**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.

### JUMBO SERIES: PLATINUM

#### Standard Platinum

**15 and 30 Year Fixed Rate**

**5/1, 7/1 and 10/1 LIBOR ARMs**

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>LTV</th>
<th>CLTV</th>
<th>Purpose</th>
<th>Units</th>
<th>Occupancy</th>
<th>Credit Score</th>
<th>DTI</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,000</td>
<td>80%</td>
<td>80%</td>
<td>Purch, R&amp;T</td>
<td>1-4</td>
<td>O/O</td>
<td>700</td>
<td>42.99</td>
</tr>
<tr>
<td>$1,500,000</td>
<td>80%</td>
<td>80%</td>
<td>Purch, R&amp;T</td>
<td>1-2</td>
<td>O/O</td>
<td>700</td>
<td>42.99</td>
</tr>
<tr>
<td>$1,500,000</td>
<td>65%</td>
<td>65%</td>
<td>Purch, R&amp;T</td>
<td>1-2</td>
<td>O/O</td>
<td>680</td>
<td>39.99</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>70%</td>
<td>70%</td>
<td>Purch, R&amp;T</td>
<td>1</td>
<td>O/O</td>
<td>720</td>
<td>42.99</td>
</tr>
<tr>
<td>$2,500,000</td>
<td>70%</td>
<td>70%</td>
<td>Purch, R&amp;T</td>
<td>1</td>
<td>O/O</td>
<td>720</td>
<td>39.99</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>75%</td>
<td>75%</td>
<td>Purch, R&amp;T</td>
<td>1</td>
<td>SH</td>
<td>700</td>
<td>39.99</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>60%</td>
<td>60%</td>
<td>Purch, R&amp;T</td>
<td>1</td>
<td>SH</td>
<td>680</td>
<td>39.99</td>
</tr>
<tr>
<td>$1,500,000</td>
<td>70%</td>
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</tr>
<tr>
<td>$1,500,000</td>
<td>60%</td>
<td>60%</td>
<td>Purch, R&amp;T</td>
<td>1</td>
<td>SH</td>
<td>680</td>
<td>39.99</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>65%</td>
<td>65%</td>
<td>Purch, R&amp;T</td>
<td>1</td>
<td>SH</td>
<td>720</td>
<td>39.99</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>75%</td>
<td>75%</td>
<td>Cash Out&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1-4</td>
<td>O/O</td>
<td>700</td>
<td>39.99</td>
</tr>
<tr>
<td>$1,500,000</td>
<td>70%</td>
<td>70%</td>
<td>Cash Out&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1-2</td>
<td>O/O</td>
<td>700</td>
<td>39.99</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>50%</td>
<td>50%</td>
<td>Cash Out&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1</td>
<td>O/O</td>
<td>720</td>
<td>39.99</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>70%</td>
<td>70%</td>
<td>Cash Out&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1</td>
<td>SH</td>
<td>700</td>
<td>39.99</td>
</tr>
</tbody>
</table>

1. LTV/CLTV reductions apply to FL. See chart below for reductions to LTV/CLTV.
2. Not allowed in TX
3. On any **locked** loan where the DTI increases or decreases above or below 39.99%, a Loan Note in FastTrac must be entered and sent to Secondary notifying them of the change

#### State Specific LTV/CLTV Reductions for Standard Platinum – FL

<table>
<thead>
<tr>
<th>State</th>
<th>LTV/CLTV Adjuster</th>
</tr>
</thead>
<tbody>
<tr>
<td>FL</td>
<td>5%</td>
</tr>
</tbody>
</table>

This program requires an Appraisal Review that will be submitted by Jumbo Reviews*

*See Appraisal/Review Appraisal section for additional information
| **PRODUCT NAME** | • Platinum 15 Year Fixed  
| | • Platinum 30 Year Fixed  
| | • Platinum 5/1 Libor ARM  
| | • Platinum 7/1 Libor ARM  
| | • Platinum 10/1 Libor ARM  |
| **ALLOWABLE ORIGINATION CHANNELS** | • Wholesale  
| | • Retail  
| | • Correspondent  |
| **MINIMUM LOAN AMOUNT** | • Minimum loan amounts are $1 above the Fannie/Freddie Maximum Loan Limits and are county specific.  
| | • Max Limits for all counties can be found here (select Fannie/Freddie for Limit Type option):  
| **MAXIMUM LOAN AMOUNT** | • $2,500,000  |
| **EXPANDED GUIDELINES** | • Expanded guidelines covering investor specific requirements, can be found at the following link:  
| | • http://www.eprmg.net/PlatinumExpanded.pdf  
| | • Use the more conservative of the requirements from expanded guidelines or Product Profile  
| | • If an item is not covered in the guidelines, this program does not waterfall to any Agency guidelines, the investor must be contacted by Corporate to ensure appropriate guidance is provided. TPO customers should contact their Account Executives for information, internal staff can contact PRMG’s Deal Desk.  |
| **COMPLIANCE REQUIREMENTS** | • For wholesale loans, initial disclosures must be done by PRMG (brokered disclosed files not allowed)  
| | • Closing Disclosure/Documents must be drawn by Corporate Funding/Compliance Department. Please send email with loan number and borrower requesting document to compliancereview@prmg.net  
| | • Early Closing Disclosure (FastTrac CD) option not allowed  
| | • 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 compliancereview@prmg.net  |
| **FUNDING REQUIREMENTS** | • Funding not allowed until all eligibility review conditions are cleared  
| | • Loans must be funded by designated jumbo/non-conforming/niche funders for region  |
| **REQUIRED COMPLIANCE CONDITIONS** | • Underwriters must verify that the following conditions have been added to the loan prior to loan approval:  
| | • Compliance Department must complete final review of file for compliance acceptance prior to loan funding  |
| **PRINCIPAL REDUCTIONS** | • For loans with Lender Paid Compensation principal reduction are allowed only to reduce incidental cash given to the customer on the HUD-1 to adhere to the incidental cash limits which are the lesser of 2% of the principal amount of the new mortgage or $2,000 on a rate/term refinance. At no time can the principal reduction made exceed $5,000.  
| | • Not allowed for excess YSP credit or any other purposes  
| | • Not allowed for any purpose in Texas  |
| **GEOGRAPHIC** | • Please refer to PRMG’s “Eligible States” list, which can be found at this link:
### RESTRICTIONS

- See LTV reductions for FL
- Cash Out and refinances of Section 50(a)(6) not allowed in TX
- Any additional LTV/CLTV restrictions that are listed in the expanded guidelines in the Geographic Restrictions area do not apply, and all properties can follow the Product Profile matrix above (market class restriction do apply.)
- 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.
- See expanded guidelines for additional information

### DOCUMENTATION

- Standard FNMA full or alternative documentation must be provided, reduced documentation per DU is not allowed
- Regardless of the AUS/DU income and asset requirements, all loans must be fully documented.
- All loans require IRS transcripts for the personal and business tax returns (for businesses where borrower has 25% or more ownership interest and income from the businesses are being used for qualification.) Transcripts and returns must match. W2 transcripts are not allowed except for wage earning applicants, full 1040 transcripts must be obtained. For a wage earning applicant who is not required to provide tax returns, it is acceptable to obtain W-2 transcripts.
- Tax transcripts must come to lender directly from the IRS or through a third party vendor ordered/obtained by lender
- For non-self-employed borrowers: Verbal VOE is required to be completed no more than 10 days prior to the note date for wet funding states and escrow states. If the Verbal VOE is completed more than 10 days prior to the funding date, another Verbal VOE should be completed 10 days prior to funding date for escrow states.
- Verbal verification of employment for the last two years required for all borrowers.
- For self-employed borrowers: No more than 30 calendar days prior to note date, verify the existence of the borrower’s business from a third party that may include a CPA letter (cannot be vague, must state length of time doing taxes and be signed by CPA), regulatory agency, or appropriate licensing bureau; OR verify a phone listing and address for the borrower’s business through resources such as the telephone book, directory assistance, internet, or contact the appropriate licensing bureau. Verification may not be made verbally, and a certification by PRMG indicating the information was verified is not allowed. Documentation from the source used to verify the information must be obtained and in the file. Internet sites such as 411.com, Chamber of Commerce sites and Manta.com where they allow the business owner to add their own information are not acceptable. Also single source verifications, such as from superpages.com, yellowpages.com and searchbug.com are not allowed. If the borrower is a sole proprietorship and does not use a CPA or accountant and the file contains validation that no business license is required, verification of the business and source of income is still required. Documentation may include copies of current contracts, invoices or business references. Verbal verification to confirm the validity of the documents provided is required. The underwriter must thoroughly investigate that the business, income and proof of business is legitimate.
- A signed IRS 4506-T is required at application and at closing and will be required to be processed.
- Amended tax returns must have been filed at least sixty (60) days prior to the earliest of the purchase agreement, initial credit report date, or mortgage application date, unless the changes made are non-material to the amount of income claimed, and qualification for the mortgage loan. When using the amended returns if filed within sixty (60) days to the earliest of the purchase agreement, initial credit report date, or mortgage application date, or after, the Underwriter must provide justification and commentary regarding its use, including that borrower does not require use of amended income for qualification. Regardless of when the amended returns were filed, due diligence must be exercised with close examination of the original, and amended returns, to determine if the use of the amended return is warranted and the following documentation should be reviewed when income from the amended return is required: A letter of explanation regarding the reason for the re-filing; evidence of filing (must be validated with a record of account (4506T results); copy of the original 1040; any extensions filed, and evidence of payment of the taxes due, and the ability to pay, if the check has not yet cancelled.
- When paying off any non-transaction related item (i.e., debts, third party payouts, etc.) that has a balance of $5,000 or more, paid for by either borrower or seller, to ensure that the total payoffs are accurate, copies of the actual invoices (statements), an updated (current) credit report/refresh or credit supplement reflecting the current balance with a signed amendment (or similar) authorizing disbursement for these account(s) are required. You cannot use the amount listed on the credit report to document the payoff amount.
- See expanded guidelines

<table>
<thead>
<tr>
<th>SECOND REVIEW REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRMG has delegated authority on this product, but loan subject to second level in-house review.</td>
</tr>
<tr>
<td>Underwriter should subject second review requests to <a href="mailto:JumboReview@prmg.net">JumboReview@prmg.net</a>.</td>
</tr>
<tr>
<td>Condo review, if applicable, must be requested separately through <a href="mailto:condoreviews@prmg.net">condoreviews@prmg.net</a></td>
</tr>
<tr>
<td>Turn time for second review varies based on current workflow, but generally will be 24-48 hours.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DOCUMENT EXPIRATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Report:</td>
</tr>
<tr>
<td>• The credit report must be dated within 120 days of the date the note is signed.</td>
</tr>
<tr>
<td>Income Documentation:</td>
</tr>
<tr>
<td>• All income documentation (excluding tax returns) must be dated within 90 days of the date the note is signed.</td>
</tr>
<tr>
<td>Asset Documentation:</td>
</tr>
<tr>
<td>• The most recent bank statement to verify the source of funds must be dated no more than 60 days earlier than the date of the loan application, and not more than 120 days earlier than the date of the Note.</td>
</tr>
<tr>
<td>Preliminary Title or Title Commitment must be no more than 60 days from the note date.</td>
</tr>
<tr>
<td>• A date down/title supplement is required after 60 days.</td>
</tr>
<tr>
<td>Appraisal:</td>
</tr>
<tr>
<td>• If the appraisal report is more than 120 days old either a new appraisal or a Form 1004D/442 is required. A new full appraisal is required if the appraisal is dated more than 12 months from the date of the note.</td>
</tr>
<tr>
<td>• Credit documents for construction to permanent loans (credit report, assets, and appraisals) must be dated within 120 days from the note date</td>
</tr>
</tbody>
</table>
| ABILITY TO REPAY/APPENDIX Q | • All loans must be underwritten in compliance with the Ability to Repay standards set forth in Appendix Q to Part 1026 by the CFPB.  
• The following links provides information directly from the CFPB in regards to Appendix Q:  
• 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:  
  [http://www.eprmg.net/AppendixQtoPart1026.pdf](http://www.eprmg.net/AppendixQtoPart1026.pdf)  
• The underwriter must ensure the following is met:  
  • The Borrower's current or reasonably expected income or assets other than the value of the dwelling (including any real property attached to the dwelling) that secures the loan, is in accordance with the ATR/QM Final Rule and the standards in Appendix Q; and  
  • The Borrower's current debt obligations, other continuing obligations, monthly payments on revolving or open-ended accounts, regardless of the balance, (even if the account appears likely to be paid off in 10 months or less), recurring installment debts, alimony, separate maintenance and child support as determined in accordance with the Rule and the standards in appendix Q; and  
  • For which the ratio of the Borrower's total monthly debt to total monthly income at the time of consummation does not exceed 43 percent (or as otherwise restricted in the guidelines) as determined in accordance with the ATR/QM Final Rule and the standards in appendix Q. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTOMATED UNDERWRITING</td>
<td>• See Below</td>
</tr>
</tbody>
</table>
| DESKTOP UNDERWRITER (DU) | • Must receive an Approve/Ineligible determination.  
• Ineligible is only allowed for loan amount, ARM products that are not eligible with Fannie Mae, LTVs that do not fit Fannie Mae guidelines. The LTV/CLTV, loan amount, ARM plan, etc. must conform with the Platinum program requirements. Ineligible may also be for exceeding limited cash out requirements, as long as it complies with Platinum investor guidelines.  
• Any red flags outlined in the Findings Report must be addressed and satisfied. |
| LOAN PRODUCT ADVISOR (LPA) | • Not allowed  
• Formerly known as Loan Prospector (LP) |
| PROPRIETARY U/W ENGINE | • N/A |
| MANUAL UNDERWRITING | • Required |
| ELIGIBLE PROPERTY TYPES | • See expanded guidelines for additional details on eligible property types  
• Single Family Residences (attached and detached)  
• Log Homes (See expanded guidelines for additional details)  
• Earth Houses (See expanded guidelines for additional details)  
• PUDs (attached and detached)  
• 2-4 Units  
• Condos (low and high rise) |
| INELIGIBLE PROPERTY TYPES | • See expanded guidelines for additional details on ineligible property types  
• Hawaii properties in lava zones 1 and 2  
• Hawaii Homeland Leasehold properties  
• Non-Warrantable Condos  
• Mobile homes  
• Manufactured homes  
• Modular homes |
- Co-ops
- Houseboats
- Geodesic domes
- Working farms, ranches, orchards and/or commercial operations
- Manufactured housing
- Property used for commercial purposes
- Unimproved land
- Residences lacking kitchen and full bathroom facilities
- Condotel
- Hotel Condominiums (Condominium Hotel)
- Hotel or motel conversions, or conversions of other transient properties (i.e.; lodge, motor inn, etc.)
- Properties in less than average condition
- Properties sold at auction by the builder, developer, or construction lender are not eligible.
- Previously approved condominium and Planned Unit Development (PUD) projects are often no longer acceptable if they have been sold at auction.
- Foreclosed properties located in a state where a redemption period is allowed (allowed in some states for both Tax Sales and Judicial Foreclosures) until: The redemption period has expired AND the foreclosure sale had been confirmed AND clear and marketable title can be obtained. Refer to the Title Insurance policy for title insurance requirements on properties in the redemption period. (Note: The redemption period will be identified on the purchase contract or the title commitment/preliminary title report.)
- Leasehold Estates
- Factory built housing
- Indian land (leased or fee simple)
- Projects in current or pending litigation that relates to the safety, structural soundness, habitability or functional use of the project
- Properties with hauled water
- Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program)

| 2 UNITS | 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 at the same. If this verification cannot be made, the property must be treated as an investment property. | Allowed, see expanded guidelines |
| 3-4 UNITS | 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 at the same. If this verification cannot be made, the property must be treated as an investment property. | Allowed, see expanded guidelines |
| CONDOS | Allowed, see expanded guidelines | PRMG must warrant that the condominium projects are warrantable and meet Agencies eligibility standards. | Loan file must contain the following: The loan approval with the Type/Class indicated on the form A completed copy of the appropriate Condo Warranty Check Sheet. HOA Certification |
- An attorney opinion letter, if applicable.
- Limited review permitted to LTVs as allowed by Fannie Mae Seller Guide, but must meet any specific requirements in expanded guidelines.
- When a Full Lender Reviews is utilized, they are only eligible when submitted by the fulfillment center to condoreviews@prmg.net with the Condo Review Submission form and required documentation and an approval on the project is issued through Condo Reviews. Once a complete package is received, typical turn time is 48-72 business hours. Request for condo review should be submitted by the fulfillment center after underwriting approval has been issued and will be a PTD condition.
- The Condo Review Submission form can be found on the Resource Center or at the following link: [http://www.eprmg.net/PRMGFullCondoReview.pdf](http://www.eprmg.net/PRMGFullCondoReview.pdf)
- The following documentation is required: condo review submission form (from Resource Center or above link), condominium questionnaire (from Resource Center, Condo Certs or similar), 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)
- Even with condo approval through condoreviews@prmg.net, the underwriter must ensure that all requirements in expanded guidelines for condos are met.
- Projects in current or pending litigation are subject to review and approval of litigation and must provide the following information:
  - Detailed outline of each lawsuit(s):
    - plaintiff
    - defendant
    - reason for lawsuit
    - damages being sought, etc. (damages cannot be unknown)
    - Stage of the lawsuit. (The lawsuit cannot be subject to additional/pending damages or allegations)
    - If an appraisal has been obtained, the appraiser needs to indicate any effects of the lawsuit on the marketability of the unit.
    - Provide a copy of the master policy evidencing sufficient liability to cover judgments against the HOA.

<table>
<thead>
<tr>
<th>NON-WARRANTABLE CONDOS</th>
<th>Not allowed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLANNED UNIT DEVELOPMENTS (PUDS)</td>
<td>Allowed, see expanded guidelines</td>
</tr>
<tr>
<td>Attached PUDs must meet Fannie Mae warrantability</td>
<td></td>
</tr>
<tr>
<td>The individual unit securing the mortgage is 100% complete.</td>
<td></td>
</tr>
<tr>
<td>The project is an eligible project and meets Agency guidance.</td>
<td></td>
</tr>
<tr>
<td>The Homeowners Association owns the Common Elements including Amenities, and unit owners have the rights to their use.</td>
<td></td>
</tr>
<tr>
<td>Projects in current or pending litigation are subject to review and approval of litigation</td>
<td></td>
</tr>
<tr>
<td>PROPERTIES WITH DEED RESTRICTIONS</td>
<td>Allowed if they meet Fannie Mae requirements, see expanded guidelines</td>
</tr>
<tr>
<td>LEASED LAND</td>
<td>Not allowed</td>
</tr>
<tr>
<td>MAXIMUM ACREAGE</td>
<td>Maximum 50 acres, see expanded guidelines</td>
</tr>
<tr>
<td>If property is greater than 20 acres, must reduce LTV/CLTV by 10%</td>
<td></td>
</tr>
<tr>
<td>Working farms, commercial operations, or any other income producing properties are not allowed (income must be incidental and noncommercial in nature.</td>
<td></td>
</tr>
</tbody>
</table>
- The primary use of the property must be residential and zoning must allow for residential use
- Properties on privately owned and maintained streets require a private road maintenance agreement. Except for properties in California.
- The appraiser must consider all acres of the subject property and the comparables must be of similar size.

**MULTIPLE PARCELS AND TAX ID NUMBERS**
- Allowed, see expanded guidelines
- The lots/parcels must be adjoining
- The lots/parcels must be zoned residential
- Only one lot/parcel may have a dwelling unit Adjoining lot/parcel may have either no improvements or limited, nonresidential improvements such as a garage
- The mortgage must be a first lien on each lot/parcel
- Partial release for any lot/parcel is not allowed

**UNPERMITTED ADDITIONS**
- Allowed, see expanded guidelines

**GUEST HOUSES/ACCESSORY (IN-LAW) APARTMENTS**
- Allowed, see expanded guidelines

**CONSTRUCTION TO PERMANENT FINANCING**
- Allowed, see expanded guidelines
- Must be underwritten by underwriter with construction to permanent experience

**OCCUPANCY**
- Primary Residence (O/O), Second Homes (SH)

**OWNER OCCUPIED**
- Verification that the borrower is occupying or intends to occupy the subject property is required
- See expanded guidelines

**SECOND HOME**
- Borrowers may not be affiliated with builder, developer, or seller of the property.
- Must be suitable for year-round occupancy
- May not belong to a rental pool
- No rental income from property may be used to qualify the borrower
- Hazard insurance may not contain any coverage for loss of rent insurance
- Borrower may not own another second home or investment property in the area
- Expenses relating to the borrower’s current primary residence must be used in calculating the borrower’s monthly housing ratio. Documentation of the primary residence housing expense must be provided. This includes borrowers who are currently renting or who own a primary residence.
- See expanded guidelines

**NON-OWNER OCCUPIED**
- Not Allowed

**ELIGIBLE BORROWERS**
- U.S. Citizens
- Permanent Resident Aliens
- A maximum of 4 borrowers per loan application are allowed
- Must have a valid Social Security Number
- Registered Domestic Partners are treated the same as spouses
- Borrower must take title in individual names, no trusts, etc. allowed
- Fractional title is not allowed, owners must have equal ownership
- See expanded guidelines
- Borrowers under Deferred Action, the Dreamer’s Act or DACA (EAD Code C33, C14, etc.) are not eligible. Although, these individuals may have been granted permission to remain in the U.S. for a period of time, DACA/Deferred Action does not grant a legal status. PRMG requires all borrowers to document proof of legal residency in the U.S. Additionally, they must follow the applicable guidelines for income (typically 2 year history and likely to continue for 3 years as applicable.) A borrower with DACA/Deferred Action status would not be able to meet the borrower eligibility
Guidelines Subject to Change

<table>
<thead>
<tr>
<th>Documentation Requirements (i.e., green card or meet applicable agency standard guidelines for income) and therefore is not be eligible.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERMANENT RESIDENT ALIENS</strong></td>
</tr>
<tr>
<td>• Any non U.S. citizen who is lawfully in the United States as a permanent resident alien is eligible for a mortgage on the same terms as a U.S. citizen.</td>
</tr>
<tr>
<td>• Allowed, see expanded guidelines</td>
</tr>
<tr>
<td><strong>NON-PERMANENT RESIDENT ALIENS</strong></td>
</tr>
<tr>
<td>• Not Allowed</td>
</tr>
<tr>
<td><strong>FOREIGN NATIONALS</strong></td>
</tr>
<tr>
<td>• Not Allowed</td>
</tr>
<tr>
<td><strong>NON OCCUPYING CO-BORROWERS</strong></td>
</tr>
<tr>
<td>Non-occupying co-borrowers are acceptable when the following can be met:</td>
</tr>
<tr>
<td>• Purchase Transactions – If the LTV is greater than 70% and the non-owner occupant’s income is used to qualify, the owner-occupant must have 5% of the purchase price in his own funds.</td>
</tr>
<tr>
<td>• The occupant borrower’s ratios cannot exceed 35/42.99%</td>
</tr>
<tr>
<td>• Maximum debt to income ratio including non-occupant is 39.99%</td>
</tr>
<tr>
<td>• See expanded guidelines for additional information</td>
</tr>
<tr>
<td><strong>FIRST TIME HOMEBUYERS</strong></td>
</tr>
<tr>
<td>• Allowed</td>
</tr>
<tr>
<td><strong>POWER OF ATTORNEY</strong></td>
</tr>
<tr>
<td>• Power of Attorney must be reviewed and approved by fulfillment center Operation Manager or PRMG’s Compliance Group</td>
</tr>
<tr>
<td>• Allowed with the following requirements:</td>
</tr>
<tr>
<td>• See expanded guidelines for additional requirements</td>
</tr>
<tr>
<td>• Power of Attorney (POA) must be limited or specific to the transaction</td>
</tr>
<tr>
<td>• POA can be used only for closing documents</td>
</tr>
<tr>
<td>• The attorney-in-fact may not be the seller, appraiser, broker, etc. or have any other direct or indirect financial interest in the transaction</td>
</tr>
<tr>
<td>• 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</td>
</tr>
<tr>
<td>• A statement of the borrower’s name exactly as it will appear on all closing documents</td>
</tr>
<tr>
<td>• Notarized signature of borrower (if executed outside the U.S., it must be notarized at a U.S. Embassy or a military installation)</td>
</tr>
<tr>
<td>• Recorder’s stamp, if previously recorded</td>
</tr>
<tr>
<td>• The attorney-in-fact must execute all closing documents at settlement</td>
</tr>
<tr>
<td>• Title policy must not contain any exceptions based on use of POA</td>
</tr>
<tr>
<td>• POA must be recorded along with or immediately prior to the closing documents</td>
</tr>
<tr>
<td>• A written statement that explains the circumstances of the use of the POA must be included in the loan file.</td>
</tr>
<tr>
<td><strong>LEXIS-NEXIS SEARCH REQUIREMENT</strong></td>
</tr>
<tr>
<td>• 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):</td>
</tr>
<tr>
<td>• Short Sale Purchase</td>
</tr>
<tr>
<td>• Property Flips &lt;= 180 days</td>
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<tr>
<td>• Contractors on a 203K loan</td>
</tr>
<tr>
<td>• For Sale by Owner (FSBO) required for all except:</td>
</tr>
<tr>
<td>• If the borrower and seller are related or are landlord and tenant, and the relationship is disclosed and is acceptable per PRMG guidelines</td>
</tr>
<tr>
<td>• An investor, such as HUD, FNMA, FHLMC, etc.</td>
</tr>
<tr>
<td>• REO lender who acquired the subject property by Trustee Sale as the Beneficiary</td>
</tr>
</tbody>
</table>
| QC AUDIT REQUIRED                                                                 | • 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):
|                                                                                   | • 5-10 financed properties for second home and investment transactions.
|                                                                                   | • 3-4 Units
|                                                                                   | • 2-4 Unit properties in New Jersey
|                                                                                   | • 203K loans (Lexis Nexis is required on all contractors as well)
|                                                                                   | • VOE only used (when allowed by AUS) and not supported by paystub/W2 for Wholesale and Correspondent channels only (not required for retail channel)
|                                                                                   | • If the borrower is employed by a party to the transaction
|                                                                                   | • When the borrower is also a Real Estate Agent for the loan transaction
|                                                                                   | • Retail loans referred to the AFS department any time the referring Loan Officer or the AFS Loan Officer are in “New” or “Watch” status
|                                                                                   | • When the borrower is also a Real Estate Agent for the loan transaction
|                                                                                   | • Retail loans referred to the AFS department any time the referring Loan Officer or the AFS Loan Officer are in “New” or “Watch” status
|                                                                                   | • When the Real Estate Agent is also the Loan Officer on the transaction (not allowed on retail).
|                                                                                   | • **NOTE:** The above list applies to credit qualifying loans only.
| QC REVALIDATION REQUIRED                                                          | • 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):
|                                                                                   | • A revalidation of the VOE (in addition to the audit) is required by the QC Department if the following is used:
|                                                                                   | • VOE only used (when allowed by AUS) and not supported by paystub/W2 and Wholesale and Correspondent channels only (not required for retail channel)
|                                                                                   | • A revalidation of the VOD is required by the QC Department for the if the following is used:
|                                                                                   | • VOD only used (when allowed by AUS) and not supported by bank statements and Wholesale and Correspondent channels only (not required for retail channel)
|                                                                                   | • Note: A Borrower Authorization in name of PRMG may be required to obtain VOD or VOE revalidation if requested by the verifying institution.
| INCOME REQUIREMENTS/LIMITS                                                        | • 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.
|                                                                                   | • Two years employment history verification is required. If the borrower is re-entering the workforce, obtain documentation to support that the borrower has been at the current employment for a minimum of six months and documentation to show a previous work history. A signing bonus is not eligible to be considered as qualifying bonus income.
|                                                                                   | • Refer to the [expanded guidelines](#) to address significant increase or decrease in income.
|                                                                                   | • Various types of income or compensation are disallowed. Refer to the [expanded guidelines](#) for a list of unacceptable income.
|                                                                                   | • Salaried borrowers
|                                                                                   | • Written verification of employment
|                                                                                   | • Two years IRS transcripts
|                                                                                   | • Verbal verification of employment within 10 days from the note date.
|                                                                                   | • Two years tax returns if borrower has income from other sources.
|                                                                                   | • K-1s if applicable
- Business returns if borrower has 25% or more ownership.

**OR**
- A current paystub showing year to day income covering at least 30 days, and
- Two years most current W-2s, and
- Verbal verification of employment within 10 days of the note date, and
- Two years most current IRS tax transcripts
- Two years tax returns if borrower has income from other sources.
  - K-1s if applicable
  - Business returns if borrower has 25% or more ownership.

- Self-employed borrowers:
  - Two years most current personal tax returns
  - Two years tax transcripts for the corresponding personal tax returns
  - K-1s for all business reported on the returns
  - Business tax returns if the borrower has 25% or more ownership in any of the businesses.
  - Third party verification of self-employment within 30 days of the note date.
  - Profit and loss statement and balance sheet
  - Self-employed (sole proprietors) filing a Schedule C with their personal tax returns will require a balance sheet in addition to a profit and loss statement.
  - Any P&L and Balance Sheets must be signed and dated prior to drawing final loan documents.
  - All income sources used to qualify borrowers must be legal at the local, state, and federal level. Any income derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company.
  - Both ordinary income AND distributions from the K-1s cannot be used to qualify; only one or the other is allowed for qualifying.
  - Profit and loss statement and balance sheet required if more than a calendar quarter has elapsed since date of most recent calendar or fiscal-year end tax return was filed by the borrower. Additionally, if income used to qualify the borrower exceeds the two year average of tax returns, an audited profit and loss statement or signed quarterly tax returns obtained from IRS are required.
  - Rental Lease Agreements: Current leases/rental agreements are required for all properties located on the Schedule E (including commercial properties), except when the borrower qualifies without including any rental income on that property and debt ratio is burdened with the full PITIA
  - Rental Leases that have rolled to month to month require either cancelled checks or paid receipts to show borrower is still receiving rents
  - Social Security Income must be verified by a Social Security Administration benefit verification letter. If any benefits expire within the first three years of the loan, the income source may not be used in qualifying
  - See expanded guidelines

### HOMEBUYER EDUCATION
- N/A

### CREDIT
- See expanded guidelines for additional information and clarification
- The use of a U.S. address to obtain a credit report for a borrower who resides in another country is not permitted.
- If the borrower’s credit report contains a FACTA credit alert, the completed Fraud Alert Confirmation form must be in the file (available via Resource Center).
- Extenuating circumstances are not allowed (PRMG overlay)
- All borrowers must have qualifying credit scores from at least 2 national repositories.
- Qualifying FICO score is determined by using the middle of three or lowest of two scores. If there are multiple borrowers, then use the lowest qualifying score of all borrowers.
- MERS search must be run on borrower.
- Credit documentation must not be more than 90 days old from the note date.
- If the subject property is a restructured mortgage loan (in which the terms of the original transaction had been changed, resulting in the forgiveness or restructure of debt through a modification or origination of a new loan) it is not eligible for a refinance.
- A short payoff is not eligible.
- Borrower must meet seasoning in Major Derogatory Credit requirements below.
- Mortgage lates: 0 x 30 last 12 months.
- Excessive mortgage delinquencies which are 1 x 30 in the most recent 12 months or 1 x 60 in the previous 13-24 months are not allowed.
- When commercial properties show mortgage interest on Schedule E but no lien appears on credit, must obtain an acceptable mortgage rating.
- In addition to other listed requirements regarding disputed accounts, if a disputed account is a borrower’s verified previously delinquent mortgage trade line, which may affect the credit decision of the AUS, information regarding the dispute must be obtained. The underwriter must verify that the AUS is considering the previously delinquent mortgage in the credit decision. If it is unclear if the previously delinquent mortgage is being considered (and based on underwriter discretion, the delinquent mortgage may impact the credit score/AUS decision), the dispute should be removed at the bureau level, credit report re-run to reflect accurate credit message without dispute, and the AUS re-run to include account in the AUS decision. For instance, a zero balance where the last activity is more than 3 years prior to the credit report date may be determined by the underwriter to not require the dispute to be removed.
- If a judgment or tax lien is being paid off and AUS/Agency Guidelines are requiring proof of satisfaction or if it is paid off prior to closing, evidence the judgment is satisfied or the tax lien has been released is required. If the AUS/Agency Guidelines will allow a judgment or tax lien to be paid off with the transaction all AUS/Agency Guidelines must be met (i.e., must be paid through the transaction and funds must be verified and documented).
- If a borrower has purchased or refinanced their current primary residence in the last 12 months and is retaining the residence they are not eligible for a purchase transaction on a new primary residence.

### TRADE LINE HISTORY
- See [expanded guidelines](#) for additional information and clarification.
- Minimum credit depth of 24 months required.
- A minimum of open trade lines are not applicable for borrowers with previous mortgage history of at least 12 months and, the borrower exhibits significant credit depth and favorable performance.
- A minimum of three open trade lines rated for at least 12 months are required for each borrower who does not have a previous mortgage payment history.
- Open trade lines must have a minimum of a 12-month history.
- Nontraditional credit such as utilities are not considered trade lines.
- Nontraditional credit may be considered on a case-to-case basis only if the accounts are on the credit report and are considered by the FICO score.
- Trade lines may not be collections, charge-offs, foreclosures, repossessions, disputed accounts or authorized user account(s).

### MAJOR DEROGATORY
- See [expanded guidelines](#) for additional information and clarification.
### CREDIT
- Multiple mortgage, installment, revolving account delinquencies are not allowed
- Chapter 7 or 13 Bankruptcies or Multiple Bankruptcy filings within the last 7 years: 7 Years Seasoning from discharge or dismissal of bankruptcy filings to the application date
- Foreclosure, Deed in Lieu, Preforeclosure, Modification of Distressed Loan or Short Sale: 7 Years Seasoning from date of completion to the application date
- 120 day late or greater is considered a major derogatory credit event and the borrower would have to meet guidelines for reestablishment of credit after a major derogatory event (7 year seasoning)
- A notice of default is considered a pre-foreclosure event
- Borrowers with a loan modification must meet requirements in [expanded guidelines](#).

### RESIDENCE HISTORY
- A minimum 24-month history of the borrower’s residence must be provided. This is independent of the housing payment history verification.

### HOUSING PAYMENT HISTORY
- See [expanded guidelines](#) for additional information and clarification
- A minimum 24-month history of the borrower’s mortgage and/or rental payment history must be provided.
- The credit report for the mortgage history must be updated to include the payment made for the most recent month due.
- A VOM or VOR is acceptable if the payment history is not on the credit report.
- If the VOM or VOR is completed by a private party, a minimum of 12 months validation of checks or bank statements are required.

### LDP/GSA REQUIREMENT
- 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 [https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp](https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp) and the General Services Administration’s (GSA) Excluded Party List at [https://www.sam.gov/portal/public/SAM/](https://www.sam.gov/portal/public/SAM/)
- 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.
- 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.

### RATIOS
- See LTV Matrix
- On any locked loan where the DTI increases or decreases above or below 39.99%, a Loan Note in FastTrac must be entered indicating “DTI change above/below 39.99%” and sent to Secondary notifying them of the change
- Monthly housing expense greater than 28% of the borrower’s stable monthly income suggests questionable affordability and should be heavily scrutinized

### QUALIFYING
- Qualify at the Fully Amortized Payment (PITIA) using the greater of the Note Rate + 5.00% or the Fully Indexed Rate (Index + Margin).
- 7/1 and 10/1 ARMs: Qualify at greater of the note rate or the fully indexed rate
- Minnesota Properties: All ARMS qualify at the greater of the product’s qualifying requirement or the loans fully indexed fully amortized rate
- Fixed: Qualify at the fully amortized payment (PITIA) at the note rate.
- When commercial properties are reflected on the Schedule E they must be treated the same as a residential rental, verifying PITIA and using the standard residential form and calculation. Also, if there is mortgage interest showing, but no lien on credit, must obtain the payment coupon to properly calculate the net rental income/loss and must also get an acceptable rating.
- For any additional properties, obtain a recent payment coupon or other documentation to ensure the loan is qualified using the full PITIA.
• If the 1040s or other documentation reflect the borrower owes money to the IRS the underwriter must condition for proof the money owed has been paid in full; unless the applicant can demonstrate they have entered into a repayment plan and have made satisfactory repayments for the past 6 months.

• To calculate DTI for loans with subordinate HELOCs: If the payment is not reflected on the credit report and a billing statement is not obtained, use 0.75% of the full line amount.

• Rental income derived from the subject 2-4 unit primary residence may be used as qualifying income, provided that the amount does not exceed 30% of the total of all other qualifying income (excluding rental income from the subject property). No more than 30% of the total of all other qualifying income (excluding net rental income from the subject property) may be from net rental income from the subject property. Rental income derived from non-subject real estate owned property may be considered for use as qualifying income. See expanded guidelines for specific qualifying requirements.

• For borrowers who own non-subject rental properties with non-borrower parties: 100% of the PITIA for the rental properties is required to be included in the DTI calculation. The rental income eligible for qualifying is proportionate to the borrower’s ownership in said properties. If the borrower owns 50% of the real estate, only 50% of the reported income can be used in the calculation.

• See expanded guidelines for other qualifying information.

<table>
<thead>
<tr>
<th>PAYMENT SHOCK</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>LANDLORD EXPERIENCE</td>
<td>See expanded guidelines for additional information</td>
</tr>
<tr>
<td></td>
<td>For all properties, the borrower does NOT have to have a two-year history of managing rental properties to offset the PITIA, but must have two years landlord experience to use rental income to qualify.</td>
</tr>
<tr>
<td></td>
<td>Commercial properties on Schedule E must use 24 month average (like other standard rental properties) and utilize the rental income analysis worksheets. Do not use average of net income/loss with depreciation added back.</td>
</tr>
</tbody>
</table>

| NEGATIVE CASH FLOW/POSITIVE CASH FLOW | Properties with negative cash flow are closely reviewed to ensure an overall acceptable risk. |
|                                      | See expanded guidelines for additional information |
|                                      | See Reserves section for additional reserve requirements on subject property using rental income to qualify |
|                                      | 24 month average must be used from Schedule E for qualifying, see expanded guidelines for additional requirements and restrictions |

| CASH RESERVES | Purchase/Rate and Term: Fully Amortized Loan Amounts <=$1,000,000: |
|               | • With DTI <= 35%: 6 months reserves |
|               | • With DTI > 35%: 9 months reserves |
|               | Cash Out: Fully Amortized Loan Amounts <=$1,000,000: 9 months reserves |
|               | Fully Amortized Loan Amounts > $1,000,000 to <$2,000,000: 12 months reserves |
|               | Fully Amortized Loan Amounts >= $2,000,000: 24 months reserves |
|               | Second Homes: Standard reserve requirements plus two months for each additional financed property |
|               | When subject property is a 2-4 unit and rental income from the subject is being used to qualify: 6 months reserves in addition to the standard reserves are required (regardless if positive or negative cash flow) |
|               | Cash-out proceeds from the subject refinance transaction are not eligible for reserves |
|               | Gifts are not acceptable for reserves |
|               | See expanded guidelines for additional requirements |
## REQUIRED DOWN PAYMENT / SOURCE OF FUNDS

- Cashier’s checks/wires must clearly document the verified source. Evidence must be provided showing the withdrawal from the documented account.
- A fully completed written verification of deposit from each financial institution OR original bank statements for the most recent two-month period.
- Large deposits must be sourced in accordance with [expanded guidelines](#).
- All asset sources used to qualify borrowers must be legal at the local, state, and federal level. Any assets derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company.
- Cryptocurrency, such as Bitcoin and Ethereum, may NOT be used for purposes of down payment funds or funds for closing. The funds must be backed out of the borrower’s assets.
- If the borrower’s source of funds are from a country included on the OFAC Sanctioned Countries List that is found in the Resource Center, the funds are not eligible for use in the transaction.
- Source of allowed funds to close and reserves include but are not limited to:
  - Funds held in checking, savings, certificate of deposit, and money market accounts
  - Proceeds from the sale of a currently owned home or real estate.
  - Funds from a foreign source must be deposited in a U.S. financial institution and the paper trail verified.
- Gifts, must meet all [expanded guidelines](#) requirements, including
  - Borrowers must have 5% of their own funds.
  - Primary residence only
  - Gift of equity is permitted for purchase of a primary residence only. No cash may change hands. All gifts of equity requirements must be met.
  - Gifts are not allowed in non-arm’s length transactions with family members when the subject is a second home.
- Stocks, stock options, Bonds, Mutual Funds, etc., with proper verification
- Retirements accounts. The terms of withdrawal must show the borrower has access to the funds. Also, a maximum of 60% of the vested amount should be used to determine available funds.
- Business funds are allowed subject to [expanded guidelines](#) requirements.
- 529 funds in accounts that the borrower has 100% access to the funds (may have to provide a letter from the financial institution if the statements do not clearly verify access)
- See [expanded guidelines](#) for additional requirements

## INELIGIBLE SOURCE OF FUNDS

- Cash advance on credit card
- Signature loan
- Unsecured financing
- Personal loan
- A gift that must be repaid
- Cash for which the source cannot be verified (cash on hand)
- Commission from sale of subject property
- Salary advance
- Sweat equity (contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash)
- Unverifiable source of funds
- Reverse mortgage
- Pension fund
- Seller Real Estate Tax Credit
- Margin accounts
### 1031 TAX DEFERRED EXCHANGE
- Not allowed

### GIFT FUNDS FROM FAMILY MEMBER/CHURCH
- Allowed, see [expanded guidelines](#)

### GIFT/GRANT FUNDS FROM A MUNICIPALITY OR NON-PROFIT COMMUNITY ORGANIZATION OR EMPLOYER
- Allowed on owner occupied properties only
- See [expanded guidelines](#)

### GIFTS OF EQUITY
- Allowed, see [expanded guidelines](#)

### CONTRIBUTIONS BY AN INTERESTED PARTY
- See [expanded guidelines](#)
- Contributions by an interested party may be used for closing costs, prepaids and other financing costs, subject to limits in [expanded guidelines](#)
- Note: Financing concessions in excess of the limitations above require a downward adjustment to the sales price by the amount that the concessions exceed the limits.
- Sales concessions, such as furniture or other inducements, require a dollar-for-dollar deduction from the sales price prior to calculation of the LTV.

### DOWN PAYMENT ASSISTANCE
- Down Payment Assistance (DPA) Programs not allowed

### MORTGAGE CREDIT CERTIFICATES
- MCCs (Mortgage Credit Certificate) are allowed, see [expanded guidelines](#)

### SUBORDINATE FINANCING
- Allowed
- Loans with subordinate HELOCs: If the payment is not reflected on the credit report and a billing statement is not obtained, use 0.75% of the full line amount for qualifying
- Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program)
- See [expanded guidelines](#) for additional requirements

### VALUE FOR LTV/CLTV CALCULATION
- See below
- See [expanded guidelines](#) for additional requirements

### PURCHASE
- Use lesser of current appraised value or acquisition cost.

### LIMITED CASH-OUT
- Use current appraised value.
- For all refinances, if the property has been owned less than 12 months and the appraisal shows a substantial increase in value from the purchase price, the appraiser should ensure that the increase in value in valid.

### CASH OUT
- Use current appraised value.
- For all refinances, if the property has been owned less than 12 months and the appraisal shows a substantial increase in value from the purchase price, the appraiser should ensure that the increase in value in valid.
- If there are no outstanding liens and the property was purchased within the 6 to 12 month period prior to the application date, the value is the lesser of the sales price (documented by the HUD-1) or current appraised value

### MAXIMUM CASH PROCEEDS
- $325,000
- Any non-seasoned junior lien not used to purchase the property is considered cash
| **PURCHASE** | • If there is evidence that borrower, a member of the borrower’s family or party who has a clearly defined interest in the borrower (i.e., close family friend) previously owned a home being purchased that was a distressed sale (i.e., short sale) or foreclosure by the borrower or borrower’s family member, the borrower may not purchase the property, regardless of the length of time since the distressed sale/foreclosure or the number of owners between the distressed sale/foreclosure and current owner.  
  • All parties on the purchase contract must be on the loan; otherwise an executed amendment removing the non-borrowing party is required. The non-borrowing party may be on title, but not on the purchase contract.  
  • Purchase contract assignment (assignment of the sales contract) not allowed.  
  • Seller Rent Backs of the subject property are limited to 30 days or the property will be considered investment property. |
| **RATE/TERM REFINANCE** | **LIMITED CASH-OUT CAN BE DEFINED AS FOLLOWS:**  
  • A rate and term (limited cash-out) refinance is a first lien in which the loan proceeds must be equal to or less than the funds required to pay off any existing liens, related prepaids, prepayment penalties, and closing costs.  
  • Maximum cash back to the borrower is the lesser of $2,000 or 2% of the principal amount of the new mortgage.  
  • There is zero cash back allowed for refinance transactions in the state of Texas.  
  • Refinancing a purchase money lien requires the lien to be seasoned for 120 days.  
  • Refinancing a first lien that was previously a cash out refinance requires the loan to be seasoned for a minimum of 12 months in order to be considered a rate and term refinance.  
  • Evidence of continuity of obligation is required.  
  • Transactions where one owner buys out the interest of another owner (i.e., buying out a spouse due to a divorce) are allowed in accordance with [expanded guidelines](#)/Fannie Mae  
  • Refinance of a Texas Section 50(a)(6) to a Texas Section 50(f)(2) not allowed  
  • See [expanded guidelines](#) for additional requirements |
| **CASH OUT REFINANCE** | • The mortgage amount may include the present first mortgage payoff, subordinate liens, closing costs, payoff of debt and additional cash to the borrower.  
  • Any non-seasoned junior lien not used to purchase the property is considered cash out and in included in the max cash proceeds.  
  • Borrower must have owned the property for a minimum of 6 months (date vested on title to note date).  
  • Evidence of continuity of obligation is required.  
  • See [expanded guidelines](#) for additional requirements |
| **SEASONING REQUIREMENTS** | See below |
| **RECENTLY DELISTED PROPERTIES** | • Refinances on properties listed for sale are not permitted.  
  • Properties previously listed for sale must have been off the market and the listing agreement canceled at least one day prior to the date of the application.  
    • A copy of the canceled/expired listing should be placed in the file and a search of the current multiple listing service should be completed to verify that the property is not currently listed by a different agency.  
  • See [expanded guidelines](#) for additional requirements |
| **TITLE SEASONING** | • See [expanded guidelines](#) for additional requirements |
## ANTI-FLIPPING POLICY
- See [expanded guidelines](#) for additional requirements

## CURRENT PROPERTIES PENDING SALE OR PRIMARY RESIDENCES BEING CONVERTED TO SECOND HOMES OR INVESTMENT PROPERTIES
- Properties owned free and clear may use a title search to verify equity
- See reserve section for additional reserve requirements
- See [expanded guidelines](#) for additional requirements

## APPRAISAL
- Additional appraisal requirements can be found in the PRMG Appraisal Guidelines which is available in the Resource Center or at the following link: [http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Guidelines.pdf](http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Guidelines.pdf)
- Non-Correspondent Originations: 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. 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.
- Correspondent Originations: Appraisals cannot be ordered through the PRMG Appraisal Department or show PRMG’s name in the LENDER CLIENT section on the appraisal. Jumbo loans are to be ordered directly by the Correspondent Lender through a Licensed AMC selected by the Correspondent Lender.
- Transferred or Ported appraisals are not acceptable. The appraisal must be ordered identifying PRMG as the client/lender on the appraisal report.
- Residential appraisal reports must be dated no more than 12 months from the date the loan is closed. If the appraisal report is more than 120 days old (including a transaction involving construction completed after the loan application) either a new appraisal or a Form 1004D/442 is required.
- See [expanded guidelines](#) for additional requirements
- For loan amounts <= $1,500,000 (excluding Florida and cash out transactions), one traditional appraisal report completed by a state-licensed or state-certified appraiser required on all loans
- For loan amounts <= $1,000,000 (including Florida and cash out transactions), one traditional appraisal report completed by a state-licensed or state-certified appraiser required on all loans
- For loan amounts > $1,500,000 (or > $1,000,000 in Florida or cash out transactions), two traditional appraisal reports completed by a state-licensed or state-certified appraiser required on all loans
- When two appraisals are required, the appraisers cannot work for the same appraisal company; each appraisal must be from a different appraiser/appraisal company
- PRMG reserves the right to require additional appraisal reviews/reports at the underwriter’s discretion

## REVIEW APPRAISALS
- Every loan will be subject to a Collateral Desktop Analysis (CDA) or field review based on the valuation chart which can be found at the following link: [http://www.eprmg.net/PlatinumValuationRequirements.pdf](http://www.eprmg.net/PlatinumValuationRequirements.pdf)
- All 2-4 unit properties will be required to have a field review through Clear Capital.
- If ordering a field review based on a CDA that did not support value, the field review must address the concerns that were noted in the CDA that caused the CDA value to be unsupported.
- A CDA review fee will be charged (see Property Valuation Chart for additional information.)
- A field review fee will be charged to the borrower for all loans requiring a field review; with an additional charge for any rush requests (see Property Valuation Chart for additional information.).
- Appraisal Review will be submitted by the branch underwriter to JumboReview@prmg.net after approval of the loan and completion of the appraisal(s). An email should be sent to the Jumbo Reviews with a copy of the appraisal(s) advising of loan approval and completion of appraisal(s) along with the request for the CDA. All reviews should be sent to JumboReview@prmg.net.
- If there is more than one appraisal both appraisals must both be sent in for the review, but the appraisal with the lower value will receive the CDA review or if the values of both appraisals are the same the underwriter must indicate which appraisal to perform the CDA on when submitting it for review.
- Loan cannot move to docs until reviews are submitted to and returned from JumboReview@prmg.net and the underwriter ensures the results meets the program requirements.

<table>
<thead>
<tr>
<th>NON-ARMS LENGTH TRANSACTIONS</th>
<th>See expanded guidelines for additional requirements</th>
</tr>
</thead>
</table>
| BORROWERS EMPLOYED BY A RELATIVE, DOMESTIC PARTNER, FIANCE/FIANCÉE, FAMILY BUSINESS, PROPERTY SELLER OR REAL ESTATE BROKER | • See expanded guidelines for additional requirements  
- Borrower cannot be real estate broker/owner of real estate broker company |
| REAL ESTATE AGENT ALSO LOAN OFFICER/BROKER | 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. |
| MORTGAGE INSURANCE | N/A |
| PROPERTY INSURANCE | Hazard Insurance:  
- Hazard policy must cover 100% of the insurable value and include a Guaranteed Replacement Cost Endorsement or a Replacement Cost Endorsement.  
- Flood Insurance:  
- A Standard Flood Hazard Determination (flood certificate) 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).  
- See expanded guidelines for additional requirements |
| REPAIR ESCROWS/ESCROW HOLDBACKS | Not allowed |
| TEMPORARY BUYDOWNS | Not Allowed |
| INTEREST ONLY | Not allowed |
| PRE-PAYMENT PENALTY | Not allowed |
| MULTIPLE LOANS | O/O: Unlimited  
- Second Homes: The borrower may not own more than 4 financed properties. This limitation applies to the total number of properties financed and any combination of ownership in 1-4 family properties.  
- This limitation includes joint or total ownership of a property that is held in the borrower’s name, the name of a limited liability company (LLC) or in a partnership. It also includes obligation on a mortgage debt for a residential property (regardless of whether or not the borrower is an owner of the property). Homes in a trust, where the borrower signed the note, guaranteed as individual and/or trustee would also be included.  
- Restriction on number of properties financed with investor exists, if borrower has... |
<table>
<thead>
<tr>
<th>SECTION 32 / HIGH COST LOAN</th>
<th>Brokers are responsible for identifying loans that are considered high cost loans as defined by federal and/or state laws and/or regulations. High cost loans are not allowed:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Loan is not a high cost loan as defined by Section 32 of the Federal Truth-in-Lending Act; and</td>
</tr>
<tr>
<td></td>
<td>• Loan is not a high cost loan as defined by applicable state laws and/or regulations.</td>
</tr>
<tr>
<td>REAL ESTATE COMMISSIONS</td>
<td>• The maximum real estate commission allowed is 8% aggregate.</td>
</tr>
<tr>
<td></td>
<td>• See expanded guidelines for additional requirements</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNDERWRITING</th>
<th>Loans must be underwritten by designated jumbo/non-conforming/niche Level 4 underwriters</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>• Must be submitted to Jumbo Reviews for this product for second underwrite/signature. Results will be returned to underwriter to second review ensure all requirements are met.</td>
</tr>
<tr>
<td></td>
<td>• File must have all PTD conditions met prior to submission Jumbo Reviews</td>
</tr>
<tr>
<td></td>
<td>• Final loan approval cannot be issued without approval from eligibility review</td>
</tr>
<tr>
<td></td>
<td>• Appraisal Review will be submitted to Clear Capital by Jumbo Reviews</td>
</tr>
<tr>
<td></td>
<td>• All loans must receive an “Approve/Ineligible” from DU and the ineligible may only be for loan amount Ineligible is only allowed for loan amount, ARM products that are not eligible with Fannie Mae, LTVs that do not fit Fannie Mae guidelines. The LTV/CLTV, loan amount, ARM plan, etc. must conform with the Platinum program requirements. Ineligible may also be for exceeding limited cash out requirements, as long as it complies with Platinum investor guidelines.</td>
</tr>
</tbody>
</table>
- If a loan amount changes on a locked loan by more than $150,000, Secondary must review with investor for approval and an additional pricing hit may apply.
- See Eligibility Review Requirements section

### ASSUMABILITY
- ARMs are assumable to a qualified customer that is approved by the investor after the fixed rate period.

### INDEX
- 1 Year LIBOR

### MARGIN
- 2.50%

### INTEREST RATE CAPS
**5/1, 7/1, 10/1 ARM:**
- **5% Initial Adjustment Cap** - 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.
- **2% Adjustment Cap** - 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.
- **5% Lifetime Cap** - There is a life of loan interest rate ceiling equal to the sum of the initial interest rate plus 5%.

### INTEREST RATE CHANGES
**5/1, 7/1, 10/1 ARM:**
- **Interest Rate** - The initial interest rate will be set at time of lock-in and will remain constant for the first 5, 7, or 10 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 sum of the index plus the required margin rounded to the nearest .125% subject to the interest rate caps.
- **Interest Rate Adjustment Date** - The initial interest rate adjustment will take place on the first day of the 61st (5/1), 85th (7/1), or 121st (10/1) full month after closing and on the first day of every 12th calendar month thereafter.

### MINIMUM FLOOR
- Margin

### ARM DOCUMENTS
- 3528 Note and 3187 Rider
## Texas Addendum

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.

### PURCHASE
- Allowed
- Purchase transactions that include subordinate financing subject to Section 50(a)(6) provisions are limited to a maximum LTV/TLTV/CLTV of the lesser of 80% or the maximum allowed by product or loan amount.

### RATE/TERM REFINANCE
- Refinance of a Texas Section 50(a)(6) to a Texas Section 50(f)(2) not allowed
- Proceeds from a rate/term refinance may only pay off the following:
  - 1st liens that are not considered Section (a)(6) and Second liens used entirely for the purchase of the property.
  - 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)
  - 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.
- Proceeds from a rate/term refinance may NOT pay off the following:
  - Any loan that is considered a Section (a)(6) loan
  - Any loan that the borrower received cash back on
  - Federal tax debt liens
  - Liens for delinquent property taxes on the property securing the new loan
  - 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.
  - 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.
  - 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.
  - Total financed Closing costs are limited to those costs that are reasonable and actually required to close the transaction. Prepads/escrows can’t be financed into the new loan when grossed up in loan payoff. 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 prepads 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.
• 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 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.

• 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.

• 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.

CASH OUT REFINANCE
- Not Allowed

ELIGIBLE COSTS
- A rate/term refinance of a primary residence may include only the following costs:
  - Pay off of the old loan plus points
  - Pre-paid items, such as escrow funds and interest (See Additional Documentation section below)
  - Taxes due

- 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:
  - Loan Origination
  - Tax Service
  - Recording
  - Escrow Waiver
  - Processing
  - Appraisal
  - Credit Report
  - Final Inspection
  - Underwriting
  - Application
  - Survey
  - Title Insurance Premiums (Lender Policy)
  - Commitment
| **ADDITIONAL DOCUMENTATION** | All rate/term refines require a completed Texas Refinance Worksheet (See Exhibit A)
| | All rate/term refines require a completed Borrower Acknowledgement Form (See Exhibit B) when the borrower is receiving a refund check at closing.
| | If impounds for prepaid expenses are included in the new loan amount, special title insurance coverage must be obtained as a Schedule B Exception.
| | For rate/term refines, 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. |

- Express Mail
- Flood Certification
- Closing
Exhibit A

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