

# Yosemite Jumbo AUS

**Program  
Eligibility Guide  
Correspondent  
Lending**

**Version**  
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Jumbo AUS Eligibility Matrix					
Fixed Rate (20,25,30 year) & Hybrid ARM Products					
Primary Residence   Purchase, Rate and Term Refinance					
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	
Purchase or Rate and Term Refinance	1	680	90% <sup>2</sup>	\$2,000,000	
		660	80%	\$2,000,000	
		720	70%	\$2,500,000	
		740	70%	\$3,000,000	
		740	60%	\$3,500,000	
	2	700	65%	\$1,500,000	
		720	60%	\$2,000,000	
Primary Residence   Cash-Out Refinance <sup>1</sup>					
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	700	75%	\$1,000,000	Unlimited
		720	80%	\$1,500,000	
		720	65%	\$2,000,000	
	2	720	60%	\$1, 500,000	Unlimited
Second Home   Purchase, Rate and Term Refinance					
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	
Purchase or Rate and Term Refinance	1	680	90% <sup>2</sup>	\$2,000,000	
		660	80%	\$2,000,000	
		720	70%	\$2,500,000	
Second Home   Cash-Out Refinance					
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	720	60%	\$1,500,000	Unlimited
			50%	\$2,000,000	

Investment <sup>3</sup>   Purchase   Rate and Term Refinance   Cash-Out Refinance				
Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HLCTV	Maximum Loan Amount
Purchase	1-4	740	70%	\$2,000,000
Rate and Term Refinance	1-4	740	70%	\$2,000,000
Cash-Out Refinance	1-4	740	60%	\$2,000,000

<sup>1</sup>Texas 50 (a) (6) and 50 (f) (2) refinances are permitted on 20-, 25-, and 30-year fixed rate terms only.

<sup>2</sup>The following requirements apply for transactions with LTVs greater than 80%:

- MI not required
- Secondary financing not allowed
- Maximum DTI 38%
- Gift funds not allowed
- Escrow/impound accounts required for LTVs greater than 80% unless prohibited by applicable laws
- ARM terms not available for LTV/CLTVs over 80%
- No Non-Occupant Co Borrowers
- For First Time Home Buyers see FTHB requirements for 80.01% LTV/CLTV or higher

<sup>3</sup>The following requirements apply for Investment Property: Purchase, Rate and Term Refinance and Cash-Out Refinance Transactions:

- Florida attached condominiums limited to 50% LTV/CLTV/HCLTV
- Gift funds not allowed
- Transaction must be arm's length
- Appraiser to provide rent comparable schedule
- First-Time Homebuyers not allowed
- 20, 25, 30-year fixed rate only

**Jumbo AUS Loan Notes:**

- Minimum loan amount is \$1 over the current conforming loan limits for fixed transactions.
- ARM loans in New York state must be \$1 over current conforming/high balance limit set by FHFA.
- Minimum loan amount is \$350,000 for ARM transactions, except for New York State transactions, these transactions require a minimum loan amount \$1 over FHFA conforming or high balance loan amounts.
- No Exceptions allowed on the Jumbo AUS program

Jumbo AUS Underwriting Guidelines	
Overlays	<ul style="list-style-type: none"> <li>• Maximum LTV/CLTV based on transaction type, occupancy, and credit score</li> <li>• Maximum DTI (Refer to Debt to Income Ratio Section)</li> <li>• Reserve Requirements – refer to Reserve Table</li> <li>• Follow “Credit Event” Seasoning requirements</li> <li>• For FTHB transactions with 80.01% LTV/CLTV or higher, the following requirements must be met: <ul style="list-style-type: none"> <li>○ Maximum loan amount is \$1,500,000</li> <li>○ 740 minimum FICO</li> <li>○ No gift funds allowed</li> <li>○ Primary residence only</li> <li>○ Reserve requirements met for FTHB as specified in the <a href="#">Asset section</a></li> </ul> </li> <li>• Non-Occupant Co-Borrowers: <ul style="list-style-type: none"> <li>○ May or may not have an ownership interest in the subject property as indicated on title.</li> <li>○ Maximum LTV/CLTV of 80%</li> </ul> </li> <li>• Coops are not permitted</li> </ul>

<b>Jumbo AUS Underwriting Guidelines</b>			
<b>Eligible Products</b>	<ul style="list-style-type: none"> <li>• <b>Fixed Rate:</b> 20, 25, 30-year term</li> <li>• <b>ARM:</b> 5/6, 7/6, and 10/6 ARM, Fully Amortizing 30-year term</li> </ul> <p><b>Subject to overlays, default to AUS Findings and FNMA/FHLMC Selling Guide for any guideline not addressed in this guide.</b></p>		
<b>Product Codes</b>	<b>Product Code</b>	<b>Product Description</b>	
	2579	Yosemite Jumbo AUS 30 Year Fixed	
	2580	Yosemite Jumbo AUS 25 Year Fixed	
	2581	Yosemite Jumbo AUS 20 Year Fixed	
	2585	Yosemite Jumbo AUS 30 Year Fixed A6	
	2586	Yosemite Jumbo AUS 25 Year Fixed A6	
	2587	Yosemite Jumbo AUS 20 Year Fixed A6	
	2582	Yosemite Jumbo AUS 5/6 SOFR ARM	
	2583	Yosemite Jumbo AUS 7/6 SOFR ARM	
	2584	Yosemite Jumbo AUS 10/6 SOFR ARM	
<b>ARM Features</b>	<ul style="list-style-type: none"> <li>• Maximum 80% LTV/CLTV</li> <li>• Minimum loan amount is \$350,000</li> <li>• Investment property is not permitted</li> <li>• Caps: 2/1/5 – 5/6 ARM</li> <li>• Caps: 5/1/5 permitted on 7/6, 10/6 ARM</li> <li>• Index: SOFR (30 Day Average)</li> <li>• Margin: 2.75</li> <li>• Floor: 2.75</li> <li>• No Conversion Option</li> <li>• Assumable</li> <li>• Qualifying Rate: <ul style="list-style-type: none"> <li>○ 5/6 ARM qualify with the greater of the fully indexed rate or the note rate + 2%</li> <li>○ Loans in New York state must be \$1 over the current conforming/high balance limit set by FHFA <ul style="list-style-type: none"> <li>• Rebuttal Presumption (HPCT) on 5/6 ARMs are permitted. Note: Rebuttable Presumption = APR less than 2.25% above the applicable APOR.</li> </ul> </li> <li>○ 7/6, 10/6 ARM – qualify with greater of the fully indexed rate or the note rate</li> </ul> </li> </ul>		

<b>Jumbo AUS Underwriting Guidelines</b>	
<b>Ineligible Products</b>	<ul style="list-style-type: none"> <li>• High-Cost Loans (Federal (TILA 1026.32), State, Local)</li> <li>• Higher-Priced Mortgage Loans (HPML) (TILA 1026.35)</li> <li>• Non-Standard to Standard Refinance Transactions (ATRExempt)</li> <li>• Higher-Priced Covered Transactions (HPCT QM-Rebuttable Presumption) (TILA 1026.43(b)(4))</li> <li>• Balloons</li> <li>• Graduated Payments</li> <li>• Interest Only Products</li> <li>• Temporary Buy Downs</li> <li>• Loans with Prepayment Penalties</li> <li>• Convertible ARMs</li> <li>• Loans with bridge financing by third party, i.e.: Knock, Homelight or Opendoor</li> <li>• Investment Properties on ARM products</li> <li>• Points and Fees exceeding 3% see eligibility supplement section 6.E</li> </ul>



<p><b>Underwriting</b></p>	<p><b>Follow FNMA/FHLMC Seller Guide and AUS Findings subject to overlays.</b></p> <ul style="list-style-type: none"> <li>•</li> <li>• The loan must meet the Price Based QM definition; Safe Harbor = APR less than 1.50% above the applicable APOR</li> <li>• In all cases, the loan file must document the eight (8) ATR rules.</li> <li>• Loans must be fully underwritten to one of the applicable Fannie Mae (chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020) or Freddie Mac (sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Service Guide, published June 10, 2020) guidelines (Only one guideline can be applied per loan)</li> <li>• <b><u>NewRez aligns with Fannie Mae as the default throughout this guideline, however both Fannie Mae DU and Freddie Mac LP are acceptable AUS programs to use.</u></b></li> <li>• AUS findings with an <b>Approve/Ineligible -or- Eligible</b> due to loan amount, must be present in all closed loan files.</li> </ul>
<p><b>Eligible Borrowers</b></p>	<ul style="list-style-type: none"> <li>• First-Time Homebuyer (FTHB) is defined as a borrower who has not owned a home in the last three (3) years. For loans with more than one (1) borrower, where at least one (1) borrower has owned a home in the last three (3) years, first-time homebuyer requirements do not apply.</li> <li>• US Citizens</li> <li>• Permanent Resident Aliens with evidence of lawful residency <ul style="list-style-type: none"> <li>➤ Must be employed in the US for the past twenty-four (24) months.</li> </ul> </li> <li>• Non-Permanent Resident Aliens with evidence of lawful residency are eligible with the following restrictions: <ul style="list-style-type: none"> <li>➤ Primary residence only.</li> <li>➤ Borrower must have a current twenty-four (24) month employment history in the US.</li> <li>➤ Unexpired Visas only. Borrowers should have a 24-month credit history based on AUS response.</li> <li>➤ Maximum LTV/CLTV is 80%</li> </ul> </li> <li>• Inter Vivos Revocable Trust (see Investor Program Eligibility Supplement for requirements).</li> <li>• All borrowers must have a valid Social Security Number.</li> </ul>
<p><b>Ineligible Borrowers</b></p>	<ul style="list-style-type: none"> <li>• Foreign Nationals</li> <li>• DACA Borrowers</li> <li>• ITIN Borrowers</li> <li>• Borrowers with diplomatic status</li> <li>• Life Estates</li> <li>• Non-Revocable Trusts</li> <li>• Guardianships</li> <li>• LLCs, Corporations or Partnerships</li> <li>• Land Trusts, except for Illinois Land Trust</li> <li>• Borrowers with any ownership/employment in a business that is federally illegal, regardless</li> </ul>

	<p>of if the income is not being considered for qualifying.</p> <ul style="list-style-type: none"> <li>• Illinois Land Trust</li> </ul>
<b>Eligible Occupancy Types</b>	<ul style="list-style-type: none"> <li>• Follow FNMA/FHLMC Seller Guide and AUS Findings subject to overlays.</li> </ul>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>• Documentation waivers based on AUS recommendations permitted subject to overlays. No Property Inspection or Drive-By Appraisal Waivers allowed.</li> <li>• Income calculation worksheet or 1008 with income calculation. Current Fannie Mae Form 1084, Freddie Mac Form 91 or equivalent is required for self-employment income analysis. Full income and asset verification is required.</li> <li>• All credit documents, including title commitment, must be no older than 120 days from the Note date.</li> <li>• All loans must meet the Price-Based QM Safe Harbor definition. Safe Harbor =APR less than 1.50% above the applicable APOR.</li> <li>• QM Designation must be provided in the loan file: <ul style="list-style-type: none"> <li>➤ QM designation is QM Safe Harbor- APOR (or similar name i.e., Price Based)</li> </ul> </li> <li>• Loan file must document the eight (8) Ability to Repay (ATR) rules identified in Part 1026- Truth-in-Lending (Regulation Z).</li> <li>• If the subject transaction is paying off a HELOC that is not included in the CLTV/ HCLTV calculation, the loan file must contain evidence the HELOC has been closed.</li> <li>• If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral.</li> </ul>
<b>Debt-to-Income Ratio (DTI)</b>	<ul style="list-style-type: none"> <li>• Primary Residence and Second Home: 49.99% for LTVs <math>\leq</math> 80%, 38% for LTVs &gt; 80%</li> <li>• Primary Residence and Second Home: DTI &gt; 45% <math>\leq</math> 49.99% requires residual income calc.</li> <li>• ARMs: Maximum DTI is 45%</li> <li>• 47% Investment Property</li> </ul>

<b>LTV/CLTV/HCLTV Calculation for Refinances</b>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings subject to overlays.</li> </ul>
<b>Refinance Transactions</b>	<b>Rate and Term Refinance &amp; Cash-Out Refinance Requirements:</b> <ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings subject to overlays.</li> </ul>
	<b>Delayed Purchase Refinancing</b> <ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings. <ul style="list-style-type: none"> <li>LTV/CLTV/HCLTV for Rate and Term refinances must be met. The loan is treated as a Rate and Term refinance except for primary residence transactions in Texas.</li> </ul> </li> </ul>
	<b>Continuity of Obligation:</b> When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. <b>If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:</b> The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced, and the borrower meets the following requirements: <ul style="list-style-type: none"> <li>Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or</li> <li>It is related to the borrower on the mortgage being refinanced.</li> </ul> <ul style="list-style-type: none"> <li>The borrower on the new refinance transaction was added to the title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction.</li> <li>The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation, or dissolution of a domestic partnership.</li> <li>The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC, or partnership. The following requirements apply: <ul style="list-style-type: none"> <li>The borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer.</li> <li>The transferring entity and/or borrower has had consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan.</li> </ul> </li> </ul> <p><b>NOTE:</b> Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.</p>

<b>Secondary Financing</b>	<ul style="list-style-type: none"> <li>• Institutional Financing only. Seller subordinate financing is not allowed.</li> <li>• Subordinate liens must be recorded and clearly subordinate to the first mortgage lien.</li> <li>• If there is or will be an outstanding balance at the time of closing, the monthly payment for the subordinate financing must be included in the calculation of the borrower's debt-to-income ratio.</li> <li>• Full disclosure must be made of the existence of subordinate financing and subordinate financing repayment terms. The following are acceptable subordinate financing types: <ul style="list-style-type: none"> <li>➢ Mortgage terms with interest at market rate.</li> <li>➢ Mortgage with regular payments that cover at least the interest due, resulting in no negative amortization.</li> </ul> </li> <li>• Employer subordinate financing is allowed with the following requirements: <ul style="list-style-type: none"> <li>➢ Employer must have an Employee Financing Assistance Program in place.</li> <li>➢ Employer may require full repayment of the debt if the borrower's employment ceases before the maturity date.</li> <li>➢ Financing may be structured in any of the following ways: <ul style="list-style-type: none"> <li>○ Fully amortizing level monthly payments</li> <li>○ Deferred payments for some period before changing to fully amortizing payments</li> <li>○ Deferred payments over the entire term.</li> <li>○ Forgiveness of debt over time</li> <li>○ Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien.</li> </ul> </li> </ul> </li> <li>• LTV/CLTV/HCLTV guidelines must be met for loans with subordinate financing.</li> <li>• <b>Secondary financing not allowed on LTVs &gt; 80% on Jumbo AUS.</b></li> </ul>
<b>Texas 50 (a) (6) &amp; Texas 50 (f) (2) Refinances</b>	<ul style="list-style-type: none"> <li>• Texas 50 (a) (6) and 50 (f) (2) refinance transactions (Texas Equity Loans) are permitted on 20-, 25-, 30-year fixed rate terms, and in accordance with Fannie Mae underwriting guidelines. TX 50(a)(6) Restrictions: <ul style="list-style-type: none"> <li>○ Max LTV 80%</li> <li>○ Primary Residence 1 Unit Properties</li> </ul> </li> </ul>
<b>Construction-To-Permanent Financing</b>	<ul style="list-style-type: none"> <li>• Follow FNMA/FHLMC Seller Guide and AUS Findings.</li> <li>• One-Time-Close Transactions are not permitted.</li> </ul>
<b>Credit</b>	<p><b>Tradeline Requirements:</b> Follow FNMA/FHLMC Seller Guide and AUS Findings</p> <ul style="list-style-type: none"> <li>• Authorized user accounts are not allowed as an acceptable tradeline.</li> <li>• Non-traditional credit is not allowed as an acceptable tradeline.</li> </ul> <p><b>Disputed Tradelines:</b></p>

<p><b>Credit (Cont'd)</b></p>	<ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul> <p><b>Rental History Requirements:</b></p> <ul style="list-style-type: none"> <li>If the borrower(s) is a First Time Homebuyer and has a rental history in the most recent twelve (12) months, a VOR must be obtained reflecting 0X30 in the last twelve (12) months. Applies to all borrowers on loan.</li> <li>First-Time Homebuyer is defined as a borrower who has not owned a home in the last three (3) years. For loans with more than one (1) borrower, where at least one (1) borrower has owned a home in the last three (3) years, first-time homebuyer requirements do not apply.</li> <li>If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise, if not related or a party to the transaction a satisfactory VOR can be provided.</li> </ul> <p><b>Derogatory Credit:</b></p> <ul style="list-style-type: none"> <li>0x30 for mortgage in the past 24 months. Follow FNMA/FHLMC Seller Guide and AUS Findings.</li> </ul> <p><b>Follow FNMA/FHLMC Selling Guide and AUS findings for additional credit guidelines.</b></p> <ul style="list-style-type: none"> <li><b>Bankruptcy:</b> Chapter 7, 11 or 13: Seven year waiting period from the discharge or dismissal date.</li> <li><b>Foreclosure:</b> Seven year waiting period measured from the completion date of the foreclosure reported on the credit report or other foreclosure documents.</li> <li><b>Deed-In-Lieu, Short Sale, Pre-foreclosure, and Charge-Off of a Mortgage Account:</b> Seven-year waiting period is required from the completion date as reported on the credit report or other documents.</li> </ul> <p><b>Multiple Credit Events:</b> Not Allowed, however credit events more than 10 years seasoned do not need to be considered.</p> <p><b>Past Mortgage Forbearances:</b></p> <ul style="list-style-type: none"> <li>Due to Covid, allowable six months after the end of the forbearance period, and only if the borrower made all the monthly payments during forbearance and did not utilize the forbearance terms to skip any payments. Payoff statements and mortgage statements must not reflect any deferred principal balances or any indication of current forbearance.</li> </ul> <p><b>Outstanding Judgments/Tax Liens/Charge-offs/Past-Due Accounts:</b></p> <ul style="list-style-type: none"> <li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul> <p><b>Credit Inquiries:</b></p> <ul style="list-style-type: none"> <li>If the credit report indicates inquiries within the most recent 90 days of the credit report, the seller must confirm the borrower did not obtain additional credit that is not reflected in the credit report or mortgage application. In these instances, the borrower must explain the reason for the credit inquiry.</li> <li>If additional credit was obtained, a verification of that debt must be provided, and the borrower must be qualified with the monthly payment.</li> <li>Confirmation of no new debt may be in the form of a new credit report, pre-close credit report or gap credit report.</li> </ul> <p><b>Credit Reports-Frozen Bureaus:</b></p> <ul style="list-style-type: none"> <li>Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required.</li> </ul>
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Liabilities	<b>Liability Requirements:</b> Follow FNMA/FHLMC Seller Guide and AUS Findings		
	<b>Contingent Liabilities:</b> Follow FNMA/FHLMC Seller Guide and AUS Findings.		
	<b>Departure Residence Pending Sale:</b> Follow FNMA/FHLMC Seller Guide and AUS Findings		
	<b>Departure Residence Subject to Guaranteed Buy-out with Corporation Relocation:</b> Follow FNMA/FHLMC Seller Guide and AUS Findings		
Assets	<b>Asset Requirements: Follow FNMA/FHLMC Seller Guide and AUS Findings</b> Beyond the minimum reserve requirements based on overlays and to fully document the borrowers’ ability to meet their obligations, borrowers should disclose all liquid assets.		
	<ul style="list-style-type: none"><li>• Eligible assets must be held in a US account.</li><li>• Large deposits inconsistent with monthly income or deposits must be verified if used for down payment, reserves or closing costs.</li><li>• The Lender is responsible for verifying large deposits did not result in any new undisclosed debt.</li><li>• Asset verification by a Fannie Mae approved asset validation provider is allowed.</li><li>• <b>Asset documentation is based on AUS requirements.</b></li></ul>		
	Reserve Requirements (of Months of PITIA) **		
	Occupancy	Loan Amount	# of Months
	Primary Residence	≤ \$1,000,000	6
		≤ \$1,000,000 with LTV > 80%	12
		\$1,000,001-\$2,000,000 with LTV > 80%	15
		\$1,000,001 - \$2,000,000	12
		\$2,000,001 - \$3,500,000	18
	Second Homes	≤ \$1,000,000	6
		≤ \$1,000,000 with LTV > 80%	15
		\$1,000,001-\$2,000,000 with LTV > 80%	18
		> \$1,000,000	12
	Investment Properties	≤ \$2,000,000	18
First-Time	≤ \$1,000,000 with LTV > 80%	15	

	Home Buyer	\$1,000,001 - \$1,500,000 with LTV > 80%	18
	Non-Retirement Asset Reserves Required for LTV/CLTVs 85.01%-90%	Primary Residence and Second Homes	3
	Additional 1-4 Unit Financed REO	<ul style="list-style-type: none"><li>Additional three (3) -OR- six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO.</li><li>If eligible to be excluded from the count of multiple financed properties, reserves are not required.</li></ul> <p><b><i>See Multiple Financed Properties section for full reserves and requirements</i></b></p>	
	<b>**Borrowed funds (secured or unsecured) are not allowed for reserves.</b>		
Financing Concessions	<ul style="list-style-type: none"><li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li></ul>		
Seller Concessions	<ul style="list-style-type: none"><li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li></ul>		
Personal Property	<ul style="list-style-type: none"><li>Follow FNMA/FHLMC Seller Guide and AUS Findings</li></ul>		
Income / Employment	<p>Stable monthly income must meet the following requirements to be considered for qualifying:</p> <ul style="list-style-type: none"><li>Stable - two (2) year history of receiving the income</li><li>Verifiable</li><li>High probability of continuing for at least three (3) years</li></ul> <p><i>When the borrower has less than a two (2) year history of receiving income, the lender must provide a written analysis to justify the determination that the income used to qualify the borrower is stable.</i></p> <p><b>Declining Income:</b> When the borrower has a declining income, the most recent twelve (12) months should be used.</p> <p>In certain cases, an average income for a longer period may be used when the decline is related to one-time capital expenditure and proper documentation is provided.</p> <p>In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower’s ability to repay. The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying.</p> <p><b>Residual Income Requirement - <math>DTI &gt; 45\% \leq 49.99\%</math> and all loans 85.01%-90% LTV</b></p> <ul style="list-style-type: none"><li>Residual Income Calculation required for DTI exceeding 45% and not to exceed 49.99% as well as LTVs exceeding 85%.</li></ul> <p>All loans must meet the residual income requirements below. Residual income equals Gross Qualifying Income Less Monthly Debt (as included in the debt-to-income ratio)</p>		

	<b># in Household</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	Required Residual	\$1550	\$2600	\$3150	\$3550	\$3700
	<i>Add \$150 for additional family members</i>					
<b>Income / Employment (Cont'd)</b>	<b>Gaps in Employment:</b> Refer to AUS findings.					
	<b>General Documentation Requirements:</b>					
	<ul style="list-style-type: none"> <li>4506-C / Form 8821 must be signed and completed for all borrowers. IRS will require the latest form completed in full.</li> </ul>					
	<ul style="list-style-type: none"> <li>Taxpayer consent form signed by all borrowers.</li> </ul>					
	<ul style="list-style-type: none"> <li>Income calculation worksheet or 1008 with income calculation. The Fannie Mae 1084, or Freddie Mac Form 91 or equivalent is required for self-employment analysis. The most recent Form 1084 or Form 91 should be used based on application date. Instructions per Form 1084 or Form 91 must be followed. <ul style="list-style-type: none"> <li>➤ Copy of liquidity analysis must be included in the loan file if the income analysis includes income from boxes 1, 2 or 3 on the K-1 that is greater than distributions indicated on the K-1.</li> <li>➤ If a liquidity analysis is required and the borrower is using business funds for down payment or closing costs, the liquidity analysis must consider the reduction of those assets.</li> </ul> </li> </ul>					
	<ul style="list-style-type: none"> <li>Paystubs must meet the following requirements: <ul style="list-style-type: none"> <li>➤ Clearly identify the employee/borrower and the employer.</li> <li>➤ Reflect the current pay period and year-to-date earnings.</li> <li>➤ Computer generated.</li> <li>➤ Paystubs issued electronically via email or internet, must show the URL address, date, and time printed and identifying information.</li> <li>➤ Year-to-date pay with the most recent pay period at the time of application and no earlier than 120 days prior to the Note date.</li> </ul> </li> </ul>					
	<ul style="list-style-type: none"> <li>W-2 forms</li> </ul>					
	<ul style="list-style-type: none"> <li>Verification of Employment Requirements: Requirements below apply when the income is positive and included in qualifying income: <ul style="list-style-type: none"> <li>➤ Verbal Verification of Employment (VVOE) must be performed no more than ten (10) business days prior to the Note date.</li> <li>➤ The Verbal VOE should include the following information for the borrower: <ul style="list-style-type: none"> <li>○ Date of contact</li> <li>○ Name and title of person contacting the employer</li> <li>○ Name of employer</li> <li>○ Start date of employment</li> <li>○ Employment status and job title</li> <li>○ Name, phone #, and title of contact person at employer</li> <li>○ Independent source used to obtain employer phone number</li> </ul> </li> <li>➤ Fannie Mae Verification of Employment alternatives allowed for non-self-employed borrowers.</li> </ul> </li> </ul>					



<p><b>Income / Employment</b></p>	<ul style="list-style-type: none"> <li>➤ Verification of the existence of borrower's self-employment must be verified through a third-party source and no more than 120 calendar days prior to the Note date. <ul style="list-style-type: none"> <li>○ Third party verification can be from a CPA, regulatory agency, or applicable licensing bureau. A borrower's website is not an acceptable third-party source.</li> <li>○ Listing and address of the borrower's business</li> <li>○ Name and title of the person completing the verification and date of verification.</li> </ul> </li> <li>➤ Written Verification of Employment may be required for a borrower's income sourced from commissions, overtime and or other income when the income detail is not clearly documented on W-2 forms or paystubs.</li> </ul> <p><b>Tax Returns must meet the following requirements when used for qualifying:</b></p> <ul style="list-style-type: none"> <li>• Personal income tax returns (if applicable) must be complete with all schedules (W-2 forms, K-1s etc.) and must be signed and dated. In lieu of a signature, personal tax transcripts for the corresponding year may be provided.</li> <li>• Business income tax returns (if applicable) must be complete with all schedules and must be signed and dated. In lieu of a signature, business transcripts for the corresponding year may be provided on or before the closing date.</li> <li>• For unfiled tax returns for the prior year's tax return, please see the <b>Investor Program Eligibility Supplement</b>.</li> </ul> <p><b>Unacceptable Sources of Income:</b></p> <ul style="list-style-type: none"> <li>• Any unverified source</li> <li>• Deferred compensation</li> <li>• Temporary or one-time occurrence income</li> <li>• Rental income from primary residence – One (1) unit property or one (1) unit property with accessory unit</li> <li>• Rental income from a second home</li> <li>• Retained earnings</li> <li>• Education benefits</li> <li>• Trailing spouse income</li> <li>• Any income that is not legal in accordance with all applicable federal, state, and local laws, rules, and regulations. Federal law restricts the following activities and therefore the income from these sources is <b>not allowed</b> for qualifying: <ul style="list-style-type: none"> <li>➤ Foreign shell banks.</li> <li>➤ Medical marijuana dispensaries.</li> <li>➤ Any business or activity related to recreational marijuana use, growing, selling, or supplying of marijuana, even if legally permitted under state or local law.</li> <li>➤ Businesses engaged in any type of internet gambling.</li> </ul> </li> </ul>
	<p><b>Specific Income Documentation Requirements</b></p>
	<p><b>Non-Self Employment Documentation Requirements:</b></p>
	<p><b>Follow FNMA/FHLMC Seller Guide and DU/LP Findings</b></p>

<b>Income / Employment</b>	<b>for the following income types:</b>
	<ul style="list-style-type: none"> <li>• Alimony/Child Support/Separate Maintenance</li> <li>• Asset Depletion</li> <li>• Capital Gains</li> <li>• Commission Income</li> <li>• Disability Income – Long Term (Private policy or employer-sponsored policy)</li> <li>• Dividends and Interest Income</li> <li>• Foreign Income</li> <li>• K-1 Income/Loss on Schedule E</li> <li>• Non-Taxable Income (Child support, military rations / quarters, disability, foster care, etc.)</li> <li>• Note Income</li> <li>• Overtime and Bonus Income</li> <li>• Part-Time Income</li> <li>• Projected Income</li> <li>• Rental Income</li> <li>• Rental Income - Departing Primary Residence</li> <li>• Retirement Income (Pension, Annuity, 401(k), IRA Distributions)</li> <li>• Salaried/Hourly Income</li> <li>• Social Security Income</li> <li>• Temporary Leave Income</li> </ul>
	<b>Restricted Stock and Stock Options</b>
	<ul style="list-style-type: none"> <li>• Allowed. <b>Follow FNMA/FHLMC Seller Guide and DU/LP Findings</b></li> </ul>
	<b>Borrowers Employed by Family</b>
	<ul style="list-style-type: none"> <li>• YTD paystub</li> <li>• Two (2) years W-2s and</li> <li>• Two (2) years personal tax returns with two (2) years tax transcripts.</li> <li>• VVOE</li> <li>• Borrower's potential ownership in the business must be addressed.</li> </ul>
	<b>Trust Income</b>
	<ul style="list-style-type: none"> <li>• Follow FNMA/FHLMC Seller Guide and AUS Findings</li> <li>• Copy of trust agreement or trustee statement showing: <ul style="list-style-type: none"> <li>➤ Total amount of borrower designated trust funds.</li> <li>➤ Terms of payment.</li> <li>➤ Duration of trust.</li> <li>➤ Evidence the trust is irrevocable.</li> </ul> </li> </ul>
	<b>Self-Employment</b>
	<b>Follow FNMA/FHLMC Seller Guide and AUS Findings</b> <ul style="list-style-type: none"> <li>• Self-Employed borrowers are defined as having 25% or greater ownership or receiving 1099 statement to document income.</li> </ul>

<p><b>Income / Employment</b></p>	<p><b>The requirements below apply for Self-Employed borrowers.</b></p> <ul style="list-style-type: none"> <li>• Income calculations should be based on the Fannie Mae Form 1084 or Freddie Mac Form 91 or equivalent income calculation form.</li> <li>• Year-to-date financials (profit and loss statement) is not required if the income reporting is positive, not declining and not counted in qualifying income.</li> </ul> <p><b>Two-year history is generally required.</b></p> <ul style="list-style-type: none"> <li>• 12-24 months self-employment history may be considered as long as the borrowers' most recent tax returns reflect income at the same or greater level in a field that provides the same products or services as the current business or in an occupation in which he or she had similar responsibilities to those in connection with the current business.</li> <li>• 1-2 years signed 1040s and K-1's depending on AUS findings.</li> <li>• Signature requirement may be waived if tax transcripts are obtained to support the 2 years of 1040s.</li> <li>• If one year is required per AUS findings the following requirements apply: <ul style="list-style-type: none"> <li>➤ Signed 1040s and Business Tax Returns for the most recent year.</li> <li>➤ Confirm the tax returns reflect at least 12 months of self-employment income.</li> </ul> </li> <li>• Verification of Self-Employment Income: <ul style="list-style-type: none"> <li>➤ Verify the existence of the client's business within 120 calendar days prior to the note date.</li> </ul> </li> <li>• <b>Year-To-Date Profit &amp; Loss Statement:</b> <ul style="list-style-type: none"> <li>➤ Year-to-Date Profit &amp; Loss is only required if self-employment income is the primary source used to qualify.</li> <li>➤ Profit and Loss is not required for Secondary Self Employment.</li> <li>➤ Year-to-date is defined as the period ending as of the most recent tax return through the most recent quarter ending one (1) month prior to the Note date.</li> <li>➤ For tax returns on extension the entire unfiled year is also required</li> <li>➤ If the Year-to-Date profit &amp; loss statements reflects a downward income trend, the lower income reporting on the YTD Profit &amp; Loss must be used for qualification.</li> <li>➤ May be either audited or unaudited. CPA prepared, or borrower prepared is acceptable.</li> <li>➤ YTD P&amp;L is required for the current year to date if the Note date is on or after April 30<sup>th</sup>.</li> </ul> </li> <li>• <b>YTD P&amp;L may be omitted if the following criteria are met:</b> <ul style="list-style-type: none"> <li>➤ Two (2) years tax returns are provided, and no decline in income is present.</li> <li>➤ If the Note date is after April 15<sup>th</sup>, P&amp;L may only be omitted if the most recent tax year return is filed. If an extension is filed, then YTD P&amp;L for the prior year is required and depending on the Note date, current YTD P&amp;L may also be required.</li> </ul> </li> <li>• <b>Secondary Self-Employment Income:</b> <ul style="list-style-type: none"> <li>➤ Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul> </li> <li>• <b>Income from Self-Employed Co-Borrower:</b> <ul style="list-style-type: none"> <li>➤ Follow FNMA/FHLMC Seller Guide and AUS Findings</li> </ul> </li> </ul>
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	<p><b>Follow FNMA/FHLMC Seller Guide and AUS Findings for the following Self-Employment income types:</b></p> <ul style="list-style-type: none"> <li>• Corporation</li> <li>• Partnership/S-Corporation</li> <li>• Sole Proprietorship (Includes Schedule C and Schedule F)</li> </ul>
<b>Multiple Financed Properties</b>	<ul style="list-style-type: none"> <li>• The borrower(s) may own a total of ten (10) financed, 1–4-unit residential properties including the subject property and regardless of the occupancy type of the subject property. <ul style="list-style-type: none"> <li>➤ If the borrower owns up to four (4) financed properties: <ul style="list-style-type: none"> <li>○ Max financing for the subject transaction is allowed</li> <li>○ Additional financed 1–4-unit residential properties require three (3) months reserves for each property</li> </ul> </li> <li>➤ If the borrower owns between five (5) and ten (10) financed properties: <ul style="list-style-type: none"> <li>○ The subject transaction is limited to a maximum of 80% LTV/CLTV/HCLTV or program maximum (lower of the two)</li> <li>○ Subject property requires the greater of six (6) months reserves or required reserves per guidelines as indicated in the Asset Section of this guide</li> <li>○ Additional financed 1–4-unit residential properties require six (6) months reserves for each property</li> </ul> </li> </ul> </li> <li>• The borrower may own an unlimited number of financed 1–4-unit residential properties when the subject transaction is a primary residence with the following requirements met: <ul style="list-style-type: none"> <li>➤ The subject transaction is limited to a maximum of 80% LTV/CLTV/HCLTV or program maximum (lower of the two).</li> <li>➤ Additional financed 1–4-unit residential properties require six (6) months reserves for each property.</li> </ul> </li> </ul>
<b>Multiple Financed Properties</b>	<ul style="list-style-type: none"> <li>• 1–4-unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage.</li> <li>• Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation.</li> </ul>
<b>Properties Listed For Sale</b>	<ul style="list-style-type: none"> <li>• Properties currently listed for sale (at the time of application) are not eligible</li> </ul>
	<ul style="list-style-type: none"> <li>• 1-2 Unit Owner Occupied Properties</li> <li>• 1 Unit Second Homes</li> <li>• Condominiums – Attached – Warrantable- Follow AUS/Agency requirements. <ul style="list-style-type: none"> <li>➤ Limited review allowed for attached units in established condominium projects: <ul style="list-style-type: none"> <li>○ Eligible transactions as per AUS/Agency requirements.</li> <li>○ Projects located in Florida are not eligible for limited review.</li> </ul> </li> <li>➤ CPM or PERS allowed</li> <li>➤ Full Review allowed. Warranty to AUS/Agency full review guidelines.</li> <li>➤ Projects with 2-4 units – Follow AUS/Agency requirements.</li> <li>➤ Condominium documents to support condominium eligibility review must be</li> </ul> </li> </ul>

<p><b>Eligible Properties</b></p>	<p>no older than 120 days from Note date.</p> <ul style="list-style-type: none"> <li>• Condominiums – Detached (including site condominiums) <ul style="list-style-type: none"> <li>➤ Follow AUS/Agency requirements.</li> </ul> </li> <li>• Modular homes</li> <li>• Planned Unit Developments (PUDs)</li> <li>• Properties with ≤40 acres <ul style="list-style-type: none"> <li>➤ Properties &gt;10 acres ≤40 acres must meet the following: <ul style="list-style-type: none"> <li>○ No commercial use allowed</li> <li>○ No income producing attributes</li> </ul> </li> </ul> </li> </ul> <p><b>Miscellaneous:</b> Properties with leased solar panels must meet Fannie Mae requirements.</p> <p><b>Acceptable Forms of Ownership:</b></p> <ul style="list-style-type: none"> <li>• Fee Simple with title vesting as: <ul style="list-style-type: none"> <li>➤ Individual</li> <li>➤ Joint Tenants</li> <li>➤ Tenants in Common</li> </ul> </li> <li>• Deed/Resale Restrictions must meet Fannie Mae requirements.</li> </ul>
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<p><b>Ineligible Properties</b></p>	<ul style="list-style-type: none"> <li>• 2–4-unit second home properties</li> <li>• 3–4-unit owner occupied properties</li> <li>• Condotels / Condo Hotels</li> <li>• Manufactured Homes/Mobile Homes</li> <li>• Mixed-Use Properties</li> <li>• Model Home Leasebacks</li> <li>• Non-Warrantable Condominiums</li> <li>• Properties with condition rating of C5/C6</li> <li>• Properties with construction rating of Q6</li> <li>• Properties located in Hawaii in lava zones 1 &amp; 2</li> <li>• Properties located in areas where a valid security interest in the property cannot be obtained</li> <li>• Properties &gt;40 acres</li> <li>• Leasehold properties</li> <li>• Solar panels that will include formal Deed Restriction tied to borrower access to equipment.</li> <li>• Co-Ops</li> <li>• Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant</li> <li>• Tenants-in-Common projects (TICs)</li> <li>• Unique properties</li> <li>• Working farms, ranches, or orchards</li> </ul>
<p><b>Non-Arm's Length Transactions</b></p>	<p>A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party.</p> <p>The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> <li>• Family sales or transfers</li> <li>• Property seller acting as their own real estate agent</li> <li>• Relative of the property seller acting as the seller's real estate agent</li> <li>• Borrower acting as their own real estate agent</li> <li>• Relative of the borrower acting as the borrower's real estate agent</li> <li>• Borrower is the employee of the originating lender, and the lender has an established employee loan program. Evidence of employee program to be included in loan file.</li> <li>• Originator is related to the borrower</li> <li>• Originator is a current subsidiary of the builder</li> <li>• Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord).</li> </ul> <p>Gifts from relatives that are interested parties to the transaction are not allowed unless it is a gift of equity.</p> <p>Real estate agents may apply their commission towards closing costs and/or prepaids if the amounts are within the interested party contribution limitations.</p>

<p><b>Disaster Policy</b></p>	<p>The FEMA Declared Disaster Area Policy applies to all areas eligible for Individual and Public Assistance due to a federal government disaster declaration.</p> <p><b>Effective Date of Disaster Policy</b></p> <ul style="list-style-type: none"> <li>• The disaster-area policy becomes effective as of the incident period end date for the disaster/event. FEMA publishes the incident period along with the declaration date once the area is presidentially declared. For example, refer to the following dates to understand when property re-inspection requirements apply:             <ul style="list-style-type: none"> <li>○ Disaster Incident Period:                 <ul style="list-style-type: none"> <li>▪ Begin Date: January 15</li> <li>▪ End Date: January 17</li> </ul> </li> <li>○ Disaster Declaration Date: February 2</li> <li>○ Effective Date for Disaster Procedures: January 17</li> </ul> </li> <li>• Based on the dates noted in the above example, all appraisals performed on or before January 17 would require the appropriate re-inspection or review. Appraisals performed after January 17 would continue to require written certification by the appraiser that indicated whether the property was free from damage and whether the disaster had any effect on value or marketability. If there was damage, the extent of that damage needs to be addressed.</li> <li>• The disaster policy will be in effect for transactions during an ongoing disaster and transactions with a Note date that is within ninety (90) days of the end date of the disaster incident period. The disaster policy is also in effect for loans with a post-closing disaster and prior to date of purchase.</li> </ul> <p><b>Appraisal and Re-Inspection Requirements</b></p> <ul style="list-style-type: none"> <li>• To ensure the property value has not been impacted by the disaster, a post-disaster</li> </ul>

	<p>property inspection is required. The inspection may be performed by the original appraiser, another licensed appraiser, or licensed property inspection company.</p> <p><b>Appraisal performed on or before disaster incident end date</b></p> <ul style="list-style-type: none"> <li>The property inspection must identify the following: <ul style="list-style-type: none"> <li>Property is free from damage and the disaster had no effect on value or marketability.</li> <li>If the re-inspection indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by <a href="#">Form 1004D/442</a>, Appraisal Update and/or Completion Report, or other post disaster inspection report, with photos of interior, exterior, and neighborhood.</li> </ul> </li> </ul> <p><b>Standard Appraisal Performed After Incident Period End Date for Disaster</b></p> <ul style="list-style-type: none"> <li>Appraisal must include written certification by the appraiser that: <ul style="list-style-type: none"> <li>Property is free from damage and the disaster had no effect on value or marketability.</li> <li>If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by <a href="#">Form 1004D/442</a>, Appraisal Update and/or Completion Report, with photos of interior and exterior.</li> </ul> </li> </ul> <p>Please note that FEMA makes updates to their state lists. Sellers should closely monitor FEMA's online reference at <a href="http://www.fema.gov/news/disasters.fema">http://www.fema.gov/news/disasters.fema</a>.</p>
<b>Recasting</b>	<p>The following are standard requirements for requesting a recast:</p> <ul style="list-style-type: none"> <li>Borrower must submit request in writing to the Investor.</li> <li>Principal curtailment payment must be a minimum of \$10,000</li> <li>Loan must be current, with no record of 30-day delinquency</li> <li>If loan is a buydown, recasts are only eligible after the buydown period has expired</li> <li>If loan is an IO ARM, recasts are only eligible after the IO period has expired</li> <li>All other ARM products, recast eligibility is subject to Note provisions</li> <li>Recast is not eligible for Closed-End Second Program</li> <li>No limit on the number of recast requests</li> <li>No waiting period for recast requests <ul style="list-style-type: none"> <li>The Investor will only process recast requests submitted after the servicing transfer effective date.</li> <li>If a borrower plans to recast prior to servicing transfer effective date, during interim servicing, please make sure the funding area is notified for further instruction</li> <li>While the Investor's allows the review and approval of a recast, the Investor could potentially sell a loan after purchase to another investor. If this occurs, recast approval or denial would be the responsibility of the new investor. There is no guarantee a recast will be approved.</li> </ul> </li> </ul>
<b>Escrow Holdbacks</b>	Not allowed.
	<ul style="list-style-type: none"> <li>Transferred appraisals are not allowed.</li> <li>Appraisal Waivers also known as a PIW or Drive-By appraisals are not allowed.</li> <li>Appraisals must be completed for the subject transaction. Use of a prior appraisal,</li> </ul>



<p><b>Appraisal Requirements</b></p>	<p>regardless of the date of the prior appraisal, is not allowed.</p> <ul style="list-style-type: none"> <li>Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from Note. <ul style="list-style-type: none"> <li>The appraiser must inspect the exterior of the property and provide a photo.</li> </ul> </li> <li>Appraiser must review current market data to determine whether the property as declined in value since the date of original appraisal. If the value has declined since original appraisal, a new full appraisal is required.</li> <li>The appraisal Update (1004D) must be dated within 120 days of the Note date.</li> <li>Investment Properties must contain a rent comparable schedule.</li> <li><b>Collateral Underwriter (CU) or Loan Collateral Advisor (LCA) score in lieu of a CDA or CCA.</b> <ul style="list-style-type: none"> <li>The use of the Collateral Underwriter (CU) score in lieu of a CDA is allowed with the following requirements: <ul style="list-style-type: none"> <li>UCDP SSR included in loan file with a Fannie CU score of 2.5/or Loan Collateral Advisor (LCA) with a score of 2.5 -or- less</li> </ul> </li> </ul> <p><b>Note:</b> (CU/LCA) score cannot be used if a CDA or CCA has been pulled and value is not supported within 10% tolerance, further value support is required by either a Value Reconciliation from Clear Capital, Field Review, or 2<sup>nd</sup> full appraisal</p> </li> <li>Cannot interchange CU/LCA scores: Fannie Mae loans require CU score; Freddie Mac loans require LCA score.</li> <li>Collateral Desktop Analysis (CDA) ordered from Clear Capital or a Consolidated Collateral Analysis (CCA) from Consolidated Analytics is required to support the value of the appraisal if the CU score is not being applied. The Seller is responsible for ordering the CDA or CCA.</li> <li>If the CDA or CCA returns a value that is "Indeterminate" or if the CDA or CCA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met: <ul style="list-style-type: none"> <li>A Clear Capital BPO or Consolidated Analytics BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation or a Consolidated Analytics Value Reconciliation of three reports is required.</li> <li>The Value Reconciliation will be used for the appraised value of the property. The Seller is responsible for ordering the BPO and Value Reconciliation through Clear Capital or Consolidated Analytics.</li> <li>A field review or 2<sup>nd</sup> full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. The Seller is responsible for providing the field review or 2<sup>nd</sup> full appraisal.</li> </ul> </li> <li>If two (2) full appraisals are provided, a CDA is not required.</li> <li>For properties purchased by the seller of the property within ninety (90) days of the fully executed purchase contract the following requirements apply: <ul style="list-style-type: none"> <li>Second full appraisal is required.</li> <li>The property seller on the purchase contract is the owner of record.</li> <li>Increases in value should be documented with commentary from the appraiser and recent paired sales.</li> </ul> <p><i>The above requirements do not apply if the property seller is a bank that received</i></p> </li> </ul>
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	<i>the property as a result of foreclosure or deed-in lieu.</i>	
	<b>Appraisal requirements based on loan amount:</b>	
	<b>First Lien Amount</b>	<b>Appraisal Requirements</b>
	<b>Purchase Transactions</b>	
	≤\$2,000,000	1 Full Appraisal
	>\$2,000,000	2 Full Appraisals
	<b>Refinance Transactions</b>	
	≤\$1,500,000	1 Full Appraisal
	>\$1,500,000	2 Full Appraisals
	<ul style="list-style-type: none"> <li>When two (2) appraisals are required, the following applies: <ul style="list-style-type: none"> <li>➤ Appraisals must be completed by two (2) independent companies.</li> <li>➤ The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion.</li> <li>➤ Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled.</li> <li>➤ If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon.</li> </ul> </li> </ul>	