

Primary Residence – Owner Occupied			
Transaction	FICO	Number of Units	Maximum LTV/CLTV
Purchase / Rate Term	620	1 - Unit	97% Conforming; 95% High Balance
		2 - Units	85
		3-4 Units	75
Cash-Out Refinance	620	1 - Unit	80
		2-4 Units	75
Second Home			
Transaction	FICO	Number of Units	Maximum LTV/CLTV
Purchase / Rate Term	620	1 – Unit	90
Cash-Out Refinance	620	1 – Unit	75
Investment Property – Non-Owner Occupied			
Transaction	FICO	Number of Units	Maximum LTV/CLTV
Purchase	620	1 – Unit	80
		2-4 Units	75
Rate / Term	620	1-4 Units	75
Cash-Out Refinance	620	1 – Unit	75
		2-4 Units	70

Agency Conforming DU Product Codes:			
10 Year Fixed	1400-01	15 Year LPMI	1311-01
15 Year Fixed	1300-01	20 Year LPMI	1211-01
20 Year Fixed	1200-01	25 Year LPMI	1111-01
25 Year Fixed	1100-01	30 Year LPMI	1011-01
30 Year Fixed	1000-01		
Agency Conforming DU High Balance Product Codes:			
15 Year Fixed	1333-01	15 Year Fixed LPMI	1312-01
30 Year Fixed	1033-01	30 Year Fixed LPMI	1012-01

Highlights

Topic	Highlights
1031 Exchange Transactions	Allowed for investment property purchase transactions only.
4506 Transcripts	Transcripts are required per income documentation type in the loan file.
Appraisal	Property Inspection Waivers (PIW): <ul style="list-style-type: none"> • A PIW may not be exercised if an appraisal has already been obtained. • Eligible Transactions for PIW: <ul style="list-style-type: none"> ▪ One-unit properties including condos; ▪ Principal residence and second home transactions; ▪ Investment property refinance transactions; and ▪ DU loan casefiles that receive an Approve/Eligible recommendation. • Ineligible Transactions for PIW: <ul style="list-style-type: none"> ▪ Properties located in a disaster-impacted area; ▪ Newly constructed dwellings; ▪ Two-to-four unit properties; ▪ Manufactured homes; ▪ Transactions using gifts of equity; and ▪ Texas Section 50(a)(6) mortgage loans.
ARMs	Not Allowed.

Assets	Cryptocurrency, such as Bitcoin and Ethereum, may NOT be used for down payment funds or closing funds. These types of funds must be backed out of the borrower's assets.
AUS	DU approve/eligible is required.
Borrower Eligibility	<p>Maximum four borrowers per loan. Eligibility:</p> <ul style="list-style-type: none"> • All borrowers must be natural persons or an eligible <i>inter-vivos</i> trust. • All borrowers must have a valid social security number. ITINs are not allowed. • U.S. citizens are eligible. • Permanent Resident Aliens – provide one of the following: <ul style="list-style-type: none"> ▪ A copy of a valid Permanent Resident Card (front and back); or ▪ A passport with the USCIS I-551 stamp. • Non-Permanent Resident Aliens – provide one of the following: <ul style="list-style-type: none"> ▪ USCIS issued <u>Employment Authorization Document</u> (EAD Card) ▪ One of the following Visas: <ul style="list-style-type: none"> ○ E-1, E-2, E-3; ○ G-1, G-2, G-3, G-4, G5; ○ H-1, H-1b, H-2A, H-3; ○ L1; ○ TC, NAFTA Visa; or ○ TN, NAFTA Visa • Form I-797C, <u>Notice of Action Taken</u>, issued by the United States Citizenship and Immigration Services (USCIS) is not sufficient to document that a non-U.S. citizen is legally present in the United States. • If the authorization for non-permanent residency status will expire within three months or if it is set to expire, confirmation from USCIS that the employer has re-filed a petition of extension is required. If there are no prior renewals, proof of a three year continuance must be determined based on information from USCIS. • Non-Permanent Residents must be employed in the U.S. if their income is used to qualify. • If a Non-Permanent Resident Alien is borrowing with a U.S. citizen, it does not eliminate or reduce any documentation requirements. <p>The following borrowers are ineligible:</p> <ul style="list-style-type: none"> • Borrowers with diplomatic immunity, temporary protected status, deferred enforced departure states, or humanitarian parole status; • Foreign nationals; and • Politically exposes persons.
Coastal Barrier Resources Systems	Flood insurance is required whether or not the subject property is located in a Special Flood Hazard Area (SFHA). Properties located in an SFHA where the community is not participating in the National Flood insurance Program (NFIP) are not eligible.
Collateral Underwriter Rating	Properties with CU ratings of 2.6 to 5 require an AVM to support value. Properties with CU ratings of 4 or 5 must be escalated to underwriting management.
Condominiums	Per Fannie Mae requirements The following project types are ineligible : <ul style="list-style-type: none"> • Projects that require Fannie Mae PERS approval (unless the project

	<p>already has an unexpired PERS approve);</p> <ul style="list-style-type: none"> • Manufactured home condo projects; • Condotels; • Condo projects that include registration services and offer the rental of units for ≤ 30 days; • Condo projects that share facilities with a hotel or motel; • Condo projects that offer services typically provided in a hotel or motel such as maid services, management desks, bellman services, etc.; • Condo projects that restrict the owner's ability to occupy the unit; and • Condo projects that permit a priority lien for unpaid common expenses in excess of priority lien limitations. <p>For complete details on ineligible condominium features refer to the Agency Condominium Guidelines.</p>
Contingent Liability	<ul style="list-style-type: none"> • When a borrower is obligated on a non-mortgage debt, but is not the party who is actually repaying the debt, the monthly payment may be excluded from the borrower's recurring monthly obligations. This policy applies whether or not the other party is obligated on the debt, but is not applicable if the other party is an interested party to the subject transaction (such as the seller or realtor). Non-mortgage debts include installment loans, student loans, revolving accounts, lease payments, alimony, child support, and separate maintenance. • When a borrower is obligated on a mortgage debt, but is not the party who is actually repaying the debt, the full monthly housing expense (PITIA) may be excluded from the borrower's recurring monthly obligations if: <ul style="list-style-type: none"> ▪ The party making the payments is obligated on the mortgage debt; ▪ There are no delinquencies in the most recent 12 months; and ▪ The borrower is not using rental income from the applicable property to qualify. • In order to exclude non-mortgage or mortgage debts from the borrower's DTI ratio, obtain the most recent 12 months' cancelled checks (or bank statements) from the other party making the payments that document a 12 month consecutive payment history with no delinquent payments. <p>When a borrower is obligated on a mortgage debt, regardless of whether or not the other party is making the monthly mortgage payments, the referenced property must be included in the count of financed properties, as applicable.</p>
Credit Report	Foreign credit reports are not allowed.
DAPs/MCCs	Not Eligible
Day One Certainty	Stay Tuned
Deed Restrictions	Age related only allowed. All other deed restrictions are ineligible.
Disabled Child/Elderly Parent	<ul style="list-style-type: none"> • Borrowers who wish to provide housing for their physically handicapped or developmentally disabled adult child who is unable to work or does not have sufficient income to qualify for a loan, may be considered owner-occupants; or • Borrowers who wish to provide housing for their parent who is unable to work or does not have sufficient income to qualify may be considered owner-occupants. • The borrower must provide a detailed explanation identifying the situation and need for financing. <ul style="list-style-type: none"> ▪ Exercise caution when the borrower owns investment

	<p>properties or is doing a cash-out refinance transaction.</p> <ul style="list-style-type: none"> When borrowers are financing a home for their disabled child or parents the following apply: <ul style="list-style-type: none"> The disabled child or parent is not required to be on title or on the mortgage loan. <p>Acceptable documentation must be included in the loan file to support the transaction. Documentation may include tax returns of the borrower that show the disabled adult child as a dependent or tax returns of the parent which documents insufficient income to qualify.</p>
Escrow Withholds/Repair Escrow	Not Allowed
Frozen Credit	<p>If the borrower's credit information is frozen at one of the credit repositories for borrowers who have traditional credit, the credit report is still acceptable as long as:</p> <ul style="list-style-type: none"> Credit data is available from two repositories; A credit score is obtained from at least one of those two repositories; and A three in-file merged report is requested.
Funds to Close	<p>Bridge loans not allowed Sweat Equity not allowed Trade Equity not allowed</p>
Future Employment/Income	The borrower(s) must begin employment before the loan is closed. Income documentation per DU findings must be provided.
Hardest Hit Fund Programs	Not Allowed.
Identity of Interest/Non-Arm's Length Transactions	<ul style="list-style-type: none"> Non-arms-length transactions are purchase transactions where there is a relationship or business affiliation between the seller and the buyer of the property. Non-arms-length transactions are allowed for the purchase of existing properties unless specifically forbidden for the particular scenario, such as delayed financing. For the purchase of newly constructed properties, if the borrower has a relationship or business affiliation (any ownership interest, or employment) with the builder, developer, or seller of the property, the mortgage transaction must be secured by a principal residence.
Ineligible Programs	<ul style="list-style-type: none"> Construction-to-Permanent transactions Native American Conventional Lending Initiative Disaster-Related Limited Cash-Out Refinance Flexibilities Refi Plus HomePath Properties Homestyle Renovation
Ineligible Properties	<ul style="list-style-type: none"> Assisted Living Facilities Bed and Breakfast Establishments Board and Care Facilities Boarding houses Condotels Co-ops Dome or Log Homes Hawaiian Properties Located in Lava Zones 1 and 2 Houseboats Indian Leased Land Indian Tribal Trust Land

	<ul style="list-style-type: none"> • Leaseholds • Legal Non-Conforming Properties where zoning regulations prohibit re-building • Mobile Homes • Properties Located Outside the 50 United States and District of Columbia • Properties with C5, C6, or Q6 Ratings • Properties that are not readily accessible by roads that meet local standards • Properties that are not suitable for year-round occupancy regardless of location • Single Wide Manufactured Homes • Timeshares • Working Farms or Ranches
Interested Party Contributions	<p>Financing concessions for primary residences and second homes must be within the following allowable percentages:</p> <ul style="list-style-type: none"> • LTV/CLTV $\leq 75\%$ - 9% of value • LTV/CLTV $> 75\%$ - $\leq 90\%$ - 6% of value • LTV/CLTV $> 90\%$ - 3% of value <p>Financing concessions for investment properties is limited to:</p> <ul style="list-style-type: none"> • 2% of value regardless of the LTV/CLTV. <p>Value is the lesser of the sales price or appraised value.</p>
Leasehold Estates	Not allowed
Manual Underwriting	Not allowed.
Manufactured Home	Single Wide not allowed. Manufactured homes in PUD or condo projects not allowed.
Marijuana Related Business/Employment	Income from a marijuana related business or employment may not be used to qualify.
Mortgage Insurance	Loans with a DTI greater than 45% and a credit score < 700 are not eligible.
PACE/HERO Obligations	Must be paid off. Refer to the guidelines below for complete details.
Power-of-Attorney	<p>The Power of Attorney (POA) may only be used for closing documents and must comply with the following:</p> <p>Ineligible Transaction Types: Powers of Attorney are not permitted with the following transaction types:</p> <ul style="list-style-type: none"> • Cash-Out Refinances • Non-Owner-Occupied Transactions • Title Taken as a Trust • Identity of Interest or Non-Arm's Length Transactions • Non-Occupant Co-Borrowers may not use a POA. <p>Requirements:</p> <ul style="list-style-type: none"> • At least one borrower must be present at closing, unless a face-to-face interview has been conducted with all applicants. • A separate, executed POA must exist for each borrower not present at closing and the Attorney-in-Fact must execute all closing documents at Settlement. • The POA must be Specific, Special, Limited or Military. • The POA must specifically identify the subject property address. • The POA must clearly reflect that the borrower is appointing an Attorney-in-Fact. • General Powers-of-Attorney are not acceptable.

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	<ul style="list-style-type: none"> • The Attorney-in-Fact may not be: <ul style="list-style-type: none"> ▪ The lender, affiliate of the lender, employee of the lender or lender’s affiliate, originator, title company, closing agent, property seller, appraiser, realtor, a party to the transaction, a party with a direct or indirect financial interest in the transaction, or any other party deemed ineligible by Fannie Mae. • The borrower’s name(s) on the POA must match the name(s) on the Note, security instrument and other documents. • The POA must be signed and dated by the borrower such that it was valid at the time the Note or security instrument was executed. • A notarized signature of the grantor is required. If executed outside the U.S., it must be notarized at a U.S. Embassy or a U.S. military installation. • The POA must bear the Recorder’s stamp, if previously recorded. • The POA must be a durable Power-of-Attorney in full force and effect on the closing date, must survive subsequent disability, and must be revocable only in writing or alternatively gives a specific expiration date which survives the closing date. • The initial 1003 Loan Application must be signed by the borrower, and not the Attorney-in-Fact except: <ul style="list-style-type: none"> ▪ When the borrower is on military service with the U.S. armed forces servicing outside the U.S. or deployed aboard a U.S. vessel, as long as the POA: <ul style="list-style-type: none"> ○ Expressly states an intention to secure a mortgage loan on the subject property; or ○ Complies with the requirements in the VA Lender’s Handbook for POA. • The title company must insure that the lender or assignee is in first lien position without exception to the POA. • The original POA must be recorded with the security instrument and a certified copy delivered with the Note subject to the following: <ul style="list-style-type: none"> ▪ A duplicate or conformed copy of the Power-of-Attorney is acceptable, together with a certificate of receipt from the recording office, certifying that such copy represents a true and complete copy of the original and that such original has been or is currently submitted to be recorded; or <p>If the original Power-of-Attorney or other such instrument has been delivered for recording in the appropriate public recording office of the jurisdiction where the subject property is located, the original must follow as a final document.</p>
Restructured Loans/Short Payoffs	Not allowed.
Student Loans	<p>If a monthly student loan payment is provided on the credit report, that payment amount may be used for qualifying purposes. If the credit report does not reflect the correct monthly payment, use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower.</p> <p>If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment, determine the qualifying monthly payment using one of the following options:</p> <ul style="list-style-type: none"> • If the borrower is on an income-driven payment plan, obtain student loan documentation to verify the actual monthly payment is \$0. The borrower may then be qualified with a \$0 payment.

	<ul style="list-style-type: none"> For deferred loans or loans in forbearance, calculate: <ul style="list-style-type: none"> A payment equal to 1% of the outstanding student loan balance, even if this amount is lower than the actual fully amortizing payment; or <p>A fully amortizing payment using the documented loan repayment terms.</p>
Student Loan Refinance	Allowed. Refer to the guidelines below for complete details.
Tax Returns	<ul style="list-style-type: none"> Income from amended tax returns that increase the borrower's income may not be used as qualifying income. Verify payment of taxes owed for the most recent tax return in the file, as applicable. <ul style="list-style-type: none"> Federal tax installment agreements are allowed with evidence of timely payments and inclusion of the debt in the borrower's DTI. Refer to the Platinum guidelines for details.
Temporary Buy Downs	Not allowed.
Texas 50(a)(6) Transactions	<ul style="list-style-type: none"> <i>First liens only</i> <i>Fixed rate only – ARMs are ineligible</i> <i>Inter-vivos trusts are not allowed.</i> <i>Powers of Attorney are not allowed.</i> <p>Refer to the guidelines below for additional details.</p>
Texas 50(f)(2) Refinance	<p>An existing Texas Section 50(a)(6) loan, either first or second mortgage, may be refinanced as a Texas Non-Home Equity Section 50(a)(4) loan secured by a lien against the homestead. The following requirements must be met:</p> <ul style="list-style-type: none"> A new full appraisal is obtained. The transaction cannot exceed 80% LTV/CLTV of the fair market value of the subject property. The refinance loan is closed at least 12 months after the date the 50(a)(6) Home Equity loan was closed. Cash back is not allowed (\$0.00) <p>A 12-Day Notice (f)(2) Disclosure must be provided to the borrower detailing his/her rights associated with an equity or non-equity loan.</p> <ul style="list-style-type: none"> The (f)(2) Disclosure must be delivered or placed in the mail no later than three business days after the owners subject an application specifically for an (f)(2) loan; and Must be provided to the property owner at least 12 days prior to loan closing. <p>The loan file must contain a separate affidavit signed by the owner acknowledging that the requirements of the Texas Constitution Section 50(f)(2) have been met.</p> <ul style="list-style-type: none"> The affidavit must be recorded.
Verification of Employment Only/Verification of Deposit Only	<ul style="list-style-type: none"> The use of a Verification of Employment (VOE) and/or a Verification of Deposit (VOD) only is not allowed. <ul style="list-style-type: none"> At a minimum paystubs and bank statements are required. When the borrower's current mortgagee or landlord is a private party, the use of a Verification of Mortgage (VOM) or Verification of Rent (VOR) only is not allowed. <ul style="list-style-type: none"> Copies of the borrower's most recent, consecutive 12 months cancelled checks will be required.