



Revision: **July 10, 2019** (Product Information Center, 949-390-2670, www.jmaclending.com)^a

Fixed Rate (Purchase & Rate/Term Refinances)						
Products: CF30, CF20, CF15, CF10						
Occupancy	Owner Occupied		Second Home		Investment Property	
LTV, CLTV, FICO	Max LTV/CLTV	Min FICO	Max LTV/CLTV	Min FICO	Max LTV/CLTV	Min FICO
1 Unit	97% ¹	620	N/A	N/A	N/A	N/A
	95/95%	620	90/90%	620	Purchase - 85/85% Refinance – 75/75%	620
2 Units	Purchase & Refi- 85/85%	620	N/A	N/A	75/75%	620
3-4 Units	Purchase & Refi – 75/75%	620	N/A	N/A	75/75%	620
Finance Type	Cash-Out Refinances					
1 Unit	80/80%	620	75/75%	620	75/75%	620
2-4 Units	75/75%	620	N/A	N/A	70/70%	620
ARM Rate (Purchase & Rate/Term Refinances)						
Products: CF10/1, CF7/1, CF5/1						
LTV, CLTV, FICO	Max LTV/CLTV	Min FICO	Max LTV/CLTV	Min FICO	Max LTV/CLTV	Min FICO
1 Unit	95/95%	620	90/90%	620	Purchase - 85/85% Refinance – 75/75%	620
2 Units	85/85%	620	N/A	N/A	75/75%	620
3-4 Units	75/75%	620	N/A	N/A	75/75%	620
Finance Type	Cash-Out Transactions					
1 Unit	80/80%	620	75/75%	620	75/75%	620
2-4 Units	75/75%	620	N/A	N/A	70/70%	620

¹ 97% - Refer to Fannie Mae Guideline Requirements (Only allowed on Fixed programs) ; only allowed on conforming loan amounts only



	General Guidelines
ATR and QM	All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.
High Cost	Not Eligible
HPML	<p>Eligible:</p> <ul style="list-style-type: none"> -Minimum 620 score -Full Appraisal required regardless of AUS findings <p>Ineligible:</p> <ul style="list-style-type: none"> -ARMS with fixed interest rates < 7 years -LTV/CLTV > 100% <p>NOTE:</p> <ul style="list-style-type: none"> - Non Owner Transactions are exempt from HPML guidelines - If the property is considered a flip and it's been less than 180 days from Seller's Acquisition Date to Contract date, a 2nd full appraisal will be required if the appreciation is ≥ 10% in the past 90 days or ≥ 20% in the past 91-180 days (Seller Acquisition date to Contract date) - Borrower is not eligible to pay for the 2nd appraisal when required
ARM Information	<p>For 5/1 ARM: <u>Index</u>: 1 YR Libor <u>Caps</u>: 2% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor Margin</u>: 2.25%</p> <p>For 7/1 ARM: <u>Index</u>: 1 YR Libor <u>Caps</u>: 5% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor Margin</u>: 2.25%</p> <p>For 10/1 ARM: <u>Index</u>: 1 YR Libor <u>Caps</u>: 5% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor Margin</u>: 2.25%</p>
Rate at Adjustment	<p>On 5/1 ARM, the initial note rate is in effect for 60 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Rate plus 2%, and is subject to Life Cap of 5% plus Initial Rate if Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment.</p> <p>On 7/1 ARM, the initial note rate is in effect for 84 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Rate plus 5%, and is subject to Life Cap of 5% plus Initial Rate if Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment.</p> <p>On 10/1 ARM, the initial note rate is in effect for 120 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Rate plus 5%, and is subject to Life Cap of 5% plus Initial Rate if Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment.</p>
Products	<p>Conforming Fixed Rate (10,15,20,25 and 30-Year); High Balance (15 and 30-Year only)</p> <p>Fixed period LIBOR ARMs with 30 year term (5/1, 7/1, 10/1).</p>
Borrower Qualification	<p><u>Fixed Rate</u>: Borrower is qualified at the Note rate.</p> <p><u>7/1 and 10/1 ARMS</u>: Qualify at the greater of the Note rate or the fully indexed rate.</p> <p><u>5/1 ARMS</u>: Qualify at the higher of the note rate + 2% or the fully indexed rate.</p>



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Maximum Loan Amount	<p>Minimum Conforming Loan Amount is \$75,000.00</p> <table border="1" data-bbox="697 423 1858 607"> <thead> <tr> <th>Units</th> <th>Continental Us</th> <th>Hawaii</th> <th>Units</th> <th>Continental Us</th> <th>Hawaii</th> </tr> <tr> <th colspan="3">Conforming Maximum Loan Amount 2019</th> <th colspan="3">High Balance Maximum Loan Amount 2019</th> </tr> </thead> <tbody> <tr> <td>One</td> <td>\$484,350</td> <td>\$726,525</td> <td>One</td> <td>\$726,525</td> <td>\$726,525</td> </tr> <tr> <td>Two</td> <td>\$620,200</td> <td>\$930,300</td> <td>Two</td> <td>\$930,300</td> <td>\$930,300</td> </tr> <tr> <td>Three</td> <td>\$749,650</td> <td>\$1,124,475</td> <td>Three</td> <td>\$1,124,475</td> <td>\$1,124,475</td> </tr> <tr> <td>Four</td> <td>\$931,600</td> <td>\$1,397,400</td> <td>Four</td> <td>\$1,397,400</td> <td>\$1,397,400</td> </tr> </tbody> </table> <p>https://www.fanniemae.com/singlefamily/loan-limits</p>	Units	Continental Us	Hawaii	Units	Continental Us	Hawaii	Conforming Maximum Loan Amount 2019			High Balance Maximum Loan Amount 2019			One	\$484,350	\$726,525	One	\$726,525	\$726,525	Two	\$620,200	\$930,300	Two	\$930,300	\$930,300	Three	\$749,650	\$1,124,475	Three	\$1,124,475	\$1,124,475	Four	\$931,600	\$1,397,400	Four	\$1,397,400	\$1,397,400
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Underwriting Method	Loans must receive a DU "Approve/Eligible"																																				
Prepayment Penalty	None																																				
Occupancy	Primary Residence, Second home, and Investment Properties																																				
Eligible Borrowers	US Citizens; Permanent Resident Aliens; Non-Permanent Resident Aliens allowed with required VISAs); Revocable Trust; Must have valid Social Security Number; Maximum of 4 borrowers per loan application are allowed																																				
Acceptable Visa Types	<ul style="list-style-type: none"> ○ A-1 thru A-3 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable ○ E-1 thru E-3 Visas ○ G-1 thru G-5 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable ○ H-1, H-1B and H-1C Visa's ○ H-4 Visa- These visas are given to dependents (spouse and unmarried children under 21 years of age) of a qualified H-1 visa holder. When income is being used to qualify, a current (unexpired) EAD issued by USCIS is also required. ○ L-1 Visa ○ L-2 Visa- These visas are given to dependents (spouse and unmarried children under 21 years of age) of a qualified L-1 visa holder. When income is being used to qualify, a current (unexpired) EAD issued by USCIS is also required. ○ O-1A Visa- Note: Borrowers with this Visa type cannot work in the Arts, Motion Picture or Television industry ○ O-1B Visa- Note: This Visa type is for those excluded from eligibility on a O-1A visa as listed above ○ O-2 Individuals who will accompany an O-1, artist or athlete, to assist in a specific event or performance ○ TN, NAFTA Visa -Used by Canadian or Mexican citizens for professional or business purposes ○ TC, NAFTA Visa- Used by Canadian citizens for professional or business purposes <ul style="list-style-type: none"> ● Note: An unexpired Employment Authorization Document(EAD) may be used in lieu of a Visa <ul style="list-style-type: none"> ○ If EAD will expire within one year, the following must be provided <ul style="list-style-type: none"> ▪ One previous EAD Renewal or if there are no prior EAD renewals, the likelihood of renewal must be determined based on the information provided by USCIS ● If Visa from the eligible list above is expired, the borrower may still be considered if the below can be met. 																																				



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	<ul style="list-style-type: none"> ○ Confirmation that the borrower has submitted an application for extension of the visa or an application for a green card. Documentation includes, but is not limited to: <ul style="list-style-type: none"> ▪ USCIS Form I-797- issued when application or petition is approved ▪ USCIC Form I-797C or I-797E- Cannot state application has been declined ▪ USCIS Form I-539 or equivalent or copy of USCIS Form I-485 or equivalent plus electronic verification of receipt from the USCIS website ▪ If sponsored by employer, the employer may verify that they are sponsoring the visa renewal
<p>Property Types</p>	<ul style="list-style-type: none"> • Condo, PUD, SFR, 2-4 Units, Age restrictions <ul style="list-style-type: none"> ○ Ineligible properties- deed restrictions(resale-restrictions), manufactured homes, co-ops, condo hotels, mixed-used live/work, no gut rehab. • Condo complex with 4 or less units require that at least 3 out of 4 are owner occupied properties. • Condo conversion within the past 3 years not allowed. • New Condo allowed if it's Agency Approved. • New Condo Projects in Florida are eligible only if currently approved via FNMA PERS approved process. • Owner occupancy requirement for condos is no longer applicable for owner occupied and second home. On all investment properties, 50% owner-occupancy required.
<p>Texas Refinance</p>	<p>Texas 50(a)(6)</p> <ul style="list-style-type: none"> • 12 months Seasoning required on existing mortgage • Not allowed on student loan cash-out refinance feature code (SFC) 841. • Subordinate financing is not allowed on a Texas(a)6) loan • Maximum LTV/CLTV is 80% • Full Appraisal is required • Maximum acreage capped at 10. • 12 Day Refinance disclosure (must be signed within 12 days of the execution of the loan application) <p>Texas 50(f)(2)</p> <ul style="list-style-type: none"> • 12 months Seasoning required on existing mortgage • No Cash in Hand • Maximum LTV/CLTV is 80% • Full Appraisal is required • Maximum acreage capped at 10 • 12 Day Refinance Disclosure (must be signed within 12 days of the execution of the loan application) • Refinance Home Equity Disclosure (must be signed within 3 days of the execution of the loan application) • Affidavit executed by owner and/or spouse, when applicable



	<p>NOTE:</p> <ul style="list-style-type: none"> • Texas law counts all days as business days, except Sunday and Holidays • Loan cannot close until 12 days after the execution of the 12- day refinance disclosure
<p>Qualifying Ratios</p>	<p>Maximum qualifying ratio: 50% (Subject to AUS approval)</p>
<p>Credit</p>	<ul style="list-style-type: none"> • Minimum credit score(s): Minimum required per LTV/CLTV grid • DU Approve/Eligible General Credit Guidelines <u>Mortgage lates:</u> DU findings. <u>Chapter 7 or 11 Bankruptcy:</u> 4 years have elapsed since the discharge or dismissal date to the Note date <u>Chapter 13 Bankruptcy:</u> 2 years have elapsed since discharge date to the Note date; 4 years have elapsed since dismissal date to the Note Date <u>Short Sale, "Settled for Less", Deed-in-lieu of foreclosure, Pre-foreclosure:</u> with AUS approval- 4 years waiting period from recording date to the Note Date. 2 years waiting period (base on Credit Report Date) is acceptable if reason was due to extenuating circumstances as per agency guidelines. Extenuating circumstances must be explained with adequate supporting documentation <u>Foreclosure:</u> 7 years waiting period is required from recording date to the Note date • Borrower with multiple BK filings within the last seven (7) years: five (5) years waiting period since the most recent discharged / dismissal date. • If the foreclosure is within the bankruptcy than the seasoning requirements follow bankruptcy guidelines.
<p>Non-Traditional Credit</p>	<ul style="list-style-type: none"> • Restrictions when no borrower has a credit score: <ul style="list-style-type: none"> ○ Must have DU approval ○ Primary one (1) unit with all borrowers occupying subject ○ The transaction must be a purchase or limited cash-out refinance ○ The loan amount must meet the general loan limits not high balance limits ○ The loan must be a fixed-rate mortgage ○ The Maximum LTV/CLTV, and HCLTV at 90% ○ The DTI ratio must be less than 40% ○ Reserves may be required as determined by DU ○ Two (2) nontraditional credit history must be documented for each borrower without a credit score • Restrictions when at least one borrower has no credit score: <ul style="list-style-type: none"> ○ Must have DU approval ○ Primary 1 unit with all borrowers occupying subject ○ At least one borrower must have at least one credit score ○ The transaction must be a purchase or limited cash-out refinance ○ The loan amount must meet the general loan limits not high balance limits ○ If the borrower(s) with a credit score is contributing <u>more than 50%</u> of the qualifying income, then non-traditional credit history is not required for each borrower without a credit score else it required. Refer to Fannie Mae guidelines B3-5.4-03, Documentation and Assessment of a Nontraditional credit history, for additional information.



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- If the borrower with a credit score is contributing 50% or less of the qualifying income, two (2) nontraditional credit history for each borrower without a credit score is required.
- Maximum DTI subject to DU.
- Reserve may be required as determined by DU.

Nontraditional Documentation Requirements

- **Rental Payment History**

- The borrower's rental payment history must be documented for the most recent consecutive 12-month period. The following documentation is acceptable:
 - Canceled checks can be provided. In lieu of canceled checks, borrower's bank statements, copies of money orders, or other reasonable methods for documenting the timely payment of rent. The documentation must clearly indicate the payee and amount being paid, and reflect that payments were made on a consistent basis.
 - Direct verification of the payment of rent from the landlord. Direct landlord verification is acceptable whether the landlord is an individual or a professional management company.

NOTE: If at least one borrower on the loan can document a rental housing payment as a source of nontraditional credit, the loan has met the rental payment history requirement. However, each nontraditional credit borrower still needs to document the minimum number of nontraditional credit sources required.

If two or more borrowers on a loan share the housing-related source (for example, they are both named on the lease for the property in which they are living), that documentation counts as one source of nontraditional credit documentation for each borrower, even if only one borrower has been making the payments.

- **Payment History Obtained from the Borrower**

- Documentation that describes the terms of the debt repayment or contract together with canceled checks or copies of bills marked "paid" that reflect the borrower's payment history over the most recent consecutive twelve (12) months.

- **Standards for Individual Credit References Obtained Directly from a Creditor**

- Individual credit references (other than rental housing payments) from a creditor must include the following:
 - The creditor's name
 - The name of the individual providing the reference
 - The date the account was opened
 - The amount of highest credit
 - The current status of the account
 - The required payment amount
 - The unpaid balance, and
 - The payment history



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	<p>NOTE: The historical status of each account must be started in a “number of times past due” format using “0x30, 0x60, 0x90” days late. Vague statements such as “current”, “satisfactory”, or “pays as agreed” are not acceptable by themselves.</p> <ul style="list-style-type: none"> ○ Assessment of the Payment History for Nontraditional Credit Sources <ul style="list-style-type: none"> ○ For each nontraditional credit source, the following requirements must be met: <ul style="list-style-type: none"> ▪ There cannot be any delinquency on rental housing payments within the past 12 months ▪ Only one account, excluding rental housing payments, can have a 30-day delinquency in the past 12 months ▪ No collections (other than medical collections) or judgments have been filed in the past 24 months ▪ All Judgments and liens must be paid in full ▪ Collections and Charge-Offs per AUS findings <ul style="list-style-type: none"> • NOTE - If collection or charge off does not reflect as such on credit, subject to evaluation by the Underwriter <p>For more detail information on acceptable nontraditional credit, refer to Fannie Mae guidelines B3-5.4-03, Documentation and Assessment of a Nontraditional credit history, for additional information.</p> <p>Only borrower paid mortgage insurance (BPMI) mortgage insurance are allowed when using non-traditional credit.</p> <p>Homeownership Education</p> <p>If all borrowers on the loan relies solely on nontraditional credit to qualify, at least one borrower must complete pre-purchase homeownership education prior to loan closing. Refer to Fannie Mae B2-2-06, Homeownership Education and Housing Counseling.</p>
Income Documentation	<p>Requirements subject to AUS findings</p> <p>Future Employment Requirements:</p> <ul style="list-style-type: none"> • Purchase & Rate & Term Transactions Only • Primary Residence Only • Max LTV/CLTV 90% • Salary income only (hourly earnings are not permitted) • Employment start date must be within 90 days of the note date • Income must be for a new primary employment • 1 Unit SFR, Condo and PUD only • Employer cannot be a family member or interested party to the real estate transaction <p>Required Documentation:</p> <ul style="list-style-type: none"> • Copy of Employment offer letter or employment contract <ul style="list-style-type: none"> ○ Contract must be fully executed and accepted by the borrower and employer ○ Clearly state the employer and borrower



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	<ul style="list-style-type: none"> ○ Is non-contingent or verification from employer that all contingencies have been cleared ○ Include the terms of employment, including employment start date and annual income based on salaried income only • An additional four months PITIA above the requirements stated by the AUS findings is required • A pre-closing verification verifying the terms of the employment letter or contract have not changed will be completed by JMAC Lending within ten calendar days of the note date <p>NOTE:</p> <ul style="list-style-type: none"> • Paystub is not required • Loan must be delivered with Special Feature Code 707
<p>Income Verification</p>	<ul style="list-style-type: none"> • 4506T required on all loans • Tax transcripts are not allowed to take the place of tax returns
<p>Down Payments, Reserves & Source of Funds</p>	<p>Gift Funds</p> <ul style="list-style-type: none"> • Primary Residence: Allows the entire down payment and closing costs from gift funds from immediate family for One Unit Properties • Second Home and Owner Occupied 2-4 Units is allowed but 5% must be from borrower own funds. • Gift of Equity allowed on owner occupied and second home purchase. • Investment Properties: Gifts funds and gifts of equity are not permitted. <p>Reserves are determined by AUS; the following are generally required:</p> <ul style="list-style-type: none"> • Additional reserves may be required by DU based on risk. • Primary Residence with 2-4 unit's properties needs 6 months PITI • Subject Investment Properties needs 6 months PITI (<i>refer to multiple financed properties for additional reserve requirements</i>) • Subject Second home transactions also require 2 months PITI reserves for each additional second home and/or investment property (<i>refer to multiple financed properties for additional reserve requirements</i>). <p>Seller Contributions: Basis for the limit is now based on CLTV ratio</p> <ul style="list-style-type: none"> • Primary Residence and Second Home <ul style="list-style-type: none"> ○ 3%: LTV > 90% ○ 6%: LTV 75.01 -90% ○ 9%: LTV < 75% • Investment Properties <ul style="list-style-type: none"> ○ 2%: All LTV/CLTVs <p>NOTE: VOD's are acceptable subject to QC, which may delay loan process.</p>
<p>Assets</p>	<p>Allowable Assets for down payment and closing:</p> <ul style="list-style-type: none"> • Checking • Saving



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	<ul style="list-style-type: none"> • 401K, Stock, Bonds and Mutual Funds- 100% of vested balance minus any outstanding loans, may be used. • Life Insurance – 100% of cash value • Business funds can be used for down payment, closing costs and reserves: <ul style="list-style-type: none"> ○ The amount of business assets that can be used must correspond to the borrower’s percentage of ownership in the business. (Note: Underwriter will need to complete a cash flow analysis.) ○ If using more than 75% of business funds, a CPA letter is required to state the withdrawal of the business funds will not negatively impact the business. 															
Cash Out Transaction	<p>The property must have been purchased by the borrower at least six months prior to the loan Note date for new financing except on delayed financing guidelines.</p> <p>Note: Cash Out transactions with a DTI above 45% will require 6 months reserves</p>															
Student Loan	<p>Student Loan- Monthly Payment calculations:</p> <ul style="list-style-type: none"> • If a payment amount is provided on the credit report, that amount can be used for qualifying purposes. • If the credit report does not reflect a payment (or reflects \$0), we can now use 1% of the outstanding balance of the student loan, or a calculated payment that will fully amortize the loan/payment, based on the documented loan repayment terms. 															
Student Loan Cash-Out Refinance	<p>This is a cost-effective alternative to use existing home equity to pay off student loan debt. The feature provides the opportunity for borrowers to pay off one or more student loans through the refinance transaction, potentially reducing their monthly debt payments. The loan-level adjustment that applies to cash-out refinance transactions will be waived when all requirements have been met.</p> <p>The student loan cash-out refinance feature contains elements of both a cash-out refinance and a limited cash-out refinance transaction as described in the table below.</p> <table border="1" data-bbox="543 1105 2016 1472"> <thead> <tr> <th colspan="3">Student Loan Cash-Out Refinance Features</th> </tr> </thead> <tbody> <tr> <td>Student Loans Eligible for Payoff</td> <td> <ul style="list-style-type: none"> • At least one student loan must be paid off. Loan proceeds must be paid directly to the student loan servicer at closing. • Only student loans for which the borrower is personally obligated can be paid through the transaction. • Student loan debt must be paid in full with the proceeds-partial payments of student loan debt are not permitted. </td> <td>New Policy</td> </tr> <tr> <td>Eligibility</td> <td>The standard cash-out refinance LTV, CLTV, and HLTV ratios apply per matrix</td> <td>Aligns with cash-out refinance</td> </tr> <tr> <td>Underwriting Method</td> <td>DU only</td> <td>New Policy</td> </tr> <tr> <td>Maximum Cash Back</td> <td>Lesser of 2% or \$2K (over and above the student loan payoff)</td> <td>Aligns with limited cash-out refinance</td> </tr> </tbody> </table>	Student Loan Cash-Out Refinance Features			Student Loans Eligible for Payoff	<ul style="list-style-type: none"> • At least one student loan must be paid off. Loan proceeds must be paid directly to the student loan servicer at closing. • Only student loans for which the borrower is personally obligated can be paid through the transaction. • Student loan debt must be paid in full with the proceeds-partial payments of student loan debt are not permitted. 	New Policy	Eligibility	The standard cash-out refinance LTV, CLTV, and HLTV ratios apply per matrix	Aligns with cash-out refinance	Underwriting Method	DU only	New Policy	Maximum Cash Back	Lesser of 2% or \$2K (over and above the student loan payoff)	Aligns with limited cash-out refinance
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Underwriting Method	DU only	New Policy														
Maximum Cash Back	Lesser of 2% or \$2K (over and above the student loan payoff)	Aligns with limited cash-out refinance														



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	Mortgage Payoff	1 st Mortgage and purchase-money seconds	Aligns with limited cash-out refinance							
	Other Requirements	<ul style="list-style-type: none"> Property cannot be listed for sale at time of disbursement Payoff of taxes ineligible unless escrow account is established Payoff of delinquent taxes ineligible 	Aligns with limited cash-out refinance							
	DU must show Special Code (SFC) 841, Student Loan Cash-Out Refinance.									
Multiple Financed Properties	<ul style="list-style-type: none"> Minimum Fico score of 720 for borrower with 7 or more financed properties Cash-Out Refinance loan on properties purchased greater than six (6) months since the date of acquisition is now allowed for borrowers, who own two to ten (2-10) financed properties. <ul style="list-style-type: none"> If the seasoning is less than six (6) months, then all delayed financing guidelines must be met. Financed property has been re-defined as a residential one- to four-unit (1-4) property with a mortgage for which the borrower is personally obligated. <ul style="list-style-type: none"> A property in the name of a Limited Liability Company (LLC) where the borrower has more than twenty-five percentage (25%) ownership is no longer included in limitation. Maximum number of financed properties for a borrower continues to be ten (10). <ul style="list-style-type: none"> JMAC Lending will finance a maximum of four (4) properties for a borrower at one time. Reserve requirement for other financed properties will now be calculated by applying a specific percentage based on the aggregate Unpaid Principal Balance (UPB) for all the mortgages and Home Equity Line of Credit (HELOC). <p>The percentage is determined by the number of financed properties owned by the borrower as explained below:</p>									
	<table border="1"> <thead> <tr> <th>Number of financed properties</th> <th>Reserves (as percentage of UPB)</th> </tr> </thead> <tbody> <tr> <td>One to four (1-4)</td> <td>2%</td> </tr> <tr> <td>Five to six (5-6)</td> <td>4%</td> </tr> <tr> <td>Seven to ten (7-10)</td> <td>6%</td> </tr> </tbody> </table> <p>The aggregate UPB calculation does not include the mortgages and HELOCs that are</p>			Number of financed properties	Reserves (as percentage of UPB)	One to four (1-4)	2%	Five to six (5-6)	4%	Seven to ten (7-10)
Number of financed properties	Reserves (as percentage of UPB)									
One to four (1-4)	2%									
Five to six (5-6)	4%									
Seven to ten (7-10)	6%									



- The subject property,
- The borrower's principle residence,
- Properties that are sold or pending sale, and
- Accounts that will be paid by closing (or omitted)

NOTE:

- DU will also include the UPB calculation open mortgages and HELOCs on the credit report that are not disclosed on the online loan application.
- If processing multiple second home or investment applications simultaneously, the same assets may be used to satisfy the reserve requirements for both mortgage applications. Reserves are not cumulative for multiple applications. Funds to close are subtracted from available assets when considering sufficient assets for reserves.

DU Loans: DU is not able to determine the exact number of financed properties the borrower owns or is obligated on. The Underwriter must manually apply the Multiple Property policies outlined above. (Loans with 7-10 mortgage properties must be decisioned via DU, otherwise are ineligible)

Simultaneous Second Home or Investment Property Transactions

If a lender is processing multiple second home or investment property applications simultaneously, the same assets may be used to satisfy the reserve requirements for both mortgage applications. Reserves are not cumulative for multiple applications.

Example: A lender is simultaneously processing two refinance applications for two investment properties owned by the borrower. The application for property A requires reserves of \$5,000. The application for property B requires reserves of \$10,000. Because the reserves are covering the same properties, the lender does not have to verify \$15,000 in reserves, but only those required per each application.



Examples of Reserves Calculations

Example 1: Three Financed Properties

Occupancy	Outstanding UPB	Monthly PITIA	Reserves Calculations	
Subject: Second Home	\$78,750	\$776	2 Months PITIA =	\$1,552
Principal	\$0	\$179	N/A	\$0
Investor	\$87,550	\$787	\$230,050 x 2% =	\$4,601
Investor	\$142,500	\$905		
	\$230,050		Total =	\$6,153

Example 2: Six Financed Properties

Occupancy	Outstanding UPB	Monthly PITIA	Reserves Calculations	
Subject: Investor	\$78,750	\$776	6 Months PITIA =	\$4,656
Principal	\$133,000	\$946	N/A	\$0
Investor	\$87,550	\$787	\$345,030 x 4% =	\$13,801
Investor	\$142,500	\$905		
Investor	\$84,950	\$722		
Investor	\$30,030	\$412		
	\$345,030		Total =	\$18,457



	Example 3: Eight Financed Properties (DU ONLY)				
	Occupancy	Outstanding UPB	Monthly PITIA	Reserves Calculations	
	Subject: Investor	\$78,750	\$776	6 Months PITIA =	\$4,656
	Principal	\$133,000	\$946	N/A	\$0
	Investor	\$87,550	\$787	\$629,530 x 6% =	\$37,772
	Investor	\$142,500	\$905		
	Investor	\$84,950	\$722		
	Investor	\$30,030	\$412		
	Second Home	\$124,500	\$837		
	Investor	\$160,000	\$1,283		
	\$629,530		Total =	\$42,427	
Non-Occupant Co-Borrower	Allowed subject to agency guidelines				
Maximum Number of Financed Properties	<ul style="list-style-type: none"> Primary Residence: Up to 15 properties owned, financed and free and clear combined. Second and Investment (Fannie Mae DU): up to 10 financed properties including the owner-occupied property. <p>NOTE: The max number of properties a borrower can own is 15.</p>				
Recently Listed Properties	Properties that were listed for sale must have been taken off the market at least one day before the Note date				
Delayed Financing	Allowed subject to agency guidelines All proceeds used to purchase subject must be sourced				



<p>Limited Review for Condos</p>	<ul style="list-style-type: none"> Refer to Agency guideline for reduced LTV's for restricted states such as Florida. If a condo is in litigation and litigation is approved, it's always subject to full review regardless of AUS findings. New projects require a full project review regardless of DU findings <p>Limited Review Parameters</p> <p>Maximum LTV/CLTV/HCLTV: The maximum LTV/CLTV/HCLTV is dependent upon the method by which the loan is evaluated and decided as well as where the property is geographically located Approve/Eligible Loans</p> <ul style="list-style-type: none"> Primary Residence: 90%/90%/90% (75% / 90% / 90% for Florida properties) Second Home: ≤75% / 75% / 75% (70% / 75% / 75% for Florida properties) Investor: 75%/ 75%/ 75% (70%/ 75%/ 75% for Florida properties)
<p>Conversion of Principal Residence to Investment Property</p>	<p>Current Executed Lease Agreement is required. Lender will review and use rental income reflected on lease agreement provided rental income reflected on lease is deemed acceptable and in line with market rents. On loans where ratios are pushed, or underwriter research indicates rents are out of line, a 1007/comparable rental survey will be required.</p>
<p>Property Inspection Waiver</p>	<ul style="list-style-type: none"> The Property Inspection Waiver Disclosure must be completed prior to closing. Special Feature Code 801 must be in DU findings. The following requires full appraisal regardless of AUS findings: <ul style="list-style-type: none"> Gift of Equity Purchase Investment Refinances when rental income from the subject is being utilized for qualifying purposes Not allowed on TEXAS 50(a)(6) or 50(f)(2) loans Values of \$1,000,000 and more 2-4 Unit properties Leasehold properties Properties with any resale restriction
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> Full appraisal required on all loans (1004 or equivalent) accompanied by 1004MC. When the subject property is an attached condominium, the appraiser must provide at least one comparable sales from outside the subject property and outside the influence of the developer, builder or property seller
<p>Transferred Appraisal</p>	<ul style="list-style-type: none"> This is only allowed on standard conforming loan amount (exclude high balance) Allowed on FIXED products only
<p>Non-Arm's Length Transactions</p>	<p>Allowed with the following requirements:</p> <ul style="list-style-type: none"> Property cannot be a pre-foreclosure or short sale Max LTV of 80% for second home and investment properties transaction. Gift funds not allowed, unless from immediate family members



Conforming and High Balance Guideline Fannie Mae

HERO/PACE Loans	<p>If the borrower is applying to purchase a home or to refinance an existing loan where the property is subject to a HERO/PACE loan, the following options are available:</p> <ul style="list-style-type: none"> • The PACE loan must be paid in full prior to or at closing. If paid by the borrower, funds used for payoff must be verified. • The PACE loan may be paid in full as part of a cash-out refinance transaction, if there is sufficient equity. <p>Note: PACE loans are not permitted to remain in place, regardless of whether they take priority over a mortgage, or to be paid in full as part of a rate/term refinance transaction</p>
Community Seconds	<ul style="list-style-type: none"> • Purchase and Rate and Term Refinance only • Maximum CLTV is 105% or maximum per loan program chosen, whichever is less. • If the Community Second has an Age-Related Deed restriction only, the following additional requirement is needed. <ul style="list-style-type: none"> ○ At least one individual who occupies the home must be at least 55 years of age. This individual can be a non-borrowing household member or renter in the case of an investment home. ○ The following property/occupancy types are eligible <ul style="list-style-type: none"> ▪ All Occupancy types are allowed ▪ 1-2 unit properties, Condos and PUDs • No Deed/Resale restrictions allowed unless Age related • No Government subsidies allowed in conjunction with the agency who is providing the Community Second to our borrower- IE No Gov't assistance to the Agency providing the Community 2nd • A Community Second must be funded by a federal agency, municipality, state, county, state or local housing finance agency, non-profit organization, employer or a regional Federal Home Loan Bank under one of their affordable housing programs. <ul style="list-style-type: none"> ○ Loans from Employers may not include a provision requiring repayment upon termination • The following are acceptable payment terms for a Community Second <ul style="list-style-type: none"> ○ Fully amortized payment with level payments throughout the life of the loan ○ Deferred payments for a period of time before changing to a fully amortizing level payment mortgage ○ Deferring payments over the entire term of the loan ○ Forgiveness of debt over time • When the repayment of the Community Second is deferred for fewer than 5 years, the payment must be included in the DTI calculations. • A Community Second with a balloon payment due 15 years or earlier from the note date, is not eligible • The maximum interest rate for the Community Second cannot exceed the interest rate of the 1st by no more than 2% • The Community Second cannot provide an option for negative amortization • Equity Sharing is not eligible <p>NOTE: Please refer to sections B5.5.1-01 & 02 of FNMA guidelines for a complete list of guidelines</p>



<p>Subject – New Subordinating Financing</p>	<p>NOTE: Excludes Community and Affordable 2nds- Please refer to guidelines for specifics on these secondary financing programs</p> <ul style="list-style-type: none">• No negative amortization allowed<ul style="list-style-type: none">○ Minimum payment due must equal the accrued monthly interest○ Seller carried back 2nd:<ul style="list-style-type: none">▪ Rate cannot be lower than 2% of the rate of the 1st TD<ul style="list-style-type: none">• IE- 1st TD is at 5%; lowest rate on 2nd is 3%▪ Payment must be fully amortized▪ Maximum CLTV is 95%▪ Borrower's must make a 5% minimum down payment• Balloon payments less than 5 years from the 1st liens note date are not eligible• With the exception of a HELOC, the payment stream must remain constant for a minimum of 12 months at a time• Employer secondary financing may be structured in any of the following ways:<ul style="list-style-type: none">○ Fully amortized payments○ Deferred payments for some period before changing to fully amortized level payments○ Deferred payments over the entire term of the loan○ Forgiveness of the debt over time○ May not include provision requiring repayment upon termination• HELOCs<ul style="list-style-type: none">○ When calculating the CLTV- use current balance○ When calculating the TCLTV- use the full line amount• Subordinate financing is not allowed on a Texas(a) 6 loan• Must allow for prepayment without restriction <p>Existing Secondary Financing (HELOCs)</p> <ul style="list-style-type: none">• If the existing HELOC is beyond its draw period- the UPB must still be utilize for the CLTV and the total line must be utilized for the TCLTV• If HELOC has been permanently modified- use the outstanding UPB to calculate the CLTV as well as the TCLTV when the outstanding balance is higher than the modified line amount; if the UPB is lower than the modified line amount, use the modified line amount to calculate the CLTV and TCLTV <p>Documentation Requirements</p> <ul style="list-style-type: none">• For existing secondary financing remaining in place, a fully executed subordination agreement must be provided• Copy of Note/HELOC Agreement- for both existing and new secondary financing• If modified, provide copy of modification agreement for the secondary financing
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Leasehold Requirements	<ul style="list-style-type: none">• Must not be impaired by any merger of title between the lessor and lessee• If a sublease is included within the leasehold estate, the documents must provide that a default under the leasehold estate will not by such default result in the termination of the sublease.• The term of the leasehold must extend beyond our loan term by no less than 5 years unless it can be documented that title will vest as Fee Simple at an earlier date. IE Leasehold expires and automatically converts to Fee Simple.• Lease must provide that the leasehold can be assigned, transferred, mortgaged and sublet unlimited without restrictions or on payment of a reasonable fee and delivery of reasonable documentation to the lessor. The lessor cannot require a credit review or require any qualifying criteria to any assignee, transferee, mortgagee or sub-lessee. The lease must provide that in addition to the obligation to pay lease rents, the borrower will pay taxes, insurance, utilities and homeowners' association dues (if applicable), related to the land in addition to those he or she is paying on the improvements• The lease must be valid, in good standing, and in full force and effect in all respects.• The lease must not include any default provisions that could give rise to forfeiture or termination of the lease, except for nonpayment of the lease rents.• The lease must include provisions to protect the mortgagee's interests in the event of a property condemnation.• The lease must provide lenders with the right to receive a minimum of 30 days' notice of any default by the borrower, and the option to either cure the default or take over the borrower's rights under the lease.• The lease must be current on all payments and assessments nor can the borrower be in default or have any claims of default under any provision of the lease.• Leasehold may not contain any deed or resell restrictions. (Age Restrictions are acceptable)• Cannot be held in a Community Land Trust• Indian Leased Land is not eligible• Hawaiian Home Lands are not eligible• Leaseholds are not eligible on Texas(a)6 loans• A full appraisal is required regardless of AUS findings• Loan must be ran through DU only and must meet all FNMA guidelines <p>Documentation Requirements:</p> <ul style="list-style-type: none">• Copy of the full lease agreement including any sub lease agreement(s)• Evidence of the monthly Ground Rent payment (must be included in the Housing DTI Calculations if subject and total DTI if a property other than subject); Ground rent payment should be included in any calculations toward reserve requirements as well.• Appraiser must provide 3 closed Leasehold interest comparables; Fee Simple Comparables are not acceptable.• Title must include an ALTA Endorsement 13.1-06 plus include the value of the lessee's leasehold improvements if any. Full Title Policy is required.• Leasehold Rider will be included as an attachment to the Deed of Trust/Mortgage and will require the borrowers signature.
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Power of Attorney	<p>Allowed but excludes the following type of transactions:</p> <ul style="list-style-type: none"> • Cash-Out transactions • Transactions with non-occupant co-borrowers for qualification purpose.
Financing Concessions	<ul style="list-style-type: none"> • Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> ○ 9% of value with LTV/TLTV ratios less than or equal to 75% ○ 6% of value with LTV/TLTV ratios greater than 75% up to and including 90% ○ 3% of value with LTV/TLTV ratios greater than 90% up to and including 97% <ul style="list-style-type: none"> ▪ The maximum financing concession for investment properties is 2% regardless of the LTV ratio • Value is the lesser of appraised value or purchase price <p>Property Seller cannot pay for future HOA dues</p>
Mortgage Insurance	<ul style="list-style-type: none"> • Required for LTV > 80% • BPMI premium allowed on all programs subject to AUS findings. <i>(Effective 3/1/2018)</i> <ul style="list-style-type: none"> ○ DTI above 45% requires a 700 minimum credit score ○ Radian or Essent must be utilized for DTI above 45% and when Fico Score < 700. • LPMI premium allowed on all programs subject to AUS findings. <i>(Effective 3/1/2018)</i> <ul style="list-style-type: none"> ○ DTI above 45% requires a 700 minimum credit score. ○ DTI above 45% and LTV > 95% exclude Radian as an MI option. ○ High balance loan amount requires a 660 minimum credit score and DTI <= 45%. • Maximum DTI and Fico Score is subject to current mortgage insurance guidelines and AUS findings.
Third Party Originator	<ul style="list-style-type: none"> • Loans where borrower is the broker of record are eligible to originate under their company; however, the borrower cannot be the loan officer or processor on the loan.
Escrow Holdbacks	Not Allowed