PRIME Connect

FULL DOC, EXPRESS DOC, ASSET DEPLETION, 12/24 BANK STATEMENT WVOE ONLY, 1099 AND P&L ONLY

PRIMARY RESIDENCE (1-4 Units)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE & TERM	90%[1,2,3,4,5,6,7,8] (Purchase Only)	$1,000,000	700
	90%[1,2,3,4,5,6,7,8] (Purchase Only)	$1,500,000	720
	85%[1,3,4,6,7,8]	$2,000,000	680
	80%[3,6]	$2,000,000	660[3]
		$2,500,000	680
		$3,000,000	700
	75%	$3,500,000	700
	65%	$2,500,000	660[3]
CASH OUT	80%[3,6]	$1,500,000	700
		$2,000,000	720
	75%[3,6]	$1,500,000	660[3]
		$2,000,000	700
		$2,500,000	720
	70%	$2,000,000	660[3]
		$2,500,000	700
		$3,000,000	720

SECOND HOME (1 Unit)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE & TERM	85%[1,4,6,7,8]	$1,000,000	680
		$1,500,000	720
	80%	$1,000,000	660
		$2,000,000	680
		$2,500,000	700
	75%	$1,500,000	660
		$2,500,000	680
	70%	$3,000,000	700
	65%	$2,000,000	660
CASH OUT	75	$1,500,000	680
		$2,000,000	720
	70%	$1,500,000	660
		$2,000,000	680
		$2,500,000	720
	65%	$2,000,000	660

INVESTMENT (1-4 Units)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE & TERM	80%	$1,500,000	660
		$2,000,000	680
		$2,500,000	700
	75%	$2,000,000	660
	70% (Purchase only)	$3,000,000	720
CASH OUT	75%	$1,500,000	680
	70%	$2,000,000	660
		$2,500,000	720

[1]>80%: Interest Only 40 Yr IO not permitted
[2]>85%:
- Max DTI 45%
- Min loan amount $200k.
- Interest Only not permitted
- No FTHB
- Escrows required (See Operations Manual for state specific requirements)

[3]P&L ONLY– Max 80% Purchase; Max 75% Rate & Term; Max 70% Cash Out; Max $2M UPB; Min 680 FICO; Primary Residence only

[4]Non-Warrantable Condo – Max 80%
[5]Condos – Max 85%
[6]WVOE ONLY – Max 80% Purchase; Max 70% Rate & Term and Cash Out; Max $1.5M UPB
[7]FLEX Connect – Max 80%
[8]Acreage >10 – Max 80%

Asset Depletion
- Primary and 2nd home – Max 80% LTV/CLTV
- Investment Property – Max 65 % LTV/CLTV
- Cash out – Max 60% LTV/CLTV
- Gift funds may not be used

PLUS Connect[2]

FULL DOC, EXPRESS DOC, ASSET DEPLETION, 12/24 BANK STATEMENT, 1099 AND P&L ONLY

PRIMARY RESIDENCE (1-4 Units)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE & TERM	80%[1]	$1,500,000	640[1]
		$2,000,000	660[1]
		$2,500,000	700
	75%	$2,000,000	620[1]
		$2,500,000	680
		$3,000,000	700
CASH OUT	80%[1]	$1,000,000	680
	75%[1]	$1,500,000	660[1]
		$2,000,000	680
	70%	$1,500,000	640[1]
		$2,000,000	660[1]
		$2,500,000	700
	65%	$1,500,000	620[1]
		$2,500,000	680

SECOND HOME (1 Unit)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE & TERM	80%	$1,000,000	640
		$1,500,000	660
		$2,000,000	680
	75%	$1,500,000	640
		$2,000,000	660
		$2,500,000	700
	70%	$2,000,000	640
		$2,500,000	680
CASH OUT	75%	$1,500,000	660
		$2,000,000	700
	70%	$1,000,000	640
		$2,000,000	680
	65%	$2,000,000	660

INVESTMENT (1-4 Units)

TRANSACTION TYPE	MAX LTV/CLTV	MAX LOAN AMOUNT	MIN FICO
PURCHASE RATE & TERM	80% (Purchase Only)	$1,000,000	640
		$1,500,000	660
		$2,000,000	680
	75%	$1,500,000	640
		$2,000,000	660
	70%	$2,500,000	680
CASH OUT	75%[1]	$1,500,000	660
		$2,000,000	700
	70%	$1,000,000	640
		$2,000,000	660
	65%	$1,500,000	640
		$2,500,000	680

[1]P&L ONLY – Max 80% Purchase; Max 75% Rate & Term; Max 70% Cash Out; Max $2M UPB; Min 680 FICO; Primary Residence only
[2]FLEX Plus follows Plus matrix

***Asset Depletion**
- Primary and 2nd home – Max LTV/CLTV 80%
- Investment Property – Max LTV/CLTV 65%
- Cash out – Max LTV/CLTV 60%
- Gift funds may not be used

PRODUCTS	**All Products**	See product table below
MIN LOAN AMOUNT	**All Programs**	$125,000
INTEREST ONLY	**PRIME Connect**	Purchase: • Max 85% for 30 yr IO. • Max 80% for 40 Yr IO Rate & Term and Cash Out: Max 80% LTV/CLTV Min FICO 700
	PLUS Connect	Min FICO 680
	FLEX Connect	Prime/Plus restrictions apply
INTEREST ONLY PERIOD		40 Year Interest Only = 10 year I/O then 30-year amortization; Max 80% LTV/CLTV 30 Year Interest Only = 10 year I/O then 20-year amortization; Max 85% LTV/CLTV
QUALIFICATION	**PRIME Connect; Plus Connect**	5/6s and 7/6s - greater of Note Rate or the Fully Indexed Rate (rounded to the nearest .125)
	FLEX Connect	5/6s – greater of the Note Rate + 2% or Fully Indexed rate 7/6s – qualify at the Note Rate • HPML/HPCT qualify at the greater of the Note Rate or the fully indexed rate
	For I/O's calculate payment based on (1) the Qualifying Rate described above, (2) the original balance, and (3) a term that equals the amortization term (i.e., 360 months for 40 year I/O). Qualifying payment for I/O must include principal component.	

Product	Term	IO Term	Initial Cap	Periodic Cap	Life Cap
5/6 ARM	360 mo	NA	2	1	5
5/6 ARM	480 mo	NA	2	1	5
5/6 ARM IO	360 mo	120 mo	2	1	5
5/6 ARM IO	480 mo	120 mo	2	1	5
7/6 ARM	360 mo	NA	5	1	5
7/6 ARM	480 mo	NA	5	1	5
7/6 ARM IO	360 mo	120 mo	5	1	5
7/6 ARM IO	480 mo	120	5	1	5
15 Yr Fixed	180 mo	NA	NA	NA	NA
30 Yr Fixed	360 mo	NA	NA	NA	NA
30 Yr Fixed IO	360 mo	120 mo	NA	NA	NA
40 Yr Fixed	480 mo	NA	NA	NA	NA
40 Yr Fixed IO	480 mo	120 mo	NA	NA	NA

DTI

PRIME Connect and PLUS Connect	Max 55%	• 9 months reserves • Min 720 • Max $1.5M • No 40-yr term • No Interest Only • Max 80% LTV/CLTV on Primary Residence only • 2nd Homes/Investment properties are ineligible • No P&L, WVOE, or Asset Depletion income doc type as a primary or supplemental income source • No CPA provided expense ratio allowed • Cash-out ineligible
	Max 45%	LTVs/CLTVs >85%
	Max 50%	All other
FLEX Connect	Per DU®/DO®/LPA® (Max 50%)	
When Asset Depletion is used as a supplemental source of income, max DTI is 45%		

BORROWER ELIGIBILITY

U.S. Citizen
Permanent Resident Alien
Non-Permanent Resident Alien
Non-Occupant Co-Borrowers
- Per FNMA/FNMA/AUS
- Eligible with blended ratios
- TX50(a)(6) transactions are ineligible

First Time Investor
First Time Homebuyers –
- Defined as not having owned a property/rental in the last 7 years

Limited Partnerships, General Partnerships, Corporations, Limited Liability Company – Eligible (Layered entities not permitted)
Foreign Nationals – Ineligible

CREDIT EVENTS

	Short Sale, Foreclosure, Single BK, NOD, 120+ Delinquent
PRIME Connect	4 Years BK - Ch 7, 11,13 – based on discharge or dismissal date Multiple BK's, regardless of seasoning, are ineligible
PLUS Connect	2 Years
	1 Year
FLEX Connect	Follow applicable PRIME or PLUS Connect credit grades
	For loan casefiles with credit events outside of FNMA allowances, "Extenuating Circumstance (EC)" override in DO® may be used. The loan must still fall within Connect Prime or Connect Plus requirements for seasoning.

HOUSING HISTORY

	12 Month Housing History
PRIME Connect	1 x 30 x 12
PLUS Connect	0 x 60 x 12
FLEX Connect	PRIME: 1 x 30 x 12 (per DO®) (no rolling)
	PLUS: 0 x 60 x 12
	For loan casefiles with credit events outside of FNMA allowances, "Extenuating Circumstance (EC)" override in DO® may be used. The loan must still fall within Connect Prime or Connect Plus requirements for seasoning.

<table>
<tr><td rowspan="3">QUALIFYING FICO</td><td>Full Doc, Express Doc, Asset Depletion and FLEX</td><td>Bank Statement</td></tr>
<tr><td>Primary income earner</td><td>Primary income earner
Borrowers with 50/50 split ownership, need to use the higher of the two mid FICO scores</td></tr>
<tr><td colspan="2">No borrower can have a middle FICO score less than 660 (PRIME Connect; PRIME FLEX), 620 (PLUS Connect; PLUS FLEX)
First Time Investor – Min 700 FICO
VantageScore and T-Score ineligible
When supplemental sources of income are being used, the lower of doc type, pricing and LTV/FICO caps apply</td></tr>
<tr><td rowspan="2">RESERVES</td><td>Prime/Plus:</td><td>Full Doc (Full Doc, Express Doc, 1099) – 3 Months
Alt Doc (Bank statements, P&L and WVOE) – 6 Months

No Reserves Required - R/T Refi, Max 60% LTV/CLTV, Min 0x30x12</td></tr>
<tr><td>FLEX Connect</td><td>Follow DO®. Cash Out may be used for reserves. Loans with layered risk may require additional borrower assets to meet reserve requirements.</td></tr>
<tr><td>GIFT FUNDS</td><td colspan="2">Primary Purchase Only
Borrower must have 5% of their own funds documented but not required to use
• Borrowers with no housing history must have 10% of their own funds documented but not required to use
• If the above minimum borrower contribution % is not used towards the down payment, those funds can be used towards reserves
• Must follow FNMA's "Acceptable Donors" list
Gift of equity eligible to a max 75% LTV (Primary Only)
FLEX Connect – Follow FNMA for all gift, gift of equity and minimum borrower contribution requirements.
If min borrower contribution % is not used towards the down payment, those funds can be used towards reserves.</td></tr>
<tr><td>INTERESTED PARTY CONTRIBUTIONS (IPC)</td><td colspan="2">Primary and Second Homes:
• 6% for LTV >75%
• 9% for LTV ≤75%
Investment:
• Max 6%</td></tr>
<tr><td>MAX CASH OUT</td><td colspan="2"><table><tr><td></td><td>≤70% LTV/CLTV</td><td>>70% LTV/CLTV</td></tr><tr><td>All Programs</td><td>Unlimited</td><td>$1M</td></tr></table></td></tr>
<tr><td>CASH OUT TRANSACTION</td><td colspan="2">▪ Cash Out permitted to meet reserves for all programs.
▪ May pay off an existing mortgage(s) with a minimum 6 months seasoning or create a new lien if the property is owned free and clear</td></tr>
<tr><td>ASSETS</td><td colspan="2">• Asset Statements
  o Asset Depletion: 3 months statements
  o All other programs: 1 month statement
    ▪ Statements not required for Cash Out transactions which satisfy reserves
• FNMA approved third party direct pull services are eligible (i.e. Blend)
• 100% value of Bank Accounts, Stocks, Bonds, Mutual Funds, Retirement Accounts at vesting percentage</td></tr>
<tr><td>INCOME DOCS</td><td colspan="2"><table>
<tr><td>Full Doc (2 Year)/Express Doc (1 Year)</td><td>1099</td></tr>
<tr><td>▪ Wage Earner - most recent YTD paystub or Third-Party VOE (i.e., Equifax, Experian, TrueWork) and 1 or 2 years W2
▪ Self Employed = 1 or 2 years personal & business tax returns w/ YTD P&L if application is dated more than 120 days after the end of the business tax year</td><td>▪ Self Employed independent contractors or 100% commission qualify at 90% of gross 1099 earnings
▪ 1 or 2 years 1099 + YTD earnings statement</td></tr>
<tr><td>12/24 Month Bank Statements</td><td>Asset Depletion</td></tr>
<tr><td>12- or 24-months bank statements for Self Employed. See Bank Statement Income below</td><td>• Use unrestricted liquid assets as qualifying income
• 90 days of statements with 5 yr draw period</td></tr>
<tr><td>FLEX Connect</td><td>P&L Only</td></tr>
<tr><td>▪ Follow DO® findings with min 1-year verification of income
▪ If the tax return year is dated more than 90 days prior to</td><td>• Tax attorney/CPA/EA/CTEC prepared P&L with attestation and license verification (PTIN is ineligible)</td></tr>
</table></td></tr>
</table>

the note date, a YTD P&L dated within 90 days of note date, along with the two most recent months of banks statements ▪ Third Party VOE (i.e., Equifax, Experian, TrueWork) is acceptable ▪ Bank Statement product is eligible with FLEX features	▪ Borrower must have owned and operated the business a minimum 2 years
WVOE Only	
▪ FNMA Form 1005 with deliver and receipt documents ▪ Wage earners only. Minimum 1 year at current job with 2-year history ▪ Borrower's employed by family or related individuals are ineligible	

BANK STATEMENT INCOME

- 12- or 24- months most recent Personal or Business bank statements
- 2-year history of business ownership - greater than 1 year but less than 2 can be considered
- Business ownership –Minimum of 20% ownership (25% for business bank statements; 20% for personal statements w/evidence of business bank account)

BUSINESS BANK STATEMENTS

Borrowers who are using more than 5 business bank accounts must qualify using personal bank statements

FIXED EXPENSE RATIO

Option 1: 50% Expense Factor - All businesses can qualify using a 50% expense ratio

- Verify borrower is minimum 25% owner of business
- Decreasing or negative ending balances must be addressed
- Cyclical and seasonal trends may be taken into consideration

Option 2: 30% Expense Factor

- Eligible for small service businesses (Consulting, Accounting, Legal, Therapy, Financial Planning, Insurance, etc.)
  - Any Retail, Wholesale or non-office services (e.g. landscaping, contractor) are ineligible)
  - No more than 5 employees
  - May have a small office space with rent not exceeding 15% of gross income

Option 3: 20 % Expense Factor - Eligible if all of the following applies to business

- Borrower is sole owner and operator of the business (no partners, employees, etc.)
- Consultant, contractor or service business with minimal cost of goods, no heavy equipment or machinery and less than 10% of income goes toward any office space (must be documented)

Option 4: Third Party Expense Ratio I 10% Floor

- Max LTV 80% Purchase/Rate & Term; 75% Cash Out
- Tax Preparer must be an independent, licensed Tax Attorney/CPA/EA/CTEC in good standing. (PTIN is ineligible)
- Third party must attest to having filed most recent 1- or 2-years business tax returns audited the business financial statements, OR reviewed working papers provided by the borrower
- Tax Preparer must verify the name of the business and borrower's ownership percentage
- To determine net income, multiply eligible business deposits by the following: 100% minus the Expense Ratio as described above
- CPA letter must be on letterhead, wet signed, dated and originate from CPA office, DocuSign not allowed

Note: Self Employed borrowers who file their own tax returns are not eligible

PERSONAL BANK STATEMENTS

Option 1: Personal bank statements with evidence of business bank account.
- 100% of business deposits in a personal bank account can be used.
- Provide most recent 2 months business statements to validate deposits are from the borrower owned business bank account. (Only giving credit for transfers from the business; or receipt of payroll from business and distributions only)
- Minimum 20% ownership

Option 2: Personal bank statements with no business bank account – service business.
10% Expense factor for Co-mingled bank accounts (Example: Sch C consultants, independent contractors, etc.)
- 12-or 24 months complete personal bank statements from the same account if borrower does not have a separate business bank account
- Service business (no goods, parts or materials needed)
- Sole practitioner (no partners, employees, or contractors)
- Works out of the home (does not rent any space office/warehouse)
- Does not require any heavy equipment/ machinery/ vehicles

Option 3: Personal bank statements with no business bank account – non-service business

<table>
<tr><td></td><td colspan="2">When business and personal funds are commingled and no business account exists:
o Statements are analyzed as business bank statements
o Appropriate expense factors must be applied
o Only self-employment related deposits are included in the income calculation
o Repeated expenses not reflected on the credit report may require:
    o Additional explanation, and
    o Ma be treated as a liability
• Deposits from Self Employment business only, will be included in bank statement calculation.
• A trend of repeated expense not reported on the credit report may need additional explanation and may be considered a liability
• Minimum 25% ownership</td></tr>
<tr><td>P&L ONLY INCOME</td><td colspan="2">• Max 80% Purchase/75% Rate & Term; 70% Cash Out
• Min 680 FICO
• Max $2M loan amount
• Primary Residence Only
• Must be US based business
• Passive income from crowdfunding, real estate investors (with fewer than 5 residential units), venture capitalists, asset speculation, day trading and the like are considered ineligible for P&L
• Self Employed borrowers only. Must own >= 50% of respective business
    o P&Ls with expenses representing <15% of total revenue are ineligible.
• Most recent 12 or 24 -month P&L wet signed and dated by Preparer and Borrower. P&L end date must be less than 90 days old at closing
• Profit & Loss statements must be completed by an independent licensed Tax Attorney/CPA/EA/CTEC in good standing (PTIN is ineligible)
• Tax Preparer must attest to having filed the most recent 1- or 2-years business tax returns and that they are not related to or associated with the borrower or borrower's business. Preparer's license and contact information must be included.
    o If the tax professional has not filed their most recent business tax return, the following must be provided:
        ▪ Two-month business bank statements for the most recent two months reflected on the P&L
        ▪ Bank statement deposits must support 80% of the monthly average revenue from the P&L. If the most recent 2 months of the bank statements do not support 80% of the gross revenue, continuous bank statements may be added to the analysis until the tolerance is met.
• Minimum of 2 years self-employment in the current profession
• Borrower narrative on nature of business required</td></tr>
<tr><td>WRITTEN VERIFICATION OF EMPLOYMENT</td><td colspan="2">• Max LTV 80% Purchase; 70% Rate & Term/ Cash Out; Min 680 FICO
• $1.5MM Max Loan Amount
• Prime Connect Only
• Primary Residence Only
• FTHB – Max 70% LTV
• Wage Earners Only
• Two years history of employment in the same industry and 1-year continuous employment at current job</td></tr>
<tr><td rowspan="3">FLEX CONNECT (DO® Documentation and Bank Statement Income)</td><td colspan="2">FLEX program will utilize Fannie Mae Desktop Underwriter (DO®) with the added guideline allowance of Connect PRIME and Connect PLUS benefits for ease of process. The loan will be underwritten to the FLEX program matrix, the DO® Findings, and the overlays noted below. Any items not addressed in this section will default to FNMA/DO® guidelines. This is a Non-QM program.</td></tr>
<tr><td>Underwriting Process</td><td>▪ FNMA DO® is required
▪ FHLMC LP® is not allowed</td></tr>
<tr><td>DO® (AUS) Requirements</td><td>▪ Approve/Eligible
▪ Approve/Ineligible (due to loan amount, loan structure, Interest Only, property (non-warrantable condo) and credit event.
▪ Refer to Credit Event section for details
▪ Note: Refer or Caution findings will not be eligible for delivery, however, may be eligible under Connect Prime or Connect Plus Program and considered a manual UW.</td></tr>
</table>

TRADELINES	**PRIME Connect** **PLUS Connect**	▪ **Three Credit Scores:** If the qualifying borrower has three credit scores, the minimum tradeline requirement is waived for all borrowers. ▪ **Minimum Tradelines:** ○ Each borrower must have at least 2 tradelines, or ○ Joint borrowers must have a combined total of at least 3 tradelines. ○ Tradelines must be rated for a minimum of 12 months and show activity within the last 24 months. ▪ **Open or Closed Accounts:** Tradelines may be either open or closed. ▪ **Derogatory History:** Eligible tradelines must not have any derogatory history within the previous 24 months. ▪ **Current Housing Not Reporting on Credit:** Current housing that is not reporting on the credit report may be considered an open tradeline if supported by bank records, such as cancelled checks or bank debits. ▪ **Authorized User Accounts:** Authorized user accounts may not be used to meet the minimum tradeline requirement. ▪ **Non Traditional Credit:** Non traditional credit is not permitted as an eligible tradeline.
	FLEX Connect	Follow DO® Findings
PROPERTY	Primary 1-4 Units / Second Home 1 Unit /Non-Owner 1-4 Units Rural Properties • Max 20 acres • No income producing attributes • Properties with acreage > 10 are subject to max 80% CLTV Max Financed Properties – Prime/Plus - 20; FLEX- as per FNMA DO® CEL exposure to a single borrower/guarantor is limited to $5M UPB or 10 loans. Live/Work Condos – Follow FNMA Subject Property STR income is not allowed. Long term annual rents to qualify is permitted. Max Acreage – Max 20 acres Minimum Square Footage – 500 sq ft. per unit- No kitchenettes Declining Markets requires a 5% LTV reduction from max borrower qualifies for; Floor: 75% Purchase; 70% Refinance State Condominium Requirement (Warrantable and Non-Warrantable): California **Balcony Bill – SB326**: An inspection is required for projects with wood deck, balcony, stairway, walkway, or railing elevated more than 6 feet above the ground. Projects with an unacceptable or no inspection are ineligible. Florida– Projects over 30 years old or 25 years if within 3 miles from the coast, a structural inspection within every 10 years is required for projects 3 stories or higher. • Inspection must confirm no conditions severe enough to affect the safety, soundness, structural integrity or habitability of the improvements • Projects with unacceptable or no inspections are ineligible.	
NON-WARRANTABLE CONDOS	(see table below)	

NON-WARRANTABLE CONDOS

Non-Warrantable Condos – Limited to two	
Allowable Features:	
Max LTV	80%
Presale	At least 30% of the units must be sold or under bona fide contract
Commercial Space	Up to 50%
Recreational Leases	Eligible
Single Entity Ownership	A single entity can own up to 30% of units
Delinquent HOA	Up to 25%
Master Coverage Deductible	Up to 10% deductible max allowed.
Reserves	Minimum 10% required
Mandatory Memberships	Cannot exceed 10% of purchase price
Ineligible Features/Requirements for Non-Warrantable Condos:	
Material Litigation – Structural/Functional litigation against	Ineligible

developer	
Insurance Coverage	Coverage amount less than the replacement cost is ineligible (Actual Cash Value is not permitted except for the roof)
Newly Converted - Non-full gut rehabs	Ineligible
Flood Insurance	Projects in a flood zone with no master flood coverage are ineligible. Borrower individual policies are not acceptable
Project Completion	Project not 100% complete and HOA not turned over: • At least 50% of the units in the subject property phase must be sold or under bona fide contract • All common elements in the project or legal phase must be 100% complete

APPRAISAL REQUIREMENTS

PRIME Connect/PLUS Connect	Loan amount ≥ $2,000,000 and >65% LTV/CLTV - 2 full appraisals
FLEX Connect	Follow applicable credit grade (PRIME Connect or PLUS Connect) appraisal requirements. PIWs are ineligible

Hybrid Appraisals

Approved Vendors	CEL Approved Vendors	
Hybrid Appraisal Type	Purchase, Rate & Term Cash Out	Interior Hybrid Appraisal signed by a state licensed/ certified appraiser.
Max Loan Amount	$1,500,000	
Property Types	Eligible	Ineligible
	• SFR • PUD • Condo	• Rural • Leaseholds or Properties on leased land • Irregular or non-residential zoning • Atypical or extremely custom homes • Properties on acreage - 5+ Acres • Properties in need of major repairs • New construction PUDs / Condos • Properties subject to inspection • HPML

Max LTV/CLTV

	Purchase	Rate & Term	Cash Out
Owner Occupied	75%	70%	60%
2nd Home	70%	70%	60%
Investment	70%	65%	60%

HPML flips require 2nd full appraisal
All appraisals require a third-party valuation product (Desk review/CU/LCA/AVM) ordered by ClearEdge
When 2 full appraisals are required – separate product review is not required

All appraisals require a third-party desk review
CU/LCA score of 2.5 or lower - no 3rd party review required. When both a CU and a LCA SSR are provided, the lower score of the two is used to determine if a review is required.
Transferred appraisals acceptable. Must be ordered through an AMC.

ESCROWS

- Required for HPML loans per CFPB
- Required for LTVs >85% (See Operations Manual for state specific requirements)

SUBORDINATE FINANCING

Secondary financing allowed for primary residence only
Re-subordination allowed for refinances
LTV = CLTV per matrix
FLEX Connect – Follow FNMA/DO®

PREPAYMENT PENALTY (INVESTMENT PROPERTIES)

Applies only to Investment Properties – PRIME Connect, PLUS Connect, FLEX Connect
Hard Prepayment penalties may be required on investment property transactions when permissible by state law. Buydown options are available to reduce or remove prepayment penalty
Prepayment Penalty is not allowed in the following states:
DE, IL, KS, LA, MD, MI, MN, MS, NH, NJ, NM, OH, RI, VT

- Prepayment Penalty is not allowed on ARM transactions in the state of Indiana
- Prepayment Penalty in the state of Kentucky is not allowed on refinances from the same lender
- Prepayment Penalty in the state of Pennsylvania prohibited on loans for 1-2 units with loan amount ≤ $329,411
- Prepayment Penalty in the state of South Carolina is not allowed for loan amounts <=$810,000