



## Silvergate Expanded (LTV's)

### Silvergate Bank Correspondent Lending (SCL) Non-QM 5/1 ARM, 7/1 ARM, And 30 Year Fixed Rate Product Matrix

Date 10/3/2018

Loans meeting the parameters outlined in this guideline matrix must be consistent with the Dodd Frank Wall Street Reform and Consumer Protection Act Ability to Repay (ATR). Documentation standards are designed to ensure borrowers have demonstrated a reasonable ability to repay the debt based on a reasonable, good-faith determination. Programs are 100% ATR compliant.

**See Rate Sheet for interest rates, index, margin, rate cap structures, interest only and other rate adjustments**

#### “Silver Expanded Standard” (Full Doc) – Eligibility Chart

##### Owner Occupied and Second Home Properties

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
Purchase / Rate & Term	SFR / PUD / 2-4 Unit	720+	85%	\$2,500,000
		660+	80%	
		620+	75%	
	Condominium	660+	90%	\$1,500,000
		620+	85%	
		720+	85%	
Cash-Out Refinance	SFR / PUD / Condo / 2-4 Unit	660+	75%	\$2,500,000
		620+	70%	
		660+	80%	\$1,500,000
		620+	75%	

##### Investment Property

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
Purchase / Rate & Term	SFR / PUD / Condo / 2-4 Unit	640+	75%	\$2,500,000
		620+	80%	\$1,500,000
Cash-Out Refinance	SFR / PUD / Condo / 2-4 Unit	720+	70%	\$2,500,000
		640+	65%	
		720+	80%	\$1,500,000
		640+	75%	
		620+	70%	

#### 12-Month Personal Bank Statement & 24-Month Personal or Business Bank Statement, Limited Doc (1 yr W2 or Tax Return)” Alt-Doc – Eligibility Chart

##### Owner Occupied and Second Home Properties

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
Purchase / Rate & Term	SFR / PUD / 2-4 Unit	720+	85%	\$2,500,000
		620+	80%	
		680+	90%***	
	Condominium	640+	85%	\$1,500,000
		620+	80%	
		680+	85%	
Cash-Out Refinance	1 Unit SFR / PUD / Condominium / 2-4 Unit	660+	75%	\$2,500,000
		620+	70%	
		680+	85%	\$1,500,000
		620+	80%	

##### Investment Property

Loan Purpose	Property Type	Credit Score	LTV/CLTV	Maximum Loan Amount
Purchase / Rate & Term	SFR / PUD / Condo / 2-4 Unit	640+	70%	\$2,500,000
		680+	80%	\$1,500,000
		620+	75%	
Cash-Out Refinance	SFR / PUD / Condo / 2-4 Unit	720+	70%	\$2,500,000
		660+	65%	
		680+	75%	\$1,500,000
		620+	70%	

\*Interest Only Loans are interest only for the initial hybrid period (i.e. 5 years or 7 years) and fully amortizing thereafter. 30 year fixed is interest only for the first 10 years.

\*\*In addition to the refinance of any properties owned free and clear, the payoff/pay down of any debt except the following will be considered cash-out transactions: First Mortgages Liens; Home Equity Lines of Credit which have had no draws taken in past 12 months; Purchase Money Second Mortgage Liens; Closed-End Second Mortgage Liens at least 12 months old.

\*\*\* The Silver 12 (12-month Bank Statement) and Silver Limited (1-Year ALT Doc) are limited to 85% max LTV.

Max Cash Out OO \$1,000,000: No TX C/O

- Up to \$500,000: Program LTVs
- \$500,001 - \$1,000,000: 5% LTV Reduction

**NOTE: Cash out can be used for reserve requirements and/or to pay off debt for qualifying.**

Max Cash Out Investment Property: \$500,000, No TX C/O

**First time Homebuyers are limited to 43% DTI when using Alternative Documentation**

**Full Documentation Summary**

<b>Eligibility</b>	Wage earner or self-employed borrower
<b>Income</b>	Two (2) years of most recent tax returns or two (2) years of most recent W -2s and a paycheck stub reflecting the most recent 30
<b>Assets</b>	Minimum of two (2) most recent bank statements (SCL reviewer may request/require additional months of bank statements).
<b>“Silver Expanded Standard” (See Last Page of Matrix for Product Codes)</b>	Standard Full Income Documentation Program as reflected above.

**Alternative Documentation Summaries**

<b>Eligibility</b>	Self-employed borrowers (defined as an individual who files schedule C or corporate tax returns) in the same business for at least two (2) years are eligible for Alt-Doc. Salaried and/or commission borrowers may only utilize “Silver Expanded Standard” Full-Doc Programs 200 & 201 or 300 & 301. Borrowers classified as investors (i.e. Real Estate Investors; day traders; etc.) are <u>not eligible</u> for the Alternative Documentation Programs and must go Full Doc. Self-employed borrower’s Business phone number must be verifiable via 411 or the internet. Primary self-employed borrowers may have Co-Borrower that earns W -2 income. First time homebuyers are limited to 43% DTI when using Alternative Documentation.
<b>Income</b>	Tax returns and IRS form 4506-T will be not required unless noted. Rental income not diverted to a separate account must be taken into consideration when calculating the borrower’s monthly income from bank statement for qualification purposes.
<b>Assets</b>	Minimum of two (2) most recent bank statements (SCL reviewer may request/require additional months of bank statements).
<b>“Silver Expanded 24” 24 Months Bank Statements (See Last Page of Matrix for Product Codes)</b>	Available to any borrower with a 25% or greater ownership in a business. Twenty-four (24) months of personal bank statements to determine income derived from Business - Income stated on 1003. If eligible, business bank statements may be utilized. Sole proprietors and 100% business owners may use both personal and/or business bank statements. Income is considered to be transfers or deposits from business accounts, deposits from business accounts through an ATM, or payroll check deposits. Average monthly income over twenty-four (24) months. Twenty– Four (24) month P&L prepared by the borrower or 3rd party CPA/tax preparer and covering the same time period to further validate the income shown in the bank statements. Borrower(s) must provide evidence of the existence of the business for at least two (2) years. Acceptable documentation includes a copy of the business license, business credit report, or a Certified Public Accountant (CPA) letter.
<b>“Silver Expanded 12” 12 Months Personal Bank Statements (See Last Page of Matrix for Product Codes)</b>	Available to any borrower with a 25% or greater ownership in a business. Twelve (12) months of personal bank statements to determine income derived from Business - Income stated on 1003. Sole proprietors and 100% business owners may use both personal and/or business bank statements. Income is considered to be transfers or deposits from business accounts, deposits from business accounts through an ATM, or payroll check deposits. Average monthly income over twelve (12) months. Borrower(s) must provide evidence of the existence of the business for at least two (2) years. Acceptable documentation includes a copy of the business license, business credit report, or a Certified Public Accountant (CPA) letter.

<b>“Silver Limited (1yr W2 or Tax Return)” (See Last Page of Matrix for Product Codes)</b>	<p>Available to wage earners or self-employed borrowers.</p> <p>Self Employed Borrower must provide most recent year tax return (personal and business, if applicable), and a YTD P&amp;L and/or paystub showing YTD income.</p> <p>In addition, evidence of the existence of the business for at least two (2) years is required.</p> <p>Commission/Salary + Commissions Borrowers must provide the most recent year tax return and the most recent paystub showing YTD income.</p> <p>All other Salaried Borrowers must provide the most recent year W2 and the most recent paystub showing YTD income.</p> <p>Most recent two (2) months personal bank statements to validate required reserves. Processed 4506-T, IRS transcripts required for 1-year, in line with W -2 or tax return.</p> <p>All non-Self Employed borrowers must also provide a written VOE reflecting the income for the same period as the single year tax return/ W-2 and evidence of employment in the same line of work for at least 2 years.</p>
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**Asset Depletion – Eligibility Chart**

**Owner Occupied and Second Home Properties**

Loan Purpose	Property Type	Minimum	LTV/CLTV	Maximum Loan Amount
<b>Purchase / Rate &amp; Term Refinance / Cash-Out Refinance</b>	SFR / PUD	620	55% / 55%	\$1,000,000
			50% / 50%	\$2,500,000
	2-unit/Condo	620	50% / 50%	\$2,500,000

<b>Asset Depletion Eligibility (See Last Page of Matrix for Product Codes)</b>	<p>Asset depletion (AD) can be used to meet ATR requirements on a stand-alone basis or to supplement other income in order to lower the DTI, subject to limitations listed below:</p> <p>Eligible assets include cash or cash equivalents, marketable securities (i.e. CDs, money market accounts, savings, stocks, bonds, and mutual funds).</p> <p>Ineligible assets include equity in real estate and private (not publicly traded) stocks. Retirement assets may only be used for AD if the borrower is retirement age (59 ½).</p>
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<b>Asset Depletion Documentation</b>	All assets considered for AD must be verified through either an account statement from the most recent 30- day period or a Verification of Deposit (when available).
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**Credit Standards**

<b>Mortgage/Rent</b>	0 x 30 in past twelve (12) months. <b>(no exceptions)</b>
<b>Trade lines</b>	Two (2) Active Trade-Lines reporting for at least twenty-four (24) months are required.
<b>Foreclosure, Short Sale, Bankruptcy, Loan Modification</b>	Must be seasoned at least twelve (12) months (no exceptions). (See rate sheet for adjustment for seasoned less than thirty-six (36) months.)
<b>Judgment, Tax Lien, Collection, Charge- Off</b>	Must be paid off with no new derogatory credit within the past twelve (12) months (medical excluded).
<b>Loans to One Borrower</b>	Not to exceed 8 properties, and/or \$2,500,000
<b>Maximum Financed Properties</b>	Borrowers are allowed up to ten (10) financed properties including subject
<b>Credit Documentation</b>	May not be more than 90 days old at the time of close

**Underwriting**

<b>Minimum Loan</b>	\$100,000	
<b>Debt to Income Ratio (DTI)</b>	Defined as a roll-up of all monthly debt obligations (all debts as defined by ATR rules).	
	<b>LTV</b>	<b>Max DTI</b>
	≤ 65%	55%
	≥ 65.01%	50%
	Loans with DTI ratios ≤ 43%, then no residual income required. Loans with DTI ≥ 43.01% require residual income (see below).	
<b>Residual Income</b>	Defined as the cash flow remaining after all monthly obligations have been paid. Requirement – 0.0045 (.45%) of the UPB. (UPB x 0.0045 = required residual income)	
<b>Secondary Financing</b>	Only institutional secondary financing is acceptable. (SCL does not provide secondary financing).	
<b>Condominiums</b>	Non-Warrantable condominiums will be reviewed on a case by case basis.	
<b>Seasoning</b>	No Seasoning Requirements for refinance transactions (both rate/term and Cash-Out).	
<b>Vesting</b>	Loans must be closed in the name of an individual (no Trust, LLC, etc.).	
<b>Interest only</b>	<ul style="list-style-type: none"> <li>● <b>10-Year Interest Only</b>: 30-year term; qualify based upon 20-year amortization ● Max LTV for interest only is 80%. ● <b>ARM</b> : Qualify at greater of start note rate or fully-amortized note rate</li> </ul>	

<b>Assets/Reserves</b>		
<b>Minimum Reserve Requirements</b>	<b>Loan Amount</b>	<b>Required Reserves</b>
	\$100,000- \$650,000	6 months, verified PITI
	\$650,001 - \$1,000,000	9 months, verified PITI
	\$1,000,001 – \$1,500,000	12 months, verified PITI
\$1,500,001 – \$2,500,000	18 months, verified PITI	
<b>Appraisals</b>		
<b>Appraisal Requirements</b>	<b>Loan Amount</b>	<b>Appraisal Requirements</b>
	≤ \$1,500,000	One (1) full appraisal with 3 sold comps <
	> \$1,500,000	Two (2) Full Appraisals with 5 sold comps
<b>Compliance Note</b>	The ECOA Valuations Rule requires that copies of appraisals and other written valuations be delivered to borrowers promptly upon completion; or within three (3) business days of closing.	
<b>Borrower and Property Eligibility</b>		
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>• US Citizens</li> <li>• First Time Homebuyers (defined as a qualifying borrowers who has not had ownership in a residence (principal or otherwise) during the three (3) year period ending on the date of the purchase of the property).</li> <li>• Foreign Nationals (Permanent Resident Aliens with appropriate documentation)</li> <li>• Non-occupant Co-borrowers (must be disclosed on the initial application; cannot be added at a later date to qualify; and must be related to the primary borrower).</li> </ul>	
<b>Ineligible Borrowers</b>	Applicants Possessing Diplomatic Immunity	
<b>Ineligible Properties</b>	Ineligible properties include but are not limited to: •Leasehold Properties; • Co-ops • Condotels •Timeshares •Income Producing and Commercial Enterprise Properties (Farms; Ranches; Bed and Breakfasts; Assisted Living; etc.) •Short Term Rental Properties •Properties > 5 acres (as identified on the appraisal).	
<b>State Eligibility</b>	Loans are eligible for properties in all states except Alaska, Massachusetts, New York, and West Virginia. Cash Out not allowed in Texas. In all cases, state specific regulations supersede guidelines stated herein.	
<b>Gift Funds</b>		
<b>Gift Funds</b>	Gift funds are acceptable after a minimum down payment has been made from the borrowers own resources as outlined below:	
	<b>Owner Occupied Transactions:</b>	<b>Non Owner Occupied Transactions:</b>
	10% of borrowers' funds	30% of borrowers' funds
<b>Assumption, Conversion, HPML, Points/Fee's, &amp; Note Terms</b>		
<b>Assumability</b>	Loan may be assumed by a qualified borrower after the initial fixed term.	
<b>HPML</b>	HPML loans are eligible for purchase but are required to comply with the HMPL Appraisal Rule, and to establish and fund an escrow account for property taxes and insurance for a minimum of 5 years.	
<b>Conversion</b>	Conversion to a fixed rate mortgage is not allowed	
<b>Points and Fees</b>	Owner occupied transactions are limited to points and fees of not more than 3%; Non- Owner Occupied transactions are limited to points and fees of not more than 5%.	
<b>Note Terms</b>	ARM Documents: 5/1 or 7/1 ARM; 5-2-5 caps; floor rate is equal to the margin; 1 Year LIBOR Index; Margin is 3.75%	

Product Type	ARM Features			Interest Only Features			
	Product	Margin	Caps	Index	Amort Term	Final Maturity	Interest Only Term
	5/1	3.75%	5/2/5	1 Year LIBOR	25 Years	30 Years	60 Month Term
7/1	3.75%	5/2/5	1 Year LIBOR	23 Years	30 Years	84 Month Term	
Product Code	<b>Silver Expanded Standard</b>						
	<b>ARM</b>			<b>Interest Only</b>			
	Product	ARM Type	Code	Product	I/O Type	Code	
	5/1	Full Amortization	200	5/1	Interest Only	201	
	7/1	Full Amortization	300	7/1	Interest Only	301	
	Fixed Rate	Full Amortization	400	Fixed Rate	Interest Only	401	
	<b>Silver Expanded 24</b>						
	<b>ARM</b>			<b>Interest Only</b>			
	Product	ARM Type	Code	Product	I/O Type	Code	
	5/1	Full Amortization	210	5/1	Interest Only	211	
	7/1	Full Amortization	310	7/1	Interest Only	311	
	Fixed Rate	Full Amortization	410	Fixed Rate	Interest Only	411	
	<b>Silver Expanded 12</b>						
	<b>ARM</b>			<b>Interest Only</b>			
	Product	ARM Type	Code	Product	I/O Type	Code	
	5/1	Full Amortization	220	5/1	Interest Only	221	
	7/1	Full Amortization	320	7/1	Interest Only	321	
	Fixed Rate	Full Amortization	420	Fixed Rate	Interest Only	421	
	<b>Silver Limited Expanded</b>						
	<b>ARM</b>			<b>Interest Only</b>			
	Product	ARM Type	Code	Product	I/O Type	Code	
	5/1	Full Amortization	230	5/1	Interest Only	231	
	7/1	Full Amortization	330	7/1	Interest Only	331	
	Fixed Rate	Full Amortization	430	Fixed Rate	Interest Only	431	
	<b>Asset Depletion Expanded</b>						
	<b>ARM</b>			<b>Interest Only</b>			
	Product	ARM Type	Code	Product	I/O Type	Code	
	5/1	Full Amortization	240	5/1	Interest Only	241	
7/1	Full Amortization	340	7/1	Interest Only	341		
Fixed Rate	Full Amortization	440	Fixed Rate	Interest Only	441		

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