



Revision: November 29, 2022

Fixed Rate (Purchase & Rate/Term Refinances)						
	Owner Occupied		Second Home		Investment Property	
Property Type <sup>4</sup>	Max LTV/CLTV	AVG Middle FICO <sup>2,3,5</sup>	Max LTV/CLTV	AVG Middle FICO <sup>2</sup>	Max LTV/CLTV/HCLTV	AVG Middle FICO <sup>2</sup>
1 Unit	97% <sup>1,3</sup>	620	N/A	N/A	N/A	N/A
	95/95%	620	90/90%	620	Purchase - 80/80% 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% <sup>3</sup>	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)						
Property Type	Max LTV/CLTV	AVG Middle FICO <sup>2</sup>	Max LTV/CLTV	AVG Middle FICO <sup>2</sup>	Max LTV/CLTV	AVG Middle FICO <sup>2</sup>
1 Unit	95/95%	620	90/90%	620	Purchase - 80/80% 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

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

<sup>2</sup> Average Middle Fico Score subject to underwriting eligibility. Pricing and mortgage insurance is subject to the lowest middle score.

<sup>3</sup> Manufactured Homes limited to 95% LTV/CLTV for Purchase and R/T. Cash-out max 65% LTV/CLV with max 20 Years Term. Minimum Fico 640. Conforming loan amounts only. Owner Occupied Only.

<sup>4,5</sup> Agency Express product restrictions: Owner Occupied Transaction Only, Wage Earners only, minimum Fico 680, Fixed Products Only, Excludes Attached Condo/Manufactured Homes, and maximum 2 REO's owned including subject property.



	<b>General Guidelines</b>																																																																																																																																
<b>ATR and QM</b>	All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.																																																																																																																																
<b>High Cost</b>	Not Eligible																																																																																																																																
<b>HPML</b>	<p>Eligible:</p> <ul style="list-style-type: none"> <li>• Full Appraisal required regardless of AUS findings</li> </ul> <p>Ineligible:</p> <ul style="list-style-type: none"> <li>• ARMS with fixed interest rates &lt; 7 years</li> <li>• LTV/CLTV &gt; 100%</li> </ul> <p>NOTE:</p> <ul style="list-style-type: none"> <li>• Non-Owner transactions are exempt from HPML guideline</li> <li>• If the property is considered a flip and it's been less than 180 days from Seller's Acquisition Date to Contract date, a 2<sup>nd</sup> 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)</li> <li>• Borrower is not eligible to pay for the 2<sup>nd</sup> appraisal when required</li> </ul>																																																																																																																																
<b>Maximum Loan Amount</b>	<p><b>Minimum Conforming Loan Amount is \$75,000.00</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="6">2022 Loan Limits</th> </tr> <tr> <th rowspan="2">Units</th> <th colspan="2">Continental Us</th> <th colspan="2">Hawaii</th> <th rowspan="2">Units</th> <th colspan="2">Continental Us</th> <th colspan="2">Hawaii</th> </tr> <tr> <th colspan="4">Conforming Maximum Loan Amount 2022</th> <th colspan="4">High Balance Maximum Loan Amount 2022</th> </tr> </thead> <tbody> <tr> <td><b>One</b></td> <td colspan="2">\$647,200</td> <td colspan="2">Not Applicable</td> <td><b>One</b></td> <td colspan="2">\$970,800</td> <td colspan="2">Not Applicable</td> </tr> <tr> <td><b>Two</b></td> <td colspan="2">\$828,700</td> <td colspan="2">Not Applicable</td> <td><b>Two</b></td> <td colspan="2">\$1,243,050</td> <td colspan="2">Not Applicable</td> </tr> <tr> <td><b>Three</b></td> <td colspan="2">\$1,001,650</td> <td colspan="2">Not Applicable</td> <td><b>Three</b></td> <td colspan="2">\$1,502,475</td> <td colspan="2">Not Applicable</td> </tr> <tr> <td><b>Four</b></td> <td colspan="2">\$1,244,850</td> <td colspan="2">Not Applicable</td> <td><b>Four</b></td> <td colspan="2">\$1,867,275</td> <td colspan="2">Not Applicable</td> </tr> </tbody> </table> <p><a href="https://www.fanniemae.com/singlefamily/loan-limits">https://www.fanniemae.com/singlefamily/loan-limits</a></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="6">2023 Loan Limits</th> </tr> <tr> <th rowspan="2">Units</th> <th colspan="2">Continental Us</th> <th colspan="2">Hawaii</th> <th rowspan="2">Units</th> <th colspan="2">Continental Us</th> <th colspan="2">Hawaii</th> </tr> <tr> <th colspan="4">Conforming Maximum Loan Amount 2023</th> <th colspan="4">High Balance Maximum Loan Amount 2023</th> </tr> </thead> <tbody> <tr> <td><b>One</b></td> <td colspan="2">\$726,200</td> <td colspan="2">Not Applicable</td> <td><b>One</b></td> <td colspan="2">\$1,089,300</td> <td colspan="2">Not Applicable</td> </tr> <tr> <td><b>Two</b></td> <td colspan="2">\$929,850</td> <td colspan="2">Not Applicable</td> <td><b>Two</b></td> <td colspan="2">\$1,394,775</td> <td colspan="2">Not Applicable</td> </tr> <tr> <td><b>Three</b></td> <td colspan="2">\$1,123,900</td> <td colspan="2">Not Applicable</td> <td><b>Three</b></td> <td colspan="2">\$1,685,850</td> <td colspan="2">Not Applicable</td> </tr> <tr> <td><b>Four</b></td> <td colspan="2">\$1,396,800</td> <td colspan="2">Not Applicable</td> <td><b>Four</b></td> <td colspan="2">\$2,095,200</td> <td colspan="2">Not Applicable</td> </tr> </tbody> </table>	2022 Loan Limits						Units	Continental Us		Hawaii		Units	Continental Us		Hawaii		Conforming Maximum Loan Amount 2022				High Balance Maximum Loan Amount 2022				<b>One</b>	\$647,200		Not Applicable		<b>One</b>	\$970,800		Not Applicable		<b>Two</b>	\$828,700		Not Applicable		<b>Two</b>	\$1,243,050		Not Applicable		<b>Three</b>	\$1,001,650		Not Applicable		<b>Three</b>	\$1,502,475		Not Applicable		<b>Four</b>	\$1,244,850		Not Applicable		<b>Four</b>	\$1,867,275		Not Applicable		2023 Loan Limits						Units	Continental Us		Hawaii		Units	Continental Us		Hawaii		Conforming Maximum Loan Amount 2023				High Balance Maximum Loan Amount 2023				<b>One</b>	\$726,200		Not Applicable		<b>One</b>	\$1,089,300		Not Applicable		<b>Two</b>	\$929,850		Not Applicable		<b>Two</b>	\$1,394,775		Not Applicable		<b>Three</b>	\$1,123,900		Not Applicable		<b>Three</b>	\$1,685,850		Not Applicable		<b>Four</b>	\$1,396,800		Not Applicable		<b>Four</b>	\$2,095,200		Not Applicable	
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<b>Underwriting Method</b>	Loans must receive a DU "Approve/Eligible"																																																																																																																																
<b>Qualifying Ratios</b>	<b>Maximum qualifying ratio: 50%</b> (Subject to AUS approval)																																																																																																																																



JMAC LENDING

## Conforming and High Balance Guideline Fannie Mae

<b>Borrower Qualification</b>	<p><u>Fixed Rate</u>: Note Rate</p> <p><u>5/6 ARMS</u>: Greater of the Initial note rate + 2% or the fully indexed rate (index plus margin rounded to the nearest one-eighth percent)</p> <p><u>7/6 and 10/6 ARMS</u>: Greater of the Initial Note rate or the fully indexed rate ((index plus margin rounded to the nearest one-eighth percent)</p>
<b>ARM Information</b>	<p>SOFR: Based on 30-day average of the SOFR index.</p> <p>For 5/6 ARM: <u>Index</u>: SOFR <u>Caps</u>: 2/1/5 <u>Floor Margin</u>: 3.00% ; first adjustment 2%; subsequent adjustment cap 1%; lifetime adjustment 5%; first interest rate change date 59 months; subsequent interest rate change date is every 6 months</p> <p>For 7/6 ARM: <u>Index</u>: SOFR <u>Caps</u>: 5/1/5 <u>Floor Margin</u>: 3.00%; first adjustment 5%; subsequent adjustment cap 1%; lifetime adjustment 5%; first interest rate change date 83 months; subsequent interest rate change date is every 6 months</p> <p>For 10/6 ARM: <u>Index</u>: SOFR <u>Caps</u>: 5/1/5 <u>Floor Margin</u>: 3.00%; first adjustment 5%; subsequent adjustment cap 1%; lifetime adjustment 5%; first interest rate change date 119 months; subsequent interest rate change date is every 6 months</p>
<b>Products</b>	<p>Conforming Fixed Rate (8-Year up to 30-Year); High Balance (10-Year to 15-Year, 21-Year up to 30-Year) Fixed period SOFR Index with 30-Year term (5/6, 7/6, 10/6).</p> <p>Pricing structure:</p> <p>For conforming programs</p> <ul style="list-style-type: none"> <li>• 8 to 10 priced as 10 year fixed (CF 10 Fixed)</li> <li>• 10+ to 15 priced as 15 year fixed (CF 15 Fixed)</li> <li>• 15+ to 20 priced as 20 year fixed (CF 20 Fixed)</li> <li>• 20+ to 30 priced as 30 year fixed (CF 30 Fixed)</li> </ul> <p>For high balance products</p> <ul style="list-style-type: none"> <li>• 10+ to 15 priced as 15 year fixed (CF HB 15 Fixed)</li> <li>• 21+ to 30 priced as 30 year Fixed (CF HB 30 Fixed)</li> </ul> <p>Four additional program groups and derivatives are created:</p> <ul style="list-style-type: none"> <li>• JMAC 241-359 MONTHS FIXED (offers to Conforming and High Balance)</li> <li>• JMAC 181-239 MONTHS FIXED (offers to Conforming)</li> <li>• JMAC 121-179 MONTHS FIXED (offers to Conforming and High Balance)</li> <li>• JMAC 96-119 MONTHS FIXED (offers to Conforming)</li> </ul>
<b>Eligible Borrowers</b>	<p>US Citizens; Permanent Resident Aliens; Non-Permanent Resident Aliens allowed with required VISAs); DACA; Revocable Trust; Must have valid Social Security Number; Maximum of 4 borrowers per loan application are allowed</p>



## Conforming and High Balance Guideline Fannie Mae

Acceptable Visa Types	
	<ul style="list-style-type: none"><li>○ A-1 thru A-3 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable</li><li>○ E-1 thru E-3 Visas</li><li>○ G-1 thru G-5 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable</li><li>○ H-1, H-1B and H-1C Visa's</li><li>○ 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.</li><li>○ L-1 Visa</li><li>○ 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.</li><li>○ O-1A Visa- Note: Borrowers with this Visa type cannot work in the Arts, Motion Picture or Television industry</li><li>○ O-1B Visa- Note: This Visa type is for those excluded from eligibility on a O-1A visa as listed above</li><li>○ O-2 Individuals who will accompany an O-1, artist or athlete, to assist in a specific event or performance</li><li>○ TN, NAFTA Visa -Used by Canadian or Mexican citizens for professional or business purposes</li><li>○ TC, NAFTA Visa- Used by Canadian citizens for professional or business purposes</li></ul> <ul style="list-style-type: none"><li>● Note: An unexpired Employment Authorization Document (EAD) may be used in lieu of a Visa<ul style="list-style-type: none"><li>○ If EAD will expire within one year, the following must be provided<ul style="list-style-type: none"><li>▪ 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</li></ul></li></ul></li><li>● If Visa from the eligible list above is expired, the borrower may still be considered if the below can be met.<ul style="list-style-type: none"><li>○ 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"><li>▪ USCIS Form I-797- issued when application or petition is approved</li><li>▪ USCIC Form I-797C or I-797E- Cannot state application has been declined</li><li>▪ USCIS Form I-539 or equivalent or copy of USCIS Form I-485 or equivalent plus electronic verification of receipt from the USCIS website</li><li>▪ If sponsored by employer, the employer may verify that they are sponsoring the visa renewal</li></ul></li></ul></li></ul>



Property Types	
	<ul style="list-style-type: none"><li>• Condo, PUD, SFR, 2-4 Units, Age restrictions<ul style="list-style-type: none"><li>○ <b>Ineligible properties-</b> deed restrictions(resale-restrictions), co-ops, condo hotels, mixed-used live/work, no gut rehab.</li></ul></li><li>• Condo complex with 4 or less units require that at least 3 out of 4 are owner occupied properties.</li><li>• Condo conversion within the past 3 years not allowed.</li><li>• New Condo Projects in Florida are eligible only if currently approved via FNMA PERS approved process.</li><li>• Owner occupancy requirement for condos is no longer applicable for owner occupied and second home. On all investment properties, 50% owner-occupancy required.</li><li>• Manufactured Homes:<ul style="list-style-type: none"><li>○ It must permanently be affixed to the lot and considered real estate under state law.</li><li>○ Constructed on or after 6/15/1976; must have one or more labels attached to the home. (<a href="#">IBTS website</a>)</li><li>○ 1 Unit Classified as Real Property, No Accessory Unit</li><li>○ Doublewide or Multi-Wide</li><li>○ Minimum 600 SQFT and minimum 12 ft wide</li><li>○ Cannot have been previously installed or occupied at another site</li><li>○ Towing hitch, wheels &amp; axles removed</li><li>○ Fee Simple</li><li>○ Max 10 acres</li><li>○ Cannot be a manufactured Condo or PUD</li><li>○ No new construction</li><li>○ No refinance of interim construction financing</li><li>○ Engineer Cert – Foundation Cert is required only if there is addition</li><li>○ No manufactured Advantage Properties</li><li>○ No Conforming High Balance loan amounts</li><li>○ Minimum Fico 640</li><li>○ Owner occupied</li><li>○ Purchase and R/T max LTV/CLTV at 95%</li><li>○ Cash-Out max LTV/CLTV at 65% and max 20 years term</li><li>○ Mortgage insurance requires prior approval</li><li>○ Second signature is required</li></ul></li></ul>



<b>Credit</b>	<ul style="list-style-type: none"> <li>• Minimum credit score(s): Minimum required per LTV/CLTV grid</li> <li>• DU Approve/Eligible               <ul style="list-style-type: none"> <li><u>Mortgage lates</u>: DU findings.</li> <li><u>Chapter 7 or 11 Bankruptcy</u>: 4 years have elapsed since the discharge or dismissal date to the Note date</li> <li><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</li> <li><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</li> <li><u>Foreclosure</u>: 7 years waiting period is required from recording date to the Note date</li> </ul> </li> <li>• Borrower with multiple BK filings within the last seven (7) years: five (5) years waiting period since the most recent discharged / dismissal date.</li> <li>• If the foreclosure is within the bankruptcy than the seasoning requirements follow bankruptcy guidelines.</li> </ul>
<b>Non-Traditional Credit</b>	<ul style="list-style-type: none"> <li>• <b>Restrictions when no borrower has a credit score:</b> <ul style="list-style-type: none"> <li>○ Must have DU approval</li> <li>○ Primary one (1) unit with all borrowers occupying subject</li> <li>○ The transaction must be a purchase or limited cash-out refinance</li> <li>○ The loan amount must meet the general loan limits not high balance limits</li> <li>○ The loan must be a fixed-rate mortgage</li> <li>○ The Maximum LTV/CLTV, and HCLTV at 90%</li> <li>○ The DTI ratio must be less than 40%</li> <li>○ Reserves may be required as determined by DU</li> <li>○ Two (2) nontraditional credit history must be documented for each borrower without a credit score</li> </ul> </li> <li>• <b>Restrictions when at least one borrower has no credit score:</b> <ul style="list-style-type: none"> <li>○ Must have DU approval</li> <li>○ Primary 1 unit with all borrowers occupying subject</li> <li>○ At least one borrower must have at least one credit score</li> <li>○ The transaction must be a purchase or limited cash-out refinance</li> <li>○ The loan amount must meet the general loan limits not high balance limits</li> <li>○ 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.</li> <li>○ If the borrower with a credit score is contributing <u>50% or less</u> of the qualifying income, two (2) nontraditional credit history for each borrower without a credit score is required.</li> <li>○ Maximum DTI subject to DU.</li> <li>○ Reserve may be required as determined by DU.</li> </ul> </li> </ul>



## 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 amounts
  - The unpaid balance, and
  - The payment history

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.

*Continued to next page*



## Conforming and High Balance Guideline Fannie Mae

	<ul style="list-style-type: none"> <li>○ <b>Assessment of the Payment History for Nontraditional Credit Sources</b> <ul style="list-style-type: none"> <li>○ For each nontraditional credit source, the following requirements must be met:           <ul style="list-style-type: none"> <li>▪ There cannot be any delinquency on rental housing payments within the past 12 months</li> <li>▪ Only one account, excluding rental housing payments, can have a 30-day delinquency in the past 12 months</li> <li>▪ No collections (other than medical collections) or judgments have been filed in the past 24 months</li> <li>▪ All Judgments and liens must be paid in full</li> <li>▪ Collections and Charge-Offs per AUS findings               <ul style="list-style-type: none"> <li>• NOTE - If collection or charge off does not reflect as such on credit, subject to evaluation by the Underwriter</li> </ul> </li> </ul> </li> </ul> </li> </ul> <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><b>Only borrower paid mortgage insurance (BPMI) mortgage insurance are allowed when using non-traditional credit.</b></p> <p><b>Homeownership Education</b>        If all borrowers on the loan relies solely on nontraditional credit to qualify, at least one borrower must complete <b>pre-purchase homeownership education prior to loan closing</b>. Refer to Fannie Mae B2-2-06, Homeownership Education and Housing Counseling.</p>
<b>Employment Offers and Contracts</b>	Refer to Fannie Mae guidelines. Delivered with special code SFC707.
<b>Income Verification</b>	<ul style="list-style-type: none"> <li>• 4506C required on all loans</li> <li>• Tax transcripts are not allowed to take the place of tax returns</li> </ul>
<b>Temporary Interest Rate Buydown</b>	<ul style="list-style-type: none"> <li>• 2/1 and 1/0 temporary buydown</li> <li>• Fixed Rate only</li> <li>• Qualification is on the full note rate</li> <li>• Purchase Transaction Only</li> <li>• Owner Occupied Transaction Only</li> <li>• 1 to 4 Unit – (Exclude manufactured homes)</li> <li>• Minimum Fico 680</li> <li>• All buydown needs to be from the following third parties which can be from the seller/builder. Borrower and lender funded buydown accounts are not allowed.</li> <li>• The buydown plan must be a written agreement between the party providing the buydown funds and the borrower.</li> <li>• The total closing costs and buydown cannot exceed IPC Limits.</li> </ul>





## Conforming and High Balance Guideline Fannie Mae

<p><b>Down Payments, Reserves &amp; Source of Funds</b></p>	<p>Gift Funds</p> <ul style="list-style-type: none"> <li>• Primary Residence: Allows the entire down payment and closing costs from gift funds from immediate family for One Unit Properties</li> <li>• Second Home and Owner Occupied 2-4 Units is allowed but 5% must be from borrower own funds.</li> <li>• Gift of Equity allowed on owner occupied and second home purchase.</li> <li>• Investment Properties: Gifts funds and gifts of equity are not permitted.</li> </ul> <p>Reserves are determined by AUS; the following are generally required:</p> <ul style="list-style-type: none"> <li>• Additional reserves may be required by DU based-on risk.</li> <li>• Primary Residence with 2-4 unit's properties needs 6 months PITI</li> <li>• Subject Investment Properties needs 6 months PITI (<i>refer to multiple financed properties for additional reserve requirements</i>)</li> <li>• 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>).</li> </ul> <p>Seller Contributions: Basis for the limit is now based on CLTV ratio</p> <ul style="list-style-type: none"> <li>• Primary Residence and Second Home <ul style="list-style-type: none"> <li>○ 3%: LTV &gt; 90%</li> <li>○ 6%: LTV 75.01 -90%</li> <li>○ 9%: LTV &lt; 75%</li> </ul> </li> <li>• Investment Properties <ul style="list-style-type: none"> <li>○ 2%: All LTV/CLTVs</li> </ul> </li> </ul> <p>NOTE: VOD's are acceptable subject to QC, which may delay loan process.</p>
<p><b>Assets</b></p>	<p>Allowable Assets for down payment and closing:</p> <ul style="list-style-type: none"> <li>• Checking</li> <li>• Saving</li> <li>• 401K, Stock, Bonds and Mutual Funds- 100% of vested balance minus any outstanding loans, may be used.</li> <li>• Life Insurance – 100% of cash value</li> <li>• Business funds can be used for down payment, closing costs and reserves: <ul style="list-style-type: none"> <li>○ 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.)</li> <li>○ 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.</li> </ul> </li> </ul>
<p><b>Cash Out Transaction</b></p>	<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><b>Student Loan</b></p>	<p>Refer to agency guidelines.</p>



## Conforming and High Balance Guideline Fannie Mae

<b>Student Loan Cash-Out Refinance</b>	<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>		
	<b>Student Loan Cash-Out Refinance Features</b>		
	Student Loans Eligible for Payoff	<ul style="list-style-type: none"> <li>At least one student loan must be paid off. Loan proceeds must be paid directly to the student loan servicer at closing.</li> <li>Only student loans for which the borrower is personally obligated can be paid through the transaction.</li> <li>Student loan debt must be paid in full with the proceeds-partial payments of student loan debt are not permitted.</li> </ul>	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
	Mortgage Payoff	1 <sup>st</sup> Mortgage and purchase-money seconds	Aligns with limited cash-out refinance
	Other Requirements	<ul style="list-style-type: none"> <li>Property cannot be listed for sale at time of disbursement</li> <li>Payoff of taxes ineligible unless escrow account is established</li> <li>Payoff of delinquent taxes ineligible</li> </ul>	Aligns with limited cash-out refinance
DU must show Special Code (SFC) 841, Student Loan Cash-Out Refinance.			



# Conforming and High Balance Guideline Fannie Mae

## Multiple Financed Properties

- 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.
  - 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.
  - 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).
  - 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).

The percentage is determined by the number of financed properties owned by the borrower as explained below:

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 aggregate UPB calculation does not include the mortgages and HELOCs that are:

- The subject property,
- The borrower’s principal 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		
	<b>\$230,050</b>		<b>Total =</b>	<b>\$6,153</b>



**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		
	<b>\$345,030</b>		<b>Total =</b>	<b>\$18,457</b>

**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		
	<b>\$629,530</b>		<b>Total =</b>	<b>\$42,427</b>



<b>Non-Occupant Co-Borrower</b>	Allowed subject to agency guidelines
<b>Maximum Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>• Primary Residence: Up to 15 properties owned, financed and free and clear combined.</li> <li>• Second and Investment (Fannie Mae DU): up to 10 financed properties including the owner-occupied property.</li> </ul> <p><b>NOTE:</b> The max number of properties a borrower can own is 15.</p>
<b>Recently Listed Properties</b>	Properties that were listed for sale must have been taken off the market at least one day before the Note date
<b>Delayed Financing</b>	Allowed subject to agency guidelines All proceeds used to purchase subject must be sourced
<b>Limited Review for Condos</b>	<ul style="list-style-type: none"> <li>• Refer to Agency guideline for reduced LTV's for restricted states such as Florida.</li> <li>• If a condo is in litigation and litigation is approved, it's always subject to full review regardless of AUS findings.</li> <li>• New projects require a full project review regardless of DU findings</li> </ul> <p><b>Limited Review Parameters</b></p> <p><b>Maximum LTV/CLTV/HCLTV:</b> 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 <b>Approve/Eligible Loans</b></p> <ul style="list-style-type: none"> <li>○ Primary Residence: 90%/90%/90% (<b>75% / 90% / 90% for Florida properties</b>)</li> <li>○ Second Home: ≤75% / 75% / 75% (<b>70% / 75% / 75% for Florida properties</b>)</li> <li>○ Investor: 75%/ 75%/ 75% (70%/ 75%/ 75% for Florida properties)</li> </ul>
<b>Conversion of Principal Residence to Investment Property</b>	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.
<b>Transferred Appraisal</b>	<ul style="list-style-type: none"> <li>• This is only allowed on standard conforming loan amount (exclude high balance)</li> <li>• Allowed on FIXED products only</li> </ul>



<p><b>Property Inspection Waiver</b></p>	<ul style="list-style-type: none"> <li>• The Property Inspection Waiver Disclosure must be completed prior to closing.</li> <li>• Special Feature Code 801 must be in DU findings.</li> <li>• The following requires full appraisal regardless of AUS findings:             <ul style="list-style-type: none"> <li>○ Mortgages with an estimate of value or purchase price is \$1,000,000 or more;</li> <li>○ 2-4 Unit properties;</li> <li>○ Transactions using Gift of Equity;</li> <li>○ Properties in an area recently impacted by a disaster excluding COVID-19;</li> <li>○ A contaminated site or hazardous substance exists affecting the property or the neighborhood in which the property is located;</li> <li>○ Resale restrictions;</li> <li>○ Non-ARMS length transactions;</li> <li>○ Purchases of REO (Bank owned) Properties;</li> <li>○ No property in FEMA disaster area;</li> <li>○ Texas Equity 50(a)(6) &amp; 50(f)(2) transactions;</li> <li>○ Leasehold properties;</li> </ul> </li> </ul> <p>Furthermore, the following will require full appraisal:</p> <ul style="list-style-type: none"> <li>• Investment property requiring rental income from the subject property to qualify the borrower;</li> <li>• The lender by law is required to have a full appraisal;</li> <li>• The lender believes that an appraisal is warranted based on additional information the lender has about the property or subsequent events.</li> </ul> <p><b>Note: The lender may not exercise an appraisal waiver offer if an appraisal is obtained for the transaction</b></p>
<p><b>Non-Arm's Length Transactions</b></p>	<p>Allowed with the following requirements:</p> <ul style="list-style-type: none"> <li>• Property cannot be a pre-foreclosure or short sale</li> </ul>
<p><b>HERO/PACE Loans</b></p>	<p>If the borrower is applying to purchase a home or to refinance an existing loan where the property is subject to a <b>HERO/PACE</b> loan, the following options are available:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The PACE loan may be paid in full as part of a cash-out refinance transaction, if there is sufficient equity.</li> </ul> <p><b>Note:</b> 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>
<p><b>Community Seconds</b></p>	<p>Refer to sections B5.5.1-01 &amp; 02 of FNMA guidelines for a complete list of guidelines</p>
<p><b>Subordinating Financing</b></p>	<ul style="list-style-type: none"> <li>• Excludes Community and Affordable 2nds- Please refer to guidelines for specifics on these secondary financing programs</li> <li>• Subordinate financing is not allowed on a Texas(a)(6) loan</li> </ul>



<b>Leasehold Requirements</b>	<p>Refer to agency guidelines for additional requirements.</p> <ul style="list-style-type: none"> <li>• 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. ( I.E. Leasehold expires and automatically converts to Fee Simple.)</li> <li>• Cannot be held in a Community Land Trust</li> <li>• Indian Leased Land is not eligible</li> <li>• Leaseholds are not eligible on Texas(a)(6) loans</li> <li>• A full appraisal is required regardless of AUS findings</li> </ul>
<b>Texas Refinance</b>	<p><b>Texas 50(a)(6)</b></p> <ul style="list-style-type: none"> <li>• <b>Primary transaction and 1 Unit only</b></li> <li>• 12 months Seasoning required on existing mortgage</li> <li>• Not allowed on student loan cash-out refinance feature code (SFC) 841.</li> <li>• Subordinate financing is not allowed on a Texas(a)6) loan</li> <li>• Maximum LTV is 80%</li> <li>• Full Appraisal is required</li> <li>• Maximum acreage capped at 10.</li> <li>• Initial Disclosure: Notice Concerning Extensions of Credit Defined by Section 50(a)(6), Article XVI, Texas Constitution Disclosure (12-Day Letter) has been provided within 3 business days* of the application date</li> <li>• Notice Concerning Extensions of Credit Defined by Section 50(a)(6), Article XVI, Texas Constitution Disclosure (12-Day Letter) is executed 12 business days* prior to note date (Spouse must sign)</li> </ul> <p><b>Texas 50(f)(2)</b></p> <ul style="list-style-type: none"> <li>• <b>Primary transaction and 1 Unit only</b></li> <li>• 12 months Seasoning required on existing mortgage</li> <li>• No Cash in Hand</li> <li>• Maximum LTV is 80%</li> <li>• Full Appraisal is required</li> <li>• Maximum acreage capped at 10</li> <li>• Initial Disclosure: Notice Concerning Refinance of Existing Home Equity Loan to Non-Home Equity Loan Under Section 50(f)(2), Article XVI, Texas Constitution Disclosure has been provided within 3 business days* of application date</li> <li>• Affidavit executed by owner and/or spouse, when applicable</li> </ul> <p><b>NOTE:</b> Texas law counts all days as business days, excluding Saturdays and Holidays</p>





<b>Power of Attorney</b>	<p>Allowed but excludes the following type of transactions:</p> <ul style="list-style-type: none"> <li>• Cash-Out transactions</li> <li>• Transactions with non-occupant co-borrowers for qualification purpose.</li> <li>• Provide satisfactory explanation for use of POA</li> </ul> <p><b>Ineligible Agents:</b></p> <ul style="list-style-type: none"> <li>• Affiliated of lender</li> <li>• Loan originator</li> <li>• Affiliated of the loan originator</li> <li>• Employee of the title insurance company</li> <li>• Affiliate of the title insurance company or its employee (including, but not limited to, the title agency closing the loan)</li> <li>• Lender (or employee of lender)</li> <li>• Property seller, or any person related to the property seller, including a relative or affiliate</li> <li>• Any real estate agent with a financial interest in the transaction (or any person affiliated with such real estate agent)</li> </ul>
<b>Financing Concessions</b>	<ul style="list-style-type: none"> <li>• Financing concessions for primary residences and second homes must be within the following allowable percentages:             <ul style="list-style-type: none"> <li>○ 9% of value with LTV/TLTV ratios less than or equal to 75%</li> <li>○ 6% of value with LTV/TLTV ratios greater than 75% up to and including 90%</li> <li>○ 3% of value with LTV/TLTV ratios greater than 90% up to and including 97%                 <ul style="list-style-type: none"> <li>▪ The maximum financing concession for investment properties is 2% regardless of the LTV ratio</li> </ul> </li> </ul> </li> <li>• Value is the lesser of appraised value or purchase price</li> <li>• Property Seller cannot pay for future HOA dues</li> </ul>
<b>Land Trust and Community Land Trust</b>	<p>Not allowed</p>
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>• Required for LTV &gt; 80%</li> <li>• BPMI premium allowed on all programs subject to AUS findings.</li> <li>• LPMI premium allowed on all programs subject to AUS findings. Lowest middle fico score of 620 required.</li> <li>• Maximum DTI and Fico Score is subject to current mortgage insurance guidelines and AUS findings.</li> </ul>
<b>Third Party Originator</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Escrow Holdbacks</b>	<p>Not Allowed</p>