Spring EQ™ Bank Statement Program

Underwriting Methods **Release Date: 11/19/2026**

All Spring EQ originated or purchased loans are manually underwritten. Regardless of the underwriting method, additional information may be requested at the discretion of the Underwriter.

Spring EQ Exclusionary List: LDP & SAM Lists

Spring EQ prohibits Mortgage Loans where any company or individuals who are material parties to the transaction are listed on HUD's Limited Denial of Participation (LDP) list, or the System for Award Management Excluded Party (SAM) list. Regardless of the reason for inclusion on the list, any Mortgage Loan is ineligible when a material party to the transaction is included on either list. Material parties include, but are not limited to:

- Borrower(s)
- Seller(s)
- Real Estate Listing and Selling Agent(s)
- Appraiser
- Appraisal Company (not the AMC)
- Broker, if applicable
- Loan Officer
- Entity, if applicable
- Settlement Agent listed on the Settlement/Closing Disclosure Statement

Eligibility Matrix

Loan Amount	Min. FICO	Owner Occupied/2nd Home		Investment	
		Purch/R&T	Cash Out	Purch/R&T	Cash Out
≤$1,000,000	740	90%	80%	80%	75%
	700	80%	75%	75%	70%
	660	75%	70%	70%	65%
≤$2,500,000	740	80%	75%	75%	70%
	720	75%	70%	70%	65%
	700	70%	65%	70%	65%

Product Terms

- Fixed Rate 10-year interest only payment period with a 20-year fully amortizing repayment period
  - The qualifying payment will be calculated using the interest only payment amount.
- Fixed Rate 30 years fully amortizing.

Loan Amounts

- Minimum $100,000
- Maximum $2,500,000

Cash Out

- Maximum cash out permitted:
  - CLTV <55%: no limitations
  - CLTV between 55% - 65%: Max $1,000,000
  - CLTV > 65%: Max $500,000
- Any refinance in which the borrower's cash back exceeds $2,000 for loans of $200,000 or more, or greater than 1% of the loan amount for loans under $200,000 is considered a cash-out refinance.
- Cash out is permitted to count towards minimum reserve requirement.

Maximum Exposure

- The maximum allowable loan exposure is limited to $5,000,000 in aggregate to SEQ or Affiliates to each individual borrower.

Debt Ratio

- Maximum 50% DTI

Eligibility Criteria

- At least one (1) borrower must be self-employed, in the same industry and with the same business entity for two consecutive years prior to the application date, with at least 25% ownership in the business entity.
- Business statements and personal statements are permitted.
- Statements from a trust account are not permitted.
- Co-mingling multiple accounts is not permitted.
- US Citizens and Permanent Resident Aliens Only.
- First-time Homebuyers (FTHB) are permitted on the purchase of a primary residence only, with a minimum FICO score of 740 and a maximum LTV of 80%.
  - Definition of a first-time homebuyer is an individual who has not had a mortgage or ownership interest (sole or joint) in a residential property in the past 3 years prior to the application date.

- Piggyback transactions are not permitted.
- No NSF's in the most recent 3 months, a maximum of 3 NSF's in the most recent 12 months, and a maximum of 5 NSF's in the most recent 24 months
- A signed 4506 and tax transcripts are not required.
- Deposit/Earnings trend showing a consistent decline over the prior years should not be considered stable income to qualify.
- Income from other employment sources (W-2 earnings or other sources not associated with self-employment) are permitted, the income from these employment sources must be documented as outlined in the FNMA (Fannie Mae) selling guide.
- Borrower income may consist of self-employment income, salaried income, or a combination thereof. Salaried income may be earned by the borrower or a co-borrower.

Prepayment Penalty – *INVESTMENT PROPERTIES ONLY*

Prepayment penalties are permitted as outlined below unless otherwise restricted by the state:

- No Prepayment Penalty Option
- 1-year PPP: 3%
  - If a full or partial prepayment is made within TWELVE (12) months of the date of the Note, and the total of all such prepayments within the (12) month period exceeds TWENTY percent (20.000%) of the original principal amount of the note, a prepayment fee will be charged. The applicable Prepayment fee percentage will be applied to the full amount of the Prepayment and not merely the portion exceeding the TWENTY percent (20.000%) threshold
- 3-year PPP: 3%/2%/1%
  - If a full or partial prepayment is made within THIRTY-SIX (36) months of the date of the Note, and the total of all such prepayments in any twelve (12) month period exceeds TWENTY percent (20.000%) of the original principal amount of the note, a prepayment fee will be charged. The rate steps down one percent each year, from 3.00% in the first year to 1.00% in the third year. The applicable Prepayment fee percentage will be applied to the full amount of the Prepayment and not merely the portion exceeding the TWENTY percent (20.000%) threshold
- 5-year PPP: 5%/4%/3%/2%/1%
  - If a full or partial prepayment is made within SIXTY (60) months of the date of the Note, and the total of all such prepayments in any twelve (12) month period exceeds TWENTY percent (20.000%) of the original principal amount of the note, a prepayment fee will be charged. The rate steps down one percent each year, from 5.00% in the first year to 1.00% in the fifth year. The applicable Prepayment fee percentage will be applied to the full amount of the Prepayment and not merely the portion exceeding the TWENTY percent (20.000%) threshold
- The prepayment penalty will not be applied if such a charge violates state or federal law.
- Prepayment penalties are prohibited in the following states: Alaska, Michigan, New Jersey, New Mexico, Ohio, Pennsylvania, and Rhode Island.
  - For these states, loans must be locked and disclosed with "No Prepayment Penalty" selected.
- Prepayment penalties are permitted on loans in North Carolina only when the loan amount is $100,001 or greater.

Ineligible States

- Hawaii
- New York

Age of Documents

Expiration dates are determined by comparing the date of the document to the note date on the mortgage loan:

- Credit – 90 Calendar Days
- Title – 90 Calendar Days
- Appraisal – 120 Calendar Days
- Assets – 60 Calendar Days
- Bank Statements – 60 Calendar days measured from the most recent statement provided.
- Employment & Income Documentation – 60 Calendar Days – Most recent bank statement must be within 30 days of application.

Documentation Requirements

- 12 or 24 consecutive months of personal or business bank statements reflecting the most recent months available.
- Evidence from a 3rd party confirming self-employment for the most recent two years including percentage of ownership.
  - Examples of 3rd party verification can include, but not be limited to:
    - Business License or equivalent secretary of state search.
    - Letter from CPA.
- Letter of explanation from borrower to verify the nature of the business.

Bank Statement Calculation Requirements

- **Personal Statements:**
  - All parties on personal statements must be borrowers on proposed transactions.
  - 100% of the eligible deposits averaged over the required 12 or 24 consecutive months to establish the monthly qualifying income.
  - Personal bank statements are permitted solely for documenting qualifying income as allowed under the applicable program guidelines and are not permitted to, support, or supplement employment income.
    - All other income sources must be evaluated independently and meet guideline requirements.
- **Business Statements:**
  - 50% of the eligible deposits averaged over the required 12 or 24 consecutive months to account for business expenses.
    - Qualifying income will be multiplied by the percentage of ownership documented to establish the monthly qualifying income.
  - A lower expense factor may be considered with a supporting letter from a CPA, enrolled agent, or tax preparer to verify the prior year expense factor. The minimum allowable expense factor is 15%.
    - The underwriter must determine if the expense factor is reasonable for the nature of the business.
    - Spring EQ will validate the CPA, enrolled agent, or tax preparer letter through a reputable source.

- **Ineligible Deposits/Statements**
  - Transfers from other accounts are typically ineligible, however if the transfer is from another business that is income related and fully documented as such this could be acceptable as income.
  - Deposits received from non-self-employed activity (ex. direct deposit from spouse or 2nd job).
  - Large Deposits – defined as 150% of the average are typically ineligible however if they are sourced and verified as income to the business and the deposits are common for the line of work and in the history through the bank statements, they could be counted towards qualifying income
  - Statements from a Trust account.
  - Personal Statements: Transfers between personal accounts must be excluded.
  - Business Statements:
    - Transfers between business accounts must be excluded (Transfer from business to personal is permitted).
    - Transfers from payment clearing houses should be permitted (VISA, AMEX as example).
  - Borrower cannot submit any personal tax returns, business tax returns, or k1s as this will disqualify the loan

Ineligible Borrowers

- Non-Permanent Resident Aliens/Foreign Nationals: A non-permanent resident is a non-U.S. citizen who lawfully enters the United States for specific time periods under the terms of a visa. A non-permanent resident status may or may not permit employment. Non-Permanent Residents are eligible under the same terms as US citizens.
- Persons with diplomatic immunity as defined by US Citizenship and Immigration Services (USCIS).
- Persons sanctioned by OFAC or from sanctioned countries: https://sanctionssearch.ofac.treas.gov/.
- 501(c)(3) Organizations.
- Persons whose income derives from a business that is federally illegal.
- Trusts (Irrevocable, Land and Blind Trusts).
- All borrowers must be natural persons.
- Guardianships.
- Non-Arm's length Transactions.
- Persons party to a lawsuit.
- Persons with an ITIN.
- Any borrower(s) who is living rent-free at the time of application.
- Non-occupant co-borrowers.

Ownership

Eligible Ownership Interests:

- Fee Simple

Ineligible Ownership Interests:

- Life Estates
- Leasehold Estate

Eligible Title Vesting and Ownership

Acceptable forms of vesting are:

- Individuals
- Joint Tenants
- Tenants in Common
- Inter-Vivos Revocable Trust, Living Family Trust and Revocable Family Trust.
- Vesting entity (LLC, Partnership, etc…) – Investment properties only and the borrower(s) must represent 100% ownership of the vesting entity.
- Inherited Properties: At least one borrower on the subject loan, must be on title to the subject property for a minimum of six (6) months prior to the note date.
- Continuity of Obligation:
  - Rate and Term Refinance: At least one borrower on the subject loan must be on title to the subject property at the time of application.
  - Cash-out Refinance: At least one borrower on the subject loan must be on title to the subject property for a minimum of six (6) months prior to the note date (this does not apply to delayed financing transactions).
  - Properties awarded to individuals through a divorce decree, separation agreement, or dissolution of domestic partnership: The individual awarded the subject property must be on the subject loan and must be on title to the subject property for a minimum of six (6) months prior to the note date. (there is no waiting period for financing once the binding legal agreement is finalized and executed).

Properties Titled in a Trust

When using a fully executed trust agreement, it must clearly identify all of the following:

- The trust was established by a natural person(s) during the lifetime of the individual establishing the trust, to be effective during the natural person's lifetime.
- The primary Beneficiary(ies) of the trust must be the individual(s) who established the trust***. The individual establishing the trust is often referred to as either Grantor(s) or Settlor(s).
- Income or assets of at least one of the individuals(s) establishing the trust are used to qualify for the mortgage loan (For loans with multiple trusts, income, or assets from at least one individual from at least one trust must be used).
- The trust appoints trustees to hold legal title to and manage the property that has been placed in the trust.
- The Trustee(s) must include either of: (a) at least one of the individual(s) who established the trust (most common)***; or (b) an institutional trustee that customarily performs trust functions and is authorized to act as trustee under the laws of the relevant state (not as common).
- The powers of the Trustee(s) must expressly include the powers to borrower money and to pledge/mortgage/encumber trust property as security.
  - NOTE: A trust agreement's reference to trustee powers granted by state law or regulation is permitted. The trustee agreement must include a clear reference to the statute or regulation in question, and the statute or regulation must be reviewed to confirm that the required powers are expressly granted to trustees.

- The individual(s) who established the trust must have the right to revoke or alter the trust at any time and for any reason during his or her lifetime. This is known as an "inter vivos revocable trust."
- The trust agreement must be fully executed (signature page is required).
- Any title insurance commitment must not list any exceptions arising from trust ownership of the property.

*** If a Grantor/Trustee is deceased or otherwise unable to serve as trustee as provided by the terms of the trust, and a Successor Trustee has been appointed in accordance with the terms of the trust, the Successor Trustee is permitted to be a borrower on the loan so long as the Successor Trustee is also the beneficiary. Evidence that the original Grantor/Trustee is no longer servicing as trustee, such as a death certificate, must be obtained.

When using a fully executed certification of trust, all of the following applies:

- Must identify:
  - Name of Trust.
  - Date of Creation.
  - Governing Law (can also be known as state specific code).
  - Identities of persons creating the trust and servicing as trustee(s).
  - Powers of trustees to borrower money and to pledge/mortgage/encumber the trust property as security.
  - If there are multiple trustees, how many trustees are required to exercise the trustee powers.
  - Revocable nature of the trust.
- All Trustees must execute certification; the certification signature page required.
- Attorney-prepared trust certifications are permitted.

NOTE: Neither a Non-Borrowing Title-Holder nor a Non-Borrowing Spouse is considered a Borrower, but each may be entitled to certain disclosures and required to sign certain closing documents. A Non-Borrowing Title Holder is a non- borrower who holds title to the property. A Non-Borrowing Spouse is the Borrower's spouse and may or may not be on title. Non-Borrowing Title Holders and Non-Borrowing Spouses are not required to sign the promissory note or home equity line of credit agreement and disclosure statement; however, each is required to sign the security instrument and other truth in lending disclosures. Exceptions may apply with regard to non-borrowing spouses who are not on title, as permitted under state law and authorized by the Compliance Department.

Transaction Types

Eligible Transaction Types

- Purchase Money transactions.
- Rate/Term Refinance transactions.
  - Rate/Term refinance of an existing loan that is not a cash out Texas 50 (a)(6) lien
- Cash-Out Transactions.
  - Delayed Financing transactions are permitted - Also referred to as Cash Recapture, allows a borrower who acquired a property with cash within the prior six months to obtain a cash-out refinance to recover all or part of the funds used for the original acquisition. This option is permitted only when the transaction meets all eligibility, documentation, collateral, and credit requirements described in the FNMA (Fannie Mae) /Servicer guide.
    - The borrower must have acquired title to the property either as a natural person or through an eligible living trust in which the borrower holds full ownership interest, individually or jointly.
    - The original purchase must have been an arm's-length transaction and must have been completed entirely with cash or appropriately documented borrowed funds. No mortgage or financing secured by the subject property may have been used for the acquisition.
    - The original purchase must be documented with a complete Closing Disclosure confirming that no mortgage financing was used and that the transaction was settled with cash.
    - The preliminary title report from the time of purchase must demonstrate that the property was transferred free of liens, encumbrances, or debt obligations associated with the purchase.
    - All funds used to acquire the property must be fully documented. Acceptable evidence includes bank statements, personal loan documentation, or verification of draws from a HELOC secured by another property.
    - If the borrower used borrowed funds—whether unsecured or secured by another asset, those obligations must be reflected as being paid off on the new refinance Closing Disclosure when proceeds are used for repayment.
    - Any remaining outstanding balance that is not satisfied at closing must be included in the borrower's debt-to-income ratio.
    - Gift funds that were used for the original purchase may not be reimbursed from the proceeds of the Delayed Financing transaction under any circumstances.
    - The new loan amount may not exceed the borrower's documented purchase price, reduced by any gift funds that were applied toward that purchase.
    - The maximum CLTV for the transaction must be calculated using the lower of the current appraised value or the property's purchase price plus the documented cost of eligible improvements made since acquisition. Improvements must be substantiated with acceptable documentation such as contractor invoices, detailed contracts identifying the work completed, or permits when applicable.
    - If the appraised value exceeds the original purchase price by more than ten percent, an Alternate Secondary Valuation (Desk Review) is required to confirm that the current value is adequately supported and consistent with market conditions.
    - All standard appraisal, collateral, and property eligibility requirements remain applicable unless expressly modified by this policy.
    - All other credit, income, asset, occupancy, compliance, and risk-management requirements applicable to cash-out refinance transactions apply to Delayed Financing unless specifically stated otherwise.

Subordinate Financing

- Not permitted with the exception of Solar related liens.
- For PACE lending programs, refer to the FNMA (Fannie Mae) selling guide.

Power of Attorney

- A Power of Attorney allowed under the following terms:
  - Borrower(s) and the POA must be a US Citizen or Permanent Resident.
  - Power of Attorney must be transaction specific and has subject property address.
  - Purchase or Rate/term Refinance transactions.
  - Not eligible for cash-out transactions.
  - Must be recorded with the Mortgage/Deed of Trust.

- Must contain an expiration date.
- May be used to execute the final loan documents only.
- Borrower who executed the POA signed the initial FNMA (Fannie Mae) Form 1003.
- An interested party to the transaction (such as seller, broker, loan officer, realtor, etc.) may not act as Power of Attorney.

HPML loans require the following:

- Full appraisal on all transactions
- Second appraisals required on flip transactions as required by current guidelines (no exceptions)
- Escrows must be established for taxes, hazard insurance, and flood insurance.
- Must meet REG Z
- Ability to repay verification is required, the underwriter will finalize income and validate

Ineligible Transaction Types:

- Non-arm's length transactions
- Texas 50 (a)(6)
- Texas 50 (f)(2)
- Land Contracts
- Lease with option to purchase
- Assumable
- Construction to Permanent
- Builder Bailout
- Conversion Loans
- Assignments of the contract to another buyer.
- No Graduated Payment Mortgage Loan Periodic Payment - Loans must have periodic payments due and loans can't have more than 3 monthly.
- Payments paid in advance from the proceeds of the mortgage loan.
- Escrow Holdbacks

Credit

This section outlines Spring EQ's credit requirements that apply to all Mortgage Loan Programs. Generally, requirements that vary from one Mortgage Loan Program to another are described in the Spring EQ Lending Matrices and, in most cases, those program-specific differences will not be referenced in this section.

Credit Report Requirements

All accounts, revolving and installment, reported by the Borrower(s) on the application must be verified in the credit report or directly by credit reference. The current balance, current account status, rating, monthly payment amount, and payment history for the most recent 12 months must be provided.

The credit report used to evaluate a Mortgage Loan may not have Frozen Credit. If a Borrower unfreezes his or her credit after the date that the original credit report was ordered, a new credit report must be obtained to reflect current updated information from all applicable repositories. Non-traditional credit is not acceptable as a replacement for Frozen Credit.

All credit reports must include FACT Act messages and at least one repository fraud alert product (Hawk Alert, FACS+ or SafeScan).

When the credit report shows a victim statement under the FACT Act, the Originator must document in writing the steps taken to validate the Mortgage Loan Application is not the result of identity theft. The actions must be reasonable and compliant with applicable laws.

Credit report alerts must be reasonably resolved with supporting documentation included in the Mortgage Loan File. Although due diligence is required, it does not release the Originator from its representations and warranties regarding misrepresentation.

- Non-Traditional Credit Report:
  - Non-traditional credit reports are not acceptable.
- Foreign Credit:
  - A Credit Score is required and therefore foreign credit is not acceptable.

Selection and Validation of Credit Score

Agencies providing credit scores are limited to Experian, Equifax, and Transunion. At least 2 scores must be provided for all borrowers.

Loan Qualification Score

- The qualification score used to determine eligibility will be based on the middle of 3 scores should be used or lower of 2 scores in cases where only two are provided.
- When there are multiple borrowers, the lowest qualification score will be used.

Tradeline Requirements

All Mortgage Loans require a Credit Score based on a minimum credit history and tradeline requirements. The credit report must show ONE of the following:

- Minimum of three tradelines regardless of timeline with at least one of the trading lines being open with a date of the last activity within 6 months from the current date and reporting for at least the past 12 months; OR
- A current mortgage paid as agreed for the past 24 months.
- Authorized user accounts may not be used to satisfy the tradeline requirements.
- Active trading lines are defined by the date of the last activity on the account within 6 months from the current date.
- Authorized User Accounts - When the Borrower is authorized to use a credit account and has no financial responsibility for repayment, the payment does not need to be included in the debt calculation.
- Court Ordered Assignment of Debt - When the Borrower has an outstanding debt that was assigned to another party by a court order (e.g., divorce decree or separation agreement), and the creditor does not release the Borrower from liability, it may still be excluded from the debt-to-income ratio with a copy of the court order assigning the debt. The payment history of the assigned debt does not need to be taken into consideration after all terms of the assignment have been completed.

- Open 30-Day Charge Accounts - Open 30-day charge accounts (i.e., AMEX) with account balances are required to be paid off unless one of the following is documented:
    - Use 5% of the balance shown on the credit report.
    - Borrower has sufficient assets to cover the unpaid balance (over and above and reserves required).
    - Borrower qualifies with the total unpaid balance as a monthly obligation.
    - The most recent statement shows there is a 'pay over time' option, If the open 30-day charge account has a portion of the balance that is paid overtime, the following is required:
        - The most recent statement showing all balances and amounts due.
        - Proof of sufficient assets to cover the New Balance amount (shown in the Pay In Full Portion section.

Inquiries and Undisclosed Liabilities

Credit inquiries listed in the report within 90 days of the report date must be addressed by the borrower with a letter of explanation. If no credit was extended, borrower must state the purpose of the inquiry. If new credit was extended, borrowers must provide documentation on the current balance and payment. New payment terms are to be included in the DTI ratio.

Payment History

Review the credit report to determine the status of each credit account, including mortgages, the timeliness of payments, and the frequency, recency, and severity of any delinquent payments.

Housing Payment History (All Real Estate Owned)

Eligibility Criteria

- A satisfactory mortgage payment history is defined as:
    - Zero 30-day late payments in the most recent 12 months (0x30x12), **AND**
    - Zero 60-day or greater late payments in the most recent 24 months (0x60x24).
- Loans with a history of any 60-day or greater late payment within the most recent 24 months are ineligible.
- When the credit report does not include the required recent payment history, the information must be updated through one or more of the following methods:
    - Credit supplement
    - Verification of Mortgage (VOM)
    - Consecutive mortgage statements
    - Canceled checks
- When the credit report is dated within 45 days of the order date **AND** reflects either the most recent 12 months of mortgage payment history **OR** the number of months since the property was acquired for ownership periods under 24 months, no additional documentation is required.
- Supplementing a complete 24-month mortgage payment history is not required if the history is not reported on the credit report.
    - Eligibility will be based on whether a 60-day or greater late payment occurred during the most recent 24 months.
- Mortgage Credit includes:
    - First or junior mortgage liens
    - Home Equity Lines of Credit (HELOCs)
    - Mobile or manufactured home mortgages
    - Private mortgages
    - Mortgages reporting as installment loans
- Timeshares are excluded.

Significant Derogatory Credit

The presence of significant derogatory credit dramatically increases the likelihood of a future default and represents a significantly higher level of default risk. Examples of significant derogatory credit include bankruptcies, deeds-in-lieu, foreclosures, and short sales.

For Borrowers with a history of past significant derogatory credit, determine the cause and significance of the derogatory information, verify that sufficient time has elapsed since the date of the last derogatory information and confirm that the Borrower has reestablished an acceptable credit history.

Bankruptcy/Foreclosure/Short Sale/Deed in Lieu/Modification (temporary or permanent restructuring, if temporary, the temporary repayment period must have expired as well) Seasoning: 3 years and credit must be re-established.

Major Adverse Credit

Collections and non-mortgage charge-off accounts equal to or greater than $250 and accounts that total more than $1,000 must be paid in full prior to or at closing. All state, IRS, and property tax liens for the Mortgaged Property and other properties, regardless of seasoning, are required to be paid in full whether or not they currently affect title. No payment plans, or subordination is allowed.

Assets

Eligible assets:

The following is a list of established assets that can be used to determine a borrower's liquidity. Next to each asset is the value that may be used.

- Checking and Savings (100%).
- Certificates of Deposit (100%).
- U.S. Savings Bonds (100% if fully matured, otherwise 80%).
- Marketable Securities (100% of vested account value, margin not counted towards balance) - Marketable Securities are defined as legitimate stocks, bonds or mutual funds that are publicly traded.
- IRA, Keogh, and 401(K) Retirement Accounts (70% of the vested balance may be considered for assets)
- Pension Plans (70%) - Only amounts accessible within a 30-day window are allowed. Account statements should be updated with a transaction history dated within 30 days of note date due to market volatility.
- Annuities (70%) - Only amounts accessible within a 30-day window are allowed.

- Assets held in in a Trust require the following:
  - Obtain written documentation (e.g., bank statements) of the value of the trust account from either the trust manager or the trustee, and
  - Document the conditions under which the borrower has access to the funds.
- Business accounts may be considered for assets.
  - The borrower must own the business contributing the closing funds. Verification of business deposit accounts such as checking, savings, certificate of deposit, and money market accounts must include the following documentation:
    - Copy of the borrower's one (1) most recent bank statement for Business Purpose loans – the account(s) in which the funds for the down payment are to be withdrawn.
    - CPA letter verifying the withdrawing of funds does not affect business operations.
    - Letter from business partners confirming the borrower can use funds for closing.
- Cash Value of Life Insurance.

Ineligible assets:

- Non-regulated Financial assets (eg. Crypto Currency)
- 1031 Exchange funds are ineligible for RESERVES and can only be used for cash to close
- Restricted Stock Units (RSU)
- Spousal accounts

Verification of Assets:

- Assets Statements must cover account activity for the most recent 30-day period for a purchase or refinance (or, if account information is reported every quarter, for the most recent quarter) and contain all pages
  - May use any of the following for asset verification:
    - Verification of Deposit/VOD completed by the verifying financial institution (FNMA/Fannie Mae Form 1006) or equivalent.
    - Complete copies of bank statements or investment portfolio statements from the most recent 30 days prior to the application date. The summary statement is not acceptable.
- The statements may be computer generated forms and must include or state the following:
  - The borrower as the account holder.
  - The account number(s).
  - The timeframe the statement(s) cover.
  - All deposits and withdrawal transactions.
  - The previous close balance, the current balance, and the ending account balance.
  - Retirement account statements must be from the most recent period and show the borrower's vested amount and terms.

Gift Funds

- Gift funds are eligible after a borrower's minimum contribution of 10% from their own funds.
  - Gift funds allowed with the following restrictions:
    - The gifts may be from 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 Fiancée, or domestic partner.
    - Gift Funds Limited to 10% of the purchase price
    - Gift may be used towards down payment and closing costs (Gift funds are not allowed to be used for reserves).
    - Allowed on Purchase transactions only.
  - Gift funds documentation:
    - Signed gift letter to clearly identify:
      - Name, address, phone number, relationship of donor which clearly states that no repayment is expected.
      - Dollar amount and date funds were transferred.
      - Evidence of receipt of gift funds.

Reserves

Minimum reserves from an eligible source are calculated from the proposed housing expense for the subject property only (monthly (PITIA or ITIA)

- Required reserves:
  - Loan amount </= $1,000,000: Minimum 3 months reserves are required.
  - Loan amount >$1,000,000-</= $2,000,000: Minimum 6 Months is required.
  - Loan amount >$2,000,000: Minimum 12 months required.

Cash to Close

- For non-Cash-out Mortgage Loans, asset documentation is required to evidence that the Borrower has sufficient funds to Close the transaction and meet the applicable reserves requirement.
- All cash to close, and the applicable reserves requirement must be documented and verified.

Seller Concessions

- All Interested Party Contributions must be properly disclosed in the sales contract, appraisal, loan estimate and closing disclosure and be compliant with applicable federal, state, and local law.
- Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction.
- A borrower participating in the transaction (i.e., borrower acting as their own agent) may contribute funds (i.e., commission) up to the maximum contribution limits referenced above.
- Interested party contributions may only be used for closing costs and prepaid expenses (Financing Concessions) and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements.
- Max 6% contribution calculated based on the lesser of the sales price or appraised value.

Spring EQ™ Bank Statement Program

Property/Valuation Requirements

- Loan amounts < $1,500,000 follow FNMA (Fannie Mae) selling guide.
- Loan Amounts >$1,500,000 second full appraisal is required.

Value Seasoning

Value seasoning is measured from the time of closing of the purchase to the application date of the refinance. If that time is less than 6 months then the lesser of the current appraised value or the most recent purchase price + documented improvements should be used as the origination value.

Secondary Valuation Requirement

One of the following secondary valuation products is required to be no more than 10% below the appraised value:

- Clear Cap AVM with FSD Score <= 0.13
- Desk Review /Collateral Desktop Analysis (CDA)
- Drive By Hybrid appraisal or Field Review
- Full 2nd appraisal is required when loan amount exceeds $1,500,000

Declining Market

Declining markets are permitted with an additional 5% CLTV reduction.

Listed for Sale

Evidence required that property was removed from the market prior to application.

Property Eligibility

Eligible Properties:

- Single family homes (Detached and Attached)
- 2-4 family homes
- PUDs
- Condo units in Warrantable condo projects

Ineligible Properties

- Properties with unpermitted improvements
- Properties with greater than 4 Units
- Properties with gross living area less than 600 square feet
- Manufactured homes
    - This includes on-frame modular homes built on a permanent chassis.
    - Ineligible even if titled as real property (permanently affixed)
    - Manufactured homes are eligible as Accessory Units if they meet the requirements in the FNMA (Fannie Mae) Selling Guide (Section 5601.2) and are not given any value by the appraiser.
- Mobile Homes
- Barndominiums
- Cooperatives
- Condotels/Hotel Condominiums
- Condo's requiring full legal review (Non-warrantable Condo projects)
- Timeshares
- Working Farms and Ranches
- Unimproved Land
- Property currently in litigation
- Land Trust
- Condition Rating of C5/C6 or a Quality Rating of Q6
- Land Contracts
- Leaseholds
- Rural Properties
- Greater than 5 Acres
- Mixed use properties
- Homes used for commercial purposes (assisted living, daycare as examples)
- Properties located on federal and state Indian reservations.
- Log Homes
- Houseboats
- Geodesic Domes
- Commercial Properties
- Properties with illegal zoning
- Properties Under Construction
- Properties are not readily accessible by roads that meet local standards.
- Properties not suitable for year-round occupancy, regardless of location
- Properties with nonresidential, income-producing structures on premise (e.g., billboards, cell phone towers, commercial workshop)

Flip Transactions:
When the subject property is being resold within 180 days of its acquisition by the seller and the sales price has increased more than 10%, the transaction is considered a "flip". To determine the 180-day period, the acquisition date (the day the seller became the legal owner of the property) and the purchase date (the day both parties executed the purchase agreement) are required to be used.

- Flip transactions are subject to the following requirements
  - All transactions must be arm's length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction.
  - No pattern of previous flipping activity may have existed in the last 6 months. Exceptions to ownership transfers may include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan.
  - The property was marketed openly and fairly, through a multiple listing service, auction, for sale by owner offering (documented) or developer marketing o If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the borrower must be obtained.
  - Flip transactions must comply with the HPML appraisal rules in Regulation Z. The full Reg Z revisions can be found at https://www.consumerfinance.gov/compliance/complianceresources/mortgage-resources/higher-priced-mortgage-loans-appraisal-rule/
  - A second full appraisal is required in the following circumstances:
    - Greater than 10% increase in sales price if seller acquired the property in the past 90 days.
    - Greater than 20% increase in sales price if seller acquired the property in the past 91- 180 days.

Unacceptable Appraisal Practice

The following are examples of unacceptable appraisal practices:

- Development of a valuation conclusion based either partially or completely on the race, color, or national origin of either the prospective owners or occupants of the Mortgaged Property or of the present owners or occupants of the properties in the vicinity of the Mortgaged Property.
- Development and/or reporting an opinion of market value that is not supportable by market data or is misleading.
- Development of a valuation conclusion based on factors that local, state, or federal law designate as discriminatory, and thus prohibited.
- Misrepresentation of the physical characteristics of the Mortgaged Property, improvements, or comparable sales.
- Failure to comment on negative factors with respect to the subject neighborhood, Mortgaged Property, or proximity of the Mortgaged Property to adverse influences.
- Failure to adequately analyze and report any current contract of sale, option, offering, or listing of the Mortgaged Property and the prior sales of the Mortgaged Property and the comparable sales.
- Selection and use of inappropriate comparable sales.
- Failure to use comparable sales that are locationally and physically similar to the Mortgaged Property.
- Creation or use of comparable sales in the valuation process when the appraiser has not personally inspected the exterior of the comparable property.
- Use of adjustments to the comparable sales not reflective of the market's reaction to the differences between the Mortgaged Property and the comparable sales.
- Not supporting adjustments in the sales comparison approach.
- Failure to make adjustments when they are clearly indicated.
- Use of data, particularly comparable sales data, provided by parties who have a financial interest in the sale or financing of the Mortgaged Property without the appraiser's verification of the information from a disinterested source.
- Development on an appraisal or reporting an appraisal in a manner or direction that favors the cause of either the Originator or any related party, the amount of the opinion of value, the attainment of a specific result, or the occurrence of a subsequent event in order to receive compensation and/or employment for performing the appraisal and/or in anticipation of receiving future assignments.
- Development of and/or reporting an appraisal in a manner that is inconsistent with the requirements of the Uniform Standards of Professional Appraisal Practice in place as the effective date of the appraisal.
- Failure to address and note adverse factors or conditions that affect value or marketability with respect to the neighborhood, site, or improvements.
- Use of unsupported descriptive comments or drawing unsupported conclusions from subjective observations. These actions may have a discriminatory effect.
- Use of unsupported assumptions, interjections of personal opinion, or perceptions about factors in the valuation process. These actions may have a discriminatory effect and may or may not affect the use and value of a property.
- Use of unacceptable terminology including but not limited to:
  - Pride of ownership, no pride of ownership, and lack of pride of ownership
  - Poor neighborhood
  - Good neighborhood
  - Crime-ridden area
  - Desirable neighborhood or location and
  - Undesirable neighborhood or location

Other subjective terminology that can result in erroneous conclusions is equally unacceptable.

FEMA Disaster Area

If the subject property is located in a FEMA declared major disaster area (published by FEMA) where individual assistance was granted, one of the following is required:

- Collateral valuation (completed by a Spring EQ vendor) after the disaster incident period end date OR
- Post disaster inspection confirming the property was not adversely affected by the disaster.

Condominium Projects

UW Attestation and/or documentation clearly stating whether the project review completed resulted in condo being determined as warrantable or non-warrantable must be delivered with the file.

If an approved FNMA's (Fannie Mae's) Condo Project Manager (CPM) report is provided, a lender HOA questionnaire is not required.

FNMA (Fannie Mae) eligible warrantable projects are permitted. Site Condos meeting the FNMA (Fannie Mae) definition are eligible for single-family dwelling LTV/CLTV. Condos that are 2-4 units are eligible for a waiver of project review. Condos that are 5-10 units also allow for a waiver of project review if they are verified to not be part of a larger development or master association; if they are part of a larger development or master association, then they require a full project review and are ineligible for financing.

Condominium Insurance Requirements: refer to FNMA (Fannie Mae) Selling Guide.

Homeowners Insurance/Flood Insurance

Refer to the FNMA (Fannie Mae) selling guide.

Title Review and Insurance Requirements

Refer to the FNMA (Fannie Mae) selling guide.

Mortgagee Clause

Select Portfolio Servicing
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