from the appraiser and recent comparable sales.

4.16.6 LEASEHOLD PROPERTIES

Leasehold properties are not an acceptable property/ownership vesting type.

4.16.7 DOMINION FINANCIAL EXPOSURE – BORROWER LIMITATIONS

Dominion Financial's exposure to a single borrower shall not exceed \$5,000,000 in current unpaid principal balance (UPB) or ten (10) loans unless reviewed and approved by Dominion Management on a case-by-case basis.

4.16.8 DISASTER AREAS

Sellers are responsible for identifying geographic areas impacted by disasters and taking appropriate steps to ensure the subject property has not been adversely affected. The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA website at www.fema.gov/disasters. In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as earthquakes, floods, tornadoes, or wildfires, additional due diligence must be used to determine if the disaster guidelines should be followed.

APPRAISALS COMPLETED PRIOR TO DISASTER

An exterior inspection of the subject property, performed by the original appraiser, if possible, is required.

- The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- An Inspection Report must include new photographs of the subject property and street view.
- Any damage must be repaired and re-inspected prior to purchase.

APPRAISALS COMPLETED AFTER DISASTER EVENT

- The appraiser must comment on the adverse event and certify that there has been no change in the valuation.
- Any existing damage noted in the original report must be repaired and re-inspected prior to purchase.

DISASTER EVENT OCCURS AFTER CLOSING BUT PRIOR TO LOAN PURCHASE

A loan is ineligible for purchase until an inspection is obtained using one of the following options:

- A Post Disaster Inspection (PDI) Report from Clear Capital or Damage Assessment Report (DAR) from Pro Teck may be used. Any indication of damage reflected on the report will require a re-inspection by the appraiser.
- The appraiser may perform an inspection (Fannie Mae® Form 1004D) and comment on the event and certify that there has been no change to the value.

The guidelines for disaster areas should be followed for 120 days from the disaster declaration date as published by FEMA.

4.16.9 CONDOMINIUMS

A condominium project is one in which individual owners hold title to units in the project along with an undivided interest in the real estate that is designated as the common area for the project. The units in the project must be owned in fee simple and the unit owners must have the sole ownership interest in and rights to the use of, the project's facilities, common elements, and limited common elements. To qualify as an acceptable condominium unit, the condominium project must be common for the area and demonstrate good marketability. The project cannot contain any ineligible projects features as referenced in the Ineligible Project section that follows.

Dominion Financial's project exposure maximum shall be \$5,000,000 or 20% of the total units in the project, whichever is lower.

To qualify as an acceptable condominium unit, the condominium project must be common for the area and demonstrate good marketability.

- Special assessment information is to be provided to determine if there is a critical repair. Provide purpose, amount, term, balance, status, and cost per unit.
- Any projects with significant deferred maintenance or have received a directive from a regulatory or inspection agency to mark repairs due to unsafe conditions are not eligible for purchase. Significant deferred maintenance includes deficiencies that meet one or more of the following criteria:
 - Full or partial evacuation of the building to complete repairs is required for more than seven days or an unknown period of time
 - The project has deficiencies, defects, substantial damage, or deferred maintenance that
 - Are severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements; **or**

- Has improvements in need of substantial repairs and rehabilitation including many major components; **or**
- Impedes the safe and sound functioning of one or more of the building's major structural or mechanical elements, including but not limited to the foundation, roof, load bearing structures, electrical system, HVAC, or plumbing; **or**
- Has critical repairs with one of the following characteristics:
 - Mold, water intrusions or potentially damaging leaks to the project's building(s); **or**
 - Unfunded repairs costing more than \$10,000 per unit undertaken within the next 12-months (does not include repairs made by the unit owner or repairs funded through special assessment).
- California Condominiums:
 - For loans secured by a condominium unit in the state of California, an inspection is required per SB- 326, for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground as evidenced on the condo questionnaire.
 - Projects with an unacceptable or no inspection are ineligible.
- Florida Condominiums:
 - For loans secured by a condominium unit in the state of Florida, if the project is over 30 years old (or 25 years if within 3 miles of the coast), a structural inspection is required for projects 3 stories or greater. The inspection needs to address items that substantially conform to the definition of a milestone inspection as defined in Florida statute 553.899.
 - Inspection must confirm there are no conditions severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements.
 - Projects with an unacceptable or no inspection are ineligible.

Dominion Financial permits condominiums as follows:

Investor Premier: Warrantable and Non-Warrantable – See Warrantable and Non-Warrantable condo tables below for requirements

Investor Premier Elite: Warrantable Condos only - See Warrantable condo table below for requirements

WARRANTABLE CONDO

- For pricing purposes, a condo is warrantable, if it meets Fannie Mae's warrantability criteria, including owner-occupancy rates, financial health of the condo association, limits on single-entity ownership, absence of litigation affecting the complex, and specific insurance requirements
- Warrantability is determined based on review conducted by Dominion confirming that the condominium projects meets the requirements in the Warrantable Condo table that follows.

NON-WARRANTABLE

- For pricing purposes, a condo is non-warrantable if it does not meet Fannie Mae established criteria
- No more than two non-warrantable features can be present for subject property under Investor Premier program

CONDO REVIEWS

Eligible Review Types – Warrantable Condos:

Limited Review for Established Projects <u>except</u> Florida	<ul style="list-style-type: none"> Non-Owner Occupied: ≤ 75% LTV/CLTV
Limited Review for Established Projects in Florida	<ul style="list-style-type: none"> Non-Owner Occupied: ≤ 70% LTV/CLTV
Full Review	<ul style="list-style-type: none"> All new projects Project ineligible for limited review

All Loan secured by condominium projects require a completed Homeowners Association (HOA) questionnaire and condominium review except for the following:

Investor Premier:

Site Condominiums

- Projects consisting entirely of detached (site) units will not require a project review

2-4 Unit project will not require a project review provided the following are met:

- Project is not ineligible. See Ineligible Projects section that follows.
- Evidence of sufficient hazard, flood, and walls-in insurance coverage if the subject unit has individual coverage. If the insurance covers the entire project, it must be sufficient in the event of a total loss.
- Homeowner’s association dues to be included in DTI/DSCR if applicable

Investor Premier Elite:

Site Condominiums and 2-4 Project Reviews and Condo Questionnaires may be required on a case-by-case basis.

WARRANTABLE CONDO REQUIREMENTS

Warrantable Condominiums must meet the following requirements (See Fannie Mae Selling guide for additional warrantable requirements). The loan must include the condominium review completed by Dominion confirming warrantable status of condo project.

Warrantable Condominiums	
Criteria	Requirement
HOA Delinquency	No more than 15% of tenants within an HOA may be delinquent more than 30 Days (including current special assessments)
Budget - Capital Reserves	Budget must provide for the funding of replacement reserves for capital expenditures and deferred maintenance that is at least 10% of the budget (if obtained based on condo review type). Budget must also include allocations for line items pertinent to the type of condo project.
Renter Concentration	No more than 50% of total units may be renter occupied/investment occupancy (for investment property transactions)
Ownership Concentration	Projects with units owned by a single entity (individual, investor group, partnership or corporation) are ineligible when a single entity owns more than the following total number of units in the project: <ul style="list-style-type: none"> • Projects with 5-20 units: 2 units • Projects with ≥ 21 units: 20%
Project Status	Project is 100% complete.

Litigation	Projects in which the HOA is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project are ineligible. See Fannie Mae Condo guidelines for additional details regarding eligible litigation.
Conveyance	Control of HOA has been turned over to unit owners
Commercial Component	No more than 35% of total square footage may be used for commercial purposes
Ownership Interests	Units in the project must be held fee simple
Use Restrictions	The project must not restrict owner occupancy or the ability of new owners to rent units entirely
Significant Deferred Maintenance	Loans secured by units in condo projects with significant deferred maintenance or in projects that have received a directive from a regulatory authority or inspection agency to make repairs due to unsafe conditions are not eligible for purchase. These projects will remain ineligible until the required repairs have been made and documented. Acceptable documentation may include a satisfactory engineering or inspection report, certificate of occupancy, or other substantially similar documentation that shows the repairs have been completed in a manner that resolves the building's safety, soundness, structural integrity, or habitability concerns. See Condo – Significant Deferred Maintenance section of policy for additional information.
Special Assessments	<p>Any current or planned special assessment, even if paid in full for the subject unit, must be reviewed to determine acceptability.</p> <p>The lender must document the loan file with the following:</p> <ul style="list-style-type: none"> • The purpose of the special assessment*, • When was the special assessment approved and is it planned (approved by the unit owners, but not yet initiated by the board) or already being executed, • What was the original amount of the special assessment and the remaining amount to be collected, and • When is the expected date the special assessment will be paid in full. • Borrower must qualify with any outstanding special assessment payment plan <p>* If the special assessment is related to safety, soundness, structural integrity, or habitability (critical repair), all related repairs must be fully completed, or the project is not eligible. Additionally, the lender/appraiser must determine that there is no adverse impact to marketability of the project based on special assessment.</p>
Florida Condominiums	<p>For loans secured by a condominium unit in the state of Florida, if the project is over 30 years old (or 25 years if within 3 miles of the coast), a structural inspection is required for projects greater than three (3) stories. The inspection needs to address items that substantially conform to the definition of a milestone inspection as defined in Florida statute 553.899.</p> <ul style="list-style-type: none"> ▪ Inspection must confirm there are no conditions severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements. Projects with an unacceptable or no inspection are ineligible
Insurance Coverage	<p>Project to meet all Fannie Mae® insurance requirements for property, liability, and fidelity coverage.</p> <p>See Condo Insurance Requirements section of policy for additional details</p>

NON-WARRANTABLE CONDO REQUIREMENTS

Non-Warrantable Condominiums must meet the following requirements to qualify under the Investor Premier program. The underwriter must include the Dominion Financial Condo checklist and attestation on final 1008 confirming non-warrantable condo eligibility.

Non-Warrantable Condominiums	
*No more than two non-warrantable features (as indicated by asterisk) may be present per property	
Criteria	Requirement
LTV	Purchase: 75% Max LTV; Refinance: 70% Max LTV

HOA Delinquency*	No more than 20% of tenants within an HOA may be delinquent more than 60 Days (including special assessments)
Budget - Capital Reserves*	Budget provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is less than 10% of the budget (if obtained based on condo review type).
Conveyance – New Projects*	At least 50% of units must be sold/under bona fide contract and 50% of the units must be owner occupied
Renter Concentration*	No more than 60% of total units may be renter occupied
Ownership Concentration*	For condominium projects consisting of 5 or more units, no more than 20% of units can be owned by a single individual/entity.
Commercial Component*	No more than 50% of total square footage may be used for commercial purposes
Litigation*	Association is not named as party to any material litigation, defined as: Structural/Functional litigation against project/HOA Projects involved in litigation are acceptable provided the lawsuit(s) are not structural/functional in nature which impact the subject unit. The litigation also cannot affect the marketability of the project units. Potential damages cannot exceed 25% of HOA reserves or must obtain documentation from the insurance carrier or attorney representing the insurance carrier that the insurance carrier has agreed to conduct defense, and the HOA insurance policy is sufficient to cover the litigation expense.
Mandatory Memberships*	Mandatory Memberships cannot exceed 10% of the purchase price
Special Assessments	Any current or planned special assessment, even if paid in full for the subject unit, must be reviewed to determine acceptability. The lender must document the loan file with the following: <ul style="list-style-type: none"> • The purpose of the special assessment, • When was the special assessment approved and is it planned (approved by the unit owners, but not yet initiated by the board) or already being executed, • What was the original amount of the special assessment and the remaining amount to be collected, and • When is the expected date the special assessment will be paid in full. • Borrower must qualify with any outstanding special assessment payment plan If the special assessment is related to safety, soundness, structural integrity, or habitability (critical repair), all related repairs must be fully completed, or the project is not eligible. Additionally, the lender/appraiser must determine that there is no adverse impact to marketability of the project based on special assessment.
Conveyance	Control of HOA has been turned over to unit owners (If HOA has not been turned over will be reviewed case-by-case under Premier Elite program)
Project Status	Project is 100% complete. See New Projects Requirements section for additional information related to New Projects.
Florida Condominiums	For loans secured by a condominium unit in the state of Florida, if the project is over 30 years old (or 25 years if within 3 miles of the coast), a structural inspection is required for projects greater than 3 stories. The inspection needs to address items that substantially conform to the definition of a milestone inspection as defined in Florida statute 553.899. ▪ Inspection must confirm there are no conditions severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements. Projects with an unacceptable or no inspection are ineligible
Insurance Coverage	- Coverage amounts less than the full replacement amount is ineligible (Actual Cash Value policy is not permitted) - Projects in a flood zone with no master flood coverage are ineligible (Borrower individual policies are not acceptable) See Condo Insurance Requirements section for additional details
Significant Deferred Maintenance	Loans secured by units in condo projects with significant deferred maintenance or in projects that have received a directive from a regulatory authority or inspection agency to make repairs due to unsafe conditions are not eligible for purchase. These projects will remain ineligible until the required repairs have been made and documented. Acceptable documentation may include a satisfactory engineering or inspection report, certificate of occupancy, or other substantially similar documentation that shows the repairs have

	been completed in a manner that resolves the building’s safety, soundness, structural integrity, or habitability concerns. See Condo – Significant Deferred Maintenance section of policy for additional information.
Miscellaneous	Newly converted, non-full gut rehabs are ineligible All units must be minimum of 500 square feet, must have a functioning kitchen (sink, cooktop/stove/oven, space for full size refrigerator) and at least one bedroom

ESTABLISHED PROJECT REQUIREMENTS

- 90% of the total units in the project must be sold and conveyed to unit owners
- All Phases are complete
- HOA Must be conveyed to the unit owners

NEW PROJECT REQUIREMENTS

- 50% of the total units in the project or subject’s phase must be sold and conveyed to the unit owners AND at least 50% of the units must be owner occupied.
- Project or subject’s legal phase along with other development phases must be complete. All common elements in the project or legal phase must be 100% complete.
 - Project subject to additional phasing will be reviewed on a case-by-case basis.
- HOA should be in control of unit owners – project under Developer or Builder control will be considered on a case-by-case basis only.

CONDO – SIGNIFICANT DEFERRED MAINTENANCE

Significant deferred maintenance includes deficiencies that meet one or more of the following criteria:

- The project has deficiencies, defects, substantial damage, or deferred maintenance that
 - Are severe enough to affect the safety, soundness, structural integrity, or habitability of the improvements; **or**
- Has improvements in need of substantial repairs and rehabilitation including many major components; **or**
- Impedes the safe and sound functioning of one or more of the building’s major structural or mechanical elements, including but not limited to the foundation, roof, load bearing structures, electrical system, HVAC, or plumbing; **or**
- Has critical repairs with one of the following characteristics:
 - Mold, water intrusions or potentially damaging leaks to the project's building(s); **or**
- Unfunded repairs costing more than \$10,000 per unit undertaken within the next 12-months (does not include repairs made by the unit owner or repairs funded through special assessment), **or**
- Full or partial evacuation of the building to complete repairs is required for more than seven days or an unknown period

INELIGIBLE PROJECTS

- A project subject to the rules and regulations of the US Securities and Exchange Commission.
- Timeshare or projects that restrict the owner’s ability to occupy the unit.
- Condotels
- Houseboat project.
- Manufactured home projects.
- Assisted living facilities or any project where the unit owner’s contract includes a lifetime commitment from the facility to care for the unit owner regardless of future health or housing needs.
- Multi-family units where a single deed conveys ownership of more than one, or all of the units.

- Live/Work Condo Projects
- A common-interest apartment
 - A project in which individuals have an undivided interest in a residential apartment building and land and have the right of exclusive occupancy of a specific apartment unit in the building.
 - The project or building is often owned by several owners as tenants-in-common or by a homeowners' association.
- Fragmented or segmented ownership
 - Ownership is limited to a specific period on a recurring basis (i.e., timeshare, quarter share).
- Any project where the developer (or its affiliates) owns the Common and/or Limited Elements and leases the elements back to the HOA.
- Any project that has non-conforming zoning (can't be rebuilt to current density).
- Any project that requires Private Transfer Fees as a part of the transaction, and those fees do not benefit the association.
- Leasehold condominium projects
- Any project in need of critical repairs with one of the following characteristics:
 - mold, water intrusions or potentially damaging leaks to the project's building(s); or
 - unfunded repairs costing more than \$10,000 per unit undertaken within the next 12 months (does not include repairs made by the unit owner or repairs funded through special assessment).
- Any project with significant deferred maintenance or has received a directive from a regulatory or inspection agency to mark repairs due to unsafe conditions.
- Any project where the condo documents give a unit owner or any other party priority over the rights of the first mortgagee.
- Any project not in full compliance with applicable local jurisdiction, State, and all other applicable laws and regulations.

CONDOMINIUM INSURANCE REQUIREMENTS

MASTER INSURANCE

Master property insurance policies are required for the common elements and residential structures unless the condo project requires individual property insurance policies for each unit. In that case, the individual property insurance policy must meet the requirements in Hazard Insurance Requirements section of this policy (3.1.8).

Master insurance policy must provide for claims to be settled on a replacement cost basis. Property insurance policies that provide for claims to be settled on an actual cash value basis are not acceptable. Policies that limit, depreciate, reduce, or otherwise settle losses at anything other than a replacement cost basis are also unacceptable.

Master insurance policy must include the project name and project address for the location of the condo project.

- Master liability of at least \$1,000,000 is required per occurrence.
- Maximum deductible is 10%.

NOTE: Master Liability insurance requirements must be met even if Limited Review is performed by Dominion.

FIDELITY OF EMPLOYEE DISHONESTY INSURANCE FOR CONDOMINIUMS

For condominium projects consisting of more than 20 units, fidelity insurance coverage equaling at least sum of three months of assessments on all units in the project is required. See Fannie Mae Insurance Requirements for additional information.

NOTE: Fidelity Insurance requirements must be met for projects of 20 or more units even if Limited Review is performed by Dominion.

HO-6

If the master or blanket policy does not provide interior unit coverage (replacement of improvements and betterment coverage to cover any improvements that the borrower may have made) the borrower must obtain an HO-6 Policy or “walls-in” coverage.

Coverage Requirements

Investor Premier: The HO-6 insurance policy must provide coverage in an amount as established by the HO-6 insurer.

Investor Premier Elite: The HO-6 insurance policy must provide coverage in an amount equal to or greater than 20% of appraised value -OR- coverage in an amount as established by the HO-6 insurance, whichever is greater.

The maximum deductible amount must be no greater than 5% of the face amount of the policy.

FLOOD INSURANCE

The condominium homeowners’ owners must obtain an NFIP Residential Condominium Building Association Policy (RCBAP) with the following coverage:

- Building Coverage must equal the lesser of:
 - 100% of the insurable value (replacement cost) of the building, including amounts to repair or replace the foundation and its supporting structure); or
 - The total number of units in the condominium building times \$250,000
- Contents Coverage must equal the lesser of:
 - 100% of the insurable value of all contents (including machinery and equipment that are not part of the building) that are owned in common by the association members; or
 - The maximum amount of contents coverage sold by the NFIP for a condominium building
- Deductible may not exceed the maximum deductible amount currently offered by the NFIP

CH. 5 INVESTOR PREMIER ELITE - PRODUCT

The Investor Premier Elite program offers loans with more competitive rates and more stringent criteria than our standard premier offering. Non-QM Investor Premier ELITE loans submitted to Dominion Financial must meet the criteria of the current published Eligibility Guide, as outlined within the following chapter, as of the file submission date for review. Loan submissions which do not meet the Premier Elite guidelines, may be counteroffered to a Premier product ([CH. 4 – Non-QM Premier](#))

5.1 PRODUCT MATRICES – PREMIER ELITE

(See attached Loan Matrices Document)

- Investor Premier Elite -1-4 Unit – DSCR

5.2 ELIGIBLE PRODUCTS – PREMIER ELITE

PRODUCT	QUALIFYING RATE*	TERM	I/O TERM	AMORT TERM	INDEX	CAPS
5/6 ARM*	Higher of Fully indexed or Note Rate	360	NA	360	30-day avg SOFR	2/2/5
5/6 ARM I/O*	Higher of Fully indexed or Note Rate	360	60	300	30-day avg SOFR	2/2/5
7/6 ARM*	Higher of Fully indexed or Note Rate	360	NA	360	30-day avg SOFR	2/2/5
7/6 ARM I/O*	Higher of Fully indexed or Note Rate	360	84	276	30-day avg SOFR	2/2/5
10/6 ARM*	Higher of Fully indexed or Note Rate	360	NA	360	30-day avg SOFR	5/2/5
10/6 ARM I/O*	Higher of Fully indexed or Note Rate	360	120	240	30-day avg SOFR	5/2/5
30 YR FIXED	Note Rate	360	NA	360	NA	NA
30 YR FIXED I/O	Note Rate	360	120	240	NA	NA

5.3 QUALIFYING PAYMENT – PREMIER ELITE

The qualifying payment is based upon the principal and interest payment along with 1/12th of the annual real estate taxes, property insurance, any other insurance, and any association dues.

The qualifying payment is based on the amortization term. Single asset DSCR loans secured by 1–4-unit properties can be qualified using the interest only payment (ITIA).

5.4 LOAN AMOUNT/LOAN-TO-VALUE / CREDIT SCORE RESTRICTIONS* – PREMIER ELITE

DOMINION PREMIER ELITE (1-4 Unit)
Investment
Min Credit Score: 680*
Max LTV/CLTV: 80%*
Minimum: \$150,000
Maximum: \$2,000,000

*See specific program matrix for additional product details and overlays

5.5 SOLAR PANELS

Properties with Solar Panels are eligible under the Investor Premier Elite Program, subject to:

- All lien's attached to subject and associated with solar panels and other energy efficient items must be paid off prior to closing.
Including, but not limited to:
 - PACE loan (or any similar loans with payments that are included in property taxes)
 - UCC Lien
 - Any other loan attached to the subject property
- Solar panels and other energy efficient items cannot be included in the appraisal value.

Subordinating solar panels and other energy efficient lien's are not eligible under the Investor Premier Elite Program.

5.6 LOAN DOCUMENTATION – PREMIER ELITE

5.6.1 NOTE AND SECURITY INSTRUMENT FORMS

For consumer loan transactions, the current version of the Uniform Residential Loan Application (URLA) should be used. For business purpose loan transactions, the lender may utilize the URLA.

Available Fannie Mae[®] security instruments, notes, riders/addenda, and special purpose documents can be used for owner-occupied or investment property loan documentation. The Fannie Mae[®] forms are available at <https://singlefamily.fanniemae.com/selling-and-servicing-guide-forms-and-communications>. In instances when Fannie Mae[®] doesn't offer current documentation (e.g., interest only), a document vendor, such as Doc Magic or Ellie Mae should be used to obtain forms.

5.6.2 HYBRID CLOSING

Dominion Financial will purchase loans using a Hybrid closing method. The definition of Hybrid Closing is as follows:

- E-signed documents may be delivered for all documents in the file with the following exceptions:
 - Note, Mortgage, Deed of Trust, Closing Disclosure, Power of Attorney, Riders/Addendums, and any state regulated disclosures. These documents require a wet signature.
- The system used for the remote online notarization must meet the following minimum standards:
 - At least two-factor identity authentication, using a combination of at least two of the following factors:
 - Remote presentation of a government-issued photo ID that has a signature
 - Credential analysis
 - Identity-proofing (i.e., knowledge-based authentication)

If the hybrid closing is used, the collateral submission at the time of post-close submission must include the proof of digital signatures.

5.7 AGE OF DOCUMENT REQUIREMENTS - ELITE

The following depicts the maximum age of certain documentation prior to the origination date. All other loan documentation other than what is depicted below must be no more than 90 days seasoned as of the origination date. If a credit document exceeds the age limit, it must be updated prior to funding of the mortgage loan and such documentation must be incorporated and included in the underwriting of the loan. All documentation must be post May 1st, 2020.

Documentation Type	Maximum Age of Documentation
VOM Listed in the Credit Report	90 DAYS from last reported month through note date
VOM (Outside Form) CREDIT REPORT	No more than 60 DAYS from the note date
BACKGROUND CHECK	No more than 120 DAYS from the note date (for repeat borrowers, one year with website verification within one month of origination)
OFAC CHECK	No more than 120 DAYS from the note date (for repeat borrowers, one year with website verification within one month of origination)
BANK STATEMENTS	No more than 90 DAYS from the note date
APPRAISAL	No more than 120 DAYS from the note date
TITLE	No more than 90 DAYS from the note date
CERTIFICATE OF GOOD STANDING	No more than 90 DAYS from the note date (for repeat borrowers, one year with website verification within one month of origination)
FLOOD CERTIFICATE	No more than 90 DAYS from the note date
INSURANCE	If expiration is less than 2 months from note date, renewal is required. If unable to obtain renewal/ declarations page, email confirmation from the insurance company of the renewal with expected premium

5.8 BORROWER ELIGIBILITY – PREMIER ELITE

5.8.1 ELIGIBLE BORROWERS

Eligible borrowers under the Investor Premier Elite program offering are as follows:

- US Citizens
- US Legal Permanent Residents (Green Card Holders)
- Non-Permanent US Residents with a U.S. credit report, required to provide a valid and unexpired passport from their country of residence/ citizenship.
- Foreign Nationals with or without a U.S. credit report, required to provide a valid and unexpired passport from their country of residence/ citizenship
 - If nonresident alien is working under a VISA program, they are still considered a FN.

Borrower must be at least 21 years old.

5.8.2 INELIGIBLE BORROWERS

- ITIN Holders
- Irrevocable Trust
- Land Trust
- Blind Trust
- Borrowers with diplomatic immunity or otherwise excluded from US jurisdiction
- Borrowers who are parties to a lawsuit (pending litigation)
- Borrowers without a valid SSN
- First Time Homebuyers (no ownership interest in a residential property within the last 3 years)
- EAD Card without valid Visa
- DACA Recipients
- Asylum applicants
- Not-for-profit entity
- Vesting in retirement vehicles
- Any material parties (company or individual) to the transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administration (GSA) Excluded Party list, or any other exclusionary list.
- Transactions using a Limited Power of Attorney

5.8.3 BORROWING ENTITIES - TITLE VESTING AND OWNERSHIP

Loans MUST close in the name of an entity. Closing in an individual name is NOT allowed.

- Legal entities domiciled in the United States, including LLCs, LPs, trusts and corporations
 - Borrowers who are irrevocable trusts are ineligible
- IDOT's are also permitted on a pre-approved basis and should be reviewed in advance of submission.
- The following items are required to confirm the validity of the borrowing entity:
 - Personal identification for any member with 20%+ ownership in entity (driver's license, passport, or other government issues photo identification)
 - Valid Certificates of Formation (Articles of Organization/Incorporation)
 - Valid Operating Agreement / Partnership Agreement / Bylaws
 - Valid Certificate of Good Standing (if the entity was formed within 1 year of the Note date, this is not

- required)
 - Executed W9 and/ or EIN
- Requirements for IRA LLC are as follows:
 - The sole member must be a self-directed IRA
 - The manager must be the IRA holder
 - Fully executed Operating Agreement
 - Borrower resolution authorizing the IRA LLC to enter into the loan transaction with seller
- Requirements for Self-Directed IRA are as follows:
 - The sole member must be the investor/ sponsor
 - Corporate resolution from IRA custodian

5.8.4 RECOURSE / GUARANTY STRUCTURE

- If the borrower is a legal entity, a full recourse warm body guaranty by:
 - One or more individuals which in aggregate own at least 51% of the Borrower is required (non- recourse with customary “bad-act” carveouts including bankruptcy permitted if approved on exception basis); OR
 - All members of the entity with 20% or more controlling interest; OR
 - A corporate resolution authorizing the signor to execute all documents on behalf of the entity

Guarantor must be an individual unless the borrowing entity is revocable trust which will then require the guarantor to be the trustee and owner of the trust

5.8.5 OCCUPANCY REQUIREMENTS

Non-Owner Occupied Investment Properties only.

- Borrowers are required to sign a business purposes affidavit/certification that confirms the property is not owner occupied
 - If unable to provide a business purpose affidavit or non-owner occupancy certificate, documentation reflecting the business purpose must be provided.
- Purchase transactions:
 - Properties are not required to be leased at the time of origination
 - If any unit is tenant occupied, lease agreements must be obtained and reviewed to confirm
 - the lease amount,
 - terms of lease,
 - there is no clause within the lease with an option to purchase,
 - does not contain any provisions impacting the lender’s 1st lien position of the property
- Refinance transactions:
 - Single-family properties require an in-place lease agreement at origination
 - For 2–3-unit properties, there shall be no more than one vacant unit at origination
 - For 4-unit properties, there shall be no more than one vacant unit at origination
 - For cash out refinances of a Fix and Flip/Rehab loan where the collateral property is vacant (not applicable if the property is occupied), broker must include documentation to show the property has not been listed by the borrower or an affiliate of the borrower in the last 6 months and the loan must satisfy the below requirements for eligibility:
 - FICO ≥ 740

- DSCR \geq 1.20x
- Property value \geq \$350,000
- Applicable regardless of seasoning from Fix and Flip/Rehab funding date

5.9 TRANSACTION TYPES – PREMIER ELITE

PURCHASE

- Proceeds from the transaction are used to finance the acquisition of the subject property.
- The intended use of the purchased property is for business purposes/ investment only
- LTV/CLTV is based upon the lesser of the sales price or appraised value.
- Assignments of contract are not eligible
- Leasebacks are not eligible
- The loan file must include a fully executed agreement (purchase contract) of sale and counteroffer (if applicable) reflecting the following:
 - The purchase contract cannot be expired
 - Borrower as the purchaser of the property
 - Seller as the vested owner on title
 - Correct sales price
 - Amount of down payment
 - Closing dates
 - Maximum 3% Seller Concessions

RATE/TERM REFINANCE

Proceeds from the transaction are used to:

- Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.

Other considerations:

- Cash back in an amount not to exceed the lesser of 2% of the new loan amount or \$2,000 can be included in the transaction.
- Borrowers refinancing a loan that includes accrued interest > 59 days is not eligible for Rate/Term Refinance
- Refinance of a previous loan that provided cash out, as measured from the previous note date to the application date, and is seasoned less than 12 months, will be considered a cash out refinance.

RATE/TERM REFINANCE SEASONING

Rate/Term refinancing Seasoning is defined as the time difference between application date of the new loan and the property acquisition date.

- If borrower has less than 6 months ownership seasoning prior to application date, LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value. The prior settlement statement will be required for proof of purchase price. Schedule of improvements and invoices/receipts as well as purchase appraisal/original listing photos will be required for proof of improvements.

- If borrower has more than 6 months ownership seasoning prior to the application date the LTV/CLTV will be based on the Appraised Value (except for permanent financing of construction loan)

CASH-OUT

- A refinance transaction in which the borrower receives net proceeds (excluding third party expenses reflected on the HUD) from the refinance that exceeds 2% of the original loan amount or $\geq \$2,000$ (whichever is less)
- See Loan/LTV Matrices for maximum cash-out amounts and restrictions.
- A mortgage secured by a property currently owned free and clear is considered cash-out.
- The payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out.
- 50% of Cash-out proceeds are eligible to satisfy the reserve requirements.
- Loans not eligible for cash-out:
 - Investment properties listed for sale in the past six (6) months, unless a three (3) year prepay penalty, per requirements in [Section - Prepayment Penalty](#) are met.
 - Cash-Out of a Vacant property, unless it is a refinance of a Fix and Flip/Rehab loan. See matrix for additional details and requirements.
 - There has been a prior cash-out transaction within the past six (6) months
 - Payoff of a Land Contract/Contract for Deed.
 - Non-Owner-Occupied investment property transactions (DSCR) when proceeds from the loan transaction are used for consumer purpose, i.e., payoff personal debt, personal tax lien(s), personal judgments, personal collection, or lines of credit secured by the subject property.

CASH-OUT SEASONING

Cash-Out Seasoning is defined as the time difference between application date of the new loan and the property acquisition date.

- For properties owned 12 months or longer, the LTV/CLV is based upon the appraised value.
 - $LTV \geq 65\%$ cash out proceeds to borrower cannot exceed \$500,000 standard.
 - $LTV < 65\%$ cash out proceeds to borrower cannot exceed \$1,000,000 standard.
- If the cash-out seasoning is less than 12 months, but greater than 6 months, the transaction property value is limited to the lesser of the Acquisition cost + documented improvements or the Appraised Value.
 - Requires the original purchase HUD and rehab budget/ SOW to support the increase in value Inability to provided original HUD and budget will result in use of the lesser valuation calculation.
- Cash-out seasoning of six (6) months or less ineligible under the Premier Elite Programs.

DELAYED FINANCING

Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 180 days of the executed note date without existing debt, then it is considered a delayed financing transaction and treated as a purchase, which is subject to the purchase transaction limits.

The following requirements apply:

- The original purchase transaction was an arms-length transaction.

- If assignment fee was included in original purchase, then must be reviewed on case-by-case basis.
- The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).
 - If gift funds were utilized to purchase subject property, the borrower may only finance the amount personally contributed (excluding the gift)
- Copy of executed settlement statement is required to document acquisition cost and that no financing was utilized at time of purchase
- The preliminary title search or report must confirm that there are no existing liens on the subject property
- The new loan amount can be no more than the actual documented amount of the borrower's initial investment subject to the maximum LTV/CLTV.

Additional Requirements: Investor Premier Elite

- Purchase LTV maximums will apply to Delayed Financing Transactions. Rate lock must be reviewed with lock desk to ensure accuracy.
 - Loan will still be set up as Cash Out Refinance in Encompass even though Purchase LTV maximums will apply
- Proceeds received from Delayed Financing Transaction cannot be utilized for reserves. Required reserves must be satisfied through additional assets held by borrower (checking, savings, stocks, etc.)
- A delayed financing transaction requires the lesser of the original purchase price or the current appraised value when calculating the loan-to-value ratio. Use of the current appraised value (if higher and supported with a CDA) can be used to calculate the LTV on a case-by-case basis if the following is provided and approved by management:
 - Rehab/Statement of Work budget including before and after documentation to support the improvements to the property + evidence of receipts/source of funds for improvements
 - If approved by management an Internal Value Reconciliation must be included in the loan file
 - Max LTV is capped at 70% if higher appraised value is utilized
- If the current appraised value is less than the original value, the transaction would be ineligible for Delayed Financing and would need to be run as Refinance.

5.10 NON-ARMS LENGTH TRANSACTIONS - PREMIER ELITE

NON-ARMS LENGTH TRANSACTION

A non-arm's length transaction occurs when the borrower/guarantor has a direct relationship or business affiliation with the subject property Seller, Builder, Developer or any other party directly related to the transaction. Examples include, but are not limited to, the following:

1. Family sales
2. Property in an estate
3. Flip transaction
4. Employer/employee sales

Dominion Financial will conduct a thorough review of the title report and the payment history pattern when a non-arm's length transaction is suspected

ELIGIBLE NON-ARMS LENGTH TRANSACTIONS

Eligible non-arm's length transactions include the following:

1. Buyer(s)/Borrower(s) representing themselves as an agent in the real estate transaction
2. Seller(s) representing themselves as agent in the real estate transaction

5.11 PREPAYMENT PENALTY

Where permitted by applicable laws and regulations on an investment property, a prepayment charge may be assessed in the period between one (1) and five (5) years following the execution date of the Note. The prepayment penalty can be disclosed within the body of the Note or in a separate rider

A prepayment penalty is required for all loans unless state restrictions prohibit the use of prepayment penalties or if loan is priced with appropriate prepayment penalty waiver. See State Specific Prepayment Penalty in Appendix section of policy for further details.

The following prepayment structures may be utilized:

- Declining/Tiered:
 - 5-yr with 5%/4%/3%/2%/1% declining structure
 - 4-yr with 4%/3%/2%/1% declining structure
 - 3-yr with 3%/2%/1% declining structure
 - 2-yr with 2%/1% declining structure
 - 1-yr with 1%
- Flat:
 - 5% flat (5-yr term)
 - 5% flat (3-yr term)
 - 5 % flat (2-yr term)
 - 5% flat (1-yr term)
 - 4% flat (1-yr term)
 - 3% flat (3-yr term)
- Six (6) months of interest (up to 5 year term) – The prepayment charge will be equal to six (6) months of interest on the amount of the prepayment that exceeds 20% of the original principal balance in a given 12-month period.

See [Appendix](#) and specific product matrix for list of prepayment penalty restrictions.

5.12 CREDIT – PREMIER ELITE

5.12.1 GUARANTOR CREDIT HISTORY

- Credit pull must be obtained from CIS DataVerify, CoreLogic, SAS or Similar Engine
- Minimum of 3 credit lines; minimum 1 active credit lines; at least 1 trade line with 24+ month rating and 2 lines must be rated for 12 months and may be open or closed
- An acceptable 12-24 month housing history not reporting on credit may also be used as a tradeline

- 0x30x24 Required
- No active, discharged or dismissed bankruptcies (all chapters) in the past 3 years from note closing date (not BK filing date)
- No derogatory housing credit event (foreclosure, short sale, deed-in-lieu) in past 3 years
- Fraud alerts (identified by a red X on the fraud report specific to a fraud alert) should be cleared and require a Letter of Explanation about the issue

- All outstanding tax liens, collections/charge-offs or other material liens against the borrowing entity and/ or the guarantor must be paid in full or in satisfactory status (evidence of being current on payment plan for a minimum of 6 months prior to close) subject to below:
 - Any liens attached to title must be paid prior to/ at closing
 - All Government liens (Federal, State, Local) must be resolved
 - All combined judgments, liens, charge-offs per the credit report >\$3000 must be paid in full or in a satisfactory status (borrower must provide evidence of being current on a payment plan for a minimum of 6 months prior to close)
 - All judgments, tax liens or other material liens >\$10,000 identified on the background check within the last 2 years, must have proof of satisfaction

- Any judgments, liens, collections, or charge-offs that exceed the statute of limitations can be excluded (proof of state specific SOL is required to exclude material deficiency)

5.12.2 GUARANTOR / PRINCIPAL BACKGROUND REQUIREMENTS

- Required for each Guarantor and Principal:
 - A background check or fraud screen, from Lexis/Nexis, Checkpoint or another comparable provider, within 120 days of loan origination
 - Background check must include litigation, criminal history, judgment and lien searches
 - An OFAC check must be conducted within 120 days of loan origination
 - For any Principal with a tax lien (federal, state, property or personal), evidence of release/satisfaction prior to the closing
 - Individuals acting as Guarantors must be at least 21 years old and have an ownership interest in the subject property

- No Guarantor, Borrower or Principal shall not have any of the following derogatory credit finding:
 - Previous felony/ misdemeanor convictions involving fraud, embezzlement, or other financial crimes within 10 years. (If a red flag is identified, proof of clearance is required via Lexis/ Nexis or another comparable provider. If unable to provide proof of clearance, Broker must confirm in writing that the red flag has been reviewed and cleared) ***must have been convicted of the crime***
 - Bankruptcies, foreclosures, short sales, or deeds-in-lieu within the last 36 months
 - Included on the OFAC list
 - No forbearance plan entered within the preceding 24-month period per the credit report

5.12.3 GUARANTOR FICO

- Tri-Merge credit report no older than 120 days is required for new borrower, unless
 - Hard credit pulls valid for 365 days with the following requirements:
 - Soft credit pulls every 90 days after the initial 120 days has surpassed, and
 - All 3 scores above 700 (applies to all guarantors if multiple)
 - Mid score of 3 or lower of 2 used

- FICO refresh score must be <- 20pt drop
 - Minimum score of hard pull and FICO refresh used in UW matrix
- Credit report re-pulls: If a credit repull is necessary prior to close, and borrowers new score drops by an amount no larger than 10 points, use the original credit score
- Each guarantor must have a minimum score of 680
 - If there are 3 scores on the CBR, the mid score is to be used
 - If there are only 2 scores, the lowest of the 2 is to be used

For 2+ guarantors, the highest credit score calculated as above is to be used

5.12.4 HOUSING HISTORY

- Premier Elite housing history requirements: **0x30x24**
 - Premier Elite requires a documented housing payment history for primary residence and subject property (if refinance)
 - Any derogatory housing payments reporting on the credit report must be factored into eligibility analysis (even if not associated with Primary or Subject property)
- For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required

Note: Housing History documented on Verification of Mortgage (VOM) form must be dated within 60 days of closing for Investor Premier Elite Program

BALLOON NOTES WITH MATURITY DEFAULT

Balloons with an expired maturity date **MUST** be extended to avoid being considered delinquent. If more than 30 days has elapsed since maturity and balloon note has not been extended then it must be factored into housing history eligibility analysis.

RENTAL VERIFICATION

A 24-month rental history is required for all Dominion Financial programs when the borrower is renting their current primary residence. The following documents are required:

- A verification of rent (VOR) is required for any file when the borrower is currently renting.
 - For rental verification a standard VOR completed by a professional management company is required.
 - Any VOR completed by a private party, or any non-institutional landlord must be supported by alternative documentation showing the most recent 12-months bank statements or canceled checks, and a lease agreement to document the term and payment.

LIVING RENT FREE

Investor Premier Elite (1-4):

Living Rent Free is not allowed under any Premier Elite programs.

5.12.5 CONSUMER CREDIT

DELINQUENT CREDIT

Any non-mortgage account can be no more than 30 days delinquent at time of application. Any delinquent account must be brought current.

All mortgage accounts must be current at application and remain paid as agreed through closing.

TIMESHARES

Delinquent timeshare payments will be reviewed on case-by-case basis

CONSUMER CREDIT CHARGE-OFFS AND COLLECTIONS

Delinquent credit, such as charge-offs of non-mortgage accounts and collections, have the potential to affect loan position or diminish borrower equity.

- Any charge-off/collection reporting on title must be paid prior to or at closing
- Any combined non-title charge-offs/collections that exceed \$3,000 per credit report must be paid in full or in a satisfactory status (borrower must provide evidence of being current on a payment plan for a minimum of 6 months prior to close)
 - Any charge-off/collection that exceed the status of limitations can be excluded (proof of state specific statute of limitations is required to be in file)

CONSUMER CREDIT COUNSELING SERVICES

Borrowers currently enrolled in credit counseling or debt management plans are not permitted

JUDGMENT OR LIENS

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

INCOME TAX LIENS

IRS Payment Plans are not eligible. Any government tax lien must be paid prior to closing.

DISPUTED TRADELINES

Actively disputed tradelines with derogatory information reporting within the last 24 months are not allowed. Disputes coded as "Resolved" are not considered active disputes unless borrower has submitted subsequent dispute.

5.12.6 BANKRUPTCY HISTORY

Recent bankruptcies are not allowed. All bankruptcies must be settled for a minimum of 36 months.

Evidence of bankruptcy resolution is required. The length of time is measured from the discharge/dismissal date to the Note date.

5.12.7 FORECLOSURE SEASONING

Foreclosures must be completed for a minimum of 36 months.

The length of time is measured from the settlement date to the Note date. The event is considered if the property is owned by borrower (vested on title) even if not on the note.

5.12.8 SHORT SALE / DEED-IN-LIEU SEASONING

Short Sales and Deeds-in-Lieu of Foreclosures must be completed for a minimum of 36 months.

The length of time is measured from the settlement date to the Note date. The event is considered if the property is owned by borrower (vested on title) even if note on the note.

5.12.9 MORTGAGE MODIFICATIONS

Mortgage loan modifications require a 36-month waiting period.

The length of time is measured from the modification inception date to the Note Date. The mortgage must have been paid as agreed after modification. The event is considered if the property is owned by borrower (vested on title) even if not on the note.

5.12.10 NOTICE OF DEFAULT/NOD (120+ DAY MORTGAGE DELINQUENCY)

Any Notice of Default (NOD)/120+ Day Mortgage Delinquency requires a 36-month waiting period.

The length of time is measured from the 120-day late date to the note date. The mortgage must have been paid as agreed after the NOD. The event is considered if the property is owned by the borrower (vested on title) even if not on the note.

5.12.11 FORBEARANCE/DEFERRALS

Mortgage Forbearances are allowed subject to the following:

- Forbearance must have been completed/reinstated 24+ months from Credit Report date
- No late payments are allowed after forbearance completed

5.12.12 MULTIPLE HOUSING EVENTS

Borrowers with a credit history that includes multiple bankruptcies, foreclosures, short sales/DIL, modifications, or Notice of Defaults (NODs) are not eligible.

5.13 ASSETS – PREMIER ELITE

5.13.1 GUARANTOR(S) LIQUIDITY REQUIREMENTS

Liquidity needs to cover:

- Down payment if property is being acquired at origination
- Closing costs
- One of the following:
 - Provide bank statements with normal liquidity sourcing ensuring reserve qualifications are met
 - Elect to take an interest reserve in order to remove the need for liquid reserves.
- Home Equity Line of Credit (HELOC) funds cannot be used to meet reserves requirements or used for cash to close

Payments reserves (PITIA) collected on the HUD can be used towards liquidity requirements

RESERVES REQUIREMENTS

- All Dominion Financial loan programs require minimum reserves as outlined on the respective Dominion Financial Loan\LTV matrices.
- Reserves for a loan with an Interest Only feature are based upon the Interest Only payment amount.
- For Adjustable-Rate Mortgages (ARM), the reserves are based upon the initial PITIA, not the qualifying payment.
- Proceeds from a 1031 Exchange cannot be used to meet reserve requirements.
- Gift funds may not be used to meet reserve requirements.

PREMIER ELITE RESERVES

Reserve should be the PITIA / PITIA multiplied by the standard number of months of reserve requirements:

- ≤70% LTV = 6 months
- >70% LTV = 9 months
- Foreign Nationals = 12 months

Borrowers may utilize up to 50% of the proceeds from subject property cash out to meet these thresholds

PREMIER ELITE – ELIGIBLE ASSETS:

- 100% of Checking, Savings, Money Market or Securities Accounts
- 100% of Cash Value of Life Insurance/Annuity Policy minus any outstanding loan balance
- Bank or brokerage account held in the name of a Trust:
 - Obtain written documentation (e.g. bank statements) that support the value of the trust account from either the trust management or trustee, and
 - Requires copy of the full Trust Agreement that provided beneficiary details and access to the funds in the Trust's bank/brokerage account
- Business/Entity Assets

- Requires a copy of the full operating agreement that details the ownership of the entity and access to the funds in the business' account OR requires formal/official documentation from the bank substantiating that the applicant is an authorized signer and has access to the business account funds
- 50% of vested value of Vested Retirement/IRA/401k plan
- 50% of Cash Out Refinance Proceeds
- 1031 Exchange (eligible for Down Payment/Closing Costs only)
- Gift Funds (Purchase Only)

PREMIER ELITE – INELIGIBLE ASSETS

The following assets are ineligible under the Investor Premier Elite program:

- Ineligible Asset List from Investor Premier Program (see above) as well as the following:
- HELOCs or other Lines of Credit
- Assets held in foreign accounts/institutions

5.13.2 ASSET DOCUMENTATION

The following may be used as asset documentation for down payment, closing costs, and reserves. See applicable Loan/LTV matrix for minimum reserve requirement. The number of required months of reserves is calculated after accounting for down payment and closing costs.

Account statements must include the following for all programs:

- Name of financial institution
- Reflect borrower and/or entity as the account holder (Funds held jointly with a non-borrowing spouse are considered 100% of the borrower's funds)
- Account number
- Visible and legible dates
- Statements with ALL pages evidencing at least one-month consecutive activity
 - Electronic submission such as scans, photos and faxes are acceptable so long as they are legible and include all of the above criteria
- Available balance in U.S. dollar denomination
- Account verified through a third-party verification service (e.g. AccountChek or other FNMA Day 1 Certainty Vendor) are eligible in lieu of actual account statements
- Editable forms, such as Microsoft Excel workbooks, Word Documents are NOT acceptable.

1031 EXCHANGE

Like-Kind Exchanges Assets for the down payment from a "like-kind exchange," also known as a 1031 exchange, are eligible if properly documented and in compliance with Internal Revenue Code Section 1031.

- Proceeds from a 1031 Exchange cannot be used to meet reserve requirements.

5.13.3 LARGE DEPOSITS

Large Deposits must be sourced to be included as an eligible asset. Large deposits are defined as:

Any single deposit that is more than 175% of the average total monthly deposits over \$5,000. (e.g. a single deposit of \$17,500 in a bank account with average monthly deposits of \$10,000 requires sourcing). Any large deposit requires a letter of explanation that provides the source of the deposit as well as documentation supporting the source explanation.

5.13.4 GIFT FUNDS

MINIMUM BORROWER CONTRIBUTION AND ELIGIBILITY

Gift Funds are acceptable under the Premier Elite products provided that the borrower makes a minimum of 10% of the total downpayment from their own funds:

Gifts of Equity are not permitted under any loan program.

ELIGIBLE DONORS AND DOCUMENTATION

The following individuals are eligible donors under the Investor Premier Elite programs:

- Family Members
- The borrower/guarantor spouse

The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transactions.

DOCUMENTATION REQUIREMENTS

Gifts must be evidenced by a letter signed by the donor, called a gift letter. The gift letter must:

- specify the dollar amount of the gift;
- specify the date the funds were transferred;
- include the donor's statement that no repayment is expected; and
- indicate the donor's name, address, telephone number, and relationship to the borrower.

VERIFYING DONOR AVAILABILITY OF FUNDS AND TRANSFER OF GIFT FUNDS

The lender must verify that sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account and reflected on the most recent bank statement. Acceptable documentation includes the following:

- a copy of the donor's check and the borrower's deposit slip,
- a copy of the donor's withdrawal slip and the borrower's deposit slip,
- a copy of the donor's check to the closing agent, or
- a settlement statement showing receipt of the donor's check.

When the funds are not transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of a certified check, a cashier's check, or other official check.

- Gift funds may not be used to meet reserve requirements.

DEBT SERVICE COVERAGE – PREMIER ELITE

Debt Service Coverage Ratio transactions are available to experienced investors purchasing or refinancing investment properties for business purposes. The typical borrower is expected to have a history of managing income-producing rental properties or has a significant equity down payment in a purchase transaction. The borrower is required to execute a Borrower Certification of Business Purpose and an Occupancy Certification. For examples of these forms, see the following links: [Borrower Certification of Business Purpose](#) / [Occupancy Certification](#).

DSCR transactions are considered business purpose loans and monthly cash flow is used to determine a DSCR ratio. A DSCR ratio greater than 1.00 reflects a positive monthly cash flow and a DSCR ratio less than 1.00 reflects a negative monthly cash flow.

Premier Elite minimum DSCR is 1.00.

5.13.5 1-4 FAMILY RESIDENTIAL PROPERTY

PROPERTY INCOME ANALYSIS

Gross monthly rents are used to determine the DSCR. A 1007 or 1025 Comparable Rent Schedule survey prepared by the appraiser is required on all DSCR transactions. See the appropriate Long Term or Short-Term requirements below for rental income documentation and DSCR calculation.

RENT DOCUMENTATION REQUIREMENTS

LONG TERM RENTAL – PREMIER ELITE

Investor Premier Elite

Purchase Transactions:

- Monthly Gross Rents are determined by using the lesser of the actual monthly rent (if leased) or 100% of market rent from 1007/1025 rent schedule

Required Documentation:

- 1007/1025 Rent Schedule (prepared as long-term rental)
- If the property is occupied, then a copy of the lease MUST be obtained. Underwriter must verify that there are no provisions within lease that impact lien position and that there is no clause within the lease with an option to purchase

Refinance Transactions:

- Monthly Gross Rents are determined by using the lesser of the actual monthly rent (if leased) or 100% of market rent from 1007/1025 rent schedule

Note: Maximum Rent of \$5,000 per Unit for Investor Premier Elite Program

Required Documentation:

- If the property is occupied, then a copy of the lease MUST be obtained. Underwriter must verify that there are no provisions within lease that impact lien position and that there is no clause within the lease with an option to purchase
- 3 Months proof of rent receipt (or proof of security deposit + first month receipt of rent if new lease) is required for the property to be eligible as an occupied property. If unable to obtain proof of current rent receipt, the property will be treated as Unleased/Vacant (LTV restrictions apply)

- Month-to-month is permitted if continuation of original long-term lease
- Borrower must provide signed affidavit that states that tenant(s) have not requested forbearance and have not been more than 30 days late within the last 12 months
- A copy of the fully executed property management agreement must also be provided (if lease references property management company/borrower not self-managing property)
 - In order to self-manage subject property, the borrower/guarantor must meet the requirements in the Property Management section of the guidelines

SHORT TERM RENTAL (E.G., AIRBNB, VRBO, FLIPKEY)

Short term rentals are properties which are leased on a nightly, weekly, monthly, or seasonal basis. Short-term eligibility requirements are listed below:

Investor Premier Elite:

Purchase and Refinance Transactions

- Short-Term Rental properties are eligible, however, monthly qualifying rent is capped at 100% of monthly long-term market rent from 1007/1025 rent schedule even if AirBnB/VRBO/AirDNA data supports higher cashflow
- Copy of AirDNA Rentalizer/Revenue Calculator and Property Overview must be included in the loan file to confirm rent patterns in the market area. The report must meet the same requirements as the above-listed Investor Premier AirDNA report requirements.

Short-Term Purchase/Refinance Restrictions:

- Max LTV of 70% for Purchase/Rate-Term. Max LTV 65% for Cash-Out
- No more than 10% of loan production can be short-term rental
- Short-Term Rentals under the Investor Premier Elite program will require management/2nd UW review

MINIMUM DSCR RATIO REQUIREMENTS

See tables below for minimum DSCR requirements based on program/transaction type:

Investor Premier Elite

FICO of 680 - 719	1.20x
FICO greater than or equal to 720	1.0x
Cash Out Refinance of Vacant/Unleased Fix and Flip	1.20x – See Property Vacancy section of policy for additional restrictions
Any Non-Permanent Resident Alien	1.30x

*See the program specific sections of Dominion Financial guidelines and program specific matrices for additional restrictions.

5.13.6 OCCUPANCY/EXPERIENCE REQUIREMENTS

LEASED/UNLEASED PROPERTIES

- Leased Properties are defined as those with:

- A currently active lease with a minimum initial term of 12 months, between unrelated parties
 - Month-to-month leases are permitted if rolled from initial lease term
 - Month-to-Month leases are permitted in place of long-term leases, but an affidavit or LOX must be provided to support long term strategy and not a short-term rental
 - 3-months proof of rent received is required
 - Lower of market rent or month-to-month lease amount will be used to calculate the DSCR
 - If lease is month-to-month, property is considered leased but a 5% leverage reduction will be applied for not having a long term lease in place; refinances only
 - Vacation or seasonal rentals – refer to Airbnb/ VRBO Section
- Unleased Properties are defined as those with:
 - No Current Tenant/Vacant

LEASE REQUIREMENTS

- All leases must be third party lease with no members of the borrower or family members leasing or occupying the property
- Each leased property must be used for residential purposes
- No individual room leases, Single Room Occupancy (SRO), or boarder leases permitted
- Leases must be in U.S. dollars
- No commercial use allowed
- Vacation or seasonal rentals – refer to Airbnb/ VRBO section
- No purchase or sale-leaseback options are permitted
- Ground leases are ok in areas where such leases are customary, and subject to the ground lease length being longer than the loan term by five years or more
- No cash-for-deeds
- No leases with a term of >3 years
- Lease must have an initial term of at least 12 months
- Borrower to provide affidavit that tenants have not requested forbearance or have been more than 30 days late within the past 12 months

PROPERTY VACANCY/OCCUPANCY REQUIREMENTS

Purchase:

- Unoccupied/Vacant property allowed without restrictions. Properties are not required to be least at the time of origination.
 - If any unit is tenant occupied, lease agreements must be obtained and reviewed to confirm
 - Lease amount
 - Terms of lease
 - There is no clause within the lease with an option to purchase
 - Does not contain any provisions impacting the lender's 1st lien position

Refinance:

- Single-family properties require an in-place lease agreement at origination
- For 2–4-unit properties, there shall be no more than one vacant unit at origination

- Vacant rate/term refinances require a 5% reduction on LTV
- For cash out refinances of a Fix and Flip/Rehab loan where the collateral property is vacant (not applicable if the property is occupied), seller must include documentation to show the property has not been listed by the borrower or an affiliate of the borrower in the last 6 months and the loan must satisfy the below requirements for eligibility:
 - Documentation must be included supporting that the subject property has not been listed for sale by borrower/affiliate of borrower in the last 6 months
 - FICO must be 740 or greater
 - DSCR must be 1.20 or greater
 - Property value must be \$350,000 or greater
- Cash-Out Refinance of Vacant property that is not a Fix & Flip/Rehab Loan is not eligible.

BORROWER EXPERIENCE

EXPERIENCED INVESTOR

Experienced Investor Definitions:

Investor Premier Elite:

An experienced investor is an individual borrower who has a history of owning and managing commercial or non-owner occupied residential real estate for at least 2 years in the last 3 years. For files with more than one borrower, only one borrower must meet the definition.

Borrower Experience can be documented by one of the following (applies to all programs):

- A property profile report, or
- Other 3rd party documentation supporting property ownership (Fraud Report, Settlement Statement/CD, CAD printout, etc)

FIRST-TIME INVESTOR

A First-Time Investor is a borrower not meeting the Experienced Investor definition.

First Time Investors are eligible subject to the following restrictions:

Investor Premier Elite:

- FICO 700+ = Permitted
- FICO 680-699 = Permitted if subject property is managed by a property management company (executed property management agreement must be in file)

PROPERTY MANAGEMENT

Investor Premier Elite: Borrower(s)/Guarantor(s) that intend to self-manage the subject property (not utilize a property management company) must meet at least one of the following:

- Borrower/Guarantor must have two years of experience managing income producing properties
- Borrower/Guarantor must have certification or proof of equivalent coursework in property management, OR
- Borrower/Guarantor must have minimum FICO of 700

If the Borrower/Guarantor does not meet any of the above requirements (or if the lease indicates property is managed by a property management company) then a copy of the fully executed property management agreement and the Assignment and subordination of the property management agreement must be included in the file

FIRST-TIME HOMEBUYER

- First Time Homebuyers are ineligible.

HOUSING HISTORY REQUIREMENTS – DSCR

Housing history requirements for the Investor Premier Elite program is limited to verifying the borrower's primary residence and the subject property (if a refinance transaction).

Investor Premier Elite: No mortgage late payments within the last 24 months (0x30x24).

Housing history must meet the following:

- Housing History must cover the most recent 12 or 24 months and payments must be paid current as of the loan application date (dependent on length of property ownership)
- If the borrower is renting current residence, then a most recent rental history is required reflecting paid as agreed.
- Any housing event reported on the credit report for any property owned by the borrower needs to be included in the housing history eligibility (even if associated with property other than Primary or Subject)
- For any non-subject property, non-primary mortgages not reporting to the credit bureau, additional housing history is not required.
 - For Primary Residence and Subject (if refinance), must document that mortgages are paid as agreed through closing
- Living Rent Free is ineligible under the Premier Elite program.
- Payoffs that reflect late fees, deferred balances or delinquent interest more than 30 days are subject to housing history requirements and transaction will be treated as cash out (if max late payments not exceeded)

SECTION 8 AND SECTION 42 HOUSING

- Section 8, Section 42 (properties/loans) and Housing Choice Voucher Programs (HCV) are on an exception basis only and require Dominion lock desk pre-approval.
- All section 8 and 42 loans/ properties will require a 10% LTV reduction.
- Units must utilize current contractual rent to calculate DSCR.

5.14 PROPERTY ELIGIBILITY – PREMIER ELITE

5.14.1 APPRAISALS

APPRAISAL REQUIREMENTS 1-4 UNIT RESIDENTIAL

Dominion Financial reserves the right to review all valuation reports and determine if the subject property value is supported.

Appraisers must meet all industry standards and be State Certified. State Licensed Appraisers and Trainees are not permitted. All real estate appraisals must be performed according to the Uniform Standards of Professional

Appraisal Practice (USPAP) and Fannie Mae[®] guidelines, including Universal Appraisal Dataset (UAD) requirements. Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value. Dominion Financial reserves the right to restrict the use of any specific appraiser and/or appraisal management company at its discretion.

Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. The Seller needs to determine that the subject property provides acceptable collateral for the loan. For guidance in the manual review of an appraisal report, see the [Appraisal Review Guide](#).

The age and price of the subject property should fall within the age and price range of properties in the subject neighborhood. Comparable properties should be selected from the same neighborhood when possible. Selection of a comparable outside the subject neighborhood should be addressed within the report. For condominiums, at least one comparable should be from outside the subject project. Ideally, comparable sales should be within six months of the report date. Older comparable sales that are the best indicator of value should be addressed in comments by the appraiser.

A Full Interior/Exterior appraisal report requires use of one of the following forms depending on the property type:

- Uniform Residential Appraisal Report - Fannie Mae[®]/Freddie Mac Forms 1004/70
- Small Residential Income Property Report - Fannie Mae[®]/Freddie Mac Forms 1025/72
- Individual Condominium Unit Appraisal Report - Fannie Mae[®]/Freddie Mac Forms 1073/465
- Appraisal Update and/or Completion Report - Fannie Mae[®]/Freddie Mac Forms 1004D/442
- Single Family Comparable Rent Schedule - Fannie Mae[®]/Freddie Mac Forms 1007/1000

The appraisal must include color interior and exterior photos, aerial photo, sketch or floor plan, map and flood map, plot plan/survey, and appraiser qualifications.

Sellers must order appraisals using one of two processes. The appraisal must either be ordered through an Appraisal Management Company (AMC) that complies with Appraiser Independence Requirements (AIR), or via the correspondent's own AIR-compliant process.

Appraisal Delivery Requirements for 1-4 Unit Residential Appraisals:

- E-Consent in File: Must document that the appraisal has been sent and opened/accessed by the borrower at least 3 business days prior to closing. Any appraisal correction must also be provided to the borrower and proof of delivery must be in the file.
- E-Consent not available: Must document that the appraisal has been mailed to the borrower at least 6 business days prior to closing. Any appraisal correction must also be provided to the borrower and proof of delivery must be in the file.
 - If borrower provides proof/acknowledgement of receipt of mailed appraisal within 3 days of mailing, then waiting period can be reduced based on date of receipt (3 business days from date of receipt)

Waiting period requirements can be waived with a signed appraisal waiver when the waiver pertains solely to the applicant's receipt of a copy of an appraisal that contains only clerical changes from a prior version.

APPRAISER LICENSE AND CERTIFICATION

The appraisal report forms identify the appraiser as the individual who:

- Performed the analysis, and
- Prepared and signed the original report as the appraiser.

This does not preclude appraisers from relying on individuals who are not state-licensed or state-certified to provide significant professional assistance, such as an appraiser trainee.

An unlicensed or uncertified appraiser, or trainee (or some other similar classification) may perform a significant amount of the appraisal (or the entire appraisal if they are qualified to do so). If an unlicensed or uncertified individual provides significant professional assistance, they must sign the left side of the appraisal certification as the Appraiser if:

- They are working under the supervision of a state-licensed or state-certified appraiser as an employee or sub-contractor,
- The right side of the appraiser certification is signed by that supervisory appraiser, and
- It is acceptable under state law.

APPRAISAL AGE

The appraisal should be dated no more than 180 days prior to the Note date.

When an appraisal report will be more than 120 days old on the date of the Note, regardless of whether the property was appraised as proposed or existing construction, the original appraiser must inspect the exterior of the property and review current market data to determine whether the property has declined in value since the date of the original appraisal. This inspection and results of the analysis must be reported on the Appraisal Update and/or Completion Report (Form 1004D).

- If the appraiser indicates on the Form 1004D that the property value has declined, then the seller must obtain a new appraisal for the property.
- If the appraiser indicates on the Form 1004D that the property value has *not* declined, then the seller may proceed with the loan in process without requiring any additional fieldwork.

Appraisals over 180 days old as of note date will require a new appraisal be ordered and a 1004D cannot be utilized.

Not eligible for Dominion Financial purchase: Properties for which the appraisal indicates condition ratings of C5 or C6, or a quality rating of Q6, as determined under the Uniform Appraisal Dataset (UAD) guidelines. Dominion Financial will consider purchase if the issue has been corrected prior to loan funding and with proper documentation.

SECOND APPRAISAL

A second appraisal is required when any of the following conditions exist:

- Loan amount > \$1,500,000
 - Two full independent appraisals required
 - Market rent estimate included in appraisal
- As required under the Appraisal Review Products section of this guide.

When a second appraisal is provided, the transaction's "Appraised Value" will be the lower of the two appraisals. The second appraisal must be from a different company and appraiser than the first appraisal.

APPRAISAL EVALUATION

NEIGHBORHOOD ANALYSIS

- Neighborhood boundaries should be described using the four (4) cardinal directions, streets, waterways, other geographic features, and natural boundaries that define the separation of one neighborhood from another.
- Neighborhood characteristics should be described with types and sizes of structures, architectural styles, current land uses, site sizes, and street patterns or designs.
- Factors that affect value and marketability should be mentioned in as much detail as possible - e.g., proximity of the property to employment and amenities, public transit, employment stability, market history, and environmental considerations.

EXISTING CONSTRUCTION

- If the appraiser reports the existence of minor conditions or deferred maintenance items that do not affect the safety, soundness, or structural integrity of the property, the appraiser may complete the appraisal “as is.” These items must be reflected in the appraiser’s opinion of value.
 - **Investor Premier Elite:** Deferred Maintenance items disclosed by appraiser, or an appraisal which is “Subject To”, cannot exceed 3% of the value of the subject property, and all items must be completed prior to closing.
- When there are incomplete items or conditions that do affect the safety, soundness, or structural integrity of the property, the property must be appraised subject to completion of the specific alterations or repairs. These items can include a partially completed addition or renovation, or physical deficiencies that could affect the safety, soundness, or structural integrity of the improvements, including but not limited to, cracks or settlement in the foundation, water seepage, active roof leaks, curled or cupped roof shingles, or inadequate electrical service or plumbing fixtures. In such cases, the Seller must obtain a certificate of completion from the appraiser before the mortgage is delivered to Dominion Financial.
- Negative property influences must be disclosed and adjusted accordingly by the appraiser. Including but not limited to: Water Tower, Cell Tower, Gas Station, Railroad Tracks, Landfill/Dump, Auto Repair, Auto Sales, Highway Overpass, On- & Off-Ramp, Billboards/Advertisements, Airports, Hospitals, Police & Fire Stations
- Properties with unpermitted additions: appraiser to determine if addition is completed in a workman like manner
- Permanent and Functioning Heat Source – A permanent heat source is required except for properties located in geographic areas where it is typical not to have heat source and has no adverse effect on marketability.
- Legal non-conforming zoned properties must indicate that the subject property can be rebuilt if it is severely damaged or destroyed.
- Properties near commercial influence are ineligible if any of the following exist:
 - Environmental hazards with potential impact to health and safety
 - Located near Industrial Factory or Power Plants
 - Located in area with few residential properties/low residential density
- Requirements for properties near commercial influence:
 - Minimum 1 comparable sale with similar commercial influence

- Appraiser must adjust for commercial influence if all comps are not located within the commercial influence

SUBJECT SECTION

The appraiser is required to research and identify whether the subject property is currently for sale or if it has been offered for sale in the 12 months prior to the effective date of the appraisal. If the answer is 'No,' the data source(s) used must be provided. If the answer is 'Yes,' the appraiser must report on each occurrence or listing and provide the following information:

- Offering price(s)
- Offering date(s)
- Data source(s) used
- For example, if the subject property is currently listed for sale and was previously listed eight months ago, the appraiser must report both offerings.

ACTUAL AND EFFECTIVE AGES

There is no restriction on the actual age of the dwelling. Older dwellings that meet general requirements are acceptable. Improvements for all properties must be of the quality and condition that will be acceptable to typical purchasers in the subject neighborhood. The relationship between the actual and effective ages of the property is a good indication of its condition. A property that has been well-maintained generally will have an effective age somewhat lower than its actual age. On the other hand, a property that has an effective age higher than its actual age probably has not been well-maintained or might have a specific physical problem. In such cases, the Seller should pay particular attention to the condition of the subject property in its review of any appraisal report. When the appraiser adjusts for the "Year Built," he or she must explain those adjustments.

TRANSFER OF APPRAISAL

Appraisal transfers are permitted with approval from Dominion Financial to ensure compliance with the Home Value Code of Conduct (HVCC) and Appraiser Independence requirements.

If any material corrections are required on transferred appraisal, then a new appraisal must be ordered.

APPRAISAL REVIEW REQUIREMENTS

APPRAISAL REVIEW PRODUCTS 1-4 RESIDENTIAL PROPERTY

An appraisal review product is required on every loan file unless a second appraisal is obtained. The appraisal review product should provide an "as is" value for the subject property (the "Appraisal Review Value") as of the date of the subject loan transaction.

Investor Premier Elite

- SSR Reports are NOT eligible as an appraisal review product
- An enhanced desk review product from the following is acceptable:
 - ARR from Protek
 - CDA from Clear Capital
 - If the ARR/CDA is unable to provide a value then a Field Review or 2nd appraisal will be required

- If the ARR/CDA is more than 10% lower than the appraised value, then the CDA/ARR is NOT acceptable. A field/review or 2nd appraisal must be ordered to retain eligibility.
- If the ARR/CDA is within 10% of the appraised value, then utilize the lower of the Appraised Value/CDA for valuation purposes.
- A Field Review or 2nd appraisal are acceptable as an appraisal review product
 - The lesser of the Field Review/2nd Appraisal value and original appraised value to be used in LTV calculations

MINIMUM PROPERTY REQUIREMENTS

MINIMUM SQUARE FOOTAGE		
Single Family (1 Unit) 700 sq. ft	Condominium 500 sq. ft	2-4 Units 500 sq ft per individual unit

All properties must:

- Be improved real property.
- Be accessible and available for year-round residential use.
- Contain a full kitchen and a bathroom. Kitchenettes are not eligible.
- Represent the highest and best use of the property.
- Not contain any health or safety issues.

PERSONAL PROPERTY

Any personal property transferred with a real property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV.

ESCROW HOLDBACKS

Escrow holdbacks are not allowed. Any repair or maintenance required by the appraiser must be completed prior to loan purchase. Dominion Financial will not acquire any loan with an escrow holdback.

DECLINING MARKETS

If the trend of property values is downward, a “Declining Market” exists. This requires a 10% LTV reduction from the maximum LTV that the borrower qualifies for per the specific program FICO/Loan amount matrix.

STATE LTV OVERLAYS

- See program specific matrix and ratesheet for State / MSA specific overlays and adjustments.

5.14.2 PROPERTY TYPES

ELIGIBLE PROPERTIES

- Single Family Detached (maximum of 6 bedrooms)
- Single Family Attached (maximum of 6 bedrooms)
- 2-4 Unit residential properties
- Condominiums - Warrantable Only
- Properties of 10 acres or less

- Multiple Assessor Parcel Numbers (APNs) are acceptable if the subject dwelling is on one lot or built across both parcels. Improvements allowed on adjoining parcel(s) are limited to non-residential improvements (e.g. garage).

INELIGIBLE PROPERTIES

- 5+ Unit Properties
- Vacant land or land development properties
- Single Family residences with more than 6 bedrooms
- Mixed Use Properties
- Properties not readily accessible by roads that meet local standards
- Properties not suitable for year-round occupancy, regardless of location
- Agricultural properties (including farms, ranches, or orchards)
- Commercial Zoned (except condos)
- Industrial Zoning
- Live/Work Condos
- Condotels
- Manufactured, Modular, or Mobile homes
- Co-ops
- Cooperative share loans
- Boarding houses or bed/breakfast properties
- Properties with zoning violations
- Properties with underground oil tanks
- Total or partially condemned properties (including threatened or pending eminent domain)
- Dome or geodesic homes
- Assisted living facilities/Continuing Care Facilities
- Homes on Native American Land (Reservations)
- Log homes or log home characteristics
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Fractional ownership/Timeshares
- Properties used for the cultivation, distribution, manufacture, or sale of marijuana
- Properties with known adverse environmental conditions
- Builder Model Leaseback
- C5 or C6 condition properties (per appraisal)
- Non-Warrantable Condominiums
- Acreage greater than 10 acres
- Rural property:
 - A property is classified as rural if:
 - Appraiser indicates property is rural
 - County/City Zoning indicates rural
 - CFPB Rural and Underserved Designation = "Yes" (<https://www.consumerfinance.gov/rural-or-underserved-tool/>)

5.14.3 ACREAGE LIMITATIONS

Limitations based on loan program.

- A maximum of 10 acres –Investor Premier Elite programs
- No truncating allowed

5.14.4 STATE ELIGIBILITY – PREMIER ELITE

Eligible States:

- Nationwide except for the states/territories listed below

Ineligible States

- Alaska, Hawaii, and US Territories (Guam Puerto Rico, American Samoa, US Virgin Islands, etc)

5.14.5 LISTING SEASONING

The subject property cannot be actively listed at the time of closing. If subject property is listed, evidence of listing cancellation must be provided prior to closing. Pre-Payment Penalty is not required as long as loan is priced accordingly.

5.14.6 LEASEHOLD PROPERTIES

Leasehold properties are not an acceptable property/ownership vesting type.

5.14.7 ESCROW WAIVER

Escrow funds/impond accounts can be waived, with the exception of Flood Insurance Premium, for exempt Investor Premier Elite business purpose loans when the following requirements are met:

- LTV of 80% or less
- Minimum decision credit score of 720
- Minimum 12 months of reserves
- Pricing adjustment may apply, see rate sheet.

5.14.8 DOMINION FINANCIAL EXPOSURE – BORROWER LIMITATIONS

Dominion Financials' exposure to a single borrower shall not exceed \$5,000,000 in current unpaid principal balance (UPB) or ten (10) loans unless reviewed and approved by Dominion Management on a case-by-case basis.

5.14.9 DISASTER AREAS

Sellers are responsible for identifying geographic areas impacted by disasters and taking appropriate steps to ensure the subject property has not been adversely affected. The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA website at www.fema.gov/disasters. In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as

earthquakes, floods, tornadoes, or wildfires, additional due diligence must be used to determine if the disaster guidelines should be followed.

APPRAISALS COMPLETED PRIOR TO DISASTER

An exterior inspection of the subject property, performed by the original appraiser, if possible, is required.

- The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- An Inspection Report must include new photographs of the subject property and street view.
- Any damage must be repaired and re-inspected prior to purchase.

APPRAISALS COMPLETED AFTER DISASTER EVENT

- The appraiser must comment on the adverse event and certify that there has been no change in the valuation.
- Any existing damage noted in the original report must be repaired and re-inspected prior to purchase.

DISASTER EVENT OCCURS AFTER CLOSING BUT PRIOR TO LOAN PURCHASE

A loan is ineligible for purchase until an inspection is obtained using one of the following options:

- A Post Disaster Inspection (PDI) Report from Clear Capital or Damage Assessment Report (DAR) from Pro Teck may be used. Any indication of damage reflected on the report will require a re-inspection by the appraiser.
- The appraiser may perform an inspection (Fannie Mae® Form 1004D) and comment on the event and certify that there has been no change to the value.

The guidelines for disaster areas should be followed for 120 days from the disaster declaration date as published by FEMA.

5.14.10 CONDOMINIUMS

Premier Elite is limited to warrantable condominiums only.

Follow guidelines as laid out in the [Condominium section](#)

CH. 6 APPENDIX: GLOSSARY

6.1 TERMS AND DEFINITIONS

TERM	DEFINITION
Adjustable-Rate Mortgage (ARM)	A mortgage loan that permits the lender to periodically adjust the interest rate on the basis of changes in a specified index.
Allonge	An attachment to a legal document that is used to insert language or signatures when there is no space for them on the document itself. Frequently used to add endorsements to the mortgage note.
American Land Title Association (ALTA)	A national association of title insurance companies, abstractors, and title agents. The association speaks for the abstract and title insurance industry and establishes standard procedures and title policy forms.
Application Date	The date on which receipt of the borrower's financial information first triggers the federal Truth in Lending disclosure requirements to the borrower in connection with the mortgage loan.
Appraisal	A report that sets forth an opinion or estimate of value.
Automated Clearing House (ACH)	An electronic drafting system that debits (or credits) an authorized bank account and electronically transfers funds to (or from) another designated account.
Best Efforts	A secondary market rate lock is an agreement between a seller and the investor which allows the seller to lock in the <u>interest rate</u> on a mortgage loan for a specified time period at the prevailing market interest rate. A mortgage loan lock provides protection against a rise in prevailing interest rates during the lock period.
Borrower	The person to whom credit is extended. On a mortgage loan, the person who has an ownership interest in the security property, signs the security instrument, and signs the mortgage/deed of trust note (if his or her credit is used for qualifying purposes). See also <i>Co-Borrower</i> .
Cash-Out Refinance	A refinancing transaction in which the amount of money received from the new loan exceeds the total of the money needed to repay the existing first mortgage, closing costs, points, and the amount required to satisfy any outstanding subordinate mortgage liens.
Co-Borrower	For Dominion Financial Mortgage Capital's purposes, this term is used to describe any borrower other than the first borrower whose name appears on the mortgage note, even when that person owns the property jointly with the first borrower (and is jointly and severally liable for the note). See also <i>Borrower</i> .
Condominium (condo)	A unit in a condominium project. Each unit owner has title to his or her individual unit, an individual interest in the project's common areas, and, in some cases, the exclusive use of certain limited common areas.
Credit Score	A numerical value that ranks an individual according to his or her credit risk at a given point in time, as derived from a statistical

	evaluation of information in the individual's credit file that has been proven to be predictive of loan performance. When this term is used by Dominion Financial Mortgage Capital, it is referring to the classic FICO score developed by Fair Isaac Corporation.
Curtailment	A financial term for a partial or an extra principal payment.
Custodian (Document Custodian)	A financial institution that maintains custody of certain mortgage documents on behalf of Dominion Financial.
Debt-To-Income Ratio (DTI)	A ratio derived by dividing the borrower's total monthly obligations (including housing expense) by his or her stable monthly income. This calculation is used to determine the mortgage amount for which a borrower qualifies. This term is used interchangeably with "total debt-to-income ratio" and "expense ratio."
Escrow Account	A trust account that is established to hold funds allocated for the payment of a borrower's property taxes and assessments by special assessment districts, ground rents, insurance premiums, condo or homeowners' association or planned unit development association dues and similar expenses as they are received each month in accordance with the borrower's mortgage documents and until such time as they are disbursed to pay the related bills.
Federal Emergency Management Agency (FEMA)	A federal agency that provides assistance in areas that have suffered a major disaster or other emergency. It also maintains flood insurance rate maps that identify the Special Flood Hazard Areas in which Dominion Financial requires flood insurance.
First-Time Home Buyer	An individual is to be considered a first-time home buyer who (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time home buyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.
Higher-Priced Covered Transaction	A mortgage loan that meets the corresponding definition under Regulation Z of the Truth in Lending Act and applies to both principal residences and second homes.
Higher-Priced Mortgage Loan	A mortgage loan that meets the corresponding definition under Regulation Z of the Truth in Lending Act. Only principal residences are included in this category.
Lease	A written agreement between the property owner and a tenant that stipulates the conditions under which the tenant may possess the real estate for a specified period of time and rent.
Loan-To-Value (LTV) Ratio	The relationship between the original loan amount of the first mortgage and the property's appraised value (or sales price, if it is lower).
Lock Expiration	A mandatory mortgage lock requires that the seller either deliver the product to the buyers by a specific date or incur a fee, called a pair-off fee.

Mandatory	<p>A mandatory mortgage lock requires that the seller either deliver the product to the buyers by a specific date or incur a fee, called a pair-off fee.</p> <p>A whole loan commitment that generally requires the lender to deliver eligible mortgages equal to at least the minimum required delivery amount (which is an amount that will not be less than the original commitment amount by more than \$10,000 or 2.5% of the original amount) by the expiration date of the commitment.</p>
Preparer Tax Identification Number (PTIN)	The IRS requires anyone who prepares tax returns for compensation to register and obtain a PTIN. There are no qualifications to obtain a PTIN, it's simply used for preparer identification.
Prepayment Penalty	A charge imposed for paying all or part of the transaction's principal before the date on which the principal is due, other than a waived, bona fide third-party charge that the lender imposes if the borrower prepays all of the transaction's principal sooner than 60 months after loan closing.
Rate lock	A secondary market rate lock is an agreement between a seller and the investor which allows the seller to lock in the <u>interest rate</u> on a mortgage loan for a specified time period at the prevailing market interest rate. A mortgage loan lock provides protection against a rise in prevailing interest rates during the lock period.
Sales Contract	A contract for the purchase/sale, exchange, or other conveyance of real estate between parties. The contract must be in writing, contain the full names of the buyer(s) and seller(s), identify the property address or legal description, identify the sales price, and include signatures by the parties. Sales contracts are also known as agreements of sale, purchase agreements, or contracts for sale.
Standard / Full Documentation	When referencing Income Documentation type, Standard Documentation and Full Documentation types are interchangeable.
Texas Section 50(a)(6) Loan	A loan originated in accordance with and secured by a lien permitted under the provisions of Article XVI, Section 50(a)(6), of the Texas Constitution, which allows a borrower to take equity out of a homestead property under certain conditions. Article XVI, Section 50(a)(6), of the Texas Constitution is sometimes referred to as Texas Constitution Section 50(a)(6).

CH. 7 APPENDIX: RESOURCES + FORMS

7.1 STATE ELIGIBILITY & LICENSING

TRID Loans

- Primary and Secondary Homes
- Company and Loan Originator need licensing

DFS Consumer licensed in the Following States:

AL, AK, AZ, CA, CO, CT, DC, FL, GA, ID, IL, IA, KS, KY, LA, MD, MN, MS, MT, NE, ND, OK, OR, PA, SD, TN, TX, VT, WA, WV, WI, WY

Business Purpose Loans

- Company required to have licensing

Business Purpose – DFS licensing if a Wholesale loan

- **Entity (Borrower)**
 - **Need Licensing:** AZ, CA, ID, MI, MN, NV, ND, OR, SD, UT, VT(Required for loans <\$1MM), VA
 - **License Not Required:** AL, AK, AR, CO, CT, DE, DC, FL, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MA, MS, MO, MT, NE, NH, NJ, NM, NY, NC, OH, OK, PA, RI, SC, TN, TX, WA, WV, WI, WY
- **Individual (Borrower)**
 - **Need Licensing:** AZ, CA, FL, ID, MI, MN, NV, ND, OR, SD, UT, VT(Required for loans <\$1MM), VA
 - **License Not Required:** AL, AK, AR, CO, CT, DE, DC, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MA, MS, MO, MT, NE, NE, NH, NJ, NM, NY, NC, OH, OK, PA, RI, SC, TN, TX, WA, WV, WI, WY

Business Purpose – Broker-Wholesale

- **Entity (Borrower)**
 - **Need Licensing:** AZ, CA, ID, MI, NV, NC, ND, OR, SD, UT, VT, VA

- **License Not Required:** AL, AK, AR, CO, CT, DE, DC, FL, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MA, MS, MN(Bkr Attestation), MO, MT, NE, NH, NM, NJ(Bkr Attestation), NY(Bkr Attestation), OH, OK, PA(Bkr Attestation), RI, SC, TN, TX, WA, WV, WI, WY

- **Individual (Borrower)**
 - **Need Licensing:** AZ, CA, FL, ID, MI, NV, ND, NY, NC, OR, SD, UT, VT, VA

 - **License Not Required:** AL, AK, AR, CO, CT, DE, DC, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MA, MS, MN(Bkr Attestation), MO, MT, NE, NH, NM, NJ(Bkr Attestation), NY(Bkr Attestation), OH, OK, PA(Bkr Attestation), RI, SC, TN, TX, WA, WV, WI, WY

There are also several states that require a license outside of NMLS if certain thresholds are tripped.

1. **Colorado** - second mortgages are subject to the UCCC if the APR is more than 12%. Under the UCCC, a consumer loan in excess of 12% APR can only be made by a "Supervised Lender". Supervised lenders are not licensed through NMLS. It is through the CO AG: <https://coag.gov/licensing/uniform-consumer-credit-code/>.
<https://coag.gov/app/uploads/2024/01/SUP-License-Application-1-12-24-1.pdf>

2. **Oklahoma** -
(1) "Supervised loan" means a consumer loan in which the rate of the loan finance charge exceeds ten percent (10%) per year as determined according to the provisions on loan finance charge for consumer loans (Section 3-201).**(2)** "Supervised lender" means a person authorized to make or take assignments of supervised loans.
Okla. Stat. tit. 14A, § 3-501
The OK Supervised Lender license is also not through NMLS. See: https://www.ok.gov/okdocc/Licenses_We_Regulate/Supervised_Lender/index.html

3. **Texas** - covers seconds
Regulated consumer loans are made at rates of interest greater than 10%. Non-depository lenders who engage in making, transacting, or collecting loans with a rate of interest greater than 10% must be licensed by the OCC. <https://occc.texas.gov/industry/regulated-lenders>

7.2 STATE SPECIFIC PRE-PAYMENT PENALTY RESTRICTIONS - APPENDIX

State	PPP Permitted	Requirement
Alaska	No	No prepayment penalty shall be permitted
Louisiana	Yes with conditions	A mortgage lender may contract for and receive a prepayment penalty in an amount not to exceed: (a) Five percent of the unpaid principal balance if the loan is prepaid in full during the first year of its term. (b) Four percent of the unpaid principal balance if the loan is prepaid in full during the second year of its term. (c) Three percent of the unpaid principal balance if the loan is prepaid in full during the third year of its term. (d) Two percent of the unpaid principal balance if the loan is prepaid in full during the fourth year of its term. (e) One percent of the unpaid principal balance if the loan is prepaid in full during the fifth year of its term.
Michigan	Yes with conditions	Max 3YR at max 1% for SFR
Minnesota	No	No prepayment penalty shall be permitted
Mississippi	Yes with conditions	(i) Five percent (5%) of the unpaid principal balance if prepaid during the first year; (ii) Four percent (4%) of the unpaid principal balance if prepaid during the second year; (iii) Three percent (3%) of the unpaid principal balance if prepaid during the third year; (iv) Two percent (2%) of the unpaid principal balance if prepaid during the fourth year; (v) One percent (1%) of the unpaid principal balance if prepaid during the fifth year; and (vi) No penalty if prepaid more than five (5) years from date of the note creating the debt.
New Jersey	Yes with conditions	Permitted for business entity Borrowers. Pre-payment penalties cannot be charged to natural person Borrowers.
New Mexico	No	No prepayment penalty shall be permitted
North Carolina	Yes with conditions	Prepayment penalty may be charged only on loans greater than \$150,000
Ohio	Yes with conditions	1-2 unit: maximum 1% within 5 years of execution date of the mortgage only if loan amount \geq \$110,223; No prepayment penalty permitted if loan amount $<$ \$110,223 (only allowed in within the first 5 years); 3-4 unit : prepayment penalty permitted without restriction except if loan amount falls below \$110,223, then no PPP
Pennsylvania	Yes with conditions	1-2 unit: only if loan balance $>$ \$312,159 No prepayment penalty permitted if balance \leq \$312,159 3-4 unit: prepayment penalty allowed without restriction
Rhode Island	Yes with conditions	Prepayment penalty max 2% of balance
Texas	Yes with conditions	Property cannot be owner-occupied
Virginia	Yes with conditions	Max 1% if balance $<$ \$75k

7.3 ALLONGE – SAMPLE

ALLONGE

Loan Number: (as printed on the note) _____

Borrower(s): _____

Property Address: _____

Note/Loan Amount: \$ _____

Note/Loan Date: _____

Pay to the order of: _____ without recourse
(Leave blank)

Seller Company Name _____

Signature: _____

Print Signer's Name: _____

Signer's Title: _____

7.4 APPRAISAL REVIEW GUIDE

DOMINION FINANCIAL APPRAISAL REVIEW GUIDE

SUBJECT PROPERTY

- 1) Does the subject property address match the documentation in the file (loan application, purchase contract, etc.)? If yes, validate the address via the USPS address validator.
- 2) Is the owner of record consistent with the loan file documentation? If it's a refinance, the borrower should reflect as the owner. If it's a purchase, does the owner match the purchase contract?

CONTRACT

- 1) Did the appraiser review the sales contract? The appraiser must review the sales contract on all purchase transactions.
- 2) Does the information in this section agree with the information on the sales contract?

NEIGHBORHOOD AND SITE

- 1) Pay attention to situations which could adversely affect the subject values, such as rural properties, property values declining, over-supply, marketing time greater than six (6) months. The appraiser may need to comment on the reason(s) and its effect on the subject's value.
- 2) Is the subject's value within the neighborhood's price range? If no, the appraiser must comment on its effect on the marketability of the subject.
- 3) Is the present land use predominately residential and similar to the subject's use? Is the present land use stable? If no, the appraiser must comment on these conditions.
- 4) Is the subject zoned legal non-conforming, or illegal? If legal non-conforming, ensure the property can be rebuilt if destroyed.
- 5) Are there any negative comments regarding the site? If so, verify that the noted condition will not affect the marketability.
- 6) Is the subject located on a private road? If so, obtain a maintenance agreement.
- 7) Be aware of acreage and any possible guideline restrictions.

IMPROVEMENTS

- 1) Is there evidence of infestation, dampness, settlement in the foundation? If so, the appraiser must comment.
- 2) Are there any negative comments in the improvements section if the appraisal is not subject to repairs? If yes, the appraiser may need to comment further.
- 3) Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? If so, is the situation addressed?
- 4) Pay attention to any improvements/remodeling done in the past 1 - 5 years mentioned by the appraiser. What is their impact on the final value and/or any recent increase to value?

SALES COMPARISON APPROACH

- 1) Did the appraiser indicate a number of comparable properties currently listed and sold in the neighborhood? If no, request that from the appraiser.
- 2) Are comparable sales located within the subject's neighborhood based on location (urban, suburban, rural)? If no, ask the appraiser to comment.
- 3) Are the comparable sales dated within six (6) months? If no, the appraiser must address this.

- 4) Are the comparable sales similar to the subject in location, design, gross living area, room counts, age, condition, etc.? If not, the appraiser must explain why the comps chosen were used.
- 5) For condominiums, at least one comparable sale should be outside of the subject's complex.
- 6) Be aware of total adjustments exceeding 15% for net and 25% for gross adjustments as referenced in the Dominion Financial Mortgage Capital loan eligibility criteria.
- 7) Make sure that add-ons (garage/barn/pool/etc.) are addressed and any adjustments are not excessive.
- 8) Watch for ineligible condition(s) such as C5, C6 or Q6.

Complete an independent analysis of the information and documentation provided on the appraisal focusing on the four (4) items below.

- 1) Review photos of the subject. Does the subject appear to need repairs? If so, and the appraiser did not require repairs, the appraiser must comment on the observed issue and possibly provide the cost to cure.
- 2) Complete research via online tools such as Zillow, Google, etc., on the comparable sales. Compare exterior and interior photos of the comparable sales to the subject to ensure they are not superior.
- 3) Review the sales history and listings in the subject's immediate neighborhood with online tools such as Zillow, MLS, etc., to ensure the best sale comparable(s) were used by the appraiser.
- 4) Review the street map that identifies the subject location and location(s) of the sale comparable(s). Verify that the comps are not clustered together in a superior neighborhood, separated from the subject by man-made barriers such as major roads/highways, etc.

RECONCILIATION

- 1) Is the appraisal made "subject to completion, repair, or inspection? If yes, check the condition for the completion/repair/inspection.

COST APPROACH

- 1) Is the land-to-value ratio typical for the area? If the site value has been provided, ensure the land-to-value ratio is not too high for the subject's neighborhood.
- 2) Is the indicated value by cost approach in-line with the sales comparison approach? If no, the appraiser must address this.

ADDENDA

- 1) Are all required addenda attached to the appraisal, including a map, sketch, and photographs?
- 2) Watch for adverse comments on any of the addenda.
- 3) Are the correct appraisal form(s) used? For example, condominiums should use Form 1073. A small residential income property appraisal report (Form 1025) should contain a Form 1007 single family comparable rent schedule, etc.

7.5 AUTOMATIC PAYMENT AUTHORIZATION (ACH) FORM

AUTOMATIC PAYMENT AUTHORIZATION FORM

Yes, I would like to enroll in the free* monthly Automatic Payment Program

Name	Street Address	City, State, Zip Code
Daytime Phone Number	Evening Phone Number	
Mortgage Number		
Financial Institution Name	Financial Institution Phone No.	Financial Institution Address
Electronic ACH Routing Number	Account Number	<input type="checkbox"/> Checking <input type="checkbox"/> Savings

Please specify the payment date most convenient for you, which must be within the applicable grace period. **If a payment date is not specified, or your loan is a daily simple interest loan, payments will be deducted on your current loan due date.**

Deduct my payment on the _____ of each month (select a date within the grace period indicated on your note).

I hereby authorize _____, including its successors and/or assigns, to initiate transfers from my checking or savings account at the financial institution indicated above for the purpose of making my monthly mortgage payment. I authorize the amount of each transfer to include my regularly scheduled payment including principal, interest, and escrow items I understand that, in accordance with the terms of my mortgage note and/or adjustments in my escrow for taxes and insurance, my payment may change from time to time as set forth in my loan documents. You are hereby authorized to change the amount of the draft from my checking or savings account, provided you notify me of the new payment amount at least 10 days prior to the draft date. I agree that the payment change notice provided to me under the Adjustable-Rate Mortgage Provisions of the Truth-in-Lending Act and/or escrow analysis form shall constitute notice of payment change as required by the Electronic Funds Transfer Act and Federal Reserve Board Regulation E.

The authorization is to remain in full force and effect until revoked in writing. Such revocation notification must be provided to the Initiating party no less than fifteen (15) business days prior to it taking effect. Please contact the Initiating Party immediately if you change financial institutions, change accounts within the same financial institution or if you wish to revoke this authorization.

I HEREBY AGREE TO THE TERMS AND CONDITIONS IN THIS FORM.

_____	_____	_____	_____
Borrower	Date	Co-Borrower	Date

7.6 BORROWER CERTIFICATION OF BUSINESS PURPOSE (NON-QM ONLY)

Borrower Certification of Business Purpose

This BORROWER CERTIFICATION OF BUSINESS PURPOSE LOAN is being executed and made effective as of **[LOAN CLOSING DATE]**. The undersigned borrower(s) and, if applicable, guarantor (collectively the “Borrower”) certifies and represents to **[SELLER NAME]** (“Seller”) all of the following:

1. Borrower has requested that Seller make a loan in the original principal amount of **[LOAN AMOUNT]** (“Loan”), which is evidenced by that certain Promissory Note of even date herewith made in favor and payable to the order of Seller, which is secured by that certain Mortgage, Deed of Trust or Security Deed (“Security Instrument”) of even date herewith encumbering all that certain real property referenced in the Security Instrument and commonly known as **[PROPERTY ADDRESS]** (“Property”).
2. Borrower has previously represented to Seller that the purpose of the Loan is solely for business or commercial purposes and not for any personal, family, or household purposes.
3. As previously represented, all proceeds from the Loan are to be used solely for business or commercial purposes and not for any personal, family, or household purposes.
4. The Property is not the principal or secondary residence of (i) the Borrower (including, for avoidance of doubt, any guarantors), or (ii) if the Borrower is not a natural person, any person who has a direct or indirect ownership interest in the Borrower.
5. Certain consumer protection laws, including the Truth in Lending Act (15 U.S.C. § 1601 et seq.), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 et seq.), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802-6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5601 et seq.) and Homeowners Protection Act (12 U.S.C. § 4901 et seq.), do not apply to the origination of the Loan.
6. The Borrower has read and understands the contents of this Borrower Certification of Business Purpose.

IN WITNESS WHEREOF, this Certification has been duly executed by the Borrower as of the date first above written.

Borrower(s):

Signature	Date	Signature	Date
Type/Print Name		Type/Print Name	
Signature	Date	Signature	Date
Type/Print Name		Type/Print Name	

7.7 BORROWER CONTACT CONSENT FORM

BORROWER CONTACT CONSENT FORM

To ensure we have the correct contact information for servicing your loan, please provide the following information.

By signing, I authorize my mortgage servicer, its transfers and/or assigns, to contact me regarding the servicing of my loan using the following contact information.

Mailing address for your mortgage statements and other correspondence:

____ Same as the subject property.

____ Please use this mailing address instead:

Address Line 1 _____

Address Line 2 _____

City/State/Zip _____ Country _____

Cell phone number:

I understand that by providing a cell phone number and by signing this form, I am giving the holder of my mortgage Note and its billing servicer permission to use the cell phone number to contact me regarding my loan.

	<u>Within the United States</u>	<u>If you reside outside the United States</u>
Borrower	(____) _____ - _____	(____) _____
Co-Borrower	(____) _____ - _____ (Area code) phone number	(____) _____ (Country code) phone number

Email address:

I understand that by providing an email address, I am giving the holder of my mortgage Note and its billing servicer permission to use this email to contact me regarding my loan.

Borrower _____

Co-Borrower _____

Signature(s):

Borrower _____ Date _____

Co-Borrower _____ Date _____

7.8 BUSINESS NARRATIVE FORM

Self-Employed Business Narrative Form

This form is to be completed by the borrower. Name of business:

- 1. Ownership percentage: _____
- 2. Date business was established: _____
- 3. Business legal structure:
 - Partnership Corporation Sub-S Corporation Limited Liability Company Sole Proprietor
- 4. Describe the nature of the business:

Signature Line:

7.9 LLC BORROWING CERTIFICATE - MULTIPLE MEMBER (NON-QM ONLY)

LIMITED LIABILITY COMPANY BORROWING CERTIFICATE

TO: [INSERT SELLER LEGAL NAME]

The undersigned, being all the members of [_____, a ___ limited liability company] (“Borrower”), do hereby certify that they are all of the managers and members of Borrower and, under the Borrower’s [Operating Agreement][Limited Liability Company Agreement] and by these presents, the undersigned are each authorized and empowered for and on behalf of and in the name of Borrower and without any requirement for consent or approval by any other person or party, as Borrower’s act and deed:

1. To borrow money from [SELLER LEGAL NAME] (“Seller”) and to assume any liabilities of any other person or entity to Seller, in such form and on such terms and conditions as shall be agreed upon by those authorized above and Seller, and to sign and deliver such promissory notes and other evidences of indebtedness for money borrowed or advanced and/or for indebtedness assumed as Seller shall require; such promissory notes or other evidences of indebtedness may provide that advances be requested by telephone communication and by any member, manager, employee or agent of Borrower so long as the advances are deposited into any deposit account of Borrower with Seller; Borrower shall be bound to Seller by and Seller may rely upon any communication or act, including telephone communications, purporting to be done by any member, manager, employee or agent of Borrower, provided that Seller believes, in good faith, that the same is done by such person.
2. To mortgage, encumber, pledge, convey, grant, assign or otherwise transfer all or any part of Borrower’s real or personal property for the purpose of securing the payment of any of the promissory notes, contracts, instruments, and other evidence of indebtedness authorized hereby, and to execute and deliver to Seller such deeds of trust, mortgages, pledge agreements and/or other security agreements as Seller shall require.
3. To perform all acts and execute and deliver all documents described above and all other contracts and instruments which Seller deems necessary or convenient to accomplish the purposes of this certificate and/or to perfect or continue the rights, remedies and security interests to be given to Seller, including, without limitation, any modifications, renewals and/or extensions of any of Borrower’s obligations to Seller, however evidenced; provided that the aggregate principal amount of all sums borrowed and credits established pursuant to this certificate shall not at any time exceed the sum of [\$_____] outstanding and unpaid.

The authority hereby conferred shall be deemed retroactive, and any and all acts authorized herein which were performed prior to the execution of this certificate are hereby approved and ratified. The authority hereby conferred is in addition to that conferred by any other certificate heretofore or hereafter delivered to Seller and shall continue in full force and effect until Seller shall have received notice in writing from Borrower of the revocation hereof, and such revocation shall be effective only as to credit which was not extended or committed to Borrower by Seller prior to Seller’s receipt of such notice.

We further certify that the activities covered by the foregoing certifications constitute duly authorized activities of Borrower; that said certifications are now in full force and effect; and that there is no provision in any document pursuant to which Borrower is organized and/or which governs Borrower's continued existence limiting the power of the undersigned to make the certifications set forth herein, and that the same are in conformity with the provisions of all such documents.

IN WITNESS WHEREOF, the undersigned has hereunto executed this Certificate as of [_____, 20__].

Signature
Printed Name
Title _____

Signature
Printed Name
Title _____

Signature
Printed Name
Title _____

Signature
Printed Name
Title _____

7.10 LLC BORROWING CERTIFICATE - SINGLE MEMBER (NON-QM ONLY)

LIMITED LIABILITY COMPANY BORROWING CERTIFICATE

TO: [INSERT SELLER LEGAL NAME]

The undersigned, being the sole member of [_____, a _____ limited liability company] ("**Borrower**"), does hereby certify that they are the sole and only member of Borrower and, under the Borrower's [Operating Agreement] [Limited Liability Company Agreement] and by these presents, the undersigned is authorized and empowered for and on behalf of and in the name of Borrower and without any requirement for consent or approval by any other person or party, as Borrower's act and deed:

1. To borrow money from [SELLER LEGAL NAME] ("**Seller**") and to assume any liabilities of any other person or entity to Seller, in such form and on such terms and conditions as shall be agreed upon by those authorized above and Seller, and to sign and deliver such promissory notes and other evidences of indebtedness for money borrowed or advanced and/or for indebtedness assumed as Seller shall require; such promissory notes or other evidences of indebtedness may provide that advances be requested by telephone communication and by any member, manager, employee or agent of Borrower so long as the advances are deposited into any deposit account of Borrower with Seller; Borrower shall be bound to Seller by and Seller may rely upon any communication or act, including telephone communications, purporting to be done by any member, manager, employee or agent of Borrower provided that Seller believes, in good faith, that the same is done by such person.
2. To mortgage, encumber, pledge, convey, grant, assign or otherwise transfer all or any part of Borrower's real or personal property for the purpose of securing the payment of any of the promissory notes, contracts, instruments, and other evidence of indebtedness authorized hereby, and to execute and deliver to Seller such deeds of trust, mortgages, pledge agreements and/or other security agreements as Seller shall require.
3. To perform all acts and execute and deliver all documents described above and all other contracts and instruments which Seller deems necessary or convenient to accomplish the purposes of this certificate and/or to perfect or continue the rights, remedies and security interests to be given to Seller, including, without limitation, any modifications, renewals and/or extensions of any of Borrower's obligations to Seller, however evidenced; provided that the aggregate principal amount of all sums borrowed and credits established pursuant to this certificate shall not at any time exceed the sum of [\$_____] outstanding and unpaid.

The authority hereby conferred shall be deemed retroactive, and any and all acts authorized herein which were performed prior to the execution of this certificate are hereby approved and ratified. The authority hereby conferred is in addition to that conferred by any other certificate heretofore or hereafter delivered to Seller and shall continue in full force and effect until Seller shall have received notice in writing from Borrower of the revocation hereof, and such revocation shall be effective only as to credit which was not extended or committed to Borrower by Seller prior to Seller's receipt of such notice.

The undersigned further certifies that the activities covered by the foregoing certifications constitute duly authorized activities of Borrower; that said certifications are now in full force and effect; and that there is no provision in any document pursuant to which Borrower is organized and/or which governs Borrower's continued existence limiting the power of the undersigned to make the certifications set forth herein, and that the same are in conformity with the provisions of all such documents.

IN WITNESS WHEREOF, the undersigned has hereunto executed this Certificate as of [_____, 20__].

By (Signature)

Name (Printed)

Title

7.11 NON-OCCUPANT CO-BORROWER CERTIFICATION (NON-QM ONLY)

NON-OCCUPANT CO-BORROWER CERTIFICATION

Borrower _____

Co-Borrower(s) _____

Property Address _____

I/We the undersigned certify that:

- _____ I am/We are the co-borrower(s) of the Promissory Note associated with the first mortgage loan that is being made to the above Borrower(s).
- _____ I/We attest that my/our income is/are being taken into account for qualifying purposes only.
- _____ I/We attest that we do not currently, nor will ever occupy the above-mentioned Subject property.
- _____ I/We attest that we will sign the mortgage or deed of trust note at closing.
- _____ I/We understand that upon consummation of this transaction I/we will have joint liability for the note with the Borrower(s).
- _____ I/We do not have an interest in the property sales transaction, such as the property seller(s), the builder(s), or the real estate broker(s).

I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to thirty (30) years in federal prison or a fine of up to \$1,000,000, or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.

I/We understand that failure to comply with the requirements in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the Seller to exercise its remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

_____	_____	_____	_____
Borrower	Date	Co-Borrower	Date
_____	_____	_____	_____
Co-Borrower	Date	Co-Borrower	Date

7.12 OCCUPANCY CERTIFICATION

OCCUPANCY CERTIFICATION

Borrower _____
 Co-Borrower(s) _____
 Property Address _____

I/We the undersigned certify that:

_____ Primary Residence – I/we will occupy the Property as my/our principal residence within Sixty (60) days after the date of closing as stated in the Mortgage or Deed of Trust I/we executed. I/we will continue to occupy the Property as my/our principal residence for at least one year after the date of occupancy, unless Seller otherwise agrees in writing.

_____ Second Home – I/we will occupy the Property as a second home (vacation, etc.) while maintaining a principal residence elsewhere.

_____ Investment Property – I/we will not occupy the Property as a principal resident or second home. I/we will not occupy the Property for more than 14 days in any calendar year. The Property is an investment to be held or rented rather than for household or personal use.

REFINANCE ONLY (the following **must** be completed on a refinance transaction)

_____ I/We the undersigned, certify that the property referenced above is **NOT** currently listed for sale or under contract to be listed for sale.

I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to thirty (30) years in federal prison or a fine of up to \$1,000,000, or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.

I/We understand that failure to comply with the requirements in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the Seller to exercise its remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

_____	_____	_____	_____
Borrower	Date	Co-Borrower	Date
_____	_____	_____	_____
Co-Borrower	Date	Co-Borrower	Date
_____	_____	_____	_____

7.13 SECURITY RELEASE FORM

Security Release Form

Date: _____

Seller Name: _____

Seller Address: _____

_____ (“Seller”) hereby acknowledges that it has exclusive right, title and interest in the mortgage loans referenced in Schedule A (“Mortgage Loans”) attached hereto and that the Mortgage Loans or any interest therein have not been pledged or assigned to any financial institution or other party. Seller further acknowledges that the bank account designated below is the Seller’s business bank account. Immediately upon Purchaser receiving confirmation of the payment of the purchase proceeds to the account designated below, the Seller hereby agrees that all right, title and interest in the Mortgage Loan shall be released to the Purchaser.

Wire Instructions: _____

Bank Name: _____

City State: _____

ABA #: _____

Account #: _____

Account Name: _____

By (Signature)

Name (Printed)

Title

7.14 SPOUSAL CONSENT FORM (NON-QM ONLY)

CONSENT OF SPOUSE

I, **[Name of Spouse]**, spouse of **[Name of Guarantor]**, acknowledge that I have read the **[Guaranty]**, dated as of **[Closing Date]**, by **[Name of Guarantor]** (the "Guaranty"), and that I know the contents of the Guaranty. I am aware that the Guaranty contains provisions guaranteeing amounts for the benefit of **[Name of Borrower]** ("Borrower") and in support of that certain promissory note incurred by Borrower and payable to the order of **[Name of Seller]** ("Seller"), as well as other obligations under the Guaranty:

I hereby expressly approve of the Guaranty in its entirety, including, but not limited to, that my spouse guarantees to Seller the full and prompt payment when due, whether at the Maturity Date or earlier, the entire amount due under the promissory note (as defined in the Guaranty).

I am aware that the legal and related matters contained in the Guaranty are complex and that I have been advised to seek independent professional guidance or counsel with respect to this Consent. I have either sought such guidance or counsel or determined after reviewing the Guaranty carefully that I will, and hereby do, waive such right.

Signed _____

Name of Spouse _____

Spouse Address _____

State of _____

County of _____

The foregoing instrument was acknowledged before me on this _____, 20____ by
 _____ (spouse).

(Notary Seal)

 Signature of Notary Public

7.15 STACKING ORDER PRE-PURCHASE REVIEW

STACKING ORDER			
Loan Information		Seller Information	
Loan Number:		Company Name:	
Borrower Name:		Contact:	
Property Address:		Contract Email:	
Closing Documents			
	Original Note with Endorsement/Allonge		
	Security Instrument with riders/addendums; including legal description		
	Closing Disclosure (CD)		
	Title Commitment and/or Binder		
	Hazard Insurance Policy and/or Binder		
	Flood Insurance		
	Flood Insurance Policy and/or Binder		
	Right of Rescission if applicable		
	All Federal and State Disclosures		
	Amortization Schedule		
	W9 – EIN if applicable		
	Borrower Certification of Business Purpose on Investor Solutions product		
	Personal Guarantee if applicable		
	Loan Agreement if applicable		
	Occupancy Certifications as applicable		
Loan Information			
	Note Rate Lock between Client & Borrower(s)		
	Ability to Repay confirmation & UW ATR worksheet		
	Final 1008 (Uniform Underwriting Transmittal Summary)		
	Final URLA (Uniform Residential Loan Application)		
	Initial URLA		
Credit			
	Credit Report with Credit Expiration if applicable		
	Verification of Mortgage and/or Rent		
	CD for Previous property sale		
Income			
	Verification of Employment, Pay Stubs, W-2s, Tax Returns, Retirement/Fixed Income (Social Security, Pension)		
	Bank Statements if uses to determine income: 24- or 12-months business or personal		
	Profit & Loss Statement or Expense Letter if applicable		
	Verbal Verifications of Employment		
	Rental/Lease Agreements		
	Signed IRS Form 4506C if applicable		
	Transcripts if applicable		
Assets			
	Verifications of Deposit, Bank Statements, Brokerage/Retirement Statements		
	Verification of Earnest Money Deposit		
	Gift Letter and Proof of receipt		
Property			
	Executed Sales Contract		
	Appraisal(s)		
	Enhanced Desk		
	Final Inspection if applicable		
	Condo/PUD Information including project review determination		
Additional Underwriting/QC Documents			
	Loan Estimate and all Federal and State Disclosures		
	All Automated Fraud & Data Check Results		
	Any other documentation used to make underwriting /loan decision		
	04/25/2022		

7.16 TAXPAYER CONSENT FORM

Consent to Share Tax Returns

Loan: _____

Borrower: _____

Date: _____

I understand, acknowledge, and agree that _____ (“Seller”) and Other Loan Participants can obtain, use and share tax return information for purposes of (i) providing an offer; (ii) originating, maintaining, managing, monitoring, servicing, selling, insuring, and securitizing a loan; (iii) marketing; or (iv) as otherwise permitted by applicable laws, including state and federal privacy and data security laws. The Seller includes the Seller’s affiliates, agents, service providers and any of aforementioned parties’ successors and assigns. The Other Loan Participants includes any actual or potential owners of a loan resulting from your loan application, or acquirers of any beneficial or other interest in the loan, any mortgage insurer, guarantor, any servicers, or service providers for these parties and any of aforementioned parties’ successors and assigns.

Borrower

Co-Borrower

7.17 DOMINION FINANCIAL CONTACT FORM

Main Number:	(512) 971-6002
Hours of Operation:	8:00 am – 5:00 pm CT
Main Website:	www.dominionfinancialwholesale.com
PODIUM Loan Portal:	podium.dominionfinancialwholesale.com
LenderSupport@thedominiongroup.com	Password reset, general system, or system navigational questions
Submissions@thedominiongroup.com	Loan submissions and Resubmissions
ScenarioDesk@thedominiongroup.com	Scenario questions
IncomeandAppraisalReview@thedominiongroup.com	Income Review Desk
LockDesk@thedominiongroup.com	Registration, Locking, and Extension questions
UWescalations@thedominiongroup.com	Underwriting Escalations
loanservicing@thedominiongroup.com	Loan Servicing Customer Service

CH. 8 APPENDIX: SERVICING

8.1 SERVICING REFERENCE GUIDE

Please reference Dominion Loan Number, Borrower Name and Property Address in all correspondence with the servicer.

Borrowers should be prepared to provide last 4-digits of SSN or EIN (for Entity closed loans) for identity verification purposes when contacting the servicer directly.

Servicing Item:	Dominion Financial Services (NMLS ID 898795)
Address for Borrower Payments:	<ul style="list-style-type: none"> • Regular Mailing <ul style="list-style-type: none"> ○ Dominion Financial Services 32 South Street Baltimore. MD 21202
Address for Correspondence:	<ul style="list-style-type: none"> • Dominion Financial Services 32 South Street Baltimore. MD 21202
Customer Service Information:	<ul style="list-style-type: none"> • Email: loanservicing@thedominiongroup.com
Mortgagee Payee:	<ul style="list-style-type: none"> • Dominion Financial Services, LLC Its Successors and/or Assigns ATIMA 32 South Street Baltimore. MD 21202
MERS ORG ID	<ul style="list-style-type: none"> • MERS Org ID: 1016698

CH. 9 APPENDIX: MATRIX

(Current Loan Program Matrices are available on Dominion's Website under Forms & Resources)

CH. 10 APPENDIX: VERSION CONTROL

Author	Section	Date	Update
DFW	Investor Premier Elite	12/13/2024	<ul style="list-style-type: none"> 5+ Unit now Ineligible under Premier Elite
DFW	Ch 4 Standard Non-QM	12/13/2024	<ul style="list-style-type: none"> Added Consumer Purpose – Full & Alt Documentation Products: <ul style="list-style-type: none"> Prestige Plus Prestige Updated Credit, Assets, and Income sections
DFW	Appendix	12/13/2024	<ul style="list-style-type: none"> Added Detailed State Licensing Requirements breakdown
DFW	Multiple	1/21/2025	<ul style="list-style-type: none"> General formatting and language cleanup. Increased Maximum Loan amounts: <ul style="list-style-type: none"> Investor Premier & Premier Elite: Up to \$2,000,000 Prestige: Up to \$3,000,000 Prestige Plus: Up to \$2,500,000 Updated reserve requirements associated with increases Added 40Yr Fixed with 10-Yr Interest Only as additional term option for Investor Premier 1-4 DSCR
DFW	Cross Collateral	1/21/2025	<ul style="list-style-type: none"> Added Investor Premier Cross Collateral DSCR product guidelines and loan program matrix – See Section 4.15 and Matrix
DFW	Multiple	1/27/2025	<ul style="list-style-type: none"> Corrected some year dates from 2024 to 2025. Updated Non-Perm Resident section with increased Max LTVs for Full/Alt doc and DSCR Updated Second appraisal requirements to align with increased loan maximums. Updated Investor Premier Elite, Vacant Cash/out restricted to Fix and Flip/Rehab loans only.
DFW	Multiple	2/3/2025	<ul style="list-style-type: none"> Added Foreign National Eligibility to Investor Premier Elite program and guidelines. Product matrix updated with applicable limits. Added Foreign National product to the Investor Premier suite: Investor Premier Foreign National. DSCR Only. Guidelines updated throughout the Standard Non-QM Products section in Chapter 4. Investor Premier 5-10: Clarified guideline requirements around Personal Guarantees and required credit/background checks for material members (ownership of 25%+)
DFW	Multiple	3/24/2025	<ul style="list-style-type: none"> Clarified Property Insurance Coverage Requirements Clarified requirements for 5-10 unit DSCR property ID and OFAC requirements based on ownership percentage. Investor Premier – updated minimum tradeline requirements. If 3 scores are present, the minimum tradeline requirement is waived for that borrower. Each borrower with less than 3 scores will still need to meet the tradeline requirements.

			<ul style="list-style-type: none">• Investor Premier – Long-Term Rental Requirements – Updated to allow 120% of market rents when lease is higher and evidence of receipts provided. (Previously 115%)• Investor Premier – Short-Term Rental Requirements –<ul style="list-style-type: none">○ Property Guard report required for all short-term rentals (confirms necessary city permits are in place)○ 1007/1025 Short Term Rental schedule of appraisal no longer and acceptable source for determining STR Income.○ STR Purchase: AirDNA report updated as the only acceptable income figures to utilize.○ Minimum DSCR for Purchase updated to 1.10x (from 1.00X)○ STR Refinance: Must qualify using 12-month short term rental history.• Housing History Requirements DSCR – Primary residence owned free & clear requires a Property Profile Report or similar document and evidence that property taxes are current.• Investor Premier Elite – Simplified appraisal transfer requirements.
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