



*Tip: To find specific information for a product, Press Ctrl+F (or use "Find" from the Edit Menu) and then search for the information or topic you are looking for. If you don't find the topic the first time, try variations, different terms or less words.*

**EXPANDED ACCESS**

**B AND C CREDIT GRADES (NO "A" CREDIT OPTION)**

**INCLUDES OPTIONS FOR: FULL DOC, EXPRESS DOC, BANK STATEMENTS, ASSET DEPLETION, FOREIGN NATIONAL, NON-WARRANTABLE CONDOS, INTEREST ONLY**

**FULL DOC, BANK STATEMENT AND EXPRESS DOC**

*B and C Credit Grades (No "A" Credit option)*

**(AA Credit Grades available in Product Profile at the link provided [here.](#))**

**30 Year Fixed Rate (Standard and Interest Only), 40 Year Fixed Rate (Interest Only)**

**5/1 AND 7/1 ARM (Standard and Interest Only)**

**B Credit Grade<sup>1,2,3</sup>**

Loan Amount	LTV <sup>2,3,4</sup>	CLTV <sup>2,3,4</sup>	Purpose <sup>2</sup>	Units <sup>2</sup>	Occupancy <sup>2,3</sup>	Credit Score <sup>2,3</sup>	DTI <sup>8</sup>
1,500,000	90 <sup>5,6,7</sup>	90 <sup>5,6,7</sup>	Purch	1-2	O/O <sup>5</sup>	680	50
1,500,000	85	85	Purch, R&T <sup>1</sup>	1-2	O/O	640	50
1,500,000	80	80	Purch, R&T <sup>1</sup>	1-2	O/O	580	50
3,000,000	80	80	Purch, R&T <sup>1</sup>	1-2	O/O	660	50
3,000,000	75	75	Purch, R&T <sup>1</sup>	1-2	O/O	640	50
1,500,000	80	80	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	680	50
1,500,000	75	75	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	640	50
1,500,000	70	70	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	580	50
3,000,000	70	70	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	660	50
3,000,000	65	65	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	640	50
1,500,000	80	80	Purch, R&T <sup>1</sup>	1-4	N/O/O <sup>3,5</sup>	680	50
1,500,000	75	75	Purch, R&T <sup>1</sup>	1-4	N/O/O <sup>3,5</sup>	640	50
1,500,000	70	70	Purch, R&T <sup>1</sup>	1-4	N/O/O <sup>3,5</sup>	580	50
3,000,000	70	70	Purch, R&T <sup>1</sup>	1-4	N/O/O <sup>3,5</sup>	660	50
3,000,000	65	65	Purch, R&T <sup>1</sup>	1-4	N/O/O <sup>3,5</sup>	640	50
1,500,000	85	85	Cash Out <sup>5,7</sup>	1-2	O/O	720	50
1,500,000	75	75	Cash Out <sup>5,7</sup>	1-2	O/O	640	50
1,500,000	70	70	Cash Out <sup>5,7</sup>	1-2	O/O	580	50
3,000,000	75	75	Cash Out <sup>5,7</sup>	1-2	O/O	720	50
3,000,000	70	70	Cash Out <sup>5,7</sup>	1-2	O/O	660	50
3,000,000	65	65	Cash Out <sup>5,7</sup>	1-2	O/O	640	50
1,500,000	75	75	Cash Out <sup>5,7</sup>	1	SH <sup>3,5</sup>	720	50
1,500,000	65	65	Cash Out <sup>5,7</sup>	1	SH <sup>3,5</sup>	580	50
3,000,000	65	65	Cash Out <sup>5,7</sup>	1	SH <sup>3,5</sup>	640	50

1,500,000	75	75	Cash Out <sup>5,7</sup>	1-4	N/O/O <sup>3,5</sup>	720	50
1,500,000	65	65	Cash Out <sup>5,7</sup>	1-4	N/O/O <sup>3,5</sup>	580	50
3,000,000	65	65	Cash Out <sup>5,7</sup>	1-4	N/O/O <sup>5</sup>	640	50

1. See Geographic Restrictions, max 80% LTV/CLTV on Texas refinance (Texas 50(a)(6) not allowed)
2. See LTV/CLTV Reduction Matrix below and specific sections for First Time Homebuyer (FTHB) section, Foreign National, Non-Occupant Co-Borrower, Non-Permanent Resident, Gift Funds, Asset Depletion, Interest-Only, warrantable and non-warrantable condo section for additional LTV/CLTV, transaction and credit score requirements
3. Foreign National borrower allowed on SH and N/O/O only; max 70% LTV/CLTV to \$1,500,000 and max 65% LTV/CLTV >\$1,500,000; cash out not allowed
4. See below for LTV/CLTV reduction for declining markets (as designated by the appraiser)
5. Rural properties not permitted on 2nd Homes or Investor Properties, Cash Out or >85% LTV/CLTV
6. Gift Funds not permitted on LTV/CLTV >85%
7. Maximum Cash Out \$1,000,000; See below for LTV/CLTV reduction for cash out >\$500,000
8. See section below for DTI >50%

### B Credit Grade LTV/CLTV Reduction Table

- The below reductions are cumulative, however, max LTV/CLTV reduction floor of 65% (so if the product matrix LTV/CLTV is 65%, you would not need to further reduce LTV).
  - For instance, Non-Warrantable Condo (10%) and Foreign National (10%) would require an LTV/CLTV reduction of 20%.
- Be sure to see specific section for additional information and requirements, including minimum credit scores and max LTV/CLTV caps (if applicable)

B Credit	Loan Attribute	Reduce LTV/CLTV By:
Property	Warrantable Condo	5
	Non-Warrantable Condo	10
	Declining Market	5
Income	DTI 50.01-55% (min 680 Credit Score required and not eligible with cash out)	15
	Asset Depletion/Utilization	10
Cash Out	Cash Out >\$500,000	5
Interest Only	Interest Only (no subordinate financing)	5
Borrower Type	First Time Homebuyer (Max \$2,000,000 loan amount and min 660 Credit Score required)	5
	Foreign National (not eligible with cash out)	10
	Non-Occupant Co-Borrower	15
	Non-Permanent Resident Alien	15

**30 Year Fixed Rate (Standard and Interest Only), 40 Year Fixed Rate (Interest Only)  
5/1 AND 7/1 ARM (Standard and Interest Only)  
C Credit Grade<sup>1,2,3,5,6</sup>**

<b>Loan Amount</b>	<b>LTV<sup>2,3,4</sup></b>	<b>CLTV<sup>2,3,4</sup></b>	<b>Purpose</b>	<b>Units</b>	<b>Occupancy<sup>2</sup></b>	<b>Credit Score<sup>2</sup></b>	<b>DTI</b>
1,500,000	85	85	Purch, R&T <sup>1</sup>	1-2	O/O	680	50
1,500,000	80	80	Purch, R&T <sup>1</sup>	1-2	O/O	640	50
1,500,000	75	75	Purch, R&T <sup>1</sup>	1-2	O/O	580	50
3,000,000	75	75	Purch, R&T <sup>1</sup>	1-2	O/O	660	50
3,000,000	70	70	Purch, R&T <sup>1</sup>	1-2	O/O	640	50
1,500,000	75	75	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	680	50
1,500,000	70	70	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	640	50
1,500,000	65	65	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	580	50
3,000,000	65	65	Purch, R&T <sup>1</sup>	1	SH <sup>3,5</sup>	640	50
1,500,000	80	80	Cash Out <sup>7</sup>	1-2	O/O	720	50
1,500,000	75	75	Cash Out <sup>7</sup>	1-2	O/O	680	50
1,500,000	70	70	Cash Out <sup>7</sup>	1-2	O/O	640	50
1,500,000	65	65	Cash Out <sup>7</sup>	1-2	O/O	580	50
3,000,000	70	70	Cash Out <sup>7</sup>	1-2	O/O	720	50
3,000,000	65	65	Cash Out <sup>7</sup>	1-2	O/O	640	50
1,500,000	70	70	Cash Out <sup>7</sup>	1	SH <sup>3,5</sup>	720	50
1,500,000	65	65	Cash Out <sup>7</sup>	1	SH <sup>3,5</sup>	640	50
3,000,000	65	65	Cash Out <sup>7</sup>	1	SH <sup>3,5</sup>	640	50

1. See Geographic Restrictions, max 80% LTV/CLTV on Texas refinance (Texas 50(a)(6) not allowed)
2. See LTV/CLTV Reduction Matrix below and specific sections for First Time Homebuyer (FTHB) section, Foreign National, Gift Funds, warrantable and non-warrantable condo section for additional LTV/CLTV, transaction and credit score requirements
3. Foreign National borrower allowed on SH only; max 70% LTV to \$1,500,000 and max 65% LTV >\$1,500,000; cash out not allowed
4. See below for LTV/CLTV reduction for declining markets (as designated by the appraiser)
5. Rural properties not permitted on 2nd Homes or Cash Out
6. DTI >50%, Non-Permanent Resident Aliens, Non-Occupant Co-Borrower and Asset Depletion all not allowed
7. Maximum Cash Out \$1,000,000; See below for LTV reduction for cash out >\$500,000

## C Credit Grade LTV/CLTV Reduction Table

- The below reductions are cumulative, however, max LTV/CLTV reduction floor of 65% (so if the product matrix LTV/CLTV is 65%, you would not need to further reduce LTV).
  - For instance, Non-Warrantable Condo (10%) and Foreign National (10%) would require an LTV/CLTV reduction of 20%.
- Be sure to see specific section for additional information and requirements, including minimum credit scores and max LTV/CLTV caps (if applicable)

C Credit	Loan Attribute	Reduce LTV/CLTV By:
Property	Warrantable Condo	5
	Non-Warrantable Condo	10
	Declining Market	5
Cash Out	Cash Out >\$500,000	5
Interest Only	Interest Only (no subordinate financing)	5
Borrower Type	First Time Homebuyer (Max \$2,000,000 loan amount and min 660 Credit Score required)	5
	Foreign National (not eligible with cash out)	10

**This program requires an Investor Review.  
This program requires an Appraisal Review. \***

**\*See Appraisal/Review Appraisal section for additional information**

PRODUCT NAME	<ul style="list-style-type: none"> <li>• Expanded Access B Credit Full Doc 30 Year Fixed</li> <li>• Expanded Access B Credit Express Doc 30 Year Fixed</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 30 Year Fixed</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 30 Year Fixed</li>   <li>• Expanded Access B Credit Full Doc 30 Year IO Fixed</li> <li>• Expanded Access B Credit Full Doc 40 Year IO Fixed</li> <li>• Expanded Access B Credit Express Doc 30 Year IO Fixed</li> <li>• Expanded Access B Credit Express Doc 40 Year IO Fixed</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 30 Year IO Fixed</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 40 Year IO Fixed</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 30 Year IO Fixed</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 40 Year IO Fixed</li>   <li>• Expanded Access B Credit Full Doc 5/1 LIBOR ARM</li> <li>• Expanded Access B Credit Express Doc 5/1 LIBOR ARM</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 5/1 LIBOR ARM</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 5/1 LIBOR ARM</li>   <li>• Expanded Access B Credit Full Doc 7/1 LIBOR ARM</li> <li>• Expanded Access B Credit Express Doc 7/1 LIBOR ARM</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 7/1 LIBOR ARM</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 7/1 LIBOR ARM</li>   <li>• Expanded Access B Credit Full Doc 5/1 IO LIBOR ARM</li> <li>• Expanded Access B Credit Full Doc 5/1 40 YR IO LIBOR ARM</li> <li>• Expanded Access B Credit Express Doc 5/1 IO LIBOR ARM</li> <li>• Expanded Access B Credit Express Doc 5/1 40 YR IO LIBOR ARM</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 5/1 IO LIBOR ARM</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 5/1 40 YR IO LIBOR ARM</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 5/1 IO LIBOR ARM</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 5/1 40 YR IO LIBOR ARM</li>   <li>• Expanded Access B Credit Full Doc 7/1 IO LIBOR ARM</li> <li>• Expanded Access B Credit Full Doc 7/1 40 YR IO LIBOR ARM</li> <li>• Expanded Access B Credit Express Doc 7/1 IO LIBOR ARM</li> <li>• Expanded Access B Credit Express Doc 7/1 40 YR IO LIBOR ARM</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 7/1 IO LIBOR ARM</li> <li>• Expanded Access B Credit 24 Mo Bk Stmt 7/1 40 YR IO LIBOR ARM</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 7/1 IO LIBOR ARM</li> <li>• Expanded Access B Credit 12 Mo Bk Stmt 7/1 40 YR IO LIBOR ARM</li>   <li>• Expanded Access C Credit Full Doc 30 Year Fixed</li> <li>• Expanded Access C Credit Express Doc 30 Year Fixed</li> <li>• Expanded Access C Credit 24 Mo Bk Stmt 30 Year Fixed</li> <li>• Expanded Access C Credit 12 Mo Bk Stmt 30 Year Fixed</li>   <li>• Expanded Access C Credit Full Doc 30 Year IO Fixed</li> <li>• Expanded Access C Credit Full Doc 40 Year IO Fixed</li> </ul>
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	<ul style="list-style-type: none"> <li>Expanded Access C Credit Express Doc 30 Year IO Fixed</li> <li>Expanded Access C Credit Express Doc 40 Year IO Fixed</li> <li>Expanded Access C Credit 24 Mo Bk Stmt 30 Year IO Fixed</li> <li>Expanded Access C Credit 24 Mo Bk Stmt 40 Year IO Fixed</li> <li>Expanded Access C Credit 12 Mo Bk Stmt 30 Year IO Fixed</li> <li>Expanded Access C Credit 12 Mo Bk Stmt 40 Year IO Fixed</li> </ul> <ul style="list-style-type: none"> <li>Expanded Access C Credit Full Doc 5/1 LIBOR ARM</li> <li>Expanded Access C Credit Express Doc 5/1 LIBOR ARM</li> <li>Expanded Access C Credit 24 Mo Bk Stmt 5/1 LIBOR ARM</li> <li>Expanded Access C Credit 12 Mo Bk Stmt 5/1 LIBOR ARM</li> </ul> <ul style="list-style-type: none"> <li>Expanded Access C Credit Full Doc 7/1 LIBOR ARM</li> <li>Expanded Access C Credit Express Doc 7/1 LIBOR ARM</li> <li>Expanded Access C Credit 24 Mo Bk Stmt 7/1 LIBOR ARM</li> <li>Expanded Access C Credit 12 Mo Bk Stmt 7/1 LIBOR ARM</li> </ul> <ul style="list-style-type: none"> <li>Expanded Access C Credit Full Doc 5/1 IO LIBOR ARM</li> <li>Expanded Access C Credit Full Doc 5/1 40 YR IO LIBOR ARM</li> <li>Expanded Access C Credit Express Doc 5/1 IO LIBOR ARM</li> <li>Expanded Access C Credit Express Doc 5/1 40 YR IO LIBOR ARM</li> <li>Expanded Access C Credit 24 Mo Bk Stmt 5/1 IO LIBOR ARM</li> <li>Expanded Access C Credit 24 Mo Bk Stmt 5/1 40 YR IO LIBOR ARM</li> <li>Expanded Access C Credit 12 Mo Bk Stmt 5/1 IO LIBOR ARM</li> <li>Expanded Access C Credit 12 Mo Bk Stmt 5/1 40 YR IO LIBOR ARM</li> </ul> <ul style="list-style-type: none"> <li>Expanded Access C Credit Full Doc 7/1 IO LIBOR ARM</li> <li>Expanded Access C Credit Full Doc 7/1 40 YR IO LIBOR ARM</li> <li>Expanded Access C Credit Express Doc 7/1 IO LIBOR ARM</li> <li>Expanded Access C Credit Express Doc 7/1 40 YR IO LIBOR ARM</li> <li>Expanded Access C Credit 24 Mo Bk Stmt 7/1 IO LIBOR ARM</li> <li>Expanded Access C Credit 24 Mo Bk Stmt 7/1 40 YR IO LIBOR ARM</li> <li>Expanded Access C Credit 12 Mo Bk Stmt 7/1 IO LIBOR ARM</li> <li>Expanded Access C Credit 12 Mo Bk Stmt 7/1 40 YR IO LIBOR ARM</li> </ul>
<b>ALLOWABLE ORIGINATION CHANNELS</b>	<ul style="list-style-type: none"> <li>Retail</li> <li>Wholesale</li> <li>Correspondent</li> </ul>
<b>MINIMUM LOAN AMOUNT</b>	<ul style="list-style-type: none"> <li>\$100,000 for Primary residences</li> <li>\$150,000 for Second Homes and Non-Owner Occupied</li> </ul>
<b>MAXIMUM LOAN AMOUNT</b>	<ul style="list-style-type: none"> <li>\$3,000,000</li> </ul>
<b>PRICING</b>	<ul style="list-style-type: none"> <li>Product type must be “Jumbo” to price in FT360</li> </ul>
<b>EXPANDED GUIDELINES</b>	<ul style="list-style-type: none"> <li>Expanded guidelines covering investor specific requirements, can be found at the following link: <a href="http://www.eprmg.net/ExpandedAccess-BCCreditExpandedGuidelines.pdf">http://www.eprmg.net/ExpandedAccess-BCCreditExpandedGuidelines.pdf</a></li> <li>Refer first to Appendix Q and then to the Fannie Mae Seller Guide for specific information concerning qualification requirements that are not specifically referenced in this product profile. To the extent there is a difference in between the Product Profile and the Fannie Mae Guides, rely on the product profile.</li> <li>All PRMG staff can access all Fannie Mae guidelines though AllRegs Online at</li> </ul>

	<p><a href="http://allregs.elliemae.com">http://allregs.elliemae.com</a>. Instructions on how PRMG staff can access the AllRegs service is available in the Resource Center.</p> <ul style="list-style-type: none"> <li>• Use the following link to access the Fannie Mae website, and from there, access to their guidelines: <a href="https://www.efanniemae.com/home/index.jsp">https://www.efanniemae.com/home/index.jsp</a> or <a href="https://www.fanniemae.com/content/guide/selling/index.html">https://www.fanniemae.com/content/guide/selling/index.html</a></li> <li>• The following link provides access the Fannie Mae Seller Guide through All Regs: <ul style="list-style-type: none"> <li>• <a href="http://www.allregs.com/tpl/public/fnma_freesiteconv_tll.aspx">http://www.allregs.com/tpl/public/fnma_freesiteconv_tll.aspx</a></li> </ul> </li> </ul>
<p><b>SPECIFIC INVESTOR DOCUMENTATION REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>• Loans subject to Reg Z ‘Ability to Repay’ must include a borrower(s) certification attesting to the following: (i) they have fully disclosed their financial obligations; (ii) they have reviewed and understand the loan terms and (iii) they have the ability to repay the loan</li> <li>• Borrower ATR Certification (all loans)</li> <li>• <a href="http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/BorrowerAbilityToRepayCert.pdf">http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/BorrowerAbilityToRepayCert.pdf</a></li> </ul>
<p><b>PRINCIPAL REDUCTIONS</b></p>	<ul style="list-style-type: none"> <li>• On a case-by-case basis, the lender may apply a principal curtailment to allow the cash to the borrower to remain within the limits allowed by the transaction type thereby allowing the loan to remain in a rate/term status.</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• <b>Lender Paid Transactions (All Retail Transactions are Lender Paid)</b> <ul style="list-style-type: none"> <li>• On transactions where the loan originator is paid by the lender, investor will permit a principal curtailment on purchase and refinance loans unless noted below as a result of excess premium rate credit. The excess premium must be identified on the Closing Disclosure and is limited to the amount of the excess premium rate credit below. The premium rate credit is the amount associated with the lowest pricing rate option that allows for some or all of the borrower's closing costs to be paid so the borrower does not have to pay those closing costs out of pocket</li> <li>• If the premium rate credit is less than or equal to \$2,000 for loan amounts up to \$350,000, or \$4,000 for loans amounts exceeding \$350,000, then no further documentation is required</li> <li>• For premium credits exceeding these thresholds, evidence that the next lower pricing option would require the borrower to pay closing costs out of pocket must be documented in the file (LE, CD, Rate sheet, etc.)</li> <li>• If the borrower was not provided with the best rate, the loan is not eligible for sale to investor</li> </ul> </li> <li>• <b>Borrower Paid Transactions</b> <ul style="list-style-type: none"> <li>• On transactions where the loan originator is paid by the consumer, principal curtailments are not permitted.</li> <li>• The premium rate credit may not exceed the amount of third party costs</li> </ul> </li> </ul>
<p><b>COMPLIANCE REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>• For wholesale loans, initial disclosures must be done by PRMG (brokered disclosed files not allowed)</li> <li>• Closing Disclosure/Documents must be drawn by Corporate Funding/Compliance Department. Please send email with loan number and borrower requesting document to <a href="mailto:Compliancegroup@prmg.net">Compliancegroup@prmg.net</a></li> <li>• All Clear to Close (CTC) conditions must be cleared before issuing CD</li> <li>• Compliance Department must complete final review of file for compliance acceptance prior to funding. Please send email with loan number and borrower requesting review to <a href="mailto:Compliancegroup@prmg.net">Compliancegroup@prmg.net</a></li> <li>• E-signatures are permitted with the exception of the following documents: Note, Mortgage, Deed of Trust, Closing Disclosure, Power of Attorney, Ryders/Addendums, and any state regulated disclosures. These documents require</li> </ul>

	<p>a wet signature.</p> <ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> </ul>
<b>FUNDING REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• Funding not allowed until all eligibility review conditions are cleared</li> <li>• Loans must be funded by designated jumbo/non-conforming /niche funders for region</li> </ul>
<b>REQUIRED COMPLIANCE CONDITIONS</b>	<ul style="list-style-type: none"> <li>• Underwriters must verify that the following conditions have been added to the loan prior to loan approval: <ul style="list-style-type: none"> <li>• Compliance Department must complete final review of file for compliance acceptance prior to loan funding</li> </ul> </li> </ul>
<b>ELIGIBILITY REVIEW REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• All review requests should be sent to <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a>.</li> <li>• The following must be included in the file prior to submission for eligibility review.</li> <li>• Appraisal, in first generation PDF (the version provided from the appraiser to PRMG – to determine if it is the correct version you must be able to "search" (i.e., using Ctrl + F) for text in the document) must be <b>attached</b> to the email request sent to <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a></li> <li>• Condo review, if applicable, must be requested separately through <a href="mailto:condoreviews@prmg.net">condoreviews@prmg.net</a></li> <li>• Eligibility Review Submission Form <b>must be completed and attached to the email</b> request sent to <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a> which can be found on the Resource Center or at the following link: <ul style="list-style-type: none"> <li>• <a href="http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessSubmissionForm.PDF">http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessSubmissionForm.PDF</a> <ul style="list-style-type: none"> <li>• 1008, underwriter's 1003 and current approval must be uploaded into efolder before submission to <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a></li> </ul> </li> </ul> </li> <li>• Underwriter must provide a comment at the bottom of the 1008 as to why loan doesn't fit agency guidelines</li> <li>• All documentation required on Eligibility Review Submission Form (link above) must be uploaded into efolder prior to submitting request for eligibility review, it does not need to be sent to <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a> as it will be downloaded directly from FT360.</li> <li>• Appraisal is required for submission of eligibility review and must also be submitted for a separate valuation review. Typical turn time for valuation review is 3-4 business days and can be submitted to investor concurrently with eligibility review or prior to eligibility review (after review for acceptability by underwriting)</li> <li>• Underwriter to perform a cursory review of loan file prior to submission to investor for review. Investor approval must be received prior to issuance of PRMG Initial loan approval.</li> <li>• Typical turn time for review is 2-3 business days from <b>complete</b> file submission for non-bank statement program and 3-4 business days from <b>complete</b> file submission for bank statement program. The first 24 hours is documentation review, and if documentation is missing we will be notified and the business days will start at submission of the missing documentation.</li> <li>• Any conditions from the eligibility review must be sent to <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a> as individual documents (they can be in the same email) and named as the condition/exception ID # from the approval to be sent to the investor for clearance. In other words, conditions cannot be co-mingled in the same PDF. Each condition must be in a separate PDF, named as described previously. All eligibility conditions must be met prior to close. Typical turn time for condition review is 48-72 hours.</li> <li>• All eligibility review conditions must be cleared prior to docs/close (as appropriate)</li> </ul>
<b>GEOGRAPHIC RESTRICTIONS</b>	<ul style="list-style-type: none"> <li>• Please refer to PRMG's "Eligible States" list, which can be found at this link: <a href="http://www.eprmg.net/guidelines/Eligible%20States.pdf">http://www.eprmg.net/guidelines/Eligible%20States.pdf</a></li> </ul>



	<ul style="list-style-type: none"> <li>• Properties located in West Virginia not eligible</li> <li>• Texas Equity (a)(6) is not allowed</li> <li>• Refinances in the State of Texas are limited to a maximum LTV of 80%</li> <li>• Properties located in any US Territories or US possessions are not allowed.</li> <li>• Loans secured by properties located on Indian (Native American) tribal land or Indian Trust Land or Restricted Land, and/or properties for which Borrower has a leasehold interest in same, are not eligible.</li> <li>• For Nebraska cash out transactions, if the credit or title commitment reflects an alimony/child support judgment/lien, the following is required: subject property mortgage must be in first lien position and title commitment must clearly state that the alimony/child support lien is in subordinate position to the new mortgage. A copy of the subordination agreement or court order must be provided. This requirement is because under the Uniform Interstate Family Support Act, orders for payment of alimony/child support in Nebraska automatically create liens and could impact a first lien position on a cash-out refinance transaction.</li> </ul>
<p><b>DOCUMENTATION</b></p>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• See Income Requirements/Limits Section for additional information on calculating income</li> </ul> <p><u>Non-Self-Employed Borrowers:</u></p> <ul style="list-style-type: none"> <li>• <u>Non-Self Employed Borrowers (Wage Earners) – Express Documentation:</u> <ul style="list-style-type: none"> <li>• One year W2 or 1099</li> <li>• 1099 limited to single employer and confirmation of no borrower job related expenses</li> <li>• Most Recent Paystub including year-to-date earnings (YTD must cover minimum of 30 days), and a Written Verification of Employment (if needed for the analysis of overtime, bonus or commission).</li> <li>• IRS 1040s are not required unless also using other sources of income to qualify i.e. interest dividends, capital gains, etc.</li> <li>• 4506-T W2 transcripts (If 1040 transcripts are provided, W2 transcripts are not required) <ul style="list-style-type: none"> <li>• In the case where taxes have been filed and the wage transcripts are not available from the IRS, the IRS response to the request must reflect “No Record Found” and be present in the loan file. <ul style="list-style-type: none"> <li>• Must document that taxes have been filed via evidence of e-filing, tax refund, or proof of payment</li> <li>• Evidence of any IRS filing extensions must also be present in the loan file</li> </ul> </li> </ul> </li> <li>• Verbal Verification of Employment required for all wage earner borrowers and must be completed within 10 calendar days of the closing date. Wage Earners VVOE should include name of contact at place of employment, phone number and title along with company name, address and borrower’s job description and title</li> </ul> </li> <li>• <u>Non-Self-Employed Borrowers (Wage Earners) – Full Documentation:</u> <ul style="list-style-type: none"> <li>• Most Recent Paystub including year-to-date earnings (covering minimum of 30 days), two years W2s and a Written Verification of Employment (if needed for the analysis of overtime, bonus or commission). IRS 1040s are not required unless also using other sources on income to qualify i.e. interest dividends, capital gains, etc.</li> <li>• 4506-T W2 transcripts (If 1040 transcripts are provided, W2 transcripts are not required) <ul style="list-style-type: none"> <li>• In the case where taxes have been filed and the wage transcripts are not available from the IRS, the IRS response to the request must reflect “No</li> </ul> </li> </ul> </li> </ul>

Record Found” and be present in the loan file

- Must document that taxes have been filed via evidence of e-filing, tax refund, or proof of payment
- Evidence of any IRS filing extensions must also be present in the loan file
- Verbal Verification of Employment required for all wage earner borrowers and must be completed within 10 calendar days of the closing date. Wage Earners VVOE should include name of contact at place of employment, phone number and title along with company name, address and borrower’s job description and title

Self-Employed Borrowers:

- Borrowers must have at least 25% ownership in the business to qualify
- Two years personal and business tax returns (along with all schedules and K-1s) and YTD P&L from any businesses being used for qualification where the borrower has 25% or more ownership interest are required
- Additionally, loans designated as QM must include the following:
  - Tax returns for all businesses, not just those being used for qualification
  - All tax returns must be signed and dated by borrower
  - A year to date P&L and Balance sheet
- IRS form 1040 personal and business 4506-T tax transcripts
- Business tax transcripts not required if net business income is validated on the borrower’s 1040s
- In the case where taxes have been filed and the tax transcripts are not available from the IRS, the IRS response to the request must reflect “No Record Found” and be present in the loan file
  - Must document that taxes have been filed via evidence of e-filing, tax refund, or proof of payment
  - Evidence of any IRS filing extensions must also be present in the loan file
- Verification of the business through a third party such as a CPA, regulatory agency or applicable licensing bureau
- Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent
- Bank Statement Loans
  - Borrower must be self-employed
    - A borrower who is paid via 1099 and files a Schedule C, but only contracts with a single company, does not use their own supplies/equipment or pay for their own expenses may not qualify for this option. To be eligible, borrowers must be considered owners of a self-employed business that they run, are responsible for managing and their employment profile should be reflective of that.
    - Borrowers paid 1099 paid by a single company are not eligible for the bank statement program
      - Exceptions considered for real estate professionals
  - 12 or 24 months Personal, or 12 or 24 months Business Bank statements
    - Borrowers who own more than 3 businesses must use personal bank statements option
    - Bank statements must be most recent available at time of application and must be consecutive
  - Profit & Loss Statement/Annual Earnings Summary (“AES”) is required when using business bank statements
    - For business bank statements, a P&L/AES prepared by the borrower

covering no less than 12 months or 24 months (as applicable) is required. The Expanded Access Bank Statement Calculator should be used to create the Annual Earnings Summary. The Expanded Access Bank Statement Calculator can be found on the Resource Center or at this link: <http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessBankStatementCalculator.xlsx>.

- The P&L or ES must be signed by the borrower
- Borrower is required to provide separate P&Ls/AES for each business being used in qualifying.
- The P&L or ES should generally cover the same calendar months as the bank statements provided (~3 months)
- Validation of a minimum of 2 years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent
- Self-Employed One Year Tax Return with P&L (Express Documentation)
  - Borrower must be self-employed (at least 25% ownership)
    - A borrower who is paid via 1099 and files a Schedule C, but only contracts with a single company, does not use their own supplies/equipment or pay for their own expenses may not qualify for this option. To be eligible, borrowers must be considered owners of a self-employed business that they run, are responsible for managing and their employment profile should be reflective of that.
  - One year personal and business tax returns (along with all schedules and K-1s) plus a borrower prepared P&L covering time period since last tax filing.
  - If the P&L covers more than 9 months, 3 month bank statements are required to validate continued positive cash flow of the borrower's business. Additional bank statements may be required if deemed necessary.
  - Borrower will be qualified on the average of the tax return and P&L
  - P&L monthly income limited to + 15% of the monthly tax return income
  - Borrower will be qualified on the lower of
    - Monthly average of the net income from the tax return and P&L or
    - Monthly net income from tax return multiplied by 115%
  - All borrowers must also provide evidence that business has been in existence for at least 2 years via CPA/Tax preparer letter, confirmation from regulatory or state agency, or applicable licensing bureau.
  - Self-employed borrower income in a licensed profession (i.e. Medical, Legal, Accounting) will be considered from a business that's been in existence for less than 2 years, but greater than 1 year if the borrower has at least 2 years of documented previous experience in the same profession, or evidence of formal education in a related field.
  - IRS form 1040 personal and business 4506-T tax transcripts required for the tax return year used for qualifying.
- Borrowers paid by 1099
  - A borrower who is paid via 1099 and files a Schedule C, but only contracts with a single company, does not use their own supplies/equipment or pay for their own expenses may not qualify for this option. To be eligible, borrowers must be considered owners of a self-employed business that they run, are responsible for managing and their employment profile should be reflective of that.
  - See above in non-self-employed section for 1099 option with express doc if not eligible for bank statements)

<p><b>DOCUMENT EXPIRATIONS</b></p>	<ul style="list-style-type: none"> <li>• Credit Report: <ul style="list-style-type: none"> <li>• The credit report must be dated within 120 days of the date the note is signed.</li> </ul> </li> <li>• All credit documents including credit report, income docs, and asset statements must be dated no more than 120 days prior to the note date. The note date is utilized for document expiration for all funding types including escrow and non-escrow fundings.</li> <li>• Appraisal: <ul style="list-style-type: none"> <li>• Appraisals are good for 120 days. Any appraisal seasoned greater than 120 days will require a recertification of value completed by the original licensed appraiser. A recertification of value will be permitted up to 180 days</li> </ul> </li> </ul>
<p><b>ABILITY TO REPAY/ APPENDIX Q/QM STATUS</b></p>	<ul style="list-style-type: none"> <li>• Qualified Mortgage (QM) status must be determined at origination and loan seller’s designation must be included in the loan file. All loans that are non-QM Must enter “Non-QM” in Loan Program Comments section of Investor Overlay Screen in FT360 if loan falls under non-QM for any reason (loan type, doc type, DTI, etc.)</li> <li>• See QM section below for additional information on QM loans</li> <li>• Any loan designated as a Qualified Mortgage must adhere to the standards set forth in the CFPB’s Reg Z, Section 1026.43(e). For all such QM loans, if any aspect of these overlays related to income and/or obligations is less than the minimum required under Appendix Q, please refer to Appendix Q for the ultimate QM resolution. <ul style="list-style-type: none"> <li>• The following links provides information directly from the CFPB in regards to Appendix Q: <ul style="list-style-type: none"> <li><a href="http://www.consumerfinance.gov/eregulations/1026">http://www.consumerfinance.gov/eregulations/1026</a></li> <li><a href="http://www.consumerfinance.gov/eregulations/1026-Q/2013-30108_20140118">http://www.consumerfinance.gov/eregulations/1026-Q/2013-30108_20140118</a></li> </ul> </li> <li>• The following is a link to a PDF with Appendix Q information, although the information directly from the CFPB would supersede this PDF if it has been updated: <a href="http://www.eprmg.net/AppendixQtoPart1026.pdf">http://www.eprmg.net/AppendixQtoPart1026.pdf</a></li> </ul> </li> <li>• Any loan not designated as a Qualified Mortgage (non QM) must be designated as ATR compliant and must adhere to the standards set forth in the CFPB’s Reg Z, Section 1026.43(c).</li> <li>• All loans made under this program must meet the standards of the Dodd-Frank Act Ability to Repay Rule (ATR Rule) for mortgages. The requirements of ATR are as follows: <ul style="list-style-type: none"> <li>• Current or reasonably expected income or assets</li> <li>• Current employment status</li> <li>• Monthly Mortgage payment for the loan in question</li> <li>• Monthly payments on other loans secured by the same property</li> <li>• Monthly payments for property taxes, insurance and home association fees</li> <li>• Debts, alimony or child support obligations</li> <li>• Monthly debt to income ratio or residual income, that was calculated using the total of all of the mortgage and non-mortgage obligations as a ration of gross monthly income</li> <li>• Credit History (Refer to Appendix Q)</li> <li>• Title XIV of the Dodd-Frank Act amends the Truth in Lending Act (TILA) to provide that “no creditor may make a residential mortgage loan unless the creditor makes a reasonable and good faith determination based on verified and documented information that, at the time the loan is consummated, the borrower has a reasonable ability to repay the loan, according to its terms, and all applicable taxes, insurance (including mortgage guarantee insurance), and assessments.”</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• HPML and Qualified Mortgage (QM) Rebuttable Presumption</li> <li>• Rebuttable Presumption QM loans, HPML must comply with all HPML and Ability to Repay Regulations.</li> <li>• Loans subject to Reg Z ‘Ability to Repay’ must include a borrower(s) certification attesting to the following: (i) they have fully disclosed their financial obligations; (ii) they have reviewed and understand the loan terms and (iii) they have the ability to repay the loan</li> <li>• Borrower ATR Certification required:</li> <li>• <a href="http://www.eprmg.net/ResourceCenter/Generalforms/BorrowerAbilityToRepayCertificate.pdf">http://www.eprmg.net/ResourceCenter/Generalforms/BorrowerAbilityToRepayCertificate.pdf</a></li> </ul>
<b>AUTOMATED UNDERWRITING</b>	<ul style="list-style-type: none"> <li>• Loans must be manually underwritten.</li> <li>• All loans are required to be submitted for a GSE AUS approval decision. A DU or LPA underwriting findings report must be present in file verifying the loan does not qualify for delivery.</li> <li>• All loans are required to have evidence of agency ineligibility. This may be satisfied through a DU or LP underwriting findings report in file verifying the loan does not qualify for delivery. Alternatively, an Underwriter Certification will be required for any loans where a DU or LP report is not available or does not adequately identify the reason for ineligibility (ie. “This loan is not Agency eligible due to bank statement documentation type).</li> </ul>
<b>DESKTOP UNDERWRITER (DU)</b>	<ul style="list-style-type: none"> <li>• Not Allowed for Underwriting Purposes</li> <li>• Findings from one AUS must be in the file to verify that loan does not qualify for Agency delivery</li> </ul>
<b>LOAN PRODUCT ADVISOR (LPA)</b>	<ul style="list-style-type: none"> <li>• Not Allowed for Underwriting Purposes</li> <li>• Findings from one AUS must be in the file to verify that loan does not qualify for Agency delivery</li> </ul>
<b>PROPRIETARY U/W ENGINE</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>MANUAL UNDERWRITING</b>	<ul style="list-style-type: none"> <li>• Required</li> </ul>
<b>ELIGIBLE PROPERTY TYPES</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• One Unit Single Family Residences (Attached and Detached)</li> <li>• 2-4 Unit Properties (3-4 unit eligible for investment properties only)</li> <li>• PUDs (Attached and Detached)</li> <li>• Modular Homes</li> <li>• Townhouse</li> <li>• Warrantable and Non-Warrantable Condos – refer to the Condo section below</li> <li>• 20 Acres Maximum</li> </ul>
<b>INELIGIBLE PROPERTY TYPES</b>	<ul style="list-style-type: none"> <li>• Manufactured Homes</li> <li>• Log Homes</li> <li>• Condotels</li> <li>• Coops</li> <li>• Properties over 20 acres</li> <li>• Unique Properties</li> <li>• Mixed Use properties (Live/Work properties not eligible, must be residential in nature)</li> <li>• Builder Model Leaseback</li> <li>• Boarding Houses</li> <li>• Fractional Ownership/Time Shares</li> <li>• Assisted Living/Continuing Care Facilities</li> </ul>

	<ul style="list-style-type: none"> <li>• Mandatory Country Club Memberships</li> <li>• Zoning violations</li> <li>• Properties under construction</li> <li>• Working Farms</li> <li>• C5 or C6 property condition grades</li> <li>• Live/Work Condos</li> <li>• Geodesic Domes</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<b>DECLINING MARKETS</b>	<ul style="list-style-type: none"> <li>• A 5% reduction in LTV/CLTV will be required for all properties identified to be in a declining market as designated by the appraiser.</li> </ul>
<b>2 UNITS</b>	<ul style="list-style-type: none"> <li>• Borrowers may not own any other residential property of equal or greater value in the same area in which the units are located. The mailing address and property address must be verified as the same. If this verification cannot be made, the property must be treated as an investment property.</li> </ul>
<b>3-4 UNITS</b>	<ul style="list-style-type: none"> <li>• Borrowers may not own any other residential property of equal or greater value in the same area in which the units are located. The mailing address and property address must be verified as the same. If this verification cannot be made, the property must be treated as an investment property.</li> <li>• Eligible for investment properties only</li> </ul>
<b>CONDOS</b>	<ul style="list-style-type: none"> <li>• Warrantable and non-warrantable condos allowed, see below for requirements.</li> <li>• Condo Review required, see below for requirements</li> </ul>
<b>WARRANTABLE CONDO REVIEWS</b>	<ul style="list-style-type: none"> <li>• A full lender condo project review is required to be performed to document FNMA eligibility</li> <li>• Investor's condo questionnaire is required to be completed</li> <li>• Review should be submitted by the fulfillment center to <a href="mailto:condoreviews@prmg.net">condoreviews@prmg.net</a> with the Condo Review Submission form and required documentation.</li> <li>• The Condo Review Submission form can be found on the Resource Center or at the following link: <ul style="list-style-type: none"> <li>• <a href="http://www.eprmg.net/ResourceCenter/GeneralForms/HOA%20Full%20Lender%20Condo%20Review%20Submission%20Form.pdf">http://www.eprmg.net/ResourceCenter/GeneralForms/HOA%20Full%20Lender%20Condo%20Review%20Submission%20Form.pdf</a></li> </ul> </li> <li>• The following documentation is required for the warrantable condo review: condo review submission form (from Resource Center or above link), condominium questionnaire (may use version for Expanded Access, which can be found here or on the Resource Center, or similar form as long as it contains all necessary information to perform the review): <ul style="list-style-type: none"> <li>• <a href="http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessCondoQuestionnaire.pdf">http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessCondoQuestionnaire.pdf</a>), appraisal of subject unit (can be submitted after condo review is completed, but final project approval will not be issued until appraisal is received), current annual budget, insurance certificate for applicable types and AUS findings (showing approved); For New Construction or New Gut Rehab conversions only: all above listed documentation, copy of Declaration of Condominium including Amendments and Bylaws, presale form (available in the Resource Center)</li> </ul> </li> </ul>
<b>NON-WARRANTABLE CONDO PROJECT REVIEW</b>	<ul style="list-style-type: none"> <li>• Review should be submitted by the fulfillment center to <a href="mailto:condoreviews@prmg.net">condoreviews@prmg.net</a> with the Condo Review Submission form and required documentation.</li> <li>• The Condo Review Submission form can be found on the Resource Center or at the following link (and must indicate why condo is non-warrantable): <ul style="list-style-type: none"> <li>• <a href="http://www.eprmg.net/ResourceCenter/GeneralForms/HOA%20Full%20Lender%20Condo%20Review%20Submission%20Form.pdf">http://www.eprmg.net/ResourceCenter/GeneralForms/HOA%20Full%20Lender%20Condo%20Review%20Submission%20Form.pdf</a></li> </ul> </li> <li>• The following documentation is required for the non-warrantable condo review: condo review submission form (from Resource Center or above link), condominium</li> </ul>

	<p>questionnaire (may use version for Expanded Access, which can be found here or on the Resource Center, or similar form as long as it contains all necessary information to perform the review):  <a href="http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessCondoQuestionnaire.pdf">http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessCondoQuestionnaire.pdf</a>), appraisal of subject unit (can be submitted after condo review is completed, but final project approval will not be issued until appraisal is received), current annual budget, insurance certificate for applicable types and AUS findings (showing approved); For New Construction or New Gut Rehab conversions only: all above listed documentation, copy of Declaration of Condominium including Amendments and Bylaws, presale form (available in the Resource Center)</p> <ul style="list-style-type: none"> <li>• Allowed with following restrictions <ul style="list-style-type: none"> <li>• See LTV/CLTV Reduction chart with product matrix for required LTV/CLTV reduction</li> <li>• New Condos must be at least 60% sold or under bona-fide contract.</li> <li>• Must follow above requirements for condo review and condo may only be non-warrantable for one of the acceptable reasons listed below.</li> <li>• Underwriter must confirm the condo project is only non-warrantable for one of the reasons shown below.</li> <li>• For non-warrantable items that must be approved by investor, request must be submitted to <a href="mailto:jumboreview@prmg.net">jumboreview@prmg.net</a> requesting an exception for project from investor.</li> <li>• Must meet Fannie Mae warrantability requirements, with the exception of permitted variances as described here:</li> <li>• <b>Eligible Non-Warrantable Features</b> <ul style="list-style-type: none"> <li>• Presale - at least 30% of units must sold or under bona-fide contract.</li> <li>• Investor Owned - Up to 55% of units can be tenant occupied</li> <li>• Single Entity Ownership - A single entity can own up to 30% of units</li> <li>• Seller Concessions- permitted up to 1% in excess of Fannie limits</li> <li>• Commercial Use- Up to 55% non-residential use</li> </ul> </li> <li>• <b>Non-Warrantable Features That May Be Considered (Investor Pre-Approval Required)</b> <ul style="list-style-type: none"> <li>• Non-Material Litigation - slip and fall/single unit complaints/3rd party claims with adequate reserves</li> <li>• Insurance Coverage-Exceptions to Fannie Mae minimum coverage requirements</li> <li>• Reserves- &lt;10% replacement, maintenance, and/or deductible</li> </ul> </li> <li>• <b>Ineligible Non-Warrantable Features</b> <ul style="list-style-type: none"> <li>• Condotels</li> <li>• Material Litigation -Structural/Functional litigation against developer</li> <li>• Delinquent HOA- in excess of Fannie Mae 15% limit</li> <li>• Newly Converted – Non-full gut rehabs</li> <li>• Environmental hazards</li> </ul> </li> </ul> </li> </ul>
<b>PLANNED UNIT DEVELOPMENTS (PUDS)</b>	<ul style="list-style-type: none"> <li>• Allowed</li> </ul>
<b>HOBBY/WORKING FARMS</b>	<ul style="list-style-type: none"> <li>• Not allowed</li> </ul>
<b>AGRICULTURALLY ZONED PROPERTIES</b>	<ul style="list-style-type: none"> <li>• Agriculturally zoned properties may be eligible when all of the following exist: <ul style="list-style-type: none"> <li>• Highest and best use of the subject property is residential</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Subject property is used as a residence and is typical for the neighborhood or market area</li> <li>• The appraiser adequately demonstrates that the subject neighborhood is Residential in nature</li> <li>• Residential use is permissible under the zoning and land use regulations</li> <li>• Property adheres to the maximum acreage standards</li> <li>• The appraiser must also provide detail of any outbuildings on the property: <ul style="list-style-type: none"> <li>• Size of the outbuildings</li> <li>• Are the outbuildings being used for a special purpose</li> <li>• Do the comparable sales have similar outbuildings</li> <li>• Is the property residential in nature – no agricultural or commercial use</li> </ul> </li> <li>• No value should be given to any auxiliary buildings.</li> </ul>
<b>PROPERTIES WITH DEED RESTRICTIONS</b>	<ul style="list-style-type: none"> <li>• “55 and Older” restricted properties only</li> <li>• Primary residence, second home or non-owner occupied properties allowed</li> <li>• 1-2 units only (1 unit only for second home)</li> <li>• Full appraisal required</li> <li>• Must have “Housing Developments - Subject to Age Restrictions” form completed (See Forms section in FastTrac)</li> </ul>
<b>LEASEHOLD PROPERTIES</b>	<ul style="list-style-type: none"> <li>• Allowed, must meet Fannie Mae requirements</li> </ul>
<b>LOG HOMES</b>	<ul style="list-style-type: none"> <li>• Not Allowed</li> </ul>
<b>MAXIMUM ACREAGE</b>	<ul style="list-style-type: none"> <li>• Max 20 acres</li> </ul>
<b>MULTIPLE PARCELS AND TAX ID NUMBERS</b>	<ul style="list-style-type: none"> <li>• Not allowed</li> </ul>
<b>UNPERMITTED ADDITIONS</b>	<ul style="list-style-type: none"> <li>• The subject addition complies with all Fannie Mae guidelines</li> <li>• The quality of the work is described in the appraisal and deemed acceptable (“workmanlike quality”) by the appraiser;</li> <li>• If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal:</li> <li>• Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property.</li> <li>• The appraiser has no reason to believe the addition would not pass inspection for a permit.</li> </ul>
<b>CONSTRUCTION TO PERMANENT FINANCING</b>	<ul style="list-style-type: none"> <li>• Two-time close option allowed, where transaction is paying off construction loans to obtain final permanent financing allowed</li> </ul>
<b>OCCUPANCY</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• Primary Residence</li> <li>• Second Homes</li> <li>• Non-Owner Occupied</li> </ul>
<b>OWNER OCCUPIED</b>	<ul style="list-style-type: none"> <li>• A primary residence is a property that the borrower(s) intend to occupy (within 60 days) as his or her principal residence</li> <li>• Characteristics that may indicate that a property is used as a borrower's primary residence include: <ul style="list-style-type: none"> <li>• Is occupied by the borrower for the major portion of the year</li> <li>• Is in a location relatively convenient to the borrower's principal place of employment</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>• Is the address of record for such activities as federal income tax reporting, voter registration, occupational licensing, and similar functions</li> <li>• Borrower may not own an additional single family residence of equal or greater value than subject property</li> </ul>
<b>SECOND HOME</b>	<ul style="list-style-type: none"> <li>• A property is considered a second home when it meets all of the following requirements: <ul style="list-style-type: none"> <li>• Must be located a reasonable distance away from the borrower(s) principal residence</li> <li>• Must be occupied by the borrower(s) for some portion of the year</li> <li>• Is restricted to a one-unit dwelling</li> <li>• Must be suitable for year-round occupancy</li> <li>• The borrower(s) must have exclusive control over the property</li> <li>• Rural properties not permitted.</li> <li>• Gift funds not permitted</li> </ul> </li> </ul>
<b>NON-OWNER OCCUPIED</b>	<ul style="list-style-type: none"> <li>• Occupancy designation when the borrower does not occupy the subject property.</li> <li>• A Non-Owner Occupied property must meet the following requirements: <ul style="list-style-type: none"> <li>• Borrowers with greater than 2 financed properties require an additional 3 months of reserves for each additional financed property. The 3 months additional reserves are based on the PITI plus HOA fees of the other financed properties</li> </ul> </li> <li>• All loans must contain an occupancy affidavit certifying the non-owner occupied investment property.</li> <li>• Rural properties not permitted.</li> <li>• Gift funds not permitted</li> </ul>
<b>ELIGIBLE BORROWERS</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• U.S. Citizens</li> <li>• Permanent Resident Aliens</li> <li>• Non-Permanent Resident Aliens</li> <li>• LLCs are eligible with a personal guarantor</li> <li>• First Time Homebuyers</li> <li>• Foreign Nationals</li> <li>• Non-Occupant Co-Borrowers (primary residence only)</li> <li>• Limited partnerships, general partnerships, corporations - Personal guarantor required</li> </ul>
<b>FIRST TIME HOMEBUYERS</b>	<ul style="list-style-type: none"> <li>• First Time Homebuyers (FTHB) are individuals that have never owned a home or had a residential mortgage</li> <li>• If only one of the borrowers is a FTHB, they are not restricted per the first-time homebuyer requirements. When all borrowers have no prior mortgage history of homeownership, they are restricted to the following: <ul style="list-style-type: none"> <li>• Interest-Only not permitted</li> <li>• 12 month 0 X 30 housing history or rent free letter required</li> <li>• Minimum FICO 660</li> <li>• Primary Residence or Second Homes Only</li> <li>• Maximum Loan Amount of \$2MM</li> <li>• Maximum 85% LTV</li> </ul> </li> </ul>
<b>INELIGIBLE BORROWERS</b>	<ul style="list-style-type: none"> <li>• Inter Vivos Revocable Trusts not allowed</li> <li>• Irrevocable or Blind Trust not allowed</li> </ul>
<b>PERMANENT RESIDENT ALIENS</b>	<ul style="list-style-type: none"> <li>• Permanent Resident Aliens are individuals who permanently reside in the United States</li> <li>• A legible front and back copy of the borrower(s) valid Green Card is required.</li> </ul>

<p><b>NON-PERMANENT RESIDENT ALIENS</b></p>	<ul style="list-style-type: none"> <li>• Non-Permanent Resident Aliens must meet the following requirements:</li> <li>• Must have an unexpired passport from their country of citizenship containing INS form I-94 (or equivalent) which must be stamped Employment Authorized</li> <li>• An Employment Authorization Card along with a copy of the Petition for Non-Immigrant Worker form I-140 (or equivalent) in file</li> <li>• The borrower(s) must have a minimum of 2 years residency, with the likelihood of employment continuance.</li> <li>• Specific valid visas are required, see <a href="#">Expanded Guidelines</a> for additional information and allowable visa types</li> <li>• Visa must have a minimum remaining duration of 1 year</li> <li>• Borrowers with diplomatic immunity are ineligible</li> <li>• If only one of the borrowers is a non-permanent resident alien, they are not restricted per the requirements below <ul style="list-style-type: none"> <li>• Primary Residence only</li> <li>• Purchase and Rate/Term Refinance Only (No Cash-Out)</li> <li>• 75% LTV/CLTV Maximum</li> <li>• Single unit only</li> <li>• Credit Grade B only</li> </ul> </li> </ul>
<p><b>FOREIGN NATIONALS</b></p>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• A foreign national is a person who is not a citizen of the United States and/or does not permanently reside in the U.S.</li> <li>• Must use 660 as credit score for locking and qualifying purposes</li> <li>• Third party verification of income and employment (tax returns, pay stubs and VVOE not required) <ul style="list-style-type: none"> <li>• Self Employed: <ul style="list-style-type: none"> <li>• A letter (on company letterhead) from a professional based in the borrower's country of residence – Accountant/CPA/Financial Institution Officer/ Licensed Financial Advisor verifying (i) the nature of the business (ii) income figures for the last 2 years and (iii) a year-to-date income figure</li> <li>• Validation of the existence of the business must include (i) Internet Web page address, or (ii) business and/or operator license from a governmental office</li> </ul> </li> <li>• Wage Earners: <ul style="list-style-type: none"> <li>• A letter (on company letterhead) from an authorized representative the employer stating (i) employment history (position/title, time on job), (ii) current monthly salary and year-to-date earnings.</li> <li>• A valid pay stub/ pay ledger or financial institution deposit/ transaction record that supports the employment</li> </ul> </li> </ul> </li> <li>• Ineligible-Residents of any country not permitted to transact business with US companies (as determined by any US government authority), as determined on the government list which can be found at this link: <a href="https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx">https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx</a></li> <li>• Must be Second Home or Investor only</li> <li>• Must have a valid Passport and Visa to enter the U.S. <ul style="list-style-type: none"> <li>• Borrowers who are residents of countries which participate in the State Departments Visa Waiver Program will not be required to provide a valid visa.</li> </ul> </li> <li>• Must have a copy of their last 4 months bank statements <ul style="list-style-type: none"> <li>• Bank statements must be translated into English language and must be shown in U.S. currency</li> </ul> </li> <li>• A foreign credit report should be obtained if possible. A report from Canada</li> </ul>

	<p>should be available, or a written explanation as to why it is not available must be provided. Other countries, may have a report available (UK, Scotland, etc.) and an attempt should be made to obtain it. However, even if a foreign credit report is obtained, credit scores from foreign reports will not be used. A 660 score must be considered for qualifying.</p> <ul style="list-style-type: none"> <li>• If no foreign credit report is available, the following is required: <ul style="list-style-type: none"> <li>• 2 credit reference letters written in English <ul style="list-style-type: none"> <li>• Can include non-traditional credit sources, i.e. utility company</li> <li>• Letter should reference time as a customer and is good standing</li> <li>• Satisfactory credit reference letters will assume a 660 FICO for locking and qualifying purposes</li> </ul> </li> <li>• 1 bank reference letter written in English <ul style="list-style-type: none"> <li>• Letter should reference time as a customer, type/number of accounts, and is good standing</li> </ul> </li> </ul> </li> <li>• Title vested in borrower(s) name, including LLC with personal guarantee.</li> <li>• Maximum LTV/CLTV 70% for loan amounts up to \$1.5M</li> <li>• Maximum LTV/CLTV 65% for loan amounts over \$1.5M up to \$3.0M</li> <li>• Funds required for down payment and closing costs must be held in a U.S. bank</li> <li>• Escrow for taxes and insurance is required</li> <li>• Diplomatic Immunity not permitted</li> <li>• Cash-Out not permitted</li> <li>• For Rate/Term Refinances, existing loan must be with a U.S. financial institution</li> <li>• Limited Power of Attorney (POA) is acceptable for executing closing documents</li> <li>• Business accounts are eligible for reserves, and reserves can remain at a financial institution in borrower's home country</li> <li>• Full doc only allowed</li> <li>• The restrictions on first time homebuyers do not apply to Foreign Nationals</li> </ul>
<b>NON OCCUPYING CO-BORROWERS</b>	<ul style="list-style-type: none"> <li>• Non-occupant co-borrowers are credit applicants who do not occupy the subject property as a principal residence. Non-occupant co-borrowers must meet the following requirements: <ul style="list-style-type: none"> <li>• Do not occupy the subject property as a principal residence</li> <li>• Must be an immediate relative, relationship letter is required</li> <li>• Must sign the mortgage or deed of trust</li> <li>• Must not have an interest in the property sales transaction, such as the property seller, builder, or real estate broker</li> <li>• Maximum LTV/CLTV 75%</li> <li>• Primary residence only</li> <li>• Single unit only</li> <li>• Blended ratios allowed</li> <li>• C Credit Grade not permitted</li> <li>• Cash-Out not permitted</li> </ul> </li> </ul>
<b>LIMITED PARTNERSHIPS, GENERAL PARTNERSHIPS, CORPORATIONS</b>	<ul style="list-style-type: none"> <li>• Personal guarantor required</li> <li>• Partnership, corporation only on vesting</li> <li>• Borrower must be permitted to act on behalf of entity</li> </ul>
<b>POWER OF ATTORNEY</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• Power of Attorney must be reviewed and approved by fulfillment center Operation Manager or PRMG's Compliance Group</li> <li>• Allowed with the following requirements:</li> </ul>

	<ul style="list-style-type: none"> <li>• Must meet Fannie Mae requirements</li> <li>• Power of Attorney (POA) must be limited or specific to the transaction</li> <li>• Purchase or rate and term only allowed</li> <li>• Power of Attorney may not be used to sign loan documents if no other borrower executed such documents unless, the Attorney in Fact is a relative or Attorney at Law.</li> <li>• POA can be used only for closing documents</li> <li>• The attorney-in-fact may not be the seller, appraiser, broker, etc. or have any other direct or indirect financial interest in the transaction</li> <li>• A statement that the POA is in full force and effect on the closing date, survives subsequent disability (durable), and has to be revoked in writing, or gives a specific expiration date which survives the closing date</li> <li>• A statement of the borrower's name exactly as it will appear on all closing documents</li> <li>• Notarized signature of borrower (if executed outside the U.S., it must be notarized at a U.S. Embassy or a military installation)</li> <li>• Recorder's stamp, if previously recorded</li> <li>• The attorney-in-fact must execute all closing documents at settlement</li> <li>• Title policy must not contain any exceptions based on use of POA</li> <li>• POA must be recorded along with or immediately prior to the closing documents</li> <li>• If a lender determines a Power of Attorney is required by applicable law (so cannot be restricted by investor requirements), lender must include a written statement explaining use of the Power of Attorney and may also be required to provide supporting documentation.</li> <li>• A written statement that explains the circumstances of the use of the POA must be included in the loan file.</li> </ul>
<p><b>LEXIS-NEXIS SEARCH REQUIREMENT</b></p>	<ul style="list-style-type: none"> <li>• For any of the following transaction types an email request (which includes a screenshot or snip of the loan in the FastTrac pipeline) must be sent to QC to have a LexisNexis search run on involved parties to the transactions to ensure there is no relationship between the buyer and seller. (Not all items listed may be applicable to this product, review product profiles for what is allowed): <ul style="list-style-type: none"> <li>• Short Sale Purchase</li> <li>• Property Flips &lt;= 180 days</li> <li>• Contractors on a 203K loan</li> <li>• For Sale by Owner (FSBO) required for all except: <ul style="list-style-type: none"> <li>• If the borrower and seller are related or are landlord and tenant, and the relationship is disclosed and is acceptable per PRMG guidelines</li> <li>• An investor, such as HUD, FNMA, FHLMC, etc.</li> <li>• REO lender who acquired the subject property by Trustee Sale as the Beneficiary</li> </ul> </li> </ul> </li> </ul>
<p><b>QC AUDIT REQUIRED</b></p>	<ul style="list-style-type: none"> <li>• A QC audit is required if the loan has any of the following high risk characteristics (not all items listed may be applicable to this product, review product profiles for what is allowed): <ul style="list-style-type: none"> <li>• 5-10 financed properties for second home and investment transactions.</li> <li>• 3-4 Units</li> <li>• 2-4 Unit properties in New Jersey</li> <li>• 203K loans (Lexis Nexis is required on all contractors as well)</li> <li>• VOE only used (when allowed by AUS) and not supported by paystub/W2 for Wholesale and Correspondent channels only (not required for retail channel)</li> <li>• If the borrower is employed by a party to the transaction</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• When the Real Estate Agent is also the Loan Officer on the transaction (not allowed on retail).</li> <li>• <b>NOTE: The above list applies to credit qualifying loans only.</b></li> </ul>
<b>QC REVALIDATION REQUIRED</b>	<ul style="list-style-type: none"> <li>• A QC validation is required if the loan has any of the following characteristics (not all items listed may be applicable to this product, review product profiles for what is allowed):</li> <li>• A revalidation of the VOE (in addition to the audit) is required by the QC Department if the following is used: <ul style="list-style-type: none"> <li>• VOE only used (when allowed by AUS) and not supported by paystub/W2 and</li> <li>• Wholesale and Correspondent channels only (not required for retail channel)</li> </ul> </li> <li>• A revalidation of the VOD is required by the QC Department for the if the following is used: <ul style="list-style-type: none"> <li>• VOD only used (when allowed by AUS) and not supported by bank statements and</li> <li>• Wholesale and Correspondent channels only (not required for retail channel)</li> </ul> </li> <li>• Note: A Borrower Authorization in name of PRMG may be required to obtain VOD or VOE revalidation if requested by the verifying institution.</li> </ul>
<b>INCOME REQUIREMENTS/ LIMITS</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• Underwriter has the discretion when evaluating the loan file to utilize a more conservative approach to income/expenses for qualification purposes based on the circumstances of the loan.</li> <li>• Income Analysis Worksheet: An underwriting worksheet or written details documenting income, debt, and debt-to-income ratio calculations must be in the loan file, supporting the data on the 1008, and must demonstrate the Borrower's Ability to Repay. The analysis must include the underwriter's written justification and calculation methodology for any non-standard income (e. g. bonus, overtime, rental, commission). The analysis must include support for any debts that are excluded from the debt-to-income ratios. Follow FNMA's calculation for self-employed borrowers.</li> <li>• For temporary leave income (such as disability), follow Fannie Mae requirements</li> <li>• If the borrower's business tax returns show a dollar amount in the Amortization line on forms Schedule C, 1065, 1120S or 1120, that amount can be added back</li> <li>• Asset depletion allowed, see Asset Depletion/Utilization section <ul style="list-style-type: none"> <li>• If asset depletion is used, then "Asset Depletion Used" must be entered in the Loan Program Comments section of FT360 Investor Overlay screen and if loan is locked, Secondary must be notified.</li> </ul> </li> <li>• Restricted stock income allowed, see Misc Income Source Requirements section</li> <li>• Bank Statement Income Allowed, see Bank Statement Income Analysis section below</li> </ul>
<b>MISCELLANEOUS INCOME SOURCE REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• <u>Joint Accounts</u> - A joint personal account with a non-borrowing spouse or domestic partner can be used for qualifying as follows: <ul style="list-style-type: none"> <li>• If not contributing income/deposits, it must be validated by a borrower affidavit</li> <li>• If contributing income/deposits, source must be clearly identified (direct deposit, SSI, trust income) and amounts must be subtracted from the analysis</li> <li>• Relationship letter must be present in file</li> </ul> </li> <li>• <u>Retirement, Government Annuity, and Pension Income</u> – Investor may recognize an ancillary income stream from employment-related assets as eligible for income qualification. Borrower must evidence a 12 month history of documented draws or interest/dividend income. If, based on that history, the income will continue for at least three years, the income may be used for loan qualification. One of the</li> </ul>

following types of income documentation is required:

- Copy of award letter or letters from the organizations providing the income
- Most recent personal income tax return with all schedules
- Most recent W2 or 1099
- Most recent 2 months bank statements showing deposit of funds
- If the income being used for qualifying represents at least 50% of the borrower's total income, a five year continuance is required. The borrower must have unrestricted access, and available to the borrower without penalty. Documentation of asset ownership must be in compliance with the allowable age of credit documents as noted in this product profile
- Restricted Stock Income – Investor will only consider restricted stock that was awarded in prior 2 years and became unrestricted (vested) in the current year. The Vesting Schedule must indicate the income will continue for a minimum of 3 years at a similar level to the prior 2 years. Continuance is based on the vesting schedule using a stock price based on the 52-week low for the most recent 12 months reporting at the time of closing. A 2-year average of prior income received from RSU's or stock option will be used. The following documentation is required:
  - Copy of the vesting schedule
  - Most recent W2 and pay stub
  - Private Stock not eligible
- Component Sources of Income (Component Income) - A borrower who has a self-employed business and also receives income from other sources is eligible for the bank statement program. Income sources include but are not limited to rental properties, trust & investment, alimony, etc. These income sources should be separately documented on the 1003 and should be separately supported by bank statement deposits.
  - Rental Income –
    - A current lease is required for all REO income properties
      - Evidence that lease is market rent is required
    - Must provide proof of ownership
    - Must provide rental payments of 2 months via cancelled checks, deposits slips, or bank records
    - If lease is not available, market rent must be obtained
    - Lease or market rent should be reduced by a vacancy/expense factor of 25%
  - Trust Income –
    - Income from trusts may be used if constant payments will continue for at least the first 3 years of the mortgage term as evidenced by trust income documentation
    - Trust Agreement required confirming amount, distribution frequency, and duration of payments
  - Alimony Income –
    - Final Divorce decree or legal separation agreement required
    - Must provide payment evidence of 6 months via cancelled checks, deposit slips, or bank records
  - Note Receivable Income
    - Copy of the note confirming amount and length of payment
    - Must provide payment evidence of 12 months via cancelled checks, deposit slips, or bank records
  - Royalty Payment Income
    - Royalty contract, agreement, or statement confirming amount, frequency,

	<p>and duration of the income –must document a 3 year continuance</p> <ul style="list-style-type: none"> <li>• Must provide payment evidence of 12 months via cancelled checks or bank records/deposits</li> <li>• Retirement Income <ul style="list-style-type: none"> <li>• The following types of income documentation is required: <ul style="list-style-type: none"> <li>• Copy of award letter or letters from the organizations providing the income</li> <li>• Most recent 2 months bank statements showing deposit of funds</li> </ul> </li> </ul> </li> <li>• For self-employed borrowers using bank statements for qualifying, passive income (i.e., SSI) may be considered for qualifying income but must be itemized on 1003 and calculated separately from the self-employed business.</li> <li>• For self-employed borrowers using bank statements for qualifying, wages from a secondary (part-time only) job may be considered for qualifying income depending on the length of time employed (must be at least two years) and the amount of wages (cannot be more than income from self-employment). Evidence must be provided to support that the part-time job will not conflict with or hinder the running of the business providing the qualifying income that is generated from the bank statements. The additional part-time income must be itemized on 1003 and calculated separately from the self-employed business.</li> <li>• <u>Self Employed/Wage Earner Combination</u> - Joint borrowers with 1 wage earner and 1 self-employed business owner can verify income separately, with the self-employed borrower utilizing bank statements and the wage earner providing pay stubs/W-2s. The wage earner 4506T should include W-2 transcripts only. Combination scenario must be qualified and priced as a bank statement loan. There can be no tax returns for the self-employed borrower in the file, or loan will be ineligible.</li> </ul>
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<p><b>BANK STATEMENT INCOME ANALYSIS</b></p>	<ul style="list-style-type: none"> <li>• Note: Bank statement loans submitted with tax returns or transcripts must follow Full Doc guidelines</li> <li>• Borrower must be self-employed <ul style="list-style-type: none"> <li>• A borrower who is paid via 1099 and files a Schedule C, but only contracts with a single company, does not use their own supplies/equipment or pay for their own expenses may not qualify for this option. To be eligible, borrowers must be considered owners of a self-employed business that they run, are responsible for managing and their employment profile should be reflective of that.</li> </ul> </li> <li>• Unable to consider foreign bank statements. Business must be domiciled in the US</li> <li>• Bank Statements must be provided to review in chronological order with most recent statements first to oldest statement last.</li> <li>• When looking at deposit history, underwriter must consider the nature of the business, and may require an explanation from the borrower for deposit history</li> <li>• <u>Profit &amp; Loss Analysis/Annual Earnings Summary</u> <ul style="list-style-type: none"> <li>• Net Income from the P&amp;L/AES will be used as Qualifying Income for both personal and business bank statements. The Expanded Access Bank Statement Calculator should be used to create the Annual Earnings Summary. The Expanded Access Bank Statement Calculator can be found on the Resource Center or at this link: <a href="http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessBankStatementCalculator.xlsx">http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessBankStatementCalculator.xlsx</a>.</li> <li>• The P&amp;L or ES being used for qualifying must be signed by the borrower</li> <li>• Declining income requires an LOE</li> <li>• Any amounts on the P&amp;L/AES representing salary/wages paid to the</li> </ul> </li> </ul>
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borrower/business owner can be added back and considered in the net income analysis.

- Expense line items that can be added back to the business net income include depreciation, depletion, amortization, casualty losses, and other losses or expenses that are not consistent and recurring.
- Borrowers utilizing business bank statements that own > 50% but < 100% of a business will be qualified at the P&L/AES net income multiplied by their ownership percentage.
- Borrower paid 1099 paid by a single company are not eligible for the bank statement program
- Qualification for business bank statement loans must use one of the following options:
- Fixed expense ratio
  - Restrictions: maximum 75% LTV and minimum 680 FICO
  - If the expense ratio is not applicable for the borrower’s business utilizing the fixed method above, the borrower may have the option of using a P&L or ES to qualify.

<b>Fixed Expense Ratio</b>			
<b>Number of FTE/Contractors</b>	0	1-5	>5
<b>Service Business</b>	20%	40%	60%
<b>Product Business</b>	40%	60%	80%

- Service Business Examples – Consulting, Accounting, Legal, Counseling, Therapy, Financial Planning, Insurance, Information Technology, etc.
- Product Business Examples – Retail, Food Services/Restaurant, Manufacturing, Contracting/Construction etc.
- The P&L expense ratio, Gross Income minus Net Income, divided by Gross Income, should be reasonable for the profession.
  - Example: A home-based sole practitioner therapist/consultant can be expected to have a low expense ratio, while a retail business that has a full staff of employees and relies heavily on inventory to generate income will have a high expense ratio.
- If the file does not contain a CPA prepared P&L, steps must be taken by the underwriter to evaluate the reasonableness of the expenses listed by the borrower.
- This requires the borrower to provide a business narrative which includes detail related to the size/scope and operating profile of the business, including the following:
  - Description of Business/Business Profile
  - Location & Associated Rent
  - Number of Employees / Contractors o Estimated Cost of Goods Sold (Does business involve sale of goods or just services?)
  - Materials/Trucks/Equipment
  - Commercial or Retail client base?
  - Business Analysis
- Expenses listed on a borrower prepared P&L or Annual Earnings Summary should generally relate to the information provided below.
- Bank Statement Narrative required, which can be found on the Resource Center or at this link:  
<http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessBusinessNarrative.pdf>.



	<ul style="list-style-type: none"> <li>• <b>Bank Statement Analysis</b> <ul style="list-style-type: none"> <li>• Eligible deposits from the bank statements should generally be within +/- 10% of the gross income (business accounts) or net income (personal accounts) as shown on the P&amp;L/AES.</li> <li>• Transfers from other bank accounts into the business bank accounts will require conclusive evidence that the source of transfer is business related income</li> <li>• An Income calculated with bank statement documentation should be consistent with income documented by the borrower on the loan application</li> <li>• Any deposits into a personal account deemed to derive from a source other than the business (rents, SSI, joint account holder wage income, IRS refunds) must be excluded from the analysis</li> <li>• NSFs may require a borrower LOE to evaluate that they are not due to financial mishandling and/or indicative of insufficient income</li> <li>• NSFs should be covered with deposits shortly after they are incurred.</li> <li>• Unusually large deposits exceeding 50% of monthly income (as defined by Fannie Mae) into personal accounts must be documented and explained via LOE and must be consistent with the business profile. If LOE is sufficient, no sourcing required.</li> <li>• Transaction history printouts are not acceptable.</li> <li>• Multiple bank accounts may be used.</li> <li>• Qualifying income using personal bank statement documentation is the <b>lower</b> of the following: <ul style="list-style-type: none"> <li>• <b>Personal bank statement average (total eligible deposits / 12 or 24 months)</b></li> <li>• <b>Monthly income disclosed on the initial signed 1003</b></li> </ul> </li> <li>• Qualifying income using business bank statement documentation is the <b>lower</b> of the following: <ul style="list-style-type: none"> <li>• <b>Monthly net income calculated on the P&amp;L/ES</b></li> <li>• <b>Monthly income disclosed on the initial signed 1003</b></li> </ul> </li> <li>• Co-mingling of personal and business receipts and expenses in Personal Bank Accounts is not permitted. Evidence of comingling will require the loan to be submitted and qualified as a business bank statement loan.</li> <li>• 2 months of business bank statements must be provided to validate borrower utilizes separate banking accounts</li> <li>• If personal bank statements provided reflect payments being made on obligations not listed on the credit report, a thorough analysis must be performed and LOE provided from the borrower, as outlined below.</li> <li>• The above referenced guidance can be used in conjunction with the Bank Statement Calculator which can be found on the Resource Center or at this link: <a href="http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessBankStatementCalculator.xlsx">http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessBankStatementCalculator.xlsx</a>.</li> <li>• <b>Bank statement loans submitted with tax return documentation or 1040 transcripts are ineligible for purchase.</b></li> </ul> </li> </ul>
<b>HOMEBUYER EDUCATION</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>CREDIT</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• A tri-merged in file credit report from all three repositories is required</li> <li>• Credit Report is good for 120 days from application to closing</li> <li>• A written explanation for all inquiries within 90 days of application is required</li> </ul>

	<p>disclosing no new debt</p> <ul style="list-style-type: none"> <li>• Alternate confirmation that there is no new debt may include a new credit report, pre-close credit score soft-pull or gap report <ul style="list-style-type: none"> <li>• DTI should be recalculated based on any new debt (subject to FNMA tolerances)</li> <li>• Any new credit scores must be reviewed for qualifications</li> </ul> </li> <li>• No private credit repair companies allowed.</li> <li>• Rapid rescore of credit only permitted for confirmation of pay down and/or payoff of debt and correction of reporting errors <ul style="list-style-type: none"> <li>• Updated credit score permitted for qualifying</li> </ul> </li> <li>• Each borrower's 'Credit Score' is the middle of three or the lesser of two</li> <li>• No borrower can have a middle FICO score (if three scores) or lowest score (if two scores) of less than 580</li> <li>• Representative Credit Score – <ul style="list-style-type: none"> <li>• Full Documentation and Component Income loans - Credit Score of the primary earner</li> <li>• Bank Statement and Express Doc loans - The lowest Credit Score among borrowers</li> </ul> </li> </ul>
<p><b>CREDIT REPORT REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>• Each Borrower's credit profile must include a minimum of 2 trade lines within the last 24 months that show a 12 month history, or a combined credit profile between borrower and co-borrower with a minimum of 3 tradelines. <ul style="list-style-type: none"> <li>• Tradeline activity is not required. Eligible tradelines cannot have any derogatory history in previous 24 months</li> </ul> </li> <li>• Current housing not reporting on credit can be considered an open trade if supported by bank records (cancelled checks/debits)</li> <li>• Borrower(s) not using income to qualify are not required to meet the minimum tradeline requirements listed above.</li> <li>• Prior bankruptcies are permitted. Chapter's 7, 11, and 13 require re-established credit history from discharge date. See Credit Grades for seasoning requirements</li> <li>• Prior Foreclosure, Short Sales, Deed-in-Lieu and Modifications (due to default) are permitted</li> <li>• Mod Seasoning - from the date of the first trial payment if paid as agreed</li> <li>• Borrowers currently enrolled in credit counseling or debt management plans are not permitted</li> <li>• All derogatory accounts require a full explanation</li> <li>• All Judgments or liens affecting title must be paid</li> <li>• Non-title charge-offs and collections within 3 years and exceeding \$5,000 (either individually or in aggregate) must be paid</li> <li>• Medical collections less than \$15,000 are not required to be paid</li> <li>• All past due accounts must be brought current prior to closing</li> <li>• No authorized user accounts will be used to satisfy minimum tradeline, however must be used to calculate DTI ratio</li> <li>• Medical derogatory accounts, collections, and charge-offs permitted with letter of explanation</li> <li>• Disputed accounts require a LOE per Fannie Mae. An updated credit report not required</li> <li>• IRS tax payment plans, approved by the IRS are permitted if current and do not carry a lien on any property</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<p><b>NON-TRADITIONAL CREDIT</b></p>	<ul style="list-style-type: none"> <li>• For Foreign National borrowers, non-traditional credit sources (i.e. utility company) can be used if no foreign credit report is available</li> </ul>

<b>REQUIREMENTS</b>	<ul style="list-style-type: none"><li>• Refer to Foreign National section</li></ul>
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<b>CREDIT GRADE DESIGNATION</b>	<ul style="list-style-type: none"> <li>Investor defines housing event per property (including 1st and 2nd) as foreclosure, short sale, deed in lieu, default modification, Notice of Default, or 120+ Days Delinquent</li> <li>Defaulted first and second on same property is considered one event</li> <li>BK is not a housing event and is permitted in combination with a housing event</li> <li>For B and C Credit Grades: <ul style="list-style-type: none"> <li>Subject loan primary residence: housing history on primary only</li> <li>Subject loan Second or Investor property: housing history includes all properties</li> </ul> </li> <li>Single housing event only permitted in recent credit event (C Credit)</li> </ul> <table border="1" data-bbox="407 499 1430 898"> <thead> <tr> <th>Grade</th> <th>Description</th> <th>12 Month Housing History</th> <th>Foreclosure/ Short Sale/DIL/ Modification</th> <th>BK<sup>1,2</sup></th> </tr> </thead> <tbody> <tr> <td><b>B Credit</b> - Seasoned Credit Event/DLQ</td> <td>No Housing events permitted within 3 years</td> <td>0x60</td> <td>36 months</td> <td>24 months</td> </tr> <tr> <td><b>C Credit</b> - Recent Credit Event/Serious DLQ</td> <td>Single Housing event only permitted within 0-3 years</td> <td>0x90<sup>3,4</sup></td> <td>Settled</td> <td>12 months</td> </tr> </tbody> </table> <ol style="list-style-type: none"> <li>BK events include Chapter 7, 11, and 13</li> <li>Multiple BK filings per person are not permitted</li> <li>Housing history must be paid as agreed since housing event completion date</li> <li>Does not include delinquencies related to the subsequent event</li> </ol> <p>See <a href="#">Expanded Guidelines</a> for additional information</p>	Grade	Description	12 Month Housing History	Foreclosure/ Short Sale/DIL/ Modification	BK <sup>1,2</sup>	<b>B Credit</b> - Seasoned Credit Event/DLQ	No Housing events permitted within 3 years	0x60	36 months	24 months	<b>C Credit</b> - Recent Credit Event/Serious DLQ	Single Housing event only permitted within 0-3 years	0x90 <sup>3,4</sup>	Settled	12 months
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<b>OTHER CREDIT REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>All borrowers must be current on mortgage or rent at loan application</li> <li>All derogatory accounts &gt;= 60 days within 4 years of closing require a full explanation for any applicable extenuating circumstance</li> <li>Mortgage ratings on rental income being used to qualify are required.</li> <li>Housing history (primary residence) evidenced by Institutional VOM or 12 months proof of payment</li> <li>Rental history evidenced by 12 months proof of payment via cancelled checks or bank statement debits or institutional VOR. (Private landlord VORs may be considered on a case by case basis.)</li> <li>Seasoning look back is from the date of discharge or property resolution (completion date), as of the note date <ul style="list-style-type: none"> <li>Modification look back commences at inception</li> </ul> </li> <li>Foreclosures included in bankruptcy permitted based on BK discharge date as long as the borrower had vacated the property</li> <li>Multiple dismissed or discharged bankruptcy filings ineligible</li> <li>IRS taxpayment plans are permitted if current and do not carry a lien</li> <li>See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>															
<b>HOUSING PAYMENT HISTORY</b>	<ul style="list-style-type: none"> <li>12 months housing history is required. See applicable Credit Grades for requirements</li> <li>Credit supplement VOM not permitted. Cancelled checks or bank debits required</li> <li>Rental history evidenced by 12 months proof of payment via cancelled checks or bank debits or institutional VOR/VOM <ul style="list-style-type: none"> <li>Private party VOR/VOMs may be considered on a case by case basis.</li> </ul> </li> </ul>															

	<ul style="list-style-type: none"> <li>• A LOE is required when a 12-month housing history is not applicable</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<b>LDP/GSA REQUIREMENT</b>	<ul style="list-style-type: none"> <li>• All parties involved with and who handle the loan file (see instructions in the Resource Center for additional information) must be checked against HUD's Limited Denial of Participation (LDP) list at</li> <li>• <a href="https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp">https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp</a> and the General Services Administration's (GSA) Excluded Party List at</li> <li>• <a href="https://www.sam.gov/portal/public/SAM/">https://www.sam.gov/portal/public/SAM/</a></li> <li>• Any entity noted on either of the LDP and GSA lists must be removed from the transaction or will cause the loan to be ineligible.</li> <li>• The parties to verify include, but are not limited to, Buyers (including AKAs on the credit report), Sellers, Loan Officer, Buyers Agent, Sellers Agent, Escrow Officer, Title Officer, Appraiser, Processor, and Underwriter.</li> </ul>
<b>RATIOS</b>	<ul style="list-style-type: none"> <li>• See LTV Grid</li> <li>• Loans with a DTI greater than 43% must follow residual income requirements (see Residual Income section)</li> </ul>
<b>QUALIFYING</b>	<ul style="list-style-type: none"> <li>• Fixed: Qualify at the fully amortized payment (PITIA) at the note rate.</li> <li>• <u>ARM Qualifying</u> <ul style="list-style-type: none"> <li>• 5/1 ARMs – greater of Note Rate or the Fully Indexed Rate</li> <li>• 7/1 ARMs - greater of Note Rate or the Fully Indexed Rate</li> </ul> </li> <li>• For I/Os calculate payment based on (i) the Rate, (2) the original balance, and (3) a term that equals the amortization term (i.e. 240 months for 30 Year I/O or 360 months for 40 Year I/O). Qualifying payment for I/O must include principal component.</li> <li>• Pay down of debt to qualify is permitted. Debt must be paid down prior to or at closing, and verified via an updated credit report or credit supplement</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<b>PAYMENT SHOCK</b>	<ul style="list-style-type: none"> <li>• Payment shock is limited to 300% on primary residence transactions. The underwriter may approve payment shock up to 300% with an LOE documenting underwriter's payment shock approval and applicable compensating factors, as outlined in the Compensating Factors section.</li> <li>• Payment shock exceeding 300% must be preapproved by the Investor</li> <li>• Payment Shock Calculation: <math>(\text{Proposed PITI} - \text{Current PITI}) / \text{Current PITI} \times 100</math></li> <li>• Payment is shock is not considered for borrowers who do not have a current housing payment, or own a home free and clear</li> </ul>
<b>COMPENSATING FACTORS</b>	<ul style="list-style-type: none"> <li>• FICO score above minimum by 20 points or higher</li> <li>• DTI below max by 5% or greater</li> <li>• PITIA reserves above minimum by 6 months or higher</li> <li>• Reduction in housing payment by 10% or greater</li> <li>• Increase in residual income by 10% or greater</li> <li>• Residual income \$1,000 above the minimum required</li> <li>• 0 X 30 X 24-month housing history</li> <li>• 5 years minimum in subject property</li> <li>• Job stability of 5 years or more</li> <li>• Additional borrower income sources not being used for qualifying</li> </ul>
<b>LANDLORD EXPERIENCE</b>	<ul style="list-style-type: none"> <li>• No minimum landlord history required</li> <li>• See Negative Cash flow for information on qualifying</li> </ul>
<b>NEGATIVE CASH FLOW/ POSITIVE CASH FLOW</b>	<ul style="list-style-type: none"> <li>• Properties with negative cash flow are closely reviewed to ensure an overall acceptable risk.</li> <li>• Negative Cash Flow from investment properties and from multi-unit primary</li> </ul>

	<p>residences must be considered a liability for qualification purposes.</p> <ul style="list-style-type: none"> <li>• Properties with negative cash flow are closely reviewed to ensure an overall acceptable risk.</li> <li>• Follow Fannie Mae requirements for rental income calculations.</li> </ul>												
<b>CASH RESERVES – PRIMARY RESIDENCE</b>	<table border="1"> <thead> <tr> <th>Loan Purpose<sup>1</sup></th> <th>Property Type<sup>1</sup></th> <th>Max Loan Amount<sup>1</sup></th> <th>Reserves<sup>1</sup></th> </tr> </thead> <tbody> <tr> <td rowspan="3">Purchase, Rate/Term Refinance, Cash-Out Refinance</td> <td rowspan="3">SFR, Condo, PUD, 2-Unit</td> <td>\$100,000 – \$500,000</td> <td>3 Months</td> </tr> <tr> <td>\$500,001 – \$1,500,000</td> <td>6 Months</td> </tr> <tr> <td>\$1,500,001 – \$3,000,000</td> <td>12 Months</td> </tr> </tbody> </table> <p>1. See below for additional requirements for borrowers with multiple financed properties</p> <ul style="list-style-type: none"> <li>• Borrowers with greater than 2 financed properties require 9 months or otherwise stated higher reserve amount above and an additional 2 months of reserves for each additional financed property. The 2 months additional reserves are based on the PITI plus HOA fees of the other financed properties. For primary residence transactions, this requirement can be waived for borrowers who have a minimum 18 months reserves on the primary residence.</li> <li>• Reserves are calculated off actual P&amp;I payment plus Taxes, Insurance, and HOA</li> </ul>	Loan Purpose <sup>1</sup>	Property Type <sup>1</sup>	Max Loan Amount <sup>1</sup>	Reserves <sup>1</sup>	Purchase, Rate/Term Refinance, Cash-Out Refinance	SFR, Condo, PUD, 2-Unit	\$100,000 – \$500,000	3 Months	\$500,001 – \$1,500,000	6 Months	\$1,500,001 – \$3,000,000	12 Months
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<b>ADDITIONAL RESERVE REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• Cash-out permitted to meet reserve requirements</li> <li>• Reserves not required for Asset Depletion</li> </ul>												
<b>REQUIRED DOWN PAYMENT / SOURCE OF FUNDS</b>	<ul style="list-style-type: none"> <li>• Full Asset Documentation is required for both funds to close and reserves. For most asset types, this would include all pages of the most recent 2 months statements or the most recent quarterly statement or FNMA approved third party direct pull services. All assets from the borrower(s) must be disclosed and verified by the lender</li> <li>• No business accounts may be used to meet down payment and/or reserve requirements unless the borrower(s) are 100% owners of the business and requires: <ul style="list-style-type: none"> <li>• A letter from the businesses accountant OR</li> <li>• An underwriter cash flow analysis of the business balance sheet to confirm that</li> </ul> </li> </ul>												

	<p>the withdrawal will not negatively impact the business</p> <ul style="list-style-type: none"> <li>• Cryptocurrency, digital currencies or altcoins (i.e. Bitcoins, Litecoin, Ethereum, etc.) are ineligible for reserves. Cryptocurrency, digital currencies or altcoins may not be included as financial assets for mortgage qualification purposes and is an ineligible source of funds for down payment and closing costs unless being converted into U.S. currency. To be used as a source of funds for down payment, closing costs, or reserves, cryptocurrency, digital currencies or altcoins must be converted into U.S. currency and be held within a U.S. Financial Institution and verified prior to underwriting final approval. In addition to the verification of U.S. currency, the borrower(s) must be able to provide acceptable documentation for the source of funds used to initially acquire the cryptocurrency prior to the conversion.</li> <li>• Stocks/Bonds/Mutual Funds - 100% may be used for reserves</li> <li>• Vested Retirement Accounts – 100% may be considered for reserves</li> <li>• Assets being used for dividend and interest income may not be used to meet reserve requirements</li> <li>• 529 accounts are not allowed</li> <li>• If needed to close, verification that funds have been liquidated (if applicable) is required</li> <li>• Gift of Equity is not allowed</li> <li>• Builder profits are not allowed</li> <li>• Maximum Interested Party Contributions permitted up to 3% for LTV &gt;=80, 6% for LTV&lt;80</li> <li>• LOE required for large deposits, as defined by Fannie Mae</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<p><b>ASSET DEPLETION/ ASSET UTILIZATION</b></p>	<ul style="list-style-type: none"> <li>• The utilization of financial assets will be considered as borrower income to qualify for their monthly payments. The unrestricted liquid assets can be comprised of stocks/bonds/mutual funds, vested amount of retirement accounts and bank accounts</li> <li>• Net assets multiplied by the following percentages: <ul style="list-style-type: none"> <li>• 100% Checking/savings/money accounts</li> <li>• 85% of the remaining value of stocks/bonds/Mutual Funds,</li> <li>• 80% for all vested retirement assets</li> <li>• 75% of vested OREO Home Equity (Residential Properties Only) with the following requirements: <ul style="list-style-type: none"> <li>• Subject Loan: Max 65% LTV</li> <li>• Borrower’s Min 700 FICO</li> <li>• Value must be documented by exterior appraisal or BPO</li> <li>• Lien Search required</li> <li>• 100% ownership required</li> </ul> </li> </ul> </li> <li>• Utilization draw schedule of 10 years (Qualified Assets divided by 120)</li> <li>• Priced and qualified as a Full doc loan</li> <li>• 80% maximum LTV</li> <li>• C Credit Grade not permitted</li> <li>• Reserves not required</li> <li>• Payment shock not applicable</li> <li>• Cash-Out not permitted</li> <li>• Non-Owner Occupied is not eligible</li> <li>• Business funds not permitted</li> <li>• Gift Funds not permitted</li> </ul>

	<ul style="list-style-type: none"> <li>Foreign Assets not permitted</li> <li>This can be combined with other sources of income i.e. W2 income, rent, pension, social security etc.</li> <li>If the assets or a portion of the assets are being used for down payment or costs to close, those assets should be excluded from the balance before analyzing a portfolio for income qualification</li> <li>Borrowers must have a minimum of the lesser of (i) 1.25 times the loan balance or (ii) \$1mm in qualified assets</li> <li>Borrowers must have a minimum of \$450K in net (post-close) assets</li> <li>Assets used for qualifying must be seasoned 120 days unless pre-approved by investor</li> <li>A spreadsheet is available in the Resource Center to help with the income calculation as part of the bank statement calculator and can be found at the following link: <a href="http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessBankStatementCalculator.xlsx">http://www.eprmg.net/ResourceCenter/JumboandNicheProductForms/ExpandedAccessBankStatementCalculator.xlsx</a>.</li> <li>Asset utilization will be qualified under the full doc program matrix/pricing <ul style="list-style-type: none"> <li>If asset depletion is used, then "Asset Depletion Used" must be entered in the Loan Program Comments section of FT360 Investor Overlay screen and if loan is locked, Secondary must be notified.</li> </ul> </li> <li>See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<b>INELIGIBLE SOURCE OF FUNDS</b>	<ul style="list-style-type: none"> <li>Gifts of Equity</li> <li>Builder profits</li> </ul>
<b>1031 TAX DEFERRED EXCHANGE</b>	<ul style="list-style-type: none"> <li>See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>Allowed on non-owner transactions</li> <li>Must meet Fannie Mae requirements</li> </ul>
<b>GIFT FUNDS/GIFTS OF EQUITY</b>	<ul style="list-style-type: none"> <li>Gifts from family members, as defined by FNMA, are allowed</li> <li>The borrower(s) must have a minimum of 5% of own funds available, (but may elect not to use own funds for the transaction if sufficient gift funds are available)</li> <li>Vested Retirement Accounts (401K, etc.), may be considered as borrowers owns funds (do not have to be liquidated) (less amount that would have been required to liquidate, etc.)</li> <li>Gift funds cannot be counted towards reserves</li> <li>Purchase transaction only</li> <li>Not permitted on loans with LTVs &gt; 85%</li> <li>Gifts of equity not allowed</li> <li>Primary Residence only</li> <li>Not permitted on full doc loans with LTVs &gt; 85% and on Bank Statement/Express Doc loans with LTV &gt; 80%.</li> <li>Non-borrowing spouse residing in property who is contributing funds is not considered a gift</li> </ul>
<b>GIFTS OF EQUITY</b>	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>
<b>CONTRIBUTIONS BY AN INTERESTED PARTY</b>	<ul style="list-style-type: none"> <li>All IPCs must be disclosed on the Closing Disclosure or settlement statement.</li> <li>Maximum Interested Party Contributions permitted up to 3% for LTVs &gt;= 80 and 6% for LTVs &lt; 80</li> </ul>
<b>DOWN PAYMENT ASSISTANCE</b>	<ul style="list-style-type: none"> <li>Down Payment Assistance (DPA) Programs not allowed</li> </ul>
<b>MORTGAGE CREDIT CERTIFICATES</b>	<ul style="list-style-type: none"> <li>Not Allowed</li> </ul>
<b>SUBORDINATE</b>	<ul style="list-style-type: none"> <li>New subordinate financing (institutional) allowed for purchase transactions only</li> </ul>



<b>FINANCING</b>	<ul style="list-style-type: none"> <li>• Primary residences only</li> <li>• If a HELOC is present the CLTV must be calculated by dividing the sum of the original loan amount of the first mortgage, the amount of the HELOC (whether or not there have been any draws), and the unpaid principal balance of all other subordinate financing by the lower of the property's sales price or appraised value.</li> <li>• All subordinate loan obligations must be considered, verified, and taken into account when calculating the Borrower's DTI.</li> <li>• If the subordinate financing is a HELOC secured by the subject property, monthly payments equal to the minimum payment required under the HELOC terms considering all draws made on or before closing of the subject transaction.</li> <li>• For closed-end fixed rate, fully amortizing simultaneous loans, the qualifying payment is the monthly payment.</li> <li>• Fixed Rate Mortgage and 7/1 ARM transactions only <ul style="list-style-type: none"> <li>• Interest Only not permitted</li> </ul> </li> <li>• Not allowed on Interest only product codes</li> <li>• Existing subordination is permitted on refinances</li> </ul>
<b>VALUE FOR LTV/CLTV CALCULATION</b>	<ul style="list-style-type: none"> <li>• See below</li> </ul>
<b>PURCHASE</b>	<ul style="list-style-type: none"> <li>• Use lesser of current appraised value (lesser of two appraisals) or acquisition cost.</li> </ul>
<b>REFINANCE</b>	<ul style="list-style-type: none"> <li>• Rate/Term (excluding refinance of a construction loan): If the property is owned less than 6 months at the time of application, the LTV/CLTV will be based on the lesser of the original purchase price plus improvements or current appraised value. The prior HUD-1 will be required for proof of purchase price. Proof of improvements is required <ul style="list-style-type: none"> <li>• There is no waiting period if the lender documents that the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership). If the borrower acquired the property at any time as a gift, award, inheritance or other non-purchase transaction, the LTV will be based on the current appraised value. The lender must obtain appropriate documentation to verify the acquisition and transfer of ownership</li> </ul> </li> <li>• The rate/term refinance of a construction loan is eligible with the following conditions: <ul style="list-style-type: none"> <li>• If the lot was acquired 12 or more months before applying for the subject loan, the LTV/CLTV/HCLTV is based on the current appraised value of the property</li> <li>• If the lot was acquired less than 12 months before applying for the construction financing, the LTV/CLTV/HCLTV is based on the lesser of (i) the current appraised value of the property and (ii) the total acquisition costs</li> </ul> </li> <li>• Cash Out: If the property is owned less than 12 months but greater than 6 months at the time of application, the LTV/CLTV will be based on the lesser of the original purchase price plus documented improvements, or current appraised value. The prior HUD-1 will be required for proof of purchase price</li> </ul>
<b>MAXIMUM CASH PROCEEDS</b>	<ul style="list-style-type: none"> <li>• Maximum Cash out amount - \$1,000,000</li> <li>• Cash out amount &gt;\$500K – Reduce max LTV/CLTV by 5%</li> <li>• Any non-seasoned junior lien not used to purchase the property is considered cash out and in included in the max cash proceeds.</li> <li>• Refinance of a previous cash out seasoned &lt; 1 year will be considered cash out refinance.</li> </ul>
<b>PURCHASE</b>	<ul style="list-style-type: none"> <li>• No property flipping, prior owners must have owned the property more than 6 months. (Bank owned REO are eligible and not considered a flip transaction)</li> <li>• Maximum Interested Party Contributions permitted up to 3% for LTV &gt;=80, 6% for</li> </ul>

	LTV<80
<b>RATE/TERM REFINANCE</b>	<ul style="list-style-type: none"> <li>• A Rate/Term Refinance transaction is when the new loan amount is limited to the payoff of the present seasoned (12 months or used as purchase money mortgage) first lien mortgage, any seasoned non-first-lien mortgages, closing costs and prepays, or a court ordered buyout settlement (i.e., the buyout of a spouse)</li> <li>• A seasoned non-first lien mortgage is a purchase money mortgage or a closed end or HELOC mortgage that has been in place for more than 12 months (and/or not having any draws greater than \$2,000 in the past 12 months for HELOC's. Withdrawal activity must be documented with a transaction history from the HELOC)</li> <li>• Limited cash to the borrower must not exceed the greater of \$2,000 or 1% of the principal amount of the new mortgage to be considered a Rate/Term refinance</li> <li>• Refinance of a previous cash out seasoned &lt; 1 year will be considered cash out refinance.</li> <li>• Refinancing of a Land contract is considered a purchase and LTV should be calculated using purchase price.</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> </ul>
<b>CASH OUT REFINANCE</b>	<ul style="list-style-type: none"> <li>• A Cash-Out Refinance transaction allows the borrower to pay off the existing mortgage by obtaining new financing secured by the same property or allows the property owner obtain a mortgage on a property that is currently owned free and clear. The borrower can receive funds at closing as long as they do not exceed the program requirements</li> <li>• Refinance of a previous cash out seasoned &lt; 1 year will be considered cash out refinance.</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<b>DELAYED FINANCING</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• Follow FNMA for Delayed Financing Guidelines</li> </ul>
<b>CONTINUITY OF OBLIGATION</b>	<ul style="list-style-type: none"> <li>• Continuity of obligation occurs on a refinance transaction when at least one of the borrower(s) (or members of the LLC) on the existing mortgage is also a borrower/member on the new refinance transaction secured by the subject property. When an existing Mortgage will be satisfied as a result of a refinance transaction, the following requirements must be met:</li> <li>• At least one borrower on the refinance mortgage held title to for the most recent 6 month period and the mortgage file contains documentation evidencing that the borrower has been making timely mortgage payments, including the payments for any secondary financing, for the most recent 6-month period</li> <li>• At least one Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation or dissolution of a domestic partnership</li> </ul>
<b>SEASONING REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• See Continuity of Obligation section for refinance transactions</li> </ul>
<b>RECENTLY DELISTED PROPERTIES</b>	<ul style="list-style-type: none"> <li>• Rate and Term: Properties that have been listed for sale within the past 6 months from the loan application date are not eligible for a rate/term refinance transaction</li> <li>• Cash Out: To be eligible for a Cash-Out Refinance the borrower must have owned the property for a minimum of 6 months prior to the application date. Properties listed for sale within the last 12 months are ineligible for cash out</li> </ul>
<b>ANTI-FLIPPING POLICY</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• For purchase transactions, no property flipping. Prior owners must have owned the property more than 6 months unless submitted to the Investor for exception/approval. (Bank owned REO are eligible and not considered a flip</li> </ul>

	transaction)
<b>CURRENT PROPERTIES PENDING SALE OR PRIMARY RESIDENCES BEING CONVERTED TO SECOND HOMES OR INVESTMENT PROPERTIES</b>	<ul style="list-style-type: none"> <li>• See <a href="#">Expanded Guidelines</a> for additional information.</li> <li>• When the borrower owns mortgaged real estate, the status of the property determines how the existing property's PITIA must be considered in qualifying for the new mortgage transaction. If the mortgaged property owned by the borrower is an existing investment property or a current principal residence converting to investment use, the borrower must be qualified in accordance standard Rental Income Requirements.</li> <li>• Income from converting property can only be used to offset PITIA, cannot be used as qualifying income.</li> <li>• For QM loans, must meet all requirements for Appendix Q for converting properties including equity in the retained property may be evidenced by an automated valuation model (AVM), Broker Price Opinion (BPO) or an exterior-only inspection dated no more than 60 days prior to the Note date. A borrower provided report of value is not acceptable to establish value.</li> <li>• For non-QM loans, equity not required to be verified to offset mortgage payment</li> <li>• See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<b>APPRAISAL</b>	<ul style="list-style-type: none"> <li>• Additional appraisal requirements can be found in the PRMG Appraisal Guidelines which is available in the Resource Center or at the following link</li> <li>• <a href="http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Guidelines.pdf">http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Guidelines.pdf</a></li> <li>• Appraisals can be ordered through Appraisal Scope from any AMC approved in your designated region. Approved AMCs will be available in your AMC drop down on the appraisal order form. <i>Important note: if the appraisal is ordered through PRMG's standard appraisal ordering system, the appraisal department will assign it to an appraiser on our panel and the appraisal will not be eligible. All appraisals must comply with and conform to USPAP and the Appraisal Independence Requirements, and any requirement for HPMLs, if applicable</i></li> <li>• The appraiser must not have a direct or indirect interest, financial or otherwise, in the property or in the transaction.</li> <li>• An appraisal prepared by an individual who was selected or engaged by a borrower, property seller, real estate agent or other interested party is not acceptable</li> <li>• Assigned/Ported/Transferred appraisals are acceptable (note, transferred appraisals from a builders affiliated lender are not acceptable)</li> <li>• Two appraisals are required to be delivered from independent AMCs for loan amounts &gt; \$1,500,000 and HPML flip transactions as defined by the CFPB. Interior photos are required</li> <li>• Appraisals are good for 120 days. Any appraisal seasoned greater than 120 days will require a recertification of value completed by the original licensed appraiser. A recertification of value will be permitted up to 180 days</li> <li>• Legal non-conforming zoned properties must indicate that the subject property can be rebuilt if it is severely damaged or destroyed</li> <li>• Form 1007 Schedule of Rents is required for all Non-Owner-Occupied loans on Single Family residences</li> <li>• For 2-4 unit properties, a FNMA 1025 Small Residential Income Property Appraisal Report is required</li> <li>• Negative property influences must be disclosed and adjusted accordingly by appraiser</li> <li>• Properties with unpermitted additions should be sent to the Investor for an eligibility review</li> </ul>

	<ul style="list-style-type: none"> <li>• Solar panel agreements are permitted in accordance with FNMA guidelines</li> <li>• Loans with appraisals that predate a FEMA disaster area require Investor review prior to purchase</li> </ul>
<p><b>THIRD PARTY APPRAISAL REVIEW</b></p>	<ul style="list-style-type: none"> <li>• Prior to or concurrent with submitting a loan for eligibility, must submit the appraisal to Investor’s fulfillment vendor who will obtain a third-party appraisal review to validate the origination appraisal(s)</li> <li>• The Vendor Appraisal Review final opinion of value must be within 10% (i.e. above or below) the lowest origination appraisal(s) or sales price <ul style="list-style-type: none"> <li>• LTVs &gt;= 85% must be within 5%</li> </ul> </li> <li>• Desk review is not required for loans with 2 appraisals</li> <li>• Appraisal Review will be submitted by the underwriter prior to or concurrently with the eligibility submission to <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a> after review and acceptance of the appraisal(s). See Eligibility Review section for details on submissions to Jumbo Reviews.</li> <li>• Loan cannot move to docs until reviews are submitted to and returned from <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a> and the underwriter ensures the results meets the program requirements</li> </ul>
<p><b>DISASTER RE-INSPECTION REQUIREMENTS</b></p>	<ul style="list-style-type: none"> <li>• Federally Declared Disaster Areas</li> <li>• If the property is located in a county where a Disaster Declaration has been issued, an acceptable recertification of value is required</li> <li>• If the property is in a county with an Emergency Declaration, no additional action is required. Should the county receive a Disaster Declaration by FEMA at a later date; a recertification will be required prior to closing the loan.</li> <li>• All federally declared disaster areas with incident end dates within the past 12 months can be found on FEMA’s Disaster Website.</li> <li>• Disaster Inspection and Appraisal Requirements <ul style="list-style-type: none"> <li>• If the appraisal was performed on/after the FEMA incident end date, the appraiser must comment on the condition of the property and any affects to the marketability. If the appraisal indicates damage, a disaster inspection is required, refer to the below inspection requirements.</li> <li>• If the appraisal was performed before the FEMA incident end date, then a Disaster Inspection must be performed, but before closing. Refer to the below inspection requirements.</li> </ul> </li> <li>• Inspection Requirements: <ul style="list-style-type: none"> <li>• The Disaster Inspection must include exterior photos, verifying that the property is undamaged and that the recent disaster event has had no effect on the property’s value or marketability. The inspection should be performed by the original appraiser when possible, or may be performed by another licensed appraiser, by a licensed Property Inspector, or by a nationally recognized field company.</li> </ul> </li> <li>• If the property was damaged and the damage is uninsured or the damage affects the safety, soundness, or structural integrity of the property, the property must be repaired prior to closing.</li> </ul>
<p><b>NON-ARMS LENGTH TRANSACTIONS OR IDENTITY OF INTEREST</b></p>	<ul style="list-style-type: none"> <li>• Non-arm’s length transactions involve a direct relationship outside of the subject transaction between a borrower and a party to the loan. The appraiser must be informed of the relationship and address any impact on market value.</li> <li>• Examples of non-arm’s length transactions include, but are not limited to, the following: <ul style="list-style-type: none"> <li>• Family member sales</li> <li>• Renters purchasing from current landlord</li> <li>• Buyer trading properties with the seller</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Property seller foreclosure bailouts</li> <li>• Existing buyer relationship with loan officer, real estate agents, closing agent, appraiser, builder, or developer</li> <li>• Non-arm's length transactions are subject to all of the following requirements: <ul style="list-style-type: none"> <li>• Primary residence only</li> <li>• Relationship must be fully disclosed</li> <li>• An appraisal review product is required (will be ordered by investor)</li> <li>• Borrower to provide a written explanation stating relationship to the seller and reason for purchase</li> <li>• Borrower to provide a copy of the canceled earnest money check paid to the property seller</li> <li>• Sellers must be satisfied that the transaction makes sense and that the borrower will occupy the property</li> <li>• All liens on title to be paid in full and reflected on the settlement statement</li> <li>• Lesser of sales price or current appraised value to be used to calculate the LTV</li> <li>• Borrowers cannot provide services on transaction (closing agent, title agent, appraiser, etc.)</li> <li>• Borrower may not be an owner of a business entity selling the subject property</li> </ul> </li> <li>• The following additional requirements apply only to family sales: <ul style="list-style-type: none"> <li>• Payment history for the seller's mortgage on the subject property must be obtained and show no pattern of delinquency within the past 12 months (if applicable)</li> <li>• Verification that the borrower has not been in title to the property in the past 24 months</li> <li>• Gift of equity</li> </ul> </li> </ul>
<b>REAL ESTATE AGENT ALSO LOAN OFFICER/BROKER</b>	<ul style="list-style-type: none"> <li>• The real estate agent (listing/selling/buyer) for the subject property may not act as the loan officer/broker for the borrowers purchasing the same subject property.</li> </ul>
<b>MORTGAGE INSURANCE</b>	<ul style="list-style-type: none"> <li>• Not Required</li> </ul>
<b>PROPERTY INSURANCE</b>	<ul style="list-style-type: none"> <li>• Hazard Insurance: <ul style="list-style-type: none"> <li>• Coverage must equal to the lesser of the following: <ul style="list-style-type: none"> <li>• 100% of the insurable value of the improvements (replacement cost) as established by the property insurer OR</li> <li>• The unpaid principal balance of the mortgage, as long as it equals the minimum amount (80% of the insurable value of the improvements) required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.</li> <li>• 5% of the face amount of the policy is the maximum deductible</li> </ul> </li> </ul> </li> <li>• For refinances transactions, all insurance policies must have, at minimum, an expiration date after the first payment date as shown on the note.</li> <li>• Flood Insurance: <ul style="list-style-type: none"> <li>• A Standard Flood Hazard Determination (flood certificate with life of loan service) is required for all loans. Flood insurance is required if all or part of the property improvements are located in a Special Flood Hazard Area (SFHA).</li> </ul> </li> <li>• Acceptable Proof of Flood Insurance: <ul style="list-style-type: none"> <li>• Copy of Flood Insurance Policy</li> <li>• Copy of Declaration Page</li> <li>• Copy of the application for flood insurance with a paid receipt for the first year's premium or if paid at closing, premium reflected on the HUD</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>Flood policies and applications provided for closing must indicate the flood zone of the property. This zone must match our flood determination provider's zone. Otherwise, evidence that the borrower's zone is "grandfathered" must be provided. If the improvements are in a split zone (partially in and partially out) the policy must be rated for the more hazardous zone.</li> <li>Flood insurance is required if there is knowledge that the property is exposed to flood risks, even if the property is located in a community that does not have FEMA flood maps.</li> <li>For hazard insurance, properties in an attached condominium and attached PUD project (including 2-4 unit projects) require 100 percent of the insurable replacement cost coverage for the complete condominium (interior and exterior of the condominium). The HO-6 policy must be sufficient to repair the interior of the condominium unit, including any additions, improvements and betterments to its original condition in the event of a loss. If the HOA Master Policy does not provide coverage for the interiors of the project units, an HO-6 (or its equivalent) Policy for the individual unit is required.</li> <li>If the homeowners association owns the common elements, areas/facilities of a project separately (or holds them in a leasehold estate), insurance on those areas is required to insure that ownership (if there are no common areas owned by HOA a letter from them will suffice to prove it is not needed.)</li> </ul>
<b>REPAIR ESCROWS/ ESCROW HOLDBACKS</b>	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>
<b>TEMPORARY BUYDOWNS</b>	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>
<b>MULTIPLE LOANS</b>	<ul style="list-style-type: none"> <li>The maximum number of financed properties to any one borrower is limited to 10 residential properties.</li> <li>PRMG will only finance up to 4 loans for all borrowers</li> <li>Additional reserves are required for borrowers with greater than 2 financed properties; please see Reserves section for requirements</li> <li>See <a href="#">Expanded Guidelines</a> for additional information</li> </ul>
<b>RESIDUAL INCOME EVALUATION</b>	<ul style="list-style-type: none"> <li>Residual income equals Gross Qualifying Income less Monthly Debt (as included in the debt-to-income ratio)</li> <li>If the loan is an HPML, or if the DTI exceeds 43%, borrowers must have a minimum monthly residual income as follows: <ul style="list-style-type: none"> <li>1 person in household: \$1,550</li> <li>2 people in household: \$2,500</li> <li>Add \$150 for additional family members</li> </ul> </li> <li>For bank statement loans, the underwriter should apply an estimated income tax payment of 22% of net income</li> <li>Not required for non-owner occupied properties, asset utilization, or foreign nationals</li> </ul>
<b>QUALIFIED MORTGAGE (QM)</b>	<ul style="list-style-type: none"> <li>Qualified Mortgage (QM) status must be determined at origination and designation must be included in the loan file. All loans that are non-QM Must enter "Non-QM" in Loan Program Comments section of Investor Overlay Screen in FT360 if loan falls under non-QM for any reason (loan type, doc type, DTI, etc.)</li> <li>Any loan designated as a Qualified Mortgage must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(e). For all such QM loans, if any aspect of these overlays related to income and/or obligations is less than the minimum required under Appendix Q, please refer to Appendix Q for the ultimate QM resolution as not all Appendix Q guideline criteria are detailed herein. See section above regarding Appendix Q</li> </ul>

	<ul style="list-style-type: none"> <li>Any loan not designated as a Qualified Mortgage (non QM) must be designated as ATR compliant and must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(c).</li> </ul>
<b>HIGHER PRICED COVERED TRANSACTIONS (HPCT)</b>	<ul style="list-style-type: none"> <li>Higher Priced Covered Transaction (HPCT) are allowed</li> <li>Higher Priced Covered Transaction (HPCT) uses the same calculation as HPML, but applies to all occupancy types</li> </ul>
<b>HIGHER PRICED MORTGAGE LOAN (HPML)</b>	<ul style="list-style-type: none"> <li>Allowed within the parameters of Section 35 of CFPB Regulation Z</li> <li>Must comply with all limitations and requirements of HPML loans as described in PRMG's Compliance Policy regarding HPML-Section 35 loans</li> <li>HPML loans must have an escrow account, regardless of LTV</li> <li>HPML loans must follow residual income requirements (see Residual Income section)</li> <li>"Higher-Priced" loans or any other similarly designated loan as defined under any federal, state or local law will be eligible so long as it meets all requirements of law including that an escrow of funds for taxes and insurance has been established in compliance with federal, state or local law.</li> </ul>
<b>SECTION 32 / HIGH COST LOAN</b>	<ul style="list-style-type: none"> <li>Loans that are considered high cost loans as defined by federal and/or state laws and/or regulations are not allowed:</li> <li>Loan is not a high cost loan as defined by Section 32 of the Federal Truth-in-Lending Act; <i>and</i></li> <li>Loan is not a high cost loan as defined by applicable state laws and/or regulations.</li> </ul>
<b>REAL ESTATE COMMISSIONS</b>	<ul style="list-style-type: none"> <li>The maximum real estate commission allowed is 8% aggregate.</li> </ul>
<b>SERVICING OPTIONS</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>ESCROW ACCOUNT</b>	<ul style="list-style-type: none"> <li>Required for all HPML loans. Per HPML requirements, an escrow account must be established before consummation of the loan for payment of property taxes and premiums for mortgage-related insurance. The escrow account must be maintained for at least five years after the date of consummation.</li> <li>Escrows for taxes and insurance will be required for Foreign Nationals</li> <li>Flood insurance must be impounded (escrowed) for all loans with a note date of 1/1/16 or later if the property is in a Special Flood Hazard Area (SFHA), designated as a flood zone beginning with A or V, regardless of LTV and/or federal exemptions and is required for the life of the loan. It is not required to be impounded if the flood insurance is paid through the condominium association, HOA dues, etc. Additionally, the escrow requirement needs to be stated in the Flood Notice that is provided to the borrower.</li> </ul>
<b>UNDERWRITING</b>	<ul style="list-style-type: none"> <li>Loans must be underwritten by designated jumbo/non-conforming/niche Level 4 underwriters <ul style="list-style-type: none"> <li>Loan must be put into the Non-Conforming UW Queue when submitting to underwriting. Person submitting the file will enter "Non-Conforming Product" as the name of the assignee from the Submittal milestone. Performing this task will add the loan to the team's pipeline view and will then be assigned to the appropriate Underwriter.</li> </ul> </li> <li>Must be submitted to Jumbo Reviews for this product for submission for eligibility review. Results will be returned to underwriter to and underwriter is responsible to review and ensure all eligibility review requirements are met.</li> <li>Final loan approval cannot be issued without approval from eligibility review</li> <li>Underwriter must ensure FT360 is updated to reflect the investor's calculations from approval</li> <li>Appraisal Review will be submitted to investor appraisal review by Jumbo Reviews</li> </ul>

	<p>when required can occur concurrent with investor eligibility review</p> <ul style="list-style-type: none"> <li>All loan files must contain Appendix Q/ATR underwriter worksheets which detail the qualifying income calculations and debt obligations considered or not considered (and reason for exclusion)</li> <li>Adherence to Appendix Q is required for all QM loans. Please see CFPB website for qualifying specifications</li> </ul>
<b>INELIGIBLE LOAN TYPES/ TRANSACTIONS</b>	<ul style="list-style-type: none"> <li>Construction loans</li> <li>Non-Arms length (which are not addressed in the Non-Arm's Length section)</li> <li>Texas Equity a(6)</li> <li>Temporary Buydowns</li> <li>Builder Bailout</li> <li>Conversion Loans</li> <li>Lease Options/Rent-to-Own unless preapproved by the Investor.</li> <li>Rent Credits</li> </ul>
<b>INTEREST ONLY TERMS/ RESTRICTIONS</b>	<ul style="list-style-type: none"> <li>First Time Homebuyers not permitted</li> <li>Subordinate financing not allowed</li> <li>Interest only term is 10 years</li> <li>30-year or 40-year fixed rate available</li> <li>5/1 or 7/1 LIBOR ARM available with 30 or 40-year amortization</li> </ul>
<b>ASSUMABILITY</b>	<ul style="list-style-type: none"> <li>Fixed Rate: Not Assumable.</li> <li>ARMs: Eligible after the fixed rate period with prior approval and qualification</li> </ul>
<b>PREPAYMENT PENALTIES</b>	<ul style="list-style-type: none"> <li>Not allowed</li> </ul>
<b>INDEX</b>	<ul style="list-style-type: none"> <li>1 Year LIBOR. The average of the interbank offered rates for 1 Year U.S. dollar-denominated deposits in the London Market, as published in "The Wall Street Journal".</li> </ul>
<b>MARGIN</b>	<ul style="list-style-type: none"> <li>4.00%</li> </ul>
<b>INTEREST RATE CAPS</b>	<p><b>5/1 ARM:</b></p> <ul style="list-style-type: none"> <li><b>2% Initial Adjustment Cap</b> - On the first adjustment date, the interest rate cannot be increased or decreased by more than 2% from the interest rate in effect immediately prior to the interest rate adjustment date.</li> <li><b>2% Adjustment Cap</b> - Commencing with the second interest rate adjustment date, the interest rate cannot be increased or decreased by more than 2% from the interest rate in effect immediately prior to the interest rate adjustment date.</li> <li><b>5% Lifetime Cap</b> - There is a life of loan interest rate ceiling equal to the sum of the initial interest rate plus 5%.</li> </ul> <p><b>7/1 ARMs:</b></p> <ul style="list-style-type: none"> <li><b>5% Initial Adjustment Cap</b> - On the first adjustment date, the interest rate cannot be increased or decreased by more than 5% from the interest rate in effect immediately prior to the interest rate adjustment date.</li> <li><b>2% Adjustment Cap</b> - Commencing with the second interest rate adjustment date, the interest rate cannot be increased or decreased by more than 2% from the interest rate in effect immediately prior to the interest rate adjustment date.</li> <li><b>5% Lifetime Cap</b> - There is a life of loan interest rate ceiling equal to the sum of the initial interest rate plus 5%.</li> </ul>
<b>INTEREST RATE CHANGES</b>	<p><b>5/1 and 7/1 ARM:</b></p> <ul style="list-style-type: none"> <li><b>Interest Rate</b> - The initial interest rate will be set at time of lock-in and will remain constant for the first 5 or 7 years of the loan. On the first interest rate adjustment date, the interest rate will be adjusted to equal the sum of the index plus the required margin rounded to the nearest .125%, subject to the interest rate caps. On the second interest rate adjustment date and thereafter, the interest rate will be the</li> </ul>



	<p>sum of the index plus the required margin rounded to the nearest .125% subject to the interest rate caps.</p> <ul style="list-style-type: none"> <li>• <b>Interest Rate Adjustment Date</b> - The initial interest rate adjustment will take place on the first day of the 61st (5/1) or 85th (7/1) full month after closing and on the first day of every 12th calendar month thereafter.</li> </ul>
<b>MINIMUM FLOOR</b>	<ul style="list-style-type: none"> <li>• Margin</li> </ul>
<b>ARM DOCUMENTS</b>	<ul style="list-style-type: none"> <li>• 3528 Note and 3187 Rider</li> </ul>

## Texas Addendum – Non Section 50(a)(6)

***The following guidelines refer to loans in Texas only. If a topic is not addressed in this addendum, the standard Agency guidelines above should be followed. Also, please note that no underwriting exceptions are allowed on properties located in Texas.***

<b>PURCHASE</b>	<ul style="list-style-type: none"> <li>• Allowed</li> </ul>
<b>RATE/TERM REFINANCE</b>	<ul style="list-style-type: none"> <li>• Proceeds from a rate/term refinance may only pay off the following:             <ul style="list-style-type: none"> <li>• 1<sup>st</sup> liens that are not considered Section (a)(6) and Second liens used entirely for the purchase of the property.</li> <li>• When a prepayment penalty fee is assessed on an existing NON Section 50 (a) (6) loan and is included in the payoff amount, the new loan can be considered a rate/term refinance if the title company agrees and issues a new title policy for the full loan amount (including prepayment penalty fees)</li> <li>• HOA dues may be paid off if the title company requires them to be paid. If the title company does not require them to be paid, the borrower must pay the dues outside of closing, and they must NOT be included in the loan amount.</li> </ul> </li> <li>• Proceeds from a rate/term refinance may NOT pay off the following:             <ul style="list-style-type: none"> <li>• Any loan that is considered a Section (a) (6) loan</li> <li>• Any loan that the borrower received cash back on</li> <li>• Federal tax debt liens</li> <li>• Liens for delinquent property taxes on the property securing the new loan</li> </ul> </li> <li>• Rate/term refinances may NOT receive any cash back to the borrower, even incidental cash. Limited cash out refinances that allow the lesser of 2% of the loan amount or \$2,000 are NOT eligible under the Texas rate/term refinance program.</li> <li>• Incidental cash back to the borrower at Closing is not allowed, including incidental cash back as result of POC fees being refunded to borrower. Additionally, incidental cash back must either be handled by reducing/curtailing principal or reducing the loan amount and having the documents re-drawn.</li> <li>• For owner occupied primary residence Texas loans, if the property was ever refinanced under Section 50(a)(6) (a cash out refinance) every subsequent refinance is considered a Section 50(a)(6) loan it must be processed under the Agency Texas Home Equity program.</li> <li>• Principal reductions are not allowed</li> <li>• Total financed Closing costs are limited to those costs that are reasonable and actually required to close the transaction. Prepaids/escrows can't be financed into the new loan when grossed up in loan payoff. Principal reductions/curtailments are not allowed. The documents should be redrawn reflecting the new loan amount. POC fees can't be financed into the loan amount. Special title insurance coverage must be obtained when impounds for prepaid expenses* are included in the new loan amount. Note that prepaids can only be included in the new loan amount if netted from the payoff of the existing loan. The following must be included as a Schedule B Exception: Possible defect in lien of the insured mortgage because of the Insured's inclusion of reserves or impounds for taxes and insurance in the original principal of the indebtedness secured by the insured mortgage. * Prepaid expenses are defined as real estate taxes (includes non-delinquent taxes which are due and payable, as well as reserves), hazard insurance premiums, and monthly MI premiums covering any period after the settlement date.</li> <li>• The following P-39 Express Insurance Coverage endorsement is recommend: Company insures the Insured against loss, if any, sustained by the Insured under the terms of this Policy by reason of a final, non-appealable judgment of a court of competent jurisdiction that divests the Insured of its interest as Insured because of this right, claim or interest. Company agrees to provide the defense to the Insured in accordance</li> </ul>

	<p>with the terms of this Policy if suit is brought against the Insured to divest the Insured of its interests as Insured because of this right, claim or interest.</p> <ul style="list-style-type: none"> <li>• Certain restrictions apply to Rate/Term refinance transactions that include subordinate liens. These restrictions include: (1) Only one loan subject to Section 50(a)(6) provisions may be secured by the subject property at any given time, regardless of lien position. (2) When the subordinate lien is subject to Section 50(a)(6) provisions, the maximum LTV/TLTV/CLTV is the lesser of 80% or the maximum allowed by product or loan amount. Subordinate liens used entirely to purchase the subject property may be eligible for payoff as a rate/term refinance, subject to the following requirements: (1) The HUD-1 Settlement Statement from the transaction must be provided evidencing all funds were used to purchase the subject property. (2) The commitment for title insurance may not reflect that the loan was originated as a home equity/cash-out Section 50(a)(6) loan. (3) The financing may be paid off, paid down or re-subordinated with the refinance. (4) The borrower may not have received any cash back from the subordinate financing. If the borrower received cash back and the loan is being paid off or paid down, the lien is subject to Section 50(a)(6) provisions and considered a home equity/cash-out transaction, and therefore, ineligible.</li> <li>• Refinance transactions documentation must be provided (commitment for title insurance, mortgage/deed of trust and/or HUD-1) in each loan package to verify that a home equity/cash-out loan under Section 50(a)(6) has not previously been originated against the subject property. If the purpose of the loan is not clearly identified on the commitment for title insurance, it will be necessary to provide previous mortgage/deed of trust or HUD-1 for each transaction originated on or after 1/1/98 to verify the purpose of the existing Loan.</li> </ul>
<b>CASH OUT REFINANCE</b>	<ul style="list-style-type: none"> <li>• Not Allowed.</li> </ul>
<b>ELIGIBLE COSTS</b>	<ul style="list-style-type: none"> <li>• A rate/term refinance of a primary residence may include only the following costs: <ul style="list-style-type: none"> <li>• Pay off of the old loan plus points</li> <li>• Pre-paid items, such as escrow funds and interest (See Additional Documentation section below)</li> <li>• Taxes due</li> </ul> </li> <li>• The closing costs, whose total may not exceed 5% of the loan amount, must be deemed “necessary and reasonable”. Closing costs that may be included are noted below: <ul style="list-style-type: none"> <li>• Loan Origination</li> <li>• Tax Service</li> <li>• Recording</li> <li>• Processing</li> <li>• Appraisal</li> <li>• Credit Report</li> <li>• Final Inspection</li> <li>• Underwriting</li> <li>• Application</li> <li>• Survey</li> <li>• Title Insurance Premiums (Lender Policy)</li> <li>• Commitment</li> <li>• Express Mail</li> <li>• Flood Certification</li> <li>• Closing</li> </ul> </li> </ul>
<b>ADDITIONAL DOCUMENTATION</b>	<ul style="list-style-type: none"> <li>• All rate/term refinances require a completed Texas Refinance Worksheet (See Exhibit A)</li> <li>• All rate/term refinances require a completed Borrower Acknowledgement Form (See Exhibit B) when the borrower is receiving a refund check at closing.</li> </ul>

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|  | <ul style="list-style-type: none"><li>• If impounds for prepaid expenses are included in the new loan amount, special title insurance coverage must be obtained as a Schedule B Exception.</li><li>• For rate/term refinances, a copy of the commitment for title insurance, mortgage/deed of trust, or HUD-1 is required in order to verify that a Section 50 (a) (6) loan has not previously been originated against the subject property.</li></ul> |
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Exhibit A – All Texas Transactions

**TEXAS REFINANCE  
Worksheet**

1. Is the loan being refinanced a “low-rate home loan\*?” **Y/N**
  - If yes, continue.
  - If no, stop. This worksheet is not required.
  
2. Did a government or non-profit lender make the “low-rate home loan?” **Y/N**
  - If yes, continue.
  - If no, stop. This worksheet is not required.
  
3. When was the “low-rate home loan” closed? \_\_\_\_\_ (Anniversary Date)
  - If the anniversary date is less than seven years, continue.
  - If the anniversary date is equal to or greater than seven years, stop. This worksheet is not required.
  
4. What was the initial interest rate on the “low-rate home loan?” \_\_\_\_\_ %
  - A. In the case of a loan with a discounted introductory rate, what was the initial fully indexed rate? \_\_\_\_\_ %
  - B. Is the interest rate on the new loan less than the rate referenced in 4A? **Y/N**
    - If yes, continue.
    - If no, this loan is not eligible.
  
5.
  - A. What were the total points and fees paid by the borrower on the “low-rate home loan?” \$ \_\_\_\_\_
  - B. Are the points and fees being paid by the borrower on the new loan less than the points and fees referenced in 5A? **Y/N**
    - If yes, this loan is eligible.
    - If no, the loan is not eligible.

***\*A “low-rate home loan” is a loan with an initial rate that is two percentage points or more below the yield on treasury securities with maturities comparable to the loan term. If the loan had a discounted introductory rate, then the fully indexed rate should be used to determine whether the loan is a “low-rate home loan”.***

**TEXAS REFINANCE  
Borrower Acknowledgement**

Borrower's Name: \_\_\_\_\_ Loan #: \_\_\_\_\_

**BORROWER ACKNOWLEDGEMENT**

The undersigned acknowledge(s) that any refund check received as part of today's real estate settlement is a partial or full reimbursement of funds paid to the lender prior to or at the closing of the loan and does not constitute proceeds of the loan from lender.

\_\_\_\_\_  
Borrower Date

\_\_\_\_\_  
Borrower Date