SLIM 7/6 & 5/6

Primary Residence				
Purchase and Rate/Term Refinance				
Property Type	**Max Loan Amount**	**Min Credit Score**	**Max LTV/CLTV**	**Min Reserves**
1-2 Units	$1,500,000	680	70%	3 Months PITIA
1-2 Units	$2,000,000	680	65%	3 Months PITIA
3-4 Units & Condo	$1,500,000	680	65%	3 Months PITIA
3-4 Units & Condo	$2,000,000	680	60%	3 Months PITIA
Cash-Out Refinance				
Property Type	**Max Loan Amount**	**Min Credit Score**	**Max LTV/CLTV**	**Min Reserves**
1-2 Units	$1,500,000	680	65%	3 Months PITIA
1-2 Units	$2,000,000	680	60%	3 Months PITIA
3-4 Units & Condo	$1,500,000	680	60%	3 Months PITIA
3-4 Units & Condo	$2,000,000	680	55%	3 Months PITIA
Second Home				
Purchase and Rate/Term Refinance				
Property Type	**Max Loan Amount**	**Min Credit Score**	**Max LTV/CLTV**	**Min Reserves**
1-2 Units	$1,500,000	680	70%	4 Months PITIA
1-2 Units	$2,000,000	680	65%	4 Months PITIA
3-4 Units & Condo	$1,500,000	680	65%	4 Months PITIA
3-4 Units & Condo	$2,000,000	680	60%	4 Months PITIA
Cash-Out Refinance				
Property Type	**Max Loan Amount**	**Min Credit Score**	**Max LTV/CLTV**	**Min Reserves**
1-2 Units	$1,500,000	680	65%	4 Months PITIA
1-2 Units	$2,000,000	680	60%	4 Months PITIA
3-4 Units & Condo	$1,500,000	680	60%	4 Months PITIA
3-4 Units & Condo	$2,000,000	680	55%	4 Months PITIA
Investment Home				
Purchase and Rate/Term Refinance				
Property Type	**Max Loan Amount**	**Min Credit Score**	**Max LTV/CLTV**	**Min Reserves**
1-2 Units	$1,500,000	680	65%	4 Months PITIA
1-2 Units	$2,000,000	680	60%	4 Months PITIA
3-4 Units	$1,500,000	680	60%	4 Months PITIA
3-4 Units	$2,000,000	680	55%	4 Months PITIA
Cash-Out Refinance				
Property Type	**Max Loan Amount**	**Min Credit Score**	**Max LTV/CLTV**	**Min Reserves**
1-2 Units	$1,500,000	680	60%	4 Months PITIA
1-2 Units	$2,000,000	680	55%	4 Months PITIA
3-4 Units	$1,500,000	680	55%	4 Months PITIA
3-4 Units	$2,000,000	680	50%	4 Months PITIA

***FICO <700: Dedcut 5% from MAX LTV**

General Program Guidelines		
Transaction Eligiblity	●Max DTI 43% ● Continuity of obligation is required: One of the borrowers must be on the existing mortgage ● The transaction is available for CA, TX, and NV loans.	
Income - Wage earner	• Written VOE form (FNMA Form 1005) completed by employer	
Income - Self emloyed	• 12 months P&L prepared by CPA (self-prepared P&L option available with add-on to rate) ● Business license for the business verifying at least 2 years of business history must be in file. (Personal license not acceptable) Professional individuals including freelancers or contractors with personal license are not eligible for this program. LOE from the borrower explaining the nature of business is required.	
Income - Rental	• Purchase: Form 1007 from appraiser • Refinance: Form 1007 from appraiser or 75% of gross rent from a lease agreement, whichever lower	
Lending Guide	All loans must be underwritten to the standards contained within this matrix and the Lending Guide. Any guidance published on this matrix supersedes any guidance referenced within the Lending Guide. • If guidance is not provided on this matrix or within the Lending Guide, please refer to the FNMA Seller Guide.	
Qualifying Rate	7/6 ARM (Note rate = Qualifying rate) 5/6 ARM (Note rate + 1% = Qualifying rate)	
Eligible Borrower	**Eligible**	**Ineligible**
	• U.S Citizen • Permanent Resident Allien • Non-Permanent Resident Alliens: - E-1, E-2 - G1 through G-5 - H-1B • First-Time Homebuyer *Visa must be valid at least 90 days of the note date.	• Foreign Nationals • Non-occupant co-borrowers (allowed for primary purchase & rate/term only) • Applicants possessing diplomatic immunity • Borrowers from OFAC sanctioned countries • Politically exposed borrowers • Any material parties to transaction listed on HUD's Limited Denial of Participation (LDP) list, the federal General Services Administrative (GSA) Excluded Party list or any other exclusionary list
Power of Attorney	Not Allowed on Cash-Out. Letter of explanation stating the relationship between the borrower and attorney-in-fact and the reason for using POA must be obtained from the borrower. POA must be specific to the transaction.	
Appraisal Requirements	Under $1.5MM one full appraisal and one automated valuation model (AVM) or desk review required. AVM/CDA must support the value and can be no more than 10% below the appraised value. Two appraisal reports required when loan amount is over $1.5MM. Rural - Less than 10 Acres. Transferred appraisal not acceptable. Newly built properties - A Certificate of Occupancy from the city is required	
Non-Arm's Length Transactions	Non-arm's length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and buyer of the property. - Primary residence only - Borrowers cannot be an owner of a business entity selling the subject property. - Borrowers cannot provide services on transaction (closing agent, title agent, appraiser, etc.). - Gift of equity from an immediate family member is permitted (Gift letter must be received). - Foreclosure bailout is not allowed.	
Liability	• Cosigned loans: 6 months payments made by the third party is required to omit the debts	
	• IPC limit: 6%of the property value for primary and second home, 3% for investement home. Borrower must have sufficient liquid assets available for down payment, closing cost and reserves. Acceptable Asset Statements (Account has to be opened more than 60 days) :	

Assets

- 1 month Bank Statement
- VOD in lieu of 1 month bank statement. Average balance must be used.

Large deposit - Need to be sourced if more than 50% of monthly income.
Large deposit from business account - Transactions that are not normal to daily business activity must be documented and verified.
When business assets are used for closing costs, Self-employed borrowers can only use amount corresponding to ownership %
Access letter - Required for any non-borrowing joint account holders to grant the borrower access to the funds

Reserve required as follows:
Primary: 3 months (PITIA reserve by qual rate)
Second/Investment: 6 months (PITIA reserve by qual rate)

IRA/ 401K:
- Able to use 70% (deduct 20% penalties and 10% tax)

Life insurance:
- Cash value can be used as down payment and reserves.

Sale Proceeds :
- The proceeds from the sale of a borrower's present home are a common and acceptable source for the down payment and closing costs on a new home.
- Copy of Final Settlement statement or Closing Disclosure for the sale showing sufficient net cash proceeds to consummate the purchase of the new home must be obtained.

● Gift funds may fund all or part of the down payment, closing costs, or reserves.
Gift letter must contain the amount of the gift, donor's name, address, phone number and relationship.
Acceptable donor is relative, defined as a spouse, child, parent, sibling, grandparent, aunt, uncle, cousin, domestic partner, fiancée, fiancé. Gift from trust account is not acceptable.
If borrower receives gift funds prior to closing, proof of wire transfer (copy of check) required.
Gift funds are not allowed for investment.
If borrower receives gift funds to borrower's account prior to closing, donor's ability – 2 mo. bank statements are required. If there is unreasonable large deposit, gift may not be used unless paper trail is provided. If gift funds is deposited to escrow/closing agent, donor's ability may not be required. Donors' business bank accounts are not an eligible source for gift funds.

● Cash out proceeds may not be used to cover reserves

Condo/Attached PUD

● Condo questionnaire and budget are required

Credit

Minimum Tradeline Requirements

- Borrower must have at least two individual tradelines in good standing seasoned for at least 12 months.
- Min FICO 680. Two FICO scores required. Lower of 2 or middle of 3 scores for each borrower (frozen reports must be unfrozen and credit reran).

Derogatory Credit Waiting Periods

Derogatory Event	Waiting Period Requirement
Bankruptcy - Chapter 7,11, and 13	4 years
Foreclosure	4 years

Collections

- Collection account with a balance < $500 or total collection balance < $2000, do not need to be paid prior to closing.
- Collection and charge-offs that have passed beyond the statute of limitations for that state do not need to be paid (supporting documentation required).
- All other collections or non-mortgage charge offs must be paid at or prior to closing.

Short-Sale and Deed-in-Lieu

- A borrower who has had a short-sale or deed-in-lieu completed within the last 2 years is not eligible.

	Payment History: Max # of allowed late payments Housing: 0x30 in last 12 mo.; 2x30 & 1x60 in the last 24 mo. Installment / Revolving (Open acct only): 3x30 in last 12 mo.; 4x30 & 1x60 in last 24 mo.
Multiple Financed Properties	All properties owned by applicant must be listed on 1003. The following criteria will apply for borrowers owning multiple properties: - A mortgage history will be required for all financed properties. - VOM and three months cancelled check needed if the property is not showing on the credit report. If rental income is used from additional properties borrower owns, it must be verified with fully executed lease agreement (must be current or verbiage stating month to month). If rent is used to qualify on departing property (within 3 months of departure) a copy of security deposit check and lease agreement are required.
Property Insurance	Follow FNMA Selling Guide
Conversion of Primary Residence	When borrower is applying to purchase a new primary residence and the borrower is selling or converting the current primary residence, the following conditions must be met. **Pending sale of current primary residence** If the current residence is pending sale, and the sale is not completed at the time of subject loan closed, the following requirements apply: - Both the existing and proposed PITI must be used to qualify the borrower, unless an executed sale contract for the current residence without financing contingencies is documented. - If the borrower has less than 20 % equity in the current primary residence - reserves of 6 months' PITI for both properties are required. - If the borrower has 20% or greater equity in the current primary residence documented by a current property valuation- reserve of 2 months' PITI for both properties are required. **Conversion of Primary Residence to Second Home or Investment** If rent from departing property is used to qualify within 3 months of departure, fully executed lease agreement and proof of security deposit required. If second home, both the existing and the proposed PITI must be used to qualify the borrower. - If the borrower has less than 20 % equity in the current primary residence - reserves of 6 months' PITI for both properties are required. - If the borrower has 20% or greater equity in the current primary residence documented by a current property valuation- reserve of 2 months' PITI for both properties are required.
Age of Document	Credit Report: Within 90 days of the Note Date Income/ Assets Docs: Within 60 days of the Note Date Title Report: Within 90 days of the Note Date Appraisal Report: Within 120 days of the Note Date.

Loan Purpose	**Purchase:** Use lesser of purchase price or appraised value for LTV calculation. **Cash-Out:** 1. Existing first mortgage being paid off through the transaction must be seasoned for 12 months of note date. 2. One borrower must have been on the title for at least for 6 months prior to the disbursement of the new loan. 3. Subject property cannot be listed for sale and listing must be withdrawn prior to the application date. 4. Ownership must be transferred out of the LLC and into the name of the individual borrower(s). **No Cash-Out:** 1. Subject property cannot be listed for sale and listing must be withdrawn prior to the application date. 2. The borrower may only receive cash back in the amount that is the lesser of $2,000 or 2% of the new loan amount. 3. Seasoning not required for value **Delayed Financing Exception:** Borrowers who purchased the subject property within the past six months are eligible for a cash out refinance if all the following requirements are met: 1. The original purchase transaction was an arm-length transaction. 2. The original purchase transaction in documented by a HUD-1 Settlement Statement, which confirms that no mortgage financing was used to obtain the subject property. 3. The preliminary title search or report must confirm that there are no existing liens on the subject property. 4. The source of funds used for the purchase transaction must be documented and must be borrower's own funds. 5. Amount of cash-out cannot be greater than the borrower's original investment to purchase the property plus closing costs. If gift funds were used, it cannot be reimbursed and source of EMD needs to be verified if the amount is to be included in the cash back.
Property Types	Eligible: - 1 unit attached and detached SFR and PUDs - Condominiums - 2-4 units Ineligible: - Condo Hotel - Non warrantable Condo - Leasehold Estate - Boarding Houses - Manufactured homes - Timeshare or segmented ownership projects - Mixed Use