

## Hercules Non-QM Expanded

### LTV/CLTV Matrix

Hercules Expanded Primary Residence				Hercules Expanded Non-Owner			
Loan Amount	Score	P / R&T	C/O	Loan Amount	Score	P / R&T	C/O
\$1,000,000	700	85%	80%	\$1,000,000	700	80%	75%
	680	80%	80%		680	80%	75%
	660	80%	75%		660	80%	75%
	640	75%	70%		640	75%	65%
	620	70%	65%				
\$1,500,000	700	80%	75%	\$1,500,000	700	75%	70%
	680	75%	70%		680	75%	70%
	660	75%	70%		660	75%	70%
	640	70%	N/A		640	70%	N/A
	620	65%	N/A				
\$2,000,000	700	75%	65%	\$2,000,000	700	70%	65%
	680	70%	60%		680	70%	60%
	660	70%	N/A		660	70%	N/A

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

Program Restrictions	DTI
Florida Condo: Max 85% LTV	50% unless otherwise noted
CPA Gross Receipts: Max 80% LTV	45% for > 85% LTV
CPA P&L Program: Max 80% LTV	55% allowed w/restrictions, see guidelines

Second Homes	Reserves
Loan Amount: Max \$2,000,000	3 months for ≤ \$1.5mm
LTV Max: 85% Purch / R&T 75% C/O	6 months for > \$1.5mm
	9 months for > \$2.5mm

Cash Out Limits
Max Cash Out is \$2,000,000 at 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	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			
Declining Market	5% LTV reduction from above matrix when LTV >70%			

Rural	<p>Allowed - Max 70% LTV; Max 20 Acres</p> <p>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"> <li>- The property is located on a gravel road</li> <li>- 3 comps are more than 5 miles from the subject property</li> <li>- Less than 25% of the surrounding area is developed</li> </ul>
Borrower Requirements	
Eligible Borrowers	<p>US Citizens</p> <p>Permanent Resident Alien</p> <p>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.</p> <p>FTHB restrictions</p> <ul style="list-style-type: none"> <li>- Subject rents on investment property transaction not allowed</li> <li>- 660 minimum credit score (required on Expanded)</li> <li>- Maximum DTI is 50%</li> <li>- &gt;45% DTI requires 300% max payment shock</li> <li>- Max loan amount is \$2,000,000</li> </ul> <p>Payment Shock = Proposed Housing Payment/Present Housing Payment * 100</p> <p>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"> <li>- Purchase and Rate/Term Refinances only</li> <li>- Cash-out transactions are not allowed</li> </ul> <p>Blended Ratios are allowed using one of the three following options:</p> <p>Option 1:</p> <ul style="list-style-type: none"> <li>- Occupying borrower must have a DTI ≤ 60% AND</li> <li>- A minimum of 5% of the down payment must come from occupying borrower's own funds AND</li> <li>- Occupant borrower is responsible for 50% of the reserve requirement</li> </ul> <p>Option 2:</p> <ul style="list-style-type: none"> <li>- Occupying borrower must have a DTI ≤ 75% with combined DTI ≤ 40% AND</li> <li>- A minimum of 5% of the down payment must come from occupying borrower's own funds AND</li> <li>- Occupant borrower is responsible for 50% of the reserve requirement</li> </ul> <p>Option 3:</p> <ul style="list-style-type: none"> <li>- True blended ratios are allowed at ≤ 70% LTV/CLTV</li> <li>- No occupant contribution required for down payment or reserves</li> </ul>
Credit and Liabilities	
Housing Payment History	<ul style="list-style-type: none"> <li>- 1x30x12 no restrictions</li> <li>- 0x30x12 for credit scores below 640</li> </ul>
Major Credit Events	<p>3 year seasoning is required on all major credit events</p> <p>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>