ROYAL PACIFIC FUNDING

Leverage Investor

Effective Date: 9/26/2017

Credit Event Seasoning	FICO	Loan Amount	DSCR >= 1.15				DSCR < 1.15			
			Reserves	LTV/CLTV			Reserves	LTV/CLTV		
				Purchase	Rate/Term	Cash Out		Purchase	Rate/Term	Cash Out
Mortgage / Housing: 0x30x12 BK (Chap 13 Discharge): >12 mo BK (Other): >36 mo FC: >36 mo Short Sale / DIL : >24mo	700+	<=1,000,000	6 Months	80	75	70	6 Months	75	75	70
			None	75	75	70	None	75	75	70
		1,000,001 - 1,500,000	6 Months	75	75	70	6 Months	70	70	65
			None	70	70	65	None	70	70	65
		1,500,001 - 2,000,000	6 Months	70	70	65	12 Months	70	70	65
	640 - 699	<=1,000,000	6 Months	75	70	65	6 Months	75	70	65
			None	75	70	65	None	75	70	65
		1,000,001 - 1,500,000	6 Months	65	65	65	6 Months	65	65	65
			None	65	65	60	None	65	65	60
		1,500,001 - 2,000,000	12 Months	65	65	60	12 Months	65	65	60
	620 - 639	<=500,000	12 Months	65	65	60	NA	NA	NA	NA

ADDITIONAL CRITERIA	
Prepayment Penalty	• Terms up to 3 years available for 3 Year ARMs. Otherwise terms up to 5 Years are acceptable. The following structures are acceptable… - 6 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance - 3%, 4%, or 5% for the term of the penalty - Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years (5%/4%/3%/2%/1%, 5%/4%/3%, etc) • Penalties not available in New Mexico and loan vested to individuals in New Jersey
Investor Experience	• Experienced Investor: A borrower who has owned 2 or more properties within the most recent 12 months (Primary residence can be included), with 1 having documented rental income of 12 months or more. • First Time Investor: A borrower that does not meet the Experienced Investor criteria. First Time Investors must have owned a residence (primary or rental) for a minimum of the most recent 12 months. - First Time Investors Maximum LTV: 65%
Income	**Debt Service Coverage Ratio (DSCR):** • Gross Income/PITIA • Transaction qualified on cash flow of the subject property **Gross Income:** Lower of Estimated Market Rent from Form 1007 and monthly rent from an existing lease (If lease amount higher, may be utilized with two months proof of receipt)
Property Type Limitations	• Condo / 2-4 Unit: 70% Max LTV • Rural Property: 60% Max LTV • Non-Warrantable Condo Maximum Loan Amount: $1,500,000 • Unleased Properties (Loan Bal <=$1mm): 65% Max LTV (Applies to Refinance transactions only) • Unleased Properties (Loan Bal >$1mm): 60% Max LTV (Applies to Refinance transactions only)
Loan Amounts	• Program Minimum Loan Amount: $75,000 • Loan Amounts>$1,500,000 require 2 appraisals •Loan Amount < $150,000: 70% Max LTV
Cash out Limit	• Program Maximum limited to 65% of Property Value • Loan Amounts exceeding $1,000,000, Loan Amounts less than $150,000, Condominiums, and Multi-Units limited to 60% of Property Value
Eligible Products	•3/1 ARM (2/2/5 Caps) • 5/1 LIBOR ARM (2/2/5 Caps) • 7/1 LIBOR ARM (5/2/5 Caps) • 15 Year Fixed • 30 Year Fixed - ARM Qualifying Rate: Greater of the Fully-Indexed Rate or Note Rate - ARM Index: 12 Month LIBOR - ARM Note Margin: 7% - ARM Floor = Margin
Interest Only	• IO Period: 120 Months • Loan Term: 360 Months • Qualifying Term: Loan Term (360 months) • Available Products: 5/1 ARM, 7/1 ARM, 30 Year Fixed • Maximum LTV/CLTV: 70% • Minimum FICO: 660
Compliance	• Impounds are required • Points and Fees may not exceed 5% • Loans considered high-cost by Federal or State law are not eligible for purchase
Interested Party Contributions	• May not exceed 3%
Eligible States	• DC, MD, and NJ restricted to a 660 minimum FICO
Financed Properties	• No limit on financed properties; exposure to a single borrower not to exceed $3,000,000 or 6 properties; • Add 2 months reserves for each additional financed property (including departure residence). Total reserve requirement is not to exceed 12 mo. Requirement is not applicable when there is no reserve requirement
Residency	• US Citizen; Permanent resident alien; Non-permanent resident alien
Appraisal	• Appraisal should be dated no more than 120 days prior to the Note Date. After a 120-day period, a re-certificatiion of value is acceptable up to 180 days. New appraisal is required after 180 days. • Condition rating must be C4 or lower; Quality rating of Q5 or below is acceptable. • Second Appraisal from Clear Capital or Assurance is required when any of the following conditions exist. The lower of the two "Appraised Value" is used and the second appraisal must be from a different company and appraiser than the first appraisal. - Loan Amount exceeds $1,500,000 - Transaction is a flip as defined in the Property Flipping section **Appraisal Review:** - CDA from Clear Capital is required on all transactions; or - A field review or 2nd appraisal from Approved AMC is acceptable. Source of the appraisal review product may not be the same AMC used for the appraisal. • If the CDA reflects a value more than 10% below the appraised value or cannot provide a validation, the next option in the review must be followed which is a field review or 2nd appraisal.