

Non-QM Summary of Changes

February 19, 2026

Subject: Non-QM Summary of Changes
To: All
Effective Date: February 23, 2026

We've made some clarifications and changes to our non-QM products for applications submitted and locked effective on or after February 23, 2026.

Change Date	Section #	Description of Change
2.23.26	Full Doc Matrix	<ul style="list-style-type: none"> • Min FICO: Added of 620-639 qualification up to \$1M max 70% for Purchase & R/T • Interest Only: Reduced FICO from 660 to 640 • Condotels/NW Condo - Reduced LTV to 75%/70% for • Condotels/NW Condo - Reduced from \$2.5M to \$1.5M for max loan amount • Reserves updated to reduce from 12 mos. to 9 mos. for \$1M-\$1.5M at 80% or loan amounts \$1.5M-\$2.5M • State Restrictions: include Philadelphia County, PA
2.23.26	Expanded Matrix	<ul style="list-style-type: none"> • Min FICO: Added of 620-639 qualification up to \$1M max 70% for Purchase & R/T • Interest Only: Reduced FICO from 660 to 640 • Condotels/NW Condo - Reduced LTV to 75%/70% for • Condotels/NW Condo - Reduced from \$2.5M to \$1.5M for max loan amount • Reserves updated to reduce from 12 mos. to 9 mos. for \$1M-\$1.5M at 80% or loan amounts \$1.5M-\$2.5M • State Restrictions: include Philadelphia County, PA
2.23.26	Expanded Matrix	<p>PTIN P&L: added PTIN Requirements</p> <ul style="list-style-type: none"> • PTIN preparer must have prepared the borrower's most recent tax returns. • A copy of the preparer's current, unexpired PTIN Card or official IRS authorization. • 75% maximum LTV (Primary) or 70% (Second Home/Investment) • Cash out requires a 5% LTV reduction from the LTV listed above • All Investment property is subject to a minimum PPP of 3 years, applicable in all jurisdictions where such penalties are legally permissible. • Property listed for sale is ineligible. • Transferred appraisals are strictly prohibited. • No exceptions will be granted under this program.

		<ul style="list-style-type: none"> • A minimum FICO 720 and SFR only. • Maximum loan amount \$1.00MM
2.23.26	DSCR Matrix	<ul style="list-style-type: none"> • Interest Only: Reduced FICO from 660 to 640 • State Restrictions: include Philadelphia County, PA • FTHB & FTI: Update to add max loan amount to \$1.5 at max 75% LTV with 12 mos. reserves • STR: allowed condotels
2.23.26	DSCR 5-8 & Mixed Use,	<ul style="list-style-type: none"> • State Restrictions: include Philadelphia County, PA
	Foreign National Matrix	<ul style="list-style-type: none"> • State Restrictions: include Philadelphia County, PA
	Cross Collateral Matrix	<ul style="list-style-type: none"> • State Restrictions: include Philadelphia County, PA
1st Lien Guideline Changes		
2.23.26	1.4.1	Property Insurance: Coverage requirements <ul style="list-style-type: none"> • updated language when a policy must be paid and effective • No longer allow estimated cost new as evidence of sufficient coverage from Appraisal
2.23.26	1.4.1A	Hazard Insurance – added section for min sufficient coverage on policy
2.23.26	1.4.1B	Deductible – moved section from Condo
2.23.26	1.4.1C	Calculating Amount of Required Coverage – added section
2.23.26	1.4.2	Commercial Insurance for 2-8 Mixed Use - added effective dates for insurance per type of transaction
2.23.26	1.5	Flood Insurance – added effective date of coverage
2.23.26	2.2	Interest Only – Reduced min score from 660 to 640 Full/Expanded Program – reduced min score from 640 to 620
2.23.26	4.1.3	Non-Permanent Resident Alien <ul style="list-style-type: none"> • added requirement for those with Temporary Protected Status. • Reduced LTV to 80% • Gift funds eligible
2.23.26	4.1.9	FN Qualifying Credit – clarified using 680 score for alternative credit
2.23.26	4.1.10	FN Housing History & Credit Events – added section
2.23.26	4.1.12	FN Assets – added section
2.23.26	4.1.14	FN Restrictions – added restrictions for certain countries and restriction for tenants
2.23.26	4.6	Occupancy type – clarified investment property definition
2.23.26	5.1.2	Shared Equity - added requirements for using shared equity programs
2.23.26	5.1.3	Rate/Term – updated use of appraised value from 12 to 6 mos. of seasoning.

		<ul style="list-style-type: none"> Added documentation requirements when refinancing out of a cross collateral into single asset mortgage.
2.23.26	5.1.4	Cash Out - updated use of appraised value from 12 to 6 mos. of seasoning.
2.23.26	5.1.6	Determining LTV – added section
2.23.26	5.2	Listing seasoning <ul style="list-style-type: none"> updated that cash out refi previously listed to be seasoned 1 month prior to app date All investment refi with < 6 mos. is permitted with 2 yr PPP.
2.23.26	5.7	Prepayment Penalty – added 5% fixed percentage PPP
2.23.26	6.5	Housing history – updated housing pmts. paid current 1 month prior to loan app date.
2.23.26	6.5.1B	Mortgages Not Reporting on Credit – updated requirements for Balloon Note
2.23.26	6.5.4	Departure Residence – clarified offset using 75% of gross rent
2.23.26	6.7	Bankruptcy – Updated Ch 13 BK allowing lookback from filing date if BK is discharged.
2.23.26	6.11	Credit Score – updated min credit score to 620 for co-borrowers
2.23.26	7.2	Asset – include to allow DPA and 1031 funds
2.23.26	8.4.2	Tax Transcripts – updated requirements
2.23.26	8.5.3	Self-Employment Income – <ul style="list-style-type: none"> update to allow between 1-2 yrs SE with 2yrs prior work history with same line of work and industry Added items that can be added back when analyzing tax returns.
2.23.26	8.6	Expanded: Bank Statements – update min credit score to 620
2.23.26	8.8	Expanded P&L: Update to allow PTIN tax preparers subject to specific restrictions.
2.23.26	8.12.2	First Time Investor: updated requirements and restrictions
2.23.26	8.12.2B	FTHB & FTI: update max LTV/CLTV to 75%, max loan amount to \$1.5M and reserves to 12 months, gift funds not allowed.
2.23.26	8.13.3	Short Term Rental – updated verification if STR is allowed for local ordinance to be eligible
2.23.26	8.13.6	DSCR Restrictions <ul style="list-style-type: none"> increase acreage to 5 Added documentation requirements when refinancing out of a cross collateral into single asset mortgage.
2.23.26	10.1.5b	Existing Construction – update to health and safety items completion report to be done before mortgage closes.
2.23.26	10.3	Acreage: update DSCR to 5 acres
2.23.26	10.9.7	Condotels – update/clarified requirements
2.23.26	10.9.9	Non-Warrantable Condos <ul style="list-style-type: none"> Update exposure limit to a project to the lower of max \$5M or 20% of total units. Update investor concentration to 70%

		<ul style="list-style-type: none">• Update deductible up to 10%
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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