

# Product Guidelines

## CONVENTIONAL SUPER CONFORMING (HIGH BALANCE) PROGRAM

PROGRAM CODES: H15FCNF, H30FCNF

Version 1.6 –08/01/17



PURCHASE- FIXED RATE									
Occupancy		Max Loan Amount	Maximum LTV	Maximum CLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/Rental History	Reserves
<b>Primary</b>	1 Unit	\$424,101 to \$636,150	95%*	95%*	620	LPA Accept Streamline/Standard	No Minimum Requirement when <=80% LTV/CLTV	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Primary</b>	2 Units	\$543,001 to \$814,500	85%	85%	620				
<b>Primary</b>	3 Units	\$656,351 to \$984,525	75%	75%	620				
<b>Primary</b>	4 Units	\$815,651 to \$1,223,475	75%	75%	620				
<b>2nd Home</b>	1 Unit	\$424,101 to \$636,150	90%*	90%*	620	LPA Accept Streamline/Standard	No Minimum Requirement when <=80% LTV/CLTV	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Non-Owner</b>	1 Unit	\$424,101 to \$636,150	85%	85%*	620	LPA Accept Streamline/Standard	No Minimum Requirement when <=80% LTV/CLTV	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Non-Owner</b>	2 Units	\$543,001 to \$814,500	75%	75%	620				
<b>Non-Owner</b>	3 Units	\$656,351 to \$984,525	75%	75%	620				
<b>Non-Owner</b>	4 Units	\$815,651 to \$1,223,475	75%	75%	620				

Loan Product Advisor (LPA) must be used for all Super Conforming Loans

\*Subject to MI guidelines

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RATE & TERM REFINANCE - FIXED RATE									
Occupancy		Max Loan Amount	Maximum LTV	Maximum CLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/Rental History	Reserves
<b>Primary</b>	1 Unit	\$424,101 to \$636,150	95%*	95%*	620	LPA Accept Streamline/Standard	NA	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Primary</b>	2 Units	\$543,001 to \$814,500	85%	85%	620				
<b>Primary</b>	3 Units	\$656,351 to \$984,525	75%	75%	620				
<b>Primary</b>	4 Units	\$815,651 to \$1,223,475	75%	75%	620				
<b>2nd Homes</b>	1 Unit	\$424,101 to \$636,150	90%*	90%*	620	LPA Accept Streamline/Standard	NA	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Non-Owner</b>	1 Unit	\$424,101 to \$636,150	85%	85%	620	LPA Accept Streamline/Standard	NA	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Non-Owner</b>	2 Units	\$543,001 to \$814,500	75%	75%	620				
<b>Non-Owner</b>	3 Units	\$656,351 to \$984,525	75%	75%	620				
<b>Non-Owner</b>	4 Units	\$815,651 to \$1,223,475	75%	75%	620				

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#### CASH OUT - FIXED RATE

Occupancy		Max Loan Amount	Maximum LTV	Maximum CLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/Rental History	Reserves
<b>Primary</b>	1 Unit	\$424,101 to \$636,150	80%	80%	620	LPA Accept Streamline/Standard	NA	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Primary</b>	2 Units	\$543,001 to \$814,500	75%	75%	620				
<b>Primary</b>	3 Units	\$656,351 to \$984,525	75%	75%	620				
<b>Primary</b>	4 Units	\$815,651 to \$1,223,475	75%	75%	620				
<b>2nd Homes</b>	1 Unit	\$424,101 to \$636,150	75.0%	75.0%	620	LPA Accept Streamline/Standard	NA	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Non-Owner</b>	1 Unit	\$424,101 to \$636,150	75.0%	75.0%	620	LPA Accept Streamline/Standard	NA	Evaluated by LPA	Refer to Minimum Reserve Section for Requirements
<b>Non-Owner</b>	2 Units	\$543,001 to \$814,500	70.0%	70.0%	620				
<b>Non-Owner</b>	3 Units	\$656,351 to \$984,525	70.0%	70.0%	620				
<b>Non-Owner</b>	4 Units	\$815,651 to \$1,223,475	70.0%	70.0%	620				

**Loan Product Advisor (LPA) must be used for all Super Conforming Loans**

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#### CONVENTIONAL Underwriting Guidelines Requirements (Loan MUST be submitted through AUS)

##### COLLATERAL

General	Property condition C5 or C6 is not eligible. Final condition rating must be C4 or better.
Appraisal	<p>Follow FHLMC Property Inspection Alternative (PIA). In addition, an appraisal field review report on Form 1032, (One-Unit Residential Appraisal Field Review Report) is required when the LTV/TLTV is greater than 75% and the value of the subject property is \$1,000,000 or greater. When the appraisal field review report results in a different value, the lower of the opinion market value from the appraisal field review report or sale price must be used to calculate LTV/TLTV. The initial appraisal and appraisal field review report must be completed by an appraiser qualified to perform appraisals without oversight or supervision by a "supervisory" appraiser.</p> <p>HPML loans may require second appraisal.</p> <p>Transferred appraisals not permitted with proof the appraisals comply with Appraisal Independence Requirements (AIR).</p>
Appraisal Updates	Permitted. Follow guidelines and acceptable extension dates. The appraisal update must be completed before the appraisal expires.
Appraisal Acknowledgment	Borrowers must acknowledge that they received all appraisal reports 3 days prior to close.
Condo	<p>All condos must be warranted &amp; must have completed warranty forms.</p> <p>Attached Condos: Appraisal must contain 2 comparable sales from subjects project in addition to the current comparable sale requirements.</p> <p>Not eligible:</p> <ul style="list-style-type: none"> <li>• Condotels, including projects that allow short-term rentals, vacation rentals, timeshares, or segmented ownership. <ul style="list-style-type: none"> <li>○ Condo projects that have resort-type amenities such as restaurants, room service, maid service, central telephone or key systems, or share facilities with a hotel</li> <li>○ Condo projects restricting owner's ability to occupy</li> <li>○ Condo projects that do not contain full-sized kitchen appliances</li> </ul> </li> <li>• Nonresidential use exceeding 25%</li> <li>• Pending litigation</li> </ul>

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	<ul style="list-style-type: none"> <li>• Condo projects consisting of manufactured homes</li> <li>• Leasehold projects</li> <li>• Cooperative projects</li> </ul> <p>Streamline Review (Limited) - Subject to MI guidelines:</p> <ul style="list-style-type: none"> <li>• Primary Residence = LTV 90% or below</li> <li>• Second Home = LTV 75% or below</li> <li>• Investment Property = Not Allowed</li> </ul> <p>Full Review:</p> <ul style="list-style-type: none"> <li>• Primary Residence = LTV 90.01% or above - Subject to MI guidelines</li> <li>• Second Home = LTV 75.01% and above</li> <li>• Investment Property = ALL</li> </ul> <p><b>Florida Specific:</b></p> <p>Limited Review:</p> <ul style="list-style-type: none"> <li>• Primary Residence = LTV 75% or below</li> <li>• Second Home = LTV 70% or below</li> <li>• Must be listed on FNMA's Special Approval Designation for Established Florida Condo Projects with expiration date not less than 90 days at closing             <ul style="list-style-type: none"> <li>○ Must be arms length transaction; no at-interest characteristics</li> </ul> </li> <li>• Investment Property = NOT ALLOWED</li> </ul> <p>Full Review:</p> <ul style="list-style-type: none"> <li>• Primary Residence = LTV 75.01% and above</li> <li>• Second Home = LTV 70.01% and above</li> <li>• Investment Property = NOT ALLOWED</li> </ul>
Ineligible Properties	Manufactured homes, Land Contracts, CoOps, properties serviced by hauled water, and State-approved medical marijuana producing properties are not eligible, Hawaiian properties in Lava Zones 1 and 2.

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Department of Hawaiian Home Lands (DHHL)	Follow agency guideline for Leaseholds.
Resale/Deed Restrictions	Age-based restrictions are permitted. See guidelines for requirements and restrictions.
Maximum Number of Financed Properties	Primary Residence: No Limit. 2nd Home and N/O/O: Max limit 6 properties. Additional reserves may be required on 2nd Home and N/O/O.
Private Transfer Fee	<p>Not allowed if created on or after 02/08/11. Private transfer fee covenants are mechanisms attached to real property that require a fee to be paid to a third party (frequently a developer) upon each resale of the property. The fee may be expressed as a fixed amount or as a percentage of the value of the property and may be called a reconveyance fee or capital recovery fee. The fee obligates successors in title to such real property to pay a private transfer fee upon transfer of interest in the property.</p> <p>Not Eligible: Private transfer fee covenant requiring payment to an origination that does not directly benefit the property.</p> <p>Eligible: Private transfer fee covenant that provides direct benefit to the property</p> <ul style="list-style-type: none"><li>• Mandatory HOA - master and sub associations</li><li>• Nonprofit organizations as defined in the IRS Code</li></ul>
Subordinate Financing	The HLTV must be calculated using amount designated on the recorded Mtg/Trust Deed and not based on any modified amount designated in writing.
Rent Loss Insurance	Not required.

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#### TYPES OF FINANCING

Rate & Term/ Limited Cash Out Refi	<p>The settlement statements are required from any transaction within past 6 months. If previous transaction was cash-out or if it combined a first and non-purchase money subordinate into a new first, loan to be coded cash out. If new transaction combines a 1st and non-purchase money 2nd into a new 1st loan, it is considered cash out. If a new transaction combines a purchase money 2nd used in whole to acquire the property, a copy of the HUD1 must be obtained.</p> <p>Closing costs and prepaids may be financed into loan amount. Cash out is limited to the lessor of 2% or the new loan or \$2,000.</p>
Refis < 12 months seasoned	<p>Purchase transactions being paid off less than 12 months seasoned must show documentation supporting increasing values and any home improvements.</p> <p>A copy of the original appraisal showing appraised value higher than original sales price will be considered as supporting documentation.</p>
Listed for sale or Purchase <6 Mos	<p>Properties listed for sale are ineligible for refinance. Property must be taken off the market prior to the loan application date. C/O Refi not allowed if property purchased in prior 6 months. Max 70% LTV on cash out refinances, if property listed for sale within the last 6 months.</p>
Cash-Out Refinance	<p>One borrower must have held title to the subject property at least 6 months (Measured from previous Note to new application date). Exception: One borrower on the refinance mortgage inherited or was legally awarded the subject property, or all of the following 1) Settlement statement from the purchase transaction must reflect that no financing secured by the subject property was used to purchase the subject property, 2) The preliminary title report for the refinance transaction must reflect the borrower as the owner of the subject property and there are no liens on the subject property, 3) Source of funds used to purchase must be fully documented, 4) If funds were borrowed, those funds must be repaid and reflected on the settlement statement of the refinance transaction, 5) The amount of the cash-out must not exceed the sum of the original purchase price, 6) There must be no affiliation or relationship between the buyer and seller of the purchase transaction.</p>
Non-Arm's Length/Identity of Interest	<p>2nd Homes or investment properties are not eligible, must be primary residence only.</p>
Property Flip	<p>Property flips less than 90 days are permitted. Underwriter must review for valid transaction, acceptable transfer/chain of title, and inflation of value or sales price is properly supported.</p>

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Texas Overlay	<p>No Cash out permitted. If existing 1st &amp; 2nd to be paid are Texas Section 50(a) (6), all subsequent financing is considered cash out. This rule applies whether or not the borrower is getting cash back. If the 1st mortgage is not (never was) a Texas Section 50 (a)(6) loan and the 2nd mortgage is a Texas Section 50(a)(6), the 2nd lien must subordinate. Borrower cannot receive any cash back from 1st mortgage refinance - not even \$1.</p> <p>Transactions with subordinate financing subject to Section 50(a)(6) provisions are limited to max LTV/TLTV/CLTV of lesser of 80% or max program allowed. Refer to separate matrix for Texas 50(a) (6) program requirements.</p>
All Refinances	Must have Net Tangible Benefit to Borrower and Continuity of Obligation.
<b>CREDIT</b>	
Bankruptcy - Extenuating Circumstances	24 months from the discharge or dismissal date. Note: Whenever a borrower has had a bankruptcy within the last 7 years, the file must contain the following: 1) Copies of the bankruptcy petition, schedule of debts and discharge or dismissal, 2) Evidence to indicate that all debts not satisfied by the bankruptcy have been paid or are being paid, 3) Any other evidence necessary to support the seller's determination that the borrower has reestablished and maintained an acceptable credit reputation.
Bankruptcy	<p>Chapter 7: 48 months from the discharge or dismissal date.</p> <p>Chapter 13: 24 months after the discharge date, or 48 months from the dismissal date.</p> <p>Note: Whenever a borrower has had a bankruptcy within the last 7 years, the file must contain the following: 1) Copies of the bankruptcy petition, schedule of debts and discharge or dismissal, 2) Evidence to indicate that all debts not satisfied by the bankruptcy have been paid or are being paid, 3) Any other evidence necessary to support the seller's determination that the borrower has reestablished and maintained an acceptable credit reputation.</p> <p>If there are multiple bankruptcy filings in the past 7 years, 60 months from the most recent discharge or dismissal date is required.</p> <p>Seasoning for foreclosures on properties that were not reaffirmed and included in the discharged bankruptcy must follow the seasoning of the bankruptcy, not the foreclosure.</p>
Short Refinance/Modifications	<p>Not permitted for subject property currently owned by borrower. Prior short refinance (see short sale requirements below)</p> <p>Refinance transactions for loans with prior modifications are not permitted.</p>
Foreclosure - Extenuating Circumstances	36 months from the completion date as reported on the credit report. Whenever a borrower has had a previous foreclosure within the last 7 years, the mortgage must be either be: 1) A purchase transaction secured by primary residence with a maximum LTV/CLTV of 90%, or 2) A no cash-out refinance.



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Foreclosure	84 months from the completion date as reported on the credit report. Seasoning for foreclosures on properties that were not reaffirmed and included in the discharged bankruptcy must follow the seasoning of the bankruptcy, not the foreclosure.
Deed-in-lieu of Foreclosure / Short Sale - Extenuating Circumstances	24 months from the execution date or completion date. Whenever a borrower has had a previous deed-in-lieu or short sale within the last 7 years, the mortgage must be either be: 1) A purchase transaction secured by primary residence with a maximum LTV/CLTV of 90%, or 2) A no cash-out refinance.
Deed-in-lieu of Foreclosure / Short Sale	48 months from the execution date or completion date. Whenever a borrower has had a previous deed-in-lieu or short sale within the last 7 years, the mortgage must be either be: 1) A purchase transaction secured by primary residence with a maximum LTV/CLTV of 90%, or 2) A no cash-out refinance.
Prior Restructure Reflected in credit history	Not permitted for subject property. At least 4 years has elapsed since completion date with re-established acceptable credit.
Collections/Charge Offs	Refer to LPA stipulations
Judgments/Liens	Outstanding judgments and liens must be paid in full prior to loan closing (no installment agreements). Documentation required.
Minimum FICO	Use the lowest FICO (middle of 3; or lower of 2) for all borrowers. Minimum of one (1) reported credit score for each borrower with a trimerge credit report required.
Debts/Minimum Payment	5% of balance for revolving/installment accounts if payment not reporting. Include all revolving payments regardless of the number of payments remaining. HELOC: If not shown on the credit report, payments on a HELOC with an outstanding balance may be calculated at 1% of the outstanding balance or use billing statement. Student loans that are deferred or are in forbearance and no monthly payments are verified use 1% of the outstanding balance as the payment calculation.
30-Day Charge Accounts	Borrower must have sufficient funds to cover the unpaid balance of all unpaid 30-day charge accounts (e.g., American Express). LPA will include the balance in the required cash to close and total funds verified.
Mortgage History	Mortgage History evaluated by LPA
Disputed Accounts	Disputed accounts with supporting documentation and a written Letter of Explanation (LOE) from the borrower may be considered by the Underwriter.

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#### INCOME/ASSETS

Debt Ratios	Evaluated by LPA, must be Accept Eligible
Blended Ratios	Non-Occupant co-borrowers DTI are calculated with the borrower(s) DTI including assets and reserves.
Future Employment	Permitted - borrower must provide a contract or employment offer prior to documents and a 30 day pay stub prior to funding.
Residual Income	Residual Income is required on HPML loans only: Primary Residence: <ol style="list-style-type: none"> <li>1. <math>\geq</math> \$2500: No minimum reserves.</li> <li>2. <math>\geq</math> \$800 and <math>&lt;</math> \$2500: Greater of 3 months liquid PITI reserves OR base program minimum reserve requirements.</li> <li>3. <math>&lt;</math> \$800: Loans are not permitted. Second Home or Investment Property: Must be <math>\geq</math> \$2500.</li> </ol>
Long Term Debt	The monthly payment on every revolving and open-end account with a balance must be included in ratio calculation. Accounts cannot be paid down to qualify, installments or Mortgage accounts must be paid in full. Payoff of revolving accounts in order to qualify the borrower is generally not allowed.
Non-Taxable Income	Must verify and document source of income is non-taxable. Documentation includes award letters, policy agreements, account statements or any other documents that address the non-taxable status of the income. All disclosed, non taxable income must be grossed-up even if not being used for qualification.
Payoff/Paydown Debt to Qualify	<ul style="list-style-type: none"> <li>• Pay Off of Revolving Debt for Loan Qualification - generally not allowed, but permitted if the revolving account is paid off and closed. If the revolving account is not closed, the debt must be included in the debt-to-income ratio. The Underwriter should evaluate the loan to consider past credit performance and determine whether the borrower's assets show sufficient reserves to help cover the borrower's debts.</li> <li>• Pay Off of Installment Debt for Loan Qualification - Permitted</li> <li>• Pay Down of Revolving Debt for Loan Qualification - Not permitted</li> <li>• Pay Down of Installment Debt for Loan Qualification - Not Permitted</li> </ul>
Rental Income from Other Real Estate Owned	At least 2 years complete taxes are required. 24-month average from Schedule E for calculation. The full amount of the mortgage payment (PITIA) must be included in the borrower's total monthly obligations when calculating the DTI ratio.

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Documentation/4506T or 2907 Puerto Rico Tax Returns	Full income documentation loans only; must follow LPA stipulations. A written VOE cannot be standalone. Minimum documentation level for salaried wage earners is one paystub and verbal VOE. A written VOD cannot be standalone documentation. At least one month's bank statement is required when a VOD is used. In addition, IRS form 4506T must be executed on all loans prior to closing. Borrowers with income from Puerto Rico must: Sign form Modelo SC 2907 to obtain tax transcripts, returned Modelo SC 2903 transcripts for 2 years, and transcripts must be translated to English and notarized by 3rd party. The 4506T must be in the file with confirmation that states "no records found" when using Puerto Rico tax returns. The confirmation must be from the IRS website and contain the borrowers name and SSN.
Gifts or Gift of Equity	A gift or a gift of equity from a related person that does not have to be repaid is an eligible source of borrower funds for a primary residence or second home, but is not eligible source of borrower funds for an investment property. For second home transactions, if a gift from a related person is used for a mortgage with a LTV greater than 80%, the gift is permitted source of borrower funds only if the borrower has made a down payment of at least 5% from borrower personal funds.
Minimum Down Payment	No requirement on borrower own funds for down payment - subject to MI guidelines

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Minimum Reserves	
Principal Residence 1 Unit	None
Principal Residence 2-4 Unit	6 months for the subject property
Investment Properties	6 months for the subject property. 2 months for each additional 1-4 unit investment property.
Second Home	2 months for the subject property. 2 months for each additional second home.
Buyer Contribution	Primary <80% LTV= None Primary , 1 Unit, >80% LTV = None (Subject to MI requirements) Second <80% LTV = None Second >80% LTV = 5% Investment = entire downpayment
Seller Contribution	Owner Occupied and Second Home: CLTV >90%=3%, CLTV >75%=6%, CLTV <=75%=Max 9% . N/O/O: 2% regardless of CLTV.
<b>GENERAL</b>	
Maximum Loan Amt	See Matrix Above. The limits listed in the matrix above are the maximum potential loan limits for designated high-cost areas. Actual loan limits are established for each county (or equivalent) and the loan limits for specific high-cost areas may be lower. The original principal balance of a mortgage must not exceed the maximum loan limit for the specific area in which the mortgaged premises is located. For specific loan limits for each high-cost area, as released by the Federal Housing Finance Agency, visit the Federal Housing Finance Agency conforming loan limits page.
AUS Recommendations Allowed	LPA Accept/Eligible Only
Age of Documents	Must be <120 days old at time of closing. Appraisal must be <120 days old.
Loan Terms Available	30, 15 Year Fixed

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Qualifying Fixed Products	Qualify at Note Rate
Assumptions	Not permitted
Borrower Eligibility	Permanent and Non-Permanent Resident Aliens allowed with supporting documentation. Foreign Nationals or borrowers with Diplomatic Immunity are not permitted.
Co-Borrowers	Co-Borrower does not have to occupy the property with LPA approval. Occupant co-borrower must qualify. 1-2 unit properties only.
Prepayment Penalty	Not permitted
Mortgage Insurance (MI)	Required on all loans exceeding 80% LTV. Reduced coverage is not allowed regardless of AUS findings. Subject to MI guidelines. <b>Mortgage insurance premiums may be paid monthly, annually, as a single premium or a combination of these. All premiums, no matter how they are paid, must be refundable.</b>
<b>RUN DU</b>	
<b>Inaccurately Reported Foreclosure</b>	<b>Enter: "Confirmed CR FC Incorrect" when the foreclosure on the credit report is reporting inaccurately".</b>