



Luzi Closed End Second – 2nd Lien Luzi Standard and Alt Doc

Standard Doc – Maximum CLTV

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$350,000	740	90	80	75
	700	85	80	65
	680	75	75	NA
\$500,000	740	85	75	75
	700	85	75	65
	680	75	70	NA
\$750,000	740	80	75	NA
	700	80	70	NA
	680	75	65	NA

Bank Statement and 1099 – Maximum CLTV

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$350,000	740	85	75	70
	700	80	70	60
	680	75	65	NA
\$500,000	740	80	70	65
	700	75	65	60
	680	70	60	NA
\$750,000	740	75	65	NA
	700	70	60	NA
	680	65	55	NA

WVOE and P&L Statement with 2 Mo Bank St – Maximum CLTV

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$350,000	740	80	70	70
	700	75	65	60
	680	70	60	NA
\$500,000	740	75	65	65
	700	70	60	60
	680	65	55	NA
\$750,000	740	70	60	NA
	700	65	55	NA
	680	60	50	NA

Property Type

- Single Family: Attached, Detached
- 2-4 Unit: Max CLTV 75%
- Condominium: Max CLTV 80%
- Not Eligible:** Rural, Condotel

Housing History	Credit Event Seasoning	Forbearance, Modification, or Deferral	First Time Homebuyer
0x30x12	BK/FC/SS/DIL/PreFC/MC/NOD: >= 48 Mo	> 12 Mo	Not Allowed

State Eligibility

- Ineligible States: TX
- Ineligible Locations:
 - Investor occupancy in Baltimore City, MD, and **Philadelphia County, PA**
 - Puerto Rico, Guam, & the US Virgin Islands
- State Overlays for CT, FL, IL, NJ, NY:
 - Single Family, Condominiums: Max CLTV 80%, min credit score 720
 - 2-4 Unit: Max CLTV 75%, min credit score 720

Declining Market

If the appraisal report identifies the property in a declining market, the maximum CLTV is limited to 80% for all transactions.

General Requirements

Product and Term	<ul style="list-style-type: none"> Fixed Rate Terms: 10, 15, 20, 25, 30 years 30/15 Balloon: 30 year fully amortized term with 15 year balloon term <ul style="list-style-type: none"> Amortization term on the Note is 360 months but the qualifying amortization term for the debt-to-income ratio is based upon 180 months
Interest Only	<ul style="list-style-type: none"> Occupancy: Primary residence only Max CLTV 80% Terms: <ul style="list-style-type: none"> 20 Year Fixed Rate Term: 3 year interest only with 17 year amortization 30 Year Fixed Rate Term: 3 year interest only with 27 year amortization Qualification based upon remaining term (amortized) after expiration of interest only period
Loan Amounts	<ul style="list-style-type: none"> Min: \$50,000 • Max: \$750,000
Combined Loan Balance	<ul style="list-style-type: none"> The CLTV of the combined loan balances are restricted as follows: <ul style="list-style-type: none"> Combined loan balance > \$2,000,000 – maximum 80% CLTV Combined loan balance > \$3,000,000 – maximum 75% CLTV Maximum combined loan balance for all liens not to exceed \$4,000,000



Closed End Second – 2nd Lien Luzi Standard and Alt Doc, continued

General Requirements, continued	
Loan Purpose	<ul style="list-style-type: none"> Stand-Alone Cash-Out (minimum ownership of 6 months required) Simultaneous Purchase, First Lien must be an Agency-eligible loan
Occupancy	<ul style="list-style-type: none"> Primary, Second Home, Investment
Cash-In-Hand	<ul style="list-style-type: none"> Max: \$750,000
Eligible Borrower	<ul style="list-style-type: none"> U.S. Citizen Permanent Resident Alien Non-Permanent Resident Alien: Max 80% CLTV
Ineligible Loan Features	<ul style="list-style-type: none"> Lien Free Properties – if the subject property is lien free, including delayed financing, ineligible. Unseasoned cash-out – if the existing lien is a cash-out, measured within six (6) months of the note date to note date. Frequent Refinances – Two (2) or more cash-out refinances in the past twelve (12) months.
Eligibility Criteria	<ul style="list-style-type: none"> For criteria not referenced in this matrix, follow the Closed End Second chapter in the Non-Agency Seller Guide
First Lien Eligibility	
First Lien Documentation Requirements	<ul style="list-style-type: none"> First lien documentation requirements, all of the following apply: <ul style="list-style-type: none"> Copy of 1st lien Note <ul style="list-style-type: none"> Default interest rate on Note cannot exceed Note rate If Interest Only and/or ARM, terms of the Note to be reviewed (See DTI Requirements) Copy of most recent monthly mortgage payment statement <ul style="list-style-type: none"> Utilized to determine if payment includes escrows (See DTI Requirements)
First Lien Qualifying Payment	<ul style="list-style-type: none"> First lien qualifying payment for the debt-to-income (DTI) ratio: <ul style="list-style-type: none"> Stand-Alone Cash-Out Transaction: Use the mortgage payment verified on the credit report. Simultaneous Purchase Transaction: <ul style="list-style-type: none"> Fixed Rate: Note rate amortized over the total loan term. Adjustable Rate Mortgage (ARM): Qualifying rate is the higher of the fully indexed rate or the Note rate. Interest Only (Fixed/ARM): Qualifying rate is amortized over the remaining term after the expiration of the interest only period.
Ineligible First Liens	<ul style="list-style-type: none"> Ineligible First liens with high-risk features include, but are not limited to: <ul style="list-style-type: none"> Forbearance, modifications, or deferrals completed or reinstated within 12- months of the Note date Loans in active forbearance or deferment Negative amortization including loans with Paid-In-Kind (PIK) features Balloon, if the balloon payment becomes due during the amortization period of the new 2nd lien Reverse Mortgages Loans secured by more than one underlying property, including cross collateralized loans or blanket mortgages Home Equity Line of Credit Note with default interest rate greater than the Note rate
Income Requirements	
Standard Doc	<ul style="list-style-type: none"> Wage/Salary: Paystubs, 1-year or 2-years W-2's, IRS Form 4506-C, Verbal VOE Self-Employed: 1-year or 2-years of Personal and Business (If applicable) Tax Returns, YTD P&L, IRS Form 4506-C
Personal Bank Statements	<ul style="list-style-type: none"> 12- or 24-months of personal and 2-months of business bank statements Qualifying income is determined by the total eligible deposits from the 12- or 24-months of personal statements divided by the number of statements The business bank statements must reflect business activity and transfers to the personal account
Business Bank Statements	<ul style="list-style-type: none"> 12 or 24-months of business bank statements. Qualifying income is determined by one of the following analysis methods: <ul style="list-style-type: none"> Fixed Expense Ratio (50%) Expense ratio provided by a Third party (CPA, EA, or tax preparer) with min ratio of 10% Third party prepared Profit & Loss Statement (CPA, EA, or tax preparer)
P&L Statement with Two Months Bank Statements	<ul style="list-style-type: none"> 12- or 24-months CPA/EA/CTEC/Tax Attorney prepared Profit & Loss Statement CPA/EA/CTEC/Tax Attorney must attest they have completed or filed the borrower's most recent business tax return Two (2) months business bank statements for the most recent two (2) months reflected on the P&L Statement Max CLTV 80%
Written VOE	<ul style="list-style-type: none"> FNMA Form 1005 Two (2) most recent months of personal bank statements reflecting deposit(s) from employer on each of the statements Max CLTV 80%
IRS Form 1099	<ul style="list-style-type: none"> 1-year or 2-years 1099 Fixed Expense Ratio of 10% YTD documentation to support continued receipt of income
Desktop Underwriter (DU) or Loan Product Advisor (LPA)	<ul style="list-style-type: none"> Final AUS findings must be included in the loanfile <ul style="list-style-type: none"> Fannie Mae: DU Approve/Eligible, or Freddie Mac: LPA Accept/Eligible Ineligible, Caution, or Refer with Caution not allowed For simultaneous purchase transactions only Findings permitted to be used for income, asset, and liability documentation Appraisal must follow the requirements of this program (appraisal waiver option from findings not eligible) Max DTI based upon CLTV restrictions for this program. See DTI Requirements.



Closed End Second – 2nd Lien Luzi Standard and Alt Doc, continued

Property Requirements			
Acreage	<ul style="list-style-type: none"> Property up to 10 acres, not meeting the rural definition, eligible 		
Appraisal Requirements	<ul style="list-style-type: none"> HPML loans that are not Qualified Mortgages require a full appraisal report with an interior inspection, regardless of loan balance Any simultaneous transaction requires a full appraisal with an interior inspection Transferred appraisals are eligible Primary Valuation and Secondary Valuation are required for all loan files. Primary Valuation: <ul style="list-style-type: none"> Primary Valuation - Loan Amount <=\$400,000: See Non-Agency Seller Guide for requirements Primary Valuation - Loan Amount >\$400,000: Full appraisal report with an interior inspection is required, see Non-Agency Seller Guide for requirements Secondary Valuation (Appraisal Review): See Non-Agency Seller Guide for requirements 		
Listing Seasoning	<ul style="list-style-type: none"> Properties currently listed for sale or previously listed for sale within the past 6-months are not eligible 		
Title Requirements	<ul style="list-style-type: none"> Title Report: <ul style="list-style-type: none"> Loan Amount <= \$250,000: See Non-Agency Seller Guide for requirements Loan Amount > \$250,000: Title Insurance is required, see Non-Agency Seller Guide for requirements Ownership Seasoning: Subject property must be owned a minimum of 6-months (on title) to be eligible Existing Subordinate Liens: All existing subordinate liens must be satisfied except for solar panels, see Solar Panels section of the Non-Agency Seller Guide. <ul style="list-style-type: none"> All Solar Panel loans and leases with PACE/HERO financing must be paid off. 		
Flood Certificate and Flood Insurance	<ul style="list-style-type: none"> Flood determination required for every loan file Properties within a flood zone require evidence of insurance coverage in accordance with the HFIAA Loss payee clause must reflect seller as additional insured 		
Hazard Insurance	<ul style="list-style-type: none"> Hazard Insurance coverage must provide for claims to be settled on a replacement cost basis Loss payee clause must reflect seller as additional insured 		
Escrows	<ul style="list-style-type: none"> Escrows for taxes and insurance are not permitted for second lien programs 		
Underwriting Requirements			
Credit Score	<ul style="list-style-type: none"> Use representative credit score of the borrower with the highest qualifying income <ul style="list-style-type: none"> Representative score for each borrower is the lower of two (2) or middle of three (3) credit scores 	Tradelines	<ul style="list-style-type: none"> Min: 2 reporting 24-months with/activity in the last 12-months or 3 reporting 12-months w/recent activity If the primary borrower has three (3) credit score, the minimum tradeline requirement is waived
Assets	<ul style="list-style-type: none"> Min of 30-day asset verification required if funds are needed to consummate the transaction 	Reserves	<ul style="list-style-type: none"> Simultaneous Purchase Transactions: Follow First lien requirements Stand-Alone Cash-Out Transactions: None required
Gift Funds	<ul style="list-style-type: none"> Simultaneous Purchase Transactions: Follow First lien requirements 	DTI Requirements	<ul style="list-style-type: none"> Maximum DTI ratio: <ul style="list-style-type: none"> 50% DTI for CLTV less than or equal to 80% 45% DTI for CLTV greater than 80%
Document Age - Property	<ul style="list-style-type: none"> Appraisal, Title Report (or O&E): 120-days AVM: 90-days 	Document Age - Credit	<ul style="list-style-type: none"> 120-days
Prepayment Penalty – Investment Property Only	<ul style="list-style-type: none"> Acceptable Structures include the following: <ul style="list-style-type: none"> Fixed percentage of no less than 3% Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years Example: (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%) Six (6) months of interest on prepayments that exceed 20% of the original principal balance in a given 12-month time period Prepayment periods up to 5-Years eligible, see rate sheet 		
	<ul style="list-style-type: none"> AK, KS, MI, MN, NM, OH, RI, VA: Penalties not allowed IL, NJ: Penalties not allowed on loans vested to individuals MD: Penalties not allowed on second liens less than \$75,000 MS: Only declining prepayment penalty structures are allowed PA: Penalties not allowed on 1-2 unit loans with a loan amount less than or equal to the base figure (\$329,411 for 2026; adjusted annually). This restriction applies to business purpose loans whether vested to an individual or an entity. 3+ unit loans, or with a loan amount greater than \$329,411 are not subject to prepayment restrictions. 		



Luzi Home Equity Line of Credit (HELOC) – Standard and Alt Doc

Standard Doc – Maximum HCLTV

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$250,000	740	90	75	70
	700	85	75	65
	680	75	75	NA
\$350,000	740	85	75	65
	700	85	75	65
	680	75	70	NA
\$500,000	740	75	75	NA
	700	75	70	NA
	680	75	65	NA

Bank Statement – Maximum HCLTV

Loan Amount	Credit Score	Primary Residence	Second Home	Investment
\$250,000	740	80	75	70
	700	75	70	65
\$350,000	740	75	75	65
	700	75	70	65
\$500,000	740	75	70	NA
	700	70	65	NA

Property Type

- Single Family: Attached, Detached
- 2-4 Unit: Max HCLTV 80%
- FNMA Warrantable Condo: Max HCLTV 80%
- Not Eligible:** Rural, Non-Warrantable Condominium, Condotel

Housing History	Credit Event Seasoning	Forbearance, Modification, or Deferral	First Time Homebuyer
0x30x12	BK/FC/SS/DIL/PreFC/MC/NOD: >= 84 Mo Multiple Derogatory Events: >= 84 Mo	> 12 Mo	Not Applicable

State Eligibility

- Ineligible States: TX
- Ineligible Locations:
 - Investor occupancy in Baltimore City, MD, and **Philadelphia County, PA**
 - Puerto Rico, Guam, & the US Virgin Islands
- State Overlays for CT, FL, IL, NJ, NY: Max HCLTV 80%, min credit score 720
- TN: Maximum total loan term is 15 years

Declining Market

If the appraisal report identifies the property in a declining market, the maximum HCLTV is limited to 80% for all transactions.

General Requirements

Product and Term	<ul style="list-style-type: none"> Variable Rate Terms: 15, 20, 25, 30 years <ul style="list-style-type: none"> Index: Prime as published in the Wall Street Journal (daily) Margin: See Rate Sheet Floor Rate: 4.0 Maximum Rate: 18% Daily Periodic Interest Rate: Index plus Margin Finance Charges: Interest accrues on the day of an advance and continues until the outstanding balance is paid in full. Interest is calculated daily based upon the Daily Periodic Rate and the daily balance. Draw Period: 2 year, 3 year, or 5 year Minimum Payment: <ul style="list-style-type: none"> Draw Period: Interest only calculation, greater of accrued interest or \$100 Repayment Period: Amortizing principal and interest payment based upon the maximum line amount, repayment term, current rate (Index plus Margin)
Qualifying Payment for Subject Loan	<ul style="list-style-type: none"> Qualifying Payment for Subject Loan: Amortizing principal and interest payment based upon the maximum line amount, repayment term, current rate (Index plus Margin)
Advances	<ul style="list-style-type: none"> Initial Advance: Minimum 50% of total line amount Minimum Advance: \$1,000.00 Maximum Advance: Line amount Lock-out Period: Advances not available for a period of 90-days after closing to allow for servicing transfer HELOC Purchase and Settlement by Azuza LLC: Azuza LLC uses the initial advance at the time of purchase to determine final settlement price. If the initial advance has been paid down by the borrower prior to purchase by Azuza LLC, the final settlement price will be based on the current HELOC balance.
Responsible Lending	<ul style="list-style-type: none"> Ineligible loans include State High Cost and HOEPA Points/Fees not to exceed 5%
Loan Amounts	<ul style="list-style-type: none"> Min: \$50,000 Max: \$500,000
Home Equity Combined Loan to Value (HCLTV)	<ul style="list-style-type: none"> Maximum line amount of the HELOC combined with the total outstanding balance of the first lien are used for the HCLTV ratio
Combined Loan Balance	<ul style="list-style-type: none"> Maximum line amount of the HELOC combined with the total outstanding balance of the first lien not to exceed \$2,000,000
Loan Purpose	<ul style="list-style-type: none"> Stand-Alone Cash-Out (minimum ownership of 12 months required)
Occupancy	<ul style="list-style-type: none"> Primary, Second Home, Investment



Luzi Home Equity Line of Credit (HELOC) – Standard and Alt Doc, continued

General Requirements, continued			
Cash-In-Hand	<ul style="list-style-type: none"> Max: \$500,000 		
Eligible Borrower	<ul style="list-style-type: none"> U.S. Citizen Permanent Resident Alien 		
Vesting	<ul style="list-style-type: none"> Vesting in an entity is ineligible 		
Ineligible Loan Features	<ul style="list-style-type: none"> Lien Free Properties – if the subject property is lien free, including delayed financing, ineligible. Unseasoned cash-out – if the existing lien is a cash-out, measured within six (6) months of the note date to note date. Frequent Refinances – Two (2) or more cash-out refinances in the past twelve (12) months. 		
Eligibility Criteria	<ul style="list-style-type: none"> For criteria not referenced in this matrix, follow the HELOC chapter of the Non-Agency Seller Guide 		
First Lien Eligibility			
First Lien Documentation Requirements	<ul style="list-style-type: none"> First lien documentation requirements, all of the following apply: <ul style="list-style-type: none"> Copy of 1st lien Note <ul style="list-style-type: none"> Default interest rate on Note cannot exceed Note rate If Interest Only and/or ARM, terms of the Note to be reviewed (See DTI Requirements) Copy of most recent monthly mortgage payment statement <ul style="list-style-type: none"> Utilized to determine if payment includes escrows (See DTI Requirements) 		
First Lien Qualifying Payment	<ul style="list-style-type: none"> First lien qualifying payment for the debt-to-income (DTI) ratio: <ul style="list-style-type: none"> Fixed Rate: Note rate amortized over the total loan term. Adjustable Rate Mortgage (ARM): Qualifying rate is the higher of the fully indexed rate or the Note rate. Interest Only (Fixed/ARM): Qualifying rate is amortized over the remaining term after the expiration of the interest only period. 		
Ineligible First Liens	<ul style="list-style-type: none"> Ineligible First liens with high-risk features include, but are not limited to: <ul style="list-style-type: none"> Forbearance, modifications, or deferrals completed or reinstated within 12- months of the Note date Loans in active forbearance or deferment Negative amortization including loans with Paid-In-Kind (PIK) features Balloon, if the balloon payment becomes due during the amortization period of the new 2nd lien Reverse Mortgages Loans secured by more than one underlying property, including cross collateralized loans or blanket mortgages Home Equity Line of Credit Note with default interest rate greater than the Note rate 		
Income Requirements			
Standard Doc	<ul style="list-style-type: none"> Wage/Salary: Paystubs, W-2's, 1-year or 2-years Tax Returns, IRS Form 4506-C, Verbal VOE Self-Employed: 1-year or 2-years Personal and Business Tax Returns, YTD P&L, IRS Form 4506-C 		
Personal Bank Statements	<ul style="list-style-type: none"> 12- or 24-months of personal and 2-months of business bank statements. Qualifying income is determined by the total eligible deposits from the 12- or 24-months of personal statements divided by the number of statements. The business bank statements must reflect business activity and transfers to the personal account. 		
Business Bank Statements	<ul style="list-style-type: none"> 12- or 24-months of business bank statements. Qualifying income is determined by one of the following analysis methods: <ul style="list-style-type: none"> Fixed Expense Ratio (50%) 		
Property Requirements			
Acreage	<ul style="list-style-type: none"> Property up to 10 acres, not meeting the rural definition, eligible 		
Appraisal Requirements	<ul style="list-style-type: none"> Transferred appraisals are not eligible Primary Valuation: <ul style="list-style-type: none"> Primary Valuation - Loan Amount <=\$400,000: See Non-Agency Seller Guide for requirements Primary Valuation - Loan Amount >\$400,000: Full appraisal report with an interior inspection is required, see Non-Agency Seller Guide for requirements Secondary Valuation (Appraisal Review): Not required When a full appraisal report is obtained, new appraisal is required after 120 days. Appraisal Update 1004D is not allowed. 		
Listing Seasoning	<ul style="list-style-type: none"> Properties currently listed for sale or previously listed for sale within the past 6-months are not eligible 		
Title Requirements	<ul style="list-style-type: none"> Title Report: <ul style="list-style-type: none"> Loan Amount <= \$250,000: See Non-Agency Seller Guide for requirements Loan Amount > \$250,000: Title Insurance is required, see Non-Agency Seller Guide for requirements Ownership Seasoning: Subject property must be owned a minimum of 12-months (on title) to be eligible Existing Subordinate Liens: All existing subordinate liens must be satisfied Solar Panels: UCC filings associated with the subject property are ineligible 		
Flood Certificate and Flood Insurance	<ul style="list-style-type: none"> Flood determination required for every loan file Properties within a flood zone require evidence of insurance coverage in accordance with the HFIAA Loss payee clause must reflect seller as additional insured 		
Hazard Insurance	<ul style="list-style-type: none"> Hazard Insurance coverage must provide for claims to be settled on a replacement cost basis Loss payee clause must reflect seller as additional insured 		
Escrows	<ul style="list-style-type: none"> Escrows for taxes and insurance are not permitted for second lien programs 		
Underwriting Requirements			
Credit Score	<ul style="list-style-type: none"> Use the lowest representative score amongst all borrowers <ul style="list-style-type: none"> Representative score for each borrower is the lower of two (2) or middle of three (3) credit scores Rapid rescoring is not allowed 	Tradelines	<ul style="list-style-type: none"> All borrowers must have three (3) reporting with one (1) currently open and active for at least 24-months based on credit report pull date. Other two (2) reported for 12-months can be open or closed.
Assets and Reserves	<ul style="list-style-type: none"> Not applicable 	DTI Requirements	<ul style="list-style-type: none"> Maximum DTI ratio: <ul style="list-style-type: none"> 50% DTI for HCLTV less than or equal to 80% 45% DTI for HCLTV greater than 80%
Document Age - Property	<ul style="list-style-type: none"> Title Report (or O&E): 60-days Appraisal: 120-days AVM: 90-days 	Document Age - Credit	<ul style="list-style-type: none"> 120-days