



JUMBO SUPREME

PROGRAM GUIDELINES AND MATRIX

Minimum/Maximum Loan Amount, LTV/CLTV/ HCLTV and Minimum Credit Score

Minimum Loan Amount: Base conforming limit for property type, plus \$1

Maximum LTV/CLTV/HCLTV and Minimum Credit Scores

Outlined below are the LTV/CLTV and HCLTV requirements

Primary Residence

Maximum loan amount for LTV <= 85%: \$3 Million

See chart for Maximum Loan Amount for LTV > 85%

PRIMARY RESIDENCE					
Transaction Type	Property Type	Maximum LTV/CLTV/HCLTV	Minimum FICO	Max DTI	Max DTI**
Purchase and R/T Refi	1 Unit / PUD / Condo / Co-op ¹	89.99 / 89.99 / 89.99%*	740	35%	38%
		85 / 85 / 85%	700	43%	45%
		80 / 80 / 80%	680	43%	45%
	2 Units	80 / 80 / 80% ²	700	43%	45%
	3 - 4 Units	75 / 75 / 75%	700	43%	45%
Cash Out Refinance ³	1 Unit / PUD / Condo / Co-op	80 / 80 / 80%	720	43%	45%
		70 / 70 / 70%	680	43%	45%
	2 - 4 Units	Not Eligible			

**When LTV/CLTV/HCLTV is > 85% and the loan is a No Cash-Out Refinance transaction, the loan being paid off must be an Investor mortgage.

**Prior to purchaser, Investor may audit a delegated file and recalculate the debt-to-income (DTI) ratio. In these instances, when the Investor calculation results in a DTI ratio greater than the maximum listed in the Max DTI column, Investor may, within our discretion, apply the Automated Underwriting Service (AUS) resubmission tolerance up to the maximum listed in the Investor Audited Max DTI column.

Community Seconds: Eligible. Follow respective Agency requirements for eligible community second providers. CLTVs outlined above apply.

1 Co-op eligible in NY only.

2 Cannot use rental income from subject to qualify for LTV/CLTV/HCLTVs >75%

3 Maximum Cash-out:

- ▶ LTV > 60%: \$250,000
- ▶ LTV <= 60%: \$500,000 Notes:

Max Cash-out amount includes:

- ▶ cash out to the borrower
- ▶ amount to pay-off non-purchase money seconds
- ▶ amount to payoff non-mortgage debts.

Delayed financing is considered Cash-out Refinance; however, the maximum cash-out amounts referenced in the above are not applicable to Delayed Financing/Technical Refinance transactions.

Refer to Refinance Transactions section of this guide for additional requirements

Primary with LTV/CLTV/HCLTV >85% - Maximum Loan Amount Requirements

Primary Residence with LTV > 85% Maximum Loan Amount		
State/MSA	Counties	Maximum Loan Amount
Counties with standard loan limits*		\$1,000,000
Except for counties listed below, counties that allow high balance loan limits* and all counties in Alaska and Hawaii		\$1,250,000
*Refer to Federal Housing Finance Agency Conforming Loan Limits		
California/Los Angeles-Long Beach-Anaheim	Los Angeles Orange	\$2,000,000
California/San Francisco-Oakland-Berkeley	Alameda Contra Costa Marin San Francisco San Mateo	
California/San Jose-Sunnyvale-Santa Clara	San Benito Santa Clara	

Second Home

Second Vacation Home

Maximum Loan Amount \$3 Million

SECOND HOME					
Transaction Type	Property Type	Maximum LTV/CLTV/HCLTV	Minimum FICO	Max DTI	Max DTI**
Purchase and R/T Refi	1 Unit / PUD / Condo / Co-op*	80 / 80 / 80%	680	43%	45%
Cash Out Refinance	Not Eligible				

*Co-op eligible in NY only.

**Prior to purchase, Investor may audit a delegated file and recalculate the debt-to-income (DTI) ratio. In these instances, when the Investor calculation results in a DTI ratio greater than the maximum listed in the Max DTI column, Investor may, within our discretion, apply the AUS resubmission tolerance up to the maximum listed in the Investor Audited Max DTI column.

Note: Delayed financing is not allowed.

Investment

INVESTMENT						
Transaction Type	Property Type	Maximum LTV/CLTV/HCLTV	Minimum FICO	Maximum Loan Amount	Max DTI	Max DTI**
Purchase and R/T Refi	1 Unit / PUD	80 / 80 / 80% ⁴	740	\$1,250,000	43%	45%
		75 / 75 / 75%	700	\$1,250,000		
		70 / 70 / 70%	740	\$2,000,000		
	2 - 4 Units	75 / 75 / 75% ⁵	700	\$1,250,000	43%	45%
		70 / 70 / 70%	740	\$2,000,000		
	Condo / Co-op	Not Eligible				
Cash Out Refinance	Not Eligible					

⁴ Investment with LTV > 75%; minimum 24 months reserves required. Refer to Reserve section within this guide for details.

⁵ Current conforming loan limits for 4-unit properties exceed \$1,250,000. As such, 4-unit investment property transactions are not eligible when the LTV is > 70% or the credit score is < 740.

** Prior to purchase, Investor may audit a delegated file and recalculate the debt-to-income (DTI) ratio. In these instances, when the Investor calculation results in a DTI ratio greater than the maximum listed in the Max DTI

column. Investor may, within our discretion, apply the AUS resubmission tolerance up to the maximum listed in the Investor Audited Max DTI column.

Note: Delayed financing is not allowed.

Market Types

Amortizing Fixed Rate Products	Market Type	Loan Terms
30, 25, 20 Year Fixed Rate	603	30, 25, 20 Years
15 and 10 Year Fixed Rate	623	15 or 10 Years
Amortizing SOFR ARM Products	Market Type	Loan Terms
5yr/6m SOFR ARM	763	30, 25, 20, 15, 10
7yr/6m SOFR ARM	725	30, 25, 20, 15, 10
10yr/6m SOFR ARM	726	30, 25, 20, 15

Note: Loan terms less than 10 years are not eligible on Non-Agency Fixed and ARM loans.

Special Features

Eligible features:

Texas 50(a)(6)

Texas 50(f)(2)

Refer to Texas Homestead Refinance product guide for detailed requirements

Ineligible Products and Features

Investor will not purchase the following transactions:

GSE affordable loan products with loan amount exceeding GSE loan limits

High cost, Subprime and loans with Prepayment features

Live Free Mortgages (These loans are originated by lenders at relatively “high rates” and sold with the intent of specifically targeting these same borrowers with a low/no cost refinance in the near future. Thus, the originating lender quickly generates an additional SRP. This unethical practice often includes an arrangement whereby the originating lender agrees to pay a number of installments on the loan (“live free”). Investor will not purchase any loan made under these circumstances or any seasoned loan that the lender has agreed to refinance or that is in the process of refinancing.)

Property cannot be titled in a Blind, Irrevocable, Realty or Community Land Trust

Life estates

Loans where Right of Rescission has been waived or reopened

Loans with unexpired redemption period regardless if the risk is covered by an insurance policy, redemption policy, redemption bond, or other risk mitigant. Loans sold to Investor must have clear, marketable title

Shared Equity programs

Pace/similar EEF loans that allow for lien prioritization over 1st Mortgage (cannot subordinate lien)

Temporary Interest Rate Buydown transactions are ineligible when any of the following are true:

Buydown structures other than 3/2/1, 2/1 and 1/0

Refinance Transactions

Borrower funded buydowns

Buydowns funded by more than one contributor

The buydown agreement contains provisions contrary to the applicable Agency requirements, such as requiring the lender and/or servicer to hold the funds in an account that is with a third party or other financial institution

Deed Restricted Properties are ineligible when any of the following are true:

There are Affordable LTV/Resale Restrictions that terminate at foreclosure

Properties is in Massachusetts with resale restrictions that survive foreclosure or deed-in-lieu of foreclosure

Correspondent Authority

Correspondents with Non-Agency Delegated Authority may underwrite Investor Non-Agency Jumbo AUS transactions. Loan amounts that exceed the Correspondent's Non-Agency Delegated Authority limit must be submitted to Investor.

Refer to the Correspondent Seller Eligibility Standards topic of the Online Guide for Non-Agency Lending Authority requirements.

Credit Underwriting

Eligible Underwriting Methods:

Investor Underwriting or Delegated Underwriting

DU or LPA

Must receive Approve or Accept findings, comply with the respective Agency's published requirements (for example, Fannie Mae Guide for DU transactions and Freddie Mac Guide for LPA transactions) and meet all requirements outlined in this guide Notes:

LPA findings may reflect;

"Accept/Eligible", or

"Accept/Ineligible" when the only reasons for Ineligible are due to one or both of the following:

loan amount exceeds Agency loan limits, and/or

property type is Co-op

DU findings may reflect:

"Approve/Eligible",

"Approve/Ineligible" when the only reasons for Ineligible are due to one or both of the following:

loan amount exceeds Agency loan limits, and/or

loan is a rate/term refinance transaction and cash back exceeds \$2,000

All other findings on DU and LPA, such as "Refer with Caution", "Caution", "Refer" and "Incomplete" are not eligible for purchase.

Final Submissions document must be included in the closed loan file

Note: AUS resubmission after Note date is not permitted for items that affect ability to repay (ATR) (including, but not limited to income, debts, loan amount, DTI or assets).

See Income/Employment, Assets and Credit Investor Additional Requirements, Areas of Clarifications and Underwriting sections below for additional information.

Amortization Type

Fully Amortizing

ARM Information

Index:

30-Day Average of SOFR

Rate Adjustments:

Interest rate can be adjusted up or down at each rate change date, based on the movements in the index

Interest rate will be adjusted to equal the sum of the index plus the required margin, rounded to the nearest .125% subject to the interest rate caps

Monthly payment will be adjusted in accordance with the change in the interest rate

Interest Rate Change Dates:

Interest rate at lock-in will remain constant until the first rate change date. Subsequent rate change dates will occur on the 1st day of every 6th calendar month thereafter

First change date is the month prior to the first payment date plus the number of years (5, 7 or 10) based on the ARM program type. For example: 5yr/6m ARM with a First Payment date of 4/01/2020 would have an Interest Rate change date of 3/01/2025

Caps:

5yr/6m SOFR ARM: 2/1/5%

7yr/6m and 10yr/6m SOFR ARMs: 5/1/5%

Margin:

5yr/6m,7yr/6m,10yr/6m SOFR ARM: 2.75%

The Floor is the margin

ARM Change Look Back Period:

45 days

Fully Indexed Rate:

In accordance with Reg Z and the required look back period defined in the Note, the fully indexed rate is the sum of the Margin plus the applicable index value, rounded to the nearest one-eighth of 1% (0.125%). The applicable index value that determines the fully indexed rate is any index value in effect during the 45 days that precede the

Note date Note: ARM Notes must always include the following Limits on Interest Rate Changes language:

The interest rate I am required to pay at the first Change Date will not be greater than ____% or less than ____%. Thereafter, my adjustable interest rate will never be increased or decreased on any single Change Date by more than one percentage points from the rate of interest I have been paying for the preceding 6 months. My interest rate will never be greater than ____% or less than ____%.

Appraisal

Follow all requirements outlined in the Appraisal/Property Requirements folder.

Requirements include, but are not limited to the following:

An appraisal with an interior inspection, on the appropriate form for the property type, is required and must include photos of the following areas:

Kitchen

All bathrooms, including partial bathrooms

Main living area (living room, family room, dining room, all bedrooms, etc)

Basement, including all finished and unfinished rooms

Examples of physical deterioration, if present

Examples of recent updates (improvements, restoration, remodeling, amenities, and renovation)

Second appraisal based on loan amount is required as follows:

Purchase transactions with loan amount >\$2 million and LTV > 80%

Refinance transactions with loan amount > \$2 million, regardless of LTV

Second appraisals may be required for reasons not related to the loan amount. Refer to the Appraisals topic for additional requirements.

Transferred (or assigned) appraisals not permitted

Prior to closing, properties with Condition ratings C5 or C6 must be cured and the property must be brought to Condition ratings C1-C4. See Condition Ratings –Agency and Non-Agency section in the Appraisals topic for more information regarding Rating requirements

Non-Agency loans must comply with the UAD requirements

Secondary Valuations requirements apply. Refer to the Secondary Valuations – Non-Agency section of the Appraisals topic for details.

Building Sketch Interior dimensions required on all attached projects

2-4 Unit Building Sketch must include each unit's layout (labeled rooms) and indicate the square living area for each unit and gross building area (GBA). GBA includes all interior common areas such as stairways or hallways, based on exterior measurements of the building

Appraisers must follow the ANSI standards for interior and exterior inspections and include all of the declarations as required by ANSI in the appraisal report

Assumability

Fixed Rate Loans: Loans are not assumable

ARM Loans: Loans are assumable after the initial fixed rate period under certain conditions described in the Security Instrument

Borrower's Intended Occupancy

Follow respective Agency guidelines based on AUS method.

Additionally, for Non-Occupant Co-Borrowers, maximum LTV is more restrictive of 85% or LTV permitted in the Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section.

Refer to Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section above for maximum combined DTI.

Construction-to Perm-Financing

Eligible:

Single Close Modification

Construction modification program that allows the conversion of construction financing to permanent financing through a modification of the original loan documents at the completion of construction. A variety of products are available for the permanent financing along with the ability, under certain circumstances, to increase the loan amount to cover unexpected additional costs of construction.

Updated credit documents/appraisal required if > 120 days at time of conversion to permanent financing

Investor underwriting is limited to the permanent financing only. Single close construction-to-perm is not eligible for Investor underwriting

Two Time Close

A Two Time Close transaction involves two separate closing transactions, one for the construction phase and another closing for the permanent financing.

May be originated as No Cash-Out (NCO) or Cash-Out Refinance – follow respective Agency requirements based on underwriting method

Use the maximum refinance LTV/CLTV/HCLTV

The LTV is calculated by dividing the loan amount of the construction-to-permanent financing by the as-completed appraised value of the property (lot and improvements)

Conversion Option

None

Credit Only Applications

Not eligible

Deed Restricted Properties

Refer to the Deed Restricted Properties section of the Resale Restrictions – Property topic for detailed requirements.

Eligible Borrowers

U.S. Citizens

Permanent and Temporary Residents

Must meet Foreign Borrower documentation requirements. Refer to the Foreign Borrowers, Income, Assets, and Documentation Considerations topic for detailed requirements

Investor will consider legal Permanent Residents and Temporary Residents to be eligible borrowers under the same terms available to United States citizens

Temporary Residents without U.S Citizen or Permanent Resident applicant:

Primary Residence transactions only (Purchase, No Cash-Out and Cash-Out)

All borrowers must occupy the property

Maximum number of borrowers: 4

Individuals must have reached the age of majority in the jurisdiction where the property is located. There is no maximum age limit for a borrower.

Refer to Areas of Clarity (Agencies differ or defer to lender) > Borrower section below for additional guidance regarding Investor requirements.

Escrow Waivers

When the monthly qualifying income supports sufficient funds to cover the monthly portion of taxes and insurance, escrow waivers are allowed up to maximum LTV reflected in the applicable product guide. Additionally:

LTV must be less \leq 90% to waive escrow for tax and/or hazard insurance

Flood insurance escrows cannot be waived for subject properties located in SFHAs

HPML transactions: escrow accounts are required when the borrowers' APR exceeds the APOR by 2.5% or more

Refer to the Escrow Waivers section of the Closed Loan Documentation Requirements topic for funding requirements.

Refer to the Service Release Premium section of the Registration and Pricing > Best Efforts topic for information on applicable service release premiums.

Geographic Restrictions

Where We Lend:

Property address must be in the Continental U.S., Alaska or Hawaii

Follow your state-specific guidelines, plus

Massachusetts: First time homebuyers not eligible on Non-Agency ARM transactions

Interested Party Contributions

Refer to chart below for maximum Interested Party Contributions

Occupancy Type	LTV/CLTV/HCLTV	Maximum IPC
Primary and Second Home	>75-89.99%	6%
	<=75%	9%
Investment	All LTVs	2%

Note: May include seller paid prepaid items and other costs (may not exceed the allowed percentage as dictated by the LTV/CLTV/HCLTV). The CLTV/HCLTV limitations include secondary financing from all sources.

Refer to Interested Party Contributions topic for specific requirements

Multiple Property Ownership

Follow respective Agency guidelines for maximum number of financed properties and additional reserve requirements for second home and investment transactions. Multiple financed property reserve requirements must be added to Investor base reserve requirements.

Predatory /High Cost Loan

Investor Correspondent will not purchase loans defined as a high cost or predatory mortgage loan. Refer to the High Cost section of Compliance – Related Topics.

Additionally, Dodd-Frank ATR and new QM General Rule Requirements apply to all Primary, Second Home, and to Investment Property where the borrower intends to occupy for > 14 days per year. Refer to Dodd-Frank Act-Ability to Repay and Qualified Mortgage topic for details.

Prepayment Penalty

Not permitted

Principal Curtailments/ Reduction

All loans must comply with current guidelines and program requirements regarding cash-back to the borrower. Refer to TILA-RESPA Integrated Disclosure (TRID) topic for information.

Maximum principal curtailment at closing is \$2,500.

Private Mortgage Insurance

Not applicable/permitted. Disregard mortgage insurance messages returned from DU/LPA on Non-Agency Jumbo AUS transactions.

Property Type

Primary Residence:

1-4 Unit, Condo/PUD/Co-op* (Attached/Detached)

Second Homes:

1 Unit, Condo/PUD/Co-op* (Attached/Detached)

Investment: 1-4 Unit and PUD

PUD

Project Requirements

Attached PUDS:

Comply with applicable Agency requirements for all PUD transactions submitted through DU or LP and delivered to Investor

Delegated Correspondents refer to Fannie Mae and Freddie Mac guidelines for PUD review requirements, and the Correspondent is solely responsible under their Investor Representations and Warranties for providing an accurate PUD review in accordance with the applicable Agency PUD classification guidelines

Non-Delegated Correspondents must submit project for review by Investor. Refer to the Required Documentation section of the PUD Project Requirements topic for details

Detached PUDS : A full project review is not required for detached PUDs; however, analysis is required by the Delegated Underwriter or Investor Underwriter, as applicable

Note: Refer to Investor Condo/Co-op Requirements section below for additional requirements.

Ineligible Property Types:

Refer to the Ineligible Residential Property Types - Non-Agency section of the Property Type topic for restrictions on illegal use of property

Agricultural (such as orchards or ranches), including those properties that are currently not commercially income producing

Loans secured by manufactured housing

Loans with a manufactured housing accessory dwelling unit (ADU)

Properties located in Lava Zones 1 & 2

Condotel/lodging units properties

Properties in excess of 25 acres

Structures containing more than four units

Time sharing units

Units managed in rental pools

Boarding house

Bed and Breakfast

Qualifying Rate

Qualifying Rate:

Fixed Rate: Qualify at the Note Rate

5yr/6m SOFR ARM: Qualify at the higher of Note rate plus 2% or fully indexed rate

7yr/6m and 10yr/6m SOFR ARMs:

Non-HPML and non-HPCT qualify at the Note rate

HPML and HPCT qualify at higher of the Note rate or fully indexed rate

Note:

Refer to Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section of this topic for maximum DTI based on transaction and LTV.

Recast Option

Refer to Recast Option topic for requirements.

Refinance Transactions

Follow respective Agency guidelines based on AUS for definition of No Cash and Cash-out

Cash-out mortgage seasoning requirements: At least 12 months must have passed between the Note Date of the Mortgage being refinanced and the Note Date of the cash-out refinance Mortgage. Refer to respective agency guidelines based on AUS method for detailed requirements. Note: The above-referenced mortgage seasoning requirements do not apply to delayed financing transactions

No Cash-out Refinance: Maximum incidental cash-back is 1%

Refer to Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section of this guide for information regarding maximum cash-out limitations and additional requirements

Reserve Requirements

PRIMARY / SECOND HOMES	
LTV/CLTV/HCLTV	Reserve Requirements
<= 80%	6 months If any portion from retirement assets, 12 months reserves
> 80 to <= 85%	18 months
> 85 to 89.99%	30 months
INVESTMENT PROPERTIES	
LTV/CLTV/HCLTV	Reserve Requirements
<= 75%	6 months If any portion from retirement assets, 12 months reserves
> 75 to 80%	24 Months

Additional requirements may apply based on the transaction. Refer to the following sections in this guide for details:

Multiple Property Ownership

Employment Contracts

Note: In the event the AUS findings require more reserves than required under Investor guidelines, Correspondent must validate amount of reserves indicated on AUS findings.

Temporary Interest Rate Buydown

Follow applicable Agency guidelines based on AUS method. Plus, refer to the additional requirements for limitations in the Ineligible Products and Features section of this topic and the Temporary Interest Rate Buydown section of the Closed Loan Documentation Review topic.

Underwriting Guidelines

Income/Employment, Asset, and Credit – Additional Investor Requirements

Follow respective Agency guidelines based on AUS method for income, employment, asset and credit, plus the Investor requirements below:

Requirement

Income/Employment

Capital Gains Income Capital gains income from sale of assets by traders, hedge fund managers, and similar investment professionals may be used for qualifying income when gain is the borrower's primary income source. Document in accordance with respective Agency guidelines.

DU Validation Services (D1C)/ LPA-AIM

DU Validation Services/LPA-AIM, including validations from DDA/Assets Account Data are not eligible.

Employment Contracts – Current Employment

When a borrower's employment and income is based on an employment contract (such as, sports franchise, entertainment industry, medical professional) obtain a copy of the employment contract. If there is a defined employment expiration date within the three years following the Note date, and there is no clause for automatic renewal, then the income does not meet continuance requirements.

Loans with compensating factors to support the use of income when continuance is not met must be underwritten by Investor prior to close.

Employment Contracts – Future Employment

Follow respective Agency guidelines based on AUS method, plus; employment must begin within 90 Days of closing.

Income Deemed Illegal by Federal or State Law

Income derived from an activity that is deemed illegal by federal or state law (for example, income derived from a business that is legal by state law but illegal by federal law) cannot be considered.

MCC

Mortgage Credit Certificates (MCC) are not eligible

Mortgage Differential Income

Employer providing the income credit cannot be an interested party on the transaction.

Rental Income

Follow respective Agency guideline to determine required documentation and income calculation, plus apply the following short-term rental requirements:

Short-Term Rental Income – Eligibility

Non-Subject Short-term rental income from non-subject properties can only be considered in the following instances:

Loan is underwritten using DU, and

Documented income using the borrower's most recent year of signed federal income tax returns, including Schedule 1 and Schedule E

Subject Short-term rental income for the subject property can only be considered in the following instances:

Loan is a refinance transaction

Loan is underwritten using DU, and

Documented income using the borrower's most recent year of signed federal income tax returns, including Schedule 1 and Schedule E

Note: Lease agreements cannot be used to document or calculate rental income.

Short-Term Rental Income – Calculation

To calculate short-term rental income from Schedule E, divide the net amount by 12 months, regardless of fair rental days.

Self-employed (SE) – Income/Loss Used to Qualify

Follow respective Agency self-employment documentation guidelines based on AUS used, plus document a minimum of two-years income from the same business by obtaining:

Two most recent years' signed and dated personal income tax returns or transcripts with all applicable schedules required, and

Signed and dated business tax returns that correspond with the two most recent years' signed and dated personal income tax returns are required (unless the loan is evaluated through DU and meets Fannie Mae guidelines for waiver of business tax returns)

Notes:

All documentation obtained must be considered in the final income calculation/analysis

Agency guidelines for signature/date alternatives can be applied to both personal and business returns.

Correspondents are encouraged to provide the income tool used by their underwriter. Investor does not offer rep and warrant relief for the use of income calculated by services including but not limited to LoanBeam and Fannie Mae Income Calculator.

If federal tax returns do not reflect the complete 24-month period (due to timing), a Profit and Loss (P&L) Statement and Balance Sheet prepared by the borrower or an independent third-party (such as borrower's tax preparer, CPA, or company bookkeeper) must be provided covering the remaining time period. The P&L must be obtained and in the file prior to the Note date, but may be signed and dated on or after the Note date as long as it is prior to the date the loan is purchase by Investor.

Tax Transcripts

Refer to the Tax Transcript Requirements topic.

Trust Income

Follow respective Agency guidelines based on AUS method for use of Trust Income. In addition, the following apply:

Trust must be established prior to the application date

Additionally, for revocable trusts, Correspondents must follow the more restrictive of:

Agency guidelines based on AUS, OR

Provide a minimum of one year history of receipt of trust income as of the application date

Verbal Verification of Employment (VVOE)

Follow respective Agency guidelines based on AUS method for employed and self-employed borrowers. In addition, the following apply:

K-1 Business Ownership < 25%: Obtain a Verbal Verification Employment (VVOE) for each borrower using income to qualify. Refer to the applicable sections of Agency guidelines based on AUS method:

DU – Underwriter discretion to follow either the salaried or self employed VVOE requirements, or

LPA – Follow self employed VVOE requirements

Post Consummation Timing: IF the VVOE is obtained post consummation it must be dated no more than 30 days after the Note date.

Verification of Employment – Self Employed with LTV > 80%

VVOE must be performed no earlier than 20 business days prior to the Note date.

Any one of the following can be used to confirm business is currently open and operating due to latency in system updates or recertifications using annual licenses, certifications, or government systems of record (for example, Secretary of State):

Third-party certification (for example, CPA) that the business is open and operating (confirmed through a phone call or other means); or

Review the business website demonstrating activity supporting current business operations (e.g., timely appointments for estimates or service can be scheduled); or

Evidence of current business receipts within 20 business days of the note date (payment for services performed); or

Evidence of current work (executed contracts or signed invoices that indicate the business is operating on the day the lender verifies selfemployment).

When the customer indicates they have received either a PPP or SBA loan, underwriting may request additional information to determine any impact to income.

Note: If website indicates reduced or closed operations, the underwriter must reevaluate loan to determine continuity of income

Written VOE in Lieu of Paystubs & W-2s

A Verification of Employment (VOE) obtained electronically from an employer's automated system, or a third-party vendor, when permitted by AUS, is acceptable. A handwritten or typed VOE, such as a VOE on Form 1005 is not permitted.

Assets

1031 Exchange Like Kind

1031 Exchange funds can only be used for investment property transactions

Asset/New Account

If statements indicate account opened within 90 days, the initial deposit must be sourced if funds are needed for closing and meet definition of large deposit.

Business Assets

Business assets are not eligible to meet minimum reserve requirements.

DU Validation Services (D1C)/ LPA-AIM

DU Validation Services/LPA-AIM, including validations from DDA/Assets Account Data are not eligible.

Down Payment

Minimum 5% from borrower's own funds if LTV or CLTV is > 80%.

Housing Assistance

Refer to Investor Affordable Lending Program > Down Payment Assistance Program for requirements

Reserve Requirements

See Reserve Requirements above.

Verification of Deposit (VOD)/Form 1006

VOD/Form 1006 not permitted for:

Initial asset verification, regardless of statement frequency, or

Subsequent verification if asset account is reported monthly or quarterly If reported other than monthly or quarterly, a VOD can only be used for subsequent verification of an expired asset statement.

Credit

Credit Report

Credit Report must be free of frozen credit.

Credit Score

Representative Credit Score must be used for product eligibility, pricing, and loan delivery.

All applicants must have a valid credit score

Credit reports based on non-traditional credit sources such as Experian Boost, Ultra FICO are not permitted

Non-traditional credit not allowed

Refer to Minimum/Maximum Loan Amount, LTV/CLTV/HCLTV and Minimum Credit Score section of this topic for minimum credit score requirements

Debts Paid by Others (non-mortgage)

To exclude payment from DTI, payor must:

Be obligated on the debt, and

Provide satisfactory documentation to evidence 12 months' timely payment history

Delinquent Investor Accounts

Investor delinquent accounts must be paid off or brought current prior to or at closing.

Derogatory Credit Requirements

Must meet Investor Derogatory Credit requirements as outlined in the Derogatory Credit - Non-Agency Amortizing Jumbo AUS topic (with exception of requirements for reestablishing credit)

DU Validation Services (D1C)/ LPA-AIM

DU Validation Services/LPA-AIM, including positive rent history and cash flow credit assessment from DDA/asset account data are not eligible.

Eligible Credit Box

Must meet the Minimum/Maximum Loan Amount, Maximum LTV/CLTV/HCLTV, minimum credit score, maximum DTI and minimum Reserves outlined in the Product Guidelines section of this guide.

Federal Income Tax Installment Agreements

For DU and LPA transactions, follow Fannie Mae guidelines plus borrower must establish a history of making regularly scheduled payments as evidenced by one month on-time payment made prior to closing. Agreements pending IRS approval are not permitted

Housing Payment History - Mortgage

Verification of satisfactory mortgage payment history for a minimum of the most recent 12 months is required for all real estate owned by a borrower on which the borrower is personally obligated.

Payment history is verified by one of the following methods:

Direct written Verification of Mortgage (VOM) from the mortgagee or servicer, or

Review of the last 24 months payment history on the current credit bureau report (or the entire mortgage history when open and reported for < 24 months), or

Review evidence of timely payments (for example, copies of canceled checks (front and back), money orders, or bank statements) for a minimum of the most recent 12-month period prior to the application date.

Refer to Derogatory Credit – Non-Agency Amortizing Jumbo AUS for Housing Payment History requirements

Notes:

If the available mortgage history is less than 12 months, previous housing history must be obtained to supplement.

VOM from private individual is not permitted

If currently renting, refer to the Housing Payment History – Verification of Rent (VOR)

Housing Payment History - Verification of Rent (VOR)

When a rental history is required by the respective Agency based on AUS method, the rental history must meet Investor housing payment history requirements

Refer to Derogatory Credit – Non-Agency Amortizing Jumbo AUS for Rental/Lease Payment History requirements

Note: A VOR is eligible if provided through a rental management company. However, a private landlord VOR is not permitted.

Non-Traditional Credit

Non-Traditional Credit not permitted.

Areas of Clarity (Agencies Differ or Defer to Lender)

Requirement

Income/Employment

Annuity (Non-Retirement/Structured Payments)

Award letter or similar documentation confirming the amount, frequency and duration of payments required, Borrower must already be receiving the income, plus must evidence:

Investment is in the annuitization phase at the time of application

Whether the annuity provides fixed or variable payments. If payments are:

Variable, a 24-month history of payments are required

Stable or increasing, an average can be used

Decreasing and there is a guaranteed minimum amount specified in the annuity contract, the guaranteed minimum amount can be used, otherwise the income is ineligible for qualifying

Receipt for the most recent month and minimum three year's continuance required

Notes:

If annuity is newly established, proof of most recent one-month receipt is not required.

If the non-annuity is in the accumulation phase (such as, when investment is being funded) or is a deferred income annuity, then the non-retirement annuity is not eligible to use for income.

Economic Issues

The Correspondent must not ignore national, regional, or local economic issues in the employment analysis if it could affect the stability of the employment and income or impact the loan decision. Borrowers should exhibit the potential for maintaining continuous employment and/or income to meet minimum investor guidelines. Any known economic issue relating to employment and/or loss of income must be addressed by the borrower and the employer

Grossing Up Tax Exempt Income

For income that is always non-taxable, most recent year's tax return required to gross up income by more than 25%

For Social Security Benefits (Retirement or Survivor Benefits):

15% of the benefit may be grossed up using a 25% tax rate and then added to the full amount of social security benefit. Tax returns are not required

If the borrower does not qualify as described above, a copy of the most recent tax return is required to determine if:

Tax rate greater than 25% applies, and/or

More than 15% of income should be treated as non-taxable

All other sources, a complete copy of the most recent tax return is required to determine:

Portion of income which may be non-taxable, and

Borrower's tax rate to be used in the gross-up calculation

Interest - Dividend and/or Capital Gains (underlying asset)

If using for income, document continuance through obtaining underlying asset statement.

Calculate YTD earnings by applying a realistic market interest rate to the account balances and averaging over the number of months the income has been received for the year.

Mandatory Furlough

Borrowers that are on a Mandatory Furlough from their job (such as, plant shutdown, temporary layoff, etc.) must return to work prior to the closing of the loan in order to use the income for qualifying purposes.

Additionally, the following documentation is required:

VVOE indicating the borrower has returned to work under the same terms as prior to the furlough, and

Paystub verifying return to work and supporting the qualifying income used for the loan

Rental Income-Disregarded Entities

For disregarded entities, follow IRS Form Schedule E analysis and obtain lease agreement as required by the respective Agency. These transactions are not subject to being evaluated pursuant to self-employment guidelines.

Schedule F

Follow Fannie Mae requirements for documentation and adjusting cash-flow analysis.

Self Employed: Pass Through Income (Entity to Entity)

When self-employment income being used to qualify is passed through other entities and the borrower owns 25% or more of the other business entity, then must analyze the pass-through entity by obtaining two years business tax returns including all schedules for that entity.

Assets

Custodial Accounts

Custodial accounts established for children or other individuals are not an eligible source of funds when the borrower is not the beneficiary of the account.

Housing Assistance

Refer to Investor Affordable Lending Program > Down Payment Assistance Program for requirements

Credit and Debt Analysis

Credit Bureau Report Requirements for Community Property States

Except when required by state law, do not run credit on the non-applicant spouse. Exclude the sole and separate income, assets, liabilities, and debts of the non-applicant spouse from consideration when qualifying the applicant spouse.

Taxes – Subject Property

The real estate taxes for customer qualification must be based on no less than the current assessed value. See below for further details on when a different amount may be used.

Note: The taxes may not be reduced if an appeal to reduce them is only pending and has not been approved.

A different tax amount may be used when:

The actual real estate tax amount is not yet available because the property is newly constructed. The real estate tax amount included in the monthly housing expense must be based on the value of the improvements plus the value of the land.

The subject property is located in a jurisdiction, where transfer of ownership causes or results in a recalculation of the amount of real estate tax, the monthly housing expense must include an estimate of the recalculated real estate tax amount

The correspondent must document the methodology used to calculate the tax estimate included in the PITIA. In addition to documenting the methodology, evidence of the tax rate used in the calculation must be obtained from an acceptable third party or public records, including but not limited to:

Appraiser

Title Company

Taxing Authority

There is a partial or complete real estate tax abatement on the property, or the customer is exempt from real estate taxes:

Use the reduced real estate tax amount in the monthly housing expense calculation or exclude the real estate tax amount from the monthly housing expense calculation, as applicable.

The Mortgage file must contain evidence of the tax abatement or exemption.

If the tax bill clearly reflects the type of exemption, and

The file contains documentation confirming the customer is eligible for the exemption,

The tax bill can be used to support the lower tax figure used to qualify the customer.

The documentation must show the tax exemption will continue for at least five years after the Note Date.

If the tax exemption is due to the customer's:

Age

disability, or

is open-ended (for example, as long as the customer uses the property as their primary residence),

Documentation verifying five years' continuance is not required, provided however, the exemption must not have a predetermined expiration date within five years of the Note Date.

The documentation must show that the tax abatement will continue for at least five years after the Note Date.

For example:

for a municipality with a 10-year abatement, the lender may qualify the borrower with the reduced tax amount;

for a municipality with a 10-year abatement and with annual real estate tax increases in years 1 through 10, the lender must qualify the borrower with the annual taxes that will be required at the end of the 5th year after the first mortgage payment date.

Note: Never use tax abatements as a source qualifying income.

See Property and Appraisal Requirements > Appraisals for appraiser disclosure requirements.

Properties Owned Free and Clear

When a property is owned free and clear, the property taxes, homeowners' insurance and HOA fees (when applicable) must be verified, documented and included in the DTI.

Short-term Installment Obligations

When Short-term Installment Plans (for example, Buy Now/Pay Later) are identified, either through disclosure by the borrower or from loan file documentation (application, credit report or bank statements), treat in a consistent manner with the existing approach applied to other more traditional short-term installment obligations

Installment debt with fewer monthly payments remaining also should be considered as a recurring monthly debt obligation if it significantly affects the borrower's ability to meet their credit obligations.

Student Loan Debt

DU Transactions: In accordance with Fannie Mae Student loan debt FAQ, for loans in an Income Driven Repayment (IDR) plan or graduated repayment where the plan is in effect as of the mortgage loan closing, the Correspondent may use the current monthly payment from the repayment plan for qualification purposes.

Borrower / Customer

Bank Examiners

Bank examiners who have the authority to examine JPMC are only eligible for primary transactions and made on terms and conditions generally prevailing at the time. Refer to the Examiners and External Auditors – Non-Agency topic for details.

Conservatorship

Permitted, Investor Legal Review required.

Defendant in a Lawsuit

Borrowers involved as defendants in a lawsuit with pending litigation may not be eligible for extension of credit. To determine the borrower's eligibility, the borrower's attorney must provide a letter explaining the lawsuit with supporting documentation. Give careful consideration to these factors:

Determine the impact of the lawsuit on the borrower's ability to repay the mortgage if it levies additional financial obligations against the borrower

Analyze supporting documentation to determine the extent of potential income or asset interruption

Determine whether an insurance policy or established escrow fund will cover the potential obligation

Determine whether the title company will take exception to the pending litigation and decline to insure our first lien position

When the amount of the potential obligation is minimal (less than \$10,000), determine whether the borrower has sufficient assets to establish an escrow account for 1.5 times the amount of the proposed damages. The attorney representing the borrower in the litigation must hold the assets

Foreign Borrower, Income, or Asset

Must meet Investor requirements in the Foreign Borrowers, Income, Assets, and Documentation topic.

Trusts

Refer to the Trust topic for details including eligible/ineligible trusts, signature requirements and documentation requirements.

Investor Operational Requirements

Requirement

Operational

Attorney Opinion Letter

Investor does not accept an Attorney Title Opinion Letter in lieu of a Title Policy.

California Property Tax

For all California purchase transactions and California refinance transactions taking place within 16 months of an ownership change, accurate property taxes must be recalculated using one of the following factors:

Rate of 1.25%, or

Actual tax rate plus any levies/special assessments

If the actual tax rate plus any levies/special assessments is the highest of the two factors, then this rate must be used for the recalculation.

The Correspondent may use an actual tax rate plus any levies/special assessments that is the lower of the two tax factors if they document the reason for departure/adjustment and provide supporting documentation (such as the most recent tax bill with combined millage rate). If the Correspondent departs from the most conservative tax calculation, the Correspondent retains responsibility for its determination that the “most accurate” tax calculation was used.

When recalculating the taxes use either the purchase price or appraised value, depending on the transaction type in table below:

Transaction Type	Basis of Calculation
Purchase	Purchase Price
Refinance - acquired through prior purchase within the last 16 months	Purchase Price
Refinance - acquired through other means (for example, through inheritance or divorce) within the last 16 months	Current Appraised Value

Compliance Related Topics

Refer to Compliance Related Topics in the Online Guide for: AML, Disclosures, High Cost, HOEPA/HMDA, Home Loan toolkit, Initial Escrow Account Disclosure Statement, Notice of Assignment Sale or Transfer of Servicing, Reg B, Reg O, Safe Act, State Specific Requirements, Waiver of Redemption Rights for co-op transactions TILA-RESPA (TRID) Disclosure, Right of Rescission and Dodd-Frank Act-Ability to Repay and Qualify Mortgage

Declined/Ineligible List

Must ensure that the Appraiser, Condo Project, and Settlement Agent are not listed as declined/ineligible on list.

Documents in a Foreign Language

All documents included in a loan file must be in English or must be translated into English by the document originator or an unaffiliated third-party translation service. The translation must be attached to each document, and the Correspondent represents and warrants the translation is complete and accurate.

Forbearance on Subject Property

Subject property transactions that enter forbearance after the Note date but prior to loan purchase are not eligible for sale to Investor.

Fraud Prevention

Refer to the Fraud Prevention and Detection Tools section of the Fraud Identification topic for fraud report requirements

Insurance

Hazard and flood reconciliation required

Certificates of Flood Insurance and Binders (including but not limited to ACORD forms) are not acceptable as proof of flood insurance coverage

Condo Ordinance or Law Endorsement is required regardless of compliance with current zoning

Refer to the following Insurance topics as applicable:

Insurance – Property

Insurance – Flood

Insurance – Liability/Fidelity for Condo/Co-Op projects

Insurance – Title

Power of Attorney

Follow respective Agency guidelines, plus:

POA must meet all state law requirements

Employee of title insurer, settlement agent, or affiliate cannot be the attorney-in-fact

Recorded POA must be provided to Investor within 30 days of receiving from the recording office

Borrower Acknowledgement for Cash-out, except when the borrower is in a Period of Military Service and is unavailable for the discussion or the borrower is incapacitated such that they cannot participate in a discussion.

Mortgage for which the Note is executed using a power of attorney is not eligible for eNote

Required Forms

Refer to Closed Loan Documentation Requirements and Closed Loan Delivery topics of the Online Guide for closed loan file and delivery requirements.

Seasoning

Maximum number of calendar days from Note date to loan delivery and loan purchase:

Complete closed loan file received by Investor: 45

Loan is purchase by Investor: 60

Third Party Verifications

Follow respective Agency requirements with the following exceptions:

AIM/DU Validation service (Day 1 Certainty) derived income/asset and analysis are not allowed, and

Actual third-party verification documents must be included in the loan file

Transactions / Escrows

eNotes (Correspondents with e-Note Authority)

Correspondent must obtain approval to deliver eNotes.

eNotes and RON (ineligible transactions)

eNotes and RON are not eligible on:

Mortgages for which the Note is executed using a power of attorney

Transactions that require additional or special purpose legal documents such as Trusts or CEMs

Co-ops

Texas 50(a)(6) transactions

Escrow Holdbacks

Eligible on purchase transactions only. Escrow Holdbacks: cannot be used to combine two condo or co-op units. Refer to Escrow Holdback topic for details.

Non-Arm's Length

Refer to the Arm's Length/Non-Arm's Length Transactions topic for:

Requirements

Factors that may be indicative of a Non-Arm's Length transaction

Examples of Non-Arm's Length transactions

Transactions exempt from Non-Arm's Length transactions

Removing a Borrower

To protect your lock and ensure compliance with Fair Lending and ECOA regulatory requirements, Investor must issue a new loan number when a borrower or co-borrower is removed from a non-delegated transaction. Refer to the Removing a Borrower section of the Registration and Pricing – Best Efforts topic.

Texas 50(a)(6) / (f)(2)

Texas 50(a)(6) and Texas (f)(2) Investor-approved attorney review required.

Investor Condo/Co-Op Requirement

Requirement

Condo Project Approval

Delegated

Follow all of the requirements as listed in Correspondent Lending Library > Condominium Guide > Delegated Project Reviews.

Non-Delegated

For loans not within a Correspondent's delegated authority, Project Approval from Investor is required. Requests for project approval can be:

Emailed to project.review.correspondent@Investor.com, or

For larger file sizes, submitted using Secure Content Delivery Portal

Notes: Directions for using the Secure Content Delivery Portal can be found in the Secure Email topic

For "opt-out" transactions, Correspondents may choose to retain their project approval delegation.

Refer to the Delegated Review topics for all requirements. Refer to the Condo Submission Reference Guide for required documentation.

Co-op Project Approval

Investor Underwriting Requirements

All co-op projects must be reviewed and approved by the Investor project review team prior to closing. In addition, Investor is required to underwrite the complete credit file including the appraisal for all co-op transactions, unless specific delegated co-op authority is granted. If specific delegated authority is granted that authority does not extend to project approval, it is limited to the underwriter of the credit file including the appraisal.

Delegated

Delegated Project Classification is not available. All co-op projects must be reviewed by Investor and a transaction specific approval must be obtained prior to closing.

Investor Co-op List

Correspondents must review Investor Co-op List prior to locking a co-op loan with Investor to ensure project is not declined by Investor.

Co-op Geographic Restrictions

Investor restricts purchase of co-op loans to City of New York, consisting of five boroughs (Bronx, Brooklyn, Manhattan, Staten Island, & Queens) and four counties near New York City (Nassau, Rockland, Suffolk, & Westchester) unless otherwise restricted by applicable product guide/feature page. Investor requires Fannie Mae Appraisal Form 2090, regardless of AU Findings. Exterior only appraisals are not acceptable.

Building Ordinance or Law Endorsement

Building Ordinance or Law Endorsement (BOOL) coverage is required regardless of compliance with current zoning.

Disaster Inspections

The following are required with all disaster inspection types:

Front of subject

Address verification (house number and street sign)

Subject property visible damage

Street scene

A photo of the lobby is required in addition to a photo of the building. If inspector cannot enter building for any reason (such as, safety, extensive damage, etc.), other options are available in lieu of a photo of the lobby (see Disaster Guide for additional information)

Financial Statements

Investor requires an audited financial statement or 1120 corporate tax return for the co-op project. Investor will not allow a budget in lieu of financial statements or tax returns.

POA

Any prior Power of Attorney used to sign the Proprietary Lease must be in the Loan File for refinance transactions.

Tax Abatements

If a project receives subsidies or similar benefits (such as tax or assessment abatements) that will be reduced or fully terminated within the three years after the origination date of the cooperative share mortgage, the lender must evaluate the impact the expiration of such benefit will have on the project.

UCC-1

The debtor's (borrower's) name in Section 1 of UCC-1 must exactly match the name on the most recently issued unexpired New York driver's license or New York state-issued identification card.

If mortgage loan borrower does not have either an unexpired New York driver's license or New York identification card, then a government-issued identification can be used

When the name on the ID provided does not match the name on the stock or membership certificate, proprietary lease, and Note, all variations of the debtor's name must be recorded in section 28 or as an "AKA" attachment to the UCC-1

Note: Name Affidavit is not acceptable when there are variations between the UCC-1 and the driver's license. Refer to Co-op Guide > Co-op Closed Loan Documentation topic for details