



Silvergate Funding, Inc.

Silvergate Funding, Inc ("SFI")

IN FOCUS BULLETIN

2014-02

January 16, 2014

- SFI will be closed for business on Monday, January 20, 2014 for the Martin Luther King, Jr., Birthday Holiday. Regular hours will resume on Tuesday, January 21, 2014.
- New Rate Sheet template is being sent with this communication and will go into effect on Tuesday, January 21, 2014. New Loan Price Adjustments are present so please review carefully.
- SFI will no longer present a 3-1 FHA Adjustable Rate Loan, effective immediately.
- New Conforming and Non-Conforming Jumbo Product Guidelines are being sent with this communication, and are effective immediately.

Please contact: Alan Peviani, Sales (apeviani@silvergatefunding.com), (858) 795-7396
Pete Roeske, Capital Markets (proeske@silvergatefunding.com), (858) 622-9726

Thank you for doing business with SFI.





Silvergate Funding, Inc.

JUMBO RATE SHEET

Effective Date: 1/20/2014
Time: 12:00 AM
Rate Sheet Number:
Expiration: 2:00 PM PT
Call Price Desk for Indications
Price Desk: (858) 622-9728

SRPs are included in all posted pricing.

Table with 6 columns: Note Rate, Settlement Deadline (15 Day, 30 Day, 45 Day, 60 Day), and 6 rows of data for 15 Year Fixed Rate JUMBO (Product Code 515).

Note: If settlement deadline is not a business day default to the next business day
Note: Max paid premium after all adjustments is 102.250

Table with 6 columns: Note Rate, Settlement Deadline (15 Day, 30 Day, 45 Day, 60 Day), and 6 rows of data for 30 Year Fixed Rate JUMBO (Product Code 530).

Note: If settlement deadline is not a business day default to the next business day
Note: Max paid premium after all adjustments is 102.250

Table with 6 columns: Note Rate, Settlement Deadline (15 Day, 30 Day, 45 Day, 60 Day), and 6 rows of data for 5-1 JUMBO (Product Code 505).

Note: If settlement deadline is not a business day default to the next business day
Note: Max paid premium after all adjustments is 102.250

Table with 6 columns: Note Rate, Settlement Deadline (15 Day, 30 Day, 45 Day, 60 Day), and 6 rows of data for 7-1 JUMBO ARM (Product Code 507).

Note: If settlement deadline is not a business day default to the next business day
Note: Max paid premium after all adjustments is 102.250

Table with 6 columns: Note Rate, Settlement Deadline (15 Day, 30 Day, 45 Day, 60 Day), and 6 rows of data for 10-1 JUMBO ARM (Product Code 510).

Note: If settlement deadline is not a business day default to the next business day
Note: Max paid premium after all adjustments is 102.250

JUMBO Loan Level Price Adjustments (All adjustments are cumulative) table with columns for LTV/CLTV, Products, and various price adjustment percentages.

Table with 4 columns: Tier, States, 30 Year/15 Year, and ARMs, showing state-specific adjustments.

State Inclusions: SFI purchases loans in all states except: Arkansas, Mississippi, New York, Puerto Rico, South Dakota and US Territories.

Table with 2 columns: State and Restriction, detailing eligibility requirements for various states.

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Silvergate Funding, Inc.

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CONFORMING RATE SHEET

Effective Date: 1/20/2014
Time: 12:00 AM
Rate Sheet Number:
Expiration: 2:00 PM PT
Call Price Desk for Indications
Price Desk: (858) 622-9128

15 Year Fixed Rate CONFORMING (Product Code 115)
Table with columns: Note Rate, 15 Day, 30 Day, 45 Day, 60 Day. Rows show rates from 5.000 to 2.625.

Note: If settlement deadline is not a business day default to the next business day.
Note: Max paid premium after all adjustments is 104.500

30 Year Fixed Rate CONFORMING (Product Code 130)
Table with columns: Note Rate, 15 Day, 30 Day, 45 Day, 60 Day. Rows show rates from 5.750 to 3.375.

Note: If settlement deadline is not a business day default to the next business day.
Note: Max paid premium after all adjustments is 104.500

5/1 ARM CONFORMING (Product Code 105)
2-2.5 Caps - 1 Year LIBOR Index - 2.25% Margin
Table with columns: Note Rate, 15 Day, 30 Day, 45 Day, 60 Day. Rows show rates from 4.000 to 1.625.

Note: If settlement deadline is not a business day default to the next business day.
Note: Max paid premium after all adjustments is 102.500

7/1 ARM CONFORMING (Product Code 107)
5-2.5 Caps - 1 Year LIBOR Index - 2.25% Margin
Table with columns: Note Rate, 15 Day, 30 Day, 45 Day, 60 Day. Rows show rates from 4.500 to 2.125.

Note: If settlement deadline is not a business day default to the next business day.
Note: Max paid premium after all adjustments is 102.500

10/1 ARM CONFORMING (Product Code 110)
5-2.5 Caps - 1 Year LIBOR Index - 2.25% Margin
Table with columns: Note Rate, 15 Day, 30 Day, 45 Day, 60 Day. Rows show rates from 4.875 to 1.625.

Note: If settlement deadline is not a business day default to the next business day.
Note: Max paid premium after all adjustments is 102.500

Table with columns: Tier, State, 30 Year, 15 Yr(ARMs). Rows list tiers 1-4 and states CT, GA, MD, MS, NJ, OK, PA, CO, DC, MA, ND, SD, WY.

Fixed Loan Level Price Adjustments - 30 and 15 Year Fixed Loan adjustments (All adjustments are cumulative)
Table with columns: Property Type, Adjustable Rate, Loan Level Price Adjustments (All adjustments are cumulative).

30 Year Fixed Rate Loan Level Price Adjustments - Purchase and Rate A Term Assistance (All adjustments are cumulative)
Table with columns: LTWCLTV, FICO 740+, FICO 720-739, FICO 700-719, FICO 680-699, FICO 660-679, FICO 640-659, FICO 620-639, FICO <620.

All Product Loan Level Price Adjustments - Cash Out Refinance Adjustments for All Products (All adjustments are cumulative)
Table with columns: LTWCLTV, FICO 740+, FICO 720-739, FICO 700-719, FICO 680-699, FICO 660-679, FICO 640-659, FICO 620-639, FICO <620.

CLTV Adjustments - All Products
Table with columns: LTV Range, CLTV Range, FICO <720, FICO 720+. Rows show LTV ranges from <= 65.00% to 80.01% - 90.00%.

Loan Amount Adjustments
Table with columns: Loan Amount, Adjustment. Rows show loan amounts from 50,000 - 89,999 to 200,000+.

State Inclusions: SFI purchases loans in all states except: Arkansas, Mississippi, New York, Puerto Rico, South Dakota and US Territories.
State Eligibility: SFI will purchase loans with the following restrictions.
State Restriction: California - Condominiums must have Freddie Mac acceptable Earthquake Insurance. Texas - If Refinance, must meet Texas Regulation 50 (a)(6), and requires Prior Approval.
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Silvergate Funding, Inc.

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FHA RATE SHEET

Effective Date: 1/20/2014
 Time: 12:00 AM
 Rate Sheet Number:
 Expiration: 2:00 PM PT
 Call Price Desk for Indications
 Price Desk: (858) 622-9728

| 15 Year FHA (Product Code 415) | | | | |
|--------------------------------|---------|---------|---------|---------|
| Settlement Deadline | | | | |
| Note Rate | 15 Day | 30 Day | 45 Day | 60 Day |
| 5.125 | NA | NA | NA | NA |
| 5.000 | NA | NA | NA | NA |
| 4.875 | NA | NA | NA | NA |
| 4.750 | NA | NA | NA | NA |
| 4.625 | NA | NA | NA | NA |
| 4.500 | NA | NA | NA | NA |
| 4.375 | NA | NA | NA | NA |
| 4.250 | NA | NA | NA | NA |
| 4.125 | NA | NA | NA | NA |
| 4.000 | NA | NA | NA | NA |
| 3.875 | NA | NA | NA | NA |
| 3.750 | NA | NA | NA | NA |
| 3.625 | NA | NA | NA | NA |
| 3.500 | NA | NA | NA | NA |
| 3.375 | NA | NA | NA | NA |
| 3.250 | NA | NA | NA | NA |
| 3.125 | NA | NA | NA | NA |
| 3.000 | NA | NA | NA | NA |
| 2.875 | NA | NA | NA | NA |
| 2.750 | NA | NA | NA | NA |
| 2.625 | NA | NA | NA | NA |
| 2.500 | NA | NA | NA | NA |
| 2.375 | NA | NA | NA | NA |
| 2.250 | NA | NA | NA | NA |
| Settle By | 1/30/14 | 2/14/14 | 2/14/14 | 3/16/14 |

Note: If settlement deadline is not a business day default to the next business day

| 30 Year FHA (Product Code 430) | | | | |
|--------------------------------|---------|---------|---------|---------|
| Settlement Deadline | | | | |
| Note Rate | 15 Day | 30 Day | 45 Day | 60 Day |
| 6.125 | NA | NA | NA | NA |
| 6.000 | NA | NA | NA | NA |
| 5.875 | NA | NA | NA | NA |
| 5.750 | NA | NA | NA | NA |
| 5.625 | NA | NA | NA | NA |
| 5.500 | NA | NA | NA | NA |
| 5.375 | NA | NA | NA | NA |
| 5.250 | NA | NA | NA | NA |
| 5.125 | NA | NA | NA | NA |
| 5.000 | NA | NA | NA | NA |
| 4.875 | NA | NA | NA | NA |
| 4.750 | NA | NA | NA | NA |
| 4.625 | NA | NA | NA | NA |
| 4.500 | NA | NA | NA | NA |
| 4.375 | NA | NA | NA | NA |
| 4.250 | NA | NA | NA | NA |
| 4.125 | NA | NA | NA | NA |
| 4.000 | NA | NA | NA | NA |
| 3.875 | NA | NA | NA | NA |
| 3.750 | NA | NA | NA | NA |
| 3.625 | NA | NA | NA | NA |
| 3.500 | NA | NA | NA | NA |
| 3.375 | NA | NA | NA | NA |
| 3.250 | NA | NA | NA | NA |
| Settle By | 1/30/14 | 2/14/14 | 2/14/14 | 3/16/14 |

Note: If settlement deadline is not a business day default to the next business day

| 5/1 ARM (Product Code 405) | | | | |
|---|---------|---------|---------|---------|
| 1-1.5 Caps - 1 Year Treasury Index (CMT) - 2.00% Margin | | | | |
| Settlement Deadline | | | | |
| Note Rate | 15 Day | 30 Day | 45 Day | 60 Day |
| 5.125 | NA | NA | NA | NA |
| 5.000 | NA | NA | NA | NA |
| 4.875 | NA | NA | NA | NA |
| 4.750 | NA | NA | NA | NA |
| 4.625 | NA | NA | NA | NA |
| 4.500 | NA | NA | NA | NA |
| 4.375 | NA | NA | NA | NA |
| 4.250 | NA | NA | NA | NA |
| 4.125 | NA | NA | NA | NA |
| 4.000 | NA | NA | NA | NA |
| 3.875 | NA | NA | NA | NA |
| 3.750 | NA | NA | NA | NA |
| 3.625 | NA | NA | NA | NA |
| 3.500 | NA | NA | NA | NA |
| 3.375 | NA | NA | NA | NA |
| 3.250 | NA | NA | NA | NA |
| 3.125 | NA | NA | NA | NA |
| 3.000 | NA | NA | NA | NA |
| 2.875 | NA | NA | NA | NA |
| 2.750 | NA | NA | NA | NA |
| Settle By | 1/30/14 | 2/14/14 | 2/14/14 | 3/16/14 |

Note: If settlement deadline is not a business day default to the next business day

| Government Loan Level Price Adjustments | | |
|---|-------|---|
| FICO > 680 | 0.250 | FICO below 620 eligible by exception only |

| State Inclusions |
|--|
| SFI purchases loans in all states except New York and North Dakota |

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Silvergate Funding, Inc. Conforming Fixed Rate Product Guidelines

Effective Date: 1/16/2014

| Product Descriptions | 15 Yr. Fixed Rate | 30 Yr. Fixed Rate |
|--|---|-------------------|
| Product Code | 115 | 130 |
| Fannie Mae AUS: Desktop Underwriter (DU) AUS findings | Approve/Eligible | |
| Freddie Mac AUS: Loan Prospector (LP) AUS findings | Accept Eligible | |
| Fannie Mae/DU Approve Eligible findings with a DTI maximum | 50% or AUS specified, whichever is less | |
| Freddie Mac/LP Accept Eligible findings with a DTI maximum | 50% or AUS specified, whichever is less | |
| Qualification Rate | Note Rate | |
| Amortization | Full | |
| Term | 15 Years | 30 Years |
| Prepayment Penalty | None | |
| Temporary Buy-Downs | No | |
| Conversion/Assumption | No | |

No Manually underwritten loans

| PRIMARY RESIDENCE – PURCHASE AND RATE/TERM REFINANCE | | | | | |
|--|-------------|--------------------|---------------------|---------------------|----------------------|
| Property Type | Maximum LTV | Maximum CLTV/HCLTV | Minimum Loan Amount | Maximum Loan Amount | Minimum Credit Score |
| 1-Unit Warrantable Condo PUD | 95% | 95% | \$50,000 | \$417,000 | 620 |
| 2-Unit | 80% | 80% | | | 640 |
| 3-4- Unit | 75% | 75% | | | 640 |

All loans above 80% LTV require mortgage coverage

| PRIMARY RESIDENCE – CASH OUT REFINANCE | | | | | |
|--|-------------|--------------------|---------------------|---------------------|----------------------|
| Property Type | Maximum LTV | Maximum CLTV/HCLTV | Minimum Loan Amount | Maximum Loan Amount | Minimum Credit Score |
| 1-Unit Warrantable Condo PUD | 80% | 80% | \$50,000 | \$417,000 | 640 |
| 2-Unit | 75% | 75% | | | 660 |
| 3-4- Unit | 75% | 75% | | | 660 |

Maximum cash-out amount is \$200,000 for LTV's exceeding 80%

| SECOND HOME – PURCHASE AND RATE/TERM REFINANCE | | | | | |
|--|-------------|--------------------|---------------------|---------------------|----------------------|
| Property Type | Maximum LTV | Maximum CLTV/HCLTV | Minimum Loan Amount | Maximum Loan Amount | Minimum Credit Score |
| 1-Unit Warrantable Condo PUD | 90% | 90% | \$50,000 | \$417,000 | 620 |

All loans above 80% LTV require mortgage coverage

| SECOND HOME – CASH OUT REFINANCE | | | | | |
|------------------------------------|-------------|--------------------|---------------------|---------------------|----------------------|
| Property Type | Maximum LTV | Maximum CLTV/HCLTV | Minimum Loan Amount | Maximum Loan Amount | Minimum Credit Score |
| 1-Unit Warrantable Condo PUD | 75% | 75% | \$50,000 | \$417,000 | 660 |

Maximum cash-out amount is \$200,000 for LTV's exceeding 80%

| INVESTMENT PROPERTY – PURCHASE & RATE/TERM REFINANCE | | | | | |
|--|-------------|--------------------|---------------------|---------------------|----------------------|
| Property Type | Maximum LTV | Maximum CLTV/HCLTV | Minimum Loan Amount | Maximum Loan Amount | Minimum Credit Score |
| 1-Unit Warrantable Condo PUD | 80% | 80% | \$50,000 | \$417,000 | 660 |
| 2- Unit | 75% | 75% | | | |

| INVESTMENT PROPERTY – CASH-OUT REFINANCE | | | | | |
|--|-------------|--------------------|---------------------|---------------------|----------------------|
| Property Type | Maximum LTV | Maximum CLTV/HCLTV | Minimum Loan Amount | Maximum Loan Amount | Minimum Credit Score |
| 1-Unit Warrantable Condo PUD | 75% | 75% | \$50,000 | \$417,000 | 680 |
| 2- Unit | 70% | 70% | | | |

Maximum cash-out amount is \$200,000 for LTV's exceeding 80%

All loans above 80% LTV require mortgage coverage

| INCOME ANALYSIS WORKSHEET (NEW) |
|---|
| The income of each borrower who will be obligated on the mortgage, and whose income is relied upon in determining the ability to repay, must be analyzed to determine whether the income level reasonably may be expected to continue. |
| The loan file must include a worksheet from the Seller demonstrating the income calculation methodology and debt considered to qualify each loan in accordance with the new Ability to Repay/Qualified Mortgage rules. No specific form is required, however, the worksheet must clearly and fully document the underwriter's determination of qualifying income along with applicable payment and debt obligations that result in the debt to income ratio of less than or equal to 50%. |

| POINTS AND FEES WORKSHEET (NEW) |
|--|
| Maximum Points and Fees |
| Limit upfront points and fees to no more than three percent with adjustments to facilitate smaller loans. |
| To evidence compliance with QM points and fees, each loan file must include a clear itemization of fees and application of all credits that indicate paid by/to. No specific form is required. |
| "SMALLER LOANS" - FEES FOR LOANS LESS THAN \$100,000 |
| \$99,999 to \$60,000 - Maximum fees equal to or less than \$3,000. |
| \$50,000 to \$59,999 - Maximum fee equal to 5% of total loan amount. |

| SECTION 32 – HIGH-COST LOANS |
|--|
| High-cost loans (Section 32) as defined by applicable federal, state, local and/or secondary market regulations are not permitted. |

| HIGHER PRICED MORTGAGE LOANS (HPML) |
|---|
| Higher Priced Mortgage Loans as defined by applicable federal, state, local and secondary market regulations are not permitted. |

| PROGRAM ELIGIBILITY GUIDELINES | | | | |
|---|-------------------|-------------------|--------------|--|
| Minimum Credit Score | | | | |
| Refer to the product eligibility grids above. | | | | |
| Qualifying Rate | | | | |
| Note Rate. | | | | |
| Reserves | | | | |
| Determined by AUS. | | | | |
| Seasoning | | | | |
| Borrower must have owned subject property for at least 6 months prior to the Note date of a new cash out refinance. | | | | |
| Appraisals | | | | |
| Full appraisals and Uniform Collateral Data Protocol (UCDP) required for all loans. | | | | |
| No AVM's, Property Inspection Waivers (PIW), Broker Price Opinions (BPOs) or Forms 2055 and 2075 - REGARDLESS of AUS conditions. | | | | |
| Subject properties that were sold within 180 days from the application day must have field inspection in addition to appraisal to support any increase in value. | | | | |
| Maximum Financed Properties | | | | |
| Borrower may not own more than ten (10) 1-4 unit financed properties (including primary residence) if the loan is secured by a primary residence. | | | | |
| Borrower may not own more than four (4) 1-4 unit financed properties (including primary residence) if the loan is secured by second home or investment property. | | | | |
| Maximum Loan Exposure to a Borrower | | | | |
| A borrower's aggregate exposure to SFI cannot exceed \$1,000,000 or 4 financed properties (including primary residence), whichever is less. | | | | |
| Income Requirements | | | | |
| 4506-T must be executed, and tax transcripts must be provided for the prior two tax years. | | | | |
| Self employed borrowers must include two years of business tax returns. | | | | |
| Subordinate Financing | | | | |
| Only institutional financing up to the maximum LTV/CLTV/HCLTV is eligible. | | | | |
| Subordinate liens must be recorded and clearly subordinate to the first mortgage lien. | | | | |
| Full disclosure must be made on the existence of subordinate financing and the repayment terms. | | | | |
| Acceptable subordinate financing types: | | | | |
| Mortgages with regular payments that cover the interest due so negative amortization does not occur. | | | | |
| Mortgage terms that require interest at a market rate. | | | | |
| Seller subordinate financing not eligible. | | | | |
| FUNDS TO CLOSE / DOWNPAYMENTS / RESERVES: AUS OVERRIDE | | | | |
| PRIMARY RESIDENCE (single family, PUD, condo, & townhomes) | | | | |
| Reserves should be considered in the underwriting process and must be verified and documented in the amount required by the applicable LP or DU approval for owner-occupied 1-unit properties. | | | | |
| For LTV's between 80.01 to 95%, a minimum of 5% must be from borrowers own funds. | | | | |
| PRIMARY RESIDENCE (2-4 Units) | | | | |
| Borrower(s) must have 6 months PITI in reserves regardless of AUS reserve requirements and whether rental income is used to qualify the borrower(s). | | | | |
| SECOND HOMES | | | | |
| Require entire down payment from borrower's own funds. | | | | |
| Borrower(s) must have 2 months PITI in reserves for subject property regardless if AUS approval requires less reserves. | | | | |
| In addition, borrower(s) must have additional 2 months PITI in reserves for each additional financed second home and/or 1-4 unit Investment Property in which the borrower(s) have an ownership interest OR on which the borrower is obligated. | | | | |
| INVESTMENT PROPERTY (Subject Property): | | | | |
| Borrower(s) must have 6 months PITI in reserves regardless of whether rental income is used to qualify the borrower(s) & regardless if AUS requires less reserves. | | | | |
| In addition, Borrower(s) must have additional 2 months PITI in reserves for each other financed second home and 1-4 unit Investment Property in which the Borrower(s) have an ownership interest OR on which the Borrower is obligated. | | | | |
| Gift funds are not allowed on investment property. | | | | |
| Borrower(s) must have 6 months PITI in reserves for the new Primary residence and 6 months PITI in reserves for the current Primary residence while pending sale/being converted pending sale / being converted. | | | | |
| The required reserves can be reduced to 2 months PITI for each of the new primary residence and current Primary residence pending sale / being converted if all of the following requirements are met: | | | | |
| Value of property pending sale/being converted is supported by a new appraisal with at least an exterior-only inspection that meets Freddie Mac requirements and is dated no more than 60 days prior to Note date (or effective date of permanent financing if new primary residence is a newly constructed home. | | | | |
| LTV/TLTV/HCLTV for pending sales / being converted is less than or equal to 70%. | | | | |
| INTERESTED PARTY CONTRIBUTION LIMITS | | | | |
| CLTV | Up to 75% | 75.01% - 90% | 90.01% - 95% | BORROWER FUNDS |
| Primary Residences | Maximum 9% | Maximum 6% | Maximum 3% | For LTV's of 80.01% to 95%, minimum of 5% must come from borrowers funds |
| Second Homes | Maximum 9% | Maximum 6% | NA | |
| Investment Properties | Maximum 2% | Maximum 2% | NA | |
| Interested Party Contributions | | | | |
| 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 transaction. | | | | |
| Interested party contributions may only be used for closing costs and prepaid expenses, and may never be applied to any portion of the down payment. | | | | |
| BORROWER ELIGIBILITY | | | | |
| | 15 Yr. Fixed Rate | 30 Yr. Fixed Rate | | |
| Individual | Yes | Yes | | |
| Co-Borrowers | Yes | Yes | | |
| Permanent Resident Aliens | Yes | Yes | | |
| Trusts – Inter Vivos Revocable Trusts, Irrevocable Trusts & Qualified Residence | Yes | Yes | | |
| ELIGIBLE BORROWERS | | | | |
| U.S. Citizens. | | | | |
| Resident aliens are eligible if they can provide evidence of lawful residency and meet all of the same credit standards as U.S. Citizens; | | | | |
| Must have a valid Greencard, and evidence of continuous employment in the U.S. for at least the last 12 months. | | | | |
| Income must be likely to continue for at least 3 years. | | | | |
| INELIGIBLE BORROWERS | | | | |
| Non-resident aliens (foreign nationals). | | | | |
| Non-occupant co-borrowers. | | | | |
| Limited partnerships, general partners or corporations. | | | | |
| Non-arms-length transactions. | | | | |
| Any transaction where there is a relationship or business affiliation between the buyer, seller, loan agent or originator is considered non-arms length. | | | | |
| Non-arms length transactions are not eligible for financing under this product. Non-arms length transactions also include, but are not limited to: | | | | |
| Applicants related by blood or marriage to the seller. | | | | |
| Owners, employees or family members of originating entity. | | | | |
| Builder/developers. | | | | |
| Renters buying from landlord. | | | | |
| Trading properties with a seller. | | | | |

| ELIGIBLE AND NON-ELIGIBLE PROPERTY TYPES | |
|--|---|
| Eligible Property Types | 1 to 4 unit properties. |
| | Freddie Mac and Fannie Mae eligible condominiums. |
| | Leaseholds. |
| | Planned unit developments (PUDs). |
| Ineligible Property Types | Maximum 20 acres. |
| | Manufactured homes. |
| | Cooperative properties. |
| | Modular homes. |
| | Condo-hotel units. |
| | Unwarranted condominiums. |
| | Working farms/ranches. |
| | Unique properties (geodesic domes). |
| Log homes. | |

| OTHER | |
|------------|---|
| State | Restriction |
| California | Condominiums must have Freddie Mac acceptable Earthquake insurance. |
| Illinois | Illinois Land Trusts eligible for LP Accept/Eligible only. |
| Texas | No Texas Refinance transactions. |

| CLOSING DOCUMENTATION | |
|--|--|
| All Loans | |
| Fannie Mae/Freddie Mac Uniform Security Instrument, 3000-series. | |
| Fannie Mae/Freddie Mac multi-state Fixed Rate Note, 3200-series. | |
| Standard title commitment with all applicable endorsements. | |
| If Applicable | |
| Fannie Mae/Freddie Mac multi-state Condo Rider, Form #3140 | |
| Fannie Mae/Freddie Mac Multi-state PUD Rider, Form #3150 | |
| Fannie Mae/Freddie Mac multi-state 1-4 Family Rider, Form #3170 (2-unit primary residence) | |
| Fannie Mae-Freddie Mac multi-state Second Home Rider, Form #3890 | |



Refer to SFI [In Focus Bulletins](#) for changes relating to guideline amendments.
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Silvergate Funding, Inc. Non-Conforming Jumbo Product Guidelines

Effective Date: 1/16/2014

| Product Descriptions | 5-1 Jumbo ARM | 7-1 Jumbo ARM | 10-1 Jumbo ARM | 15 Yr. Fixed Rate | 30 Yr. Fixed Rate |
|---------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------|-------------------|
| Product Code | 505 | 507 | 510 | 515 | 530 |
| Term | 30 Years | 30 Years | 30 Years | 15 Years | 30 Years |
| Amortization | Full | Full | Full | Full | Full |
| Prepayment Penalty | None | None | None | None | None |
| Temporary Buy-Downs | No | No | No | No | No |
| Conversion/Assumption | No | No | No | No | No |
| Qualification Rate | Start Rate plus Cap | Note Rate | Note Rate | Note Rate | Note Rate |
| Index | 1 Year LIBOR | 1 Year LIBOR | 1 Year LIBOR | N/A | N/A |
| Margin | 2.50% | 2.50% | 2.50% | N/A | N/A |
| Margin #2 | 2.25% (.25% price hit) | N/A | N/A | N/A | N/A |
| Minimum Interest Rate (Floor) | Margin | Margin | Margin | N/A | N/A |
| First Annual Maximum Adjustment | 2% | 5% | 5% | N/A | N/A |
| Maximum Annual Adjustment | 2% | 2% | 2% | N/A | N/A |
| Maximum Lifetime Adjustment | 5% | 5% | 5% | N/A | N/A |
| Maximum Interest Rate (Cap) | Initial Interest Rate +5% | Initial Interest Rate +5% | Initial Interest Rate +5% | N/A | N/A |
| First Change Date | 60th payment due date | 84th payment due date | 120th payment due date | N/A | N/A |
| Index Determination Date | 45 days before Annual Adjustment | 45 days before Annual Adjustment | 45 days before Annual Adjustment | N/A | N/A |

PRIMARY RESIDENCE – PURCHASE AND RATE/TERM REFINANCE

| Property Type | Minimum Loan Amount | Maximum Loan Amount | Maximum LTV (1) | Minimum Credit Score | Reserves (Months) | Maximum DTI (2) | Maximum Cash-Out |
|------------------------------------|---------------------|---------------------|-----------------|----------------------|-------------------|-----------------|------------------|
| 1-Unit Warrantable Condo PUD | \$417,001 | \$1,000,000 | 80% | 720 | 6 | 43% | N/A |
| | \$417,001 | \$1,000,000 | 75% | 700 | 6 | | |
| | \$1,000,001 | \$1,500,000 | 80% | 740 | 12 | | |
| | \$1,000,001 | \$1,500,000 | 75% | 720 | 12 | | |
| | \$1,500,001 | \$2,000,000 | 65% | 720 | 18 | | |
| 2-Unit | \$533,851 | \$1,000,000 | 70% | 700 | 12 | 40% | |
| | \$1,000,001 | \$1,500,000 | 65% | 700 | 12 | | |
| | \$1,000,001 | \$2,000,000 | 50% | 720 | 18 | | |
| | | | | | | | |
| | | | | | | | |

(1) Max LTV/CLTV reduced by 5% if Appraisal states in Neighborhood Section Housing Trends/1004MC Median Comparable Sale Price property values declining
 (2) Loan Level Price Adjustment exists for DTI between 40.01% and 43% if guideline DTI is 43%

PRIMARY RESIDENCE – CASH OUT REFINANCE

| Property Type | Minimum Loan Amount | Maximum Loan Amount | Maximum LTV (1) | Minimum Credit Score | Reserves (Months) | Maximum DTI (2) | Maximum Cash-Out |
|------------------------------------|---------------------|---------------------|-----------------|----------------------|-------------------|-----------------|------------------|
| 1-Unit Warrantable Condo PUD | \$417,001 | \$1,000,000 | 75% | 700 | 9 | 43% | \$300,000 |
| | \$1,000,001 | \$1,500,000 | 70% | 700 | 12 | | |
| | \$1,500,001 | \$2,000,000 | 55% | 720 | 18 | | |
| | \$533,851 | \$1,000,000 | 70% | 700 | 12 | | |
| | \$1,000,001 | \$1,500,000 | 65% | 700 | 12 | | |
| 2-Unit | \$1,500,001 | \$2,000,000 | 50% | 720 | 18 | 40% | |

(1) Max LTV/CLTV reduced by 5% if Appraisal states in Neighborhood Section Housing Trends/1004MC Median Comparable Sale Price property values declining
 (2) Loan Level Price Adjustment exists for DTI between 40.01% and 43% if guideline DTI is 43%

SECOND HOME – PURCHASE AND RATE/TERM REFINANCE

| Property Type | Minimum Loan Amount | Maximum Loan Amount | Maximum LTV (1) | Minimum Credit Score | Reserves (Months) | Maximum DTI (2) | Maximum Cash-Out |
|------------------------------------|---------------------|---------------------|-----------------|----------------------|-------------------|-----------------|------------------|
| 1-Unit Warrantable Condo PUD | \$417,001 | \$1,000,000 | 75% | 720 | 9 | 43% | N/A |
| | \$1,000,001 | \$1,500,000 | 70% | | 12 | | |
| | \$1,500,001 | \$2,000,000 | 65% | | 18 | | |
| | \$533,851 | \$1,000,000 | 70% | | 12 | | |
| | \$1,000,001 | \$1,500,000 | 65% | | 12 | | |

(1) Max LTV/CLTV reduced by 5% if Appraisal states in Neighborhood Section Housing Trends/1004MC Median Comparable Sale Price property values declining
 (2) Loan Level Price Adjustment exists for DTI between 40.01% and 43% if guideline DTI is 43%

SECOND HOME – CASH OUT

| Property Type | Minimum Loan Amount | Maximum Loan Amount | Maximum LTV (1) | Minimum Credit Score | Reserves (Months) | Maximum DTI | Maximum Cash-Out | |
|------------------------------------|---------------------|---------------------|-----------------|----------------------|-------------------|-------------|------------------|--|
| 1-Unit Warrantable Condo PUD | \$417,001 | \$1,000,000 | 70% | 700 | 9 | 40% | \$300,000 | |
| | \$1,000,001 | \$1,500,000 | 65% | | 12 | | | |
| | \$1,500,001 | \$2,000,000 | 50% | | 18 | | | |
| | | | | | | | | |
| | | | | | | | | |

(1) Max LTV/CLTV reduced by 5% if Appraisal states in Neighborhood Section Housing Trends/1004MC Median Comparable Sale Price property values declining

HIGH COST AND HIGHER PRICED LOANS

High Cost and Higher Priced Mortgage Loans as defined by applicable federal, state, local and secondary market regulations are not permitted.

ELIGIBLE PROPERTIES

Primary Residence (1-Unit): Detached and Attached Single Family; Fannie Mae Eligible Condominiums and PUDs.
Primary (2-Unit) Owner-Occupied Only: 2-Unit Purchase and Refinance transactions
Second Homes (1-Unit): Detached and Attached Single Family; Fannie Mae Eligible Condominiums and PUDs.
 Eligible Condos and Planned Unit Developments (PUDs) must meet Fannie Mae Limited Project Review criteria.

INELIGIBLE PROPERTY TYPES

3-4 unit properties.
 Leaseholds and Properties with encroachments.
 Manufactured Homes, Mobile Homes, Log homes, Timeshares, or Geodesic Domes.
 Mixed use properties and Unimproved Land.
 Property currently in litigation.
 Working farm and Ranches
 Properties with < 750 Sq. feet of living area.
 Properties with greater than 10 acres.
 Commercial Enterprise (e.g.: Hotel, Bed and Breakfast, Boarding House, CondoTel) and Properties held in a business' name.
 Zoning violations including residential properties zoned commercial.
 Non arm's length transaction defined as a pre-existing relationship between the buyer and seller.

ELIGIBLE BORROWERS (ALL BORROWERS MUST HAVE A VALID SOCIAL SECURITY NUMBER)

U.S. Citizen
 Irrevocable Trust.
 Inter Vivos Revocable Trust (revocable at any time by the Trustor).
 Permanent Resident Aliens with proof of lawful permanent residence plus 24 months United States employment history.

MAXIMUM FINANCED PROPERTIES

Maximum of four (4) financed properties for all occupancies per loan.
 Borrowers with more than two financed properties are required to document at least 18 months reserves.

APPRAISAL REQUIREMENTS

| Loan Amount | Appraisal Requirement |
|---|---|
| Up to \$1,500,000 | One Full URAR - All appraisals subject to the Silvergate appraisal review process. |
| \$1,500,001 to \$2,000,000 | Two Full URARs - All appraisals subject to the Silvergate appraisal review process. |
| All properties For Sale By Owner (FSBO) | |

Appraisal Standards
 All appraisers must hold at least the minimum required state license and a copy of the license must be submitted with the appraisal.
 Appraisals must be completed in compliance with FIRREA/USPAP and all applicable regulatory requirements.
 1004MC required.
 On purchase transactions the appraiser must review the sales contract.

| PROJECT WARRANTY STANDARDS |
|--|
| Condominiums must be warrantable. Refer to Fannie Mae guidelines for the requirements of warrantability. Silvergate will not purchase non-warrantable condominiums. |
| MORTGAGE INSURANCE |
| Insured LTVs (over 80%) are not eligible for this program. |
| UNDERWRITING GUIDELINES |
| DU findings required although this product is manually underwritten. If a topic is not specifically addressed, Fannie Mae Selling Guide policies apply. All loans must satisfy stable monthly income, ratios, assets, reserves and acceptable credit reputation guidelines. |
| SALARIED INCOME REQUIREMENTS |
| 4506-T signed at application and closing, is required for all transactions. Most recent YTD paystubs covering at least 30-days and two (2) years W 2's. Two years personal tax returns when the borrower has twenty-five percent or more (>=25%) ownership interest in the business. Most recent two years (2) tax transcripts are required for each borrower whose income is utilized as a source of repayment. Verbal verification of employment required for all borrowers, within five (5) business days prior to closing for salaried borrowers and thirty (30) calendar days prior to closing for self-employed. |
| SELF-EMPLOYED INCOME REQUIREMENTS |
| Minimum 3-year history of self-employment in the same business (declining income trends are generally not acceptable). Most recent three-years (3) IRS Tax Return Transcript. Most recent two-years (2) business tax returns with all schedules. Most recent two-years (2) IRS Form 1040 with all schedules. To ensure the credit file can document and verify a sustainable and consistent (or increasing) business earnings trend to qualify the applicant(s) If most recent IRS 1040 Form is older than 90-days, statement of P&L covering the period between the end of the most recent tax return year through present required. |
| PASSIVE INCOME REQUIREMENTS |
| A minimum two-year (2) history of receiving passive income from the same source is required. Verification of existence of current portfolio generating passive income to support continuance for three or more (>=3) years. Most recent two-years (2) IRS Form 1040 with all schedules. Most recent two-years (2) IRS Tax Return Transcript. |
| RENTAL INCOME REQUIREMENTS (INCOME PROPERTY) |
| Borrower must qualify using the sum of the full PITI on all properties with no negative equity (verified by Zillow/Trulia web searches or an AVM); OR Borrower must show prior rental history with IRS Schedule E (Form 1040) for at least two years, and have 10%+ market equity on all ORE (Other Real Estate) in order to use and calculate rental income. Verified equity position on REO should be dated within 60 days of the Note. |
| ASSET BASED INCOME (ASSET AMORTIZATION REQUIREMENTS) |
| Asset amortization is a calculation used to generate a monthly income stream from a borrower's personal assets. The eligible borrower should be of retirement age (≥ 59½) to use this income & not be full-time employed. Asset based incomes can be combined with other income, Social Security, Pension or other investment income. |
| Eligibility Requirements |
| Max. 70% LTV/CLTV for Primary Residence & Second Homes Only. Borrower and Co-borrower must be individual or co-owners of all asset accts with no other account holders listed on the documentation. The sum of eligible assets as defined are net of any discounts & minus any funds used for closing and/or minimum reserves required for the program. Other reported earnings from Capital Gains or INT/DIV already considered & averaged as "effective income" cannot be included or double counted. |
| Eligible Asset Types |
| Considered assets must be comprised of the following readily marketable assets which must be available to the borrower with no penalty & is limited as follows: <i>Bank Deposits</i> – Checking, Saving, Money Market accounts – 100%. <i>Publicly traded stocks & bonds, and mutual funds</i> – 65% (stock options not allowed). <i>Retirement Accounts: 401(K)plans or IRA, SEP or KEOGH accounts</i> – 65% (can only be used if distribution is not already set up). |
| ACCEPTABLE SOURCE OF FUNDS |
| All funds for reserves must come from borrowers own demonstrated savings. All large deposits must be documented and sourced. Borrower's receipt of down-payment funds must be verified. Business funds are not eligible. |
| Gift Funds |
| The borrower is required to meet a 5% minimum down payment from his or her own personal funds for all purchase transactions. All borrower funds must be documented with two most recent months' asset statements or VOD covering a minimum of 60 consecutive days. Primary residence purchase money transaction only. Minimum down payment is 20% (max 80% LTV): First 5% of down payment must come from borrower's own personal funds. Once the first 5% of the buyer's own funds are verified, a gift can be used for the remaining down payment and closing costs. Gift funds are not allowed to meet reserve requirements. Gift funds can be applied towards closing costs/pre-paids above minimum required investment. |
| Interested Party Contributions |
| The property seller or any interested party (builder, developer, lender, real estate agent or any of their affiliates) can pay closing costs, prepaid items and escrows. All contributions are based on the CLTV of each loan. For Primary and Second Homes with LTV greater than or equal to 80% can be up to 6%. |
| HOUSING PAYMENT HISTORY |
| If not contained within the credit report, the following documentation must be provided by a third party: VOM - 24 month minimum mortgage payment history is required to reflect no late payments in the last 24 months. VOR - 12 month minimum rental payment history is required to reflect no late payments in the last 12 months. |
| MINIMUM CREDIT STANDARDS AND ADVERSE CREDIT POLICY |
| Minimum Credit Standards |
| A minimum of 3 trade lines open for at least 24 months is required. At least 2 of the trade lines must show activity within the past 12 months; At least 1 trade line must be a mortgage for non-first time homebuyers, and for first time homebuyers, 1 trade line must be an installment line. First time homebuyers must have a satisfactory VOR for at least 24 months. Credit history must be established for at least 5 years, and be consistent with the borrower(s) occupation and financial activity. Fewer than 3 trade lines open for at least 24 months may be considered if: Credit history is established for at least 10 years, and no fewer than 10 trade lines are reported, one of which is a mortgage. At least 1 trade line is open and shows activity within the past 12 months. |
| Adverse Credit Policy |
| In addition to the minimum credit standards and score requirements, the following adverse credit standards apply: No public records within the last 24 months. No bankruptcies or foreclosures, short sales, deed in lieu of and modification within the last 7 years. No significant derogatory ratings on any trade line activity within the last 36 months (including installment or revolving accounts). |
| AGE OF CREDIT PACKAGE |
| Credit package documentation maximum age is 90 days to the Note date. |
| NOTES & RIDERS |
| Fixed Rate: Multistate Fixed Rate Note #3200 (or state specific as required) ARM: Note 3528 & Rider 3187 |

Refer to SFI [In Focus Bulletins](#) for changes relating to guideline amendments.
This information is subject to change at any time without notice. Please contact your SFI Account Manager for full details.
This information is for use by mortgage professionals and should not be shared with borrowers.

