

The Simple Access program has three documentation options.
 An overview and option specific requirements are detailed on pages 3-17.
 General program guides begin on page 18

Full Doc and Bank Statement				
1-4 Unit Primary Residence and 1-Unit Second Home				
Transaction Type	Credit Score	LTV/CLTV	Maximum Loan Amount ^{1,2}	
Purchase and Rate/Term Refinance	620	75%	\$750,000	
	640	80%	\$1,000,000	
	620	70%	\$1,000,000	
	680	80%	\$1,500,000	
	640-679	75%	\$1,500,000	
	620	65%	\$1,500,000	
	640	70%	\$2,000,000	
	620	60%	\$2,000,000	
	680	75%	\$3,000,000	
	640-679	65%	\$3,000,000	
	620	55%	\$3,000,000	
Transaction Type	Credit Score	LTV/CLTV	Maximum Loan Amount ^{1,2}	Maximum Cash-Out ³
Cash-Out ³	620	70%	\$750,000	\$750,000
	640	75%	\$1,000,000	\$1,000,000
	620	65%	\$1,000,000	\$1,000,000
	680	75%	\$1,500,000	\$1,500,000
	640-679	70%	\$1,500,000	\$1,500,000
	620	60%	\$1,500,000	\$1,500,000
	640	65%	\$2,000,000	\$2,000,000
	620	55%	\$2,000,000	\$2,000,000
	680	70%	\$3,000,000	\$3,000,000
	640-679	60%	\$3,000,000	\$3,000,000
	620	50%	\$3,000,000	\$3,000,000

Footnotes:

1. New York transactions: **Owner-occupied purchase transactions only:** The minimum loan amount be at least \$1 greater than the applicable conforming loan amount for the number of units in the county where the property is located
2. Minimum loan amount \$60,000
3. Cash-out subject to the following:
 - Cash-out proceeds ≤ \$2,000,000 no LTV reduction required
 - Cash-out proceeds > \$2,000,000 10% LTV reduction required

Full Doc, Bank Statement, and Investor Cash Flow				
1-4 Unit Investment				
Transaction Type	Credit Score	LTV/CLTV ^{1,3}	Maximum Loan Amount ²	
Purchase and Rate/Term Refinance	620	75%	\$750,000	
	680	80%	\$1,000,000	
	640-679	75%	\$1,000,000	
	620	70%	\$1,000,000	
	680	75%	\$1,500,000	
	620	65%	\$1,500,000	
	640	70%	\$2,000,000	
	620	60%	\$2,000,000	
	640	65%	\$3,000,000	
	620	55%	\$3,000,000	
Transaction Type	Credit Score	LTV/CLTV ^{1,3}	Maximum Loan Amount ²	Maximum Cash-Out ⁴
Cash-Out ⁴	620	70%	\$750,000	\$750,000
	680	75%	\$1,000,000	\$1,000,000
	640-679	70%	\$1,000,000	\$1,000,000
	620	65%	\$1,000,000	\$1,000,000
	680	70%	\$1,500,000	\$1,500,000
	620	60%	\$1,500,000	\$1,500,000
	640	65%	\$2,000,000	\$2,000,000
	620	55%	\$2,000,000	\$2,000,000
	640	60%	\$3,000,000	\$3,000,000
	620	50%	\$3,000,000	\$3,000,000

Footnotes:

1. If gift funds used 5% borrower own funds required or a 10% LTV reduction required
2. Minimum loan amount \$60,000
3. Investor Cash Flow option **only**: Non-permanent resident aliens maximum is the lesser of 65% LTV/CLTV or the applicable LTV/CLTV for the credit score/loan amount
4. Cash-out subject to the following:
 - Cash-out proceeds ≤ \$2,000,000 no LTV reduction required
 - Cash-out proceeds > \$2,000,000 10% LTV reduction required

Full Documentation Eligibility and Summary	
Full Documentation	
Overview	<ul style="list-style-type: none"> The Full Doc program is available for both salaried and self-employed borrowers. Fannie Mae guidelines apply to topics not addressed in the Full Doc Eligibility and Summary topic or the Simple Access Guidelines
Borrowers Income Type Eligibility	<ul style="list-style-type: none"> Wage earner/salaried borrowers. Generally, 2 years employment in the same line of work required however < 2 years acceptable on case-by-case if training/education in the same field is acceptable substitute. Self-employed borrowers (defined as an individual who has a 25% or greater ownership interest in a business. Self-employed borrower must have a minimum of 2 years self-employment. The following must be considered when analyzing self-employed borrowers: <ul style="list-style-type: none"> The stability of the income The location and nature of the business The demand for the product or service offered by the business The financial strength of the business, and The ability of the business to continue generating and distributing sufficient income that will allow the borrower to meet ATR requirements <p>NOTE: 1-2 years self-employment may be considered on a case-by-case basis with 2 years previous employment in the same line of work with no gaps</p> REM N WS does not allow more than 4 properties per borrower.
4506-T/Tax Returns	<ul style="list-style-type: none"> A signed 4506-T and applicable tax transcripts (W-2, 1099, 1040) covering the number of years provided 4506-T results must be validated against the income documentation Broker provided processed 4506-T results are not eligible
Assets	Refer to the Assets topic in the general guidelines section for detailed requirements
Debt-to-Income	<ul style="list-style-type: none"> Maximum 50% DTI DTI > 43% to 50% requires residual income or 6 months additional reserves. Refer to the Residual Income topic for requirements
Derogatory Credit	<p>For topics not addressed below, refer to the Derogatory Credit topic for details</p> <p>Chapter 7 Bankruptcy, Short Sale, Deed-in-Lieu of Foreclosure</p> <ul style="list-style-type: none"> A 4-year waiting period is required measured from the completion date. A 2-year to 4-year waiting period is allowed subject to: The LTV is the lesser of: <ul style="list-style-type: none"> 75% LTV, or The maximum allowed per applicable program matrix 0-2 year waiting period is allowed subject to the following: <ul style="list-style-type: none"> Maximum DTI 43%, and The LTV is the lesser of: <ul style="list-style-type: none"> 70% LTV, or The maximum allowed per the applicable program matrix, and The occupant borrower must contribute a minimum of 10% of the purchase price for the borrower's own funds for purchase transactions

Full Documentation Eligibility and Summary	
Full Documentation (cont.)	
Derogatory Credit (cont.)	<p>Chapter 11 or 13 Bankruptcy</p> <ul style="list-style-type: none"> • A 4-year waiting period is required measured from the completion date • A 2-year to 4-year waiting period is allowed subject to: The LTV is the lesser of: <ul style="list-style-type: none"> - 75% LTV, or - The maximum allowed per applicable program matrix • A 1-year to 2-year waiting period is allowed subject to: <ul style="list-style-type: none"> - The borrower has paid as agreed for a minimum of 12 months payments as documented by the bankruptcy court, and - Maximum DTI 43%, and - The LTV is the lesser of: <ul style="list-style-type: none"> - 70% LTV, or - The maximum allowed per the applicable program matrix, and - The occupant borrower must contribute a minimum of 10% of the purchase price for the borrower's own funds for purchase transactions <p>Foreclosure</p> <ul style="list-style-type: none"> • A 4-year waiting period is required measured from completion date to application date • A 2-year to 4-year year waiting period is allowed subject to: The LTV is the lesser of: <ul style="list-style-type: none"> - 70% LTV, or - The applicable product maximum, and - Maximum DTI 43%, and - 10% borrower own funds required • A 0 to 2-year waiting period is allowed subject to: The LTV is the lesser of: <ul style="list-style-type: none"> - 60% LTV, or - The applicable product maximum, and - Maximum DTI 43%, and - No gift funds allowed
Documentation of Income	<p>Income may be document using multiple methods as described below.</p> <p>Wage Earner/Salaried Borrower Requirements</p> <ul style="list-style-type: none"> • A pay stub covering at least 1 months' YTD earnings, and • The most recent 2 years W-2s, and • W-2 transcripts for 2 years <p>Salaried Borrowers with Commission/Bonus or OT Income < 25% of Base Income</p> <ul style="list-style-type: none"> • A pay stub covering at least 1 months' YTD earnings, and • The most recent 2 years W-2s, and • W-2 transcripts for previous 2 years, and • A written VOE to confirm a 2 year average and proof of continuance <p>Salaried Borrowers with Commission/Bonus or OT Income ≥ 25% of Base Income</p> <ul style="list-style-type: none"> • A pay stub covering a minimum of 1 months' YTD earnings, and • W-2s for previous 2 years, and • Personal tax returns for previous 2 years tax, and • 1040 tax transcripts for previous 2 years <p>(cont. on next page)</p>

Full Documentation Eligibility and Summary	
Full Documentation (cont.)	
Documentation of Income (cont.)	<p>Part-Time or Second Job Income</p> <ul style="list-style-type: none"> • A pay stub covering a minimum of 1 months YTD earnings, and • The most recent 2 years W-2s, and • W-2 transcripts for previous 2 years, and • Second job/part-time income used for qualifying will be based on a 2-year average of the W-2s <p>Self-Employed Borrower Requirements</p> <p>There are two (2) methods for documenting self-employed income.</p> <ul style="list-style-type: none"> • Method One – One Year's Tax Return <ul style="list-style-type: none"> - One (1) year personal and business federal tax returns, including all schedules, that cover a 12 month period of self-employment - Profit and loss statement/balance sheet prepared by a CPA (fully audited not required) covering the time from the end of the time the tax returns covered (a minimum 6 months time frame required). - Income is calculated using the tax return and comparing it to the trend on the P&L. The income trend should be stable or increasing - If the income trend is declining the borrower must provide a written explanation and/ or additional documentation for the income to be considered • Method Two: - Two Year's Tax Returns <ul style="list-style-type: none"> - Two (2) years most recent tax returns, both personal and business, including all schedules. Income is calculated based on a 24 month average if income increasing or a 12 month average if income is declining. Declining income will require a written explanation from the borrower and a year-end or YTD P&L and balance sheet may also be required. • Regardless of the method used above, the following may be added back to the borrower's income calculation <ul style="list-style-type: none"> - Depreciation - Amortization - Pension contributions directly contributed to borrower - Any expenses(s) that can be reasonably documented as one-time/non-recurring - Net operating loss carryforwards from the years prior to the tax returns provided - Business expenses for debts already included in the DTI - Business use of home - Mileage <p>Documenting the Business</p> <ul style="list-style-type: none"> • Evidence of the existence of the business for the previous 2 years. A CPA letter, or equivalent, is required to verify self-employment. The letter must include: <ul style="list-style-type: none"> - The name of the business - The borrower's percentage of ownership, - Length of self-employment, and - That the business/borrower is in good standing - The letter cannot include any disclaimers as to the accuracy of the information • The CPA letter cannot be older than 30 days at loan funding.

Full Documentation Eligibility and Summary	
Full Documentation (cont.)	
Gift Funds	Eligible; refer to the Gift Funds topic for requirements
Gift of Equity	Eligible; refer to the Gift of Equity topic for requirements
Income – Annuity	<p>Annuity income is eligible subject to the following:</p> <ul style="list-style-type: none"> • A copy of the annuity contract or letters from the organization providing the income is provided • The income must continue for a minimum of three (3) years from the closing date of the loan • One of the following must be provided to document receipt: <ul style="list-style-type: none"> - The most recent years' W-2, 1099, or tax returns, or - Twelve (12) months bank statements to document the regular deposits of the annuity income
Income - Boarder	<p>Boarder Income</p> <p>Boarder income received from a person related to the borrower by blood, marriage or law may be considered effective income. The income must be indicated on the borrower's tax return; if not identified on the tax return the income is ineligible.</p>
Income – Capital Gains and Losses	<p>Capital gains for like assets may be considered as effective income. 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.</p> <ul style="list-style-type: none"> • An average of the gain or loss for the previous 3 years, as disclosed on the borrowers 1040 Schedule D, will be used to calculate the income • When the income from this source represents a substantial portion of the borrower's income, tax returns for the previous 3 years must be reviewed (regardless of documentation type) to determine an accurate estimated average of the earnings (e.g. an asset sold during the year might be an income-producing asset, which could result in a reduction in future income) • Borrowers must have an asset base in order to use capital gains on an on-going basis. <p>NOTE: A one-time capital gain or loss will not be considered as a gain or loss in determining income available to the borrower.</p>
Income – Distributions from Non-Retirement Account	<p>Income from regular distributions from non-retirement assets are eligible for qualifying subject to the following:</p> <ul style="list-style-type: none"> • Two months most recent account statements (all pages) and most current year-end statement required • A written verification from the financial institution managing the assets is required to document: <ul style="list-style-type: none"> - Monthly distributions have been set-up, - Frequency of distributions, and - Duration of the distributions • One month's distribution must have been received prior to closing, • Documentation must be provided that the borrower has owned the assets a minimum of 12 months with unrestricted access • Any deposits > 10% of the face value of the account based on the most recent account statement requires sourcing. • Documentation required the distribution will continue for a minimum of 3 years is required or the income is not eligible <p>NOTE: Assets being utilized for income qualifying, and the income generated from the assets, cannot be used for down payment or to satisfy reserve requirements.</p>

Full Documentation Eligibility and Summary	
Full Documentation (cont.)	
Income – Distribution from Retirement Accounts	<p>Income from regular distributions from retirement accounts are eligible for qualifying subject to the following:</p> <ul style="list-style-type: none"> • The borrower must be of retirement age (59 ½ plus) • One month's distribution must have been received prior to closing, • Documentation required the distribution will continue for a minimum of 3 years is required or the income is not eligible • 70% of the retirement account balance is used to determine qualifying balance
Income – Fixed	<p>Fixed income includes alimony/child support, retirement/pension, social security (including dependent's social security), temporary/permanent disability, and VA disability.</p> <p>Fixed income is an eligible source of income subject to the following:</p> <ul style="list-style-type: none"> • Evidence of the borrower's receipt of the income and the probability the income will continue for a minimum of 3 years past the application date must be provided. <p>NOTE: Borrowers on temporary leave (e.g. maternity, short- term disability, etc.) will be considered on a case-by-case basis subject to REMN WS management approval. If allowed, the income will be subject to Fannie Mae's Temporary Leave Income requirements.</p> <ul style="list-style-type: none"> • Fixed income that is verified as non-taxable (e.g. social security, child support, etc.), may be adjusted or "grossed-up" by 125% subject to: <ul style="list-style-type: none"> - Only the net income will be used for determining disposable/residual income (Medicare and insurance payments are excluded), - The borrower must clearly benefit as a result of the income being grossed-up to qualify, and - The borrower's net income (before being grossed-up) is sufficient to pay all debts. • Housing allowance may be grossed up by 1.25% if 2-years tax returns are provided to support the allowance is non-taxable <p>The following non-taxable income is ineligible to be grossed up:</p> <ul style="list-style-type: none"> • Foreign earned income, • Foster care income
Income – Interest and Dividend	<p>Interest and dividend income is eligible subject to the following:</p> <ul style="list-style-type: none"> • Verified through 2 years tax returns as a stable source of income, and • Proof the underlying funds are still on deposit in the financial institution and/or investment portfolio account(s) is required. • Income must be proportionately reduced if funds from the account(s) are used for closing in a purchase money transaction <p>NOTE: Income may be limited to an earnings rate of 3% if the verified earnings do not appear to be supported by current market conditions.</p>
Income – K-1	A history of receipt is not required to utilize K-1 income
Income – Military	<ul style="list-style-type: none"> • Income received for clothing and quarter's allowance, hardship and/or hazard may be included as stable income if there is a likelihood of continuance. • The non-taxable income received for Basic Allowance for Housing (BAH) and Basic Allowance for Subsistence (BAS) may be grossed up 125% • Other allowances may be grossed up if documentation is provided evidencing the allowance is non-taxable
Income - Note	<p>Note income is eligible as qualifying income subject to the following:</p> <ul style="list-style-type: none"> • A complete copy of all pages of the Note that outlines the terms and conditions of repayment, • The repayment period must extend at least 3 years past the application date of the loan.

Full Documentation Eligibility and Summary	
Full Documentation (cont.)	
Income – Rental	<p>Rental income from investment properties owned by the borrower is eligible for qualifying income. The borrower is not required to have a history of managing rental properties.</p> <p>Calculating Rental Income</p> <p>Calculate rental income using one of the following methods:</p> <p>Method One: Tax Returns – Schedule E</p> <ul style="list-style-type: none"> • If the borrower has a history of renting a property, rental income is reported on Schedule E of the borrower's personal tax return and may be used for qualification • When using Schedule E to calculate qualifying rental income: <ul style="list-style-type: none"> - Add back to the borrower's cash flow: <ul style="list-style-type: none"> - Listed depreciation - Amortization, and - Interest - Subtract the principal and interest portion of the payment from the figure determined above <p>Method Two: Lease Agreement</p> <p>If a lease is used to document rental income the lease must be for a minimum 12 month period. Short term leases are acceptable as long as leases that cover the most recent 12 months are provided. Gaps are also acceptable however the rental income will be averaged over a 12 month period.</p> <ul style="list-style-type: none"> • When using current lease agreements, calculate the rental income by multiplying the gross rent(s) by 75% • Document current receipt of the rental income with the most recent one month's check. • If the amount of the lease is considerably greater than the income listed on the tax return supporting documentation is required. <p>NOTE: Rental income from a 1-unit investment property purchased by a first-time homebuyer is ineligible for qualifying</p> <p>Two-to-Four Primary Residence: Rental income from a 2-4 unit primary residence is eligible from the tenant occupied units as follows:</p> <ul style="list-style-type: none"> • The gross rental income, minus vacancy and maintenance factors, is eligible <p>NOTE: The gross rental income is not used to offset the mortgage payment</p>
	<p>Income derived from an irrevocable or revocable trust is eligible subject to all of the following:</p> <ul style="list-style-type: none"> • The borrower, who is the beneficiary of the trust is also the person who established the trust, and • A complete copy of the trust agreement, showing the terms and conditions of the income that will be received, is provided, or • A certification letter is obtained from the trust administrator that outlines the following: <ul style="list-style-type: none"> - Total income paid to the borrower, - The method of payment, - The duration of the trust, and - If there is any non-taxable portion <p>Current receipt of the income must be documented and the income must be expected to continue for a minimum of 3 years after the date of the application.</p>

Full Doc Eligibility and Summary	
Full Doc	
Income - Unreimbursed Business Expenses	Borrowers with commission income that is $\geq 25\%$ of the borrower's qualifying income the unreimbursed business expenses must be deducted from the borrower's qualifying income.
Product	<p>Fixed Rate</p> <ul style="list-style-type: none"> • 15 and 30 year term • Qualify at the Note rate <p>5/1, 7/1 and 10/1 ARM</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin, amortized over full term of the loan <p>5/1 ARM Interest-Only</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin amortized over 25 years • Interest-only period is for the first five (5) years of the loan. Principal and interest payments begin in year six (6). <p>7/1 ARM Interest-Only</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin amortized over 23 years • Interest-only period is for the first seven (7) years of the loan. Principal and interest payments begin in year eight (8) <p>10/1 ARM Interest-Only</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin amortized over 20 years • Interest-only period is for the first ten (10) years of the loan. Principal and interest payments begin in year eleven (11)

Bank Statement Eligibility and Summary	
Bank Statement	
Overview	<ul style="list-style-type: none"> The Bank Statement option is available for self-employed borrowers. 12 or 24 months personal or business bank statements are used to qualify borrowers Transactions are subject to ATR requirements
4506-T/Tax Returns	<p>Not required. Tax returns must not be submitted when using the Bank Statement option or the loan is ineligible for bank statement option except as follows:</p> <ul style="list-style-type: none"> A co-borrower or non-occupant co-borrower using full documentation, applicable transcripts, based on documentation used to qualify, is required so a signed 4506-T must be obtained
Assets	Refer to the Assets topic in the general guidelines section for requirements
Borrower Eligibility	<p>Self-Employed</p> <ul style="list-style-type: none"> Self-employed borrowers (defined as an individual who files Schedule C or corporate tax returns) with 25% or greater ownership in business Borrower must have a minimum of two (2) years self-employment in the same business. Borrowers self-employed 1-2 years may be considered on a case-by case basis if: <ul style="list-style-type: none"> The borrower was in the same line of work prior to their self-employment, and The borrower has an additional 6 months reserves above what is required At least one borrower must meet the above requirements. Income from a co-borrower, who is not self-employed, is acceptable using the full documentation option. Taxable income is counted on a "gross" amount regardless of the net deposit shown on the bank statements <p>1099 Contractor</p> <ul style="list-style-type: none"> Eligible with CPA confirmation the borrower is a 1099 contractor and files Schedule C or Schedule E with the IRS (personal tax returns) If the borrower receives some W-2 income as part of the independent contractor employment, that income may be considered so loan as the CPA confirms it is part of their self-employed income <p>Service & Tip Industry</p> <ul style="list-style-type: none"> Borrowers employed in a service/tip industry position are eligible for the Bank Statement program Base salary is verified with current paystubs and most recent W-2 Employment is verified using traditional methods Bank statements are used to determine qualified tips which are averaged over 12 or 24 months Two (2) corporate reference letters are required (i.e. documentation that confirms borrower is in the service/tip industry required) A P&L and business license are not required
Debt-to-Income	<ul style="list-style-type: none"> Maximum 50% DTI DTI > 43% to 50% requires residual income or 6 months additional reserves. Refer to the Residual Income topic for requirements

Bank Statement Documentation Eligibility and Summary	
Bank Statement (cont.)	
Derogatory Credit	<p>For topics not addressed below, refer to the Derogatory Credit for details</p> <p>Chapter 7 Bankruptcy, Short Sale, Deed-in-Lieu of Foreclosure</p> <ul style="list-style-type: none"> • A 4-year waiting period is required measured from completion date to loan application date • A 2-year to ≤ 4 year waiting period is eligible with the lesser of: <ul style="list-style-type: none"> - 70% LTV, or - The applicable product maximum <p>Chapter 11 or 13 Bankruptcy</p> <ul style="list-style-type: none"> • A 4-year waiting period is required measured from completion/dismissal date to application date • A 2-year to ≤ 4 years is eligible with the lesser of: <ul style="list-style-type: none"> - 70% LTV, or - The applicable product maximum <p>Foreclosure</p> <ul style="list-style-type: none"> • A 7-year waiting period is required measured from completion date to application date • A 3-year to ≤ 7 year waiting period is eligible with the lesser of: <ul style="list-style-type: none"> - 70% LTV, or - The applicable product maximum
Documenting Business	<p>The following is required to document the business and borrower's self-employment:</p> <ul style="list-style-type: none"> • A CPA letter, or equivalent, is required to verify self-employment. The letter must include: <ul style="list-style-type: none"> - The name of the business, - The borrower's percentage of ownership, - Length of self-employment, - That the business/borrower are active and/or in good standing as applicable per state requirements <p>NOTE: The letter cannot include any disclaimers as to the accuracy of the information</p>
Documentation of Income	<p><u>Personal Bank Statements</u></p> <ul style="list-style-type: none"> • 12 or 24 months personal bank statements. Statements from multiple accounts are acceptable. • Deposits are evaluated to verify they are part of the borrower's income <p>NOTE: Any deposits that appear abnormal/atypical must be sourced and documented to be considered as part of the borrower's income</p> <ul style="list-style-type: none"> • Three (3) months most recent business bank statements are required to verify the income is coming from the borrower's business (N/A if borrower does not utilize a separate business account) • Qualifying income is the total eligible deposits divided by 12 or 24, as applicable, to determine monthly income <p>NOTE: Transfers between personal accounts are not considered income</p>

Bank Statement Documentation Eligibility and Summary
Bank Statement (cont.)
**Documentation of
Income (cont.)**
Business Bank Statements

- 12 or 24 months business bank statements. Statements from multiple accounts are acceptable however the same calculation method must be applied (see options below)
- Transfers between business accounts are not considered deposits
- Any deposits that appear abnormal/atypical must be sourced and documented to be considered as part of the borrower's income

Documenting Bank Statement Income

There are 4 options for documenting business bank statement income

1. Uniform Expense Ratio

- The underwriter multiplies the deposits received by 50%
- The result of the above is multiplied by the borrower's ownership percentage and divided by 12 or 24 as applicable
- If the expense ratio is reasonable for the borrower's line of work, no further information is required

2. Profit and Loss Statement

- Requires a P&L provided by a CPA for the most recent 12 or 24 months as applicable
- If the deposits on the business statements support a minimum of 75% of the gross receipts listed on the P&L the P&L may be used for qualifying based on the borrower's pro-rate share of ownership. The resulting income should be reasonable for the borrower's line of work.

3. CPA Letter for Expense Ratio

- A CPA letter must be provided that states the business' expense ratio based on the most recent year's tax return. **The CPA letter may not include any disclaimers as to the accuracy of the information**
- Multiply the expense ratio by the business' total deposits over the 12 or 24 month period shown on the bank statements. Deduct that figure from the total deposits. Multiply net deposits by the applicant's pro-rata ownership percentage and divide by 12 or 24 as applicable.

4. Deposits Less Withdrawals

- To calculate income subtract the withdrawals from the deposits. The sum of the net income (12 or 24 months as applicable) is multiplied by the borrower's pro-rata ownership percentage and divided by 12 or 24 months. Transfers to the borrower's personal account are **not** considered a deduction when calculating income

NOTE: Any unusual deposits must be sourced and documented

Co-Mingled Accounts

Co-mingled accounts (business and personal) will be treated as business accounts when determining income

Non-Sufficient Funds (NSFs)

Excessive NSFs will require a written explanation from the borrower. Additionally, the following will make the loan ineligible:

- Four (4) NSFs within the previous 12 months,
- Eight (8) NSFs within the previous 24 months

Bank Statement Documentation Eligibility and Summary	
Bank Statement (cont.)	
Documentation of Income (cont.)	<p>Income Trend</p> <p>Bank statements must show a stable or increasing trend. If the trend is declining and/or irregular, additional documentation may be required, including up to an additional 12 months of bank statements. The following variance levels apply when 24 months bank statements used/required:</p> <ul style="list-style-type: none"> 5%-10% year-over-year decline the deposit trend is measured by calculating the percent change from year one's eligible deposits (months 13-24, previous year) to year two's eligible (months 1-12, most recent year). <p>Calculation:</p> <p>Subtract year one eligible deposits from year two and divide the difference by year one's deposits to determine percentage</p> <p>Example:</p> <p>Year One Eligible Deposits: \$100,000 Year Two Eligible Deposits: \$80,000 \$80,000 minus \$100,000 divided by \$100,000 = 20%</p> <ul style="list-style-type: none"> If the eligible deposits declined 5% or less use a 24 month average If the eligible deposits declined > 5% to 10% use a 12 month average of the most recent year's eligible deposits. If Method 2 is being used to qualify the borrower, a revised P&L must be obtained which covers the most recent 12 month period <ul style="list-style-type: none"> > 10% year-over-year decline, the income is ineligible
Gift Funds	Eligible; refer to the Gift Funds topic for requirements
Gift of Equity	Eligible; refer to the Gift of Equity topic for requirements
Other Income Sources	<p>Rental Income – Subject Property Purchase</p> <ul style="list-style-type: none"> History of managing rental property not required 75% of the gross rental income may be used. Gross rental income is determined using: <ul style="list-style-type: none"> Market rent as determined by the appraiser, or If there is a valid lease use the lesser of: <ul style="list-style-type: none"> The rent stated on the lease, or Market rent. If the property is a 2-4 unit primary residence, the rental income is added to the borrower's income If the property is an investment property, calculate the rental income on a net basis. <p>Rental Income – Subject Property Refinance</p> <ul style="list-style-type: none"> History of managing rental property is not required however a current lease is required to utilize rental income 75% of the current income identified on the lease may be used Rental deposits are not included in the income stream If the property is a 2-4 unit primary residence, the rental income is added to the borrower's income If the property is an investment property calculate the rental income on a net basis.

Bank Statement Documentation Eligibility and Summary	
Bank Statement (cont.)	
Other Income Sources (cont.)	<p>Rental Income – Non-Subject Property</p> <ul style="list-style-type: none"> History of managing rental property is not required however a current lease is required to utilize rental income 75% of the current income identified on the lease minus the documented PITIA may be used for qualifying Rental deposits are not included in the income stream Document one (1) months' current receipt with bank statement or cancelled check (front and back) <p>Boarder Income</p> <p>Boarder income received from a person related to the borrower by blood, marriage or law may be considered effective income. Twelve (12) months receipt must be documented (bank statement, 12 months cancelled checks (front and back) etc.)</p> <p>Asset Amortization</p> <p>Asset amortization may be used for qualifying income. The following applies:</p> <ul style="list-style-type: none"> The value of the eligible asset, using the discounted value identified below, is divided by the loan term (no rate of return is granted) Funds to close, closing costs/pre-pays, and reserves must be deducted from the current asset. <ul style="list-style-type: none"> Checking/Savings: 100% Marketable Securities (options and unvested RSUs ineligible): 100% Retirement Funds: 70% of balance if borrower is < 59½ (non-retirement age) or 80% if ≥ 59 ½ (retirement age)
Product	<p>Fixed Rate</p> <ul style="list-style-type: none"> 15 and 30 year term Qualify at the Note rate <p>5/1, 7/1 and 10/1 ARM</p> <ul style="list-style-type: none"> Index: 1 year LIBOR Caps: 2/2/5 Margin: 3.500 Floor = Note rate Qualify at the greater of the start rate or the index plus margin, amortized over full term of the loan <p>5/1 ARM Interest-Only</p> <ul style="list-style-type: none"> Index: 1 year LIBOR Caps: 2/2/5 Margin: 3.500 Floor = Note rate Qualify at the greater of the start rate or the index plus margin amortized over 25 years Interest-only period is for the first five (5) years of the loan. Principal and interest payments begin in year six (6). <p>7/1 ARM Interest-Only</p> <ul style="list-style-type: none"> Index: 1 year LIBOR Caps: 2/2/5 Margin: 3.500 Floor = Note rate Qualify at the greater of the start rate or the index plus margin amortized over 23 years Interest-only period is for the first seven (7) years of the loan. Principal and interest payments begin in year eight (8) <p>Continued on following page</p>

	10/1 ARM Interest-Only <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin amortized over 20 years • Interest-only period is for the first ten (10) years of the loan. Principal and interest payments begin in year eleven (11)
Investor Cash Flow Documentation Eligibility and Summary	
Investor Cash Flow	
Overview	<ul style="list-style-type: none"> • The Investor Cash flow option uses only rental income from the subject investment property to determine cash flow. • No income or employment is verified when this option is utilized; qualification is determined by the debt service coverage ratio of the subject property • Loans using the Investor Cash Flow (ICF) option are not subject to ATR or HPML requirements as they are considered business purpose loans.
4506-T/Tax Returns	N/A
Assets	Refer to the Assets topic in the general guidelines section for requirements
Borrower Eligibility	<ul style="list-style-type: none"> • At least one borrower must have a documented 12-month history of managing rental properties (copy of lease, or a CPA letter stating borrower has the management history is acceptable documentation) • Management of commercial property is acceptable to satisfy the 12-month history requirement if the borrower was a majority owner of the property <p>NOTE: The management history is not required to have been in the most recent 3-year period</p>
Debt-to Income	Not applicable; DTI is not calculated. See the Debt Service Coverage Ratio topic below for requirements

Debt Service Coverage Ratio (DSCR)

DTI is not considered on the Investor Cash Flow option. Qualification is based on the DSCR of the **subject property only**.

DSCR Definition

The DSCR is the gross rent divided by the qualifying PITIA on the **subject property**

Calculating the DSCR

A DSCR ≥ 1.000 is required

- **Example of Acceptable DSCR:**

- **Gross Rent:** \$2000.00
- **PITIA (subject):** \$1750.00
- **Calculation:** \$2,000 divided by \$1750 = 1.142 DSCR

- **Example of Unacceptable DSCR:**

- **Gross Rent:** \$800.00
- **PITIA:** \$1,000.00
- **Calculation:** \$800.00 divided by \$1,000.00 = 0.8 DSCR

Determination of Rents

- **Purchase Transactions:**

- 100% of the lesser of:
 - Current rent (if currently rented, leases must be provided), **or**
 - Market rent as determined by the appraiser if the unit is currently vacant

- **Refinance Transactions:**

- 100% of the lesser of:
 - Current rent (if currently rented, leases must be provided), **or**
 - Market rent as determined by the appraiser if the unit is currently vacant
- If the property is leased on a short-term basis, leases covering the most recent 12 month period must be provided and averaged to determine rental income. An expired lease which converts to month-to-month is acceptable.

Investor Cash Flow Documentation Eligibility and Summary	
Investor Cash Flow (cont.)	
Derogatory Credit	<p>Chapter 7 Bankruptcy, Short Sale, or Deed-in-Lieu</p> <ul style="list-style-type: none"> • A 4-year waiting period is required measured from completion date to loan application date • A 2-year to ≤ 4 year waiting period is eligible with the lesser of: <ul style="list-style-type: none"> - Maximum 65% LTV, or - The applicable product maximum <p>Chapter 11 or 13 Bankruptcy</p> <ul style="list-style-type: none"> • A 4-year waiting period is required measured from completion/dismissal date to application date • A 2-year to ≤ 4 years is eligible with the lesser of: <ul style="list-style-type: none"> - 70% LTV, or - The applicable product maximum <p>Foreclosure</p> <ul style="list-style-type: none"> • A 7-year waiting period is required measured from completion date to application date • A 3-year to ≤ 7 year waiting period is eligible with the lesser of: <ul style="list-style-type: none"> - 65% LTV, or - The applicable product maximum
Documentation of Income	N/A. Income is not documented on this program
Gift Funds	Eligible. Refer to the Gift Funds topic for requirements
Gift of Equity	Eligible. Refer to the Gift of Equity topic for requirements
Liabilities	N/A. Liabilities are not considered

Investor Cash Flow Documentation Eligibility and Summary	
Investor Cash Flow (cont.)	
Product	<p>Fixed Rate</p> <ul style="list-style-type: none"> • 15 and 30 year term • Qualify at the Note rate <p>5/1, 7/1 and 10/1 ARM</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin, amortized over full term of the loan <p>5/1 ARM Interest-Only</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin amortized over 25 years • Interest-only period is for the first five (5) years of the loan. Principal and interest payments begin in year six (6). <p>7/1 ARM Interest-Only</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin amortized over 23 years • Interest-only period is for the first seven (7) years of the loan. Principal and interest payments begin in year eight (8) <p>10/1 ARM Interest-Only</p> <ul style="list-style-type: none"> • Index: 1 year LIBOR • Caps: 2/2/5 • Margin: 3.500 • Floor = Note rate • Qualify at the greater of the start rate or the index plus margin amortized over 20 years • Interest-only period is for the first ten (10) years of the loan. Principal and interest payments begin in year eleven (11)
Reserves	Refer to the Reserves topic for reserve requirements

Simple Access Underwriting Guidelines											
Simple Access Specific Forms	<p>REM N WS will complete these forms, as applicable, and send with loan closing docs.</p> <ul style="list-style-type: none"> • Borrower Affidavit – Full Documentation. Signed by borrower(s) • Borrower Affidavit – Bank Statement. Signed by borrower(s) • Borrower Affidavit – Investor Cash Flow. Signed by borrower(s) 										
Ability to Repay	<ul style="list-style-type: none"> • The Simple Access program is designed for loans that are not eligible under Fannie Mae/Freddie Mac guidelines • All Full Doc and Bank Statement option loans must meet Ability to Repay (ATR) requirements (N/A for Investor Cash Flow option). All of the following criteria must be considered when determining if the borrower has sufficient income and assets to repay the loan. <ul style="list-style-type: none"> - Current or reasonable expected income or assets, - Current employment status, - Monthly payment on the covered transaction, - Monthly payment on any simultaneous loan, - Monthly payment for mortgage-related obligations, - Current debt obligations, alimony and child support, - Credit history, and - Debt-to-income ratio • The loan file must include documentation of the borrower's ability to repay. 										
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. A new appraisal will be required if the original appraisal exceeds 120 days at funding; appraisal updates are not eligible. • Title commitment cannot be more than 90 days old at funding 										
Appraisals	<ul style="list-style-type: none"> • All transactions require a new appraisal • Appraisal requirements are as follows: <table border="1" data-bbox="565 1094 1360 1276"> <thead> <tr> <th colspan="2">Appraisal Requirements</th></tr> <tr> <th>Loan Amount</th><th>Requirement</th></tr> </thead> <tbody> <tr> <td>≤ \$1,500,000</td><td>One (1) full appraisal</td></tr> <tr> <td>> \$1,500,000</td><td>Two (2) full appraisals</td></tr> <tr> <td>"For Sale by Owner" property > 75% LTV</td><td>Two (2) full appraisals</td></tr> </tbody> </table> • When two appraisals are required and neither are a transferred appraisal, the lower of the two is used to determine value and there are no additional requirements • Collateral Desktop Analysis (CDA): A CDA must be obtained on transactions where only one full appraisal is required or the transaction requires two appraisals and one is a transferred appraisal. The cost of the CDA, \$150 • One Appraisal: When the transaction only requires one appraisal a Collateral Desktop Analysis (CDA) must be obtained and the following applies. <ul style="list-style-type: none"> - If the CDA is within 10% of the appraised value, the appraised value is used. If the CDA does not support the appraised value, a field review is required. <ul style="list-style-type: none"> - If the value of the field review is within 5% of the value of the appraisal the lower of the two will be used - If the value of the field review is outside 5% of the appraised value, another full appraisal is required. • Transferred Appraisals: Appraisal transfers are eligible on transactions that require two appraisals and subject to the following: <ul style="list-style-type: none"> - The transferred appraisal must meet all of REM N WS's requirements for transferred appraisals <p>(cont. on next page)</p>	Appraisal Requirements		Loan Amount	Requirement	≤ \$1,500,000	One (1) full appraisal	> \$1,500,000	Two (2) full appraisals	"For Sale by Owner" property > 75% LTV	Two (2) full appraisals
Appraisal Requirements											
Loan Amount	Requirement										
≤ \$1,500,000	One (1) full appraisal										
> \$1,500,000	Two (2) full appraisals										
"For Sale by Owner" property > 75% LTV	Two (2) full appraisals										

Appraisals

- A **CDA must be obtained when a transferred appraisal is utilized:**
 - Transaction requires one appraisal follow the guidance under the CDA topic above
 - Transaction requires two appraisals and one is a transferred appraisal, a CDA is required on the appraisal ordered by the broker (**not** the transferred appraisal)
 - If the variance between the two appraisals is > 20%, an additional appraisal is required. The value will be based on the lowest of the three (3) appraisals
 - **Purchase Transactions:** The value is the lesser of:
 - The purchase price (minus concessions or excess contributions, or
 - The appraised value
 - **Refinance Transactions:**
 - If owned < 12 months, the value is the lesser of:
 - The purchase price, or
 - Appraised value
 - If owned > 12 months the value is the current appraised value
 - Properties flipped within 180 days of the loan application, refer to the [Property Flips](#) topic for requirements
 - The subject property must conform to the neighborhood in terms of age, design and materials used for construction. The appraiser must comment on and describe any items that might impact the marketability and make applicable adjustments based on those comments
 - REMN WS requires properties to be, at minimum, in average condition
 - All factors that negatively impact the property's condition must be considered including:
 - **Deferred Maintenance:** Considered on a case-by-case basis. "Subject to" items must be described in detail and any required work must be completed prior to closing
 - **Debris, Graffiti, or Trash:** Property with excessive amount of debris, graffiti or trash may require clean-up. When clean-up required, a Satisfactory Completion Certificate (Fannie Mae Form 1004D/Freddie Mac Form 442) and photos will be required
 - **Infestation:** Any indication of termites or other infestation, must be investigated, treated, and remedied.
 - **Roof Damage:** Any evidence of roof leaks and/or interior water damage (ceiling stains) must be addressed by the underwriter even if not identified on the appraisal. If any of these conditions exist, a roof certification must be obtained, indicating a remaining useful and physical life of at least 3 years.
 - Properties with security bars must address any safety issues prior to close. Security bars must comply with local fire codes and meet one of the following conditions:
 - There is a "quick release" on at least one window in each bedroom. The appraiser must comment on whether or not the bars meet local codes and whether or not there is a "quick release", OR
 - The appraiser must indicate that all bedrooms must have adequate egress to the exterior of the home
 - Properties with any of the following conditions are ineligible:
 - Boarded-up,
 - Inadequate foundation that does not meet code,
 - Any property that poses an imminent threat to the health and safety of the occupant
 - Inadequate heating (must be a permanently affixed legal heating system) Exceptions may be made on a case-by-case basis subject to REMN WS management approval
 - No water or public electricity
 - Cantilevered or properties on stilts, posts or piers,
 - Shared services for well, septic, or utilities that are private agreements,
 - Properties showing evidence of mold,
 - Environmental hazards or nuisances
- Refer to the [Properties - Ineligible](#) topic for a complete list of ineligible properties.
- Room additions must be permitted. Unpermitted additions are eligible on a case-by-case basis subject to REMN WS management approval. Refer to the [Property with an Addition Without Permits](#) topic for complete requirements

Appraisal (cont.)

Appraisal Requirements

- The appraisal must include all of the following:
 - Street map showing the location of the subject property and all comparable sales used,
 - Exterior building sketch of the improvements indicating dimensions,
 - A floor plan sketch is required along with calculations demonstrating how the estimate for the gross living area was determined,
 - A sketch of the unit that indicates the interior perimeter unit dimensions instead of exterior building dimensions for a condo located in a condominium project,
 - Original color photographs or digital color images of the front, street and rear view of the subject property,

NOTE: Original digital black and white photographs/pictures are permitted if the appraisal clearly documents the subject property meets REMN WS guidelines.

 - Interior photos of the subject property that include all of the following:
 - Kitchen,
 - All Bathrooms,
 - The main living area,
 - Any area with physical deterioration, and
 - Any renovations/improvements.
 - Any other information necessary to provide an adequately supported estimate of the market value must be attached or an addendum to the report
 - An analysis of all agreements of sale, options or listing for the subject property, that are effective as of the date of the appraisal,
 - An analysis of all sales of the subject property that occurred within the 3 years prior to the effective date of the appraisal,
 - A completed Sales Comparison Approach section of the Fannie Mae 1004 Appraisal when any comparable sales used have more than one sale or transfer in the 12 months prior to the effective date of the appraisal,
 - Appraiser comments on any unfavorable conditions (e.g. adverse environmental or economic factors) and how those conditions impact the market value of the property. If such conditions exist the appraiser must include comparable sales that are similarly affected, and
 - A Certification and Statement of Limiting Conditions (Fannie Mae Form 1004B/Freddie Mac Form 439) signed by the appraiser.
- **Full Doc and Investor Cash Flow Investment Properties:** Fannie Mae [Form 1007](#) Single-Family Comparable Rent Schedule or Fannie Mae [Form 1025](#) Small Residential Income Property Appraisal Report, as applicable, required

Comparable Sales

- Comparable sales should be located within 1 mile of the subject property in urban/suburban areas. If 2 of the 3 comparable sales used by the appraiser are > 5 miles from the subject property the property will be considered rural. The appraiser must provide an explanation for using any comparable outside the subject property neighborhood.
- The comparable sales must represent the best market data available to support the property's estimated value and should be as similar to the subject property as possible.
- Comparable sales for a new subdivision or condominium project require a minimum of 1 comparable sale from inside the new subdivision/ project and 1 comparable sale from outside the subdivision/project.
- Comparable sales used must have a recent sales date, preferably within 6 months of the subject property's sale date. Any comparable sales > 6 months old require comment from the appraiser on market conditions. If necessary to use older comparable sales the appraiser must supplement them with pending sales and/or current listing in the subject property neighborhood

Appraisals (cont.)

- 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
- Comparable sales used for new construction properties are subject to the following:
 - 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:
 - 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 comparable sales in order to support the property value.
- The appraisal must identify and address properties located within a declining market.
- Land value subject to Fannie Mae guidelines. The appraiser must comment if typical for the area and current use is highest and best use
- Maximum 5 acres
- 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 as follows:
 - **Appraisal Completed Prior to the Disaster:**
 - An interior and exterior inspection of the property is required
 - Inspection must be completed by a licensed third-party professional to certify the condition of the property and identify any impact to habitability or marketability
 - Inspection report must include photographs of the front, rear, and street view of the property,
 - Any damage must be repaired and a re-inspection completed
 - A copy of the inspection report and the inspectors license must be included in the loan file,
 - An appraisal update or final inspection from the appraiser must also be obtained. The appraiser must also comment on the adverse event and certify that there has been no decline in value. Any existing damage must meet the [Deferred Maintenance](#) guidance.
 - **Appraisal Completed After the Disaster:**
 - The appraiser must comment on the adverse event and any effect it had on the marketability or value of the property
 - Any existing damage must meet the [Deferred Maintenance](#) guidance.

Appraisal Management Companies (AMC)	<p>Appraisal must be ordered from one of the following REMN WS approved AMCs:</p> <ul style="list-style-type: none"> • ACT Appraisal Management: ACT Appraisal • AMC Settlement Services: AMC Settlement Services • Axis Management Solutions: Axis • Golden State AMC: Golden State AMC • Mortgage Management Consulting (MMC): MMC • Nationwide Appraisal Network: Nationwide Appraisal Network • Nationwide Property & Appraisal Services: Nationwide Property & Appraisal Services • Assurant at: Assurant (formerly StreetLinks)
Assets	<p>The borrower must have sufficient liquid assets available for down payment, closing costs, and reserves.</p> <ul style="list-style-type: none"> • Acceptable assets include cash in the bank, stocks, bonds, IRAs, 401Ks, mutual funds or retirement accounts • Two (2) months most recent consecutive statements (all pages) or the most recent quarterly statement required to document assets required for down payment, closing costs, prepaid items and reserves. Refer to the following for additional requirements by topic: • Any significant disparity between the current account balance and the opening balance may require additional explanation. • Large or irregular deposits (defined as more than 50% of the borrower's gross monthly income) will require sourcing. • Marketable Securities: Stocks, bonds, and mutual funds (net of margin) that are traded on a major market exchange (NASDAQ, NYSE, AMEX) may be used for closing costs and reserves at 100% of the verified market value. <ul style="list-style-type: none"> - If the face value of the assets to be utilized exceed the amount needed to close by more than 20%, no documentation of liquidation or updated balances required. - If not, documentation of the liquidation of funds and the ending balance is required. • Stock options that are exercisable: Vested stock options are eligible for down payment and closing costs if funds immediately available to the borrower. Eligible for reserves at 70% of the current market value limited to the "strike price" value. • Vested Retirement Funds: 70% of the value may be considered to meet reserve requirements (borrowers $\geq 59 \frac{1}{2}$ may use 80% of the value) <ul style="list-style-type: none"> - Borrowers who are not of retirement age must document that they have unrestricted access to all retirement-based funds used for down payment and closing costs and documentation of liquidation of the assets needed to close the loan is required. • Annuities/Cash Value of Life Insurance: Eligible as a source of funds for closing costs/reserves using 100% of the stated value minus any loans. • Foreign funds eligible for down payment, closing costs and reserves subject to the following: <ul style="list-style-type: none"> - Documentation that provides proof the funds belonged to the borrower prior to the transfer, and - Funds must be transferred into a U.S. bank or deposit account, and - Copy of the wire transfer required

Assets	<ul style="list-style-type: none"> • Business funds may be considered an acceptable source for down payment, closing costs and reserves when the borrower is self-employed subject to the following: <ul style="list-style-type: none"> - The borrower must have at least 51% greater interest in the business to utilize business funds and the ownership percentage must be verified. The amount of business assets that may be utilized are restricted to the percentage of ownership interest the borrower has in the business - One of the following is required: <ol style="list-style-type: none"> 1. A letter from the borrower stating they have access to the business funds and a cash flow analysis to document the withdrawal of funds will not negatively affect the business. The cash flow analysis must be based on: <ul style="list-style-type: none"> - Determine the business' monthly operating expenses based on either the most recent years tax returns or average the deductions using average the deductions on six (6) months of business bank statements, and - Deduct six (6) months' worth of expenses from current business balance to determine available balance and apply the borrower's ownership percentage to the result to determine eligible business assets, OR 2. A CPA letter must be provided to confirm withdrawal of funds will not have a negative impact on the business • Cash-out proceeds from a refinance from the subject or non-subject property are eligible for closing costs and to satisfy reserve requirements • The following sources of funds may not be used to meet asset requirements: <ul style="list-style-type: none"> - Proceeds from unsecured or personal loans - Gift funds that require full or partial repayment - Sweat equity - Cash-on-hand - Cash advances from a credit card or other revolving account - Funds from a 529 plan account - Salary/bonus advances receive against future earnings - 1031 exchange proceeds on owner-occupied or second home property - Seller funded DPA programs - Funds for closing from disaster relief loans or grants - Commission from the sale of the subject property - Assets from margin accounts - Non-vested restricted stock and/or stock options - Loan proceeds - Funds that have not been vested
Assumptions	Allowed
AUS	<ul style="list-style-type: none"> • Loans are not required to be run through an AUS • Compliance with Ability to Repay (ATR) requirements must be documented and included in the loan file along with the loan approval. Refer to the Ability to Repay topic for ATR requirements.
Available Markets	<p>Available in all 50 states</p> <p>NOTE: New York: Loans meeting the NY Subprime Home Loan definition are ineligible.</p>
Borrowers - Eligible	<ul style="list-style-type: none"> • U.S. citizens • Permanent Resident Aliens: Must provide documentation to verify they are legally present in the U.S. Must be employed in the U.S. for the previous two (2) years. The following documentation is eligible to verify legal presence: <ul style="list-style-type: none"> - Alien Registration Receipt Card I-151 (Green Card) - Alien Registration Receipt I-551 (Resident Alien Card that does not have an expiration date on the back (i.e. Green Card) <p>(cont. on next page)</p>

Borrowers – Eligible (cont.)	<ul style="list-style-type: none"> - Alien Registration Receipt Card I-551 that has an expiration date on the back (Conditional Resident Alien Card) accompanied by a copy of the filed INS Form I-751 (Petition to Remove Conditions on Residence) - Non-expired foreign passport that contains a non-expired stamp that is valid for a minimum of 3 years reading “Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until mm-dd-yyyy. Employment Authorized <ul style="list-style-type: none"> • First Time Homebuyers (borrowers who have not owned a property in the past 3 years). <ul style="list-style-type: none"> - Borrower must be able to document a rental history within the previous three (3) years with a 0x30 over a 12-month history, OR - An additional 6 months reserves will be required (see “Reserves” topic) <p>NOTE: The rental history provided must be the most recent</p> • Non-Permanent Resident Aliens – Eligible subject to the following: <ul style="list-style-type: none"> - An eligible visa is required: <ul style="list-style-type: none"> - E, G, H, L, P, and O series and TN - The borrowers must have been living and working in the USA for a minimum of two (2) years - An established credit history is required and the borrower must have filed U.S. tax returns for the previous two (2) years (applies to borrowers who are using income to qualify) • ICF option only: Maximum LTV is the lesser of 65% or the applicable product • Non-Occupant Co-Borrower – Eligible (N/A Investor Cash Flow option). Transactions involving a non-occupant co-borrower are subject to the following: <ul style="list-style-type: none"> Method One <ul style="list-style-type: none"> - 5% reduction of applicable LTV and blended income and assets eligible, OR Method Two <ul style="list-style-type: none"> - No LTV reduction - Occupant borrower must contribute 5% own funds (purchase transactions) - Occupant borrower front-end ratio maximum 50% LTV - Blend income to determine back-end ratio and non-occupant co-borrower may contribute remaining funds to close and funds for reserves • Inter Vivos Trust – Loans closing in the name of a revocable trust are eligible. Trust must meet Fannie Mae guidelines • Full Doc and Bank Statement only (ineligible on ICF): Blind trusts are eligible on a case-by-case basis subject to REMN WS Management approval • All borrowers are required to have social security number <p>NOTE: Any inconsistency in the social security number(s) reported require a signed, written explanation from the borrower</p>
Borrowers – Ineligible	<ul style="list-style-type: none"> • Borrowers with diplomatic immunity • Foreign Nationals • Land Trusts • Limited partnerships, general partnerships, corporations • Borrowers without a social security number or a number that cannot be validated with the SSA. • Borrowers with non-traditional credit • Life Estates • Non-revocable– no exceptions • Guardianships • Borrowers previously convicted of mortgage fraud

Borrower – Ownership Interest	<ul style="list-style-type: none"> Borrowers may hold title as follows: <ul style="list-style-type: none"> Fee Simple with vesting in the name of individual(s) In the name of an inter vivos revocable trust or a blind trust (blind trusts case-by-case) that meets Fannie Mae guidelines. Requires REMN WS management review and approval LLC. An LLC is eligible subject to the following: <ul style="list-style-type: none"> Must be a domestic LLC whose holdings are limited to the subject property or the mortgage secured by the subject property. The LLC may not own any other property The LLC must have been formed in the same state the property is located, All members of the LLC must qualify for the loan The LLC must be a single-purpose LLC created to hold title to the subject property Copies of the following must be provided: <ul style="list-style-type: none"> Articles of Organization Operating Agreement Unanimous Consent & Resolution to Borrow Form SS-4 with Tax ID number listed REMN WS management review and approval
Construction to Perm	<p>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.</p> <ul style="list-style-type: none"> Construction-to-permanent financing can be structured as a transaction with one or two separate closings; however REMN WS will not provide the construction financing (a one closing transaction). The borrower must hold title to the lot, which may have been previously acquired or be purchased as part of the transaction. All construction work, including any work that could entitle a party to file a mechanics' lien or materialmen's lien, must be completed and paid for, and all mechanics' liens, and any other liens and claims that could become liens relating to the construction must be satisfied before the loan is closed with REMN WS. REMN WS will retain the appraiser's certificate of completion and a photograph of the completed property in the loan file. When a construction-to-perm mortgage loan provides funds for acquisition or refinancing of an unimproved lot and the construction of a residence on the loan, REMN WS will retain a certificate of occupancy or an equivalent from the applicable government authority. Units in a condo project are not eligible for construction-to-permanent financing. <p>Two-Closing Transactions</p> <ul style="list-style-type: none"> The first closing is to obtain the interim construction financing (and may include the purchase of the lot). Construction financing is not eligible through REMN WS. The second closing (aka "end" loan) is to obtain the permanent financing upon completion of the improvements and is eligible through REMN WS. A modification may not be used to update the original Note; a new Note must be completed and signed by the borrowers. The borrower is underwritten based on the terms of the permanent mortgage. Transactions are subject to the limited cash-out and cash-out refinance maximum LTV/CLTV/HCLTV ratios, as applicable. Cash-out refinance transactions require the borrower to have held legal title to the lot for at least 6 months prior to the closing of the permanent mortgage. All other standard cash-out refinance eligibility and underwriting requirements apply.

Conversion of Principal Residence to Second Home, Investment or Pending Sale	<p>Pending Sale</p> <ul style="list-style-type: none"> If the borrower's current primary residence is pending sale but the transaction will not close and title transferred prior to the subject property closing, both the current and proposed PITIA mortgage payments must be used when qualifying the borrower <p>Conversion to Second Home</p> <ul style="list-style-type: none"> If the borrower wishes to convert their current primary residence to a second home the borrower must have a 30% equity position in their current residence or the current residence is ineligible for the conversion or the subject transaction is ineligible. Acceptable evidence to document the equity position is as follows: <ul style="list-style-type: none"> A full appraisal that is no more than 6 months old, or Compare the unpaid principal balance to the original purchase price of the property. Additional documentation may be required at underwriter discretion. The current and proposed PITIA mortgage payments must be used for qualifying the borrower <p>Conversion to Investment Property</p> <ul style="list-style-type: none"> If the borrower wishes to convert their current primary residence to an investment property, the borrower must have a 25% equity position in their current residence or the current residence is ineligible for the conversion or the subject transaction is ineligible. Acceptable evidence to document the equity position is as follows: <ul style="list-style-type: none"> A full appraisal that is no more than 6 months old, or Compare the unpaid principal balance to the original purchase price of the property. If the current residence is eligible for conversion to an investment property, rental income from the converted property can be used to qualify, using 75% of the current lease minus the full PITIA payment. The following is required: <ul style="list-style-type: none"> A copy of the fully executed lease agreement that extends for a minimum of one (1) year after loan closing, and Copy of security deposit and/or first month's rent check from the tenant, and A copy of the borrower's bank statement indicating the security deposit funds and/or first month's rent have been deposited into the borrowers account
Credit History	<ul style="list-style-type: none"> Each borrower must have a minimum of three (3) tradelines and a 24 month credit history (see "Exception" below). Authorized user accounts are not eligible to satisfy the tradeline requirement One (1) tradeline must have been active within the previous 6 months One (1) tradeline must be seasoned for a minimum 24 months. The same tradeline may be used to satisfy the 24 month and active requirement Tradelines may be installment or revolving <p>NOTE: If the only co-borrower is the borrower's spouse, only one borrower is required to meet the tradeline requirement. Unmarried joint borrowers who meet two the three requirements below will be considered "spouses" when determining compliance with tradeline requirements:</p> <ol style="list-style-type: none"> They have resided together for a minimum of two (2) years, Hold at least one (1) joint tradeline Have at least one (1) joint asset account <p>Exception to Tradeline Requirements</p> <p>A borrower who does not have 3 tradelines and/or meet the 24 month seasoning requirement or does not have an active tradeline in the last 6 months may provide alternative acceptable credit (as defined by Fannie Mae) as noted below:</p> <ul style="list-style-type: none"> One additional alternative tradeline on the credit report or a housing tradeline that is 0x30 in 12 months, OR Two additional tradelines that are 0x30 in 12 months

Credit Report/Scores

- Minimum credit score is 620; refer to the applicable matrix for credit score requirements.
 - An individual borrower's representative credit score is determined as follows:
 - If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used.
 - If there are two (2) valid scores, the lower of the two is used
 - **Full Doc and Bank Statement Options:** The representative score is **the middle score of the primary wage earner**. A borrower's documented income **cannot** be excluded when determining the primary wage earner on a loan
 - **Investor Cash Flow Option:** The representative credit score is the **lowest middle score** of all borrowers.
 - REMN WS will accept a credit report, in the broker's name, from any Fannie Mae acceptable credit vendor.
 - A tri-merged credit report or Residential Mortgage Credit Report (RMCR) is required for all borrowers
 - The credit report should include verification of all credit references provided on the loan application
 - **Any inconsistency in the social security number(s) reported require a signed, written explanation from the borrower.**
 - The credit report must certify the results of public record searches for each city the borrower has resided in during the last 2 years.
 - 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.
- Examples:**
- **Acceptable Response:** Chase, Wells & Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street; no credit was obtained.
 - **Unacceptable Response:** "We did not accept any credit for the inquiries listed on our credit report: or "We did not accept any credit from Chase, Wells & Bank of America" (neither response specifically addresses both the inquiry and disposition).
- If additional debt was obtained or discovered or the borrower's income is reduced after the underwriting decision was made the following applies:
 - 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**
 - 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:
 - 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.

Fraud Alerts

All fraud alerts must be resolved prior to loan closing

Letter of Explanation: Required as follows:

- For all address, employment and/or name variation and/or inconsistencies.
- Whenever the credit report indicates the borrower may not manage credit effectively (e.g. recently opened revolving accounts at or near account limit, and/or a delinquent payment history indicates the borrower may overly rely on credit)
- For all credit inquiries within previous 120 days with an acceptable response (see above "Examples")

Debt-to-Income (DTI) Ratios – Full Doc and Bank Statement Options

Investor Cash Flow Option: DTI requirements do **not** apply; DTI **not** calculated. Refer to the Investor Cash Flow [Debt Service Coverage Ratio](#) (DSCR) topic for ICF requirements.

Full Doc and Bank Statement Options:

- DTI is calculated by dividing the borrower's total monthly obligations by the borrower's total monthly qualifying income.
- Maximum DTI is 50%
 - DTI > 43% to 50% requires:
 - Residual income, **OR**
 - Additional 6 months reserves

Residual Income Requirement

Residual income may be required based on the borrower's DTI as follows:

- Loans with DTI ratio $\leq 43\%$ **no** residual income required
- Loans with a DTI ratio > 43% require residual income, **unless an additional 6 months reserves are documented, then residual income is not required.** Refer to the [Residual Income Requirements](#) topic for details.

Alimony

Monthly alimony may be deducted from the income rather than included in the DTI calculation

Child Support and Separate Maintenance

Must be included in the borrowers DTI calculation. The terms of the payment must be documented with divorce decree, separation agreement, court order, etc.

Business Debt

Business debt that is reflected on the borrower's personal credit report may be excluded if:

- There is no history of delinquency,
 - Documentation is provided the debt was paid from the business (e.g. most recent 6 months cancelled checks drawn on the business account/tax returns reflect the business expense deduction etc.),
 - The cash flow analysis of the business indicates the payment.
- NOTE: Any business debt that is seasoned < 6 months, the payment **must be included** in the DTI calculation.

Co-Signed Debt

- Co-signed debt is **not required** to be included in the borrower's DTI calculation if all of the following applies:
 - Documentation is provided that the borrower is not primarily responsible for payment of the debt, and
 - The credit report indicates no late payments on the account, and
 - 12 months most recent consecutive cancelled checks are provided documenting the primary party obligated on the debt has been making the payments (the checks cannot be from an account co-owned with the borrower).
- Co-signed debt must **be included** in the borrower's DTI calculation if:
 - It cannot be properly documented that the primary party obligated on the loan is making the payments, **or**
 - A 12 month pay history, by the primary party, cannot be established, **or**
 - The credit report indicates there have been late payments on the debt, **or**
 - Another party is making the payments but the borrower is the only party responsible for the debt

Debt-to-Income (DTI) Ratios - Full Doc and Bank Statement Options (cont.)	<p>HELOCs</p> <ul style="list-style-type: none"> The payment on the amount of the line currently being used must be included in the DTI calculation; If there is a balance, but no payment indicated on the credit report a statement indicating the payment amount is required or 1% of the total line amount will be used for DTI calculation HELOCs with a zero balance, no payment calculation is required. The applicable CLTV/HCLTV cannot be exceeded. <p>Installment Debt</p> <ul style="list-style-type: none"> Installment debt must be included in the borrower's DTI calculation when there are 10 months or more payments remaining. <p>NOTE: Lease payments must be included in the DTI regardless of number of payments remaining</p> <ul style="list-style-type: none"> Installment debt with < 10 months of payments remaining may be excluded, if the borrower has sufficient assets to make the remaining payments. Installment debt may be paid down to < 10 months to exclude however the source of funds must be documented and sourced If the payment is not listed on the credit report, documentation must be provided with the current payment. If a payment will be changing in the very near future (i.e. an ARM or interest-only loan) the new payment must be used for the DTI calculation Installment debt that will be paid in full prior to closing may be excluded from the DTI calculation. Documentation (credit supplement or direct verification from the creditor) must be obtained to evidence the debt has been paid in full is required. <p>Revolving</p> <p>Revolving debt is considered part of the borrower's recurring monthly debt. Revolving debt includes credit cards and personal lines of credit. Revolving debt is subject to the following:</p> <ul style="list-style-type: none"> The minimum required payment stated on the credit report or current account statement should be used in DTI calculations. If no payment stated on the credit report or current statement is unavailable use 5% of the current balance to determine the monthly payment; HELOCs use 1% to determine monthly payment If the revolving account is to be paid off prior to or at closing, a monthly payment is not required to be included in the debt ratio. The account does not need to be closed as a condition of excluding the payment from the borrower's debt ratio. If the revolving account is to be paid off prior to closing, documentation that the debt was paid in full and source of funds must be provided and verified. If the revolving account is to be paid off at closing, the payoff must be shown on the Closing Disclosure <p>Student Loans (Deferred/Forbearance or in Repayment)</p> <p>Student loan payments, regardless of payment status, must be included in the DTI calculation.</p> <ul style="list-style-type: none"> If the payment is included on the credit report, use the payment indicated on the credit report If the payment is in deferment or not listed on the credit report, use the lesser of: <ul style="list-style-type: none"> 1% of the outstanding loan balance, or Document the fully amortized payment <p>Timeshare</p> <p>Timeshare payments are considered installment loans and installment guidelines should be followed</p>
Deed / Resale Restrictions	<p>Considered on a case-by-case basis only with REMN WS management approval</p>

Derogatory Credit	<p>Bankruptcy (7, 11, and 13) / Foreclosure/Deed-in-Lieu/Short Sale Refer to the individual program options for requirements</p> <p>Collections/Charge-offs Open adverse must be paid off prior to or at closing (excluding medical collections) unless the following applies:</p> <ul style="list-style-type: none"> • There is an individual account with a balance of < \$250, OR • The aggregate balance of all outstanding accounts is < \$1,000 <p>NOTE: Medical collections, regardless of amount, may remain open</p> <p>Consumer Credit Counseling Borrowers who have participated in credit counseling are eligible.</p> <p>Judgment/Tax Lien Any outstanding judgments or tax liens may remain open subject to the following:</p> <ul style="list-style-type: none"> • The borrower must be in a repayment agreement • Six (6) months documented on-time payments required • Must be included in the DTI or debt service (as applicable, and • If the judgment or tax lien is recorded against the property, it must be subordinated <p>Disputed Accounts Disputed accounts identified on the credit report within the previous two (2) years are subject to the following:</p> <ul style="list-style-type: none"> • Account with Zero Balance and No Derogatory Information: No action required • Account with Zero Balance and Derogatory Information: Remove and obtain a new credit report: a credit supplement is not allowed • Account with a Balance and No Derogatory Information: No action required • Account with a Balance and Derogatory information: Remove and obtain a new credit report: a credit supplement is not allowed <p>Mortgage Modification Borrowers with a prior mortgage modification are eligible. The modification must have been completed prior to application. Borrowers with a mortgage modification requires 0x30 in the previous 12 months on all mortgage/housing</p> <p>Delinquent Child Support Delinquent child support must be paid current or in a payment plan. On a case-by-case basis this requirement may be waived subject to underwriter review.</p> <p>Litigation Any litigation involving the borrower, including BKs, foreclosure, judgments tax liens, collection accounts, etc. will be evaluated.</p> <ul style="list-style-type: none"> • A signed letter of explanation will be required from the borrower that details the circumstances that caused the derogatory credit, how the problem was resolved and that the circumstances that caused the adverse/derogatory credit is not likely to recur. • The underwriter must address any derogatory credit and confirm the explanation provided by the borrower is consistent with the information contained in the loan file. • Additionally, the underwriter must document that the borrower represents an acceptable credit risk and the borrower exhibits the ability and willingness to repay the mortgage.
Down Payment/ Earnest Money Deposit	<p>Down payment/earnest money deposits must be documented and sourced, if applicable</p> <p>Owner-Occupied Primary Residence</p> <ul style="list-style-type: none"> • Borrower own funds not required <p>Second Home and Investment Transactions</p> <ul style="list-style-type: none"> • A minimum 5% borrower own funds required, OR • A 10% reduction in the LTV is required

Employment/Income	<p>Full Doc and Bank Statement Options</p> <p>Income and employment must be considered stable. Income must also be considered likely to continue for a minimum of 3 years and sufficient for the borrower to repay the debt.</p> <ul style="list-style-type: none"> • A 2-year work history is required in the same job or same line of work. If less than 2-years employment documented training and/or education in the same field is allowed to satisfy the 2-year history requirement. • Self-employed borrowers must have been in business for at least 2 consecutive years. <p>Borrowers Employed by Family Owned Business</p> <p>Borrowers employed by a family member in a family owned business must provided evidence that they are not an owner of the business by providing copies of signed personal tax returns, or a copy of the corporate tax return showing ownership percentage.</p> <p>Gaps in Employment</p> <ul style="list-style-type: none"> • Gaps in employment greater than 30 days require the borrower provide a signed letter of explanation • Gaps in employment that are > 6 months require additional documentation and a minimum 2-year history in the same line of work prior to the gap • Borrowers must currently be employed • Declining income sources should be closely reviewed to determine if the income can be used for qualifying. A letter of explanation detailing the reason(s) for the decline is required. If sufficient information to support the use of the income is provided, the most recent lower income must be used for qualification. <p>Investor Cash Flow Option</p> <p>Employment and income is not verified on the Investor Cash Flow option</p>
Escrow Holdbacks	<p>Eligible on a case-by-case basis subject to REMN WS management approval</p>
Escrow/Impound Account	<p>Not required unless HPML. If an HPML a minimum escrow period of 5 years is required</p> <p>Reminder: Escrow account is always required if flood insurance required</p>
Financed Properties/ Other Real Estate Owned	<ul style="list-style-type: none"> • Borrower is allowed a maximum of four (4) properties, including the subject property, whether financed or owned free and clear • One (1) months PITIA reserves for each financed property is required in addition to subject property reserve requirements. Refer to the Reserves topic for complete reserve requirements. • REMN WS limits its exposure to maximum of 4 loans per borrower and/or a maximum of \$2,500,000 <p>Calculating the Number of Financed Properties</p> <p>The number of financed property is cumulative for all borrowers (jointly owned are only counted once) and the count includes the actual number of properties that are financed.</p> <ul style="list-style-type: none"> • When determining the number of financed properties, the following is included: <ul style="list-style-type: none"> - All 1-4 unit residential properties where the borrower is personally obligated on the loan, and - The borrower's principal residence if it is financed • Properties owned in the name of an LLC are not included in the calculation unless the borrower is personally obligated on the loan. • The following property types are not included in the calculation even when the borrower is personally obligated on the mortgage: <ul style="list-style-type: none"> - Commercial real estate, - Multifamily property consisting of 5 or more units, - Ownership in a timeshare, - Ownership of a vacant lot (residential or commercial, or - Ownership of a manufactured home on a leasehold estate not titled as real property

Gift Funds	<p>Gift funds from an immediate family member are eligible for down payment and closing costs (gift funds not eligible to satisfy reserve requirements) subject to the following:</p> <ul style="list-style-type: none"> • Primary Residence Transactions: A borrower own funds requirement is not required to utilize gift funds • Second Home and Investment Transactions: Gift funds eligible subject to: <ul style="list-style-type: none"> - The borrower contributes a minimum 5% of their own funds, OR - A 10% LTV reduction is applied • Immediate family member is defined as: <ul style="list-style-type: none"> - Borrower's spouse, or - Child or other dependent, or - A fiancé, fiancée, or domestic partner, or - Any other individual who is related to the borrower by blood (including cousins), marriage, adoption, or legal guardianship. • The gift fund donor cannot be affiliated with the builder, developer, real estate agent, broker, or any other interested party to the transaction. • The gift must be evidenced by a gift letter, signed by the donor and it must: <ul style="list-style-type: none"> - Specify the dollar amount, - Be signed by the donor and the borrower, - Specify the date the funds were transferred, - Indicate the donor(s) name, address, phone number, relationship to the borrower, and - Include a statement by the donor that no repayment of the gift funds is expected. • The transfer of the gift funds must be documented. Acceptable documentation includes: <ul style="list-style-type: none"> - Copy of the donor's cancelled check and the borrower's deposit slip - Copy of the donor's withdrawal slip and the borrower's deposit slip - Copy of the donor's check to the closing agent, or - The settlement statement showing receipt of the donor's check. • If funds not transferred prior to settlement, documentation the donor gave the closing agent the gift funds in the form of a certified/cashier's check or other official check.
Gift of Equity	<p>Eligible on all occupancy types subject to the following:</p> <ul style="list-style-type: none"> • The seller is a relative of the borrower, • A gift letter, meeting the guidelines under the Gift Funds topic above, is required • The maximum LTV when using a gift of equity is the lesser of: <ul style="list-style-type: none"> - 75%, or - The applicable product maximum
Income – Residual	<p>Required on the Bank Statement program only when the DTI is 43.01% to 50%. Refer to the Residual Income Requirements topic for details.</p>
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.
Interest –Only	<p>Eligible. Refer to the Products topic for requirements</p>

Interested Party Contributions	Interested Party Contributions														
	<ul style="list-style-type: none">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 must be:<ul style="list-style-type: none">Disclosed on the sales contractDocumented in the loan fileClearly identified on the Closing Settlement Statement, andPaid to the appropriate vendor the Title/Escrow Company or Closing AttorneyInterested party contributions are limited as follows:														
	<table><tr><th>Program Option</th><th colspan="2">Maximum Allowable Contribution</th></tr><tr><td rowspan="2">Full Documentation Bank Statement</td><td>Primary Residence</td><td><ul style="list-style-type: none">≤ 75% LTV: 9%75.01% to 80% LTV: 6%</td></tr><tr><td>Second Home</td><td></td></tr><tr><td></td><td>Investment</td><td>All LTVS: 3%</td></tr><tr><td>Investor Cash Flow</td><td>Investment</td><td>All LTVS: 3%</td></tr></table>	Program Option	Maximum Allowable Contribution		Full Documentation Bank Statement	Primary Residence	<ul style="list-style-type: none">≤ 75% LTV: 9%75.01% to 80% LTV: 6%	Second Home			Investment	All LTVS: 3%	Investor Cash Flow	Investment	All LTVS: 3%
	Program Option	Maximum Allowable Contribution													
	Full Documentation Bank Statement	Primary Residence	<ul style="list-style-type: none">≤ 75% LTV: 9%75.01% to 80% LTV: 6%												
		Second Home													
		Investment	All LTVS: 3%												
	Investor Cash Flow	Investment	All LTVS: 3%												
	Seller Credit/Financing Contributions														
	Funds from an interested third party and paid to the vendor are acceptable when they are used to:														
<ul style="list-style-type: none">Permanently reduce the interest rate on the mortgage, orPay related mortgage financing costs, closing costs, pre-pays and escrow costs.															
The total of financing contributions may not exceed the lesser of:															
<ul style="list-style-type: none">The total of the closing costs and pre-pays, orThe LTV described in the chart above															
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.															
LDP/GSA	<ul style="list-style-type: none">LDP / GSA <p>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.</p> <ul style="list-style-type: none">Borrower(s),Seller,Real Estate Listing and Selling Agent(s),Appraiser,AMC,Broker,Loan Officer,Loan Processor,Underwriter,Closing Agent, andTitle Company <ul style="list-style-type: none">Any transaction where any of the interested parties to the transaction have been convicted of mortgage fraud will require review and approval by REMN WS management.														
Mortgage Insurance	Not applicable														

Simple Access Program Guidelines

Mortgage/Rental History	<ul style="list-style-type: none"> 1x30 in the previous 12 months for all mortgages for all mortgages and/or rental verifications. Applies to all borrowers on the loan. Significant late payments that occurred prior to the previous 12 months require written explanation from the borrower. Borrowers with a prior mortgage modification require 0x30 in previous 12 months Mortgage must be current for the month closing If the mortgage/rental history is not listed on the credit report the following documentation is required: <ul style="list-style-type: none"> Rental History: <ul style="list-style-type: none"> Professional Management Company: A fully completed and signed verification of rent (VOR) Private Party: The most recent consecutive 12 months' cancelled checks (front and back) and a copy of the lease Mortgage History: <ul style="list-style-type: none"> Institutional Lender: A fully completed and signed verification of mortgage (VOM) Private Party: The most recent consecutive 12 months' cancelled checks (front and back) and a copy of the Note <p>First Time Home Buyer (FTHB) (see "Borrowers – Eligible" topic for definition)</p> <ul style="list-style-type: none"> Three (3) year documented rental history with 0x30 in the most recent 12 months, OR Borrowers without a rental history are eligible if the borrower has an additional six (6) months reserves. Refer to the Reserves topic for standard reserve requirements.
New York Transactions	<p>The following applies to loans secured by properties in the state of New York:</p> <ul style="list-style-type: none"> 1-4 unit Owner-Occupied Properties: <ul style="list-style-type: none"> The minimum loan amount must be at least \$1 dollar greater than the conforming loan amount for the number of units and the county in which the property is located (e.g. \$453,100 (1-unit), \$679,650 (1-unit high-cost area county i.e. \$1 more than the high balance loan amount), \$580,150 (2-units), etc.). Refer to the Fannie Mae 2018 Maximum Loan Limits list to determine the applicable loan limit for the NY county where the property is located Conforming loan amounts are ineligible for owner-occupied transactions 1-Unit Second Home and 1-4 Unit Investment: <ul style="list-style-type: none"> Eligible with minimum loan amount of \$60,000 and maximum loan amounts allowed per the matrices on pages 1, 2, and 3 of these guidelines
Non-Arm's Length or Identity of Interest Transactions	<p>Eligible but additional requirements, including an additional appraisal may be required.</p> <ul style="list-style-type: none"> The borrower cannot have multiple roles in the transaction (e.g. cannot be the builder and the borrower, etc.) The borrower must state their relationship with the seller If the seller is a relative, the seller must document the most recent 12 month's pay history on the property's existing mortgage (if applicable) with 12 months' cancelled checks or 12 months' bank statements <p>The following are not considered a non-arm's length transaction:</p> <ul style="list-style-type: none"> Spousal buyout due to divorce, Interest buyout of an inherited property
Occupancy	<ul style="list-style-type: none"> 1-4 unit owner-occupied (N/A ICF option) 1-unit second home (N/A ICF option) The following applies: <ul style="list-style-type: none"> Must be suitable for year round use, Must be occupied by the borrower for some portion of the year, Must be in an area typical for second home use, The property cannot be leased/rented other than on an occasional basis, Cannot be subject to any timeshare arrangements, rental pools, or other agreements that gives a management company control over the occupancy; the borrower must have exclusive control over the property, 1-4 unit investment/non-owner occupied properties
Points and Fees	<ul style="list-style-type: none"> Points and fees must comply with all federal and state requirements

Simple Access Program Guidelines

	<ul style="list-style-type: none"> Broker compensation is limited to borrower paid; lender paid broker compensation is ineligible on this program
Power of Attorney (POA)	Ineligible
Prepayment Penalty	Not permitted
Products	<p>Refer to the individual program options for eligible products and qualifying requirements</p> <ul style="list-style-type: none"> Product - Full Doc Product - Bank Statement Product - Investor Cash Flow
Properties – Eligible	<ul style="list-style-type: none"> 1-4 unit properties (attached/detached) 1-unit second home 1-4 unit investment property PUDs (attached/detached) Condominiums, Fannie Mae Warrantable Condominiums (attached/detached). Full Review required. Underwriter to complete Condo/PUD Warranty form Condominiums, Non-Warrantable Condominiums (attached/detached) Full Review required. A condo project is considered non-warrantable when project features do not meet specific Fannie Mae requirements. Condo projects that are non-warrantable are eligible when the reason for the project being non-warrantable is for one of the reasons listed below. The project can only have one feature that makes it non-warrantable; multiple features are not acceptable: <ul style="list-style-type: none"> PERS Approval: A condo project that would normally require a PERS review may be approved using a Full Review Investment not meeting Fannie Mae owner-occupancy: An investment condo unit where the project meets the presale requirements but does not meet Fannie Mae's owner-occupancy requirement Investment – first closing: An investment condo that will be the first closing of an investment condo unit. Fannie Mae's 70% presale requirement of owner-occupied and second homes in the project must be met. A single entity owns more units than allowed by Fannie Mae. A single entity may own up to 25% of the units in the project (cap does not apply to the sponsor/builder in the initial marketing phase) The commercial space exceeds what is allowed by Fannie Mae. A project comprised of 40% commercial space is acceptable provided it is common and customary for the area Project not meeting Fannie Mae pre-sale: Projects with a 40% presale are eligible if the appraiser addresses that the average marketing time does not exceed the average marketing time for similar condo projects The project budget does not meet Fannie Mae requirements. A project that has less than 10% of budgeted reserves may be eligible when: <ul style="list-style-type: none"> The project has a minimum of 20% of the annual HOA dues in reserves, AND No capital improvement projects are pending that would individually or collectively amount to > 10% of the annual HOA dues, AND The HOA must provide the most recent two (2) years financials (audited if available) and must address how they will fund future capital improvements Site condos limited to projects with a maximum of 2 units only. If any common area (e.g. walkway, porches, decks, etc.) unit owners must have an arbitration agreement. Additionally, units must be encumbered by a condominium declaration/covenant Mixed-use properties meeting Fannie Mae guidelines are eligible Properties with leased solar panels are eligible subject to Fannie Mae guidelines

Properties – Ineligible	<ul style="list-style-type: none"> • Leasehold properties • Condominiums < 600 square feet • Detached properties < 700 square feet • Cooperative projects • Modular homes • 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 • Properties located in Hawaii Lava Zones 1 & 2 • Log homes • Unique properties • Unimproved land • Timeshare units • Properties > 5 acres • Residential property zoned commercial • Agricultural-type properties e.g. farms, orchards, ranches • Income producing properties (bed and breakfast, assisted living, etc.) • Commercial property • Boarded-up properties • Properties with inadequate foundations that do not meet code • Any property that poses an imminent threat to the health and safety of the occupant • Properties with inadequate heating (must be a permanently affixed legal heating system) Exceptions may be granted on case-by-case basis • Properties with no water or public electricity • Cantilevered or properties on stilts, posts or piers, • Properties with shared services for well, septic, or utilities that are private agreements, • Properties with environmental hazards or nuisances • Properties showing evidence of mold, environmental hazards or nuisances
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Property with an Accessory Unit	<p>Legal Accessory Unit</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>Illegal Accessory Unit</p> <p>Eligible on a case-by case-basis only with REMN WS management review and approval. Properties with an accessory unit does not comply with zoning may be considered subject to the following applies:</p> <ul style="list-style-type: none"> • The use conforms to the subject neighborhood and market, and • The property is appraised based upon its current use, and • The appraisal must indicate that the improvements represent a use that does not comply with zoning, and • The appraisal must indicate that the improvements are typical for the market through an analysis of at least three (3) comparable properties that have the same illegal use, and • The accessory unit cannot jeopardize any future hazard insurance claim that could be filed against the property, and • The borrower must qualify for the mortgage without considering any rental income from the illegal accessory unit.
Property with an Addition without Permits	<p>Eligible on a case-by-case basis only with REMN WS management review and approval. When the appraiser identifies an addition that does not have the required permits REMN WS will consider the property subject to the following requirements:</p> <ul style="list-style-type: none"> • The appraiser must comment on the quality and appearance of the work, and • The impact the addition might have, if any, on the market value of the subject property.
Property with an Illegal Conversion	<p>Properties with an illegal conversion (e.g. garage converted to office/bedroom, screened in porch converted to laundry room, etc.) are eligible on a case-by-case basis only subject to the "Property with an Addition Without Permits" topic requirements unless the illegal conversion includes the amenities to make it a self-contained living space (e.g. a garage converted to a living space that includes a bathroom and kitchen). In cases where the illegal conversion would be considered an accessory unit (living space, bathroom and kitchen) the conversion is subject to REMN WS management approval and to the guidelines under the "Illegal Accessory Unit" topic above.</p>
Property Flips	<p>When the property is being resold within 180 days of acquisition (measured from date seller became the legal owner to the day the purchase contract was signed by both parties of the new transaction) and the sales price has increased more than 10% the following applies:</p> <ul style="list-style-type: none"> • Transaction must be arm's length, with no identity of interest between the buyer, seller, or other parties participating in the sales transaction • No pattern of previous flipping in the previous 12 months. Exceptions to ownership transfers include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan. • The property must have been marketed openly and fairly through a multiple listing service, auction, documented for sale by owner, or developer marketing. • No assignments of the contract to another buyer • If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the borrower must be obtained. • Flip transactions must comply with HPML appraisal rules in Reg Z <p>Second Appraisal Requirement – HPML Transactions</p> <p>A second appraisal is required when:</p> <ul style="list-style-type: none"> • A > 10% increase in sales price if the seller acquired the property in the previous 90 days, or • A > 20% increase in the sales price if the seller acquired the property in the previous 91-180 days

Properties with Solar Panels

- Properties with solar panels that are owned by the borrower are eligible without additional requirements.
- Properties with solar panels that are not owned by the borrower (i.e. leased from or owned by a third party under a power purchase agreement or other similar arrangement, whether applicable to the original agreement or as subsequently amended) are subject to REMN WS management prior approval and all of the following:
 - The solar panels cannot be included in the appraised value,
 - The property must maintain access to an alternate source of electric power that meets community standards.
 - **The monthly lease payment must be included in the debt-to-income (DTI) ratio calculation, unless the lease is structured to:**
 - Provide delivery of a specific amount of energy at a fixed payment during a given period, and
 - Has a production guarantee that compensates the borrower on a prorated basis in the event the solar panels fail to meet the energy output required for in the lease for that period.
 - **Payments under power purchase agreements where the payment is calculated solely based on the energy produced and used may be excluded from the DTI ratio.**
 - The lease or a power purchase agreement must indicate that:
 - Any damage that occurs as a result of installation, malfunction, manufacturing defect, or the removal of the solar panels is the responsibility of the owner of the equipment and the owner must be obligated to repair the damage and return the improvements to their original or prior condition (for example, sound and watertight conditions that are architecturally consistent with the home); and
 - The owner of the solar panels agrees not to be named loss payee (or named insured) on the property owner's property insurance policy covering the residential structure the panels are attached to; and
 - In the event of foreclosure, REMN WS as the lender has the discretion to either:
 - Terminate the lease/agreement and require the third-party owner to remove the equipment;
 - Become, without payment of any transfer or similar fee, the beneficiary of the borrower's lease/agreement with the third-party; or
 - Enter into a new lease/agreement with the third-party, under terms no less favorable than the prior owner.
 - Title exceptions due to the solar panels (e.g. easement) are acceptable provided the interest is not superior to REMN WS.
- Additionally, title cannot reflect any liens related to the ownership or maintenance of the solar panels that will result in a lien superior to REMN WS.

Refinance Transactions

All Refinance Transactions

The information below applies to both rate/term and cash-out refinance transactions

- **Refinance transactions (rate/term and cash-out) do not have a seasoning requirement. Cash-out transactions require one of the original purchasers is on title will be on the new loan, measured from deed transfer to application date. If not, cash-out requires a 6 month seasoning.**
- Properties currently listed for sale are ineligible.
- Properties previously listed for sale in the 6 months prior to application, require the property to have been taken off the market and the listing cancelled **a minimum of 1 day prior to the loan application date**. The following is required:
 - Obtain a copy of the cancelled listing agreement ,
 - Document that a search of the MLS was performed to ensure the property is not listed with a different realtor
 - Documentation that confirms the borrower is currently occupying the subject property (owner-occupied only), and
 - A letter from the borrower that addresses all of the following:
 - The borrower intends to occupy the subject property (owner-occupied only), and
 - The reason the home was listed for sale, and
 - An explanation for the refinance of the property
- All refinance transactions must provide a bona fide benefit to the borrower.

Rate/Term Refinance

A transaction that meets one of the below criteria will qualify as a rate/term refinance transactions.

- Payoff of the existing first lien, including closing costs, prepaids and points
- Payoff of a subordinate mortgage lien(s) or HELOC used in their entirety to acquire the subject property (**regardless of seasoning**),
- Payoff of any subordinate lien or HELOC seasoned more than 6 months that have not had any draws > \$5,000 in the previous 6 months
- Recoupment of funds used to purchase a property with cash in the previous 6 months. The following applies:
 - The Closing Disclosure of the cash transaction must be provided.
 - Cash used for purchase must have been borrower's own funds and must be document. Recoupment of gift funds is considered cash-out.
 - Maximum proceeds cannot exceed the documented cash investment
 - The LTV will be calculated using the **lower of**:
 - The purchase price, or
 - The appraised value unless appraiser can justify the increase
 - Recoupment of funds used for property improvements. The improvements must be documented (e.g. invoices, proof of payment with cancelled checks) and completed in the previous 6 months. Funds used for improvements must have been borrower's own funds. Cash-out cannot exceed the amount of the documented cash improvements or else the transaction will be considered cash-out. A current appraisal is required.
 - Cash-back to the borrower on a rate/term refinance limited to the **lesser of**:
 - 2% of the principal balance of the new loan, **or**
 - \$5,000.

Refinance Transactions (cont.)

Cash-Out Transactions

A cash-out refinance is a refinance that does not meet the rate/term definition and would include a refinance where the borrower receives cash in an amount greater than the lesser of \$5,000 or 2% or when an open ended subordinate lien that does not meet the rate/term seasoning requirement

- There is no seasoning requirement on cash out transaction as long as one of the original purchasers is on title will be on the new loan, measured from deed transfer to application date. If not, cash-out requires a 6-month seasoning. Transfers from a trust, LLC etc. when the borrower is > 50% owner are exempt from the 6-month waiting period
- Properties owned free and clear are always considered a cash-out refinance.
- A cash-out transaction may include the following:
 - Payoff of the existing first mortgage,
 - Closing costs and prepaid items (interest, taxes, insurance),
 - The amount of any subordinate mortgage lien being paid off,
 - Any cash-in-hand to the borrower as indicated on the Closing Disclosure.
- Cash-in-hand to the borrower is subject to the LTV of the subject loan at loan closing as detailed on the matrix for the applicable option

Delayed Financing

Delayed financing transactions are eligible as a rate/term refinance subject to certain requirements; refer to the [Rate/Term Refinance](#) topic for rate/term eligibility

Inherited Properties

- Inherited properties are eligible for rate/term and cash-out refinance transactions.
- Properties inherited < 12 months from the date of the loan application are subject to the following:
 - Transaction is considered a cash-out refinance, **and**
 - Equity owners must be paid through settlement. A written agreement s, signed by all parties, that states the terms of the buy-out and property transfer, is required, **and**
 - Subject property must be out of probate and the property is vested in the borrower's name, **and**
 - Current appraised value is used to determine LTV.

Buying Out a Co-Owners Interest

A refinance transaction resulting from a divorce settlement and/or dissolution of a domestic partnership, and the borrower is required to buy-out the interest of the other co-owner will be considered a rate/term refinance when the following applies:

- Documentation is obtained that confirms the subject property was jointly owned by the parties for a minimum of 12 months prior to the funding of the new loan, **and**
- A copy of the fully executed written agreement or court approved divorce decree that details the terms of the property settlement and the proposed disbursement of the refinance proceeds, **and**
- The borrower who will be acquiring sole ownership of the subject property does not receive any funds from the transaction.

Refinance Transactions (cont.)

Continuity of Obligation

- A continuity of obligation is required on refinance transactions. Continuity of obligation is met when any of the following are present:
 - 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, or
 - At least one borrower has been on title and residing in the property for a minimum of 6 months and has either paid the mortgage for the last 6 months or can demonstrate a relationship (spouse, domestic partner) with the current obligor, or
 - At least one borrower has recently inherited or was legally awarded the property through a divorce or separation.

Financing Real Estate Taxes – the following applies when real estate taxes are financed:

- **Limited Cash-out Refinance:** A loan is **ineligible** as a limited cash-out refinance and must be considered a cash-out transaction when:
 - The borrower finances the payment of real estate taxes for the subject property in the loan amount but does not establish an escrow account unless requiring an escrow account is not permitted under applicable state law or regulation

NOTE: As a reminder, CA loans do not require an escrow/impound account unless the LTV is > 90% so CA loans eligible 80% to 90% LTV without an escrow account.

 - The borrower finances the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount.
- **Cash-out Refinance:**
 - A loan with financed real estate taxes that are more than 60 days delinquent is eligible as long as an escrow account is established. If an escrow account is **not** established the loan is **ineligible** unless requiring an escrow account is not permitted under applicable state law or regulation.

Reserves

Reserve requirements for the subject property are determined by the loan amount as detailed below:

Loan Amount	Required Reserves ^{1,2}
< \$1,000,000	3 months PITIA
\$1,000,000 to < \$2,000,000	6 months PITIA
\$2,000,000 - \$3,000,000	12 months PITIA

- **Bank Statement Option Self-Employed 1-2 years:** Additional 6 months reserves (from what is stated above) is required
- **All Options: First Time Homebuyer:** FTHB (see FTHB in the "[Borrowers – Eligible](#)" topic for definition and FTHB in the [Mortgage/Rental History](#) topic for specific requirements) **without housing history** requires additional 6 months reserves (from what is stated above)
- **All Options: Additional Financed Properties:** In addition to the above reserve requirements the following additional reserves apply if borrower owns additional financed properties:
 - If the borrower has additional financed properties (other than the subject property) one (1) month PITIA is required **for each additional property** in addition to the applicable reserve requirement stated above for the subject property.
- **Investor Cash Flow Only: Additional Financed Properties Alternative Calculation**
Investor Cash Flow borrowers may use the above reserve requirements of 1 months' PITIA for each additional financed properties **OR** the following alternative calculations to determine required additional reserves when additional properties are owned:
 - **1-4 Financed Properties:** 1% of the aggregate unpaid principal balance of all outstanding mortgages, HELOCs, etc.

(cont. on following page)

Reserves (cont.)	<ul style="list-style-type: none">Investor Cash Flow Only: Additional Financed Properties Alternative Calculation (cont.)<ul style="list-style-type: none">Properties Owned Free and Clear (calculation required for each property owned free and clear): To determine the property's market value use the greater of:<ul style="list-style-type: none">The assessed value, or125% of Zillow's value, andIf the property is a 1-4 unit property not in an HOA multiply the value by 1.6% and divide by 12, orIf the property is a condominium, PUD and in an HOA multiply the value by 2% and divide by 12, andAdd the result to the amount of required reservesAll Documentation Options: Cash-out from the subject property may be used to meet reserve requirements																																																																																																						
Residual Income Requirements	<p>Investor Cash Flow Option: Residual income requirements do not apply</p> <p>Full Doc and Bank Statement Options: Residual income requirements apply when the DTI is > 43% to 50% unless the borrower has an additional 6 months in reserves. If the borrower has an additional 6 months in reserves residual income, meeting VA requirements as noted below, is not required.</p> <p>See also the Debt-to-Income topic.</p> <table><tr><th colspan="5">Loan Amounts ≥ 80,000</th></tr><tr><th>Family Size</th><th>Northeast</th><th>Midwest</th><th>South</th><th>West</th></tr><tr><td>1</td><td>\$450</td><td>\$441</td><td>\$441</td><td>\$491</td></tr><tr><td>2</td><td>\$755</td><td>\$738</td><td>\$738</td><td>\$823</td></tr><tr><td>3</td><td>\$909</td><td>\$889</td><td>\$889</td><td>\$990</td></tr><tr><td>4</td><td>\$1,025</td><td>\$1,003</td><td>\$1003</td><td>\$1,117</td></tr><tr><td>5</td><td>\$1,062</td><td>\$1,039</td><td>\$1,039</td><td>\$1,158</td></tr><tr><td>Over 5</td><td colspan="4">Add \$80.00 for each additional family member up to 7</td></tr></table> <table><tr><th colspan="4">Geographic Regions as Defined by VA</th></tr><tr><td rowspan="3">Northeast</td><td>Connecticut</td><td>New Hampshire</td><td>Pennsylvania</td></tr><tr><td>Maine</td><td>New Jersey</td><td>Rhode Island</td></tr><tr><td>Massachusetts</td><td>New York</td><td>Vermont</td></tr><tr><td rowspan="4">Midwest</td><td>Illinois</td><td>Michigan</td><td>North Dakota</td></tr><tr><td>Indiana</td><td>Minnesota</td><td>Ohio</td></tr><tr><td>Iowa</td><td>Missouri</td><td>South Dakota</td></tr><tr><td>Kansas</td><td>Nebraska</td><td>Wisconsin</td></tr><tr><td rowspan="6">South</td><td>Alabama</td><td>Kentucky</td><td>Puerto Rico</td></tr><tr><td>Arkansas</td><td>Louisiana</td><td>South Carolina</td></tr><tr><td>Delaware</td><td>Maryland</td><td>Tennessee</td></tr><tr><td>District of Columbia</td><td>Mississippi</td><td>Texas</td></tr><tr><td>Florida</td><td>North Carolina</td><td>Virginia</td></tr><tr><td>Georgia</td><td>Oklahoma</td><td>West Virginia</td></tr><tr><td rowspan="5">West</td><td>Alaska</td><td>Hawaii</td><td>New Mexico</td></tr><tr><td>Arizona</td><td>Idaho</td><td>Oregon</td></tr><tr><td>California</td><td>Montana</td><td>Utah</td></tr><tr><td>Colorado</td><td>Nevada</td><td>Washington</td></tr><tr><td></td><td></td><td>Wyoming</td></tr></table>	Loan Amounts ≥ 80,000					Family Size	Northeast	Midwest	South	West	1	\$450	\$441	\$441	\$491	2	\$755	\$738	\$738	\$823	3	\$909	\$889	\$889	\$990	4	\$1,025	\$1,003	\$1003	\$1,117	5	\$1,062	\$1,039	\$1,039	\$1,158	Over 5	Add \$80.00 for each additional family member up to 7				Geographic Regions as Defined by VA				Northeast	Connecticut	New Hampshire	Pennsylvania	Maine	New Jersey	Rhode Island	Massachusetts	New York	Vermont	Midwest	Illinois	Michigan	North Dakota	Indiana	Minnesota	Ohio	Iowa	Missouri	South Dakota	Kansas	Nebraska	Wisconsin	South	Alabama	Kentucky	Puerto Rico	Arkansas	Louisiana	South Carolina	Delaware	Maryland	Tennessee	District of Columbia	Mississippi	Texas	Florida	North Carolina	Virginia	Georgia	Oklahoma	West Virginia	West	Alaska	Hawaii	New Mexico	Arizona	Idaho	Oregon	California	Montana	Utah	Colorado	Nevada	Washington			Wyoming
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Seller Contributions	Refer to the Interested Party Contributions topic for seller contribution limits.																																																																																																						

Simple Access Program Guidelines

Subordinate Financing	<p>Eligible as follows:</p> <ul style="list-style-type: none"> • New or existing subordinate financing is eligible up to the maximum CLTV/HCLTV allowed. • If existing subordinate financing is a HELOC, the full amount of the available credit must be used to determine the HCLTV. • Unacceptable subordinate financing terms include: <ul style="list-style-type: none"> - Mortgages with negative amortization - Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than 5 years after the Note date of the new first mortgage - Notes that do not contain a rate of interest (i.e. a seller held second). If no interest rate a current market rate of interest must be assigned and an interest-only payment calculated - Subordinate financing that has a prepayment penalty
Temporary Buydowns	Not allowed
Texas Section 50(a)(6) (Texas Equity)	Not allowed
Transactions – Eligible	<ul style="list-style-type: none"> • Purchase <ul style="list-style-type: none"> - A copy of the fully executed purchase contract and all attachments/addendums are required - The lesser of the purchase price or appraised value of the subject property is used to calculate the LTV. - The borrower may not be on title prior to the loan closing. - The seller that is on title (vested owner of record) must be the individual who executes the sales contract and be on title prior to when the settlement statement and closing docs are executed. • Limited cash-out refinance (rate/term) • Cash-out refinance • Interest-only
Transactions – Ineligible	<ul style="list-style-type: none"> • Loans with a prepayment penalty • High cost mortgage loan • Negative amortization • Convertible ARMs • Temporary Buydowns • Balloon payments • Texas Equity Section 50(a)(6) aka Texas cash-out • New York 1-4 unit owner-occupied transactions with a conforming loan amount • Graduated payments • Terms > 30 years • Non-traditional credit • Non-arm's length transactions • Cash-out refinance paying off a cash-out refinance seasoned < 6 months • A refinance transaction where the property is currently listed for sale • 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. • Transactions with PACE/CA HERO program subordinate financing