Logan Finance Corporation 5-8 Unit Residential Purchasing and Underwriting Guidelines

February 6, 2024

Contents

1. General Requirements

1.1 Overview

This Purchasing and Underwriting Guidelines (the "Guidelines") offer loan programs that fall outside the parameters of Qualified Mortgage loans. For a loan to be eligible for purchase by Logan Finance Corporation (Logan) the loan must conform to all requirements set forth in these Guidelines. Any underwriting standards not specifically addressed in this document will follow the requirements set forth in Fannie Mae's guidelines.

Loans that are eligible for sale to a government-sponsored enterprise (GSE) – the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac) – are ineligible for any programs defined in the Guideline.

1.2 Logan Rights

Logan reserves the right to decline any loan that they believe is not in the best interest of the Borrower or does not meet the spirit of the guidelines. In addition, these Guidelines are amendable at Logan's discretion.

1.3 Credit Exceptions

Exceptions to published guidelines may be considered on a case-by-case basis. Loans with exception requests should exhibit strong compensating factors. All exceptions must be approved in writing to be eligible for purchase by Logan.

1.4 Ability to Repay

Loans originated solely for business purposes, secured by an investment property, then the Seller is not required to evaluate the Borrowers' ability to repay.

1.5 Net Tangible Benefit

The loan must provide a net tangible benefit to the Borrowers. A tangible benefit may include financing the acquisition of a property, reducing the cash expenditure required to service an existing mortgage, lowering the interest rate of an existing mortgage, extending the period during which the interest rate on an existing mortgage is fixed, extending the term of an existing mortgage, and obtaining additional cash proceeds through a cash-out refinance.

1.6 Lowest-cost Loan

Logan requires that the Seller consider all the alternative loan programs the Seller has available, and then offer loan applicants the lowest cost loan program that (i) meets the applicants' requirements and preferences, and (ii) for which the applicants qualify.

1.7 Equal Credit Opportunity Act

For a loan to be eligible for purchase by Logan the loan must comply with to all requirements set forth in the Equal Credit Opportunity Act.

1.8 Independent Lending

Seller must make its own determination as to whether to approve and consummate the loan and must ensure that none of Logan's directors, officers, employees, agents, contractors, or affiliates influenced or interfered with the Seller's decision.

1.9 Max Points and Fees

Total points, fees, and APR may not exceed current state and federal high-cost thresholds. Federal, State, and Local High Cost Loans are not acceptable for purchase.

1.10 Subordinate Financing

Subordinate Financing is permitted so long as the following requirements are met:

1. The CLTV and combined loan amount does not exceed the maximum LTV per the program matrix.
2. The subordinate financing is defined as "Acceptable Subordinate Financing" per Fannie Mae's guidelines.

1.11 Loan Age

The loan age is considered the period between the note date and purchaser's fund date and cannot exceed sixty days.

1.12 Prepayment Penalty

A Five year prepayment penalty is required for investment properties, and the prepayment penalty should be equal to six months interest on the amount prepaid that exceeds 20% of the original principal balance (unless otherwise restricted by State law). This is known as the California Rule prepay formula.

Alternatively, a fixed percentage of no less than 3% - The prepayment charge will be equal to a fixed percentage and applied to any curtailment or the entire outstanding principal balance during the prepay period.

In either case, the prepayment penalty applies to loans that pay off due to sale or refinance (a "hard" prepay).

Logan does not permit PPP in the following case:

- Properties located in Kansas a PPP is not permitted
- Cook County Illinois with note rates above 7.99% require a 3/2/1 step down PPP
- Properties located in Minnesota within the conforming loan limits.
- Properties located in Pennsylvania containing 1-2 units and a loan amount below $301,022

1.13 Business Purpose Loans

Loans that are originated as investor occupancy will be considered Business Purpose Loan's for the purposes of these guidelines. All Business Purpose Loan's must include in the closed loan package a business purpose affidavit signed by the Borrower or Guarantor. In addition, no relative, defined as the Borrower's spouse, child, or other dependent, or by any other individual who is related to the Borrower by blood, marriage, adoption, or legal guardianship of the Borrower or guarantor may occupy the Subject Property.

1.14 Age of Documents

For the purpose of these guidelines the following will be used to determine the allowable age of documentation

- Credit Report – 120 days from the Note date
- Income- 60 days from the Note date
- Assets- 60 days from the Note date
- Appraisal- 120 days, 180 days with a recert of value (please refer to section 2)
- Preliminary Title Report 90 day from the note date

1.15 Limited Power of Attorney

A limited Power of Attorney is acceptable when all the following are met:

- It is specific to the transaction;
- It is recorded with the Mortgage / Deed of Trust;
- It is used to execute only the final loan documents; and
    - The borrower who executed the POA signed the initial 1003 URLA, and
    - An interested party to the transaction (such as seller, broker, loan officer, realtor,etc.) may not act as Power of Attorney
- The Patriot Act form must be signed by the Borrower prior to closing
- Not eligible for:

- cash out transactions
- Loans closing in an entity

1.16 ACH Form

An ACH Form is required on all loans. ACH must be from a US bank account.

2. Appraisal and Property Requirements

2.1 Appraisal

2.1.1 Appraisal Requirements

Logan reserves the right to review all valuation reports and determine if the subject property value is supported. Appraisals are subject to the following requirements:

- Appraisal must be ordered through an Appraisal Management Company (AMC) that complies with Appraiser Independence Requirements (AIR).
- Appraisers must meet all industry standards and be State Certified. State Licensed Appraisers and Trainees are not permitted. All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) and current version of the FIRREA, including its Title XI regulations
- Appraisal assignments must be obtained in a manner that maintains appraiser independence and does not unduly influence the appraiser to meet a predetermined value.
- The licensed appraiser is required to perform an interior inspection when completing the appraisal report.
- If two appraisals are required, they must be completed by two different appraisers.
- Properties for which the appraisal indicates condition ratings of C5 or C6, or a quality rating of Q6, as determined under the Uniform Appraisal Dataset (UAD) guidelines, are NOT eligible for Logan to purchase. Logan will consider purchase if the issue has been corrected prior to loan funding and with proper documentation.

Inspection Requirements:

- At least 1 of each unique unit type physically inspected.
- At least 20% of units sampled / physically inspected.

Logan reserves the right to restrict the use of any specific appraiser and/or appraisal management company at its discretion.

Sellers are responsible for reviewing the appraisal report for accuracy, completeness, and its assessment of the marketability of the subject property. Seller needs to determine that the subject property provides acceptable collateral for the loan.

2.1.2 Eligible Appraisal Forms

A Full Interior/Exterior appraisal report, completed by an MAI appraiser, including color photographs, requires use of one of the following forms depending on the property type:

Property Type	Appraisal Form	Loan Amount
5-8 Unit Residential*	Commercial Narrative	Any Loan Amount

** Loan Amounts over $2,000,000 require 2 appraisals

Logan reserves the right to restrict the use of hybrid appraisal when the pandemic is gone, or the hybrid appraisal is no longer accepted by Fannie Mae and Freddie Mac.

2.1.3 Appraisal Age

Appraisals should be dated no more than 120 days prior to the Note date, after 120 days, a new appraisal report is required. A recertification of value is acceptable 121-days through 180-days. After 180-days, the appraisal is expired, and a new appraisal will be required.

2.1.4 Second Appraisal

A second appraisal is required when any of the following conditions exist:

- The loan balance exceeds $2,00,000.
- The transaction is a flip as defined in the Property Flipping section of this guide.
- As required under the Appraisal Review Products section of this guide.

When a second appraisal is provided, the transaction’s “Appraised Value” will be the lower of the two appraisals. The second appraisal must be from a different appraiser than the first appraisal.

2.1.5 Appraisal Analysis

2.1.5.1 Compatibility of Subject Property and Neighborhood

- Neighborhood boundaries should be described using the four cardinal directions, streets, waterways, other geographic features, and natural boundaries that define the separation of one neighborhood from another.

- Neighborhood characteristics should be described with types and sizes of structures, architectural styles, current land uses, site sizes, and street patterns or designs.
- Factors that affect value and marketability should be mentioned in as much detail as possible.
- The age and price of the subject property should fall within the age and price range of properties in the subject neighborhood.
- The appraiser must report the primary indicators of market condition for properties in the subject neighborhood as of the effective date of the appraisal by noting the trend of property values, the supply of properties in the subject neighborhood, and marketing time for properties.
- The appraiser must provide conclusion for the reasons a market is experiencing declining property values, an over-supply of properties, or market time over six months.

2.1.5.2 Selected Comparable Sales

- Whenever possible, comparable sales in the same neighborhood as the subject property should be used.
- Sales prices of comparable properties in the neighborhood should reflect the same positive and negative location characteristics.
- For properties in established subdivisions, condo projects or PUDs, comparable sales from within the same subdivision or project as the subject property must be used if the subdivision or project has resale activity.
- Use of comparable properties located outside of the established subject neighborhood must be explained in the appraisal analysis.
- For properties in new subdivisions, condo projects or PUDs, the subject property must be compared to other properties in its general market area as well as to properties within the subject subdivision or project. The appraiser must select one comparable sale from the subject subdivision or project and one comparable sale from outside the subject subdivision or project. The third comparable sale can be from inside or outside of the subject subdivision or project provided it is a good indicator of value for the subject property.

2.1.5.3 Property Condition

- If the appraiser reports the existence of minor conditions or deferred maintenance items that do not affect the safety, soundness, or structural integrity of the property, the appraiser may complete the appraisal "as is." These items must be reflected in the appraiser's opinion of value.
- When there are incomplete items or conditions that do affect the safety, soundness, or structural integrity of the property, the property must be appraised subject to completion of the specific alterations or repairs. These items can include a partially completed addition or renovation, or physical deficiencies that could affect the safety, soundness, or structural integrity of the improvements, including but not limited to, cracks or settlement in the foundation, water seepage, active roof leaks, curled or cupped roof shingles, or inadequate

electrical service or plumbing fixtures. In such cases, the Seller must obtain a certificate of completion from the appraiser before the mortgage is delivered to Logan.

2.1.5.4 Property Sale and Listing History

The appraiser is required to research and identify whether the subject property is currently for sale or if it has been offered for sale in the 12 months prior to the effective date of the appraisal. If the answer is 'No,' the data source(s) used must be provided. If the answer is 'Yes,' the appraiser must report on each occurrence or listing and provide the following information: Offering price(s), Offering date(s), Data source(s) used. For example, if the subject property is currently listed for sale and was previously listed eight months ago, the appraiser must report both offerings.

2.1.5.5 Actual and Effective Ages

There is no restriction on the actual age of the dwelling. Older dwellings that meet general requirements are acceptable. Improvements for all properties must be of the quality and condition that will be acceptable to typical purchasers in the subject neighborhood. The relationship between the actual and effective ages of the property is a good indication of its condition. A property that has been well-maintained generally will have an effective age somewhat lower than its actual age. On the other hand, a property that has an effective age higher than its actual age probably has not been well-maintained or might have a specific physical problem. In such cases, the Seller should pay particular attention to the condition of the subject property in its review of any appraisal report. When the appraiser adjusts for the "Year Built," he or she must explain those adjustments.

2.1.5.6 Outbuildings

The Seller must give properties with outbuildings special consideration in the appraisal report review to ensure that the property is residential in nature. Descriptions of the outbuildings should be reported in the Improvements and Sales Comparison Approach sections of the appraisal report form. Suitability assessment must be performed for the following type of outbuilding:

- Minimal outbuildings, such as small barns or stables, that have relatively insignificant value in relation to the total appraised value of the subject property – the appraiser must demonstrate, using comparable sales with similar amenities, that the improvements are typical of the residential properties in the subject area for which an active, viable residential market exists.
- An atypical minimal building – the property is acceptable provided the appraiser's analysis reflects little or no contributory value for it.
- Significant outbuildings, such as silos, large barns, storage area, or facilitate for farm-type animals – the presence of the outbuilding may indicate that the property is agricultural in

nature. The Seller must determine whether the property is residential in nature, regardless of whether the appraiser assigns value to the outbuildings.

2.1.5.7 Appraisal Review Product

An appraisal review product is required to support the appraised value for all transactions. Acceptable review products include the following options.

- An enhanced desk review product. The eligible choices are:
  - Consolidated Collateral Analysis from Consolidated analytics

If the enhanced desk review product reflects a value more than 10% below the appraised value, the enhanced desk review product will be used to calculate the LTV. If the enhanced desk review reflects a value of 15% or greater below the appraised value or cannot provide a validation, the next option would be either a field review or a second appraisal. These must be from a different appraiser than the original appraisal.

2.2 Property

2.2.1 Minimum Property Requirements

All properties must meet the following requirements:

- Be improved real property.
- Be accessible and available for year-round residential use.
- Contain a full kitchen and a bathroom
- Represent the highest and best use of the property
- Not contain any health or safety issues.
- Contain a minimum square footage for gross living area by the following property types:
  - 400 sqft per individual unit
- Be heated by a continuously fueled heat source which is permanently affixed to the real estate. Alternative heat sources are acceptable when marketability has been demonstrated. No heating system at all is acceptable is certain geographic area where no heat is common for the area. (Example: South Florida and Hawaii) At least two (2) comparable sales without heat sources must be utilized within the appraisal.
- Property must be in C4/Q4 condition or better.
- Represent the “highest and best” use of the subject
- Be free of all health and safety violations
- Not be in violation of any housing codes or exhibit items that adversely affect the ownership, habitability, or marketability of the subject property

- Any fixture that includes a UCC filing associated with the property and/or will create an easement on title is ineligible.

2.2.2 Personal Property

Any personal property transferred with a real property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV and CLTV.

2.2.3 Escrow Holdbacks

Escrow holdbacks are not allowed. Any repair or maintenance required by the appraiser must be completed prior to loan purchase. Logan will not acquire any loan with an escrow holdback.

2.2.4 Property Types

2.2.4.1 Eligible Properties

- 5-8 Unit Residential Properties

2.2.4.2 Ineligible Properties

- 1 Unit Single Family Residence
- 2-4 Unit Residence
- Mixed Use Properties
- Properties with Lot Size in Excess of 20 Acres
- Condotels or Condo Hotels
- Community Land Trusts
- Co-ops
- Earth Homes, Berm Homes, and Dome Homes
- Deed restricted communities (e.g. factors that impair Sellers rights)
- Geodesic Dome Homes
- Houseboat projects
- Leaseholds
- Log Homes (unless typical for the area and three comparable sales from the immediate area can be provided)
- Manufactured Housing
- Model Home / Builder Leasebacks
- Modular Homes
- Operating Farms, Ranches, or Orchards
- Properties in Lava Zone’s 1 or 2

- Properties Representing an illegal use under zoning regulations
- Properties Subject to Hazardous, Materials, Noxious odors, or safety violations
- Properties Subject to Oil and/or Gas Leases
- Properties Used Primarily for Agriculture, or Framing
- Properties Located in Native American Indian Reservations
- Structures or Projects with Non-Conforming Use of Land where zoning prohibits in the event of total or partial destruction
- Timeshares
- Vacant Land or Land Development Properties
- Properties Located on a Sink Hole
- Rural Properties

2.2.5 Acreage Limitations

- A maximum of 10 acres is allowed, however parcels not exceeding twenty (20) acres may be considered if it is typical for the area and value/marketability is supported with appraisal comparable of similar acreage.
- No truncating is allowed.

2.2.6 Disaster Area

Sellers are responsible for identifying geographic areas impacted by disasters and taking appropriate steps to ensure the subject property has not been adversely affected. The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA website at https://www.fema.gov/disasters. In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as earthquakes, floods, tornadoes, or wildfires, additional due diligence must be used to determine if the disaster guidelines should be followed.

2.2.6.1 Appraisals Completed Prior to Disaster

An exterior inspection of the subject property, performed by the original appraiser, if possible, is required.

- The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- An Inspection Report must include new photographs of the subject property and street view.
- Any damage must be repaired and re-inspected prior to purchase.

2.2.6.2 Appraisals Completed After Disaster Event

- The appraiser must comment on the adverse event and certify that there has been no change in the valuation.
- Any existing damage noted in the original report must be repaired and re-inspected prior to purchase.

2.2.6.3 Disaster Event Occurs After Closing but Prior to Loan Purchase

A loan is ineligible for purchase until an inspection is obtained using one of the following options:

- A Post Disaster Inspection (PDI) Report from Clear Capital or Damage Assessment Report (DAR) from Pro Teck may be used. Any indication of damage reflected on the report will require a re-inspection by the appraiser.
- The appraiser may perform an inspection (Fannie Mae Form 1004D) and comment on the event and certify that there has been no change to the value.

The guidelines for disaster areas should be followed for 120 days from the disaster declaration date as published by FEMA. https://www.fema.gov/disasters/disaster-declarations.

2.2.7 Transferred Appraisal

Logan will allow for a transferred appraisal. The appraisal must meet all requirements listed in this section 2.1. In addition, the file must contain an appraisal transfer letter meeting the following requirements:

- Must be on letterhead of the original transferring financial institution.
- Current Date;
- Borrower(s) Name;
- Property Address;
- A statement transferring ownership of the appraisal to:
  - The Client for Correspondent transactions, or
  - Logan Finance Corporation for Wholesale transactions.
- The following statement: "(Original Transferring Financial Institution) certifies and warrants that the referenced appraisal was prepared in accordance with, and is compliant with, the Appraisal Independence Requirements (AIR), Truth in Lending regulations, and all applicable laws.";
- Signature of an Officer of the transferring financial institution that is not in Loan Production.
  - Loan Officers, LO assistants, etc. are not eligible to sign the transfer letter;
- Compliancy of ordering and processing according, but not limited to, Dodd Frank, FIRREA, Appraiser Independence Requirements, and Consumer Protection Acts

3. Insurance Requirements

The Subject Property must be insured against title defects and against hazards. In addition, if the Subject Property is a flood zone, the property must be insured against flood damage.

3.1 Title Insurance

3.1.1 Title Policy Requirements

Each loan delivered to Logan must include a title insurance policy. If the file contains the Commitment for Title Insurance, it must indicate the policy will be issued upon payment of the premium. By delivering a mortgage loan to Logan, the Seller represents and warrants that the loan is covered by the required title policy, issued by a licensed insurer, and includes any required endorsements. The title insurer and policy must conform to Fannie Mae requirements.

- The title insurer must be qualified to do business in the state where the subject property is located.
- The premium for the title insurance must have been paid in full on the date of the loan or on the loan's funding date.
- The title insurance must be in force and non-cancelable.
- Terms of Coverage: The title insurance policy must ensure the title is acceptable and that the mortgage represents a first lien on a fee simple estate in the property. The title policy must also list all other liens and reflect they are subordinate. The policy must be written on one of the following forms:
  - The 2006 American Land Title Association (ALTA) standard form.
  - The ALTA short form if it provides coverage equivalent to the 2006 ALTA standard form.
  - The ALTA form with amendments required by state law in states in where the 2006 ALTA forms have not yet been adopted, provided such ALTA form with amendments is acceptable to Fannie Mae (loan where the title insurance is not acceptable to Fannie Mae or not eligible for sale to LOGAN).
  - For Adjustable Rate Mortgage, the policy must include ALTA Endorsement 6-06.
- Effective Date of Coverage: The effective date of the title insurance coverage written on forms that do not provide the gap coverage included in the 2006 ALTA policies may be no earlier than the later of the date of the final disbursement of loan proceeds or the date the mortgage was recorded. Because the 2006 ALTA forms provide protection for the time between loan closing and recordation of the mortgage, policies written on those forms may be effective as of loan closing.
- Amount of Coverage: The amount of title insurance coverage must at least equal the original principal amount of the mortgage.

- Chain of Title: The title report must include a 24-month chain of title which was prepared not earlier than 90 days prior to the Date of the Loan, and which includes the transfer date, names of buyers and names of sellers for any conveyances within the past 24 months,
- The Borrowers' names must be indicated on the title commitment and must be identical as the Borrowers' names on the note and mortgage without any variances for spelling, use of a middle name or use of a personal title.
- If Borrower's marital status appears to be different than on 1003, the discrepancy must be addressed.
- The title insurer must provide a closing protection letter covering the closing settlement agent's errors, omissions, fraud, theft, and embezzlement (except that in New York State a closing protection letter is not required).

If the title being insured is for a condominium unit, the following additional title policy requirements are applicable:

- An ALTA 4-06 or 4.1-06 endorsement or equivalent is required to be attached and incorporated into the text of the policy.
- If the homeowner's association owns the common areas or facilities of the project separately, the title insurance must insure such ownership.
- The title policy must provide for the following:
  - The mortgage must be superior to any lien for unpaid common expense assessments.
  - Insurance covers against any impairment or loss of title by any past, present, or future violations of any covenants, conditions, or restrictions of the master deed for the project
  - The unit does not encroach on another unit or any of the common areas/facilities.
  - The mortgage is secured by a unit in the condo project that has been created in compliance with applicable statutes.
  - The real estate taxes are assessable only against the condo unit and its undivided interest in the common elements rather than the project as a whole.

3.1.2 Title Exceptions

Logan will not purchase a mortgage secured by property that has an unacceptable title impediment, particularly unpaid real estate taxes and survey exceptions. If survey is not commonly required in particular jurisdictions, the Seller must provide on ALTA 9 Endorsement. If it is not customary in a particular area to supply either the survey or an endorsement, the title policy must not have a survey exception.

The following title exceptions are permissible regarding loans sold to Logan, provided that they are also permissible in accordance with Fannie Mae's title insurance requirements:

- Customary public utility subsurface easements, the location of which are fixed and can be verified.

- Above-surface public utility easements that extend along one or more property lines for distribution purposes or along the rear property line for drainage, provided they do not extend more than 12 feet from the subject property lines and do not interfere with any of the buildings or improvements, or with the use of the subject property, and further provided their violation will not result in the forfeiture or reversion of title or a lien of any kind for damages, or have an adverse effect on the fair market value of the subject property.
- Mutual easement agreements that establish joint driveways or party walls constructed on the subject property and on an adjoining property, provided all future owners have unlimited and unrestricted use of them.
- Encroachments on one foot or less on adjoining property by eaves or other overhanging projections or by driveways provided there is at least a ten (10) foot clearance between the buildings on the subject property and the property line affected by the encroachments.
- Encroachments on the subject property by improvements on adjoining property provided these encroachments extend one foot or less over the property line of the subject property, have a total area of 50 square feet or less, do not touch any buildings, and do not interfere with the use of any improvements on the subject property or the use of the subject property not occupied by improvements.
- Encroachments on adjoining properties by hedges or removable fences.
- Liens for real estate or ad valor taxes and assessments not yet due and payable.
- Outstanding oil, water, or mineral rights as long as they do not materially alter the contour of the property or impair its value or usefulness for its intended purposes.

3.1.3 Title Survey Requirements

Each Loan purchased by Logan must either (i) include a survey of the property securing the Loan, or (ii) be the subject of a survey affidavit acceptable, in all respects, to the title insurance company insuring the Loan such that the title insurance policy insuring the first mortgage encumbering the Loan is without exception regarding any matter related to a survey including the location of improvements on the Subject Property, the location of easements on the Subject Property, the location of encroachments affecting the Subject Property, or the Subject Property's metes and bounds. If a survey is included, the survey must have been certified, dated, and signed by the licensed civil engineer or registered surveyor performing the survey. Unimproved land surveys are not acceptable. Surveys must be reviewed by the Seller for easements, encroachments, flood zone impacts and possible boundary violations.

3.2 Hazard Insurance

The improvements on the property securing the Loan must be covered by a hazard insurance policy for the benefit of the Seller and its assignees.

Insurance policy dwelling coverage amount must be equal to or greater than one of the follow::

- Estimated Cost to Rebuild New (reflected on appraisal)

- Replacement cost estimator provided by insurance company
- Subject loan amount, provided the loan amount is equal to at least 80% of the insurable value per an RCE received by the insurance agent (if agent is unable to provide an RCE, Loan processor certification confirming the insurable value amount will be required - cert must include date/time, name/contact information of insurance agent)

  Or

- Policy contains the verbiage “100% Replacement Cost”, “Guaranteed Replacement Cost” or “Replacement Cost” for Dwelling coverage OR
- Loan Processor certification provided confirming coverage includes “replacement cost” (certification must include date/time, name/contact information of insurance agent) OR
- Insurance Agent certification provided confirming coverages includes “replacement cost” OR

Rent loss coverage of no less than 6 months is required.

In addition, the hazard insurance policy must conform to Fannie Mae’s requirements for hazard insurance and to all of the following requirements:

- Deductibles may not exceed five percent (5%) of the face amount of the insurance policy.
- The policy must contain the Borrower’s name, the agent’s name the agent’s company name and the full address of the subject property and be in effect at closing.
- The Mortgage File must document payment of the premium for the hazard file
- For purchases, the premium for one year of coverage, effective from date the Borrowers acquire the Subject Property, must be paid in full and for refinances, if the policy is to be renewed within 60 days of the note date, the premium must be paid at closing.
- The hazard insurance policy must be underwritten by a carrier that meets the following requirements:
  - Carriers rated by A.M. Best Company, Inc. must be rated “B” or better.
  - Carriers rated by Demotech, Inc. must have an “A” or better rating in Demotech’s Hazard Insurance Financial Stability Ratings.
  - Carriers rated by Standard and Poor’s must have a “BBB” or better Insurer Financial Strength Rating in the Standard and Poor’s Ratings Direct Insurance Service
  - Carriers not rated by any of A.M Best Company, Inc, Demotech, Inc. or Standard and Poor’s are ineligible and policies from such carriers may not be used to meet the hazard policy requirements of these Underwriting Guidelines.

3.3 Flood Insurance

If the Subject Property located within any area designated by the Federal Emergency Management Agency (FEMA) as an Area of Special Flood Hazard, then for the Loan secured by the Subject Property to must be covered by flood insurance.

To determine whether the Subject Property is in a flood zone, Sellers must obtain a Flood Certificate on the lot of the Subject Property from a nationally recognized Flood Certificate provider.

3.3.1 Required Flood Insurance

If flood insurance is required, then the amount or required insurance is the lessor of (i) full replacement cost coverage for the improvements on the Subject Property, or (ii) the maximum coverage available under the National Flood Insurance Administration program. The flood insurance must conform to the flood insurance requirements of Fannie Mae, and must also conform to all of the following requirements:

- Deductibles permitted up to the maximum deductible available under the National Flood Insurance Program (NFIP).
- The Borrower name and the Subject Property address must be on the flood insurance application and binder.
- The flood insurance policy must contain a mortgagee clause, naming lender and its assignees as the loss payee.
- Evidence of coverage must be provided at closing.

The requirement for flood insurance requirement may be waived if:

- The subject property improvements are not in the area of Special Flood Hazard, even though part of the land is in Flood Zone A or V; or
- The Borrowers obtain a letter from FEMA stating that its maps have been amended so that the subject property is no longer in an area of Special Flood Hazard.

4. Transaction Types

4.1 Purchase

- Proceeds from the transaction are used to finance the acquisition of the subject property.
- LTV/CLTV is based on the lesser of the sales price or appraised value.
    - In the case of an assignment of contract the lesser of the purchase price on the original contact or the appraised value must be used. The assignment fee cannot be incorporated into the purchase price.

4.2 Rate/Term Refinance

- Proceeds from the transaction are used to:
    - Pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
    - Pay off any subordinate loan not used in the acquisition of the subject property, provided one of the following apply:
        - Closed-end loan, at least 12 months of seasoning has occurred.
        - HELOC’s that have been drawn on in the last 12 months are not eligible.

- Buy out a co-owner pursuant to an agreement.
- Pay off an installment land contract executed more than 12 months from the loan application date.

Other considerations:

- Cash back in an amount not to exceed the lesser of 2% of the new loan amount or $5,000 which can be included in the transaction.
- LTV/CLTV is based upon the appraised value.
- Refinance of a previous loan that provided cash-out, as measured from the previous note date to the application date, and is seasoned less than 12 months, will be considered a cash-out refinance.

4.3 Cash-out Refinance

- A refinance that does not meet the definition of a rate/term transaction is considered cash-out.
- A mortgage secured by a property currently owned free and clear is considered cash-out.
- No portion of the principal due on a mortgage loan encumbering the subject property is being forgiven in connection with the refinance.
- The payoff of delinquent real estate taxes (60 days or more past due) is considered cash-out. (Cash-out not eligible to satisfy the reserve requirements for the transaction.)
- A letter explaining the use of loan proceeds is required for all transactions.
  - If the loan is a business purpose loan the cash-out proceeds must be used for business purpose.
- Maximum cash in hand to the borrower cannot exceed $500,000

Cash-Out Seasoning is defined as the difference between note date of the new loan and the property acquisition date.

- Cash-out seasoning of less than six months will use the lower of original purchase price or the appraised value for the LTV calculation, including delayed financing.

5. Borrower Eligibility

5.1 Residency

5.1.1 US Citizen/Permanent Resident Alien

All United States citizens and Permanent Resident Aliens as defined below are eligible without any guideline restrictions.

A Permanent Resident Alien is defined as an Alien admitted to the United States as a lawful permanent resident.

- Acceptable evidence of permanent residency includes the following:
    - Permanent Resident Card I-551 (Green Card) that does not have an expiration date on the back).
    - Alien Registration Receipt Card I-551 that has an expiration date on the back and is accompanied by a copy of the filed INS Form I-751 (petition to remove conditions).
    - Non-expired foreign passport that contains a non-expired stamp (valid for a minimum of three years) reading "Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until [mm-dd-yy]. Employment Authorized."

5.1.2 Non-Permanent Resident Alien

An alien admitted to the United States as a lawful temporary resident. Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States.

- Legal Status Documentation
    - Borrower has a Social Security Number (SSN) and a current verified status, which may be documented by a valid employment authorization card; **OR**
    - A valid Visa and Social Security Number (SSN)
    - Visa types allowed: E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, NATO, O-1, R-1, TN NAFTA.
        - Visa must be current. If the visa will expire within six months following the close date, additional documentation is required: evidence that the proper extension steps have been followed per the USCIS website, along with proof of payment receipt and proof that the extension was done in the timeframe required by USCIS.
        - When applicable, a valid Employment Authorization Document (EAD) is required for US employment if Borrower is not sponsored by a current employer. If the visa will expire within six months of loan application, it is acceptable to obtain a letter from the employer documenting the Borrower's continued employment and continued visa renewal sponsorship. The employer on the loan application must be the same as on the unexpired visa.
- Any Borrower not meeting the above criteria is not eligible.

5.1.3 Foreign National

Foreign Nationals are not permitted.

5.2 Maximum loan exposure to One Borrower or Guarantor

Logan will not purchase more than 6 loans or an aggregate principal amount of $5,000,000 to one Borrower whichever comes first.

5.3 Vesting and Ownership

Ownership must be fee simple title. Title must be in the Borrower's name at the time of application for refinance transactions. Loans held in an LLC or Trust at the time of the application for refinance transactions are permitted if the following are met:

- If the property was owned prior to closing by a limited liability corporation (LLC) that is majority-owned or controlled by the Borrower(s)
- If the property was owned prior to closing by an inter vivos revocable trust the Borrower must be the primary beneficiary of the trust.

Eligible forms of vesting are:

- Individuals
- Tenants in common
- Joint tenants
- LLC or Corporation
    - The LLC or Corporation is formed in the United States.
    - Each Member/Owner of the LLC or Corporation who is 20% or greater owner must be a Guarantor for the loan and meets the credit qualifications of these guidelines.
    - The LLC or Corporation is owned by Individual(s). The LLC or Corporation is not eligible if it is owned by another entity.

Ineligible forms of vesting are:

- Inver vivos revocable trusts
- Land trusts
- IRAs
- Blind trusts

Title vesting in an inter vivos revocable trust is permitted when the requirements set forth in this section are followed. The Fannie Mae requirements should be followed to the extent this section is silent.

The trust must be established by one or more natural persons, solely or jointly. The primary beneficiary of the trust must be the individual(s) establishing the trust. The trust must become effective during the lifetime of the person establishing the trust. If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.

The trustee must include either:

- The individual establishing the trust (or at least one of the individuals, if two (2) or more.
- An institutional trustee that customarily performs trust functions in, and is authorized to act as trustee under the laws of, the applicable state.

The trustee must have the power to hold the title, and mortgage the property. This must be specified in the trust. One or more of the parties establishing the trust must use personal income or assets to qualify for the mortgage. The following documentation is required:

- If the trust was created under California law, a fully executed Certificate of Trust under Section 18100.5 of the California Probate Code.
- If the trust was created under the laws of a state other than California:
    - Attorney's Opinion Letter from the Borrower's attorney or Certificate of Trust verifying all the following:
        - The trust is revocable.
        - The Borrower is the settler of the trust and the beneficiary of the trust.
        - The trust assets may be used as collateral for a loan.
        - The trustee is:
            - Duly qualified under applicable law to serve as trustee
            - The Borrower
            - The settler
            - Fully authorized under the trust documents and applicable law to pledge, or otherwise encumber the trust asset

In addition to the vesting's listed above business purpose/investment loans will allow a loan to close in an LLC or Corporation if all of the following requirements are met:

1. The LLC or Corporation is formed in the United States.
2. Each Member/Owner of the LLC or Corporation with 20% or greater of the LLC or Corporation must be a Guarantor for the loan and meets the credit qualifications of these guidelines.
3. The LLC or Corporation is owned by Individual(s). The LLC or Corporation is not eligible if it is owned by another entity.

If the Guarantor is closing in an LLC, the following documentation is required for review:

1. IRS EIN Letter, Bank Verified EIN, or State Verified EIN
2. Certificate / Articles of Formation / Organization
3. Operating Agreement inclusive of all schedules, amendments and resolutions. Corporate resolutions/amendments changing ownership interest dated mid-application are not permitted.
4. Certificate of Good Standing (not required for LLC's formed in the last 12 months)

If the Guarantor is closing in a Corporation the following documentation is required:

1. IRS EIN Letter, Bank Verified EIN, or State Verified EIN
2. Articles of Incorporation
3. Certificate of Incumbency and/or Corporate Bylaws setting forth Corporate Officer(s) and Director(s)
4. Current Stock Ledger
5. Corporate Resolutions (if applicable) Corporate resolutions/amendments changing ownership interest dated mid-application are not permitted.
6. Certificate of Good Standing (not required for Corporations formed in the last 12 months)

In addition to the below documents must be completed as follows

- Loan Application
    - Completed for each Personal Guarantor of the entity
    - Signed by the Personal Guarantor ‘s of the entity
- Personal Guaranty
    - Completed for each Personal Guarantor of the entity
    - Signed by the PG and signed and dated the same date of the note
- Note
    - Signed by the Personal Guarantor
- Mortgage w/Riders
    - Signed by the PG
    - Vested in Entity

- W-9
    - In entity name including EIN

- Disclosures
    - State or Federal disclosures signed by the Personal Guarantor

Example signature block below for the note, security instrument and all riders

ABC Investor, LLC a (______) limited liability company
________John Guarantor____

By: John Guarantor
Title: [Member, Managing Member etc..]

And

ABC Investor , LLC a (______) limited liability company
________Joe Guarantor____

By: Joe Guarantor
Title: [Member, Managing Member etc..]

5.4 Country restrictions

If the Borrower is a citizen of any of the below countries and is not either a United States citizen or a I551 green card holder then the Borrower is not eligible for financing.

- Afghanistan
- Balkans
- Belarus
- Burundi
- Burma
- Central African Republic
- Cote d'Ivoire
- Cuba
- Democratic Republic of Congo
- Iran
- Iraq
- Lebanon
- Liberia
- Libya
- Kenya
- Myanmar
- Nigeria
- North Korea
- Russia
- Somalia
- Sudan
- Syria
- Ukraine
- Venezuela
- Yemen
- Zimbabwe

5.5 OFAC

No Borrower may be listed on the United States Treasury's OFAC website. Sellers must determine if a Borrower is listed on the OFAC website and must include in the Mortgage File documentation showing the Borrower is not listed on the OFAC website.

6. Credit and Liabilities

6.1 General Requirements

A credit report is required for each individual Borrower, including any member of an entity providing a personal guaranty. The credit report should provide merged credit data from the three major credit repositories: Experian, TransUnion, and Equifax. Either a three-bureau merged report, or a Residential Mortgage Credit Report is required.

The credit report used to evaluate a loan may not reflect a security freeze. If the Borrower(s) unfreeze credit after the date of the original credit report, a new tri-merged report must be obtained to reflect current and updated information from all repositories.

The credit report must be dated within 120 days of the note date.

6.2 Qualifying Credit Score Requirements

Each loan program has a required minimum credit score which is determined by the loan program matrix. To determine if a Loan meets the minimum credit score requirement for its Loan Program, Sellers must determine the Loan's Qualifying Credit Score. If the Qualifying Credit Score for a Loan is less than the required score, then the Loan is ineligible. In addition, the Qualifying Credit Score must be used to determine if a Loan complies with other Loan Program requirements which are dependent on credit score, such as maximum loan amount for a given loan to value ratio (LTV).

The Qualifying Credit Score is the credit score of the Borrower with the greatest Qualifying Credit Score. The Qualifying Credit Score for a Borrower is

- the middle score for Borrowers with three Credit Scores,
- the lower score for Borrowers with two Credit Scores.

Only credit scores from Experian, Trans Union and Equifax will be considered when determining the Qualifying Credit Score. In addition, all Borrowers must have a minimum of two credit scores.

Borrower whose credit score is not being used as the Qualifying credit score must have a minimum credit score or 620.

6.3 Tradeline Requirements

All Borrowers must jointly have:

- 3 tradelines reporting for 12 months.
- 2 of the 3 tradelines must have been active in the last 12 months.

The following are eligible tradelines.

- Any account reported by Experian Trans Union or Equifax
- Verification of mortgage in accordance with these guidelines
- Verification of rent in accordance with these guidelines
- Verification of installment debt in accordance with these guidelines

Trade lines for which more than one Borrower is obligated may only be counted as one trade line.

6.4 Liens, Judgments, and other Attachments

Logan will not purchase any loan where the Borrower is subject to lien, judgment or any item with will attach to Subject Property Title other than IRS liens to repay delinquent federal taxes. All other liens. judgment, or other attachments must be paid in full prior to closing. Proceeds from a cash-out refinance may be used to pay off any liens, judgements or other attachments.

IRS liens for delinquent federal taxes need not be paid off if the following are true:

- The Borrower(s) have entered into an official installment agreement.
- The Borrower(s) must be current on the installment agreement with a minimum of six payments made under the plan and must document that they are current by providing either the most recent payment reminder from the IRS, reflecting the last payment amount and the next payment due, or a letter from the IRS indicting the installment plan is current.
- Neither the Borrower(s)' credit report(s) or title report used to underwrite the Subject Loan may indicate that a lien was filed to secure amounts due to the IRS except if either the lien is subordinated to the Subject Loan through formal subordination agreement from the IRS
- The maximum payment required under the plan is included in the DTI calculation.
- The balance of the lien, or repayment plan, must be included when determining the maximum CLTV for the program.

Payments to be made under the IRS installment agreements must be included in the calculations of, as applicable, the Debt to Income or Residual Income ratio.

6.5 Collection and Charge-off Accounts

All collection and charge off accounts must be paid in full prior to the closing of the Subject Loan unless any of following are true (any account not required to be paid in full will still require additional reserves equal to the account balance(s)):

- The account balance is $1,000 or less.
- The account is in dispute.
- The account is a medical collection.
- The account is no longer enforceable due to the state statute of limitations.

Any collection or charge off account not paid in full will require the Borrower to have additional reserves equal to the amount account not paid in full unless the account is no longer enforceable due to the state statute of limitations.

6.6 Mortgage and Housing History Requirements

No Borrower may be more than 1x30x12 or 0x30x6 on any mortgage or rental payment for a property located in the United States.

If the credit report does not reflect the current payment history, one of the following additional documents is required:

- A loan payment history from the servicer or third-party verification service,
- A verification of mortgage/rent
- Most recent 12 months cancelled checks or bank statements

Borrowers who live rent-free or without a complete 12-month housing history are allowed, with the following restrictions:

- Borrowers who own properties free and clear and can show proof the last 12 months property taxes were paid on time.

6.7 Consumer Credit

6.7.1 Disputed Accounts

When the credit report contains disputed tradelines (excluding collection and/or charge off accounts), the credit file should be documented with a credit supplement showing the account(s) have been resolved. If the disputed account balance is $250 or less, the account can remain in dispute. The total aggregate balance of accounts in dispute remaining unresolved can’t exceed $2,000.

6.8 Qualifying Principal and Interest Payment for the Subject Property

- Fully amortized including Fixed rate and ARM’s
  - Full amortized payment using the Initial Note Rate

- Interest Only Loans including fixed rate and ARM’s

- The interest only payment using the Initial Note Rate

6.9 Derogatory Credit

The seasoning requirement for derogatory credit is four years for Bankruptcy, Foreclosure, Short Sale/Deed in lieu at standard eligibility requirements. A waiting period of two years is allowed if the LTV's less than or equal to 70%.

The length of time will be measured based on the below:

- Bankruptcy will be measured by discharge/dismissal date to the Note date.
- Foreclosure will be measured by settlement date to the Note date, unless included in a bankruptcy then the discharge date of the bankruptcy to the Note date will be used.
- Short Sale/Deed-in-lieu will be measure by the completion date to the Note date unless included in a bankruptcy then the discharge date of the bankruptcy to the Note date will be used.

6.10 Forbearance, Modification, or Deferrals

Forbearance, loan modifications, or deferrals are treated as a short sale / deed-in-lieu for eligibility and pricing purposes.

Any loan in forbearance or a deferral due to COVID-19 is not considered derogatory credit and is still eligible for purchase by Logan at standard LTV and reserves if one of the following is true:

- The loan is fully reinstated meaning the deferred balance was paid in full and the source of the funds used to pay the deferred balance has been sourced to an allowable asset in accordance with section 8 of these underwriting guidelines, and the borrower has made at a minimum the last 3 months consecutive payments
- The Borrower has exited the forbearance or deferment and has made at least 6 months consecutive payments

Any loan payment history that appears to reflect the above may require additional documentation, such as canceled checks or bank statements to show payments were made.

6.11 Pending Lawsuits and Litigation

If the application, title or Credit Report reveal that a Borrower is presently involved in a lawsuit or pending litigation a statement from the Borrower's attorney is required. The statement must explain the circumstances of the lawsuit or pending litigation and discuss potential liability and any applicable insurance coverage. A copy of the legal complaint and answer must be included in the Mortgage File. The title company closing the loan must be informed of the lawsuit, and no title exceptions are permitted which stem from the lawsuit or pending litigation. If the lawsuit or litigation is reasonably likely to have a material adverse impact on the Borrower's ability to repay a Loan, or if the lawsuit or pending litigation or the cause of a title exception, then the Loan is ineligible.

7. Income

7.1.1 Debt Service Coverage Ratio

The market rent provided by the appraiser must be based on a long-term basis (12 months).

For Purchase transactions:

The rental income used for the debt service coverage calculation will be the lower of current rent listed on the appraisal and/or in the purchase contract or the market rent on the appraisal. If the unit is vacant 90% of the market rent will be used for that unit in the debt service coverage calculation.

For Refinance transaction:

If the unit is rented the rental income used for the unit in debt service coverage calculation will be the lower of in place lease rent listed on the appraisal or the market rent on the appraisal. The lender must document two months receipt of rental income. If the property is currently rented and the rent receipt cannot be documented the lower of the in-place lease or 90% of the market rent will be used for that unit in the debt service coverage calculation. If the unit is vacant 90% of the market rent will be used for that unit in the debt service coverage calculation In addition, no more than 35% of the units can be vacant on a refinance transaction.

Minimum DSCR is as follows:

For Loan Amounts less than or equal to $2,000,000 the minimum DSCR is 110%

For Loan Amounts above $2,000,000 the minimum DSCR is 120%

8. Assets

8.1 Asset Requirements

Sufficient funds for down payment, closing costs, and reserves are required to be documented in each credit file. The documentation must cover a minimum two-month period. The documentation should be dated within 60 days of the loan note date. For accounts reporting on quarterly basis, the most recent quarterly statement is required..

8.2 Asset Documentation

In addition to documenting the down payment, closing costs, and minimum PITIA reserve requirements, all Borrowers are encouraged to disclose (and the Seller must verify) all the Borrower's liquid assets.

Access letters are not required for accounts borrowers own jointly with a spouse.

The Seller can use any of the following as asset documentation:

- Account statements (bank, credit union, brokerage, etc.) covering the seasoning period for the applicable program.
- When bank statements are used for asset verification, the statements can be obtained from the Borrower, or the Seller can use a third-party asset vendor participating in Fannie Mae's "Day 1 Certainty" process. Regardless of the source of the statements, any large deposits must be evaluated. Large deposits do not need to be sourced, unless the transaction description identifies it as an ineligible source as defined in Section 8.7 must be deducted from the statement's ending balance.
- Request for Verification of Deposit (Fannie Mae Form 1006).
- Stocks/bonds/mutual funds – 70% of stock accounts may be considered in the calculation of assets for closing and reserves.
- Vested retirement account funds – 700% may be considered for down payment and closing costs.. If the Borrower is using vested retirement account for reserves 100% of the value can be used.
- Life insurance and annuities- the surrender value of life insurance and annuities can be used to meet the reserve requirements.

The Seller cannot use any of the following as asset documentation:

- Non-vested or restricted stock accounts are not eligible for use as down payment or reserves.
- Assets/funds held outside the U.S.

8.3 Sole proprietor Assets/Business Funds

Business funds may be used for down payment, closing costs and reserves. The Borrower must be listed as an owner of the account, and the account needs to be verified according to the above requirements.

A CPA letter that the use of the business funds will not harm the financial strength of the business is **NOT** required.

The ending balance of business funds used may be the lessor of 100% of the ending balance or the percent of business ownership of the ending balance. If the loan is vesting in the name of the business 100% of the business funds may be used.

8.4 Down Payment

Sellers must require that the Borrower state the source of the down payment and provide verification. If the Seller determines that the source of the down payment is another extension of credit, the Seller must then consider that loan as simultaneous secondary financing.

8.5 Reserves

Borrower must meet the minimum reserve requirements as outlined in the Loan Program Matrix of the Underwriting Guidelines, calculated by using Principal, Interest, Taxes, Insurance, and, if applicable, Association fees as follows:

Net proceeds from a cash-out transaction may be used to meet reserve requirement.

Reserves must be sourced and documented as specified in sections 8.2 and 8.3 of these Underwriting Guidelines.

Any additional reserve requirements listed in the program matrices is based on the qualifying PITIA of the Subject Property.

Gift funds are not permitted as reserves.

8.6 Gift funds

Will follow the minimum contribution requirements per Fannie Mae's guidelines. Gifts on Investments are permitted and will follow the same minimum contributions as primary and second homes.

Gifts of equity will not be permitted.

Gift funds are not permitted as reserves.

8.6.1 Eligible Donors and Documentation

A gift can be provided by:

- a relative, defined as the Borrower's spouse, child, or other dependent, or by any other individual who is related to the Borrower by blood, marriage, adoption, or legal guardianship; or
- A non-relative that shares a familial relationship with the borrower defined as a domestic partner (or relative of the domestic partner), individual engaged to marry the borrower, former relative or god parent

The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.

8.6.2 Documentation Requirements

Gifts must be evidenced by a letter signed by the donor, called a gift letter.

- An executed gift letter containing the following information:
  - Gift Amount
  - Donor Name
  - Donor Address
  - Donor phone number
  - Donor relationship with borrower
  - Bank account of where gift is coming from
  - Statement indicating whether gift will be provided to borrower or to settlement
  - Statement indicating no repayment of gift required
  - Signed by both donor and borrower
-

8.6.3 Verifying Donor Availability of Funds and Transfer of Gift Funds

Documenting the transfer of gift to Donor or Settlement Agent:

- Transfer to Borrower
  - A copy of the donor's check and the borrower's deposit slip, or
  - A copy of the donor's withdrawal slip and borrower's deposit slip
- Transfer to Settlement Agent
  - A copy of donor's check to settlement agent along with letter from settlement agent confirming receipt of gift
  - A copy of wire receipt from donor to settlement agent along with wire receipt from settlement agent which must reflect donor's information (ie amount of gift, donor name and donor's account #)

8.7 Ineligible Funds

The following funds are not eligible sources for down payment, closing costs, and reserves:

- Cash-on-hand
- Gift of Equity
- Cryptocurrency
- Sweat equity
- Grant funds
- Down payment assistance programs
- Unsecured loans or cash advances

9. Loan Program Matrix

Investor/Business Purpose Only

DSCR > 1.20

Purchase/Rate and Term 5-8 Unit Residential				
Credit Score	**$1,000,000**	**$1,500,000**	**$2,000,000**	**$2,500,000**
740+	75%	75%	70%	65%
720-739	75%	75%	70%	65%
700-719	70%	70%	65%	60%
680-699	65%	65%	60%	60%
660-679	65%	60%	NA	NA

Cash-out 5-8 Unit Residential				
Credit Score	**$1,000,000**	**$1,500,000**	**$2,000,000**	**$2,500,000**
740+	70%	70%	65%	NA
720-739	70%	65%	60%	NA
700-719	65%	60%	55%	NA
680-699	50%	NA	NA	NA

DSCR 1.10-1.19

Purchase/Rate and Term 5-8 Unit Residential				
Credit Score	**$1,000,000**	**$1,500,000**	**$2,000,000**	**$2,500,000**
740+	70%	70%	65%	NA%

Cash-out 5-8 Unit Residential				
Credit Score	**$1,000,000**	**$1,500,000**	**$2,000,000**	**$2,500,000**
740+	65%	65%	60%	NA

Reserves

Loan Amount	≤ $1,000,000	3 Months
	$1,000,001 - $2,000,000	6 Months
	> $2,000,000	9 Months
Derogatory Credit Event ≤ 4 Years		Additional 6 Months

Minimum loan amount $400,000
Maximum Cash in Hand $500,000

10. Loan Details

10.1 Loan Products

Logan will offer the following loan product types:

- 5/6 ARM
- 5/6 ARM 10 Year IO (30 Year Term)
- 30 Year Fixed Rate Mortgage
- 30 Year Fixed Rate Mortgage (10-year Interest only)

10.2 Interest Only Options

- 10 Year Interest Only Period + 20-year amortization 30 Year Fixed Interest Only

10.3 ARM Terms

- Index- 30 day SOFR
- Margin 3.25 on Primary and 2nd Homes, 5.25 on Business Purpose Loans
- Caps:
    - 2% Initial
    - 2% Periodic
    - 5% Lifetime
- Floors:
    - Initial: None
    - Periodic: None
    - Lifetime: Original note rate