

Silvergate Funding, Inc.

Silvergate Funding, Inc ("SFI")

IN FOCUS BULLETIN

2014-06

April 28, 2014

Updated Portfolio Product Guidelines

SFI's Portfolio ARM Product Guidelines have been updated. The new Product Guideline is being sent with this bulletin.

Summary of the changes:

- The Title Vesting products (codes 830 and 831) have been eliminated.
- New product class is now available Asset Depletion;
 - Full Amortization (product code 840)
 - Interest Only (product code 841)
- Alternative Documentation Income Verification methods have been updated.
- New CLTV guidelines are now available for Standard and Alternative Documentation product s (800/801 and 820/ 821) with CLTV's up to 75 and 70 (Product Guideline presents details). Secondary financing is not accepted for the new Asset Depletion product.
- Any second lien is required to be sourced from an institutional source.

Many other elements have been refined. Please review the Guideline for all changes.

Please contact: Alan Peviani, Director of Sales and Marketing (<u>apeviani@silvergatefunding.com</u>), (858)795-7396 Thank you for doing business with SFI.



Silvergate Funding, Inc. 5-1 Portfolio ARM Product Guidelines Effective Date: 4/28/14 Silvergate Funding, Inc. Standard/Alternative Documentation and Asset Depletion products for Owner/Non-Owner Occupied properties						
Sivergate Funding, me.	Standard/Alternative		· ·	or Owner/Non-Own	er Occupied properties	
	F	Stanc Ill Amortization Product Co	dard Documentation	Only Product Code	801	
Prir					wner Occupied properties	
		Purchase, Rate & Tern				
	See Rate Sheet for Int	erest Rates, Index, Margin	, Rate Cap structures	, Interest Only and	other rate adjustments	
Property Type	Minimum	Maximum	Maximum	Maximum	Maximum	Minimum Credit
	Loan Amount	Loan Amount \$1,000,000	LTV 55%	CLTV 75%***	Cash-Out Max equal to 55%/75% CLTV***	620
I-Unit SFR and PUD	\$50,000	\$2,500,000	50%	70%***	Max equal to 50%/70% CLTV***	620
Condominiums*	\$50,000	\$1,500,000	50%	70%***	Max equal to 50%/70% CLTV***	620
2-4 Units	\$50,000	\$2,500,000 STANDARD DOCUMENTAT	50%	70%***	Max equal to 50%/70% CLTV***	620
default to DU/LP AUS findings. In all case Submission and upload of DU AUS finding. Minimum of two (2) most recent bank stat Debt to Income is defined as a roll up of a Loans with Debt to Income (DTI) ratios let Loans with Debt to Income (DTI) ratios gr The maximum DTI is 55%; higher DTI will All secondary financing must be included	gs in Fannie Mae (FNMA) 3.2 tements - SFI Underwriter ma all monthly debt obligations (a ss than or equal to 43%, ther eater than 43% require minin I be considered on a case by	format. y request/require additional months II debts as defined by Ability to Repa no residual income required.** num residual income equal to .0045	ay rules).	.0045 = required residual	income).	
	flow remaining after all month will be accepted (SFI does no Fu nary Residence, Secc	nly obligations have been paid. t provide secondary financing). Altern III Amortization Product Co and Home and Investment I Purchase, Rate & Tern	ative Documentation ode 820 and Interest Properties - Owner O n Refinance and Cas	Only Product Code ccupied and Non-O h-Out Refinance	wner Occupied properties	
	See Rate Sheet for Int Minimum	erest Rates, Index, Margin Maximum	, Rate Cap structures Maximum	, Interest Only and Maximum	other rate adjustments Maximum	Minimum Credit
Property Type	Loan Amount	Loan Amount	LTV	CLTV	Cash-Out	Score
1-Unit SFR and PUD	\$50,000	\$1,000,000	55%	75%***	Max equal to 55%/75% CLTV***	620
		\$2,500,000	50%	70% ***	Max equal to 50%/70% CLTV***	620
Condominiums* 2-4 Units	\$50,000 \$50,000	\$1,500,000 \$2,500,000	50% 50%	70%*** 70%***	Max equal to 50%/70% CLTV*** Max equal to 50%/70% CLTV***	620 620
		ALTERNATIVE DOCUMENTA				
Tax returns and IRS form 4506T will not I						
Business phone number must be verifiable						
Submission and upload of DU AUS Findir Borrower must be self-employed for at lea		229				
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	Fi	ASS Ill Amortization Product Co	ET DEPLETION	Only Product Code 8	41	
Prim		ond Home and Investment I Purchase, Rate & Tern	Properties - Owner O	ccupied and Non-Ow		
ş	See Rate Sheet for Int	terest Rates, Index, Margin			other rate adjustments	
Property Type	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV	Maximum CLTV	Maximum Cash-Out	Minimum Credit Score
1-Unit SFR and PUD	\$50,000	\$1,000,000 \$2,500,000	55% 50%	55% 50%	Max equal to 55%LTV Max equal to 50%LTV	620 or equivalent for FN 620 or equivalent for FN
Condominiums*	\$50,000	\$1,500,000	50%	50%	Max equal to 50%LTV	620 or equivalent for FN
2-4 Units 1. Asset Depletion (AD) can be used to me	\$50,000	\$2,500,000	50%	50%	Max equal to 50%LTV	620 or equivalent for FN
Eligible assets include: Cash or cash et Ineligible assets include: equity in real + Retirement assets may only be used fo All assets considered for AD must be v 2.50% Income derived from the asset: If retirement income is \$50,000 per yea The amortization period used to calcula If the asset value is \$1,000,000; factor - 5% factor is equivalent to a 20 year a 3.100% Income derived from the asset: SFI will allow up to 100% of the asset The amortization period will be 20 year If the asset value is \$1,000,000; the - 5% factor is equivalent to a 20 year If the asset value is \$1,000,000; the - 5% factor is equivalent to a 20 year If the asset value is \$1,000,000; the - 5% factor is equivalent to a 20 year If the asset value is \$1,000,000; the - 5% factor is equivalent to a 20 year If the asset value is \$1,000,000; the - 5% factor is equivalent to a 20 year Documentation sourcing the origin of th Funds must be seasoned in a domestic Income (if any is considered per #2 abb *Condominiums must be warrantable by FI **Additional information may be requested Interest-only loans are interest only for 60 Elizible for the searce in the searce of the searce of the The searce of the searce of th	estate; private traded stocks or AD if the borrower is retire rerified through either an acc ar then allowable contribution ate the depletion of the asset or is 5%; the amount of the as- amortization table for the ass to be allocated to the borrow rs, and in any event the maxi- loan amount shall not excee amortization table for the ass nt aliens (visitor visa) are allo the wealth** used for both inc c account for a minimum of 6 ove) must be domestic and NNA; non-warrantable cond to validate the origin of the te	ment age (at least 59 1/2). ount statement from the most recent to income from AD will be limited to t will be based on a 5% factor, i.e.: isset that can be used to supplement et. er, as income; mum loan amount shall not exceed 2 d \$200,000, borrower's income is no set. wed to utilize AD provided that: ome and assets (i.e. business, inheri is months.	30 day period, or a Verifica not more that an additional the income is \$50,000 ann 20% of the borrower's asset t a factor tance, etc.) must be provide tation methods listed within vidual basis.	tion of Deposit (when availat \$50,000 per year; overall \$1 ually.	00,000 in income.	osition.
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APPRAISAL GUIDELINES					
Loan Amount	Appraisal Requirement				
Up to \$1,000,000	One Full Appraisal	Must have 3 sold comps in past 6 months			
\$1,000,001 to \$2,500,000	Two Full Appraisals	Must have 5 sold comps in past 12 months			
An AVM in lieu of a full appraisal may be utilized for non HPML loans for the prior approval underwrite by SFI and must be submitted with the credit file and DU AUS findings (FNMA 3.2 format).					
If a property has been "flipped" in the last 180 days, a second appraisal is required.					
For properties purchased or refinanced within the last 6 months, the value of the property at the time of the purchase or refinance will be used. If property valuation has increased by 10% in the last 7-12 months,					
a second appraisal is required.					
For transactions which occurred more than 1 year prior, the value as reflected on the appraisal will be used.					

ELIGIBLE BORROWERS
S Citizens
oreign nationals - permanent resident aliens with appropriate documentation.
irst time home buyers; full documentation only.
or Sale By Owner" transactions must be closed through escrow with an executed real estate sales contract in evidence.
ealtors are considered self-employed.
on-occupant co-borrowers are allowed provided they are a disclosed on the original application; they cannot be added at a later date to qualify.
INELIGIBLE BORROWERS
pplicants possessing diplomatic immunity
on-arms length transactions are not eligible for financing under this product. Non-arms length transactions include, but are not limited to: • Owners, employees or family members of originating entity, • Renters buying from landlord.
INELIGIBLE PROPERTIES
eased land.
SOURCE OF FUNDS
source of Fonds orrower must contribute at least 30% toward the transaction from their own funds for purchase transactions.
GIFT FUNDS
cceptable after a minimum 30% down payment has been made by the borrower from their own resources.
ARM NOTE
se Fannie Mae (FNMA) ARM Note 3502.

Refer to SFI <u>In Focus Bulletins</u> 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.

