

Owner-Occupied Primary Residence Fixed and ARM					
Transaction Type	Units	LTV/CLTV	Maximum Loan Amount	Credit Score ⁴	Maximum DTI ⁵ Fixed and ARM
Purchase	1	90% ¹	\$1,500,000 ²	720 ¹	43% ²
	1	80%	\$1,500,000 ⁶	720	43%
	1	70%	\$1,000,000 ⁶	700	43%
	1	75%	\$2,000,000 ⁶	720	43%
	1	70%	\$2,500,000 ^{3,6}	720	43%
	2	65%	\$1,000,000 ⁶	700	43%
	2	60%	\$1,500,000 ⁶	720	43%
Rate/Term Refinance	1	90% ¹	\$1,500,000 ²	720 ¹	43% ²
	1	80%	\$1,500,000 ⁶	720	43%
	1	70%	\$1,000,000 ⁶	700	43%
	1	75%	\$2,000,000 ⁶	720	43%
	1	70%	\$2,500,000 ⁶	720	43%
	1	60%	\$2,500,000 ^{3,6}	720	43%
	2	65%	\$1,000,000 ⁶	700	43%
	2	60%	\$1,500,000 ⁶	720	43%
Cash-Out	1	70%	\$1,000,000 ⁶ Max cash-out \$250,000	720	43%
	1	65%	\$1,000,000 ⁶ Max cash-out \$250,000	700	43%
	1	65%	\$1,500,000 ⁶ Max cash-out \$500,000	720	43%
	1	60%	\$2,000,000 ⁶ Max cash-out \$500,000	720	43%
	1	50%	\$2,500,000 ^{3,6} Max cash-out \$750,000	720	43%

Footnotes:

- 80.01% to 90% LTV subject to all of the following (no exceptions):
 - 1-unit primary residence, Purchase and Rate-Term Refinance only
 - Min loan amount is \$1.00 more than current Conforming/High Balance limit set by Federal Housing Finance Agency (FHFA)
 - Mortgage insurance is **not** required
 - Subordinate financing **not** allowed
 - Gift funds **not** allowed
 - Escrow/impound account required
 - Residual income required.
 - Reserve requirements: ≤ 38% DTI – 12mos PITIA; 38.01% – 43% DTI – 18mos PITIA
 - Non-permanent resident aliens ineligible
 - First Time Homebuyer eligibility:** Maximum DTI 38%, min 740 FICO, 15mos post-closing reserves
 - Refer to the [80.01 to 90% LTV topic for complete requirements](#)**
- First time homebuyers maximum loan amount \$1,000,000 except in the states of CA, CT, NJ, and NY which are eligible up to \$1,500,000. Refer to the [Eligible Borrowers](#) section for complete first time homebuyer requirements
- Loan amount > \$2,000,000 limited to 20, 25, and 30 year fixed rate product only
- Minimum FICO is based on lowest middle score of all borrowers on the loan
- There are **no exceptions** to the maximum DTI.
- Minimum loan amounts > \$424,100 for 1-unit and > \$543,000 for 2-units (loan amounts between Agency conforming and high balance loan limits are eligible with LTVs ≤ 80%)

REM N Jumbo Program Guidelines

Second Home Fixed and ARM					
<i>Transaction Type</i>	<i>Units</i>	<i>LTV/CLTV</i>	<i>Loan Amount</i> ^{1,4}	<i>Credit Score</i> ²	<i>Maximum DTI</i> ^{3,6} <i>Fixed and ARM</i>
Purchase	1	80% ⁵	\$1,000,000	720	43%
Purchase/ Rate/Term Refinance	1	75%	\$1,000,000	720	43%
	1	70%	\$1,500,000	720	43%
	1	65%	\$2,000,000	720	43%
	1	50%	\$2,500,000 ¹	720	43%
Cash-Out ⁶	1	60%	\$1,000,000 Max cash-out \$250,000	740	43%
	1	55%	\$1,500,000 Max cash-out \$500,000	740	43%
	1	50%	\$2,000,000 Max cash-out \$750,000	740	43%
Investment ⁷ Fixed Rate					
<i>Transaction Type</i>	<i>Units</i>	<i>LTV/CLTV</i>	<i>Loan Amount</i> ^{1,4}	<i>Credit Score</i> ²	<i>Maximum DTI</i> ³ <i>Fixed</i>
Purchase	1-4	70%	\$1,000,000	740	43%
Rate/Term Refinance	1-4	70%	\$1,000,000	740	43%
Cash-Out Refinance	1-4	60%	\$1,000,000 Max Cash-Out \$250,000	740	43%

Footnotes:

1. Loan amount > \$2,000,000 limited to 20, 25, or 30 year fixed rate product only
2. Minimum FICO is based on lowest middle score of all borrowers on the loan
3. There are **no exceptions** to the maximum DTI. Fixed rate and ARMs max 43%
4. Minimum loan amounts > \$424,100 for 1-unit and \$1.00 more than the minimum loan amount for the applicable number of units (loan amounts between Agency conforming and high balance loan limits are eligible with LTVs ≤ 80%)
5. Second home 75.01% to 80% LTV limited to 20, 25, or 30 year fixed rate product only
6. Second home cash-out transactions subject to the following:
 - Limited to 20, 25, or 30 year fixed rate product only
7. Investment transactions are subject to the following:
 - First time homebuyers **ineligible**
 - Must be an arm's length transaction
 - Gift funds not allowed
 - Appraiser must provide comparable rent schedule
 - If using rental income, an executed lease agreement must be provided; see Rental Income requirements in the Income/Employment section for more details
 - Florida condominiums limited to a maximum 50% LTV/CLTV/HCLTV
 - 20, 25, or 30 year fixed rate product only

REM N Jumbo Program Guidelines

PRODUCT OVERVIEW	
Available Markets	<ul style="list-style-type: none"> » All 50 states with the exception of Nebraska » Guam, Puerto Rico and the Virgin Islands are ineligible.
Eligible Transactions	<ul style="list-style-type: none"> » Purchase » Limited Cash-Out Refinance (Rate/Term) » Cash-out Refinance
Ineligible Transactions	<ul style="list-style-type: none"> » Interest-only » Loans with a prepayment penalty » Higher priced mortgage loan (HPML) » High cost mortgage loan » Higher-Priced Covered transactions » Negative amortization » Convertible ARMs » Temporary Buydowns » Balloon payments » Graduated payments » Non-traditional credit » 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. » Properties with a condition rating of C5/C6 » Properties with a construction/quality rating of Q6 » Refinance of an investment property that was listed for sale in the 6 months prior to loan application » Transactions with a non-occupant co-borrower
Eligible Properties	<ul style="list-style-type: none"> » 1-2 unit owner- occupied (attached/detached) <ul style="list-style-type: none"> - LTV's of 80.01-90% - 1 unit primary residence only. » 1-unit second home (refer to the Occupancy section for requirements) » 1-4 unit investment property (refer to the Occupancy section for requirements) » PUDs (attached/detached) » Condominiums (attached) - Fannie Mae warrantable. <ul style="list-style-type: none"> - Full Review required; - Limited Review ineligible. - New condominium projects require CPM acceptance or PERS approval. » Site condos (detached condos) - Fannie Mae warrantable. Limited Review allowed » Leaseholds. The lease or sublease must be valid, in good standing and in full force. The leasehold must be assignable and/or transferable. All rents must be current. The remaining term of the lease must extend a minimum of 5 years beyond the maturity date of the mortgage. » Modular/prefabricated » Properties subject to existing oil/gas lease are subject to all of the following: <ul style="list-style-type: none"> - Title endorsement providing coverage to REM N WS against damage to existing improvements resulting from the exercise of the right to use the surface of the land which is subject to an oil and/or gas lease, and - No active drilling. The appraiser must comment or current survey to show no active drilling, and - No lease recorded after the home construction date. Re-recording of a lease after the home was constructed is permitted, and - The property must be connected to public water. » Properties with leased solar panels are eligible subject to Fannie Mae guidelines

REM N Jumbo Program Guidelines

PRODUCT OVERVIEW	
Ineligible Properties	<ul style="list-style-type: none"> » Limited Review condominiums (must be Full Review) » Non-warrantable condominiums » 3-4 unit primary residence » New or newly converted condominium projects without a PERS approval or CPM acceptance » New or newly converted condominium projects in Florida with a PERS approval » Property < 750 square feet with the exception of New York city which cannot be < 450 square feet » 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) Condominium conversion » Mixed use » Model Home Leasebacks » Properties located in Hawaii Lava Zones 1 & 2 » Log homes » Unique properties » Unimproved land » Timeshare units » Properties > 40 acres » Residential property zoned commercial » Agricultural-type properties e.g. farms, orchards, ranches » Commercial property » Properties located on tribal/Native American land » Properties with a condition rating of C5/C6 » Properties with a construction/quality rating of Q6 » Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant.
Deed/Resale Restrictions	<ul style="list-style-type: none"> » Properties with age related restrictions (55+ communities) are eligible subject to Fannie Mae requirements. » All other properties subject to deed/resale restrictions are ineligible.
Assumptions	<ul style="list-style-type: none"> » Fixed Rate – not allowed » ARMs – may be allowed
Prepayment Penalties	Not permitted
Temporary Buydowns	Not permitted
LDP/GSA	<p><u>LDP</u> / <u>GSA</u></p> <ul style="list-style-type: none"> » 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. <ul style="list-style-type: none"> - Borrower(s), - Broker, - Loan Agent, - Seller, - Real Estate Listing and Selling Agent(s), - Appraiser.
Mortgage Insurance (MI)	Not required

REM N Jumbo Program Guidelines

PRODUCT OVERVIEW	
Products	<ul style="list-style-type: none"> » 15, 20, 25 and 30 year fully amortizing fixed rate <ul style="list-style-type: none"> - Qualified at the Note rate » 5/1, 7/1, and 10/1 ARM (fully amortizing 30 year term). Index: 1 Year LIBOR; <ul style="list-style-type: none"> - Floor/Margin: 2.25% - Caps: 2/2/5 5/1, 7/1 10/1 ARM - 5/1 ARM qualify at the greater of fully indexed rate or Note Rate plus 2% - 7/1 and 10/1 ARM qualify at the greater of the fully indexed rate or Note rate - Assumable - No conversion option
Occupancy	<ul style="list-style-type: none"> » Primary Residences for 1-2 units » Second Home residences for one (1) unit properties <ul style="list-style-type: none"> - Must be a reasonable distance away from borrower's primary residence. - Must be occupied by the borrower for some portion of the year. - Must be suitable for year round use. - Must not be subject to a rental agreement and borrower must have exclusive control over the property. - Any rental income received on the property cannot be used as qualifying income. » Investment Properties for 1-4 units
Maximum # of Financed Properties Owned	<ul style="list-style-type: none"> » Maximum four (4) financed 1-4 unit residential properties (financed commercial properties are excluded) <ul style="list-style-type: none"> - For LTV's 80.01-90%, maximum two (2) financed 1-4 unit residential properties, including the subject property (financed commercial properties are excluded). » Borrowers who own more than four (4) properties (including the subject property) are not eligible. » 1-4 unit properties held in the name of an LLC or other corporation can be excluded from the number of properties owned calculation if the borrower is not personally obligated on the mortgage. » Documentation to confirm the PITIA, HOA, lease payment, and any additional property related expenses must be provided. » Six (6) months PITI on each financed property (in addition to subject property requirements) » REM N WS limits its exposure to a maximum of 4 loans per borrower.

REM N Jumbo Program Guidelines

PRODUCT OVERVIEW	
Non-Arm's Length or Identity-of-Interest Transactions	<p>» 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 transactions are ineligible with the exceptions noted below.</p> <p>» The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> - Family sales or transfers, - Property sellers representing themselves as the agent in the real estate transaction - Relative of the property seller acting as the seller's real estate agent - Buyers/borrowers representing themselves as the agent in the real estate transaction - Relative of the borrower acting as the borrower's real estate agent - The borrower is the employee of the originating lender and the lender has an established employee loan program. - Originator is related to the borrower - Renter buying from landlord with 24 months cancelled checks to verify satisfactory pay history. <p>» Gifts from relatives that are interested parties to the transaction are not allowed. Real estate agents may apply their commission towards closing costs and/or pre-paid costs as long as the amounts are within the interested party contribution limitations.</p> <p>NOTE: Investment property transactions must be arm's length, no exceptions.</p>
Escrow/Impound Account	<p>» ≤ 80% LTV recommended but not required</p> <p>» > 80% LTV required unless prohibited by applicable laws</p>
Power of Attorney	<p>» A Power of Attorney (POA) is allowed on a case-by-case basis on Purchase and Limited Cash-Out Refinance transactions subject to all of the following:</p> <ul style="list-style-type: none"> - Must be specific to the transaction - Attorney-in-fact must be a relative (as defined by Fannie Mae), a fiancé, fiancée, or domestic partner of the borrower. - The person(s) granting the power of attorney must match the name on the security instrument - Must include the borrower name, property address and loan amount - The POA must be fully executed and notarized and must be valid at the time the affected loan documents were signed - The borrower must sign the application and disclosures - REM N WS to review and approve prior to loan closing - The POA must be recorded along with the security instrument/ mortgage. - Not permitted for cash out refinances - Not permitted for a Texas Section 50(a)(6) (Texas Equity) transaction
Subordinate Financing	<p>» Subordinate financing is eligible as follows:</p> <ul style="list-style-type: none"> - Institutional financing up to the maximum LTV/CLTV/HCLTV allowed. Seller subordinate financing is not allowed. - Subordinate financing not allowed on LTV's > 80% - Subordinate liens must be recorded and clearly subordinate to the first mortgage lien. - Full disclosure must be made on the existence of subordinate financing and the repayment terms - The following types of subordinate financing are eligible: <ul style="list-style-type: none"> • Mortgage with regular payments that cover at least the interest due so that negative amortization does not occur, • Mortgage terms that require interest at a market rate.

REM N Jumbo Program Guidelines

TRANSACTION ELIGIBILITY		
Purchase Agreements Amended /Renegotiated		<ul style="list-style-type: none"> » Not eligible if the sales price was increased after the original appraisal was completed if: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - The re-negotiation was only for seller paid closing costs and/or pre-pays where the seller paid closing costs/pre-pays 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 (Rate-Term)	<ul style="list-style-type: none"> » Properties that were listed for sale in the 6 months prior to the application date are eligible for a rate/term refinance subject to the following: <ul style="list-style-type: none"> - Subject property must be a primary residence or second home, and - Documentation must be provided to show cancellation of listing, and - Borrower to provide letter of explanation that details the reasons for cancellation of the listing. <p>NOTE: Investment properties listed for sale in the prior 6 months are ineligible.</p> » Properties listed for sale, at the time of application, are ineligible. » A rate/term refinance is limited to the payoff of the current first lien, any seasoned non-first lien, and closing costs and prepaids. <ul style="list-style-type: none"> - A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place 12 months. A seasoned equity line is defined as not having any draws > \$2,000 in the past 12 months. Withdrawal activity must be documented with a transaction history for the HELOC. <p>LTV/CLTV Determination</p> <ul style="list-style-type: none"> » < 12 months seasoning (measured from prior Note date to Note date of the new loan): <ul style="list-style-type: none"> - The LTV/CLTV/HCLTV is based on the lesser of the original purchase price or appraised value. <p>NOTE: If capital improvements have been made to the property since the purchase, the LTV/CLTV/HCLTV may be based on the lesser of the current appraised value or the original purchase price plus documented improvements. Receipts are required to document the cost of improvements.</p> » ≥ 12 months seasoning (measured from prior Note date to Note date of the new loan): <ul style="list-style-type: none"> - The LTV/CLTV/HCLTV is based on the current appraised value. » Cash-back to the borrower on a rate/term refinance limited to 1% of the principal balance of the new loan. » Released subordinate liens must be paid off and closed to exclude from the CLTV/HCLTV calculation » Properties inherited < 12 months prior to application are eligible for a rate/term refinance subject to the following: <ul style="list-style-type: none"> - Must have clear title or copy of probate evidencing the borrower was awarded the property, and - A copy of the will or probate document must be provided, along with the buy-out agreement signed by all beneficiaries, and - Borrower retains sole ownership of the property after the pay out of the other beneficiaries, and - Cash-back to the borrower cannot exceed 1% of the loan amount.

REM N Jumbo Program Guidelines

TRANSACTION ELIGIBILITY		
Refinance Transactions (Cont'd)	Cash-Out Refinances	<ul style="list-style-type: none"> » Cash-out transactions require the borrower(s) to have owned the property for a minimum of six (6) months prior to the application date unless the requirements under the Delayed Financing section are met. » Properties that were listed for sale in the 12 months prior to the application date are ineligible for a cash-out refinance » Cash-out eligible on primary residence and second home transactions. » Cash-out transactions 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. » Maximum cash-out is limited to the amount indicated on the Cash-Out Refinance matrix on page 1. The maximum cash-out limitations include the payoff of any unsecured debt, unseasoned liens and any cash in hand. » Properties inherited < 12 months from the application date are ineligible for cash-out; 12 months ownership is required. » 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. <p>LTV/CLTV Determination</p> <ul style="list-style-type: none"> » < 12 but > 6 months seasoning: The LTV/CLTV/HCLTV is based on the lesser of the purchase price or appraised value. NOTE: If capital improvements have been made to the property since the purchase, the LTV/CLTV/HCLTV may be based on the lesser of the current appraised value or the original purchase price plus documented improvements. Receipts are required to document the cost of improvements. » ≥ 12 months seasoning: The LTV/CLTV/HCLTV is based on the appraised value. <p>Pledged Asset</p> <ul style="list-style-type: none"> » Cash-out refinance transaction where the borrower is paying off a loan from a pledged asset or retirement account loan, are subject to the following: <ul style="list-style-type: none"> - Cash-out limitation is waived if previous transaction was a purchase, - The purchase must have been arm's length, - Six (6) month seasoning requirement for cash-out is waived, - Funds used to purchase the property must be documented and sourced, - HUD-1/CD must reflect payoff or pay down of pledged asset loan or retirement account loan. If cash-out proceeds exceed payoff of loans, the excess cash is subject to applicable cash-out limits, - Investment properties are ineligible.
	All Refinances	<p>Subordinate Lien</p> <ul style="list-style-type: none"> » Released subordinate liens must be paid off and closed to exclude from the CLTV/HCLTV calculation on both Limited Cash-Out and Cash-Out refinance transactions.
	Financing Real Estate Taxes	<p>The following applies when real estate taxes are financed:</p> <ul style="list-style-type: none"> » Limited Cash-out Refinance: A loan is ineligible as a limited cash-out refinance and must be considered a cash-out transaction when: <ul style="list-style-type: none"> - 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. NOTE: If considered cash-out, only eligible on primary residence » 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.

REM N Jumbo Program Guidelines

TRANSACTION ELIGIBILITY		
Refinance Transactions (Cont'd)	Continuity of Obligation	<p>» 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.</p> <p>NOTE: Continuity of obligation does not 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.</p> <p>» Exemptions to the above continuity of obligation requirements are:</p> <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> • Has been residing in the property for at least 12 months, • Has paid the mortgage (including any subordinate financing) 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. <p>NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement</p> <ul style="list-style-type: none"> - 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. <p>» If the continuity of obligation requirement does not exist, or one of the exemptions outlined above do not apply, the loan is ineligible.</p>
	Delayed Financing	<p>» Delayed financing is the refinance of a property the borrower purchased for all cash within 6 months of the application date for the refinance transaction. The following applies:</p> <ul style="list-style-type: none"> - Transaction is considered a Limited Cash-Out refinance (excluding primary residence transactions in Texas), - The LTV/CLTV is calculated based on the lesser of: <ul style="list-style-type: none"> • The purchase price, or • The appraised value; - Allowed on primary residence, second home, and investment properties - Investment properties eligible as long as the borrower is not a builder or in the construction industry and the prior transaction was arm's length - The preliminary title reflects the borrower as the owner and no liens - HUD-1/CD from the original purchase is required to document that the total funds used to close the original purchase transactions were the borrower's own funds (no borrowed, gift, or shared funds), - If funds from a pledged asset or retirement account were used to purchase the property delayed financing is not eligible. - Funds drawn from a HELOC on another property owned by the borrower, funds borrowed against a margin account or funds from a 401(k) loan are acceptable as long as the following requirements are met: <ul style="list-style-type: none"> • The borrowed funds are fully documented • The borrowed funds are reflected on the Closing Disclosure (CD) as a payoff on the new refinance transaction

REM N Jumbo Program Guidelines

TRANSACTION ELIGIBILITY		
Refinance Transactions (Cont'd)	Texas Section 50(a)(6)	<p>A Texas Section 50(a)(6) loan (aka Texas Home Equity) is a cash-out refinance. Once a Texas Home Equity loan, any subsequent refinance of the property is also considered a Texas Home Equity and subject to the Texas Home Equity restrictions. The following applies:</p> <ul style="list-style-type: none"> » 30 year fixed rate term only » Cash-out refinance** » Not available on the Select 90 QM product » Owner-occupied primary residence classified as a homestead under Texas law. » All borrowers must reside in the home. Non-occupant co-borrowers are not allowed. » Maximum LTV/CLTV is the lesser of 70% or as allowed by program » Subordinate financing not allowed (all liens must be paid in full by refinance transaction.) » 1 unit single family residence, PUD or condo. <ul style="list-style-type: none"> - 2-4 units are not permitted » Maximum of 10 acres, no exceptions. Land that is taxed as agricultural is ineligible. » Maximum 3% fee limitation for all closing costs, fees and charges: <ul style="list-style-type: none"> - Prepaid and bona fide discount points are excluded (discount points eligible if borrowers sign an "Election to Pay Discount Points" affidavit at closing). » Notice Concerning Extension of Credit required (aka "12 Day Disclosure"): <ul style="list-style-type: none"> - Borrower and non-borrowing spouse (if applicable) must sign the Notice Concerning Extension of Credit, - The loan cannot close until 12 days after the Notice was signed. » Survey is required to demonstrate: <ul style="list-style-type: none"> - Any adjacent lands is divided as separate parcels, and - Property is separately platted and is a subdivided lot for which full ingress and egress is available. » Loan must close at the closing agent's office; it cannot close at the borrower's home. » Borrower must receive a copy of the final 1003 along with the HUD-1/CD for review a minimum of 24 hours prior to closing. » All married parties, regardless if on the loan or not, must sign the Deed of Trust and Notice of Right to Cancel as Texas is a community property state. » Borrower(s) cannot sign early (i.e. cannot sign before the date of the closing package). » Deed of Trust must be completed on the Security Instrument (must be a Texas resident and is typically an attorney). » Property taxes are due yearly in December. Tax Certificates are generally provided. School, city, county and MUD taxes are common. » Waiting periods: <ul style="list-style-type: none"> - The loan cannot close until the Notice Concerning Extensions of Credit (12 Day Disclosure) has been signed and received by REM N WS for 12 days. - The loan cannot close until 24 hours after the borrower(s) have signed the final HUD-1 /CD and the final 1003. - There is a 12 months seasoning requirement. The loan cannot close until a minimum of 12 months have passed after the closing of the previous loan. » There is a 3 day right of rescission period. » Power of attorney is not permitted <p>** If the new refinance loan is classified under Texas law as a Texas 50(a) (6), the loan must be locked with Redwood as a Cash-Out Refinance.</p>

REM N Jumbo Program Guidelines

TRANSACTION ELIGIBILITY

Conversion of Construction-to-Permanent

- » The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a borrower for the purpose of replacing interim construction financing that the borrower has obtained to fund the construction of a new residence and is eligible subject to the following:
 - The borrower must hold title to the lot, which may have been previously acquired or purchased as part of the transaction
 - Limited Cash-Out and Cash-Out refinance transactions:
 - Lots owned \geq 12 months the LTV/CLTV is based on the current appraised value
 - Lots owned $<$ 12 months the LTV/CLTV is based on the lesser of:
 - The current appraised value, or
 - The total acquisition costs (sum of construction costs and purchase price of lot)
- » **NOTE:** Timeframe for ownership is measured from the date the lot was purchased to the Note date of the subject transaction.

80.01 to 90% LTV

- » 80.01 to 90% LTV subject to all of the following (no exceptions). Topics not addressed in this section will follow standard REM N WS Jumbo guidelines.
 - 1-unit primary residence
 - Purchase and Rate-Term Refinance only
 - Minimum 720 FICO (excluding First Time Homebuyer – see FTHB below)
 - Minimum loan amount is \$1.00 more than the current Conforming/High Balance limits set by the Federal Housing Finance Agency (FHFA)
 - Mortgage insurance (MI) not required
 - Subordinate financing not allowed
 - Gift funds not allowed
 - Post-closing reserves are determined by DTI (excluding First Time Homebuyer – see FTHB below):
 - \leq 38% DTI: Twelve (12) months PITIA reserves
 - 38.01 – 43%: Eighteen (18) months PITIA reserves
 - Escrow/impound account required
 - Non-permanent resident aliens ineligible
 - Appraisal requirements:
 - Purchase transactions – One (1) full appraisal
 - Rate-Term Refinance transactions – Two (2) full appraisals
 Refer to the Appraisals section for complete appraisal requirements
 - Maximum of two (2) financed properties, including the subject property
 - 20 year, 25 year, 30 year Fixed Rate loan terms only
 - Texas Section 50(a)(6) transactions ineligible
 - Residual Income required, as detailed below:

Number in Household*	One	Two	Three	Four	Five
Required Residential Income	\$1,550	\$2,600	\$3,150	\$3,550	\$3,700

*Add \$150.00 for each additional family member over five (i.e. 6 family members require \$3,850 residual income; \$3,700 for 5 family members + \$150.00 for 6th family member = \$3,850)

First Time Homebuyers (FTHB)

- » **The above guidance applies to first time homebuyers with the following exceptions:**
 - Maximum 38% DTI, and
 - Minimum 740 FICO, and
 - Fifteen (15) months post-closing reserves required, and
 - Maximum loan amount \$1,000,000 in all states except CA, CT, NJ and NY
 - Maximum loan amount in CA, CT, NJ & NY - \$1,500,000

REM N Jumbo Program Guidelines

BORROWER ELIGIBILITY

Eligible Borrowers

- » All borrowers are required to have a valid Social Security number; Tax ID / ITIN number is **not** eligible.
- » **U.S. Citizens**
- » **Permanent Resident Aliens**
 - Must provide documentation to verify they are legally present in the U.S. Eligible documentation:
 - A valid and current Permanent Resident Alien card (Form I-551) aka Green Card, **or**
 - A passport stamped "Processed for I-551, temporary evidence of lawful admission for permanent residence. Valid until _____. Employment authorized"
 - Must be employed in the U.S. for the previous two (2) years
- » **Inter Vivos Revocable Trust - Eligible subject to the following:**
 - The trust must be established by one or more natural persons, solely or jointly,
 - The primary beneficiary of the trust must be the individual(s) who established the trust,
 - If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage,
 - The trustee(s) must include the individual establishing the trust (or at least one of the individuals, if there are two or more),

NOTE: Institutional trustees are ineligible.

 - The trustee must have the power to mortgage the security property for the purpose of securing a loan to the party (or parties) who are the borrower(s) under the mortgage or Note
 - The mortgage must be underwritten as if the individual establishing the trust (or at least one of the individuals, if there are two or more) were the borrower (or co-borrower, if there are additional individuals whose income or assets will be used to qualify for the mortgage)
- » **Non-permanent Resident Aliens – Eligible subject to the following:**
 - Primary residence only
 - Maximum 75% LTV/CLTV
 - 20, 25, 30 year fixed rate only
 - Unexpired H-1B, H-2B, E1, L1 and G Series visas only. G Series visas with diplomatic immunity are ineligible.
 - Credit tradeline requirements detailed in this guideline must be met, no exceptions, and
 - Borrower must have current 24 months employment history in the U.S.
 - Income verification and validation requirements must be met – No Exceptions
- » **First Time Homebuyers (borrowers who have not owned a property in the past 3 years)**
 - If multiple borrowers are on the loan and at least one borrower has owned a home, the FTHB restrictions do **not** apply.
 - **FTHBs with LTV's ≤ 80% eligible subject to the following:**
 - Maximum loan amount of \$1,000,000* (see exception below)
 - Primary residence **only**. Second home and investment property **ineligible**
 - Minimum 720 credit score
 - Maximum 43%
 - No gift funds allowed
 - Reserves required as follows:
 - Minimum 12mos PITIA reserves required

***Exception:** First time homebuyer purchasing a subject property in the states of CA, CT, NJ and NY are eligible for loan amounts up to \$1,500,000, subject to all of the above.
 - **FTHBs with 80.01 – 90% LTV eligible subject to the following:**
 - Maximum loan amount of \$1,000,000 (see exception below)
 - Primary residence only
 - Minimum 740 credit score
 - Maximum 38% DTI
 - Minimum 15mos PITIA reserves required

***Exception:** First time homebuyer purchasing a subject property in the states of CA, CT, NJ and NY are eligible for loan amounts up to \$1,500,000, subject to all of the above.
- » **Borrower Party to a Lawsuit**
 - If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation is required to determine the lawsuit will not have a negative impact on the borrower's ability to repay, assets or collateral.

REM N Jumbo Program Guidelines

BORROWER ELIGIBILITY

Eligible Borrowers (Cont'd)	<p>Illinois Land Trust – Eligible subject to the following:</p> <ul style="list-style-type: none"> - Parties to the Illinois Land trusts are as follows: <ul style="list-style-type: none"> • Beneficiary: The person(s) who benefit from the trust, and must be an individual and must be an individual and the mortgage applicant. The beneficiary must be the recipient of the trusts benefits and is considered to have beneficial title (ownership of the property). The land trust beneficiaries must execute the Note and guarantee the payment of the mortgage • Trustee: The trustee has the authority to mortgage the property and to administer the trust. The trustee can only be an institutional trustee that customarily performs trust functions and who is authorized under state law to act as trustee. • Trustor/Settlor/Grantor: Typically called the “grantor”, this is the party or parties who created the trust and contributed the property to the trust. - Eligibility Requirements: <ul style="list-style-type: none"> • At least one individual establishing the trust must be a borrower on the loan • Occupancy must be primary residence or second home • The title insurance policy must ensure full title protection and must indicate that title to the subject property is vested in the name of the trustee(s). The policy may not list any exceptions arising from the trust ownership of the property. - Title - Full title to the property must be vested as: <ul style="list-style-type: none"> • Solely in the trustees, or • Jointly in the trustees and in the name of an individual borrower. - Trust Agreement Requirements <ul style="list-style-type: none"> • The trust is established by a written document during the lifetime of the individual establishing the trust to be effective during their lifetime, • The individual establish the trust has reserved the right to revoke or alter the trust during their lifetime, • The trustee has the power to mortgage the subject property for the purpose of securing a loan at the instruction of the beneficiary(s), • The primary beneficiary of the trust is the individual establishing the trust. If more than one individual established the trust jointly, there may be e more than one primary beneficiary, • The beneficiaries must have the sole power of direction over the trust and trustee.
Ineligible Borrowers	<ul style="list-style-type: none"> » Foreign Nationals » Non-occupant co-borrowers » Land Trusts (except Illinois Land Trust) » Limited partnerships, general partnerships, corporations and LLCs » Borrowers with diplomatic immunity » Borrowers without a social security number or a number that cannot be validated with the SSA. An ITIN is not eligible. » Borrowers with non-traditional credit » Life Estates, » Non-revocable trusts, » Guardianships » First time homebuyer purchasing a second home or investment property » Borrowers with any ownership in a business that is federally illegal, regardless if income is not being considered for qualifying

REM N Jumbo Program Guidelines

BORROWER ELIGIBILITY	
Borrower Ownership Interest	<ul style="list-style-type: none"> » Title must be in the borrower's name at time of application for refinance transactions and at the time of closing for all transactions. » Borrowers may hold title as follows: <ul style="list-style-type: none"> - Fee Simple with vesting as: <ul style="list-style-type: none"> • Individual, or • Joint tenants, or • Tenants in common - Leasehold Estate <ul style="list-style-type: none"> • If commonly accepted in the area, leaseholds are eligible subject to: <ul style="list-style-type: none"> ▪ The mortgage must be secured by the property improvements and the borrower's leasehold interest in the land, and ▪ The leasehold estate and the improvements must constitute real property, and ▪ Must be subject to the mortgage lien, and ▪ Be insured by the lender's title policy.

REM N Jumbo Program Guidelines

CREDIT & UNDERWRITING	
Documentation	<ul style="list-style-type: none"> » All loans must be manually underwritten and fully-documented. No documentation waivers based on AUS recommendations are permitted. » Income calculation worksheet or 1008 with income calculation. The Fannie Mae Form 1084, Freddie Mac Form 91 or equivalent is required for self-employment income analysis. <ul style="list-style-type: none"> - If using the Fannie Mae Form 1084; for applications on or after 2/1/2016, the Form 1084 must be the most recent form dated 8/25/2015 and the new instructions within the Form 1084 followed. » Full income and asset verification is required » QM (Qualified Mortgage) designation must be provided in the loan file: <ul style="list-style-type: none"> - QM designation is QM Safe Harbor OR - QM designation is Not Applicable for investment property transactions when the transaction is exclusively for business purposes <ul style="list-style-type: none"> ▪ Investment property transactions require an attestation from the borrower stating the property is used 100% of the time for business purposes in order for the designation to be Not Applicable. If the borrower does not use the property 100% of the time for business purposes, the loan is subject to QM and the designation would be QM Safe Harbor. ▪ Cash-Out refinances of investment properties must contain an attestation regarding the proceeds from the cash-out refinance. If 100% of the proceeds are not used for business purposes, the loan is subject to QM and the designation would be QM Safe Harbor. » Loan file must document the eight (8) Ability to Repay (ATR) rules identified in Part 1026-Truth-in-Lending (Regulation Z). » If the subject transaction is paying off a HELOC that is not included in the CLTV/HCLTV calculation, the loan file must contain evidence the HELOC has been closed. » If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral.
Age of Documents	<ul style="list-style-type: none"> » All credit, income and asset documentation cannot be more than 90 days old at funding » Appraisal documents cannot be more than 120 days old at funding. » Title commitment cannot be more than 90 days old at funding
Credit Reports/Scores	<ul style="list-style-type: none"> » Minimum credit score per matrices on pages 1 & 2 » An individual borrower's representative credit score is determined as follows: <ul style="list-style-type: none"> - 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 <p>The representative score for the loan is the lowest representative score for all borrowers.</p> » REM N WS will accept a credit report, in the broker's name, from any Fannie Mae acceptable credit vendor. » A tri-merged credit report is required for all borrowers. » Credit reports showing as "frozen" with a credit bureau will require the freeze to be removed and a new credit report, with all bureaus "unfrozen", is required. » The borrower(s) must address, in writing, 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). If new credit was obtained, a verification of that debt must be provided and the borrower must be qualified with the monthly payment. <p>Examples:</p> <ul style="list-style-type: none"> - <i>Acceptable Response:</i> Chase, Wells & Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street; no credit was obtained. - <i>Unacceptable Response:</i> "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). <ul style="list-style-type: none"> » If additional debt was obtained or discovered or the borrower's income is reduced after the underwriting decision was made the following applies: <ul style="list-style-type: none"> - The additional debt(s) and reduced income must be applied and determined if the loan still qualifies, - If there is new subordinate debt on the subject property, the loan must be re-underwritten, and - The final loan application signed by the borrower(s) must include all income and debt verified, disclosed or identified » The credit report cannot be more than 90 days old at funding. » Court Ordered Assignment of Debt <ul style="list-style-type: none"> - Debt that has been assigned by order of the court is not required to be included in the borrower's DTI calculations if the following is provided: <ul style="list-style-type: none"> • Copy of the court order, and • Mortgage debt requires a copy of the document transferring ownership of property, and • If transfer of ownership has not taken place, any late payments associated with the repayment of the debt owing on the mortgage property should be considered when reviewing the borrower's credit profile.

REM N Jumbo Program Guidelines

CREDIT & UNDERWRITING	
Credit History	<ul style="list-style-type: none"> » Minimum three (3) tradelines that meet the following requirements: <ul style="list-style-type: none"> - One must be open for 24 months and active within the most recent 6 months, and - The 2 remaining tradelines must be rated for 12 months and may be open or closed, OR » Minimum (two) 2 tradelines are acceptable if the borrower has a satisfactory mortgage rating for at least 12 months (open or closed) within the last 24 months, and one (1) additional open tradeline » Each borrower contributing income for qualification must meet the minimum tradeline requirements; <ul style="list-style-type: none"> - Borrowers not contributing qualifying income are not subject to tradeline requirements. » Authorized user tradelines cannot be used to satisfy tradeline requirements. » Non-traditional credit cannot be used to satisfy tradeline requirements
Mortgage/Rental History	<p>Mortgage History Requirements:</p> <ul style="list-style-type: none"> » 0x30 in the previous 24 months (no exceptions). This applies to all borrowers on the loan. » Mortgage must be current for the month closing. <p>Rental History Requirements:</p> <ul style="list-style-type: none"> » If the borrower(s) has a rental history in the most recent twelve (12) months, a VOR must be obtained. Applies to all borrowers on the loan. » No more than 1X30 in the last twelve (12) months. 0X60 and 0X90 required in the most recent twelve (12) months. Rental lates must not be within the most recent three (3) months of the subject transaction. <p>If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise if not related or a party to the transaction a satisfactory VOR can be provided.</p>
Installment Debt	<ul style="list-style-type: none"> » Installment debt is considered as a recurring monthly debt obligation and included in the borrower's long-term debt when there is \geq ten (10) months payments' remaining. » Installment debt with < ten (10) months remaining (9 months or less) will be considered as a recurring monthly debt obligation if it significantly affects the borrower's ability to meet their credit obligations. » Car lease payments must be included in the monthly debt obligation regardless of the number of remaining payments. » Installment debt cannot be paid down to qualify. » Installment debt can be paid off for qualification. If the account is paid off and closed documentation that the account was closed must be provided and verified prior to loan disbursement. The payoff must be shown on the HUD-1/CD » All accounts must be current at closing » No adverse credit reported on installment accounts for the previous 36months
Revolving Debt	<ul style="list-style-type: none"> » 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: <ul style="list-style-type: none"> - If the monthly payment is not included on the credit report, the greater of \$10 or 5% of the outstanding balance is used 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: <ul style="list-style-type: none"> • 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/CD • Revolving debt that will be paid off, but not closed, will require the current monthly payment, or 5% of the current outstanding balance (if monthly payment is not included on the credit report) to be included in the long-term debt. • No adverse credit reported on revolving accounts for the previous 36 months
Open 30-Day Charge Accounts	<ul style="list-style-type: none"> » If the credit report reflects an open-end or 30-day account, the balance owed must be subtracted from the borrower's liquid assets.
Student Loans	<ul style="list-style-type: none"> » All student loans, whether deferred, in forbearance, or in repayment, a monthly payment must be included in the borrower's monthly debt obligation. <ul style="list-style-type: none"> - If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used in qualifying. - If the credit report does not provide a monthly payment or if it shows \$0 as the monthly payment, the monthly payment may be one of the options below: <ul style="list-style-type: none"> • 1% of the outstanding loan balance (even if this amount is lower than the actual fully amortizing payment) or • A fully amortizing payment using the documented loan repayment terms

REM N Jumbo Program Guidelines

Child Support/Separate Maintenance Payments	<ul style="list-style-type: none"> » 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 \geq ten (10) months. » Voluntary support payments are not required to be considered in the DTI calculation.
Alimony Payments	<ul style="list-style-type: none"> » Alimony payments may be deducted from the borrower's income rather than included as a liability in the debt-to-income (DTI) ratio.
Taxes Owed by Borrower/Tax Extension	<ul style="list-style-type: none"> » If the most recent tax return or a tax extension indicate a borrower owes money to the IRS or applicable State Tax Authority, evidence of sufficient assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application date.
Derogatory Credit	<ul style="list-style-type: none"> » Multiple derogatory credit events not allowed.
Derogatory Credit – Bankruptcy	<ul style="list-style-type: none"> » Seven (7) year waiting period, measured from discharge/dismissal date to the disbursement date of the new loan. <ul style="list-style-type: none"> - Seasoning period applies to all BK's (Chapter 7, Chapter 11 & Chapter 13) - Refer to the Extenuating Circumstances topic below for exceptions <p>NOTE: 85.01% - 90% LTV - Bankruptcy, Chapter 7, 11, 13 - Not Allowed.</p>
Derogatory Credit - Foreclosure	<ul style="list-style-type: none"> » Seven (7) year waiting period, measured from completion date to the disbursement date of the new loan, is required. » Refer to the Extenuating Circumstances topic below for exceptions <p>NOTE: 85.01% - 90% LTV – Foreclosure – Not Allowed.</p>
Derogatory Credit – Deed-In-Lieu/Pre-Foreclosure/Short-Sale/Short Payoff	<ul style="list-style-type: none"> » Seven (7) year seasoning is required. <ul style="list-style-type: none"> - This seasoning period requirement includes: <ul style="list-style-type: none"> • Mortgage accounts that were settled for less than payoff, and/or • Negotiated payoffs or • Short Payoff » Refer to the Extenuating Circumstances topic below for exceptions <p>NOTE: 85.01% - 90% LTV – Pre-Foreclosure/Notice of Default/Short Sale/Deed-in-Lieu/ Mortgage accounts that were settled for less, negotiated or short payoffs- Not Allowed.</p>
Derogatory Credit – Loan Modifications	<ul style="list-style-type: none"> » Lender initiated modification will not be considered a derogatory credit event if the modification did include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply. » If the modification was due to hardship or included debt forgiveness – Seven (7) years seasoning since modification. » Payments on the modified loan are 0x30 in the previous twenty-four (24) months. <p>NOTE: 85.01% - 90% LTV - Loan Modification - Not allowed unless the modification is unrelated to hardship and there is no debt forgiveness as evidenced by supporting documentation.</p>
Extenuating Circumstances	<ul style="list-style-type: none"> » Exceptions for credit events will be considered on a case-by-case basis between four (4) and seven (7) years with extenuating circumstances subject to the following: <ul style="list-style-type: none"> - Extenuating circumstances are defined as non-recurring events that were beyond the borrower's control resulting in a sudden, significant and prolonged reduction in income or catastrophic increase in financial obligations. <ul style="list-style-type: none"> ▪ Examples would include death or major illness of a spouse or child but would not include divorce or job loss. - Documentation must be provided to support the claim of extenuating circumstances and confirm the nature of the event that led to the credit event and illustrate the borrower had no reasonable option other than to default on their obligations. - If the defaulted debt was assigned to an ex-spouse and the default occurred after the borrower was relieved of the obligation, the event may be considered on an exception basis.
Collection Accounts	<p><u>Medical Collection Accounts</u></p> <ul style="list-style-type: none"> » Medical collection accounts may remain outstanding as long as the cumulative total of all medical collections are less than \$10,000. <p><u>Non-Medical Collection Accounts</u></p> <p>The following applies to non-medical collection accounts:</p> <ul style="list-style-type: none"> » 1-Unit Owner-Occupied Primary Residence: <ul style="list-style-type: none"> - Borrowers are not required to pay off outstanding balance, regardless of the amount. » 2 Unit Owner-Occupied Primary Residence and 1-Unit Second Home <ul style="list-style-type: none"> - Collections totaling more than \$5,000 must be paid off prior to or at closing. » 1-4 Unit Investment Properties <ul style="list-style-type: none"> - Individual accounts equal to or greater than \$250 and accounts that total more than \$1,000 must be paid in full prior to or at closing. <p>NOTE: At REM N WS Underwriter discretion, the payoff of collection accounts may be required.</p>

REM N Jumbo Program Guidelines

CREDIT & UNDERWRITING		
Judgments/Tax Liens/Charge-Offs/Past-Due Accounts	» Open judgments, tax liens, charge-offs and past-due accounts must be satisfied or brought current prior to or at closing. Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts. » Documentation of sufficient funds to satisfy these obligations must be obtained. NOTE: Payment plans on prior year tax liens/liabilities are ineligible; must be paid in full prior to or at closing.	
Consumer Credit Counseling	Borrowers who have participated in consumer credit counseling are eligible if they meet all other credit requirements (minimum credit score, no mortgage lates, no short sales, no modifications, etc.)	
Disputed Accounts	» All disputed tradelines must be included in the DTI if the account belongs to the borrower unless documentation can be provided that authenticates the dispute. » Derogatory accounts must be considered in analyzing the borrower's willingness to repay unless the disputed account has a zero balance and no late payments; then it can be disregarded.	
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 REM N WS underwriter review.	
Contingent Liabilities	» Business Debt	
Contingent Liabilities	Co-Signed 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: <ul style="list-style-type: none"> - 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, or the debt is not included in the business cash flow the debt must be considered as part of the borrower's individual recurring debt obligation.
	Assumption w/ No Release of Liability	» Co-signed debt is not required to be included in the borrower's DTI calculation if all of the following applies: <ul style="list-style-type: none"> - 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 - Twelve (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). » Co-signed debt must be included in the borrower's DTI calculation if: <ul style="list-style-type: none"> - It cannot be properly documented that the primary party obligated on the loan is making the payments, or - A twelve (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.
	Court Order	» If the obligation to make payments on a debt has been assigned to another person by court order, the payment may be excluded from the DTI if the following documents are provided. <ul style="list-style-type: none"> - Copy of court order. - For mortgage debt, a copy of the document transferring ownership of property. - If transfer of ownership has not taken place, any late payments associated with the repayment of the debt owing on the mortgage property should be considered when reviewing the borrower's credit profile.

REM N Jumbo Program Guidelines

CREDIT & UNDERWRITING	
Conversion of Principal Residence to Second Home, Investment or Pending Sale	<ul style="list-style-type: none"> » Departing Residence Pending Sale: <ul style="list-style-type: none"> - 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 to exclude the departure residence PITIA from qualifying: <ul style="list-style-type: none"> • A copy of an executed sales contract for the property pending sale (transaction must be arm's length), and • Confirmation that all contingencies have been cleared, and • The closing date for the departure residence must be within 30 days of the subject transaction Note date, and • The borrower must meet reserve requirements for subject property and have six (6) months PITIA in reserves for vacating/departing property. » Departure Residence Subject to Guaranteed Buy-out with Corporation Relocation: <ul style="list-style-type: none"> - The borrower's payment on their primary residence that is part of a corporate relocation may be excluded when all of the following requirements are met: <ul style="list-style-type: none"> • Copy of the executed buy-out agreement verifying the borrower has no additional financial responsibility toward the departing residence once the property has been transferred to the third (3rd) party, and • Guaranteed buy-out by the third (3rd) party must occur within 4 months of the fully executed guaranteed buy-out agreement, and • Evidence of receipt of equity advance if funds will be used for down payment or closing costs, and • The borrower must meet reserve requirements for the subject property and have an additional 6 months PITIA in reserves for the vacating/departing property. » Conversion to Second Home: <ul style="list-style-type: none"> - The borrower is qualified using the PITIA payments for both properties - The borrower must meet the reserve requirements for the subject property and have three (3) months PITIA reserves for vacating/departing property » Conversion to Investment: <ul style="list-style-type: none"> - 75% of the rental income may be used in the underwriting analysis when the current residence has an LTV/CLTV of ≤ 75%. - Equity must be documented with either: <ul style="list-style-type: none"> • A full or exterior only appraisal dated within 6 months of the Note date, or • Evidence of the original sales price and the current unpaid principal balance - The borrower must also provide: <ul style="list-style-type: none"> • A fully executed lease agreement, • Security deposit from the new tenant, • A copy of the bank statement showing the deposited security funds, and • Applicable reserve requirements for the subject property and three (3) months PITIA for vacating property is required
Home Equity Line of Credit (HELOC)	<ul style="list-style-type: none"> » HELOCs with a current outstanding balance with no payment reflected on the credit report may have the payment documented with a current billing statement. » HELOCs with a current \$0 balance do not need a payment included in the DTI unless using for HELOC funds for a down payment or closing costs.
Debt-to-Income Ratio (DTI)	<ul style="list-style-type: none"> » Maximum DTI as follows: <ul style="list-style-type: none"> - <u>Non-First Time Homebuyer</u>: 43% - <u>First Time Homebuyer ≤ 80% LTV</u>: 43% - <u>First Time Homebuyer > 80% LTV</u>: 38% - No exceptions to the maximum DTI are allowed. » The DTI is based on the total of existing monthly liabilities plus any planned future liabilities based on credit inquiries or as disclosed by the borrower and then divided by the calculated gross monthly income. » Liabilities must include housing, revolving and installment debt, real estate loans, rent, child support, and any other consistent and recurring debt. » If the borrower owns other properties documentation must be provided to confirm the PITI, HOA dues, lease payments and any other property-related expenses. » Balloon payment Note that will come due within one year of loan closing must be considered in the borrower's liability

REM N Jumbo Program Guidelines

EMPLOYMENT & INCOME	
Employment	<ul style="list-style-type: none"> » A two (2) year employment and income history is required for both wage earner and self-employed borrowers. » Gaps in employment > 30 days during the past 2 years require a satisfactory letter of explanation and the borrower must be employed with their current employer for a minimum of 6 months to include as qualifying income. <ul style="list-style-type: none"> - Extended gaps of employment (≥ 6 months) require a documented 2 year work history prior to the gap » A verbal verification of employment (VVOE) is required within seven (7) business days of the Note date or funding date for escrow states for salaried borrowers and within seven (7) business days of the Note date or funding date for escrow states for self-employed borrowers. » The VVOE for wage earners should contain the following information: <ul style="list-style-type: none"> - Date of contact, - Borrower's date of employment, - Name of employer - Name, phone number and title of the person contacted at the employer - The name and person contacting the employer, and - The method and source used to obtain the phone number <p>NOTE: The VVOE for wage earners must cover two full years of employment including any prior employment if the borrower has changed employers in the previous two years.</p> » The VVOE for self-employed borrowers (individuals who have a 25% or greater ownership interest in a business) the following applies: <ul style="list-style-type: none"> - Verification of the existence of the borrower's business from a third party source, such as a CPA, regulatory agency, or applicable licensing bureau. <p>NOTE: The borrower's website is not an acceptable 3rd party verification source.</p> - Provide the listing and address of the borrower's business using a telephone book, internet, or directory assistance - Name and title of the person completing the verification. » Wage earners require a current paystub with YTD income. The pay stub must be computer generated and clearly identify the borrower as the employee » Paystubs issued electronically via email or downloaded from the internet must show all of the following: <ul style="list-style-type: none"> - The URL address, - Date and time printed, and - Identifying information on place of origin and/or author of the documentation. <p>NOTE: A fully completed written VVOE 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.)</p> » Most recent W-2s are required for wage earners and must be employer generated copies.

REM N Jumbo Program Guidelines

EMPLOYMENT & INCOME	
Income	<ul style="list-style-type: none"> » A minimum of two (2) years employment and income history is required. REM N WS underwriter is required to provide a written analysis and justification for using income that has less than two (2) year history of receipt. » Stable monthly income is the borrower's verified gross monthly income from all acceptable and verifiable sources and there must be a reasonable expectation it will continue for a minimum of three (3) years. » Full income verification is required. » Gaps in employment > 30 days during the past two (2) years require a satisfactory letter of explanation and the borrower must be employed with their current employer for a minimum of 6 months to include as qualifying income. <ul style="list-style-type: none"> - Extended gaps of employment (≥ 6 months) require a documented 2 year work history prior to the gap » An income analysis form (Fannie Mae Form 1084 Cash Flow Analysis or its equivalent) is required detailing income calculations. Income analysis for borrowers with multiple employers, businesses or income sources must show income/loss details separately, not in aggregate. » Wage earner borrowers: <ul style="list-style-type: none"> - At minimum, a current paystub with YTD earnings and the most recent two (2) years W-2 forms or tax returns are required » Self-employed borrowers: <ul style="list-style-type: none"> - Copy of the most recent two (2) years signed federal individual and business tax returns with all schedules. » Refer to the Income Documentation Requirements section for complete documentation requirements. » When tax returns are used for qualifying the following applies: <ul style="list-style-type: none"> - Personal tax returns must include all schedules (W-2 forms, K-1s, etc.) and be signed and dated on or before closing - Business tax returns (if applicable) must be signed and include all schedules » When the borrowers have unfiled prior years' tax returns the following applies: <ul style="list-style-type: none"> - Between Jan 1st and the tax filing date (typically April 15th) the borrower must provide: <ul style="list-style-type: none"> • IRS Form 1099 and the W-2 from the previous year <p>NOTE: If the loan is closing in January and the borrower has not received their W-2 the prior year's year-end paystub may be provided. Borrowers using 1099s, evidence of receipt of 1099 income must be provided.</p> - Between the tax filing date and the extension expiration date (October 15th), borrowers must provide (as applicable): <ul style="list-style-type: none"> • Copy of the filed extension, • Evidence of payment of any taxes owed as identified on the tax return, • W-2 forms, • Form 1099 (if applicable), • Year-end signed profit and loss for the prior year, and • Current signed profit and loss for prior year, • Self-employed borrowers must provide balance sheet for the prior calendar year. <p>NOTE: After the extension expiration date, the prior year tax returns are required.</p> » Other sources of income are eligible for qualifying the borrower as long as it is considered stable and there is a reasonable expectation it will continue for a minimum of three (3) years. » Income must be fully documented and must be averaged for the time period covered.
Declining Income	<ul style="list-style-type: none"> » If declining income has occurred, the most recent twelve (12) months should be used. Declining income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and borrower's ability to repay. Declining income requires management review and approval. » NOTE: If the decline is related to a one-time capital expenditure, a longer period of time for the averaging of income on a case-by-case basis. Documentation of the expenditure must be provided

REM N Jumbo Program Guidelines

EMPLOYMENT & INCOME		
Income Documentation Requirements	Income Type	Documentation Requirements
	Employment Income - Salaried	<p>An earnings trend must be established and documented. Large increases in salary over the prior two (2) years must be explained and documented.</p> <p>The following documentation is required:</p> <ul style="list-style-type: none"> W-2 forms or personal tax returns, including all schedules, for prior two years Year-to-date pay stub up through and including the most current pay period at the time of application. Cannot be dated earlier than 90 days prior to the Note date If the borrower receives overtime pay, it must be shown on the YTD pay stub.
	Employment Income – Hourly and Variable	<p>An earnings trend must be established and documented.</p> <ul style="list-style-type: none"> Stable to increasing income should be averaged over a two (2) year period Declining income must be explained by the employer and borrower. The REM N WS underwriter must provide a written analysis and explanation if declining income is used to qualify the borrower(s). <p>The following documentation is required:</p> <ul style="list-style-type: none"> W-2s or personal tax returns, including all schedules, for prior two (2) years. Year-to-date pay stub that includes the most current pay period at the time of application
	Employment Income – Part-Time	<p>A two (2) year uninterrupted history working part-time at the job is required. Borrower must confirm plans to continue the part-time work.</p> <p>If the part-time income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used.</p> <ul style="list-style-type: none"> W-2 forms for prior two (2) years Year-to-date paystub that includes the most current pay period at the time of application.
	Employment Income – Employed by Family Member	<ul style="list-style-type: none"> » YTD paystub, and » Two (2) years W-2s and » Two (2) years personal tax returns (all schedules), and » Verbal VOE » Underwriter must address borrower’s potential ownership interest
	Employment Income – Commission	<p>Commission income must be averaged over the previous two (2) years.</p> <p>If the commission income shows a continual decline, the underwriter must provide written sound rationalization for using the income to qualify or income cannot be used.</p> <ul style="list-style-type: none"> W-2s for prior two years if commissions are < 25% of the total income. Tax returns, including all schedules, and W-2 forms from the previous two years if commissions are ≥ 25% of the total income. Unreimbursed business expenses (form 2106) must be subtracted from income. Year-to-date pay stub up through and including the most current pay period at the time of application. Paystub cannot be dated earlier than 90 days prior to Note date
	Employment Income – 2106 Expenses	Employee business expenses must be deducted from the adjusted gross income.

REM N Jumbo Program Guidelines

EMPLOYMENT & INCOME		
Income Documentation Requirements (Cont'd)	Income Type	Documentation Requirements
	Employment Income – Overtime & Bonus	<p>An earnings trend for bonus and overtime must be established and documented. A period of more than two (2) years must be used in calculating the average overtime and bonus income if the income varies significantly from year to year. If either type of income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used.</p> <ul style="list-style-type: none"> W-2 forms or personal tax returns, including all schedules for prior two (2) years. Year-to-date paystub up through and including the most current pay period at time of application. Paystub cannot be dated earlier than 90 days prior to the Note date.
	Self-Employment Income	Self-employed borrowers are individuals who have 25% or greater ownership interest or receive a 1099 statement to document income.
	Self-Employment – Sole Proprietorship	<ul style="list-style-type: none"> » Year-to-date profit and loss (P&L) with an end date within ninety (90) days of funding for each business. The current quarter must be included. » Balance sheet with an ending date within ninety (90) days from the funding date for each business. » If the borrower filed an extension for the prior year then the prior year P&L and the prior year balance sheet (January through December) for each business is also required. » Personal tax returns, including all schedules, signed on or before the closing date, for the prior two years are required. » Stable to increasing income should be averaged for two (2) years
	Self-Employment - Corporation	<ul style="list-style-type: none"> » Two (2) years personal tax returns, signed on or before the closing date » Two (2) years business returns (1120) signed if ≥25% ownership interest. » Business returns must reflect percentage of ownership the borrower has in the business. » YTD profit and loss statement if ≥25% ownership interest » YTD balance sheet if ≥25% ownership interest » Stable to increasing income should be averaged for 2 years
	Self-Employment – Partnership (General/Limited), Limited Liability Companies (LLC), S-Corps	<ul style="list-style-type: none"> » Year-to-date profit and loss (P&L) with an end date within ninety (90) days of funding for each business if ≥25% ownership. Must include current quarter. » Balance sheet with an ending date within 90 days from the funding date for each business if ≥ 25% ownership » If the borrower filed an extension for the prior year then the prior year P&L and the prior year balance sheet (January through December) for each business is also required. » Personal tax returns, including all schedules, signed on or before the closing date for prior two (2) years are required. » K-1's for prior two years, showing ownership percentage. K-1's are not required if the source is reporting positive income and the income is not used for qualification. If K-1's show an income loss, they are required, regardless if the income is used for qualifying purposes. If using capital gains, interest/dividends, or W-2 income, the K-1's are required. » Business tax returns (1065/1120), including all schedules, for the prior two (2) years are required if the borrower has a 25% or greater ownership interest. Business returns are not required if reporting positive income (on the K-1) and the income is not used for qualification purposes. » Stable to increasing income is averaged for two (2) years.

REM N Jumbo Program Guidelines

EMPLOYMENT & INCOME		
Income Documentation Requirements (Cont'd)	Income Type	Documentation Requirements
	Rental Income – All Properties (except Departing Primary Residence)	<ul style="list-style-type: none"> » When using rental income to qualify the borrower, the current signed lease agreement for each rental property, including commercial properties listed in Part 1 of Schedule E of the 1040's. Leases required even if identified on Schedule E. The income must be consistent with the current leases or a letter of explanation from the borrower is required. NOTE: If the rental payment indicated on the lease agreement is less than the rental income reported on the tax returns, justification for using the income reported on the tax returns must be provided to warrant the use of the higher income. If no justification, the amount indicated on the lease agreement, less expenses, should be considered for rental income/loss. » Personal tax returns, including all schedules, for prior two years are required. <ul style="list-style-type: none"> – For properties listed on Schedule E of the borrower's tax returns, net rental income should be calculated as "rents received minus total expenses plus depreciation plus interest plus taxes plus insurance plus HOA (if applicable) divided by applicable months minus current PITI". A 24 month average is used to qualify unless income is declining. In the event of declining income, the most recent 12 month average is used to qualify. – If the borrower purchased the rental property subsequent to the most recent tax filing year a copy of the signed lease agreement, and a copy of the receipt for the security deposit, including copies of the borrower's bank statements showing the deposit, is required. When using a lease agreement, only 75% of the gross rents, minus the verified PITIA payment, may be used for qualifying » Net rental income must be added to the borrower's total monthly income. Net rental losses must be added to the borrower's total monthly obligations. » If the subject property is the borrower's primary residence (1 unit property or 1 unit property with an accessory unit) and generating rental income, the full PITI must be included in the borrower's total monthly obligations. » If the subject property is the borrower's primary residence with two (2) units, rental income may be included for the unit not occupied by the borrower so long as the requirements for a lease agreement and/or tax returns are met. » Commercial properties which report income or loss on Schedule E of the 1040's: <ul style="list-style-type: none"> – Net rental income should be calculated as "rents received minus total expenses plus depreciation plus interest plus taxes plus insurance plus HOA (if applicable) divided by applicable months minus current PITI" – PITIA must be documented » Lease required if income is used (positive or negative cash flow)
	Rental Income - Departing Principal Residence	<ul style="list-style-type: none"> » When a borrower vacates a principal residence in favor of another principal residence, 75% of the rental income, may be used in the underwriting analysis when the current residence has an LTV/CLTV of ≤75%. » Equity must be documented with: <ul style="list-style-type: none"> - A full appraisal or exterior only appraisal dated within 6 months of the Note date, OR - Evidence of the original sales price and the current unpaid principal balance. - The borrower must also provide: <ul style="list-style-type: none"> ▪ A fully executed lease agreement, ▪ Security deposit from the new tenant, ▪ A copy of the bank statement showing the deposited security funds, and ▪ Applicable reserve requirements for the subject property and 6 months PITIA for vacating property must be met.

REM N Jumbo Program Guidelines

Income Documentation Requirements (Cont'd)	Income Type	Documentation Requirements
	Social Security Income	<ul style="list-style-type: none"> » Surviving spouse/children benefits with a defined expiration date must have a remaining term of at least three (3) years. » Social Security income must be verified by a Social Security Administration benefit verification letter (sometimes called a "proof of income letter," "budget letter," "benefits letter," or "proof of award letter"). If any benefits expire within the first three (3) full years of the loan, the income source may not be used in qualifying.
	Retirement Income (Pension, Annuity, IRA Distributions)	<ul style="list-style-type: none"> » Existing distribution of assets from an IRA, 401K or similar retirement asset account must be sufficient to sustain income continuance for a minimum of three (3) years. If any retirement income will cease with the first 3 years of the loan, the income is ineligible. <ul style="list-style-type: none"> - Verification of the assets is required, and - Distribution must have been set-up at least six (6) months prior to history of receipt, OR - Two (2) year history of receipt documented. <p>NOTE: Distributions cannot be set up, or changed, solely for loan qualification purposes</p> » Document regular and continued receipt with any of the following: <ul style="list-style-type: none"> - Letters from the organization providing the income, or - Copies of retirement award letters, or - Copies of federal income tax returns (signed and dated on or before the closing date), or - Most recent IRS W-2 or 1099 forms, or - Proof of current receipt with two (2) months bank statements.
	Alimony, Separate Maintenance & Child Support	<ul style="list-style-type: none"> » Eligible with a divorce decree, court ordered separation agreement, court decree, or other legal agreement provided that income will continue for at least three (3) years. <p>NOTE: If the income is the borrower's primary income source and there is a defined expiration date (even if expiration date exceeds 3 years), the income may not be acceptable for qualifying purposes.</p> » Documentation evidencing that the borrower has been receiving full, regular, and timely payments for the past 12 months. » Refer to the Non-Taxable Income section for guidance on child support income
	Capital Gains/Loss	<ul style="list-style-type: none"> » Capital gains for like assets may be considered as effective income if the gains are from similar assets for three (3) continuous years. The earnings trend or loss must be considered in the overall analysis of this income type. If the trend results in a gain, it may be added as effective income. If the trend consistently shows a loss, it must be deducted from the total income. <ul style="list-style-type: none"> - Tax returns for the prior three (3) years, including Schedule D to document receipt, are required. - Gains must be consistent amounts from consistent sources. - Documentation of assets similar to the assets reported as capital gains to support the continuation of the capital gain income is required
	Dividend/Interest Income	<p>Interest and dividend income may be used for qualifying with documentation that supports a two (2) year history of receipt.</p> <ul style="list-style-type: none"> - Prior two (2) year's tax returns required, and - Proof of asset(s) to support the continuation of interest and dividend income.

REM N Jumbo Program Guidelines

EMPLOYMENT & INCOME		
Income Documentation Requirements (Cont'd)	Income Type	Documentation Requirements
	Stock Options & Restricted Stock Grants	<p>May not be used as qualifying income unless income has been received for two (2) years as identified on the paystubs, W-2s and tax returns. Documentation must be provided that confirms continuance for a minimum of three (3) years at a level similar to the level received for the prior two (2) years.</p> <p><u>Calculation Requirements</u></p> <ul style="list-style-type: none"> • A two (2) year average of prior income received from restricted stock or stock options should be used to calculate the income, with the continuance based on the vesting schedule using a stock price based on the 52 week low for the most recent 12 months reporting at the time of closing. The income used for qualifying must be supported by future vesting based on the stock price used for qualifying and vesting schedule • Additional awards must be similar to the qualifying income and awarded on a consistent basis. • Borrower must be currently employed by the employer issuing the RSU's/stock options in order for the RSU's/stock options to be considered in qualifying income. • Vested restricted stock units and stock options cannot be used for reserves if using for income to qualify.
	Note Income	<p>Income from a Note is eligible subject to the following:</p> <ul style="list-style-type: none"> » A copy of the Note must document the amount, frequency and duration of payments. » Documentation substantiating regular receipt of Note income in the past twelve (12) months and the income is expected to continue for at least three (3) years is required » Evidence of Note income must be reflected on the borrower's tax returns.
	Trust Income	<p>Income from trusts may be used if guaranteed and regular payments will continue for a minimum of three (3) years.</p> <ul style="list-style-type: none"> » Regular receipt of trust income for the past twelve (12) months must be documented. » A copy of the Trust Agreement or Trustee Statement which indicates the following: <ul style="list-style-type: none"> - Total amount of borrower-designated trust funds, - Terms of payment, - Duration of trust, - Evidence the trust is irrevocable » If trust fund assets are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income.
	Foreign Income	<p>Foreign income is eligible subject to the following:</p> <ul style="list-style-type: none"> » W-2 forms or personal tax returns, including all schedules, for prior two (2) years to document receipt (income must be reported on two (2) years U.S. tax returns). » Year-to-date (YTD) most recent pay stub » Verbal Verification of Employment (VVOE) » All income must be converted to U.S. currency
	Trailing Co-Borrowers	Not eligible
	Projected Income	<p>Not eligible.</p> <ul style="list-style-type: none"> » On a case-by-case basis, projected income may be considered if the borrower has a non-revocable contract and employment will start within 60 days of loan closing. REM N WS management approval required.

REM N Jumbo Program Guidelines

EMPLOYMENT & INCOME		
Income Documentation Requirements (Cont'd)	Income Type	Documentation Requirements
	Non-Taxable Income (Child Support, Disability, Foster Care, Military, etc.)	<ul style="list-style-type: none"> Eligible if documented income will continue for a minimum of three (3) years. Tax returns must confirm that income is non-taxable The amount of continuing tax savings attributed to the income not subject to federal taxes may be added to the borrower's gross income. The percentage of non-taxable income that may be added cannot exceed the appropriate tax rate for the income amount. Additional allowances for dependents are not allowed. Required documentation: <ul style="list-style-type: none"> The amount of income grossed-up for any non-taxable income source must be documented and supported, The same tax rate the borrower used to calculate their income tax from the prior year should be used <p>NOTE: If the borrower is not required to file a tax return, 25% is used as the tax rate.</p>

REM N Jumbo Program Guidelines

Residual Income (80.01 – 90% LTV transactions only)	<ul style="list-style-type: none"> » Residual income is only required when the LTV for the loan transaction is 80.01 to 90% » Residual income is not required for LTV's $\leq 80\%$ » Refer to the 80.01 to 90% LTV section for specific criteria for this income requirement.
Ineligible Income Types	<ul style="list-style-type: none"> » Examples of ineligible income for qualifying purposes include, but are not limited to: <ul style="list-style-type: none"> - Income from sources that cannot be verified, - Income that is temporary or a one-time occurrence, - Deferred compensation, - Asset depletion, - Rental income received from the borrower's primary residence – One (1) unit property or one (1) unit property with accessory unit - Rental income received from the borrower's second home, - Retained earnings, - Education benefits, - Trailing spouse income, - Income that is not legal in accordance with all applicable federal, state and local laws and regulations. Examples include, but are not limited to: <ul style="list-style-type: none"> • Foreign shell banks, • Medical marijuana dispensaries, • Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law, • Borrowers with any ownership in a business that is federally illegal, regardless if income is not being considered for qualifying are ineligible borrowers, • Businesses engaged in any type of internet gambling.
4506-T Form	<ul style="list-style-type: none"> » Completed and signed 4506-T required prior to loan closing for both personal and business tax returns (if applicable) for all borrowers whose income was used for qualifying NOTE: IRS Form 4506-T, dated September 2015, with the attestation box checked, is required. » The 4506-T must be processed and tax transcripts (both personal and business, if applicable) for two (2) years must be obtained for all borrowers to validate all income used for qualifying » 4506-T results must be validated against the income documentation in the loan file » In the event tax returns were filed but the transcripts are not available from the IRS, the results must reflect "No Record Found". <ul style="list-style-type: none"> - An additional prior year's tax transcripts must be obtained. - Large increases in income that cannot be validated through a tax transcript may only be considered for qualifying on a case-by-case basis. » Broker provided processed 4506-T results are not eligible.
Automated Underwriting (AUS)	<ul style="list-style-type: none"> » Not eligible » Manual underwriting is required on all transactions.

REM N Jumbo Program Guidelines

ASSETS	
General Asset Information	<ul style="list-style-type: none"> » Full asset documentation is required. » Borrowers must disclose all liquid assets, in addition to the minimums required » All assets must be verified as detailed in the below sections » Cash on hand is ineligible as a source of assets.
Checking and Savings Accounts	<ul style="list-style-type: none"> » The two (2) most recent, consecutive months' statements (all pages) for both checking and savings accounts. » A VOD is not acceptable in lieu of bank statements. » Large deposits inconsistent with monthly income or other deposits must be verified.
Marketable Securities/Stock Accounts	<ul style="list-style-type: none"> » The two (2) most recent, consecutive month' stock securities account statements are required (all pages). » The full value of stock accounts can be considered in the calculation of assets available for closing and reserves. <p>NOTE: Non-vested or restricted stock accounts are ineligible.</p>
Retirement Accounts	<ul style="list-style-type: none"> » The most recent account statement (all pages) covering for a minimum of a two (2) month period » Evidence of liquidation is required when funds are used for down payment or closing costs. » If borrower is < 59 ½ years old, 60% of the vested value of retirement accounts may be used to satisfy reserve requirements. Any outstanding loans must be deducted from the vested value. » If borrower is > 59 ½ years old, 70% of the vested value of the retirement account may be used to satisfy reserve requirements. Any outstanding loans must be deducted from the vested value. » Retirement accounts that do not allow for any type of withdrawal are ineligible to use for reserves.
Business Funds	<ul style="list-style-type: none"> » Business funds may be used for down payment and/or closing costs only subject to the following: <ul style="list-style-type: none"> - A cash flow analysis using three (3) months business bank statements (all pages) to determine the withdrawal of the funds will not have a negative impact on the business is required. <ul style="list-style-type: none"> ▪ Business bank statements must not reflect any NSF's (non-sufficient funds) or overdrafts - Borrower must have access to the funds, - The borrower must be the sole proprietor or 100% owner of the business (or all borrowers combined own 100% of the business) » For LTVs 85% or lower, Business funds may be used for reserves only subject to the following: <ul style="list-style-type: none"> - Business funds for reserves or a combination of personal/business funds for reserves require the total amount of reserves to be 2X or double the normal requirement for the subject property and additional financed REO. - Cash flow analysis required using most recent three months business bank statements to determine no negative impact to the business. - Business bank statements must not reflect any non-sufficient funds activity or overdrafts. - The borrower must be the sole proprietor or 100% owner of the business (or all borrowers combined own 100% of the business). » If LTV is 85.01% or higher, Business funds cannot be used for satisfying reserve requirements.
Cash Value of Life Insurance Policies/Annuities	<ul style="list-style-type: none"> » 100% of the value is eligible unless subject to penalties » The most recent account statement (all pages), covering a minimum of a two (2) month period is required.
Foreign Assets	<ul style="list-style-type: none"> » Funds from foreign assets/accounts are not eligible
1031 Exchange	<ul style="list-style-type: none"> » 1031 exchange funds are eligible on second home and investment purchase transactions only subject to the following requirements: <ul style="list-style-type: none"> - Copies of the HUD-1/CD for both properties, and - Copy of the Exchange Agreement, and - Sales contract for the exchange property, and - The REM N WS underwriter must verify the funds from the Exchange Intermediary. <p>NOTE: Reverse 1031 exchange transactions are not allowed.</p>
Taxes Owed or Tax Extension	<p>If the most recent tax return or a tax extension indicate a borrower owes money to the IRS or applicable state tax authority, evidence of sufficient assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application.</p>

REM N Jumbo Program Guidelines

ASSETS

Gift Funds	<ul style="list-style-type: none">» Gift funds are eligible subject to the following:<ul style="list-style-type: none">- On purchase transactions, gift funds may be used once the 5% borrower own funds requirement is met.- Gift funds are eligible for down payment (after borrower own funds requirement met) and closing costs.NOTE: Gift funds may not be used to satisfy reserve requirements.» Gift funds are ineligible on the following:<ul style="list-style-type: none">- LTVs > 80%- Investment property transactions- First time homebuyer transactions» The gift donor must be an immediate family member, future spouse, or domestic partner living with the borrower» A gift letter is required that includes the following donor information:<ul style="list-style-type: none">- Name,- Address,- Telephone, and- Relationship to the borrower.» Proof of donor's funds and transfer/evidence of receipt by borrower must be documented.<ul style="list-style-type: none">- Acceptable documentation includes:<ul style="list-style-type: none">• A copy of the donor's check and borrower's deposit slip, or• A copy of the donor's withdrawal slip and borrower's deposit slip, or• A copy of the donor's check to the closing agent, or• A settlement statement/CD showing receipt of the donor's gift check.» Foreign assets/funds are ineligible as a source of gift funds.																																																																										
Gift of Equity	<ul style="list-style-type: none">» Eligible as a source of down payment» Borrower is required to meet the minimum five percent (5%) borrower contribution requirement from his/her own funds.																																																																										
Post-Closing Reserves	<ul style="list-style-type: none">» Borrowers should disclose all liquid assets (not just those required to satisfy reserve requirements) and those assets should be verified.» Reserve requirements for the subject property:<table><tr><th colspan="4">80.01 – 90% LTV (1 unit Primary Residence Only)</th></tr><tr><th>Borrower Type</th><th>DTI</th><th colspan="2">Required Reserves</th></tr><tr><td rowspan="2">Non-First Time Homebuyer</td><td>≤ 38%</td><td colspan="2">12 months PITIA</td></tr><tr><td>38.01 – 43%</td><td colspan="2">18 months PITIA</td></tr><tr><td>First Time Homebuyer</td><td>≤ 38%</td><td colspan="2">15 months PITIA</td></tr><tr><th colspan="4">LTV ≤ 80%</th></tr><tr><th rowspan="2">Occupancy</th><th rowspan="2">Loan Amount</th><th colspan="2">Required Reserves*</th></tr><tr><th>Fixed Rate</th><th>ARM**</th></tr><tr><td rowspan="4">Primary Residence</td><td>≤ \$1,000,000</td><td>6 months PITIA</td><td>9 months PITIA</td></tr><tr><td>\$1,000,001 - \$1,500,000</td><td>9 months PITIA</td><td>12 months PITIA</td></tr><tr><td>\$1,500,001 - \$2,000,000</td><td>12 months PITIA</td><td>15 months PITIA</td></tr><tr><td>\$2,000,001 - \$2,500,000</td><td>24 months PITIA</td><td>N/A</td></tr><tr><td rowspan="2">First Time Homebuyer – Primary Residence</td><td>≤ \$1,000,000</td><td>12 months PITIA</td><td>15 months PITIA</td></tr><tr><td>\$1,000,001 - \$1,500,000</td><td>15 months PITIA</td><td>18 months PITIA</td></tr><tr><th>Occupancy</th><th>Loan Amount</th><th colspan="2">Required Reserves*</th></tr><tr><td rowspan="4">Second Home</td><td>≤ \$1,000,000</td><td>12 months PITIA</td><td>15 months PITIA</td></tr><tr><td>\$1,000,001 - \$1,500,000</td><td>18 months PITIA</td><td>21 months PITIA</td></tr><tr><td>\$1,500,001 - \$2,000,000</td><td>24 months PITIA</td><td>27 months PITIA</td></tr><tr><td>\$2,000,001 - \$2,500,000</td><td>36 months PITIA</td><td>N/A</td></tr><tr><th>Occupancy</th><th>Loan Amount</th><th colspan="2">Required Reserves*</th></tr><tr><td>Investment Property</td><td>≤ \$1,000,000</td><td>18 months PITIA</td><td>N/A</td></tr></table> <p>*The following additional reserve requirements apply in addition to the applicable required reserves stated above for the subject transaction:</p> <ul style="list-style-type: none">• If the borrower has additional financed properties (other than the subject property) six (6) months PITIA is required for each additional property. Refer to the Maximum # of Financed Properties Owned section for allowable number of financed properties. <p>**ARMs are not eligible on Second Home Cash-Out Refinance transactions.</p>	80.01 – 90% LTV (1 unit Primary Residence Only)				Borrower Type	DTI	Required Reserves		Non-First Time Homebuyer	≤ 38%	12 months PITIA		38.01 – 43%	18 months PITIA		First Time Homebuyer	≤ 38%	15 months PITIA		LTV ≤ 80%				Occupancy	Loan Amount	Required Reserves*		Fixed Rate	ARM**	Primary Residence	≤ \$1,000,000	6 months PITIA	9 months PITIA	\$1,000,001 - \$1,500,000	9 months PITIA	12 months PITIA	\$1,500,001 - \$2,000,000	12 months PITIA	15 months PITIA	\$2,000,001 - \$2,500,000	24 months PITIA	N/A	First Time Homebuyer – Primary Residence	≤ \$1,000,000	12 months PITIA	15 months PITIA	\$1,000,001 - \$1,500,000	15 months PITIA	18 months PITIA	Occupancy	Loan Amount	Required Reserves*		Second Home	≤ \$1,000,000	12 months PITIA	15 months PITIA	\$1,000,001 - \$1,500,000	18 months PITIA	21 months PITIA	\$1,500,001 - \$2,000,000	24 months PITIA	27 months PITIA	\$2,000,001 - \$2,500,000	36 months PITIA	N/A	Occupancy	Loan Amount	Required Reserves*		Investment Property	≤ \$1,000,000	18 months PITIA	N/A
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REM N Jumbo Program Guidelines

ASSETS

Interested Party Contributions (IPC's)

Interested Party Contributions

- » Interested party contributions (IPC) include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction.
- » IPC's may only be used for closing costs and prepaid items.
- » IPC's cannot be used to make the borrower's down payment, reserve requirements or to meet the minimum borrower contribution requirement.
- » Interested party contributions are limited as follows:

Occupancy Type	LTV/CLTV	Maximum Allowable Contribution
Primary Residence or Second Home	> 80%	3%
	≤ 80%	6%
Investment	All	2%

Seller Concessions

- » Seller concessions are defined as any interested party contribution beyond the limits stated above or any amounts not being used for closing costs or prepaid expenses (e.g. fund for repairs not completed prior to closing)
- » If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount when calculating the LTV/CLTV
- » All seller concessions must be addressed in the sales contract, appraisal, and HUD-1/CD

Personal Property

- » Any personal property transferred with the sale must indicate zero transfer value on the sales contract and the appraisal.
- » If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV.

REM N Jumbo Program Guidelines

APPRAISAL, PROPERTY

Appraisals

- » Appraisal requirements are as follows:

Purchase Transactions	
First Lien Loan Amount	Appraisal Requirement
≤ \$2,000,000	One (1) full appraisal
> \$2,000,000	Two (2) full appraisals
Refinance Transactions	
First Lien Loan Amount	Appraisal Requirement
≤ \$1,500,000	One (1) full appraisal
> \$1,500,000	Two (2) full appraisals

NOTE: Refer to the 80.01 – 90% LTV section for appraisal requirements for loan transactions with LTV's > 80%.

- » When two appraisals are required the following applies:
- Appraisals must be completed by two independent appraisal companies. The same AMC may be utilized but the appraisals must be provided from two different appraisal companies.
 - The LTV will be determined by the lower of the two appraised values as long as the lower appraisal supports the value conclusion.
 - The REM N WS underwriter is responsible to review both appraisals and address any inconsistencies between the two reports and all discrepancies must be reconciled.
- » A Collateral Desktop Analysis will be required for **each** appraisal.
- » Properties purchased by the seller of the property within 90 days of the fully executed purchase contract are subject to the following additional requirements:
- Two (2) appraisals required, and
 - Property seller on the purchase contract must be the owner of record,
 - Increases in value should be fully documented by the appraiser and supported with recent paired sales.
- » Properties with values significantly in excess of the predominant value of the subject property's market are subject to REM N WS management review and approval.
- » Appraisals must be Uniform Appraisal Data (UAD) compliant and meet Fannie Mae's Appraiser Independence Requirements (AIR).
- » A Fannie Mae Market Conditions Addendum (1004MC) and a Fannie Mae Submission Summary Report is required on all appraisals.
- » If an applicable law, regulation or REM N WS policy requires more than one (1) appraisal be obtained, the single most accurate appraisal must be used for underwriting and submission to the Uniform Collateral Data Portal (UCDP).
- » A full 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, (free-standing stove/range or refrigerator not required)
 - Main living area,
 - All bathrooms,
 - Examples of physical deterioration, if present,
 - Examples of any recent updates, if present (i.e. remodel, renovation, restoration)
- » 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 (www.mris.com), or
 - Midwest Real Estate Dated (MRED) (www.mredllc.com), or
 - North Texas Real Estate Information Systems, Inc. (NTREIS) at (www.ntreis.net), or
 - San Antonio Board of Realtors (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 Maine, New Hampshire, and Vermont.

REM N Jumbo Program Guidelines

APPRAISALS, PROPERTY	
Appraisals (Cont'd)	<ul style="list-style-type: none"> » Comparable sales cannot be > 6 months old at time of underwriting review. » Comparable sales used for new construction properties are subject to the following: <ul style="list-style-type: none"> - If all three of the comparable sales used to support the value of the subject property were obtained from one of the above sources (public source eligible in Vermont and Maine only) no further action is required. - If the comparable sales are not all obtained from a MLS, MRIS, MRED, NTREIS, or from an independent source (Vermont and Maine only), the appraiser must comment that the subject property development is being marketed in an "open" or "public" environment (i.e. newspaper advertisements, bill board signs, website, etc.). - Additionally, the following applies: <ul style="list-style-type: none"> • One of the comparable sales must be outside the project the subject property is located in and be from an MLS, MRIS, MRED, NTREIS, SABOR, GeoData, or Comps Inc. or public source (public source Maine/New Hampshire/Vermont only). • Two of the comparable sales must be from sources other than the subject property builder. NOTE: The appraiser is always allowed to provide more than three (3) comparable sales in order to support the property value. » The appraisal must identify and address properties located within a declining market. » <u>Modular/Prefabricated homes:</u> The appraiser must address the marketability of the property » The appraisal must contain a comparable rent schedule on transactions involving investment properties » Land value subject to Fannie Mae guidelines. The appraiser must comment if typical for the area and current use is highest and best use. » Properties with ≤ 40 acres. <ul style="list-style-type: none"> ○ Properties >10 acres ≤ 40 acres must meet the following: <ul style="list-style-type: none"> - Maximum land value 35% (if land value exceeds 35%, exception may be considered). - No income producing attributes. - Transaction must not exceed 75% LTV/CLTV for transactions over 20 acres. - 20, 25, 30-year fixed rate only for transactions over 20 acres. » REMN WS requires properties to be, at minimum, in average condition. Additionally, the following applies: <ul style="list-style-type: none"> - 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 ineligible » A new appraisal will be required when the appraisal is dated more than 120 days from the funding date. A re-certification is not allowed. » Properties located in a FEMA Disaster Declaration area will be subject to additional appraisal review.
Appraisal Management Companies (AMC's)	<ul style="list-style-type: none"> » Appraisal must be ordered from one of the following REMN WS approved AMCs: <ul style="list-style-type: none"> - ACT Appraisal Management (AR, AZ, CA, IL, MN, MT, NE, NM, NV, OK, PA, WY) - Momentum Appraisal Group (TX) - Mortgage Management Consulting (All other states) - Nationwide Property and Appraisal Services (ID)
Inspections	<ul style="list-style-type: none"> » Septic inspections are only required when the appraiser indicates there is evidence the septic system be failing. » Termite inspections are only required when the purchase contract requires one, or the appraiser indicates there is evidence of active infestation. » Well inspections are only required when state or local regulations require, or if there is indication the well may be contaminated.

REM N Jumbo Program Guidelines

APPRAISALS, PROPERTY	
Property with an Accessory Unit	<p><u>Legal Accessory Unit</u></p> <p>Eligible on 1- unit single family properties only provided the following requirements are met:</p> <ul style="list-style-type: none"> • The appraisal must indicate the improvements are typical for the market. • A minimum of one (1) comparable sale with the same use is required. • The borrower must qualify for the mortgage without considering any rental income for the legal accessory unit. <p><u>Illegal Accessory Unit</u></p> <p>If it is determined that the accessory unit does not comply with zoning the property is eligible subject to the following additional conditions:</p> <ul style="list-style-type: none"> • The use conforms to the subject neighborhood and market. • The property is appraised based upon its current use. • The appraisal must indicate that the improvements represent a use that does not comply with zoning. • 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. • The accessory unit cannot jeopardize any future hazard insurance claim that could be filed against the property.
Property Flips	<p>» Properties purchased by the seller of the property within 90 days of the fully executed purchase contract are subject to the following additional requirements:</p> <ul style="list-style-type: none"> - Two (2) appraisals required, and - Property seller on the purchase contract must be the owner of record, - Increases in value should be fully documented by the appraiser and supported with recent paired sales. <p>NOTE: The above requirements do not apply if the property seller is a bank that received the property as a result of a foreclosure or deed-in-lieu.</p>
Escrow Holdbacks	Not allowed