

Revision: 3/30/2023

Purchase and Rate/Term Refinances						
	Owner Occupied			Second Home (1 unit Only)		
Loan amount <sup>1,2,3</sup>	Max LTV/CLTV/HCLTV <sup>1</sup>	Min FICO	Max DTI	Max LTV/CLTV/HCLTV	Min FICO	Max DTI
Up to \$1.00mm	80/80%	700	45	75/75%	700	40
	65/65%	680	40			
Up to \$1.50mm	80/80%	700	45	70/70%	720	40
	65/65%	680	40			
Greater \$1.50mm to \$2.00mm	70/70%	720	45	65/65%	720	40
Greater \$2.00mm to \$2.50mm	70/70%	720	40	N/A	N/A	N/A
<sup>1</sup> 2-Unit maximum loan amount: \$1.5mm <sup>2</sup> 3-4 Unit maximum loan amount: \$1mm <sup>3</sup> Minimum loan amount is \$1 higher than conforming limits						
Cash-Out Refinances						
	Owner Occupied					
Loan amount <sup>1,2,3</sup>	Max LTV/CLTV/HCLTV <sup>1,2</sup>	Min FICO	Max DTI			
Up to \$1.00mm	75/75%	700	40			
Greater \$1.00mm to 1.50mm	70/70%	700	40			
Greater \$1.5mm to \$2.0mm	50/50%	720	40			
<sup>1</sup> 2-Unit maximum loan amount: \$1.5mm <sup>2</sup> 3-4 Unit maximum loan amount: \$1mm <sup>3</sup> Minimum loan amount is \$1 higher than conforming limits  <ul style="list-style-type: none"> <li>• Cash-Out in hand max at \$500,000</li> <li>• Texas (a)(6) transactions and Texas conversion loans are ineligible</li> <li>• Borrower(s) must have owned the property for at least six (6) months</li> </ul>						

General Guidelines									
<b>Income Verification</b>	<ul style="list-style-type: none"> <li>4506-C transcripts required on all loans</li> <li>Wage earner only requires W-2 transcripts</li> </ul>								
<b>Early Paid Off Policy (EPO)</b>	EPO timeline is 6 months (180 days) from closing date of the loan.								
<b>Full Amortization</b>	30 and 15 years Fixed								
<b>ARM Parameters</b>	Index: 30 Day average SOFR Index as published by the New York Federal Reserve Margin: 2.75% Interest Rate Caps: 5/6 ARM: 2/1/5 (First, Periodic, Lifetime) 7/6 and 10/6 ARM: 5/1/5 (First, Periodic, Lifetime) Interest Rate Floor: 2.750%								
<b>Qualifying Ratios</b>	DTI: 40-43% for owner occupied; 40% for second home  <b>ARM qualification</b> 5/6: Qualify at the greater of the Note Rate Plus 2% or the fully indexed rate 7/6 and 10/6: Qualify at the Note Rate								
<b>Eligible Borrowers</b>	<ul style="list-style-type: none"> <li>US Citizens; Permanent Resident Aliens; Intervivos Revocable Trust, First Time Home Buyers; Must have valid Social Security Number; Maximum of 4 borrowers per loan application are allowed.</li> <li>If green card status will expire within 5 months of funding may be considered as long as the borrower provides evidence of renewal or extension.</li> </ul>								
<b>Ineligible Borrowers</b>	<table border="1"> <tbody> <tr> <td>Entities such as corporations, general or limited partnerships, real estate syndication, life estate or land trust</td> <td>Custodian, agent, conservator or guardian, non-applicant spouse or a vested owner signing on behalf of the applicant without a valid POA</td> </tr> <tr> <td>Non-permanent resident alien (including DACA)</td> <td>Applicants living or working in a foreign country</td> </tr> <tr> <td>Individual with diplomatic immunity</td> <td>Applicants involved in federally prohibited activities</td> </tr> <tr> <td>Non-profit organizations</td> <td>Foreign Nationals</td> </tr> </tbody> </table>	Entities such as corporations, general or limited partnerships, real estate syndication, life estate or land trust	Custodian, agent, conservator or guardian, non-applicant spouse or a vested owner signing on behalf of the applicant without a valid POA	Non-permanent resident alien (including DACA)	Applicants living or working in a foreign country	Individual with diplomatic immunity	Applicants involved in federally prohibited activities	Non-profit organizations	Foreign Nationals
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<b>Eligible Property Types</b>	SFR, PUDS, 2-4 Units and Condos, (Low and High-Rise, and new Condo Projects with Fannie Mae approval)								
<b>State Restrictions</b>	Texas cash out not allowed. In addition, rate and term refinance is not allowed if there was a previous Texas cash out transaction.								
<b>Minimum Loan Amount</b>	The minimum loan amount must be \$1 higher than the conforming loan limit based on property types								

<b>AUS</b>	<ul style="list-style-type: none"> <li>• DU findings of “Approve/Ineligible” due to loan amount only</li> <li>• LPA findings of “Accept/Ineligible” due to loan amount only</li> <li>• For loan amounts within the conforming and high balance loan limits, the DU findings of “Approve/eligible” or “Accept/Eligible” is required.</li> </ul>
<b>Ineligible Income</b>	<ul style="list-style-type: none"> <li>• Capital gain not allowed.</li> <li>• Asset Dissipation</li> <li>• Educational benefits such as VA benefits or scholarships</li> <li>• Lump sum payments such as inheritances or lawsuit settlements (may be verified as assets to close)</li> <li>• One-time signing bonus</li> <li>• Retained earnings</li> <li>• Reverse mortgage loan proceeds</li> <li>• Secondary income that will continue for less than 3 years</li> <li>• Taxable forms of income that the applicant does not declare on federal income tax returns</li> <li>• Value of employment benefit packages that are not received as cash wages</li> <li>• Lump sum payments of lottery earnings that are not ongoing</li> <li>• Student loans/grants</li> <li>• Allowance income</li> <li>• Stipends</li> <li>• Room and board received for the applicant’s principal residence</li> <li>• Severance pay</li> <li>• Any income that is from a business activity that may be permitted by state law, (such as the growing and sale of marijuana), but is against Federal Law</li> <li>• Hedge funds and private equity funds</li> <li>• Payroll protection program (PPP) and/or State and Local grant funds are not considered income and may not be included in the qualifying income calculations.</li> <li>• Income from a business activity that is illegal under federal law such as the cultivation, distribution or sale of marijuana, even if permitted by state law.</li> </ul>

<b>Credit Scores, Credit and Disputes</b>	<p>There may be instances where the borrower’s credit score is valid but insufficient credit exists. In addition, the credit risk of the entire borrower profile must be evaluated to determine if the credit history supports the borrower’s ability and willingness to repay the loan</p> <p><u>Rescoring and Credit Repair</u></p> <ul style="list-style-type: none"> <li>JMAC prohibits the use of credit repair vendors designed to help a borrower falsely repair their credit profile by intentionally manipulating data to improve their credit score for purposes of loan eligibility, pricing improvement, and/or creditworthiness.</li> </ul> <p>Credit score is deemed valid or usable if it has been based on a minimum number of tradelines</p> <ul style="list-style-type: none"> <li>Each borrower must have 2 fico scores.</li> <li>When two credit scores are obtained, choose the lower score</li> </ul> <ul style="list-style-type: none"> <li>Mortgage late: 0x30 last 12 months</li> <li>Chapter 7, 11, or 13 Bankruptcies: 7 years seasoning from discharge or dismissal of bankruptcy filings</li> <li>Short Sale, Foreclosure, Deed in Lieu, Loan Modification, Pre-foreclosure: Requires 7 years seasoning from date of completion</li> <li>Foreclosure limitations apply to formal foreclosure filings; In the instanced when the borrower has been or is currently delinquent for 120 days or longer and the lender has not initiated formal actions, 120 days plus delinquency will be treated as a foreclosure.</li> <li>Forbearance follows agency guideline</li> </ul>
<b>Revolving Debts</b>	<p>Paying off revolving debts for qualification is allowed but it’s subject to Ability-to-Repay under the ATR/QM rule.</p>
<b>Installment Debts</b>	<p>Cannot be paid down to 10 installments for qualification</p>
<b>Retirement Income</b>	<p>Income may be verified by the following:</p> <ul style="list-style-type: none"> <li>For new distributions from a retirement account (401K, IRA, Keogh, SEP) must be documented with a distribution letter and at least one month bank statements to document the regular payments.</li> <li>Document to show 3 years continuance.</li> </ul>
<b>Income/Employment Requirements</b>	<p>Follow applicable AUS findings</p>
<b>Student Loan</b>	<p>Follows agency guidelines</p>
<b>Non-Occupant Co-borrowers</b>	<p>Allowed per AUS</p>
<b>Self-Employment Requirements</b>	<p>Follows agency guidelines</p>
<b>Gift</b>	<ul style="list-style-type: none"> <li>100% allowed for primary residence.</li> <li>Not allow for reserve</li> </ul>

<b>Reserves</b>	<ul style="list-style-type: none"> <li>• Loan amounts &lt;= \$1.5M: 6 months of reserve PITIA</li> <li>• Loan amounts &gt; \$1.5M to \$2.0M: 9 months of reserve PITIA</li> <li>• Loan amounts &gt; \$2.0M: 24 months of reserve PITIA</li> </ul> <p>Cash-out proceeds from the subject refinance transaction are not eligible for reserve Gift funds not allowed for reserve.</p>
<b>Mortgage /Rental History</b>	Follows agency guidelines. <b>NOTE: Refer to rate sheet for pricing hit for rent free borrower.</b>
<b>Ineligible Assets</b>	<ul style="list-style-type: none"> <li>• Crypto Currency</li> <li>• Cash advances from a credit card</li> <li>• Commission from Sale of Subject Property</li> <li>• Disaster Relief Funds</li> <li>• Funds donated by property seller, builder, real estate agent or any other party not related to the applicant to satisfy down payment requirements</li> <li>• Hedge Funds</li> <li>• Individual Development Accounts</li> <li>• Margin accounts used to secure a margin loan</li> <li>• Pension fund</li> <li>• Personal loan</li> <li>• Private Stock</li> <li>• Private Equities</li> <li>• Reverse Mortgage</li> <li>• Salary advances</li> <li>• Seller real estate tax credit</li> <li>• Seller real estate tax proration's received or credited at closing</li> <li>• Signature loans</li> <li>• Sweat equity</li> <li>• Uniform Gifts to Minors Act (UGMA) and Uniform Transfers to Minors Act (UTMA) unless the applicant is the account beneficiary and is of legal age</li> <li>• Unsecured financing</li> <li>• Except for Employer Assisted Unsecured Loans for relocating applicants</li> <li>• Unvested stock options</li> <li>• Funds received from a leaseback cannot be use for closing or reserves.</li> </ul>

<b>Departing Property</b>	<ul style="list-style-type: none"> <li>• Lender to validate market rent. A rental survey maybe required.</li> <li>• Copy of the lease agreement for one-year duration</li> <li>• May use 75% of gross rental income to offset PITIA.</li> </ul>
<b>Appraisal Transfer</b>	Allowed
<b>Appraisal Requirements</b>	<ul style="list-style-type: none"> <li>• Appraisal waiver and Exterior Only Appraisals not allowed</li> <li>• Loan amounts (first lien only) &lt;= \$2.0M: one full appraisal</li> <li>• Loan amounts (first lien only) &gt; \$2.0M: two full appraisals</li> <li>• <b>2-4 Unit's property requires Field Review</b></li> <li>• Appraisal must be dated within 120 days prior to the Note date else a Re-cert of Value is required. Any additional cost needs to be paid by borrower or broker. Original appraisal valid for one year. If the value or market is declining when ordering a Recertification of Value, new appraisal is required.</li> <li>• Desk review (CDA) is required on all loans. <ul style="list-style-type: none"> <li>○ LTV &gt; 75%: CDA Variance &gt;= 5% and &lt; 10% requires a field review</li> <li>○ CDA &gt; 10% will require field review regardless of LTV.</li> <li>○ Field review cost needs to be paid by borrower or broker.</li> </ul> </li> </ul>
<b>Agriculture Zoning</b>	<ul style="list-style-type: none"> <li>• Properties allowed needs to meet the following: <ul style="list-style-type: none"> <li>○ The land is not suited for agriculture/farming.</li> <li>○ The zoning specifically permits residential development.</li> <li>○ The zoning allows for one home on one acre or less with sewer services or the minimum lot size needed for on-lot sewage disposal.</li> </ul> </li> </ul>
<b>Ineligible Properties</b>	<ul style="list-style-type: none"> <li>• Acreage greater than 10 acres (appraisal must include total acreage), Agricultural zoned property (unless property is intended for residential use, must have like comps, &amp; zoning allows for one home on one acre or less with sewer services or the minimum lot size needed for on-lot sewage disposal) * New Condos * Condo Gut Conversion * Condo Newly Converted Non-Gut Projects * Condo Hotel * Co-Ops * Hobby Farms * Income Producing properties with acreage * Log Homes * Manufactured Housing * Modular homes * Properties subject to oil and/or gas leases * Title may not be held in a business name * Unique properties * Working farms, ranches or orchards. * Leasehold * Boarding Houses * Properties sold at auction * Projects pending or currently in litigation * Timeshares * Factory Built * Unimproved Land * Touristhouses * PrivateClubs * Sanitariums * Fraternity/Sorority Houses * Hotel/Motel Conversions *Geodesic Domes * Properties with federally prohibited activities</li> </ul>
<b>Seasoning R/T and Cash-Out</b>	Refer to agency guidelines

<b>Delayed Financing</b>	Follow agency guidelines
<b>Pay off a Junior Lien Regardless of Age</b>	Follow agency guidelines
<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>Follows agency guidelines</li> <li>Seller carry back not allowed</li> </ul>
<b>Max.# of Properties</b>	Owner Occupied: Max 10 Financed and up to 10 properties owned (excludes commercial properties and land).
<b>Rent/Lease Back</b>	60 days
<b>Additional Restrictions</b>	Temporary Buydown / Leasehold: Not Allowed
<b>POA</b>	<ul style="list-style-type: none"> <li>POA allowed.</li> <li>All applicant(s) POA must sign in the US and notarized inside the U.S.</li> <li>No application documents, disclosures, credit documents or closing documents may be mailed to or accepted from, an applicant in a foreign country.</li> <li>A non-military or military POA may be used to execute closing documents if the individual initiated the loan application while in the U.S.</li> <li>Not allowed on cash-out transactions</li> </ul>
<b>Eligible Transactions: Municipal Energy Obligations</b>	JMAC will not finance a first mortgage secured by a property with an outstanding PACE loan, or a similar loan program.
<b>HERO/PACE</b>	Must be paid off in full and remove from title. Must come from borrower's own funds.
<b>Land Trust or Community Land Trust</b>	Not allowed