HomeStyle Renovation Program
Conforming & High Balance Loan Amounts

Fixed Rate Only

Conforming Loan Amounts

Owner-Occupied Primary Residence					
Transaction Type	***Units***	***LTV*** [1]	***CLTV***	***Loan Amount***	***Credit Score***
Purchase/ Limited Cash-out Refinance	1	95%	95% [2]	Refer to Loan Limits Below	Per DU
	2	85%	85%	Refer to Loan Limits Below	Per DU
	3-4	75%	75%	Refer to Loan Limits Below	Per DU
Second Home					
Transaction Type	***Units***	***LTV*** [1]	***CLTV***	***Loan Amount***	***Credit Score***
Purchase/ Limited Cash-out Refinance	1	90%	90%	Refer to Loan Limits Below	Per DU
Investment (Non-Owner Occupied)					
Transaction Type	***Units***	***LTV*** [1]	***CLTV***	***Loan Amount***	***Credit Score***
Purchase	1	80%	80%	Refer to Loan Limits Below	Per DU
Limited Cash-out Refinance	1	75%	75%	Refer to Loan Limits Below	Per DU

Footnotes:

1. Loans > 80% LTV require mortgage insurance and are subject to MI guidelines. **The more restrictive minimum credit score requirement and guidelines apply.** LTV/CLTV restrictions may also apply for properties located in adverse markets. Refer to the Mortgage Insurance topic under the Program Guidelines for additional information.
2. Up to 105% CLTV allowed when using a Community Second/DPA.

Maximum Conforming Loan Limits for 2015		
Units	***Contiguous States, District of Columbia***	***Alaska, Hawaii***
1	$417,000	$625,500
2	$533,850	$800,775
3	$645,300	$967,950
4	$801,950	$1,202,925

High Balance Loan Amounts

Owner-Occupied Primary Residence					
Transaction Type	***Units***	***LTV***	***CLTV***	***Loan Amount*** [2]	***Credit Score***
Purchase/ Limited Cash-out Refinance	1	90%	90% [3]	Refer to Loan Limits Below	Per DU
	2-4	75%	75%	Refer to Loan Limits Below	Per DU
Second Home					
Transaction Type	***Units***	***LTV***	***CLTV***	***Loan Amount*** [2]	***Credit Score***
Purchase/ Limited Cash-out Refinance	1	65%	65%	Refer to Loan Limits Below	Per DU
Investment (Non-Owner Occupied)					
Transaction Type	***Units***	***LTV***	***CLTV***	***Loan Amount*** [2]	***Credit Score***
Purchase/ Limited Cash-out Refinance	1	65%	65%	Refer to Loan Limits Below	Per DU

Footnotes:

1. Loans > 80% LTV require mortgage insurance and are subject to MI guidelines. **The more restrictive minimum credit score requirement and guidelines apply.** LTV/CLTV restrictions may also apply for properties located in adverse markets. Refer to the Mortgage Insurance topic under the Program Guidelines for additional information.
2. Minimum loan amount $417,001. Maximum loan amount is determined by county. Refer to FHFA Limits for loan amounts that may be lower than the maximum stated above.
3. Up to 105% CLTV allowed when using a Community Second.

Maximum Loan Limits for High Cost Areas for 2015		
Units	***Contiguous States, District of Columbia***	***Alaska, Hawaii***
1	$625,500	$938,250
2	$800,775	$1,201,150
3	$967,950	$1,451,925
4	$1,202,925	$1,804,375

HomeStyle Renovation Program Overview

- Allows the borrower to obtain a single loan to purchase a property or refinance an existing loan and complete construction/repairs/improvements after loan closing using the “After-Improved” value of the property.
- No minimum dollar amount for repairs. Renovation/repair costs allowed up to 50% of the “After-Completed” value of the property.
- All improvements must be permanently affixed to the property and add value. Appliances must be built-in; free standing appliances are **not** eligible.
- Luxury items are eligible (e.g. swimming pools, spas, tennis courts, etc.)
- All renovation work must begin within 30 days of loan closing. The work cannot stop for more than 30 days during the renovation process and must be completed within 6 months of loan closing.
- An escrow account is established and funds are released as work is completed. A maximum of 5 draws are allowed.
- Owner-occupied properties may be eligible to finance up to 6 months PITI if property will be uninhabitable during the renovation process. Eligible only with Feasibility Study and approval of the consultant.
- All work must be completed by a licensed contractor; “self-help” (borrower completes the work) is ineligible. All work must be completed by a REMN Wholesale accepted contractor.
- Hazard insurance must be in place for the “After-Improved” value of the property at time of loan closing.
- One (1) general contractor permitted. One (1) specialty contractor allowed with REMN Wholesale approval (foundation, pool, well/septic etc.).
- The borrower is not allowed to receive any cash-back on this program on either a purchase or refinance transaction.

Topic	Guideline
HomeStyle Specific Forms and Documents	• **HomeStyle Contractor's Acknowledgement.** Signed by contractor. • **HomeStyle Renovation Consumer Tips (Fannie Mae Form 1204).** Signed by borrower and loan officer. • **HomeStyle Renovation Mortgage Payment Disclosure** (as applicable). Required on all owner-occupied properties regardless of whether any PITI payment is being escrowed. Signed by loan officer and borrower. • **Homeowner- Contractor HomeStyle Renovation Contract (Fannie Mae form 3734).** Signed by contractor and borrower • **Contractor bid(s)** NOTE: Contractor bid is not required when a consultant report is provided **and** the contractor signs the last page and initials all pages • **HomeStyle Renovation Maximum Mortgage Worksheet Calculator** • **Feasibility Study aka Feasibility Site Report** (if applicable – required when rehabilitation exceeds $15,000 or at REMN Wholesale request). Signed by borrower and consultant. Contractor signature required at Renovation Concierge Department discretion. **Contractor Currently not Accepted by REMN Wholesale** The following is required in addition to the above: • Completed Federal W-9 (Rev. August 2013) • Contractor Profile Report (Fannie Mae Form 1202) • Evidence of current liability insurance which meets local/state insurance requirements Evidence of current Workman's Comp insurance (if applicable) • Copy of current license as required by local/state jurisdiction NOTE: Some of the above documentation may be required by contractors already accepted by REMN Wholesale if information on file has expired
4506-T	• Signed 4506-T required prior to loan closing for both personal and business tax returns (if applicable) • Tax transcripts for personal tax returns are processed per DU • W-2 transcripts in lieu of 1040 transcripts may be processed per DU Findings for salaried borrowers with base/overtime and borrowers with commission/bonus < 25% of base income. • If income from IRS Form 1120/1120S or IRS Form 1065 was used for qualifying **and** the business income **is not** reported on the borrower's personal tax return, the 1120/1120S or 1065 tax transcripts (as applicable), in addition to the 1040 transcript, will be required. • 4506-T results must be validated against the income documentation • Broker provided processed 4506-T results are **not** eligible.
Age of Documents	• All credit, income and asset documentation must be the lesser of the expiration date noted on DU or ≤ 4 months from the Note date. • Appraisal documents must be ≤ 4 months from the Note date

Appraisals	• The appraisal must be ordered from an approved REMN Wholesale AMC. Refer to the Appraisal Management Companies topic for REMN Wholesale's approved AMCs. • When ordering the appraisal a copy of the purchase contract, Contractor Bid(s) and/or Feasibility Study (Feasibility Study needed if rehab. costs > $15,000 or at REMN Wholesale request) must be provided as applicable. • The appraisal is completed "subject to". The Reconciliation section of the appraisal report is completed with the scope of work detailed or must reference the Contractor Bid or Feasibility Study for renovation project work details. • The cost of repairs on the Contractor Bid/Feasibility Study must match the appraisal. • Fannie Mae requires **one** value: the "After-Improved" value (aka "As-Completed" value) • The original appraiser must complete the re-inspection. If the original appraiser cannot complete the re-inspection REMN Wholesale approval is required and additional requirements may apply. • The source of the closed comparable sales used in the appraisal must be from one of the following or a desk review will be required: - A Multiple Listing Service (MLS), or - MRIS at www.mris.com, or - Midwest Real Estate Dated (MRED) at www.mredllc.com, or - North Texas Real Estate Information Systems, Inc. (NTREIS) at www.ntreis.net, or - San Antonio Board of Realtors at www.sabor.com, or - GeoData at www.geodataplus.com , or - Comps Inc. at www.compsny.com. NOTE: Comparables from a public independent source are only eligible in the states of Vermont and Maine. • A field review (Fannie Mae Form 2000) will be required on the following: - LTV > 80% and loan amount >$625,500, or - LTV > 75% and the property is valued at $1,000,000 or more If the field review results in a different opinion of value than the appraisal, the lowest of the original appraised value, the field review value, or the sales price, (if a purchase transaction) must be used to calculate the LTV ratios • The appraisal must identify and address properties located within a declining market. • Condos require 2 comparable sales from projects other than the subject loan project. A Full Review is required. • 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. – Any broken glass that is a health hazard must be removed and the opening closed. • Appraisal transfers are considered on a case-by-case basis. • A new appraisal will be required when the appraisal is dated more than 120 days from the Note date. • Properties located in a FEMA Disaster Declaration area will be subject to additional appraisal review.

Appraisal Management Companies (AMC)	• All appraisal orders must be placed through REMN Wholesale's approved appraisal management companies:
	• Appraisal orders for all states, **with the exception of Texas**, must be ordered through Mortgage Management Consulting, Inc. (MMC) Mortgage Management Consulting Inc.
	    • In the event MMC is not licensed in the state requested, MMC will confirm the alternative AMC to be used, and MMC will inform the broker which AMC to use. MMC provides conventional appraisal coverage in all states except: Alabama, Arkansas, Idaho, Minnesota, Montana, Nebraska, Nevada, New Mexico, Oklahoma, Pennsylvania and Wyoming. **If you need an appraisal in one of these states please email AMChelp@remn.com with your loan number.**
	    • Confirmation of the alternative AMC direction will be reviewed by the REMN underwriter at the time of collateral approval. If the report was not completed by the directed AMC the report will not be eligible for use.
	• Appraisal orders for properties located in the state of Texas **must** be ordered through Momentum Appraisal Group, Inc. Momentum Appraisal Group Inc.

Assets	• All funds used to close the transaction must be disclosed on the 1003 and input into DU. • 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 required: - Two months most recent bank or financial statements, all pages. NOTE: If a copy of the canceled 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. A fully completed VOD is only allowed as a supplement to verify the current balance on asset accounts that only provide annual or semi-annual statements.

Assets (cont.)	
	• Business funds of a self-employed borrower may be used for down payment, closing costs and reserve requirements subject to the following: - The borrower must be listed as an owner on the account. If the borrower's name is not listed on the business account statement, documentation that the borrower is an authorized signer on the account is required. This applies to all business accounts, including sole proprietorships, when business account funds are being utilized for down payment, closing costs and/or reserves. Examples of acceptable documentation: - Letter from the bank confirming borrower is an authorized signer, or - Online documentation that confirms borrower is an authorized signer - If the account is held jointly, an access letter, stating the borrower has access to 100% of the business funds, is required when the business funds are being used for down payment and/or costs. An access letter is **not required** if business funds are being used to satisfy reserve requirements, however at underwriter discretion, may be requested. NOTE: Use of business funds when the borrower does not own a significant percentage of the business will be at underwriter discretion (e.g. borrower has a 10% ownership interest and is using a significant amount of the business funds for down payment/closing costs). - One of the following is also required: - A CPA letter indicating the withdrawal from the account will not have a negative impact on the business, **or** - A cash flow analysis, based on 3 months business bank statements, dated within 60 days of the closing date, is required to determine the withdrawal of business funds will not have a negative impact on the business. The cash flow analysis: - Must indicate that the average running balance in the account for the previous 3 months stayed the same or was better, and - The amount of funds used for the transaction must not deplete the account i.e. the balance remaining in the account should not be less than half of what was in the account prior to the withdrawal • Cash on hand and unsecured borrowed funds are ineligible sources for assets. • Payout from a life insurance policy is acceptable for down payment or closing costs. A copy of the check or payout statement, issued by the insurance company is required. If the cash value is being used for reserves, documentation of the cash value is required however the policy does not need to be liquidated. • Proceeds from the sale of a currently owned property are eligible for down payment and closing costs. The final HUD-1 for the existing property (not required to be fully executed) must be provided before or at closing to show sufficient net cash proceeds to close the purchase • Large deposits are considered to be a single deposit where any **unsourced** portion of the deposit exceeds 50% of the combined gross monthly income of the borrower(s). If the deposit includes both sourced and unsourced funds, only the unsourced portion is used to calculate whether the deposit meets the 50% definition. Direct deposits, such as IRS or state income tax refunds, transfer of funds between verified accounts, that are easily identified on the account statement do not require documentation. • Large unsourced deposits must be explained and verified. • Requirements for documenting large deposits are as follows: - **Refinance transactions**: Large deposits are not required to be sourced and explained however, at underwriter discretion, explanation and sourcing may be necessary as Fannie Mae requires any payment on borrowed funds be included in the DTI ratios. - **Purchase transactions**: If the funds from a large deposit are needed for the down payment, closing costs or reserves on the transaction documentation must be provided that the funds are from an acceptable source. Any undocumented large deposit will be deducted from the amount of verified funds and the reduced asset amount will be used for qualification

Assets (cont.)	*Examples:* 1. The borrower has a monthly income of $4,000 and a bank account with a balance of $20,000. A deposit of $3,000 was made but $2,500 of the deposit is documented as the borrower's tax refund (sourced). In this example only the $500 is considered "unsourced" ($3000 total deposit minus $2500 tax refund) and is included in the large deposit calculation. The unsourced $500.00 is only 12.5% of the borrower's monthly income therefore it does not meet the large deposit definition (50% of the borrower's total monthly qualifying income). In this example, documentation is not required and the entire $20,000 balance in the borrower's bank account may be used for underwriting purposes. 2. The same borrower has a deposit of $3,000 but only $500 is documented as the borrower's tax refund (sourced) leaving $2,500 has unsourced. In this example the unsourced $2,500 is 63% of the borrower's $4,000 monthly income which does meet the definition of a large deposit. The unsourced $2,500 must be deducted from the borrower's $20,000 bank account balance leaving $17,500 that may be used for underwriting purposes. 3. The same borrower has 3 separate unsourced deposits of $1800 which technically does not meet the 50% of the borrower's gross monthly income requirement since each deposit is less than $2,000 (50% of $4,000) however at underwriter discretion sourcing/documentation may be required. • Verification of assets from foreign sources: - Funds that a borrower (either a U.S. or non-U.S. citizen) has deposited into a U.S. depository institution are acceptable provided all of the following requirements are met: - Documentation of the transfer of funds from the borrower's country of origin is provided, and - It can be established that the funds belonged to the borrower before the date of transfer, and The source of all funds used for closing can be verified following the same requirements for U.S. citizens.
Assumptions	Not allowed
AUS	DU "Approve/Eligible" Finding required. Manual underwriting is ineligible.

<table>
<tr><td>Available Markets</td><td>All 50 states with the exception of Massachusetts
Guam, Puerto Rico and the Virgin Islands are ineligible.</td></tr>
<tr><td>Borrowers - Eligible</td><td>A natural person,
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.
Revocable inter vivos trust that meets FNMA guidelines
Non-permanent resident aliens:
- Non-permanent resident aliens are temporary residents who are eligible to live/work in the United States for a specific period of time. Acceptable documentation of their work authorization is:
- An unexpired Employment Authorization Document (EAD) by the USCIS, or
- An unexpired visa. Eligible types are E-1, G series, H series, L-1A and L-1B, or TN.
If the authorization for temporary residency will expire within one year of closing and a prior history of residency status renewals exists, continuation may be assumed. If there are no prior renewals, the likelihood the authorization will be renewed must be determined based on information received from the USCIS.
All borrowers are required to have a social security number.</td></tr>
<tr><td>Borrowers – Ineligible</td><td>Foreign Nationals
Borrowers with diplomatic immunity
Borrowers without a social security number or a number that cannot be validated with the SSA
Borrowers with non-traditional credit</td></tr>
<tr><td>Borrower Types</td><td>Co-Borrower: An individual, who applies jointly with the applicant, takes title to the property and is liable for the debt. The co-borrower signs all documents. Co-borrower’s income, assets and debt used for loan qualification.
Non-Occupant Co-Borrower: An individual, who applies with the applicant, takes title to the property and is liable for the debt but does not live in the property. DU determines the risk factor without the non-occupant co-borrower’s income. Assets that are owned by the non-occupant co-borrower can be included in the five percent (5%) minimum borrower contribution requirement (when applicable), and those funds must be entered in DU. Total liquid assets for the occupying borrower and non-occupant co-borrower are included in DU’s calculation of total available assets.
Co-Signer: An individual who has no ownership interest in the property, but is liable for the debt. Assets are always used for qualification. Income and debt are only considered when the co-signer occupies the subject property.
Non-Borrowing/Non Purchasing Spouse
- Generally have no ownership interest in the property and are not liable for the debt. In community property/marital rights states the non-borrowing spouse does have an interest in the property and is required to execute the security instrument and all applicable documents as determined by state law.
NOTE: Community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin
Down Payment and Qualifying Ratio Requirements
When a non-occupant co-borrower or co-signer is on the loan, the occupying borrower must make a minimum 5% of the down payment from their own funds unless:
- The LTV/CLTV ratio is ≤ 80% and
- The occupying borrower is purchasing a 1-unit principal residence and meets the requirements of gifts to pay for some or all of the borrower’s minimum contribution.</td></tr>
<tr><td>Construction to Perm</td><td>Ineligible</td></tr>
</table>

Consultant	• A consultant is required when the total rehabilitation costs exceed $15,000 or when the Renovation Concierge Department considers a consultant necessary. If a consultant is required, the following applies: - REMN Wholesale requires the use of a consultant approved by HUD. A HUD approved consultant may be found at: [HUD Consultants] - In some areas a HUD consultant may not be available. In those specific cases the Renovation Concierge Department will approve the use of an independent third party inspection company after review. - The borrower selects the consultant, however the consultant works for REMN Wholesale - The consultant provides a Feasibility Study (may not be required if single repair item (e.g. swimming pool). Requirement determined by the Renovation Concierge Dept. - Consultant may approve financing of up to 6 months PITI if the property will be uninhabitable during the renovation process. - The consultant provides the draw schedule and performs draw inspections to approve disbursements.
Contingency Reserve	• A contingency reserve is required to cover any health, safety and/or any unplanned expenses or additions arising in the course of the renovation (e.g. addition of flooring, HVAC, permanently affixed appliances, etc.) • The contingency reserve is 10% of the total renovation cost. 15% contingency is required when the utilities are not on or not in good working order at the time of the appraisal (includes winterized properties) • The contingency reserve is determined by the Renovation Concierge Department. A transaction involving a HUD consultant, the consultant provides recommendation for the contingency reserve, however the Renovation Concierge Department makes the final determination. • May be financed or funded by the borrower from their own funds. - When financed, the contingency reserve is included in the total rehabilitation cost and any funds remaining at the end of the renovation process must be applied as a principal reduction. The borrower may not receive excess funds. - When the contingency reserve funds are provided by the borrower, the funds are not included in the total rehabilitation cost and any funds remaining at the end of the renovation process may be returned to the borrower or applied as a principal reduction.

Contingent Liabilities	• **Business Debt**
	- Business debt that appears on a self-employed borrower's personal credit report requires documentation that the debt is paid from company funds and considered in the cash flow analysis for the borrower's business.
	- Business debt does **not** need to be considered as part of the borrower's individual recurring monthly debt when:
	  - The account does not have a history of delinquency, **and**
	  - Documentation is provided that the debt was paid from the borrower's business funds (e.g. 12 months cancelled business checks), **and**
	  - The cash-flow analysis of the business took payment of the obligation into consideration.
	If documentation of payment from the business funds cannot be provided, or there is history of delinquency on the account the debt must be considered as part of the borrower's individual recurring debt obligation.
	• **Co-Signed Debt**
	- Co-signed debt is **not required** to be included in the borrower's DTI calculation if all of the following applies:
	  - Documentation is provided that the borrower is not primarily responsible for payment of the debt, and
	  - The credit report indicates no late payments on the account, and
	  - 12 months most recent consecutive cancelled checks are provided documenting the primary party obligated on the debt has been making the payments (the checks cannot be from an account co-owned with the borrower).
	  NOTE: A management exception to exclude the debt will be required if the above documentation cannot be provided.
	- Co-signed debt must **be included** in the borrower's DTI calculation if:
	  - It cannot be properly documented that the primary party obligated on the loan is making the payments, **or**
	  - A 12 month pay history, by the primary party, cannot be established, **or**
	  - The credit report indicates there have been late payments on the debt, **or**
	  - Another party is making the payments but the borrower is the only party responsible for the debt.

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).
	  - The borrower must have 6 months PITIA in reserves for both properties.
	  - Two months reserves for each property will be allowed if 30% equity can be documented by an appraisal.
	• **Conversion to Second Home**:
	- The borrower is qualified using the PITIA payments for both properties
	- Six months PITIA reserves is required for both properties
	- Two months PITIA reserves for each property will be allowed if 30% equity can be documented by a 2055/1075 (exterior-only) appraisal.
	• **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 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
	  - Two months reserves will be required on both properties.
	- If the equity is < 30%, rental income cannot be used to qualify the borrower and 6 months PITIA reserves will be required on both properties.
	- 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.

Court-Ordered Assignment of Debt	• When a borrower has outstanding debt that was assigned to another party by court order (such as under a divorce decree or separation agreement) and the creditor does not release the borrower from the liability, the borrower has a contingent liability. REMN Wholesale is not required to count this contingent liability as part of the borrower's recurring monthly debt obligations. • REMN Wholesale is not required to evaluate the payment history for the assigned debt after the effective date of the assignment. REMN Wholesale cannot disregard the borrower's payment history for the debt before its assignment.
Credit History	• Alt-trades may be required at the underwriter's discretion if an insufficient number of active tradelines are reporting on the credit report. • Authorized user trade lines require underwriter review to ensure the trade lines are an accurate reflection of the borrower's credit history.
Credit - Installment/Revolving Accounts	All debts will be run through DU to ensure accurate DU Findings. • **Installment Debt** - Installment debt is considered as a 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 will be considered as a recurring monthly debt obligation if it significantly affects the borrower's ability to meet their credit obligations. • **Revolving Debt** - Revolving debt is considered part of the borrower's recurring monthly debt. Revolving debt includes credit cards and personal lines of credit (equity lines, secured by real estate, are included in the housing expense). Revolving debt is subject to the following: - If the monthly payment is not included on the credit report, the underwriter will use the greater of $10 or 5% of the outstanding balance to determine the monthly payment - Payoff or pay down of debt solely to qualify the borrower is carefully evaluated and will be considered in the overall loan analysis by the underwriter. Generally the following applies: - Revolving accounts that will be paid off and closed, a monthly payment is not required to be included in the debt ratio. Documentation that the account was closed must be provided and verified prior to loan disbursement. The payoff must be shown on the HUD-1. - Revolving debt that will be paid off but not closed will require the current monthly payment based on the current outstanding balance to be included in the long-term debt. • Open 30-day charge accounts require 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. • **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 a minimum, 2% of the outstanding loan balance. • **Alimony/Child Support/Separate Maintenance Payments** - Alimony/child support or separate maintenance payments that are required to be paid due to a divorce decree, separation agreement or other legal document must be included in the borrower's monthly debt obligations if they will continue for >10 months. Voluntary payments are not required to be considered in the DTI calculation.

Credit Report/Scores	• Credit score is per DU Findings • All borrowers are required to have a credit score and must meet the minimum credit score requirement provided by DU (unless the requirements under Credit Score Exception topic are met) • 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 The representative score for the loan is the lowest representative score for all borrowers. • 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). ***Examples:*** - *Acceptable Response:* Chase, Wells & Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street; no credit was obtained. - *Unacceptable Response:* "We did not accept any credit for the inquiries listed on our credit report: or "We did not accept any credit from Chase, Wells & Bank of America" (neither response specifically addresses both the inquiry and disposition). • The credit report cannot be older than 4 months at time of funding or the expiration date received from DU, whichever is less. **Credit Score Exception** REMN will not require all borrowers on the loan to have a credit score subject to all of the following requirements: • The loan receives a DU "Approve/Eligible" Finding • At minimum, one borrower on the loan has traditional credit and one or more credit scores. The borrower with the credit score(s) must be the primary borrower (i.e. the borrower that contributes more than 50% of the qualifying income), • Conforming loan amount only; no High Balance, • Purchase and rate/term transactions only, • The property securing the loan is a 1-unit, primary residence and all borrowers will occupy the property, and • The income used to qualify the borrowers cannot be from self-employment.
Deed / Resale Restrictions	Properties with age related restrictions (55+ communities) are eligible subject to Fannie Mae requirements. All other properties subject to deed/resale restrictions are ineligible.

Derogatory Credit	Bankruptcy

Derogatory Credit

Bankruptcy

Derogatory Event	Waiting Period	Extenuating Circumstances
Chapter 7 or 11 BK	• 4 years from discharge to credit report date	• 2 years from discharge date The maximum LTV is the lesser of 90% LTV or the maximum LTV allowed for the program
Chapter 13 BK	• 2 years from discharge date to credit report date or • 4 years from dismissal date to credit report date	• 2 years from dismissal The maximum LTV is the lesser of 90% LTV or the maximum LTV allowed for the program
Multiple BK Filings*	• 5 years if more than one filing in the previous 7 years	• 3 years from discharge/dismissal

* NOTE: Two or more borrowers with individual bankruptcies are not cumulative and are not considered multiple bankruptcies (e.g. the borrower has a bankruptcy and the co-borrower has a bankruptcy, FNMA does not consider this multiple BKs)

- Extenuating circumstances are considered isolated events that are beyond the borrower's control that result in a sudden, significant and prolonged reduction in income or a large increase in the borrower's financial obligations (e.g. death of a borrower, layoff, serious illness, divorce, etc.)
  - Acceptable documentation to support extenuating circumstances and that illustrate factors that contributed to the borrower's inability to resolve the problem is required (e.g. copy of divorce decree, layoff notice, death certificate, medical bills, tax returns, property listing agreements, etc.).
  - Additionally a letter of explanation from the borrower explaining the relevance of the documentation is required.

NOTE: An "Approve/Eligible" Finding is still required even when considering extenuating circumstances; manual underwriting is not allowed on Agency loans.

- If mortgage debt was discharged through the bankruptcy, even if there was a subsequent completed foreclosure action to reclaim the property, bankruptcy waiting periods may be applied, not foreclosure waiting periods if documentation is provided to verify the mortgage was discharged in the bankruptcy. If documentation cannot be provided, the greater of the applicable bankruptcy or foreclosure waiting period is applied.

Collections/Charge-offs/Judgments

The following applies to collection and charge-off accounts:

- Past-due accounts (that have not gone to collection) must be brought current.
- **One Unit Owner-Occupied Primary Residence**:
  - The borrower is not required to pay off outstanding collections or charge-offs regardless of the amount.
- **Two-to-Four Unit Owner-Occupied Primary Residence and Second Home**
  - If the combined total of collections and charge-offs accounts is greater than $5,000, the accounts must be paid in full prior to or at closing
- **Investment Property**
  - Individual accounts greater than or equal to $250.00 or, if the combined balance of all accounts is greater than $1000.00, the accounts must be paid in full prior to or at closing.

NOTE: At underwriter discretion payoff of collection/charge-off accounts may be required.

Mortgage Charge-offs

If the charge-off account was a mortgage a 4 year waiting period (2 years with extenuating circumstances) applies. Refer to the Deed-In-Lieu/Pre-Foreclosure topic for requirements

Judgments

Open judgments, garnishments and all outstanding liens appearing on the Public Records section of the credit report must be paid off prior to or at closing. Documentation of sufficient funds to satisfy these obligations must be obtained.

	Consumer Credit Counseling Follow DU Findings
Derogatory Credit (cont.)	**Foreclosure** A previous foreclosure is subject to the following: • A 7 year waiting period from completion date to credit report date is required • A 3 year waiting period with documented circumstances. The following also applies: - Maximum LTV/CLTV is the lesser of 90% or the program maximum - Borrower must be purchasing a primary residence, or - A limited cash-out refinance is permitted on all property types subject to eligibility requirements. • If mortgage debt was discharged through the bankruptcy, even if there was a subsequent completed foreclosure action to reclaim the property, bankruptcy waiting periods may be applied, not foreclosure waiting periods if documentation is provided to verify the mortgage was discharged in the bankruptcy. If documentation cannot be provided, the greater of the applicable bankruptcy or foreclosure waiting period is applied. **Deed-in-Lieu/Pre-Foreclosure (Short Sale/Short Pay-off)** **Loan applications dated prior to August 16, 2014** **Waiting Period and Requirements** / **Waiting period = event date to new loan disbursement date** 2 years - Maximum 80% LTV or program limit, whichever is less 4 years – Maximum 90% LTV or program limit, whichever is less 7 years – Maximum LTV per program guidelines **Waiting Period with Extenuating Circumstances*** 2 years – Maximum 90% LTV or program limit, whichever is less **Loan applications dated on or after August 16, 2014** **Waiting Period** / **Waiting period = event date to new loan disbursement date** 4 years **regardless of the LTV** **Waiting Period with Extenuating Circumstances*** 2 years with acceptable extenuating circumstances NOTE: Disbursement date is defined as the date the loan funds are disbursed for the subject mortgage. The disbursement date may occur on or after the Note date. ***Extenuating Circumstances An extenuating circumstance is defined by Fannie Mae as a non-recurring event that was beyond the borrower's control that resulted in a sudden, significant and prolonged significant reduction in income (e.g. job loss, divorce, serious illness, etc.) or a catastrophic increase in financial obligations (e.g. large medical bills). An extenuating circumstance must be fully documented. Copies of any paperwork substantiating the event such as divorce decree, job layoff notice, severance papers, medical bills, etc. must be provided. Additionally copies of any documents substantiating the borrower's inability to resolve the problems resulting from the event such as insurance claims, unemployment paperwork, listing agreements, tax returns (covering the period of the event; before, during and immediately after) etc., are required. A letter of explanation from the borrower, explaining the event and documentation provided is also required.

Derogatory Credit (cont.)	**Disputed Accounts** Disputed accounts are subject to DU Findings. • If DU Findings do not indicate any action required none is required. • If DU requires action on a disputed account the loan cannot close until the dispute has been resolved and an updated credit report, without the disputed account, is submitted to DU. NOTE: An "Approve/Eligible" Finding must be received from DU after the updated credit report has been submitted. **Re-Established Credit Requirements:** After a foreclosure, bankruptcy, deed-in-lieu, or pre-foreclosure borrowers are required to have re-established good traditional credit. Re-established credit is met if **all** of the following are met: - The above detailed waiting periods and related additional requirements are met - The loan receives an "Approve/Eligible" Finding from DU - The borrower has established new traditional credit (non-traditional credit or "thin files" are **not** acceptable) **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. **Restructured/Modified Loans** • **Refinance Transactions**: The subsequent refinance of a restructured/modified loan is eligible subject to the following: - The borrower(s) have made a minimum of 24 consecutive months of on-time payments on the restructured/modified loan prior to the closing of the refinance transaction (i.e. 24 consecutive months of on-time payments **after** the loan was restructured/modified). • **Purchase Transactions:** Borrowers with a previously restructured/modified loan are eligible for a purchase transaction as long as it can be documented that the borrower has a satisfactory payment history on the modified/restructured loan with no delinquencies. There is no seasoning requirement on the modified/restructured loan.
Down Payment Assistance (Community Seconds)	Community Seconds meeting Fannie Mae requirements are eligible on fixed rate purchase or rate/term refinance 1-4 unit owner-occupied property. Community Second programs must be approved by REMN Wholesale.
DTI	Per DU - REMN Wholesale must base the calculation of real estate taxes for borrower qualification on current tax value - Hazard and/or Flood insurance must be based on the as-completed value or maximum insurable value and used in qualifying ratios
Employment	• A two year employment history is required for both wage earner and self-employed borrowers. • Borrowers with 12-24 months of self-employment may be eligible subject to REMN Wholesale management review and the following: - The most recent signed tax returns reflect the receipt of income at the same or greater level in a field that provides the same products or services as the current business or an occupation with similar responsibilities as the current business. - The borrower's level of experience and the amount of business debt will be considered. • A verbal verification of employment (VVOE) is required within10 calendar days of the Note date for salaried borrowers and within 30 calendar days for self-employed borrowers. • A current paystub with YTD income and most recent W-2s are required for wage earners. NOTE: A fully completed VOE is only acceptable as a supplement to the VVOE to further explain the type of income earned (e.g. breakdown of base, OT, bonus, commission, etc.) • Self-employed borrowers require verification of the business by a third party source (e.g. CPA, Federal Tax ID Certificate, Business License). Self- employed borrowers are individuals who

	have 25% or greater ownership interest in a business.
Escrow/Impound Account	• >80% LTV required unless prohibited by state law - (in CA escrow waiver permitted up to 90% LTV) • < 80% LTV not required; refer to rate sheet for pricing adjustment • NOTE: If an escrow/impound waiver request is made, it will be for all impounded items associated with the loan (i.e. taxes and insurance). If the loan has borrower paid mortgage insurance, an escrow waiver is not possible and the premium must be collected.
Fees and Charges (included in the rehabilitation cost)	• Labor and material costs for the renovation, • Contingency reserve, if financed (10% of the total renovation cost; 15% if utilities are not in good working or are off at time of appraisal) • Appraisal fee, • Feasibility Study fee (required when total rehabilitation costs exceed $15,000 or when required by REMN Wholesale) • Inspection fees • Final title update fee, • Architectural and engineering fees (if applicable), • Permit fees (if applicable), • Discount points, and • Mortgage payment (up to 6 months PITI may be financed when the home is uninhabitable during the renovation, if approved by HUD consultant. Eligible on **owner-occupied properties only**; ineligible on second home and investment properties)
Financed Properties	• Borrowers who own more than four (4) properties (including the subject property) are not eligible for financing with REMN Wholesale. Exceptions may be granted on a case-by-case basis with REMN Wholesale management approval on owner-occupied transactions. A price adjustment may apply. FNMA's standard eligibility and underwriting policies apply for any loans granted an exception. • No multiple simultaneous loan submissions allowed if contingent to qualify • REMN limits its exposure to a maximum of 4 loans per borrower.

<table>
<tr><td>Fund Disbursement</td><td>

Maximum of (5) draws are allowed
If only 1 draw is required the following applies:
- The appraiser completes the re-inspection. If the original appraiser cannot complete the re-inspection, REMN Wholesale approval is required and additional requirements may apply.
- The only disbursement of funds occurs once all work is complete
If more than 1 draw is required the following applies:
- The broker is required to confirm, in writing, who will conduct the re-inspections (appraiser, HUD consultant, or independent 3rd party inspection company)
When Feasibility Study required, the HUD consultant determines the number of draws.
10% is withheld from each draw.
Draws are released once an acceptable inspection has been completed by the applicable party.
No funds are disbursed at loan closing (e.g. cash-up front to contractor or reimbursement to borrower who paid cash up-front to contractors)
NOTE: In certain circumstances, funds may be disbursed at loan closing for custom materials with the approval of the Renovation Concierge Department.
Final disbursement occurs when a final title update is performed to evidence no liens on the property.
Any excess funds at project completion must be applied to the principal balance of the loan.

</td></tr>
<tr><td>Gift Funds</td><td>

Gift funds, from an acceptable donor, may be used for all or part of the down payment, closing costs, or reserve requirements as long as the borrower meets the minimum contribution requirements detailed below.

<table>
<tr><th>LTV/CLTV</th><th>Property Type</th><th>Minimum Contribution from Borrower Own Funds</th></tr>
<tr><td rowspan="2">≥ 80.01%
MI company guidelines apply</td><td>1-unit primary residence</td><td>A minimum contribution from borrower’s own funds not required. All funds may be a gift.</td></tr>
<tr><td>2-4 units, second home</td><td>5% borrower contribution required. Gifts may be used after the borrower own funds contribution is met.</td></tr>
<tr><td>≤ 80%</td><td>1-4 unit primary, second home</td><td>Not required. All funds may come from a gift.</td></tr>
</table>

Gift funds are not allowed on investment transactions.
Gift funds may be provided by any of the following:
- A relative, defined as the borrower’s spouse, child, or other dependent, or by another individual who is related to the borrower by blood marriage, adoption or legal guardianship, or
- A fiancé or fiancée, or domestic partner.
The gift fund donor cannot be affiliated with the builder, developer, real estate agent, broker, or any other interested party to the transaction.
The gift must be evidenced by a gift letter, signed by the donor and it must:
- Specify the dollar amount,
- Be signed by the donor and the borrower,
- Specify the date the funds were transferred,
- Indicate the donor(s) name, address, phone number, and relationship to the borrower, and
- Include a statement by the donor that no repayment of the gift funds is expected.
The transfer of the gift funds must be documented. Acceptable documentation includes:
- Copy of the donor’s cancelled check and the borrower’s deposit slip
- Copy of the donor’s withdrawal slip and the borrower’s deposit slip
- Copy of the donor’s check to the closing agent, or
- The settlement statement showing receipt of the donor’s check.
NOTE: Gift funds at closing are not allowed; may be considered on an exception basis with REMN Wholesale management approval.

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

Gift of Equity	• Allowed from an immediate family member only. • Eligible on primary residence and second home purchase transactions. • A gift letter must be provided (refer to gift funds above for gift letter requirements). • The HUD-1 must indicate "gift of equity". If the above requirements are met, the gift of equity is not subject to the interested party contribution requirements.
Identity of Interest/ Conflict of Interest	The borrower is allowed to have a familial or business relationship/affiliation with the contractor subject to the restrictions below. There are no exceptions to the following policy: • The contractor/contractor business cannot be: - The borrower's employer - A company owned by the borrower. • The contractor cannot be related to: - The property seller, or - Real estate agent(s) • The contractor cannot also be the consultant on a project where the rehabilitation costs exceed $15,000 or when required by REMN Wholesale; the consultant must be a HUD Consultant • Broker owned escrows are eligible subject to REMN Wholesale approval
Improvements - Eligible	Improvements must be permanently affixed to the property and must add value. Examples of eligible improvements are: • Structural alterations/additions that are **attached** to the subject property (room/garage additions, finish attics/basements, repair of termite damage), • Changes to improve function/modernization (bath/kitchen remodel – all appliances **must be built-in** to be eligible) • Elimination of health/safety hazards (lead base paint, mold, etc.) Follow state and local government requirements where property is located for removal and testing, • Repair/replacement/upgrade of plumbing, heating, air conditioning and electrical systems • Repair/replace flooring • Window and door replacement, • Interior/exterior painting, • Weatherization including storm windows/doors, insulation, weather stripping, • Major landscaping that adds permanent value to the property • Repair/replace roofing, gutters and down spouts, • Installation of new well and/or septic system or repair of such systems • Enhancing accessibility for a disabled person • Swimming pools, spas (installation or repairs) • Outdoor living spaces (barbeque islands, outdoor fireplaces, etc.) • Basement finishing or waterproofing • Television antennas/satellite dishes • Generator • Tennis courts
Improvements - Ineligible	Ineligible improvements include, but are not limited to: • Tearing down an existing structure and rebuilding • Any improvement not permanently affixed to the property (e.g. free standing stove, refrigerator, washer/dryer, microwave, etc.) • Construction of any **detached** structures (e.g. pool house, sheds, detached garage, etc.). All new construction must be attached to the subject property. • Alterations to allow for commercial or business use • Purchase of personal property

Income

- Income documentation is determined by DU however, at underwriter discretion, additional documentation may be required.
- Wage earner borrowers:
  - At minimum, a current paystub with YTD earnings and the most recent W-2 is required
- Self-employed borrowers:
  - Copy of the most recent 2-years signed federal individual and business tax returns with all schedules.   If DU requires business returns business tax transcripts will be required.
    - The requirement for business tax returns may be waived if:
      - The borrower is using personal funds for down payment and closing costs
      - The borrower has been self-employed in the same business for a minimum of 5 years
      - The borrower's individual tax returns show an increase in self-employment income over the past 2-years.
- Other sources of income:
  - Other sources of income are eligible for qualifying the borrower. DU determines the documentation, verification and continuation requirements for other sources of income.
- Projected income from a new job that the borrower is scheduled to start is eligible subject to REMN management approval and the following:
  - The borrower's previous employment and income history must be documented
  - The borrower must be scheduled to begin employment within 30 days from loan closing
  - A copy of the offer or contract for employment is required and the documentation must include salary information
  - Borrower must have sufficient other income or cash reserves to pay the mortgage and all other obligations from loan closing to the start of the new job
  - A letter, signed by the borrower(s) is required, certifying that a paystub or other acceptable documentation to validate the borrower has started employment, will be provided as soon as received by the borrower
- Social security income (retirement, disability supplemental security income) is an eligible source of income subject to the following:
  - Documentation requirements are determined on the type of benefit and whether the benefits received are from the borrower's own account or from another person's account (e.g. borrower eligible for benefits from a spouse, ex-spouse, dependent parents, etc.)

<table>
<tr><th>Type of Benefit</th><th>Benefit from Borrower's Own Account</th><th>Benefit from Another Person's Account</th></tr>
<tr><td>Retirement</td><td rowspan="2">• SSA Award Letter, OR
• Proof of current receipt
No continuance documentation required</td><td rowspan="3">• SSA Award Letter, and
• Proof of current receipt, and
• Minimum 3 year continuance required</td></tr>
<tr><td>Disability</td></tr>
<tr><td>Survivor</td><td>N/A</td></tr>
<tr><td>Supplemental Security Income (SSI)</td><td>• SSA Award Letter, and
• Proof of current receipt</td><td>N/A</td></tr>
</table>

<table>
<tr><td>Income (cont.)</td><td>
Income from a borrower who is on temporary leave (e.g. maternity, family medical leave, etc.) may be used for qualifying subject to the following:

- The borrower's employment and income meet standard eligibility requirements,

- The borrower must provide written confirmation of their intent to return to work,

- Documentation is provided that confirms the date the borrower will return to work. The documentation may be provided by the borrower, employer or a third party administering the employee leave.

NOTE: This documentation is not subject to the age of credit documentation policy detailed in these guides.

Examples of acceptable documentation:

- Computer printout indicating return to work date,

- Correspondence between the employer/designee and borrower detailing the duration of the leave or return to work date

- A VVOE is required. The borrower must be considered employed if the employer indicates they are currently on temporary leave.

- Documentation is provided indicating the amount of temporary leave income the borrower is currently receiving, if any, and

- Documentation is provided indicating the amount of income the borrower was receiving prior to the temporary leave (i.e. the borrowers regular base pay, commission, bonus, etc. as applicable)

Calculation of the income is as follows:
Borrower returning to work by the first mortgage payment due date: The borrower's regular employment income is used for qualifying
Borrower is not returning to work by the first mortgage payment due date: Use the lesser of the borrower's temporary leave income (if any) or the borrower's regular employment income.

NOTE: If the temporary leave income is less than their regular employment income, available liquid financial reserves may be used to supplement the temporary leave income as allowed by Fannie Mae.
</td></tr>
<tr><td>Inspections/
Re-Inspections</td><td>
The following inspections, if required by the appraiser and/or consultant, must be completed:

- Termite/pest

- Well or septic certification

- Additional HVAC or system certifications

- Additional architectural exhibits as required
No Feasibility Study Required

The contractor bid must specify the number of draws desired or the contractor must confirm in writing the number of draws requested.
If 1 draw the appraiser completes the re-inspection
If > 1 draw the broker confirms, in writing, who will complete re-inspections (appraiser, HUD consultant, or independent 3rd party inspection company
Feasibility Study Required
HUD consultant determines the number of draws and completes the re-inspections
</td></tr>
</table>

Interested Party Contributions

Interested party contributions (IPC) pay for costs that are normally charged to the buyer of the property (borrower) and are provided by a party that has a financial interest in, or can influence the terms and sale/transfer of the subject property such as:

- Seller,
- Builder/developer,
- Real estate agent,
- Broker, or
- Any affiliate of the above who will benefit from the sale of the property and/or at the highest possible sales price.

IPC's can be either financing concessions or sales concessions and include:

- Funds paid directly from the interested party to the borrower
- Funds that flow from an interested party through a third-party organization, including nonprofit entities, to the borrower,
- Funds that flow to the transactions on the borrower's behalf from an interested party, (includes third party organization and nonprofit agency),
- Funds donated to a third party who provides the funds to pay some or all of the closing costs for the transaction.

Interested party contributions are limited as follows:

Occupancy Type	LTV/CLTV	Maximum Allowable Contribution*
Primary Residence or Second Home	> 90%	3%
	75.01% - 90%	6%
	75% or less	9%
Investment Property	All	2%

- IPC's 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 **must be** deducted from the sales price when calculating the LTV/CLTV ratios.
- Financing concessions are subject to the IPC limits noted above. Financing concessions include:
  - Financial contributions from an interested party that benefits the borrower in the financing transaction,
  - Payments or credits related to acquiring the property, and
  - Payments or credits for financing term, including prepaids.

  Financing concessions generally include origination fee, discount points, commitment fee, appraisal cost, transfer taxes, attorney's fees, title insurance premiums, etc. They may also include prepaid items such as interest charges (no more than 30 days), real estate taxes covering any period after the settlement date, hazard insurance premiums (≤ 14 months), HOA dues (≤ 12 months), mortgage insurance premiums and escrow accruals for borrower paid MI.

  NOTE: Fees and/or closing costs paid by the seller that are considered common and customary are not subject to IPC limits e.g. owner's title and transfer tax.
- Undisclosed IPCs are ineligible i.e. borrower paid closing costs moved to the seller side of the HUD.

Investment Property Requirements	The following guidance applies to a 1-unit investment property or a 2-4 unit primary residence properties.
	• Rental income may be used to qualify the borrower. Based on the information provided, the underwriter will determine the rental income that will be used to qualify the borrower.
	• Rental income generated from the **subject** property requires the appraiser to provide:
	- Single-Family Comparable Rent Schedule (FNMA Form 1007, **or**
	- Small Residential Income Property Appraisal Report (FNMA Form 1025) for 2-4 unit properties.
	- The borrower must provide the most recent year personal tax returns and all related schedules.
	• Rental income generated from **other** investment property currently owned by the borrower (e.g. SFR, units or commercial property) the borrower must provide personal tax returns and all related schedules.
	• If the borrower acquired the property subsequent to filing a tax return a copy of the signed, lease agreement and a copy of the receipt and deposit of the security deposit from the tenant into the borrower' s bank account is required.
	NOTE: If using a lease agreement, only 75% of the gross rents, minus the verified PITIA, may be used for rental income.
	• Investment property files, regardless of whether or not income is used to qualify, must contain **one** of the following documents at closing:
	- If the property is vacant, verification from the appraiser that all units are currently vacant (can be noted on the appraisal report), **or**
	- If the property has any tenants, verification from the title company that they will not have a "Tenants in Possession" exception in the title policy. Specific verification from the title company is required; the title company must provide in writing documentation that they will not have a "tenants in possession" exception, **or**
	- A copy of the lease documentation that specifically indicates one of the following:
	  - The lease is subordinate to any mortgage, or
	  - Any tenant's right to purchase the property or any rights that could affect REMN's interest have been formally waived by all tenants of the property.

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.

<table>
<tr><td>Maximum Mortgage Amount</td><td>Purchase Transactions*
• The LTV is based on the lesser of:
- Purchase price plus total renovation costs, or
- The “After-Improved” value
• The maximum mortgage is determined as follows:
- Multiply the lesser amount (as determined above) by the desired LTV (up to the maximum allowed per program matrix) to determine the loan amount
Refinance Transactions
• The loan amount equals the desired LTV multiplied by the “After-Improved” value.
NOTE: If the unpaid principal balance plus the total rehab costs plus closing costs are greater than the LTV multiplied by the “After-Improved” value calculation than the lesser LTV (i.e. the maximum allowed per program guidelines) applies.
Maximum Allowable Repairs – Purchase and Refinance Transactions
The maximum allowable repairs cannot exceed 50% of the “After-Improved value</td></tr>
<tr><td>Mortgage Insurance</td><td>• Loans with > 80% LTV, mortgage insurance is required and are subject to MI guidelines. The more restrictive of REMN or MI company guidelines apply. Links to review individual MI Company guidelines are provided below.
• Purchase transactions: LTV based on the lesser of the “After-Improved” value or purchase price + total rehabilitation cost
• Refinance: LTV based on “After-Improved” value
• Eligible MI products:
- Borrower paid mortgage insurance (BPMI). Monthly or single premiums are eligible.
- Lender paid mortgage insurance (LPMI). Single premium only.
- Split Premium
• Eligible MI options:
- Financed MI is eligible for BPMI single premium
- Non-refundable
- Refundable (eligible with BPMI single premium only)
- Renewal type, as applicable
  - Level/constant
  - Declining/amortized
• REMN approved MI companies are:
- Essent
- Genworth
- Radian
- United Guaranty

• Mortgage insurance coverage is determined by LTV and loan term as detailed below.
<table>
<tr><th colspan="4">Required MI Coverage</th></tr>
<tr><th rowspan="2">Loan Term</th><th colspan="3">LTV</th></tr>
<tr><th>80.01-85%</th><th>85.01 - 90%</th><th>90.01-95%</th></tr>
<tr><td>25/30 year</td><td>12%</td><td>25%</td><td>30%</td></tr>
<tr><td>10/15/20 year</td><td>6%</td><td>12%</td><td>25%</td></tr>
</table></td></tr>
<tr><td>Mortgage/Rental History</td><td>• Per DU Findings however the mortgage /rental rating cannot have any ≥ 60 day lates in the previous 12 months.
NOTE: If DU allows any delinquencies a satisfactory explanation of the delinquency is required and is subject to underwriter review and acceptance.
• The credit report must reflect the most recent 12 months activity.
• Mortgage must be current for the month closing.</td></tr>
</table>

	• Copies of rent checks are required to document rental payment history subject to DU Findings. In lieu of rent checks, at the underwriter's discretion the following may be acceptable: - A direct verification of rent (VOR) provided by a professional management company, or - Copies of money orders
Non-Arm's Length or Identity of Interest Transactions	• A non-arm's length transaction is a purchase transaction where there is a relationship or business affiliation between the buyer and seller of the property. • Non-arm's length transactions are eligible for re-sale properties on all occupancy types.
Occupancy	• Owner-occupied • Second home • Investment (non-owner occupied)
Power of Attorney	A Power of Attorney (POA) is allowed on a case-by-case basis subject to: • Must be specific to the transaction • Must include the borrower name, property address and loan amount • The POA must be fully executed and notarized • The borrower must sign the application and disclosures • REMN to review and approve prior to loan closing • The POA must be recorded along with the mortgage.
Prepayment Penalty	Not permitted
Products	Fixed Rate: 15 and 30 year
Properties – Eligible	• Single family residences • 2-4 units primary residence only • PUDs (attached/detached) • Condominium (attached/detached), Fannie Mae warrantable. Refer to the Property Eligibility - Condo topic for additional condo requirements. • Leaseholds meeting Fannie Mae guidelines • New construction with a certificate of occupancy issued.
Properties - Ineligible	• Non-warrantable condominiums • New or newly converted condominium projects in Florida without a PERS approval • New construction without a certificate of occupancy • 2-4 unit investment properties • Properties currently boarded up, condemned and uninhabitable are generally not eligible (if located in a declared FEMA disaster area considered on case-by-case basis) • Condominiums < 450 square feet • Modular/prefabricated homes • 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 • Properties zoned for agricultural use • Commercial property

Property Eligibility - Condo	Condos are eligible subject to the following: • Proposed renovation must be eligible under the bylaws of the HOA; written approval from the HOA is required • Renovation is limited to the interior of the unit which may include installation of fire walls in the attic • A Full Review is required; Limited Reviews are ineligible. • Two comparable sales, from a project other than the project where the subject property is located, are required.
Property with an Accessory Unit	**Legal Accessory Unit** Eligible on 1- unit single family properties only provided the following requirements are met: • The appraisal must indicate the improvements are typical for the market, **and** • A minimum of one (1) comparable sale with the same use is required, **and** • The borrower must qualify for the mortgage without considering any rental income for the legal accessory unit. **Illegal Accessory Unit** If it is determined that the accessory unit does not comply with zoning the property is eligible subject to the following additional conditions: • The use conforms to the subject neighborhood and market, **and** • The property is appraised based upon its current use, **and** • The appraisal must indicate that the improvements represent a use that does not comply with zoning, **and** • The appraisal must indicate that the improvements are typical for the market through an analysis of at least three (3) comparable properties that have the same illegal use, **and** • The accessory unit cannot jeopardize any future hazard insurance claim that could be filed against the property, **and** • The borrower must qualify for the mortgage without considering any rental income from the illegal accessory unit.
Property with an Addition without Permits	If the appraiser identifies an addition that does not have the required permits the following is required: • The appraiser must comment on the qualify and appearance of the work, **and** • The impact the addition might have, if any, on the market value of the subject property.
Property with an Illegal Conversion	Properties with an illegal conversion (e.g. garage converted to office/bedroom, screened in porch converted to laundry room, etc.) are eligible subject to the “Property with an Addition Without Permits” topic requirements **unless** the illegal conversion includes the amenities to make it a self-contained living space (e.g. a garage converted to a living space that includes a bathroom **and** kitchen). In cases where the illegal conversion would be considered an accessory unit (living space, bathroom **and** kitchen) the conversion is subject to the guidelines under the “Illegal Accessory Unit” topic above.
Property Flips	Eligible subject to underwriter review. • Property flips are subject to: - Appraisal must support any value increases. Additional documentation may be required and a desk review or second appraisal may be required at underwriter discretion. - Borrower must have excellent credit history, employment history, savings pattern, etc.

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	• **The borrower may not receive any cash back at closing.** Any excess funds after the renovation is completed must be applied as a principal reduction.
	• HomeStyle refinance transactions are subject to specific requirements:
	- Refinance eligible for the payoff of purchase money second with no cash-out
	- Existing subordinate financing may be left in place and re-subordinated to the new first mortgage (regardless if used to purchase the property
	- The payoff of a non-purchase money second **is ineligible**
	• Properties that were listed for sale in the previous 12 months must be taken off the market prior to the disbursement date and borrowers must provide written confirmation of their intent to occupy the property.
	• A continuity of obligation is required on refinance transactions. Continuity of obligation is met when at least one borrower on the existing mortgage is also a borrower on the new refinance transaction and is measured from the date of the event (such as transfer of title) to the disbursement date of the new refinance transaction.
	NOTE: Continuity of obligation does **no**t apply to properties owned free and clear (i.e. no mortgage lien) due to the borrower purchasing the property with all cash or the prior mortgage that the borrower was obligated on has been paid in full.
	• Exemptions to the above continuity of obligation requirements are:
	- The borrower was added to the title 24 months or more prior to the disbursement date of the new refinance transaction, or
	- The borrower has been on title for at least 12 months but is not obligated on the existing mortgage and one of the following applies:
	  - Has been residing in the property for at least 12 months,
	  - Has paid the mortgage for the last 12 months, or
	  - Can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor
	- The borrower has been added to title through a transfer from a trust or a limited liability company (LLC) as long as the borrower was a beneficiary/creator of the trust or a 25% or more owner of the LLC/partnership prior to the transfer and the transferring entity and/or borrower has had consecutive ownership (on title) for at least the most recent 6 months prior to the transfer.
	NOTE: Transfer of ownership from a corporation to an individual does **not** meet the continuity of obligation requirement
	- The borrower recently inherited, or was legally awarded, the property (divorce, separation, or dissolution of a domestic partnership). There is **no waiting period** in these instances.
	• If the continuity of obligation requirement does not exist, or one of the exemptions outlined above do not apply, the loan is ineligible.
	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.

Reserves	• Subject to Fannie Mae requirements • Refer to Conversion of Principal Residence topic for reserve requirements when converting a principal residence.
Seller Contributions	Refer to the Interested Party Contributions topic for seller contribution limits.
Subordinate Financing	• Eligible subject to the CLTV limits on the matrix located on pages 1 and 2. Max CLTV is 105% for a fixed rate owner-occupied property with a Community Second. • If existing subordinate financing is a HELOC, the full amount of the available credit must be used to determine the CLTV. • Unacceptable subordinate financing terms include: - Mortgages with negative amortization (with the exception of employer subordinate financing that has deferred payments) - Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than 5 years after the Note date of the new fist mortgage - Subordinate financing that has a prepayment penalty. • Community Second programs must be approved by REMN Wholesale. All Fannie Mae Community Seconds requirements must be met.
Temporary Buydowns	Not available
Transactions – Eligible	• Purchase • Limited cash-out refinance (rate/term)
Transactions – Ineligible	• Any transaction without a DU "Approval/Eligible" Finding • Any **purchase or refinance** transaction involving any cash to the borrower; borrower **cannot receive any cash-back on a HomeStyle transaction in any amount** (Fannie Mae standard limited cash-out refinance of 2% or $2,000, whichever is less, is **not permitted** on HomeStyle) • Manual underwrites • Cash-out refinance • New construction not fully completed (i.e. certificate of occupancy has not been issued) • ARMs • Interest-only • Non-traditional credit • Non-arm's length transaction that involves new construction and the loan is secured by a second home or investment property • Refinance transactions where the property was listed for sale at time of loan disbursement. • Transactions where the property securing the loan is subject to a private transfer fee covenant created on or after Feb. 8, 2011 and the fee collected does not directly benefit the property.

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<td>Utilities</td>
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Utilities must be inspected to ensure they are in proper working order unless they are being completely updated.
If the utilities were not on at the time of the appraisal/inspection or are determined to not be in good working order, a 15% contingency reserve must be established (including homes that have been “winterized”)
When obtaining bids, the contractor should provide a bid that allows for any repairs that may be required.

Utilities on at Time of Appraisal/Inspection

Appraiser or other licensed professional (consultant, contractor, inspector, plumber, electrician) must confirm in writing that the utilities have been visually inspected and appear to be in good working order.

Utilities NOT on at time of Appraisal Inspection

If utilities were not on at the time of the appraisal and the Feasibility Study or bid (as applicable) does not include repairs to the utilities, REMN Wholesale will accept alternative documentation to validate condition of utilities.

If home was winterized, a winterization certification indicating all utilities were working properly when turned off.
A certification by a licensed professional (consultant, contractor, inspector, plumber, electrician) that the utilities have been inspected and appear to be in good working order.
If bank or Agency owned (no HUD REOs) a copy of the home inspection from the listing report

If the utility inspection reveals utilities are not in good working order, the Feasibility Study (if applicable) or Contractor Bid must include detailed required repairs. If identified through a Feasibility Study the utility repair cost must match d the contractor bid(s).

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