



PR | Mortgage Investment

**PRMI PRIME DIRECT CORRESPONDENT
SELLER GUIDE**

EFFECTIVE DATE 3-31-2026

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Underwriting Basics

Eligible Loan Types	Mortgage loans secured by a first lien on a single-unit residential property located in the United States. Loan can be a 5/6, 7/6, 10/6 Adjustable-Rate-Mortgage amortized over a 30-year period or a 15-year fully amortizing fixed-rate mortgage. All ARM loans must be indexed to the 30-day Average SOFR as published daily by the Federal Reserve Bank of New York, or another index approved by PRMI (i.e., Treasuries).			
Borrower(s)	Borrower(s) primary source of income(s) must come from sources compliant with United States federal laws and any Principal Financial Group policies.			
Transaction Type	Minimum FICO Bands	Maximum Loan Amount	Max LTV / CLTV	Max Qualifying DTI
Purchase And Rate/Term Refinance	700 - 719	\$1,000,000	70%	40%
	720 - 739	\$2,000,000	80%	45%
	740+	\$3,000,000	80%	45%
Cash Out Refinance	720 - 739	\$1,000,000	65%	45%
	740 - 759	\$2,000,000	65%	45%
	760+	\$3,000,000	65%	45%
Minimum Loan Size	\$600,000			
First-Time Homebuyer Maximum Loan Amount	\$1,250,000. Minimum FICO score of 740.			
Purpose	<ul style="list-style-type: none"> • Purchase • Rate / Term Refinance – Incidental maximum cash out of \$5,000. • Cash Out Refinance. Maximum cash out of \$500,000. 			

Occupancy	Owner-occupied, primary residences only. Investment properties and second homes are not eligible .
Number of Properties Owned by Borrower(s)	Maximum number of residential properties owned by borrower(s) is five, which includes the subject property. For clarification purposes, the other residential properties owned by the borrower(s) includes those financed or unencumbered.
Property Type	Single family residences only. Can include warrantable condos, PUD, townhomes. Two-to four- unit properties and Cooperative units are not eligible.
Appraisals	<p>Appraisal no older than 120 days prior to the loan closing date is required. The appraisal must conform to generally accepted standards as evidenced by Uniform Standards of Professional Appraisal Practice (“USPAP”) and must comply with requirements of Fannie Mae or Freddie Mac.</p> <p>Note: For conforming loan balances, an appraisal is still required as noted above. Property inspection waivers are not allowed.</p>
Appraisal Reviews	<p>An appraisal desk review prepared by an approved vendor unaffiliated with the seller, originator or the original appraisal firm is required for the original appraisal used for the LTV calculation. Clear Capital, Stewart Valuation and Opteon are PRMI’s preferred vendors. If an appraisal desk review is not included in the file, PRMI will order one and the cost passed on to the seller. If an appraisal field review is required, and one is not in the file, the seller needs to order and provide to PRMI. Again, Clear Capital, Stewart Valuation and Opteon are PRMI’s preferred vendors.</p> <p>Below is the process to determine if the appraisal is acceptable.</p>
Declining Markets	If the qualifying appraisal indicates property values are declining, the maximum LTV/CLTV is reduced by 10%.

Departing Residences	If the borrower’s qualifying DTI is dependent upon leasing their departing residence, the loan is not eligible for purchase.
Ability-to-Repay (“ATR”) / Qualified Mortgages (“QM”) Documentation and Underwriting Requirements	<p>All loans must substantially comply with and be designated Safe Harbor QM (APR/APOR) and Verification Safe Harbor QM as defined by 12 CFR Part 1026.3 and any amendments to said rules. Seller must make a reasonable and good faith determination at or before the loan is closed the borrower(s) has reasonable ability to repay the loan as outlined in 12 CFR Part 1026.43.</p> <p>For Verification Safe Harbor QM, the documentation provided by the seller must, at minimum, comply with chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide (“Guide”), published June 3, 2020, and any subsequent updates to the Guide.</p>
Bankruptcy / Short Sales / Deeds-in Lieu / Loan Modification Due to Default / Other Derogatory Credit Events (Tax Liens, Collection Items, Judgements)	7 years seasoning required. Seasoning requirement to be measured from event completion date to loan application date.
Forbearance / Deferment	Loans where borrower has had payments forborne or deferred prior to the loan sale to PRMI are not eligible for purchase.
Employment Verification	Follow Fannie Mae or Freddie Mac guidelines.

Appraisal Desk Reviews

If the desk review value is equal to or greater than the value in the qualifying original appraisal, the appraisal is accepted. In this instance, use the qualifying original appraised value for LTV / CLTV calculations. If the desk review is lower than the qualifying original appraised value, refer to the table below to determine if the appraisal is accepted or if a field review is required:

		LTV Based on Original Qualifying Appraisal		
Desk Review Recommends Field Review or is Indeterminate	Variance of Appraised Value to Desk Review Value	LTV \leq 65%	LTV > 65% and \leq 75%	LTV > 75% and \leq 80%
	No	Accept	Accept	Accept
No	>5% to \leq 10%	Accept	Accept	Field Review
	>10% to \leq 15%	Accept	Field Review	Field Review
	>15%	Field Review	Field Review	Field Review
Yes	N/A	Field Review	Field Review	Field Review

Appraisal Field Reviews

If the desk review recommends a field review, the field review must be completed by a different appraisal firm than the original appraisal. If the field review value is equal to or greater than the value in the qualifying original appraisal, the appraisal is accepted. In this instance, use the qualifying original appraised value for LTV / CLTV calculations. If the field review is lower than the qualifying original appraised value, refer to the table below to determine if the appraisal is acceptable:

	LTV Based on Original Qualifying Appraisal		
Variance of Appraised Value to Field Review Value	LTV ≤ 65%	LTV > 65% and ≤ 75%	LTV > 75% and ≤ 80%
No Variance to ≤ 5%	Accept	Accept	Accept
> 5% to ≤ 10%	Accept	Accept	Decline if Loan to Field Review Value ≥ 80%
> 10%	Accept. Decline if Loan to Field Value ≥ 80%.	Decline if Loan to Field Review Value ≥ 80%	Decline

For SOFR adjustable-rate mortgage loans, the following parameters apply:

	5/6 ARM	7/6 ARM	10/6 ARM
Interest Rate Adjustment Period	Changes every 6 months after initial fixed period.	Changes every 6 months after initial fixed period.	Changes every 6 months after initial fixed period.
Interest Rate Cap at First Adjustment Date	2%	5%	5%
Periodic Adjustment Cap	1%	1%	1%
Lifetime Cap	5%	5%	5%
Margin	Min. 2.75% Max. 3.00%	Min. 2.75% Max. 3.00%	Min. 2.75% Max. 3.00%
Interest Rate Floor	Equal to margin used.	Equal to margin used.	Equal to margin used.

Interest Rate Lock Policy and File Deliveries

Lock periods are available for 30, 45, 60 and 90 days from the date the loan is initially locked to when the lock expires. Locks will automatically extend to the next business day if the expiration falls on a non-business day.

Lock extension policy:

Loans must be purchased on or before the lock expiration date. Expired locks are not eligible for purchase.

Lock extensions cost 1.5 per day, with a maximum extension of 30-days.

The cost to relock is 0.375.

If there is a product change during the lock period, use pricing of the new product as of the original lock date.

PRMI reserves the right to close the lock desk at any time without prior notice and for any length of time.

Program Notes*	
Max Price	102.75
Min Loan Amount	\$600,000.00
Max Loan Amount	\$3,000,000.00
FTHB Max Loan Amount	\$1,250,000.00
Max Cash-Out Amount	\$500,000.00
FC/SS/DIL/BK Seasoning	84 Months
Max DTI	45.00%
Occupancy	Primary Residence
Admin Fee	\$995
Relock Fee	0.375
Extension Fee	1.5 bps per day 30-day max

*Refer to Eligibility Matrix on www.PRMIPrimeDirect.com.

Due Diligence

As noted above, prior to purchasing a loan, PRMI requires a third-party due diligence firm complete a credit and compliance review.

PRMI or designated vendor will complete due diligence review.

Loan Purchasing Process

Loans are typically purchased within 3 business days of being approved for purchase.

PRMI's Purchase Advice can be accessed through Homelend's platform.

Collateral, Shipping and Delivery

Collateral Delivery:

Merchants Bank Warehouse Operations/PRMI
2000 Midlantic Dr. Suite 405
Mount Laurel, NJ 08054

Final Recorded Trailing Documents:

PR Mortgage Investment
Attn: Dan Bier
2000 Midlantic Drive, Suite 220
Mount Laurel, NJ 08054

Life of Loan Flood Insurance and Tax Service Contracts

Loans sold to PRMI are to be covered by a life-of-loan, transferable flood certification contract and a life-of-loan, transferable tax service contract, both assignable to PRMI's sub-servicer, Cenlar. If these contracts are not present, Cenlar will purchase them, and the cost passed on to the seller at settlement.

Interim Servicing

Even in a best-case servicing transfer, it is likely there will be a period of interim servicing. During this period between settlement of the loans and the transfer of servicing, sellers may need to provide remittance statements and submit funds for borrower payments and seller, or its sub-servicer, must be available to answer servicing related questions. During this period, borrower payments are to be remitted to PRMI prior to the 15th of each month.

Prior to first settlement, PRMI will provide seller with its standard format for remittance files. The following are the required data field for the remittance files:

- Servicer loan number
- Data as-of date
- Loan Status
- Beginning UPB (balance purchased by PRMI)
- Principal paid amount (principal portion of required payment)
- Curtailment amount (principal only payment if received during interim servicing)
- Interest paid amount
- Ending UPB
- Current interest rate
- Interim servicing fee
- Payoff date
- Last payment date

If the seller cannot accommodate the PRMI standard format, please submit its format to PRMI no later than 30 days **prior to the first settlement**. Additionally, if seller is changing its standard remit file format, please submit new format to PRMI no later than 30 days prior to the effective date of the change.

Servicing Transfers

PRMI Trust's sub-servicer is Cenlar FSB. PRMI will work closely with sellers to transfer servicing as quickly as possible. Prior to locking a loan with PRMI, a kick-off call will be scheduled involving Cenlar, the seller, the seller's sub-servicer (if applicable) and PRMI to discuss timing, deliverables and milestones of transfers. It is important to note if a seller uses a sub-servicer to service its loans, the boarding of the loan to its sub-servicer platform must be completed **before** the loan will be purchased by Principal. This is to avoid delays and confusion that arise when the servicing is transferred to Cenlar.

Servicing will transfer to Cenlar on the first business day of the month in which the

transfer is scheduled. PRMI will initiate/schedule the transfer with Cenlar. Seller to provide all contacts to PRMI to be included in kick-off calls and/or emails related to each transfer. PRMI will cc all contacts when request is sent to Cenlar.

MERS

PRMI's MERS Investor Org. ID number is: **1015493**

PRMI's Sub-servicer (Cenlar) Org. ID number is: **1000383**

The seller must initiate the MERS Transfer of Ownership (TOB) to PRMI within three (3) business days following each settlement.

The seller must initiate the MERS Transfer of Servicing (TOS) to Cenlar prior to but no later than the servicing transfer date.

If loans are not registered in MERS, seller required to prepare the assignments of mortgage. Assignments must be endorsed "in blank" and delivered to PRMI with the original note and mortgage.

RESPA Notices of Transfer of Loan Servicing (aka Goodbye and Welcome Letters):

Seller or its sub-servicer is responsible for sending the notice of servicing transfer no less than 15 days prior to the effective date of the transfer. (Goodbye Letter).

PRMI Trust's sub-servicer will send notice no later than 15 days after the effective date of the transfer (Welcome Letter).

Exhibit A

Required Documentation for Each Mortgage Loan File Submitted

- Note
- Mortgage / Deed of Trust
- Loan Estimate(s)
- Closing Disclosures(s)
- Change of Circumstance Documentation – If Applicable
- Title Commitment / Final Title Policy
- Appraisal(s)
- Appraisal Desk-top Review (If Applicable)
- 1003 – Initial and Final
- 1008 – Final
- Credit Report(s)
- Flood Determination / Flood Certificate
- Proof of Flood Insurance (If Applicable)
- Proof of Hazard Insurance
- Copy of Note for Any Junior Liens – If Applicable
- Taxpayer First Act Consent Form
- Tax Transmittal Form – 4506T – If Applicable
- Sales Contract – If Applicable
- Risk Based Pricing Notice
- Right of Recession Disclosure – If Applicable
- Settlement Service Provider List Disclosure
- Mortgage Servicing Transfer Disclosure
- Income and Employment Documentation
- Asset Documentation
- Complete set of applicable underwriting guidelines.