FUNDLOANS

ASPIRE

2nd MORTGAGE GUIDELINES

Effective 09-01-2026 | V2.3

PROGRAM

ASPIRE is a cash-out, debt consolidation or piggy-back purchase junior lien (second position or better only) program available for primary residences, second homes, and 1-4 unit investment properties.

For most program specifics, see the most recent Matrix. Any topic or guideline not contained herein, the Matrix or Portfolio Guidelines control (in that order).

Program: Eligible Terms

FULLY AMORTIZING	TERM	QUALIFYING RATE
30 Year Fixed	360	Note Rate
20 Year Fixed	240	Note Rate
15 Year Fixed	180	Note Rate
10 Year Fixed	120	Note Rate
Interest Only	**TERM**	**QUALIFYING RATE**
30 Year Fixed (10 Year I/O)	360	Full Amortization PITIA over 20 years
30 Year Fixed (5 Year I/O)	360	Full Amortization PITIA over 25 years
30 Year Fixed (3 Year I/O)	360	Full Amortization PITIA over 27 years

Program: Loan Amounts

- See Matrix

Program: Minimum FICO

See Matrix

Program: DTI/Ratios

Full Documentation: Per Montage Full Doc Guidelines (50%)

Bank Statement: Per Apex Bank Statement Guidelines (50%)

P&L Only: 45%

Program: Maximum LTV/CLTV

(See Matrices for LTV/CLTV maximums)

Program: Declining Markets

Properties in which the appraiser is reporting a declining trend in values for the subject's market area require a 5% reduction in the maximum LTV for the applicable program.

Program: Statement of Occupancy

Applicants must re-confirm their intended use for the subject property ("Primary Residence", "Second Home" or "Investment Property") by completing and signing the appropriate sections of the "Occupancy Certification" found in the Appendix of these guidelines.

Program: Ownership Seasoning

Properties owned less than six (6) months ineligible. Properties owned greater than six (6) months – no restrictions.

Program: Cash-out Seasoning

No cash-out transaction in the prior six (6) months allowed (1st or 2nd liens).

Program: Listing Seasoning

Properties previously listed for sale should be seasoned at least 6 months from the listing contract expiration date.

Program: Early Payment Default (EPD) / Prepayment Penalty

Early Payment Default (EPD), loans that become delinquent after the loan funding by FundLoans are subject to repurchase by the Broker pursuant to the EPD language (if any) in the Broker Agreement.

Program: Property Insurance Coverage Requirements

Property insurance for loans must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. FundLoans must be named as an additional insured and 2nd mortgagee on the policy. 1st lienholder must also show on Evidence of Insurance.

ELIGIBLE TRANSACTIONS

Eligible Transactions: Cash Out or Debt Consolidation

Unlimited proceeds from the transaction can be used for any purpose, including home improvements or debt consolidation. Rate and term of an existing 2nd is also allowed if there is a net tangible benefit to the borrower.

Eligible Transactions: Purchase

Can be used concurrent with a first mortgage loan for a purchase requiring the following:

- Final approval letter for first mortgage loan showing all conditions have been satisfied
- All documentation requirements from first mortgage investor
- Final closing disclosure from first mortgage transaction

Eligible Transactions: Delayed Financing and Recent Purchase

Financing on properties purchased by the borrower (whether using cash or financing) in the previous 12 months from application date is allowed without penalty. However, the value shall be limited to the lesser of the purchase price or appraised value unless documented improvements have been made.

Eligible Transactions: Non-Occupant Co-Borrower Allowed

Non-occupant co-borrower are credit applicants for a principal residence transaction who do not occupy the subject property as their own principal residence. Non-occupant co-borrower must meet the following requirements:

- Do not occupy the subject property as a principal residence
- Must be an immediate relative (relationship letter is required)

- Must sign the mortgage or deed of trust
- Joint liability on the note with the borrower

Program Restrictions:

- Combined 1st and 2nd loan amount cannot exceed $5,000,000
- Texas Section 50(a)(6) and 50 (f)(2) not allowed

Eligible Transactions: Limitations on Financed Properties

Maximum number of financed properties is 20. FundLoans' exposure to a single borrower shall be the lesser of $1,000,000 in 2nd lien UPB or two (2) 2nd loans.

CITIZENSHIP / RESIDENCY

Citizenship/Residency: Eligible Types

U.S. Citizens:
Eligible without restrictions

Permanent Resident Aliens: Eligible without guideline restrictions
Defined: An alien admitted to the United States as a lawful permanent resident. Lawful permanent residents are legally accorded the privilege of residing permanently in the United
Acceptable evidence of permanent residency include the following:

- Alien Registration Receipt Card I-151 (referred to as a green card).
- Alien Registration Receipt Card I-551 (Resident Alien Card) that does not have an the expiration date on the back (also known as a green card).
- Alien Registration Receipt Card I-551 (Conditional Resident Alien Card) has an the expiration date on the back, and is accompanied by a copy of the filed INS Form I-751 (petition to remove conditions Non-expired foreign passport
- Non-expired foreign passport that contains a non-expired stamp (valid for a minimum of three years) reading "Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until [mm-dd-yy]. Employment Authorized."

Non-Permanent Resident Alien: - Eligible with the following Visas:

- E Series
- G Series
- H Series
- L Series
- O Series
- P Series
- TN Series

Foreign National:
Not Allowed

Citizenship/Residency: Ineligible Types

- Applicants possessing diplomatic immunity
- Borrowers from OFAC sanctioned countries

- Politically exposed borrowers
- Any material parties (company or individual) to transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administrative (GSA) Excluded Party-list, or any other exclusionary list. Refer to Fannie Mae guidelines for all definitions of eligibility status.

VESTING

Vesting: Eligible Vesting

Primary and 2nd Home: Individuals and/or Revocable Intervivos/Living Trusts Only

Non-owner Occupied: LLC, corporation, or partnership allowed if borrower owns 100%, and must execute note and provide guarantee of payment.

Vesting: Ineligible Vesting

- Irrevocable Trust
- Land Trust

INCOME

Income: Acceptable Income Doc Types

Acceptable income documentation types and calculation methods are as follows:

- Full Documentation – 12 Month
- Bank Statement – 12 Month
- 1099
- P&L Only – 24 Month

INCOME: FULL DOC

All documentation to follow Montage Full Doc 1 year guidelines.

IRS form 4506-C required + tax transcripts for prior year.

INCOME: BANK STATEMENTS

All documentation to follow Apex Bank Statement 1 year guidelines.

For self-employed borrowers, income must be documented through the use of 12 months personal, business (or both) bank statements. Other income sources that are documented as Full Doc (ex: 1099 income; spouse employed as a wage earner) may be used in combination with bank statements.

All documentation for this document type shall follow Method 1, Method 2, and Method 4.

On a case-by-case exception basis, 24 months of bank statements may be used subject to any LLPA as set forth in the pricing matrix.

INCOME: 1099

All documentation to follow Apex 1099 Reduced Doc guidelines.

INCOME: P&L + 2 MONTHS' BANK STATEMENTS

24-month Profit and Loss prepared by CPA/CTEC/EA (w/ evidence of state certification or professional registry). 45% DTI max, minimum 700 score and additional 10% CLTV reduction.

- Provide evidence business was organized/licensed/active for the past 24 months or more.
- Provide CPA/CTEC/EA signed/prepared Profit and Loss Statement(s) covering the most recent 24-month period. Provide a letter from the Accountant/Cert Tax Preparer on their business letterhead showing their business address, phone number, license, or certification number, and addressing the following:
  - Restating the borrower's name, the business name, and the borrower's percentage of ownership
  - A certification that the Accountant/Cert Tax Preparer has prepared (or reviewed) the 2 most recent business tax return filings for the business(es) listed.
- 2 months bank statements must be provided. Deposits from the bank statements must be greater than or within 10% of the average monthly gross income of the P&L period. In the event the 10% tolerance is not met, continuous bank statements may be added to the analysis until the tolerance is met.

ASSET ALLOWANCE:

Supplemental Use of Asset Allowance is allowed if DTI without use is <60%. 6 months statements required, and divide seasoned balance by 60 months.

Standalone Asset Allowance is not allowed.

PROPERTY ELIGIBILITY

Property Eligibility: Property Types

- Single Family
- 2-4 Units investment
- 1 Unit properties with multiple ADUs (see Montage/Apex guideline)
- Condos:

  Project Types
  - All Fannie Mae project types and project review methods are allowed
  - Must meet Fannie Mae eligibility requirements
  - Non-Warrantable considered on a case-by-case basis

Property Eligibility: Ineligible Properties

Properties not eligible:

- Properties listed for sale within the past 3 months
- 2-4 Unit Second Home
- Condotels / Condo Hotels
- Manufactured Homes/Mobile Homes
- Agricultural including working farm, ranch, or orchard
- Rural and/or Properties >5 acres
- Co-op
- Unique properties (e.g., Dome house, Berm home, Earth home)
- Assisted-Living
- Mixed-use
- Property condition rating C5 & C6

- Property with health & safety, soundness, or structural issues

Property Eligibility: Appraisals

On purchase transactions, a copy of the appraisal with original pictures and any secondary valuation used on the 1st mortgage is acceptable.

Higher-Priced Mortgage Loan (HPML)

Primary and 2nd Homes:

Full Appraisal (1004, 1025, 1073)
Declining markets maximum 75% CLTV

HPML QM Safe Harbor or Rebuttable Presumption (Full Doc only)

Primary and 2nd Homes:

Loan amounts < $400,000 AVM with a 90% Confidence Factor and a Property Condition Inspection from:

- Clear Capital
- Collateral Analytics
- CoreLogic
- HouseCanary
- Homegenius
- Quantarium
- Veros

Full appraisal required when AVM has less than 90% Confidence Factor.

Loan amounts > $400,000 Full Appraisal (1004, 1025, 1073)

Declining markets indicated requires 5% haircut of max CLTV and limited to maximum 75% CLTV

Non-HPML:

Primary / 2nd Homes / Investment Properties:

- Loan amounts < $400,000 AVM with a 90% Confidence Factor and a Property Condition Inspection from:
  - Clear Capital
  - Collateral Analytics
  - CoreLogic
  - HouseCanary
  - Homegenius
  - Quantarium
  - Veros

  Full appraisal required when AVM has less than 90% Confidence Factor.

- Loan amounts > $400,000

  Full Appraisal (1004, 1025, 1073)

CREDIT

Minimum Credit Score: Per eligibility matrix (700 min for P&L Only)

Minimum Tradelines: Per Montage or Apex Guidelines based on doc type

Significant Derogatory Credit:

- No bankruptcy of any kind within prior 48 months
- Extenuating circumstance seasoning not permitted

Qualifying Payment for Interest only: Fully amortizing payment

Traditional Credit Only. 3 scores does not satisfy tradeline requirements.

Charge-offs & Collections

Follow Portfolio Guidelines.

Mortgage and Housing History:

Mortgage Payment History (all reported mortgages):

- 0x30x12 and 0x60x48
- 1x30x24 allowed with acceptable Letter of Explanation (subject to LLPA)
- NO 1x60 in last 48 months

Forbearance, Modification and/or Deferment:

No history of any forbearance, modification or deferment on any mortgage obligation in the prior 5 years from the date of application. Any modification or deferment still in place that was initiated more than 5 years prior to application is acceptable on a case by case basis and subject to the following additional requirements:

- FICO above 700
- All payments since modification/deferment must have been made on time
- No Balloon due within the next 10 years
- No rate adjustments in next 10 years
- 10% CLTV reduction

Foreclosure or NOD:

No foreclosure or Notice of Default on any mortgage in prior 7 years

LIABILITIES

Document per respective doc type in accordance with Portfolio Guidelines.

ASSETS

Document per Portfolio Guidelines by doc type.

- Reserves not required except for purchase transactions (must meet 1st mortgage requirements for reserves).

1st MORTGAGE REQUIREMENTS

Documentation:

- Copy of first mortgage note or billing statement (if contains terms of note) must be included in loan file

Qualifying Payment:

- Full Amortization - amortized payment at current note rate
- Interest Only - fully amortizing principal & interest payment for the loan amortization period

Ineligible Products & Terms:

- Negative amortization (including reverse mortgage/HECM)
- Modification from original terms
- Term > 40 years
- 1st mortgage balloon payment due during term of 2nd mortgage
- Private mortgage
- Land contract or contract
- Fannie Mae HomeStyle, HFA, Refi Now, HomeReady, Affordable Refi and Down Payment Assistance programs

TITLE REQUIREMENTS

- ≤ $250,000 - ALTA Residential Limited Coverage Junior Loan Policy or ALTA Standard Coverage Policy insuring the second lien amount.
- > $250,000 - ALTA Standard Coverage Policy insuring the second lien amount.