

Equity Advantage

HELOC Program Matrix

The below credit matrix is designed to be used in conjunction with the Oaktree Funding Equity Advantage Guidelines (hereinafter referred to as guides). Any topics not specifically addressed within the Oaktree Funding Equity Advantage HELOC Program Overlay below should be reviewed within the guides.

Full Documentation & Bank Statements

Maximum CLTV

FICO	Owner Occupied	2nd Home	Investment
740	90	90	85
700-739	90	90	85
680-699	90	90	85
660-679	70	60	60

General Requirements

Product Type	Variable rate (Index plus a margin), 3 or 5 year IO draw period with a fully amortizing repayment period. 30, 25, 20, and 15 year amortization terms allowed
HELOC Requirements	<p>Index: Prime rate as published in the WSJ on the 1st of the month - highest range used if range is published</p> <p>Initial Draw: Minimum of 50% of the total line amount and no less than \$75k</p> <p>Additional Draw: Prohibited during the first 90 days following closing date. Minimum \$1k not to exceed credit limit</p> <p>Loan Payback: No principal payments allowed during first 90 days. Any principal payback may be considered an EPO</p>
Line/Loan Amount	<p>\$75k - \$500k</p> <p>Maximum total financing is limited to \$5MM (total amount of 1st and 2nd lien combined)</p>
Lien Positions	1st and 2nd lien positions only
Occupancy	Owner-occupied, second homes, investment (limited to 10 financed properties)
Debt to Income	<p>Max 50% DTI with 700+ FICO and \$3,500 residual monthly income</p> <p>Max 45% DTI in all other scenarios</p> <p>30-yr fully amortized payment based on start rate +2% and the total credit limit used to qualify if floating rate</p>
Early Termination	5% penalty if terminated within the first 12 months

Appraisal Requirements

Full appraisals required on all 1st lien positions.
Interior BPO required for loans with CLTV > 80%.

Permitted Options

Loan Amount	Details
≤\$250k	<ol style="list-style-type: none"> AVM with exterior property inspection with the following requirement: <ol style="list-style-type: none"> Max 90 CLTV Minimum confidence score of 90% Drive by appraisal Full appraisal Use prior appraisal (see requirements)
>250k	<ol style="list-style-type: none"> Full interior appraisal (1004/1025/1073) Use prior appraisal (see requirements)

Recertification of an existing appraisal is acceptable when the following requirements are met:

- Report has been completed within 12 months of application date
- Current appraisal provided must be on form 1004 (single family), 1025 (multi-family), or 1073 (condo)
- One of the following are required:
 - AVM supporting value within 10% variance and Property Condition Inspection (PCI) is required when effective age of the appraisal is greater than 90 days
 - A Collateral Desktop Analysis (CDA) and Property Condition Inspection (PCI) are required and will be ordered by the lender to validate any use of an existing appraisal
 - CDA risk score must be low or moderate with no additional review recommended by reviewer - up to 10% variance in value
 - CDA analysis commentary contains no comments that adversely impact value, marketability, or condition of the property
 - CDA home data index must support either a neutral or increasing market trend

CLTV will be calculated as the lower of the purchase price/CDA value or the appraised value

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Income

Documentation

Documentation Type	Details
Full Documentation 2 years	<ul style="list-style-type: none"> Salaried: 2 years W2 and YTD paystubs covering minimum of 30 days Self-Employed: 2 years' tax returns, all schedules. YTD P&L or 3 mo. business bank statements to support continuance of tax return income
Full Documentation 1 year	<ul style="list-style-type: none"> Salaried: 1 year most recent W2 and YTD paystubs covering minimum of 30 days Self-Employed: 1 year tax returns, all schedules. YTD P&L or 3 mo. business bank statements to support continuance of tax return income
Business or Personal & Business Combined 12 or 24 mo.	<ul style="list-style-type: none"> At least one of the borrowers must be self-employed for at least 2 years (ownership \geq 25%) Standard expense factors apply: 50% If business operates < standard expense factor, P&L or expense letter from CPA, CTEC (California Tax Education Council), or EA (Enrolled Agent) required. Minimum expense factor with 3rd party prepared P&L or letter is 20%
Personal & Business Separated 12 or 24 mo.	<ul style="list-style-type: none"> At least one of the borrowers must be self-employed for at least 2 years (ownership \geq 25%) Personal used to qualify, 2 months business used to show business cash flows in order to utilize 100% of business related deposits in personal account (no expense factor)

Income Verification & Employment

Income may not be used if it comes from any source that cannot be verified, is not stable, or will not continue.

When analyzing a borrower's employment record, the following must be examined:

- The borrower's past employment record
- Previous training and education
- The employer's confirmation of continued employment

A minimum of two years employment history and continuance of income for three years is generally required for all borrowers

whose income is being used to qualify. Written letters of explanation for employment gaps over 30 days in the last two years must be provided.

Declining Income

If income has declined greater than 20%, the following is required:

- Most recent 6-month average is used to qualify
- Max 40% DTI
- Exception required

Housing

Seasoning

6-month seasoning required for all investment products

No seasoning is required subject to the following (primary & secondary residences):

- 0-6 months: must use the lower of the purchase price or appraised value
- >6 months: may use appraised value

History

No mortgage lates in the last 6 months and max 1x30 in the past 12 months inclusive of all mortgages and all REO for all borrowers on the transaction.

No active mortgage loan can be in any active deferment or forbearance period. Once the deferment or forbearance period has expired, a minimum of three monthly payments at the current payment must be documented.

Property Types

Eligible: Single family, PUD, Warrantable Condo, 2-4 unit

Ineligible: Cooperatives, condotels (NW Condo), condo projects, hotel/motel condos, mobile homes, manufactured housing, commercial operations, geodesic domes, working farms and ranches, unimproved land, properties with >20 acres, timeshares, leasehold, properties listed for sale in the past 12 months

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Other Information

Liabilities	<p>Permitted: Paying off debt to qualify</p> <p>Not permitted: paying down debt to qualify, exclusion of lease payments</p> <p>Student loan - 1% of the balance is used to calculate the payment to qualify when there is no payment reporting</p>
Documents Age	<p>Expiration dates are based on the note date of the loan:</p> <ul style="list-style-type: none"> • Credit documents (income/asset/credit report) - 60 days • Collateral - 90 days • Title - 90 days
Ineligible Borrowers	<ul style="list-style-type: none"> • Non-occupant co-borrowers • Vesting in the name of an LLC, corporation, or partnership • Irrevocable trusts • Use of a power of attorney is only permitted for piggyback purchase transactions following GSE requirements • Foreign Nationals
Title	<p>Loan amount ≤ \$250k: Owner encumbrance property report</p> <p>Loan amount > \$250k: Full title required</p>
Trade Lines	<p>Minimum of 3 trade-ins are required for all borrowers that are contributing income to qualify. At least one trade line must be open and active for the past 12 months.</p> <p>A current mortgage paid as agreed for past 36 months will override the minimum trade line requirement</p>
Transaction Types	<p>Arm's length transactions only</p> <p><i>A non-arm's length transaction, also known as an arm-in-arm transaction, refers to a business deal in which buyers and sellers have an identity of interest; in short, buyers and sellers have an existing relationship, whether business-related or personal.</i></p> <p>Oaktree funding does not allow a non-arm's length transaction with the exception of a tenant buying the property they are currently renting from the landlord/owner of the property. All other non-arm's length transactions are ineligible for financing.</p>
Significant Derogatory Credit	<p>Measured from disbursement date</p> <p>Period of time that must elapse prior to loan eligibility:</p> <ul style="list-style-type: none"> • Foreclosure - 7 years • Charge-off of a mortgage account, deed in lieu, pre-foreclosure sale, short sale - 4 years • Chapter 7 or 11 bankruptcy - 4 years from discharge or dismissal • Chapter 13 bankruptcy - 2 years from discharge or 4 years from dismissal <p>Multiple events with the past 7 years are not permitted. Both events must be greater than 7 years.</p>
Texas	<ul style="list-style-type: none"> • Max CLTV 80% • Primary residence only • Only one Texas (a)(6) loan is permitted at a time. All existing title liens must be non-Texas (a)(6) liens • Cash out only permitted one time every 12 months • Mandatory 12-day waiting period between application and consummation • Texas law caps lender/broker fees at 2%