

Sprout Mortgage Residential Loan Programs

Effective July 19, 2016



Product Summary

Product Number	Product Name	Product Description	Maximum LTV	Minimum FICO	Maximum Debt to Income	Maximum Loan Amount	Minimum Loan	Key Features and Restrictions
SP A1	Income per Bank Statements	Ability to repay based on borrowers income documented by 12 or 24 month average cash flow	80	700	48	\$2,000,000	\$150,000	At least one borrower must be self-employed
SP A2	Asset Depletion	Net assets equal to or greater than 175% of the principal amount of the applied for mortgage; divided by 180, plus monthly income. Residual income derived from VA residual test must be greater than 200% of the requirement for region and household size	75	700	Residual Income	\$2,000,000	\$150,000	Qualify based on assets plus residual income
SP A3	Residual Income	Ability to repay proven based on VA residual income calculation	80	680	Residual Income	\$2,000,000	\$150,000	Qualify based on VA Residual Income Method
SP J1	Jumbo 680 Credit	Jumbo loans for borrowers with 680 credit scores	80	680	43	\$2,000,000	\$150,000	680 credit score allowed
SP J2	50% DTI	Debt to income ratio underwritten to a maximum of 50%	80	680	50	\$2,000,000	\$150,000	Qualify at a 50% debt to income ratio
SP J3	Non-warrantable Condo	Loans on condominium units that do not meet Fannie Mae requirements for presale	80	680	46	\$2,000,000	\$150,000	Loans secured by non-warrantable condos
SP J4	85% Jumbo NO MI	85% LTV to \$1,000,000	85	680	46	\$1,000,000	\$150,000	85% to \$1,000,000
SP J5	90% Jumbo w/ MI	90% LTV to \$850,000 loan amount with mortgage Insurance	90	680	43	\$850,000	\$150,000	90% to \$850,000
SP J6	Foreign Second Home	Second home options for foreign nationals qualifying using debt service coverage. No foreign income required	65	680	100% DSC	2,000,000	\$150,000	Qualify without additional income verification
SP M1	Jumbo 640 Credit	Jumbo loans for borrowers with 640 credit scores	80	640	46	\$1,250,000	\$150,000	640 credit score allowed (NY 660)
SP M2	Recent Credit Event	Bankruptcies and foreclosures permitted with 18 months seasoning	75	660	46	\$850,000	\$150,000	Recent credit event permitted
SP I1	Investor DSC	Investor occupancy with qualification based on debt service coverage	75	680	100% or 125% DSC	\$2,000,000	\$135,000	Qualify based on debt service coverage
SP I2	Foreign Investor	Loans to borrowers without residency status in the United States	65	680	100% DSC	\$2,000,000	\$135,000	Qualify based on debt service coverage

**Allowable loan to value may be reduced for larger loans

***In New York State, maximum LTV = 75%

SP A1 “Income per Bank Statements”

Program Number and Description: SP A1 Ability to repay based on borrowers income documented by 12 or 24 month average cash flow

Products and Terms: 5/1 ARM Fully Amortizing

5/1 ARM with 7 or 10 year Interest Only period

7/1 ARM Fully Amortizing

7/1 ARM with 10 year Interest Only period

Eligible borrowers: Self-employed borrowers who have operated the same business continually for three or more years

Maximum debt to cash flow ratio: 48% (on 24 month analysis) or 36% (on 12 month analysis) or less based on borrower’s monthly business bank statement cash flow or personal bank statement cash flow if they do not have a business account

Minimum credit score: 700, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

Loan amounts and loan to value limits:

Purchase and rate & term refinance

80% to \$ 750,000

75% to \$1,000,000

70% to \$1,650,000

65% to \$2,000,000

Cash-out refinance

70% to \$1,000,000

65% to \$1,650,000

60% to \$2,000,000

Max Cash-out (Seasoning rules apply)

\$250,000 at 70% LTV

\$400,000 at 65% LTV

\$850,000 at 55% LTV

\$1,250,000 at 50% LTV

In New York State, maximum LTV = 75%

Acceptable occupancy: Primary and second homes (no investor occupancy properties) See guidelines for 2nd Home LTV’s

Acceptable property types: 1 family and Fannie eligible condominiums

Required reserves: 4 months, on a 24 month average cash flow, 12 months on a 12 month average cash flow

Acceptable states: 50 states (US Territories not allowed)

Acceptable borrowers: US Citizens and permanent resident aliens only

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps.

Escrows for taxes and insurance

SP A2 “Asset Depletion”

Program Number and description: SP A2 Ability to repay documented through assets

Products and Terms: 5/1 ARM Fully Amortizing
5/1 ARM with 7 or 10 year Interest Only period
7/1 ARM Fully Amortizing
7/1 ARM with 10 year Interest Only period

Eligible Borrowers must satisfy the following requirements: Net assets equal to or greater than 175% of the principal amount of the applied for mortgage; divided by 180, plus monthly income. Residual income derived from VA residual test must be greater than 200% of the requirement for region and household size.

Maximum debt to income ratio: Not applicable

Minimum credit score: 700, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out refinance	Max Cash-out (Seasoning rules apply)
75% to \$1,000,000	70% to \$1,000,000	\$250,000 at 70% LTV
70% to \$1,650,000	65% to \$1,650,000	\$400,000 at 65% LTV
65% to \$2,000,000	60% to \$2,000,000	\$850,000 at 55% LTV
		\$1,250,000 at 50% LTV

In New York State, maximum LTV = 75%

Acceptable occupancy: Primary and second homes (no investor occupancy properties) See guidelines 2nd Home LTV's

Acceptable property types: 1 family and Fannie eligible condominiums

Required reserves: 6 months (included in asset analysis)

Acceptable states: 50 states (US Territories not allowed)

Acceptable borrowers: US Citizens and permanent resident aliens only

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP A3 “Residual Income”

Program Number and Description: SP A3 Ability to repay determined by Veterans Administration Residual Income calculation

Products and Terms: 5/1 ARM Fully Amortizing
5/1 ARM with 7 or 10 year Interest Only period
7/1 ARM Fully Amortizing
7/1 ARM with 10 year Interest Only period

Eligible borrowers: Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

Minimum residual income: 300% of residual income required on applicable current VA tables for borrower’s region, underwriters must complete Sprout form demonstrating sufficient residual income

Minimum credit score: 680, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out refinance	Max Cash-out (Seasoning rules apply)
80% to \$850,000	75% to \$400,000	\$150,000 at 75% LTV
75% to \$1,650,000	70% to \$850,000	\$250,000 at 70% LTV
65% to \$2,000,000	65% to \$1,650,000	\$400,000 at 65% LTV
	60% to \$2,000,000	\$850,000 at 55% LTV
		\$1,250,000 at 50% LTV

Acceptable occupancy: Primary residence only (no second home or investor occupancy properties)

Acceptable property types: 1 family and Fannie eligible condominiums

Acceptable borrowers: US Citizens and permanent resident aliens only

Required reserves: 4 months

Acceptable states: 50 states (US Territories not allowed)

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP J1 “Jumbo 680 Credit”

Program Number and Description: SP J1 680 credit score jumbo loan program

Products and Terms: 5/1 ARM Fully Amortizing
5/1 ARM with 7 or 10 year Interest Only period
7/1 ARM Fully Amortizing
7/1 ARM with 10 year Interest Only period

Eligible borrowers: Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

Maximum debt to income ratio: 43%

Minimum credit score: 680, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

Loan amounts and loan to value limits:

Primary and Second Homes:

Purchase and rate & term refinance	Cash-out refinance	Max Cash-out (Seasoning rules apply)
80% to \$850,000	75% to \$400,000	\$150,000 at 75% LTV
75% to \$1,650,000	70% to \$850,000	\$250,000 at 70% LTV
65% to \$2,000,000	60% to \$2,000,000	\$400,000 at 65% LTV
		\$850,000 at 55% LTV
		\$1,250,000 at 50% LTV

In New York State, maximum LTV = 75%

Acceptable occupancy: Primary and second homes (no investor occupancy properties)

Acceptable property types: 1 family, 2 family Fannie eligible condominiums and NYC Cooperatives

Acceptable borrowers: US Citizens and permanent resident aliens only

Required reserves: 4 months

Acceptable states: 50 states (US Territories not allowed)

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP J2 “50% DTI”

Program Number and Description: SP J2 50% Debt to Income Ratio

Products and Terms: 5/1 ARM Fully Amortizing
5/1 ARM with 7 or 10 year Interest Only period
7/1 ARM Fully Amortizing
7/1 ARM with 10 year Interest Only period

Eligible borrowers: Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

Maximum debt to income ratio: 50%

Minimum credit score: 680, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out refinance	Max Cash-out (Seasoning rules apply)
80% to \$850,000	75% to \$400,000	\$150,000 at 75% LTV
75% to \$1,650,000	70% to \$850,000	\$250,000 at 70% LTV
65% to \$2,000,000	60% to \$2,000,000	\$400,000 at 65% LTV
		\$850,000 at 55% LTV
		\$1,250,000 at 50% LTV

In New York State, maximum LTV = 75%

Acceptable occupancy: Primary and second homes (no investor occupancy properties) See guidelines for 2nd Home LTV's

Acceptable property types: 1 family, 2 family, Fannie eligible condominiums and NYC cooperatives

Acceptable borrowers: US Citizens and permanent resident aliens only

Required reserves: 4 months

Acceptable states: 50 states (US Territories not allowed)

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP J3 “Non-Warrantable Condo”

Program Number and Description: SP J3 Non-warrantable condos

Products and Terms: 5/1 ARM Fully Amortizing

5/1 ARM with 7 or 10 year Interest Only period

7/1 ARM Fully Amortizing

7/1 ARM with 10 year Interest Only period

Eligible borrowers: Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

Maximum debt to income ratio: 46%

Minimum credit score: 680, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out refinance	Max Cash-out (Seasoning rules apply)
80% to \$850,000	70% to \$400,000	\$150,000 at 70% LTV
75% to \$1,650,000	65% to \$850,000	\$250,000 at 65% LTV
65% to \$2,000,000	55% to \$2,000,000	\$400,000 at 60% LTV
		\$850,000 at 55% LTV
		\$1,250,000 at 50% LTV

For loans over \$1 million, Sprout lender support desk must provide condo project permit

Acceptable occupancy: Primary and second homes (no investor occupancy properties) See guidelines for 2nd Home LTV's

Acceptable property types: Non-Agency eligible condominiums, please see non-warrantable guidelines for full program details. Condotels and kiddie condos not permitted

Required reserves: 4 months

Acceptable states: 50 states (US Territories not allowed)

Acceptable borrowers: US Citizens and permanent resident aliens only

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP J4 “85% Jumbo No MI”

Program Number and Description: SP J4 85% Jumbo NO MI

Products and Terms: 5/1 ARM Fully Amortizing
5/1 ARM with 7 or 10 year Interest Only period
7/1 ARM Fully Amortizing
7/1 ARM with 10 year Interest Only period

Eligible borrowers: Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

Maximum debt to income ratio: 46%

Minimum credit score: 680, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

Loan amounts and loan to value limits:

Purchase and rate & term refinance

85% to \$1,000,000

Cash-out refinance

Not permitted

Acceptable occupancy: Primary (no second homes or investor properties)

Acceptable property types: 1 Family and Fannie eligible condominiums

Required reserves: 2 months

Acceptable states: All states except New York (US Territories not allowed)

Acceptable borrowers: US Citizens and permanent resident aliens only

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP J5 “90% with MI”

Program Number and Description: SP J5 90% LTV jumbo loan program (with mortgage insurance)

Products and Terms: 5/1 ARM Fully Amortizing
7/1 ARM Fully Amortizing

Eligible borrowers: Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

Term: Interest only during first five years and fully amortizing over twenty-five years thereafter

Maximum debt to income ratio: 43%

Minimum credit score: 680, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, no late mortgage or rental payments over past two years

Loan amounts and loan to value limits:

Purchase and rate & term refinance
90% to \$850,000

Cash-out refinance
Not permitted

Mortgage Insurance: 18% coverage for LTVs to 85% and 25% coverage for LTVs to 90%, MI policy must be from Radian and include a Sprout endorsement

Acceptable occupancy: Primary residences only (no investor or second home occupancy)

Acceptable property types: 1 family and Fannie eligible condominiums

Acceptable borrowers: US Citizens and permanent resident aliens only

Required reserves: 2 months

Acceptable states: All states except New York (US Territories not allowed)

Escrows for taxes and insurance

SP J6 “Foreign Second Home”

Program Number and Description: SP J6 Foreign Second Home

Products and Terms: 5/1 ARM Fully Amortizing
5/1 ARM with 7 or 10 year Interest Only period
7/1 ARM Fully Amortizing
7/1 ARM with 10 year Interest Only period

Eligible borrowers: Foreign Nationals who possess a passport from an eligible country

Qualifying Method: Debt service coverage of at least 100% based on rental income shown on Appraisal Rent Addendum

Qualifying payment on non-interest only is fully amortizing, qualifying payment on interest only is the interest only payment

Minimum credit score: 680 if available, no international credit report required

Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out refinance	Max Cash-out (Seasoning rules apply)
65% to \$850,000	50% to \$2,000,000	\$850,000 at 50% LTV
60% to \$1,250,000		
55% to \$2,000,000		

Minimum Loan Amount: \$150,000

Acceptable occupancy: Second Homes Only (No Primary Residences or Investment Properties)

Acceptable property types: 1 family and, 2 family and Fannie eligible condominiums

Required reserves: 4 months

Acceptable states: 50 states (US Territories not allowed)

Acceptable borrowers: Foreign nationals only (no US Citizens or permanent resident aliens)

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP M1 “Jumbo 640 Credit”

Program Number and Description: SP M1 640 credit score jumbo loan program

Products and Terms: 5/1 ARM Fully Amortizing
5/1 ARM with 7 or 10 year Interest Only period
7/1 ARM Fully Amortizing
7/1 ARM with 10 year Interest Only period

Eligible borrowers: Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

Maximum debt to income ratio: 46%

Minimum credit score: 640 (660 in New York State), based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, no late housing payments over past year and no late installment debt over past six months

Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out refinance	Max Cash-out (Seasoning rules apply)
80% to \$450,000	70% to \$850,000	\$250,000 at 70% LTV
75% to \$850,000	65% to \$1,250,000	\$750,000 at 60% LTV
70% to \$1,250,000		

Acceptable occupancy: Primary residences only (no investor or second home occupancy)

Acceptable property types: 1 family and Fannie eligible condominiums

Acceptable borrowers: US Citizens and permanent resident aliens only

Required reserves: 4 months

First time homebuyer payment shock restriction: Proposed housing expense cannot exceed 250% of current housing expense

Acceptable states: 50 states (US Territories not allowed)

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP M2 “Recent Credit Event”

Program Number and Description: SP M2 Recent Credit Event

Products and Terms: 5/1 ARM Fully Amortizing

5/1 ARM with 7 or 10 year Interest Only period

7/1 ARM Fully Amortizing

7/1 ARM with 10 year Interest Only period

Eligible borrowers: Borrowers must have been continuously employed for 2 years, self-employed borrowers must have been operating the same business for 2 years

Maximum debt to income ratio: 46%

Minimum credit score: 660, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past 18 months, no late housing payments over past year and no late installment debt over past six months

Loan amounts and loan to value limits:

Purchase and rate & term refinance

75% to \$850,000

Cash-out refinance

70% to \$850,000

Max Cash-out (Seasoning rules apply)

\$250,000 at 70% LTV

\$500,000 at 65% LTV

Acceptable occupancy: Primary residences (no second home or investor occupancy properties)

Acceptable property types: 1 family and Fannie eligible condominiums

Required reserves: 4 months

First time homebuyer payment shock restriction: Proposed housing expense cannot exceed 250% of current housing expense

Acceptable states: 50 states (US Territories not allowed)

Acceptable borrowers: US Citizens and permanent resident aliens only

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP I1 “Investor DSC”

Program Number and Description: SP I1 Investor properties based on debt service coverage (DSC) calculation

Products and Terms: 5/1 ARM Fully Amortizing

5/1 ARM with 7 or 10 year Interest Only period

7/1 ARM Fully Amortizing

7/1 ARM with 10 year Interest Only period

Eligible borrowers: Natural persons and limited liability companies (full recourse required on LLCs)

Debt service coverage: LTV <= 70% Rental income must equal or exceed 100% debt service coverage

LTV > 70% Rental income must equal or exceed 120% (fully amortizing) or 125% (interest only) DSC

Qualifying payment on non-interest only is fully amortizing, qualifying payment on interest only is the interest only payment

Minimum credit score: 680, based on no less than three trade lines established for one or more years, no history of foreclosure or bankruptcy over past four years, and no late mortgage or rental payments over past two years

Borrower loan limits : Sprout’s maximum exposure to any one borrower or beneficial owner is limited to the lessor of 5 loans or \$5 million

Loan amounts and loan to value limits:

Purchase and rate & term refinance	Cash-out refinance	Max Cash-out (Seasoning rules apply)
75% to \$650,000	70% to \$500,000	\$250,000 at 70% LTV
65% to \$1,250,000	65% to \$1,250,000	\$400,000 at 65% LTV
60% to \$2,000,000	55% to \$2,000,000	\$850,000 at 55% LTV

Minimum Loan Amount: \$135,000

Acceptable occupancy: Investor properties (borrowers must sign a business use affidavit) (no primary or second home occupancies)

Acceptable property types: 1 family and, 2 family (max 65% LTV in NY) and Fannie eligible condominiums

Required reserves: 4 months

Acceptable states: 50 states (US Territories not allowed)

Acceptable borrowers: US Citizens and permanent resident aliens only

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance

SP I2 “Foreign Investor”

Program Number and Description: SP I2 Foreign Investor

Products and Terms: 5/1 ARM Fully Amortizing
5/1 ARM with 7 or 10 year Interest Only period
7/1 ARM Fully Amortizing
7/1 ARM with 10 year Interest Only period

Eligible borrowers: Foreign Nationals who possess a passport from an eligible country

Debt service coverage: Rental income must equal or exceed 100% debt service coverage

Qualifying payment on non-interest only is fully amortizing, qualifying payment on interest only is the interest only payment

Minimum credit score: 680 if available, no international credit report required

Borrower loan limits: Sprout’s maximum exposure to any one borrower or beneficial owner is limited to the lesser of 5 loans or \$5 million

Loan amounts and loan to value limits:

Purchase and rate & term refinance

65% to \$850,000

60% to \$1,250,000

55% to \$2,000,000

Cash-out refinance

50% to \$2,000,000

Max Cash-out (Seasoning rules apply)

\$850,000 at 50% LTV

Minimum Loan Amount: \$135,000

Acceptable occupancy: Investor properties (borrowers must sign a business use affidavit) (no primary or second home occupancies)

Acceptable property types: 1 family and, 2 family and Fannie eligible condominiums (2 family ineligible in NY)

Required reserves: 6 months

Acceptable states: 50 states (US Territories not allowed)

Acceptable borrowers: Foreign nationals only (no US Citizens or permanent resident aliens)

ARM re-prices at 1 year LIBOR + 3.99% subject to 5% Initial, 2% periodic and 5% lifetime caps

Escrows for taxes and insurance