



JUMBO NON-CONFORMING FIXED

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Non-Conforming Jumbo AUS

Program Codes: JF30L2

(Min: \$1 above Conforming loan limits)

Fully Amortizing Fixed								
Property Type	Transaction Type	Maximum Loan Amount ¹	Max LTV/CLTV ^{2,3}	Max DTI	Min FICO Score	Max Cashout		
Primary								
1 Unit	Purchase Rate/Term Refi	\$1,500,000	89.99%	36%	740	NA		
		\$1,500,000	85%		720			
		\$1,500,000	80%	45%	700			
		\$2,000,000	75%		720			
		\$2,500,000	70%		720			
		\$1,000,000	60%		680			
		2-4 Units			\$1,000,000		65%	700
					\$1,500,000		60%	720
1 Unit	Cash-out Refi ⁴	\$1,000,000	75%	45%	700	\$1,000,000		
		\$1,500,000	70%		720	\$1,500,000		
		\$2,000,000	60%			\$2,000,000		
		\$2,500,000	50%			\$2,500,000		
		2 Unit			\$1,000,000	60%	700	\$1,000,000



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Property Type	Transaction Type	Maximum Loan Amount ¹	Max LTV/CLTV ^{2,3}	Max DTI	Min FICO Score	Max Cashout
Second Home						
1 Unit	Purchase	\$1,000,000	80%	45%	720	NA
	Purchase Rate/Term Refi	\$1,000,000	75%			
		\$1,500,000	70%			
		\$2,000,000	65%			
		\$2,500,000	50%			
1 Unit	Cash-out Refi ⁴	\$1,500,000	60%	45%	740	\$1,500,000
		\$2,000,000	50%			\$2,000,000
Investment						
1-4	Purchase Rate/Term Refi	\$1,500,000	70%	45%	740	NA

¹ First-Time Homebuyer max loan amount is \$1,500,000.

² Self-Employed: 70% max LTV/CLTV/HCLTV when Self-Employment income is required for qualifying purposes.

³ The following is required with LTVs greater than 80%:

- MI not required
- Impounds required
- Self Employed Borrowers not allowed. If the Self-Employment income is not needed for qualifying purposes, then the restriction is not applicable.

⁴ Self-Employment income is not an eligible source of qualifying income on Cash-Out transactions.



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UNDERWRITING	<ul style="list-style-type: none"> • All loans must have Fannie Mae DU Findings included in the loan file <ul style="list-style-type: none"> ○ The DU recommendation must be Approve/Ineligible due to loan amount or maximum cash-out on a rate/term refinance transaction ○ The loan delivery data must match the closed loan and the final data submitted to DU • Manual underwrite is not permitted • Delegated underwriting only
AGE OF DOCUMENTS	<ul style="list-style-type: none"> • All credit documents, including title commitment must be no older than ninety (90) days from the Note date • Self-employment age of docs for YTD Profit and Loss must be no older than ninety (90) days from the Note date
DOCUMENTATION	<ul style="list-style-type: none"> • If subject property has a HELOC that is not included in the CLTV/HCLTV calculation, the loan file must contain evidence the HELOC has been closed
PRODUCT ELIGIBILITY	<ul style="list-style-type: none"> • Purchase • Rate/Term Refinance • Cash-out Refinance
PERSONAL PROPERTY	<ul style="list-style-type: none"> • Any personal property transferred with a property sale must be deemed to have zero transfer value as indicated by the sales contract and appraisal • If any value is associated with the personal property, the sales price and the appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV



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ELIGIBLE PROPERTY TYPES	<u>Primary Residence</u> <ul style="list-style-type: none"> • 1-4 units • Condominiums-Attached-Warrantable • PUD • Cooperatives • Modular homes 	<u>Second Homes</u> <ul style="list-style-type: none"> • 1 unit • Condominiums-Attached-Warrantable • PUD • Cooperatives • Modular homes 	<u>Investment</u> <ul style="list-style-type: none"> • 1-4 units • Condominiums-Attached-Warrantable • PUD • Modular homes
INELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • 2-4 unit second home properties • Condo hotel units • Manufactured Homes • Mixed use properties • Model Home Leasebacks • Non-warrantable condominiums • Properties with condition rating of C5/C6 • Properties with construction rating of Q6 • Properties located in areas where a valid security interest in the property cannot be obtained • Properties with more than 40 acres • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches or orchards 		
ELIGIBLE STATES	Eligible States Matrix		
BORROWER ELIGIBILITY	All borrowers must have a valid social security number.		
	<ul style="list-style-type: none"> • U.S. Citizens • Permanent resident aliens with evidence of lawful residency <ul style="list-style-type: none"> ○ Must be employed in the US for the past twenty-four (24) months 		



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NON-PERMANENT RESIDENT ALIENS	<ul style="list-style-type: none"> • Non-permanent resident aliens with evidence of lawful residency are eligible with the following restrictions: <ul style="list-style-type: none"> ○ Primary Residence Only ○ Maximum LTV/CLTV/HCLTV 75% ○ Unexpired H1B, H2B, E1, L1, and G Series VISAs only; G series VISAs must have no diplomatic immunity ○ Borrower must have a current twenty-four (24) month employment history in the US • Maximum LTV/CLTV/HCLTV 75% • Primary residence only • Documentation evidencing lawful residency must be met • All borrowers must have a valid Social Security Number • Non-Occupant Borrower – Follow Fannie Mae requirements with exception of non-occupant relationship who must be a related family member of the borrower(s)
INELIGIBLE BORROWERS	<ul style="list-style-type: none"> • Foreign Nationals • Borrowers with Diplomatic Immunity status • Life Estates • Non-Revocable Trusts • Guardianships • LLCs, Corporations or Partnerships • Land Trusts • Borrowers with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying
INTER-VIVOS REVOCABLE TRUSTS	Allowed
DOWN PAYMENT ASSISTANCE	Not Allowed



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MINIMUM CREDIT REQUIREMENTS	<ul style="list-style-type: none"> • Non-traditional credit is not allowed • All borrowers must have a minimum of two (2) credit scores • Disputed tradelines: <ul style="list-style-type: none"> ○ All disputed tradelines must be included in the DTI if the account belongs to the borrower unless documentation can be provided that authenticates the dispute ○ Derogatory accounts must be considered in analyzing the borrower’s willingness to repay. However, if a disputed account has a zero balance and no late payments, it can be disregarded • Frozen Credit: <ul style="list-style-type: none"> ○ Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required
MORTGAGAE /RENTAL HISTORY	<p><u>Mortgage History</u></p> <ul style="list-style-type: none"> • If the borrower(s) has a mortgage in the most recent twenty-four (24) months, a mortgage rating must be obtained, reflecting 0x30 in the last twenty-four (24) months • The mortgage rating may be on the credit report or a VOM • Applicable to all borrowers on the loan
LIENS, JUDGEMENTS AND COLLECTIONS	<ul style="list-style-type: none"> • Tax liens, judgments, charge-offs, and past-due accounts must be satisfied or brought current prior to or at closing • Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts • Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full
FORECLOSURE, DEED IN LIEU OF FORECLOSURE, BANKRUPTCY AND SHORT SALES	<ul style="list-style-type: none"> • At least seven (7) years must have elapsed since bankruptcy discharge or dismissal, foreclosure, notice of default (NOD), short sale or dee in lieu measured from the date of completion to the date of application.
CREDIT INQUIRIES	<ul style="list-style-type: none"> • All inquiries that have taken place within 120 days of the credit report date must be explained by the borrow and documented accordingly. • Borrower must be qualified with any new debt.



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MAXIMUM DTI	<ul style="list-style-type: none"> • 45% for LTVs ≤ 80% • 36% for LTVs > 80%
SELF-EMPLOYMENT	<p>The requirements below apply for Self-Employed Borrowers with Self-Employment income used for qualifying:</p> <ul style="list-style-type: none"> • Follow the requirements per the DU findings and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 except as detailed below: <ul style="list-style-type: none"> ○ If DU returns a recommendation for one (1) year of tax returns, the most recent year’s tax return must be provided. IRS extensions are not permitted <ul style="list-style-type: none"> ▪ If borrower has filed an extension, the most recent prior two (2) years tax returns are required • Maximum of 70% LTV/CLTV/HCLTV <ul style="list-style-type: none"> ○ If self-employment losses have already been considered in qualifying the borrower, then the maximum 70% LTV/CLTV/HCLTV is not applicable • Self-employment income may not be used as qualifying income on a cash-out transaction • In order to use self-employment income for qualifying purposes, the underwriter must consider the impact of COVID-19 on the business and the stability of income • YTD profit and loss statement up to and including the most recent month preceding the loan application date. YTD profit and loss statement must not be more than 90 days aged prior to the Note date <ul style="list-style-type: none"> ○ If the year-to-date period covers multiple quarters, the profit and loss statement must break out each quarter separately
VERBAL VOE	<ul style="list-style-type: none"> • Verbal VOE must be performed no more than ten (10) business days prior to the Note date. • Verification of the existence of borrower’s self-employment must be verified through a third-party source and no more than twenty (20) business days prior to the Note date.



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TAX TRANSCRIPTS	<ul style="list-style-type: none"> • Signed 4506-C form is required to be signed at closing by all borrowers for all transactions • <u>General Requirements:</u> The number of years of transcripts required will be based on the DU findings. • <u>Salaried Borrowers:</u> Secondary verification of the income documentation is required via W-2 transcripts or 3rd party verification (i.e., The Work Number) with separation of income types (base, bonus, OT, etc.). The number of years provided will be based on the DU findings <ul style="list-style-type: none"> ○ Manual verification of employment, even if through a 3rd party are not permitted ○ Borrower pulled transcripts are not acceptable ○ The IRS transcripts and the supporting income documentation must be consistent ○ If 3rd party verification (i.e., The Work Number) is the source used to verify income, then W-2 transcripts are also required as the secondary verification of the income • <u>Commission/Bonus:</u> Income must be documented for the most recent 2 (two) years with a year-to-date paystub and W-2s • <u>Self-Employment:</u> <ul style="list-style-type: none"> ○ If DU returns a recommendation for one (1) year of tax returns, the most recent year's tax return must be provided and IRS extensions are not permitted ○ If borrower has filed an extension, the most recent prior two (2) years tax returns are required



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ASSETS/RESERVES	<ul style="list-style-type: none"> • Beyond the minimum reserve requirements and to fully document the borrower’s ability to meet their obligations, borrowers should disclose all liquid assets • Eligible assets must be held in a US account • The asset verification must provide sixty (60) days of account activity and include all items normally indicated on bank statements • Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs • Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020 • Business Funds: <ul style="list-style-type: none"> ○ Not permitted for reserves ○ Cash flow analysis required using most recent three (3) months business bank statements to determine no negative impact to business ○ Business bank statements must not reflect any NSF’s (non- sufficient funds) or overdrafts ○ If borrower(s) ownership in the business is less than 100%, the following requirements must be met: <ul style="list-style-type: none"> ▪ Borrower(s) must have majority ownership of 51% or greater ▪ The other owners of the business must provide an access letter to the business funds ▪ Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s) 		
	<u>Residency</u>	<u>Loan Amount</u>	
	Primary	<u>Minimum Reserves</u>	
		≤ \$1,000,000 with LTV ≤80%	6 Months
		\$1,000,001-\$1,500,000 with LTV ≤80%	9 Months
		≤ \$1,000,000 with LTV >80%	12 Months
		\$1,000,001-\$1,500,000 with LTV >80%	15 Months
		\$1,500,001-\$2,000,000	12 Months
	\$2,000,001-\$2,500,000	24 Months	



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ASSETS/RESERVES (CONT)	Second Home	≤ \$1,000,000	12 Months
		\$1,000,001-\$1,500,000	18 Months
		\$1,500,001-\$2,000,000	24 Months
		\$2,000,001-\$2,500,000	36 Months
	Investment Property	≤ \$1,000,000	18 Months
		\$1,000,001-\$1,500,000	24 Months
	First-Time Homebuyer	≤ \$1,000,000 with LTV ≤80%	12 Months
		≤ \$1,000,000 with LTV >80%	15 Months
		\$1,000,001-\$1,500,000 with LTV ≤80%	15 Months
		\$1,000,001-\$1,500,000 with LTV >80%	18 Months
Additional 1-4 Unit Financed REO	Additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO If eligible to be excluded from the count of multiple financed properties, reserves are not required		
GIFT FUNDS	<ul style="list-style-type: none"> • Allowed • Requires 5% of borrowers own funds prior to the gift funds. • Not allowed to be used as reserves • Not allowed on LTVs >80% or investment properties 		
INTERESTED PARTY CONTRIBUTIONS	<ul style="list-style-type: none"> • Max 6% of sales price – LTV between 75% – 80%. • Max 9% of sales price – LTV less than 75% 		



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APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> • Full appraisals are required regardless of the DU Findings. • Transferred appraisals are not allowed • Property Inspection Waivers (PIW) not allowed. • Collateral Underwriter (CU) with a score of 2.5 or less is allowed in lieu of a CDA <ul style="list-style-type: none"> ○ Maximum LTV 80% ○ Maximum Loan amount \$1,500,000 • Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days – Follow Fannie Mae requirements • Collateral Desktop Analysis (CDA) ordered from Clear Capital is required to support the value of the appraisal. The Seller is responsible for ordering the CDA. See above for the allowance of CU score in lieu of CDA <ul style="list-style-type: none"> ○ If the CDA returns a value that is “Indeterminate” or if the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met: <ul style="list-style-type: none"> ▪ A Clear Capital BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation of Three Reports is required. The Value Reconciliation will be used for the appraised value of the property. The Seller is responsible for ordering the BPO and Value Reconciliation through Clear Capital ▪ A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. The Seller is responsible for providing the field review or 2nd full appraisal full appraisal ○ If two (2) full appraisals are provided, a CDA is not required
Appraisal Requirements Based on Loan Amount:	
Purchase Transactions	
≤ \$2,000,000	1 full appraisal
> \$2,000,000	2 full appraisals
Refinance Transactions	
≤ \$1,500,000	1 full appraisal
> \$1,500,000	2 full appraisals



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APPRAISAL REQUIREMENTS (CONT)	<ul style="list-style-type: none"> • When two (2) appraisals are required, the following applies: <ul style="list-style-type: none"> ○ Appraisals must be completed by two (2) independent companies ○ The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion ○ Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled ○ If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon
ESCROW HOLDBACKS	Not allowed



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TEMPORARY BUYDOWNS	Not allowed
PREPAYMENT PENALTY	Not Allowed
RATE/TERM REFINANCE SEASONING	<ul style="list-style-type: none"> • The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items. <ul style="list-style-type: none"> ○ A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months ○ A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history ○ Cash back to the borrower is limited to 1% of the new loan.
CASH-OUT REFINANCE	<ul style="list-style-type: none"> • Borrower must have owned the property for at least six (6) months. • Maximum cash-out limitations include the payoff of any unsecured debt, unseasoned liens, and any cash in hand. • Self-employment income may not be used for qualification. • The purchase must have been arm's length. • Investment properties are ineligible.
DELAYED FINANCING REFINANCE	<ul style="list-style-type: none"> • Property was purchased by borrower for cash within six (6) months of the loan application. • HUD-1/CD from purchase reflecting no financing obtained for the purchase of the property. • Preliminary title reflects the borrower as the owner and no liens. • Funds used to purchase the property are fully documented and sourced and must be the borrower's own funds (No gift funds or business funds). • LTV/CLTV/HCLTV for Rate and Term refinances must be met. • Investment properties are allowed if the borrower is not a builder or in the construction industry and prior transaction was arm's length.



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OCCUPANCY	<ul style="list-style-type: none"> • Primary Residence for 1-2 units • Second home residences for one (1) unit <ul style="list-style-type: none"> ○ Must be a reasonable distance away from borrower’s primary residence ○ Must be occupied by the borrower for some portion of the year ○ Must be suitable for year-round use ○ Must not be subject to a rental agreement and borrower must have exclusive control over the property ○ Any rental income received on the property cannot be used as qualifying income • Investment properties for 1-4 units
MULTIPLE FINANCED PROPERTIES	<ul style="list-style-type: none"> • The borrower(s) may own a total of four (4) financed, 1-4 unit residential properties including the subject property and regardless of the occupancy type of the subject property • All financed 1-4 unit residential properties require an additional six (6) months reserves for each property
ESCROW ACCOUNTS	Escrow/Impound accounts required for LTVs greater than 80% unless prohibited by applicable laws.