

Hercules Non-QM

LTV/CLTV MATRIX

| Hercules Primary Residence | | | | Hercules Non-Owner | | | |
|----------------------------|-------|---------|-----|--------------------|-------|---------|-----|
| Loan Amount | Score | P / R&T | C/O | Loan Amount | Score | P / R&T | C/O |
| \$1,000,000 | 720 | 90% | N/A | \$1,000,000 | 720 | 80% | 75% |
| | 700 | 85% | 80% | | 700 | 80% | 75% |
| | 680 | 80% | 80% | | 680 | 80% | 75% |
| | 660 | 80% | 75% | | 660 | 80% | 75% |
| \$1,500,000 | 720 | 90% | N/A | \$2,000,000 | 720 | 80% | 75% |
| | 700 | 85% | 80% | | 700 | 80% | 75% |
| | 680 | 80% | 75% | | 680 | 75% | 70% |
| | 660 | 80% | 75% | | 660 | 70% | 65% |
| \$2,000,000 | 720 | 85% | 75% | \$2,500,000 | 720 | 75% | 70% |
| | 700 | 80% | 75% | | 700 | 75% | 65% |
| | 680 | 75% | 70% | | 680 | 70% | 65% |
| | 660 | 75% | 70% | | | | |
| \$2,500,000 | 720 | 80% | 70% | \$3,000,000 | 720 | 75% | 70% |
| | 700 | 75% | 65% | | 700 | 75% | 65% |
| | 680 | 70% | 65% | | 680 | 70% | 65% |
| | 660 | 70% | 65% | | | | |
| \$3,000,000 | 740 | 75% | 70% | \$3,500,000 | 720 | 70% | N/A |
| | 720 | 75% | 65% | | 700 | 70% | N/A |
| | 700 | 75% | 65% | | | | |
| \$3,500,000 | 740 | 75% | 65% | | | | |
| | 720 | 75% | 65% | | | | |
| | 700 | 70% | 65% | | | | |

Any amount over a whole number rounds up to the next tenth (e.g., 80.0001 → 80.1)

| Program Restrictions |
|---------------------------------|
| Florida Condo: Max 85% LTV |
| CPA Gross Receipts: Max 80% LTV |
| CPA P&L Program: Max 80% LTV |

| Second Homes |
|----------------------------------|
| Loan Amount: Max \$3,000,000 |
| LTV Max: 85% Purch / R&T 75% C/O |

| DTI |
|--|
| 50% unless otherwise noted |
| 45% for > 85% LTV |
| 55% allowed w/restrictions, see guidelines |

| Reserves |
|------------------------|
| 3 months for ≤ \$1.5mm |
| 6 months for > \$1.5mm |
| 9 months for > \$2.5mm |

| Cash Out Limits |
|-----------------------------|
| Max Cash Out is \$2,500,000 |
| Any LTV |

General Requirements

| | | | | | |
|--------------------|--|-----------------|------|-----------|--|
| Eligible Doc Types | Full Doc 1-2 years, Bank Statement 12-24 Months, 1099 1-2 Years, Asset Depletion, Asset Utilization, CPA Gross Receipts, P&L | | | | |
| Available Products | Product | Qualifying Rate | Term | I.O. Term | |
| | 30 Year Fixed | Note Rate | 360 | N/A | |
| | 40 Year Fixed | Note Rate | 480 | N/A | |
| | 30 Year Fixed I.O. | Note Rate | 360 | 120 | |
| Occupancy | Owner Occupied, 2nd Home, Investment | | | | |
| Loan Amount | Minimum: \$100,000 Max \$3,500,000 | | | | |
| Ineligible States | Baltimore City, Maryland; Massachusetts; New York. Non owner occupied properties and/or business purpose loans in Philadelphia County, Pennsylvania | | | | |
| Interest Only | Allowed at all LTV's and Credit Scores 30 Year I/O, qualify using original principal balance and note rate over 240 months 40 Year I/O, qualify using original principal balance and note rate over 360 months | | | | |

| | |
|---------------------------------|--|
| Property Type | <p>Single Family (attached and detached) PUD (attached and detached) 2 - 4 Units Warrantable Condo - Follow FNMA Requirements Condo in New projects eligible only with FNMA CPM approval or professional 3rd party review Non-warrantable Condo in established projects, case-by-case, by exception only</p> |
| Declining Market | 5% LTV reduction from above matrix when LTV >70% |
| Rural | <p>Allowed - Max 70% LTV; Max 20 Acres A property is considered rural if the appraiser indicates "rural" in the neighborhood section of the report OR any 2 of the following are present:</p> <ul style="list-style-type: none"> - The property is located on a gravel road - 3 comps are more than 5 miles from the subject property - Less than 25% of the surrounding area is developed |
| Borrower Requirements | |
| Eligible Borrowers | <p>US Citizens Permanent Resident Alien Non-Permanent Resident Alien</p> |
| First Time Home Buyer | <p>Defined as borrower who has not owned residential property in the US in the past 3 years, based on note date. All occupancy types allowed. If one borrower is FTHB and the other is not, then FTHB restrictions do not apply. Property owned outside of the US is not considered in FTHB determination. FTHB restrictions</p> <ul style="list-style-type: none"> - Subject rents on investment property transaction not allowed - 660 minimum credit score (required on Expanded) - Maximum DTI is 50% - >45% DTI requires 300% max payment shock - Max loan amount is \$2,000,000 <p>Payment Shock = Proposed Housing Payment/Present Housing Payment * 100 For borrowers with no housing obligation in the previous 12 months, payment shock calculation is not required</p> |
| Non-occupant Co-borrower | <ul style="list-style-type: none"> - Purchase and Rate/Term Refinances only - Cash-out transactions are not allowed <p>Blended Ratios are allowed using one of the three following options:</p> <p>Option 1:</p> <ul style="list-style-type: none"> - Occupying borrower must have a DTI ≤ 60% AND - A minimum of 5% of the down payment must come from occupying borrower's own funds AND - Occupant borrower is responsible for 50% of the reserve requirement <p>Option 2:</p> <ul style="list-style-type: none"> - Occupying borrower must have a DTI ≤ 75% with combined DTI ≤ 40% AND - A minimum of 5% of the down payment must come from occupying borrower's own funds AND - Occupant borrower is responsible for 50% of the reserve requirement <p>Option 3:</p> <ul style="list-style-type: none"> - True blended ratios are allowed at ≤ 70% LTV/CLTV - No occupant contribution required for down payment or reserves |
| Credit and Liabilities | |
| Housing Payment History | Maximum of 0x30 in past 12 months |
| Major Credit Events | <p>4 year seasoning is required on all major credit events Seasoning is measured from date of credit event to note date and includes: Bankruptcy, Foreclosure, Deed-in-Lieu, Short-Sale / Short-Refinance, and Modification</p> <p>Simple rate reduction modifications or modifications that were a result of a COVID-19 forbearance plan are acceptable with no restrictions</p> |