Jumbo Program

Fixed Rate

Owner-Occupied Primary Residence					
Transaction Type	**Units**	**LTV**	**Loan Amount** [1,2]	**Credit Score**	**Reserves** [3]
Purchase	1	80%	$1,500,000	720	9 months
	1	70%	$1,000,000	700	12 months [4]
	1	70%	$2,000,000	720	12 months
Limited Cash-out	1	80%	$1,000,000	720	9 months
	1	70%	$1,000,000	700	12 months [4]
	1	75%	$1,500,000	720	9 months
	1	70%	$2,000,000	720	12 months
Cash-Out	1	65% [5]	$1,000,000	740	9 months
	1	60% [5]	$1,500,000	740	9 months
	1	55% [6]	$2,000,000	740	9 months
Second Home					
Transaction Type	**Units**	**LTV**	**Loan Amount** [1,2]	**Credit Score**	**Reserves** [3]
Purchase/ Limited Cash-Out	1	70%	$1,000,000	720	12 months
	1	65%	$1,500,000	740	18 months

Footnotes:

1. Minimum loan amount is $417,001. Loan amounts between the conforming limit and the High Balance limit are eligible.
2. First time homebuyers are limited to a maximum $1,000,000 loan amount. Twelve months PITIA reserves required. Refer to the Borrowers - Eligible topic for first time homebuyer's definition.
3. Reserve requirements stated above (PITIA) apply to the subject property. Additional financed properties require 6 months PITIA reserves, per property.
4. Credit score ≥ 720 a minimum of 9 months reserves (PITIA) is acceptable.
5. Maximum cash-out is limited to $250,000. The maximum cash out includes any debt payoff (does not include the payoff of the mortgage lien against the property). Cash-out received at closing cannot be used to satisfy reserve requirements.
6. Maximum cash-out is limited to $300,000. The maximum cash out includes any debt payoff (does not include the payoff of the mortgage lien against the property). Cash-out received at closing cannot be used to satisfy reserve requirements

Topic	Guideline
4506-T	• 4506-T must be signed by all borrowers prior to loan closing • 4506-T results must be validated against the income documentation. Transcripts must match documentation in the file. • Broker provided processed 4506-T results are **not** eligible
Age of Documents	• All credit, income and asset documentation cannot be more than 90 days old from the date the loan documents **are executed by the borrower/notarized**. It is **not** based on the Note date. • Appraisal documents cannot be more than 90 days old from the date the loan documents are **executed by the borrower/notarized**. It is **not** based on the Note date.
Appraisals	No exceptions to the appraisal requirements will be granted. • Loan amounts ≤ $1,000,000 require one of the following: - One full appraisal plus enhanced desk review, or - One full appraisal and a 2055. 2055 must be from a REMN approved AMC. • Loan amount > $1,000,000 requires two full appraisals. Appraisals may be ordered from the same AMC but must be from two separate appraisal companies. • The property value will be the lesser of the appraised value(s) or the desk review value. • All appraisals must be ordered through a REMN approved AMC. Refer to Appraisal Management Companies topic for details. • A Fannie Mae Market Conditions Addendum (Form 1004MC) and a Fannie Mae Submission Summary Report is required on all appraisals. • Appraisals must be Uniform Appraisal Data (UAD) compliant and meet Fannie Mae's Appraiser Independence Requirements (AIR). • The appraiser must be experienced in the appraisal of properties similar to the type being appraised. • The appraisal must provide legible interior and exterior photos. - The exterior photos must contain photos of the front, back and street scene of the subject property as well as the front of all comparable sales. - The interior photos, at minimum, must include: - Kitchen, (freestanding stove/range or refrigerator not required) - Main living area, - All bathrooms, and - Examples of physical deterioration, if present, and - Examples of any recent updates, if present (i.e. remodel, renovation, restoration) • Comparable sales will be analyzed by date of sale, proximity to subject property, number of adjustments, gross room count and unit count. • Comparable sale gross adjustments should not exceed 25% of the sales price of the comparable, while net adjustments should not exceed 15% of the sales price of the comparable. • Appraisal must identify and address properties located within a declining market. Properties are identified as Category B, C, or D. An LTV reduction of 5%-10% will be required as follows: - Category B: The appraisal and 1004MC will be carefully reviewed by the underwriter. If the appraiser indicates a concern that property values may be declining a 5% LTV reduction is required. - Category C: Requires a 5% LTV reduction - Category D: Requires a 10% LTV reduction Refer to the Jumbo Declining Markets Identifier located on the REMN Wholesale website under "Working with REMN" to determine if property is subject to an LTV reduction. Enter the subject property zip code to determine if an LTV reduction may apply. • Modular/prefabricated homes: The appraiser must address the marketability of the property. • Septic tanks and cesspools are acceptable provided the appraiser demonstrates that such systems are common and customary for the area.

Appraisals (cont.)	• Properties using an alternative water supply are acceptable provided the appraiser demonstrates that such systems are common and customary for the area. • Private roads require a permanent easement for ingress and egress with provisions for road maintenance. • REMN requires properties to be, at minimum, in average condition. Additionally, the following applies: -A conventional heat source with the ability to maintain a temperature of 50° in areas of the property where there is plumbing. In areas where it is common and customary to not have a permanent heat source (e.g. Hawaii) this requirement may be waived. The appraiser must confirm it is not a violation of local building codes to not have a heat source and that the property is habitable year round. - Any broken glass that is a health hazard must be removed and the opening closed. • A new appraisal will be required if the appraisal will be more than 90 days old from the date the Note was signed. • Maximum of 10 acres • Land value should not exceed 40% of the property value. If the land value exceeds 40% the appraiser must include an explanation, indicate whether the land value is consistent with other properties in the area and provide evidence in the comparable sales. • Any comments made by the appraiser regarding the improvements must be carefully reviewed. • The appraiser must describe any repairs required on the property or the impact of any sales concession. Personal property cannot be appraised as if it was real property . • Properties located in a FEMA Disaster Declaration area will be subject to additional appraisal review. • Appraisal transfers are ineligible.
Appraisal Management Companies (AMC)	Appraisals must be ordered from one of the following REMN approved AMCs: • ACT Appraisal Management • AMC Settlement Services • Axis Management Solutions • Mortgage Management Consulting, Inc. • Nationwide Appraisal & Property Services • Valuation Management Group

<table>
<tr><td>Assets</td><td>

All funds used to close the transaction must be disclosed on the 1003 and be owned by the borrower.
The source of assets must be seasoned for a minimum of 60 days prior to application date. Any large deposit or funds on deposit less than 60 days must be addressed and sourced. A large deposit is considered a single deposit that exceeds 25% of the combined gross monthly income of the borrower(s). REMN will assess all non-payroll deposits and, at underwriter discretion, additional documentation may be required.
.Business assets may only be used if the borrower is 100% owner. Business assets may be used for down payment and/or closing costs but cannot be used for reserves. If business assets are used, a CPA letter is required stating that the withdrawal will not harm the business. Additionally a cash flow analysis is required using 3 months business bank statements to determine that the withdrawal will not have a negative impact on the business.
Proof of liquidation of securities and real estate is required.
The borrower must provide evidence that the earnest money deposit came from an acceptable source and that they have sufficient assets to cover the down payment, closing costs, prepaids and reserve requirements. Evidence may include:

- Two months most recent bank or financial statements (all pages).

NOTE: If a copy of the cancelled deposit check is used to document the source of funds, the bank statements must cover the period up and including the date the earnest money check cleared the bank.
Two months most recent, consecutive months' statements for all accounts Is required. A VOD is not acceptable in lieu of bank statements. Eligible sources of funds include:

- Marketable securities/stock accounts (non-vested/restricted stock accounts are not eligible for use as down payment or reserves),

- Bank deposits

- Sale of real property

- Cash value of life insurance

- Disbursements from an IRA/401k. Evidence of liquidation is required when funds used for down payment. 60% of vested value, after any required reduction for outstanding loans, may be considered toward reserve requirements.

- Trust funds

- U.S. savings bonds

- Loans secured by the borrower's assets.
Funds held jointly with someone other than the borrower's spouse requires an Access Letter authorizing the use of the jointly held funds.
Cash on hand and unsecured borrowed funds are ineligible sources for assets.
Funds from outside the U.S. are not acceptable.

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<tr><td>Assumptions</td><td>Not allowed</td></tr>
<tr><td>AUS</td><td>Manual underwrite required.</td></tr>
<tr><td>Available Markets</td><td>

All 50 states with the exception of Massachusetts, Nebraska, and Nevada.
Guam, Puerto Rico and the Virgin Islands are ineligible.
No refinance transactions in Texas.

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<tr><td>Borrowers - Eligible</td><td>

All borrowers are required to have a social security number
Loans are made to natural persons. Acceptable residency statuses are:
U.S. citizens
Permanent resident aliens:

- Permanent resident alien borrowers must hold an unexpired "Green Card" issued by the U.S. Citizenship and Immigration Services (USCIS). A copy of both the front and back of the card is required.

- Must be employed in the U.S. for the previous 24 months.
Revocable inter vivos trust that meets FNMA guidelines are eligible.
First time homebuyers are eligible but are limited to a owner-occupied primary residence and must meet the requirements under the Mortgage/Rental History topic. Maximum $1,000,000 loan amount for first time homebuyers. A first time homebuyer is defined as a borrower who has not owned a home in the previous 3 years (if multiple borrowers and at least one owned a home in past 3 years, first time homebuyer restrictions do not apply).

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Borrowers – Ineligible	• Borrowers without a social security number • Non-permanent resident aliens • Foreign Nationals • Borrowers with diplomatic immunity • Borrowers with non-traditional credit • Non-occupant co-borrowers • Co-signers • Land Trusts • Limited partnerships, corporations, LLCs.
Borrower – Non-Borrowing Spouse	**Non-Borrowing/Non Purchasing Spouse** • The non-borrowing spouse must sign the security instrument and any other documentation required to evidence the spouse is relinquishing all rights to the property necessary to perfect the lien under the applicable state law. • The borrower must have enough income to qualify for the loan. Income from the non-borrowing spouse is not considered however the debt of the non-borrowing spouse must be included in the DTI if the borrower resides in a community property state or the property is located in a community property state.
Chain of Title	Twelve months chain of title is required on all existing property with no evidence of any previous flipping activity. Must include sales price of property at time of transfer.
Construction to Perm	The borrower must hold title to the lot. Allowed as a refinance transaction when permanent financing replaces the construction financing within 180 days after property completion. **Rate/Term and Cash-out Refinance Transactions – End Loan Transactions only** • Lots owned ≥ 12 months from application date the LTV/CLTV is based on the current appraised value • Lots owned < 12 months from application date the LTV is based on the lesser of: -The current appraised value, or -The total acquisition cost (construction costs plus purchase price of lot). • Borrower must be the primary obligor of the construction financing • Construction financing is paid off
Conversion of Principal Residence or Pending Sale	• **Pending Sale**: - If the borrower is purchasing a new primary residence, and the current primary residence is pending sale and the transaction will not close prior to the new transaction, the following is required: - The borrower is qualified using their current PITIA and the proposed PITIA (principal, interest, taxes, insurance, and other assessments). - Reserve requirement for both properties per matrix on page 1. • **Conversion to Second Home**: - The borrower is qualified using the PITIA payments for both properties - Reserve requirement for both properties per the matrix on page 1. • **Conversion to Investment Property:** - 75% of the gross rental income may be used as income if the equity in the current principal residence is ≥ 30%, documented by a full appraisal or a 2055/1075 (exterior-only) appraisal. The borrower must provide: - A fully executed lease agreement, - Security deposit from the tenant, and - A copy of the bank statement showing the deposited security funds - Reserve requirement for both properties per matrix on page 1. - If the equity is < 30%, rental income cannot be used to qualify the borrower and reserve requirement for both properties per matrix on page 1. When a current 2-4 unit primary residence property is being converted to an investment property, the net rental income for the units not previously occupied by the borrower may be calculated using the borrower's most recent year of signed federal income tax returns and Schedule E.

Credit History	• A minimum of three (3) active traditional tradelines that have been opened for at least 24 months and have been active at some time during that period. At least one of the tradelines must be an installment or mortgage account. • Authorized user accounts are not eligible to meet the minimum tradeline requirement. • Non-traditional credit is ineligible.
Credit - Installment/Revolving Accounts	• **Installment Debt** - Installment debt is considered as recurring monthly debt obligation and included in the borrower's long-term debt when there are more than 10 months payments remaining. - Installment debt with ≤ 10 months remaining may be excluded from the DTI however the borrower's ability to repay will be scrutinized and it will be included as a recurring monthly debt obligation if the underwriter determines the debt significantly affects the borrower's ability to meet their credit obligations. - **Car lease payments are included as a monthly obligation regardless of the number of payments remaining** - Debts secured by a financial asset are not included (401k loans, life insurance policy etc.) - Accounts must be current at time of loan closing - If installment account debt is paid off it may be excluded from the DTI. • **Revolving Debt** - Revolving debt is included in the monthly debt obligation regardless of the number of payments remaining. - If the monthly payment indicated on the credit report may be used in calculating the debt ratio - If the monthly payment is not included on the credit report, 5% of the outstanding balance will be used to determine the monthly payment - Accounts must be current at the time of closing. - If the revolving account is paid off and closed, the debt may be excluded from the DTI. Documentation that the account was closed is required. - If the revolving account is paid off but not closed, the monthly payment on the current outstanding balance will be included in the DTI. • **Open 30-Day Accounts** • Borrower must have sufficient assets to pay off the debt in order to be excluded from the debt ratio. The verified funds must be in addition to any funds required for closing costs and reserves. • **HELOC Debt** Must be paid off and the line must be closed prior to or at closing **Deferred Student Loans** Deferred student loans are included in the borrower's recurring monthly debt. If the credit report does not indicate the monthly payment due at the end of the deferred period, copies of the borrower's payment letters or forbearance agreements must be provided to determine the monthly payment. In lieu of the payment letters/forbearance agreement, the minimum monthly payment can also be calculated using, at minimum, 2% if the outstanding loan balance.

Credit Report/Scores	• Minimum credit score requirements are determined by LTV, loan amount and transaction type. Refer to the matrices on page 1 for credit score requirements. • All borrowers are required to have a credit score. • REMN will accept a credit report, in the broker's name, from any FNMA acceptable credit vendor. • A tri-merged credit report is required for all borrowers. • The representative credit score is determined as follows: - If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used. - If there are two (2) valid scores, the lower of the two is used - If there is one (1) valid score, that score is used. If one score the credit report must evidence scores were not provided by bureau. NOTE: When there are multiple borrowers, **use the lowest representative credit score (as described above) of all the borrowers**. Do **not** use the primary wage earner's representative score as the representative loan score. • The borrower(s) must address **all** credit inquiries indicated on the credit report within the previous 120 days and indicate the reason for and result of the inquiry (i.e. was new credit obtained or not). • The credit report cannot be older than 90 days from the date the Note was signed.
Derogatory Credit	Borrower must provide satisfactory explanation of any delinquent credit. The payoff of all delinquent credit, (taxes, liens, judgments, charge-offs, etc.) must be paid off. **Bankruptcy** None allowed **Short Sale/Deed-in-Lieu** None allowed **Foreclosure** None allowed **Consumer Credit Counseling Services (CCCS)** Borrowers who have participated in CCCS are not eligible **Loan Modification** None allowed unless the modification was lender initiated and documented proof is provided that it was not a distressed situation. **Judgments, Garnishments, Prior Liens** • Borrowers with previous judgments must provide documentation paid in full or that the judgment no longer represents a claim against the borrower. • Garnishment must be released and have no payment due • Liens must be paid in full **Collection/Charge-offs** • Not required to be paid off if the balance of an individual account is < $250.00 or if the total balance of all accounts is < $1,000 • All collection accounts or charge-offs over $1,000 must be paid in full prior to close **Delinquent Child Support** Delinquent child support must be paid current or in a payment plan. On a case-by-case basis this requirement may be waived subject to underwriter review.
DTI	• Maximum 31%/41% - **no exceptions**

Employment	• A two year employment history is required for both wage earner and self-employed borrowers. • The borrower must be employed by their current employer for a minimum of 6 months. Any gaps in employment > 30 days during the previous 2 years will require a letter of explanation. • A verbal verification of employment (VVOE) is required within 7 calendar days of the Note date for **both salaried and self-employed borrowers**. - A written Verification of Employment may be required when income from commissions, bonus, overtime, etc. is not clearly detailed on the W-2 or paystubs(must be obtained by REMN) • Self-employed borrowers require verification of the business by a third party source (e.g. CPA, Federal Tax ID Certificate, Business License, etc.). Self- employed borrowers are individuals who have 25% or greater ownership interest in a business.
Escrow/Impound Account	Recommended but not required.
Escrow Holdback	•Not allowed
Financed / Multiple Properties owned	• Maximum (4) financed 1-4 unit properties including subject property. Financed properties held in the name of an LLC or other corporation may be excluded from the financed property calculation. • REMN limits its maximum exposure to $3M • Financed properties require (6) months PITIA reserves for **each** property. Refer to the Reserves topic for specific reserve requirements
Gift Funds	Not allowed
Gift of Equity	Not allowed
HPML (High Priced Mortgage Loans)	Not allowed
Income	**Wage earner borrowers** • A current paystub covering a 30 day period that includes the most current pay period, with YTD earnings is required at time of application • Paystub must be computer generated. If issued electronically via email or downloaded from the internet, the URL address, date and time printed, and identifying information on place of origin and/or author of the documentation is required. • An earnings trend must be established and documented. Large increases in salary over the previous two years must be explained and documented. • If the borrower is paid hourly, the number of hours must be indicated on the pay stub. Income should be stable to increasing. • W-2s from all employers for the previous 2-years. • Two years most recent tax returns, including all schedules, required. • Two months most recent bank statements (all pages) • Borrowers with commission income, the income must be averaged over the previous two years. If the commission income shows a continual decline strong justification must be provided for using the income for qualifying must be provided or it cannot be used. **Self-employed borrowers** Defined as individuals who have ≥ 25% ownership interest or receive a 1099 to document income. Borrowers employed by a family member are always considered self-employed regardless of ownership interest. Borrower must address any potential ownership interest • Copy of the most recent 2-years signed federal individual and business tax returns (business not required for sole proprietorships) with all schedules with CPA letter. CPA letter not required if tax transcripts are included in the file. • YTD profit and loss statement. • Two months most recent bank statements (all pages) •Partnerships, LLC and S Corp and Corporations also require K-1s for prior 2-years showing ownership percentage if showing a loss. Not required if income is positive and income is not used for qualification. **Fixed Income:** Fixed income (social security, VA benefits, pensions, etc.) non-taxable portion may be grossed up 25%.

Income (cont.)	**Other Income Sources** A two year history of receipt and a reasonable expectation that the income will continue for a minimum of 3-yhears is required to consider other income in qualifying. All income must be verifiable. Income that cannot be verified, is not stable or is not expected to continue cannot be used for qualification purposes. Unless noted below, the source and calculation of other income must meet Fannie Mae requirements. • ***Alimony, Child Support & Separate Maintenance Income***: If this is the borrower's primary income source the income is not acceptable for qualifying even if it extends beyond 3 years. • ***Trust Income***: Regular receipt of the trust income is required for the previous 12 months and must continue for a minimum of 3 years from the date of the mortgage application. • ***Capital Gains***: An earnings trend must be established. If the trend is a gain, the income may be used as effective income. If the trend consistently shows a loss, the loss must be deducted from the total income. Gains must be consistent and assets must be verified to support the continuance of the income. Tax returns for the previous 3 years, including Schedule D are required. •***Trailing Co*-borrower Income**: Ineligible **Declining Income** • When declining income is present the reason for the decline and the likelihood of continuance will require additional scrutiny to ensure the borrower's ability to repay. Declining income must be explained by the employer and borrower. When income is shows a continual decline, (hourly, part-time, commission, overtime, bonus, etc.) strong justification must be provided for using the income for qualifying must be provided or it cannot be used. Additional documentation may be required. **Income Analysis** An Income Analysis form must be included in the loan file (Fannie Mae Form 1084 or equivalent is acceptable). Income analysis for borrowers with multiple employers, businesses or income sources must show income/loss details separately, not in aggregate. **Rental Income from other Real Estate Owned** Borrower must have 2-yearsdocumented landlord experience to utilize rental income for qualifying purposes. If most recent year's schedule E reflects a loss, borr must qualify with the loss .
Inspections	• Septic inspections are required when the appraiser indicates there is evidence the septic system be failing. • Termite inspections are required when the purchase contract requires one, or the appraiser indicates there is evidence of active infestation. • Well inspections are required when state or local regulations require, or if there is indication the well may be contaminated.
Leasehold Estate	Leaseholds are acceptable in areas where they are common and customary and are subject to the following: • The loan must cover the property improvements and the leasehold interest in the land. • The leasehold estate and improvement must constitute real property, be subject to the mortgage loan and be insured by the title policy. • The term of the leasehold must be equal to or greater than the maturity date of the loan • The lease must be valid, in good standing, assignable or transferable and in full force and effect.
LDP/GSA	**LDP / GSA** **LDP / GSA** All of the following parties to the transaction, as applicable, must be checked against HUD's Limited Denial of Participation list and the General Service Administration's Excluded Parties List System. - Borrower(s), - Broker, - Loan Agent, - Seller, - Real Estate Listing and Selling Agent(s), - Appraiser.

Mortgage/Rental History	A 0x30 in previous 24 months housing history is required; **no exceptions**. Verification by a third party or credit bureau is required. A combination of payments from a prior property or rental payments may be used to complete the 24 month history requirement if recent purchase. **Mortgage History** • A 24 month rating on credit report, or • Verification of mortgage completed by mortgage holder, or • Copies (front/back) of 24months cancelled checks (one payment per month), or • Bank statements or direct payment records showing one payment per month • No rolling lates and mortgage must be current at the time of funding. **Rental History** • A 24 month history is required. Direct verifications must include the rental amount, payment history and length of payment history. - If landlord is a professional management company they must be listed in local telephone directory and a copy of the listing must be included in the loan file. If listing not available 24 months cancelled checks required. - If the landlord is a non-related individual, proof of landlord ownership is required for direct verification. - If landlord related to the borrower, twenty four months cancelled checks (front/back) showing 24 months consecutive payments (one per month) required.
Non-Arm's Length/ Identity of Interest	• Non-arm's length transactions are ineligible • An identity of interest transaction involves parties who are not related and do not have close personal ties, however they have a strong interest in the transaction. Identity of interest transactions are eligible on owner-occupied transactions and are subject to review to ensure validity of the transaction, value, etc. Additional documentation may be required at underwriter discretion.
Occupancy	• Owner-occupied • Second home
Power of Attorney	A Power of Attorney (POA) is allowed on a case-by-case basis on purchase and rate/term transactions, subject to: • When a POA is used to sign closing documents, at minimum, the borrower granting the POA must sign the initial or final loan application. • Must be specific to the transaction, • Must include the borrower name, property address and loan amount, • The POA must be fully executed and notarized , • REMN to review and approve prior to loan closing • The POA must be recorded along with the mortgage

Principal Reduction	Principal reductions at closing are allowed when applied due to cash-out limitations or excess credit. Principal reductions must be documented on the HUD-1. The HUD-1 must indicate the amount of the reduction and the reason for the reduction. **Rate/Term Transactions** A principal reduction is eligible when the cash-back to the borrower will exceed Fannie Mae's cash-back to the borrower limit which is 2% of the original loan amount or $2,000, whichever is less. The amount of the principal reduction cannot exceed 2% of the loan amount or $2,500, whichever is less. ***Example 1 – Acceptable:*** Loan Amount: $1,000,000 Cash due back at closing: $4,500 Max cash-back allowed: $2,000 Max principal reduction allowed: $2,500 Remaining cash: $0 In this example the maximum cash to the borrower allowed by Fannie Mae is $2,000 (the lesser of $2,000 or 2% of the loan amount which would be $20,000). The maximum principal reduction that could be applies is $2,500 (the less of $2,500 or 2% of the loan amount which is $20,000) The allowable cash-back combined with the allowable principal curtailment results in net remaining cash of $0 so this example meets Fannie Mae guidelines for a rate/term refinance. ***Example 2 - Unacceptable*** Loan amount: $1,000,000 Cash due back at closing: $8,000 Max cash-back allowed: $2,000 Max principal reduction allowed: $2,500 Remaining cash: $3,500 In this example the allowable cash-back combined with the allowable principal curtailment results in net remaining cash proceeds of $3500 which exceeds Fannie Mae limitations. When the remaining cash to the borrower exceeds Fannie Mae limitations the loan must be re-worked or be underwritten as a cash-out transaction and is subject to cash-out guidelines and pricing.
Prepayment Penalty	Ineligible
Products	15 and 30 year fixed rate

<table>
<tr><td>Properties – Eligible</td><td>The following property types are eligible. All properties must be a minimum of 750 square feet.
• Single family residences (attached/detached)
• PUDs (attached/detached)
• Condominium s, low and high rise; Fannie Mae warrantable. Full Review required; Limited Review is ineligible. New projects require CPM or PERS approval.
- High rise condominium projects (> 8 stories) must be common and customary for the area and supported by the comparables.
- Condo projects with < 5 units are subject to:
- HOA by-laws must contain a binding arbitration agreement
- HOA must maintain $1,000,000 liability insurance
- Each unit must be separately metered for gas, water and electric service, if applicable
- Two-unit projects allowed on a resale or “spot” loan basis only and the project must be complete with 100% presale and HOA has been in control for 2 years.
- Site condos are eligible for primary residence and second home transactions Site condos are also subject to:
- Project consists of 1-unit detached properties
- Hazard, liability and flood insurance, as applicable is required
- Loan must be covered by a title policy that includes an ALTA Form 4 Condominium Endorsement and complies with all other title insurance requirements
- Maximum exposure in condominium projects is 20%
• Townhouses
• Modular/prefabricated properties. Factory built but not built on a permanent chassis; built on site similar to stick-built homes; permanently affixed to the foundation; must conform to local building codes. Property is legally classified as real property and assumes characteristics of stick-built such as permanent connections to water, electrical and waste disposal systems.</td></tr>
<tr><td>Properties - Ineligible</td><td>• 2-4 units
• Non-warrantable condominiums
• Condominium projects with a Limited Review
• No condo conversions
• Properties < 750 square feet
• Investment property
• Cooperative projects
• Manufactured/mobile homes. Manufactured housing is defined as any dwelling built on a permanent chassis. Manufactured homes are ineligible even if the towing hitch, wheels and axles have been removed.
• Condo Hotels (projects managed or operated as hotel/motel, hotel/motel conversions)
• Unique properties
• Agricultural-type properties, farms, orchards, ranches
• Rural property
• Mixed use
• Commercial property
• Rehab properties owned less than 12 months.
• Property in Hawaii in lava zones 1 or 2
• Property subject to existing oil and gas leases</td></tr>
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Properties with In-Law Units	• Single family properties with a unit above a detached garage or a house with a guest apartment or basement unit are eligible subject to the following: - The unit conforms to the subject neighborhood and market - Comparable include second units - Second unit must be incidental to the overall value and to the appearance of the property. - No rental income is used to qualify the borrower.
Property Flips	Ineligible. REMN defines a property flip as any property that is re-sold with 1 year of the original acquisition date.
Purchase Agreements Amended / Re-negotiated	• Not eligible if the sales price was increased **after** the original appraisal was completed if: - The appraised value is higher than the originally contracted sales price that was provided to the appraiser**, and** - The new purchase agreement and/or addendum to the purchase agreement is dated after the appraisal, **and** - The only change to the purchase agreement was the sales price. • If the purchase agreement was renegotiated after the completion of the appraisal, the LTV will be based on the **lower** of the original purchase price or the appraised value, unless: - The re-negotiation was only for seller paid closing costs and/or pre-paids where the seller paid closing costs/pre-paids are common and customary for the area and are supported by the comparables, or - The purchase contract was amended for a new construction property due to improvements made that impact the tangible value of the property. An updated appraisal report must be obtained to validate the value of the improvements.
Refinance Transactions	**Limited Cash-Out Refinance Transactions** are eligible subject to**:** • The pay-off of the outstanding principal balance of an existing first mortgage loan • The pay-off of the outstanding principal balance of any existing subordinate mortgage loan that was used to purchase the subject property as long as the closing date of the subordinate lien is more than one (1) year from the date of the new refinanced loan • The pay-off of the outstanding principal balance of any existing subordinate mortgage loan that was not used to purchase the subject property as long as such subordinate lien has been outstanding for more than two (2) years and there has not been a draw on the subordinate lien in the past 12 months • The financing of closing costs • Maximum cash-back to borrower is 1% of the balance of the new refinanced loan. • The LTV is based on the following: - Property owned < 12 months the LTV is based on the lesser of: - The purchase price (if improvements have been made purchase price + improvements with receipts to document the costs of the improvements), or - The current appraised value. • Properties currently listed for sale or that were listed for sale in the 6 months prior to the application date are ineligible. **Cash-Out Refinance Transactions** are eligible subject to: • Loan may include the unpaid principal balance of the existing first mortgage plus closing costs, points, the amount to pay-off any outstanding subordinate mortgage lien(s) of any age and additional cash that the borrower may use for any purpose. • The refinance of mortgage loans that involve the refinance of subordinate liens not used in whole to purchase the subject property. This includes home improvement loans, HELOC and second mortgage loans obtained for taking equity out of the property, even if a portion of the subordinate lien was used to purchase the property. However, if such subordinate lien has been outstanding form more than 2 years and there has not been a draw on the subordinate lien in the past 12 months then the new loan will not be considered a cash-out refinance. • The current appraisal is used to determine the value • Cash-out transactions require a minimum 12 months title seasoning • Maximum cash-out is limited to the amount indicated on the matrix on page 1.

Refinance Transactions (cont.)	**Continuity of Obligation** All refinance transactions require a continuity of obligation must be demonstrated to be eligible for a limited cash-out or cash-out transactions. A continuity of obligation exists when: • At least one borrower obligated on the existing mortgage is also obligated on the new mortgage • The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor. • The loan being refinanced and the title to the property are in the name of a natural person or a limited liability company (LLC) as long as the borrower was a member of the LLC prior to transfer. NOTE: Transfer of ownership from a corporation to an individual does **not** meet the continuity of obligation requirement • The borrower has recently inherited, or was legally awarded, the property (divorce, separation, or dissolution of a domestic partnership) **Inherited Properties** Inherited properties require 12 months seasoning; properties owned < 12 months are ineligible for a refinance transaction. Twelve months seasoning is determined by title acquisition date to application date. **Financing Real Estate Taxes –** the following applies when real estate taxes are financed: • **Limited Cash-out Refinance:** A loan is **ineligible** as a limited cash-out refinance and must be considered a cash-out transaction when: - The borrower finances the payment of real estate taxes for the subject property in the loan amount but does not establish an escrow account, or - The borrower finances the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount. • **Cash-out Refinance**: -A loan with financed real estate taxes that are more than 60 days delinquent is eligible as long as an escrow account is established. If an escrow account is **not** established the loan is **ineligible**.
Reserves	• Reserve requirements are based on loan amount. Refer to page 1 for details. If the borrower has additional financed properties, each additional property requires 6 months PITIA reserves. • Reserves must be bank deposits or market traded securities. • Retirement assets are eligible if they meet Fannie Mae guidelines. Only 60% of the vested value of retirement accounts, after reduction of any outstanding loans may be counted toward reserve requirements. Retirement funds used for down payment/closing costs require evidence of liquidation. • Cash-out cannot be used to meet reserve requirements. • Refer to Conversion of Principal Residence topic for reserve requirements when converting a principal residence.

Seller/Interested Party Contributions	• Seller contributions (aka interested party contributions) are limited as follows: -75.01% LTV to 80%LTV max 3% contribution -≤ 75% LTV maximum 6% contribution • Seller contributions cannot be used to make the borrower's down payment, reserve requirements or to meet the minimum borrower contribution requirement. •Sales concessions items such as furniture, automobiles, decorator allowances, cash, etc. and financing concessions that exceed the limits above; the value of any sales concessions **must be** deducted from the sales price when calculating the LTV/CLTV ratios. Seller concessions must be addressed in the sales contract, appraisal and HUD-1. • Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, lender or their affiliates, or any other party to the transaction. Interested party contributions are eligible for closing costs and prepaid expenses only. They cannot be used for any portion of the down payment or used to satisfy the borrower's reserve requirement.
Subordinate Financing	Ineligible
Temporary Buydowns	Not available
Transactions – Eligible	• Purchase • Limited cash-out refinance (rate/term) • Cash-out: NOTE: Refer to the Refinance Transactions topic for additional requirements. • New York Consolidation, Extension and Modification Agreements (CEMAs) allowed on refinance transactions. CEMAs are ineligible on purchase transactions. • Contract for Deed/Land Contracts: A loan that pays-off a contract for deed is treated as a refinance transaction. The following applies: - Twelve months of ownership is required - The LTV is based on the current appraised value - Twelve months cancelled checks required. • Lease with an option to purchase: The following applies: - If the contract is < 12 months old, the LTV is calculated using the lesser of the current appraised value or purchase price - If the contract is ≥ 12 months and the borrower has occupied the property the current appraised value is used to calculate the LTV - Cancelled rent checks or bank statements to verify the rental payment history are required - The appraiser must provide evidence of fair market rents - Cash-out to the borrower is not allowed.
Transactions – Ineligible	• Interest-only • ARM transactions • Non-traditional credit • Non-arm's length transactions • **Refinance transactions where the property is currently listed for sale or that was listed for sale in the 6 months prior to the application date** • **Cash-out when the borrower has owned the property for less than 12 months** • Transactions where the property securing the loan is subject to a private transfer fee covenant created on or after February 8, 2011 and the fee collected does not directly benefit the property. • Texas Cash-out • Transactions involving units and investment property. • 1031 Exchange transactions