Profit and Loss Only

Primary Residence					
1-4 Unit/Condo P/RT					
Credit Score	$750,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
720+	80%	80%	80%	80%	80%
700 - 719	80%	80%	80%	80%	75%
680 - 699	75%	75%	75%	70%	60%
660 - 679	65%	65%	65%	60%	NA
1-4 Unit/Condo C/O					
Credit Score	$750,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
720+	70%	70%	70%	70%	70%
700 - 719	70%	70%	70%	70%	65%
680 - 699	70%	70%	70%	65%	50%

Second Residence					
1 Unit/Condo P/RT					
Credit Score	$750,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
720+	75%	75%	75%	75%	75%
700 - 719	75%	75%	75%	75%	70%
680 - 699	70%	70%	70%	65%	55%
660 - 679	60%	60%	60%	55%	NA
1 Unit/Condo C/O					
720+	65%	65%	65%	65%	65%
700 - 719	65%	65%	65%	65%	60%
680 - 699	65%	65%	65%	60%	NA

Investment/Business Purpose					
1-4 Unit/Condo P/RT					
Credit Score	$750,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
720+	75%	75%	75%	75%	75%
700 - 719	75%	75%	75%	75%	70%
680 - 699	70%	70%	70%	65%	55%
660 - 679	60%	60%	60%	55%	NA
1-4 Unit/Condo C/O					
Credit Score	$750,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
760+	65%	65%	65%	65%	65%
740 - 759	65%	65%	65%	65%	65%
720 - 739	65%	65%	65%	65%	65%
700 - 719	65%	65%	65%	65%	60%
680 - 699	65%	65%	65%	60%	NA

Reserves

Loan Amount	≤ $1,000,000	3 Months
	$1,000,001 - $2,000,000	6 Months
	> $2,000,000	9 Months
DTI > 43%		Additional 3 Months
Other Mortgages Appearing on the Borrower's Credit Report		Additional 3 Months*
Max Reserves Required Per Transaction LTV > 65%		18 Months
Max Reserves Required Per Transaction LTV ≤ 65%		9 Months

* Based on the PITIA of the Subject Property

Eligibility

Eligible Borrowers	• US Citizen
	• Permanent Resident Alien
	• Non-Permanent Resident Alien
	  ○ Borrower has a Social Security Number (SSN) and a current verified status, which may be documented by a valid employment authorization card or
	  ○ Visa types allowed: E-1, E-2, E-3, EB-5, G-1 through G-5, H-1, L-1, NATO, O-1, R-1, TN NAFTA (SSN Required)

Occupancy	• Primary • Second Home • Investment
Product Offering	• 5/6 ARM • 5/6 ARM 10 Year IO (40 Year Term) • 5/6 ARM 10 Year IO (30 Year Term) • 30 Year Fixed Rate Mortgage • 30 Year Fixed Rate Mortgage (10-year Interest only) • 40 Year Fixed Rate Mortgage (must include a 10-year Interest only period)
Min | Max	$125,000 | $2.5M
Property Types	• Single Family Detached • Single Family Attached • 2-4 Unit Residential Properties • Warrantable Condos • Non-Warrantable (check eligibility) • PUDs
Age of Documentation	• Credit Report – 120 days from the Note date • Income-60 days from the Note date • Assets- 60 days from the Note date • Appraisal- 120 days, 180 days with a recert of value • Preliminary Title 90 days from the Note date
LTV Adjustments	• Max 75% LTV IO • Max 80% LTV 2-4 Units • 10% reduction to max LTV for loans with a gift of equity • Cash in hand limited to $500,000 for LTV's greater than 60%

Credit

Credit Score	The Qualifying Credit Score is the credit score of the Borrower with the greatest income among all Borrowers. If there is no greatest income earner due to the Borrowers having equal income the lower Qualifying Score amount among those Borrowers. The Qualifying Credit Score for a Borrower is • the middle score for Borrowers with three Credit Scores, • the lower score for Borrowers with two Credit Scores. If a non-occupying co Borrower is being used to qualify for the loan the Qualifying Credit Score will be the lower of credit score for the occupying Borrower with the greatest income and the non-occupying co Borrower. Min FICO Qualifying Borrower: 660
Tradelines	• 3 tradelines reporting for 12 months. • 2 of the 3 tradelines must have been active in the last 12 months. The following are eligible tradelines. • Any account reported by Experian Trans Union or Equifax • Verification of mortgage in accordance with these guidelines • Verification of rent in accordance with these guidelines • Verification of installment debt in accordance with these guidelines

Mortgage and Housing History Requirements	No Borrower may be more than 1x30x12 or 0x30x6 on any mortgage or rental payment for a property located in the United States.
	
	All borrowers must document their current housing payment history for the most recent 12 months. If the credit report does not reflect the current housing payment history, the following documentation is required:
	• Mortgage and/or HELOC payments:
	  ○ Loan payment history from the servicer or third-party verification service,
	  ○ Verification of mortgage (VOM) from an institutional lender OR most recent 12 months cancelled checks or bank statements
	  ○ Verification of mortgage (VOM) from a private lender OR 12 months cancelled checks or bank statements.
	• Owned free and clear:
	  ○ Most recent 12 months property taxes paid on time
	• Rent payments:
	  ○ Canceled checks can be provided. In lieu of cancelled checks, the lender may use the borrower's bank statements, copies of money orders or other reasonable methods for documenting timely housing payments. The documentation must clearly indicate the payee and amount being paid and reflect the payments were made on a consistent basis for the last 12 months; or
	  ○ Direct Verification of payment of rent from the landlord, both Canceled checks can be provided. In lieu of cancelled checks, the lender may use the borrower's bank statements, copies of money orders or other reasonable methods for documenting timely housing payments. The documentation must clearly indicate the payee and amount being paid and reflect the payments were made on a consistent basis for the last 12 months; or
	  ○ Direct Verification of payment of rent from the landlord, both individual and management companies for the 12 months landlords and management companies for the 12 months
	
	• First time homebuyer living rent free:
	  ○ Only permitted on primary residence transactions

Derogatory Credit	The seasoning requirement for derogatory credit is four years for Bankruptcy, Foreclosure, Short Sale/Deed in lieu. The length of time will be measured based on the below: • Bankruptcy will be measured by discharge/dismissal date to the Note date. • Foreclosure will be measured by settlement date to the Note date, unless included in a bankruptcy then the discharge date of the bankruptcy to the Note date will be used. • Short Sale/Deed-in-lieu will be measure by the completion date to the Note date unless included in a bankruptcy then the discharge date of the bankruptcy to the Note date will be used. Forbearance, loan modifications, or deferrals are treated as a short sale / deed-in-lieu for eligibility and pricing purposes. Any loan in forbearance or a deferral due to COVID-19 is not considered derogatory credit and is still eligible for purchase by Logan at standard LTV and reserves if one of the following is true: • The loan is fully reinstated meaning the deferred balance was paid in full and the source of the funds used to pay the deferred balance has been sourced to an allowable asset in accordance with section 8 of these underwriting guidelines, and the borrower has made at a minimum the last 3 months consecutive payments • The Borrower has exited the forbearance or deferment and has made at least 6 months consecutive payments Any loan payment history that appears to reflect the above may require additional documentation, such as canceled checks or bank statements to show payments were made
Income	
Max DTI	50%
Qualifying Mortgage Payment	Higher of the fully indexed rate or the note rate amortized over the amortization period plus the monthly real estate taxes, insurance, and association dues.
Required History of Self-Employment	To be eligible for the P&L program at least one Borrower must be self-employed for at a minimum of two years prior to the Note date. In order to be considered self-employed for the P&L program the Borrower must be at a minimum 50% owner in the business the income is derived from. Self-employment length and ownership percentage must be documented by one of the following ways: • Letter from a CPA, EA or CTEC
Calculating Income	The Profit and loss must be prepared by a Certified Public Accountant (CPA), an IRS Enrolled Agent (EA) or CTEC for each business the Borrower will be utilizing for qualifying. The file must be documented that the CPA is currently licensed in their state, or in the case of an EA or CTEC is active on the IRS website. The CPA EA, or CTEC must attest that they have prepared the Borrower's tax returns for the year(s) P&L(s) they have provided. In addition, the P&L statement must be signed and dated by the borrower, and the CPA, EA or CTEC within 60 days of the Note Date. The profit and loss must contain itemized expense and must be reasonable for the industry for the Borrower's line of work. A letter of explanation detailing the service the business provides must be included in the loan file. **1 Year Option** Profit and Loss for the most recent 12 months dated no earlier than 60 days prior to the note date. To calculate the income from the Year-to-Date Profit and Loss Seller must take the sum of the following: • Net income • Depreciation, • Depletion, • Amortization • Salary or Distribution paid to the Borrower by the Business The sum must then be divided by 12 and used as the qualifying income. In addition, to the Profit and Loss Statement, 3 months bank statements are required. The average revenue for the 3 months bank statements must be within a 10% variance of the average monthly revenue on the P&L. If the 10% threshold is not met additional months bank statements may be added to meet the threshold. **2 Year Option** Profit and Loss for the most recent 12 months no earlier than 60 days prior to the note date and Profit and Loss for the year prior to the most recent 12 month Profit and Loss To calculate the income from the most recent calendar year and the prior calendar year Profit and Loss, the Seller must take sum of the following: • The Net income • Depreciation, • Depletion, • Amortization • Salary paid to the Borrower The sum must then be divided by twelve for each year's Profit and Loss The income trend must be considered when documenting the Borrower's income. If the income is increasing from the prior year to the most recent calendar year the average income for qualify. If the income is declining from the prior year to the most recent year the income from the most recent year must be used for qualifying. In addition, to the Profit and Loss Statement, 3 months bank statements are required. The average revenue for the 3 months bank statements must be within a 10% variance of the average monthly revenue on the P&L for the most recent year. If the 10% threshold is not met additional months bank statements may be added to meet the threshold.

Supplemental Income

- Salary and Wages
  - Most recent 30 days' pay stubs and previous year(s) W2 from the Borrower/co Borrower's non-self-employed income.

- Rental income
  - Copy of the current lease and 2 months proof of rent receipts, if the property is newly rented then the receipt of first month's rent and security deposit must be documented. 75% less the PITIA must be used to calculate the income/loss.

- Alimony or Child Support
  - Document the support will continue for at least 3 years by one of the following:
    - Copy of divorce decree or separation agreement.
    - Other type of written legal agreement or court decree
  - Document at least six months receipt of full payments made consistently.

- Disability Income
  - Obtain a copy of the Borrower's disability policy or benefits statement. This will determine current eligibility for the benefits, amount and frequency of payments, current proof of receipt, and if there is a contractually established termination or modification date.
  - Generally, long-term disability will not have a defined expiration date and should be expected to continue. If the Borrower is receiving short-term disability that will decrease within the next three years because of a conversion to long-term disability, the amount of long-term must be used as income to qualify the Borrower. If the Borrower is receiving short-term disability that will decrease in the near term due to a return to work, the following is also required:
    - A signed letter from the Borrower stating the intent to return to work once the disability no longer exists.
    - Verification from the employer stating that the Borrower will be allowed to return to work once the disability no longer exists.

- Foster Care Income
  - Income received from a state or county sponsored organization for providing temporary care for one or more children may be considered acceptable stable income if the following requirements are met:
    - Verify the foster-care income with letters of verification from the organizations providing the income.
    - Document that the Borrower has a two-year history of providing foster-care services.
    - If the Borrower has not been receiving this type of income for two full years, the income may still be counted as stable income if the Borrower has at least a 12-month history of providing foster-care services.
    - The income may not represent more than 30% of the total gross income that is used to qualify for the mortgage loan.

- Notes Receivable Income
  - Verify that the income can be expected to continue for a minimum of three years from the date of the mortgage Note. Obtain a copy of the Note to establish the amount and length of payment. Document regular receipt of income for the most recent twelve months using either cancelled checks or bank statements. Payments on a Note executed within the past 12 months, regardless of the duration, may not be used as stable income.

- Pension, Retirement, Annuity
  - Document regular and continued receipt of the income, as verified by letters from the organizations providing the income, copies of retirement award letters, or 1099 forms, along with at least a one-month proof of current receipt.
  - If retirement income is paid in the form of a distribution from a 401(k), IRA, or Keogh retirement account, determine whether the income is expected to continue for at least three years after the date of the mortgage Note. In addition, the Borrower must have unrestricted access to the accounts without penalty.

- Royalty Income
  - Obtain copies of the following:
    - Royalty contract, agreement, or statement confirming amount, frequency, and duration of the income.
    - Confirm that the Borrower has received royalty payments for at least twelve months and that the payments will continue for a minimum of three years after the date of the mortgage Note.

- Social Security Income
  - Social Security income for retirement or long-term disability, drawn by the Borrower from his or her own account/work record, will not have a defined expiration date and should be expected to continue. Eligibility needs to be documented with either a copy of the retirement, disability, or supplemental award letter, along with at least one month proof of receipt. Benefits based upon another person's account for retirement, disability, or supplemental income require a copy of the award letter, current proof of receipt, and evidence of a three-year continuance.

- Trust Income
  - Confirm the trust income by obtaining a copy of the trust agreement or the trustee's statement confirming the following:
    - The Borrower is a beneficiary.
    - The amount, frequency, and duration of the payments.
    - The trust income will continue for at least three years from the date of the mortgage Note.

    Obtain a copy of the Borrower's bank statements verifying receipt of the income.
- VA Benefit Income
  - Document the Borrower's receipt of Veteran Administration (VA) benefits with a letter or distribution form from the VA, along with a one-month proof of receipt. Verify that the income can be expected to continue for a minimum of three years from the date of the mortgage Note. (Verification is not required for VA retirement or long-term disability benefits.) Education benefits are not acceptable income because they are offset by education expenses.

Assets and Gifts

Asset Seasoning	• Assets must be sourced and seasoned for 60 days
Allowable Assets	• Account statements (bank, credit union, brokerage, etc.) covering the seasoning period for the applicable program. • Stocks/bonds/mutual funds – 70% of stock accounts may be considered in the calculation of assets for closing and 100% may be used for reserves. • Vested retirement account funds – 70% may be considered for down payment and closing costs.. If the Borrower is using vested retirement account for reserves 100% of the value can be used. • Life insurance and annuities- the surrender value of life insurance and annuities can be used to meet the reserve requirements. • Business funds may be used for down payment, closing costs and reserves. The Borrower must be listed as an owner of the account, and the account needs to be verified according to the above requirements. A CPA letter must be included in the credit file that the withdrawal will not harm the financial strength of the business is only required if income from that business is being used to qualify in the Borrower's debt to income ratio calculation. • The ending balance of business funds used may be the lessor of 100% of the ending balance or the percent of business ownership of the ending balance. If the loan is vesting in the name of the business 100% of the business funds may be used. • Cash-out proceeds can be used to meet the reserve requirement
Ineligible Assets	• Non-vested or restricted stock accounts are not eligible for use as down payment or reserves. • Any assets which produce income or are used as income already included in the income calculation are not eligible for use as down payment or reserves. • Assets/funds held outside the U.S. • Cash-on-hand • Sweat equity • Grant funds • Down payment assistance programs • Unsecured loans or cash advances • Crypto Currency
Gift Funds/Eligible Donors	• Gift funds are permitted for down payment and closing costs only. • No minimum contribution from the Borrower is required. • 10% Reduction to max LTV with a gift of equity • Gift of equity not permitted on a 2nd Home or Business Purpose/Investment Properties A gift can be provided by: • a relative, defined as the Borrower's spouse, child, or other dependent, or by any other individual who is related to the Borrower by blood, marriage, adoption, or legal guardianship; or • A non-relative that shares a familial relationship with the borrower defined as a domestic partner (or relative of the domestic partner), individual engaged to marry the borrower, former relative or God parent • • The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction.

Additional Information

Eligible Vesting	• Individuals • Tenants in common • Joint tenants • Inter vivos revocable trust • LLC/Corporation (Business Purpose Loans ONLY)
Prepayment Penalty	• Required on business purpose loans/investment properties ONLY • 1, 2, and 3Year Options Available • If the state does not allow prepayment penalty, the prepayment penalty must be bought-out
Limitation on Financed Properties	• Capped at 6 loans or $5,000,000 (whichever comes first)
Multiple Appraisals/Desk Review	A second appraisal is required when any of the following conditions exist: • The loan balance exceeds $2,000,000. • The transaction is a flip as defined in the Property Flipping section of this guide. • As required under the Appraisal Review Products section of this guide. • When a second appraisal is provided, the transaction's "Appraised Value" will be the lower of the two appraisals. The second appraisal must be from a different appraiser than the first appraisal. An enhanced desk review product is required and will be ordered by Logan from any of the following: ○ ARR from Pro Teck ○ CDA from Clear Capital or ○ FNMA Collateral Underwriter (CU) with a score of ≤ 2.5 ○ If two appraisals are ordered an enhanced desk review is not required