

## Non-QM Summary of Changes

**May 05, 2025**

**Subject:** Non-QM Summary of Changes  
**To:** All  
**Effective Date:** May 01, 2025

We've made some exciting changes to our Non-QM products for applications submitted and locked effective on or after **May 01, 2025**.

Change Date	Section #	Description of Change
05/01/2025	4.1.3	Non-Permanent Resident Alien <ul style="list-style-type: none"> <li>Reduced Expanded Documentation requirement from 24 months to 12 months.</li> </ul>
05/01/2025	4.1.5	Foreign National <ul style="list-style-type: none"> <li>Added Not allowed for Cross Collateral</li> </ul>
05/01/2025	4.1.7	Foreign National Specific Documentation <ul style="list-style-type: none"> <li>Included option for I-797 Form and I-94 Form</li> <li>Borrowers from countries in VISA Waiver Program</li> <li>Canada Citizens</li> </ul>
05/01/2025	4.1.12	Assets Held in Foreign Accounts <ul style="list-style-type: none"> <li>Allowed to be documented in US Bank accounts</li> </ul>
05/01/2025	4.5.2.B	Entity Documentation Requirements <ul style="list-style-type: none"> <li>Evidence of Good Standing not required for new entity within 120 days of Note Date</li> <li>All others require a Certificate of Good Standing Screenshot dated within 120 days of Note date.</li> </ul>
05/01/2025	5.1.2	Rate/Term <ul style="list-style-type: none"> <li>Added restriction – At least one borrower must be vested on title at time of Initial Application.</li> <li>Refinance of previous loan that provided cash out will be measured from Note date to New Note date. Previous was Note date to Application date.</li> </ul>
05/01/2025	5.1.2.A	R/T – Full and Expanded Doc <ul style="list-style-type: none"> <li>Added section –property was acquired less than 6 months prior, current appraised value can be used to determine LTV.</li> </ul>

Change Date	Section #	Description of Change
05/01/2025	5.1.2. B	R/T – DSCR, Mixed Use or Foreign National <ul style="list-style-type: none"> <li>Added section – Subject property acquired &gt; 6 months from acquisition date to Note date, appraised value will be used.</li> <li>Property &lt; 6 months from acquisition date to Note date will be the lesser of the appraised value or the purchase price + documented improvements.</li> </ul>
05/01/2025	5.2	Listing Seasoning – Clarified for all refinances instead of Cash out. <ul style="list-style-type: none"> <li>Value is updated to use the lesser of the lowest list price in prior 12 months or appraised value.</li> </ul>
05/01/2025	5.4	Interested Party Contributions <ul style="list-style-type: none"> <li>Primary/2nd Home - Increased Maximum contribution to 9% for LTV &lt; 75%,</li> <li>6% for LTV &gt; 75%.</li> <li>NOO - Increased NOO max contribution to 6%.</li> </ul>
05/01/2025	5.5.1	Impound Accounts – Consumer Purpose Loans <ul style="list-style-type: none"> <li>Updated to differentiate between HPML vs Non HPML.</li> <li>Non HPML 80% LTV or below – removed FICO and reserve requirements.</li> </ul>
05/01/2025	5.5.2	Impound Accounts - Business Purpose Loan <ul style="list-style-type: none"> <li>Added section – Escrow waiver not allowed for Cross Collateral &amp; FN</li> <li>Allowed for &lt; 80%LTV, DSCR min of 1</li> </ul>
05/01/2025	5.7	Prepayment Penalty – updated state restrictions
05/01/2025	6.3.1	Fraud Report Requirements - updated to include exclusionary list
05/01/2025	6.4	Housing History – updated to include most recent 12-month payment history for all mortgages on subject refinances.
05/01/2025	8.5.5N	Full Doc Rental Income – Included STR requirements
05/01/2025	8.6.2	Expanded Doc – updated large deposits exceeding 100% on bank statements from 50%.
05/01/2025	8.7	Expanded Doc: Rental Income <ul style="list-style-type: none"> <li>LTR - Updated to provide 1 month of proof or receipt of rental income.</li> <li>STR Purchase – updated to reduce gross rents by 20% to reflect operating costs for short term rental properties.</li> <li>STR Purchase – include airDNA requirements</li> <li>STR Refinance – updated to use 80% of rental income</li> </ul>
05/01/2025	8.10 & Matrix	Expanded Doc: WVOE <ul style="list-style-type: none"> <li>Increased min FICO to 680</li> <li>Updated max loan amount to \$1.5M</li> <li>Reduced LTV for Cash-out to 70%</li> </ul>

Change Date	Section #	Description of Change
05/01/2025	8.11 & Matrix	Expanded Doc: Asset Utilization Restrictions – <ul style="list-style-type: none"> <li>Reduced LTV for Cash out to 75%, max DTI of 45%</li> <li>Reduced max loan amount to \$2M</li> </ul>
05/01/2025	8.11.2	Asset Utilization Qualifying Method <ul style="list-style-type: none"> <li>Simplified qualifying method with utilization draw schedule of 5 yrs divided by 60.</li> </ul>
05/01/2025	8.11.4	Asset Utilization: Qualifying Assets <ul style="list-style-type: none"> <li>Include 100% Cash surrender Value of life insurance less any loans</li> <li>Increased to 80% for stocks, bonds, and mutual funds qualification</li> </ul>
05/01/2025	8.12.2 & Matrix	DSCR: First Time Investor and/or First Time Homebuyer <ul style="list-style-type: none"> <li>Added qualifications for FTHB/FTI</li> </ul>
05/01/2025	8.13.2	DSCR: Long Term Rental <ul style="list-style-type: none"> <li>Added if using higher est. market rent from 1007, it must be within 120% of lease, est. market rent is capped at 120%.</li> </ul>
05/01/2025	8.13.3	DSCR: Short Term Rental Documentation <ul style="list-style-type: none"> <li>Updated to include qualifications for STR analysis on 1007/1025 Form.</li> </ul>
05/01/2025	8.13.6	DSCR Restrictions – updated to include subject property encumbered by blanket loan is considered cashout.
05/01/2025	8.14.1	DSCR: 5-8 Residential & 2-8 Mixed Use <ul style="list-style-type: none"> <li>Updated to include vacant units to be actively marketed for rent.</li> <li>Vacant commercial space not allowed</li> <li>Income from commercial space increased to 49.99% max. of total property income.</li> </ul>
05/01/2025	8.14.3	DSCR: 5-8 Residential & 2-8 Mixed Use – Eligible Property <ul style="list-style-type: none"> <li>Added vacant commercial space not allowed</li> </ul>
05/01/2025	10.1.5E	Accessory Unit <ul style="list-style-type: none"> <li>Allowing 1 unit property with up to 2 ADU's.</li> <li>Included ADU requirements for qualifications</li> <li>Added inclusion of ADU rental income requirements for Purchase and Refinance</li> </ul>
05/01/2025	10.1.7B	DSCR: 5-8 Residential & 2-8 Mixed Use: Appraisal Review <ul style="list-style-type: none"> <li>Added 2<sup>nd</sup> appraisal may be provided for review</li> </ul>
05/01/2025	10.8.3	Disaster Event After Loan Closing But Prior to Loan Purchase <ul style="list-style-type: none"> <li>Added section to include requirements if any for loans where disaster event occurs after loan closing but before loan purchase.</li> </ul>
05/01/2025	10.8.4	Post Disaster Inspection Requirements – updated to provide details of requirements for post disaster inspections.

Change Date	Section #	Description of Change
05/01/2025	10.9	Condominiums <ul style="list-style-type: none"> <li>• updated to include CPM printout in file and must not be expired as of Note Date.</li> <li>• Detached condo units do not require condo project questionnaire</li> <li>• Projects with critical repairs not eligible</li> </ul>
05/01/2025	10.9.1	Project Condition: Critical Repairs – added section
05/01/2025	10.9.2	Special Assessments – added section
05/01/2025	10.9.7	Condotels – updated to reduce gross rents by 10%
05/01/2025	10.9.11A	Master Insurance <ul style="list-style-type: none"> <li>• updated to exclude claims settled on actual cash value basis</li> <li>• do not allow for policies that are not on a replacement cost basis</li> </ul>
05/01/2025	10.9.11C	General Liability Insurance – added section
05/01/2025	10.9.11D	HO-6 – included more details for requirements on HO-6 policy
05/01/2025	10.9.11E	Deductible – added 10% max deductible for LTV ≤ 80%
05/01/2025	10.9.11F	Master Flood Insurance Policy – clarified requirements
05/01/2025	10.9.11G	Flood Insurance Deductible – added section
05/01/25	Full Doc / Expanded Matrix	Full Doc / Expanded Matrix <ul style="list-style-type: none"> <li>• Increased Loan Amount to \$3M for 2nd Home/Investment</li> <li>• Updated Florida Condo inspection requirements</li> <li>• Added state restrictions for IL</li> <li>• Updated reserve requirements</li> <li>• Updated state PPP restrictions</li> </ul>
05/01/25	DSCR Matrix	DSCR Matrix <ul style="list-style-type: none"> <li>• Included additional eligibility for 740+ FICO</li> <li>• Increased Max LTV up to 85% subject to qualifications</li> <li>• Included FTHB/FTI eligibility qualifications</li> <li>• Updated Florida Condo inspection requirements</li> <li>• Updated 2-4 unit eligibility based on DSCR ratio</li> <li>• Increased acreage to 5 acres</li> <li>• Included specific state restrictions</li> <li>• Updated state PPP restrictions</li> </ul>
05/01/25	Foreign National Matrix	Foreign National Matrix <ul style="list-style-type: none"> <li>• Updated state restrictions</li> <li>• Updated Florida Condo inspection requirements</li> <li>• Updated state PPP restrictions</li> </ul>
05/01/25	Cross Collateral	Cross Collateral DSCR – added program

Please refer to the attached update for more details and pay attention to the yellow highlighted sections.

If you have any questions, please contact your manager.

Thank you,  
BFF Team