

**Full Doc, Bank Statement, Asset Qualifier,
 1099 Only, and Investor Cash Flow**
1-4 Unit Primary Residence³

Transaction Type	Credit Score	LTV/CLTV	Maximum Loan Amount ^{1,2}	DTI ^{4,5}
Purchase Only	660	90%	\$1,000,000	50
	720	90%	\$1,500,000	
Purchase and Rate/Term Refinance	620	75%	\$1,000,000	
		65%	\$2,000,000	
	660	85%	\$1,000,000	
		80%	\$2,000,000	
	680	85%	\$2,000,000	
		75%	\$2,500,000 ⁸	
720	80%	\$2,500,000 ⁸		
Cash-Out Refinance ^{6,7}	620	65%	\$1,000,000	
		60%	\$2,000,000	
	660	70%	\$1,000,000	
		65%	\$2,000,000	
	680	70%	\$2,000,000	
		65%	\$2,500,000 ⁸	
	720	80%	\$1,500,000	
		75%	\$2,000,000 ⁸	
720	70%	\$2,500,000 ⁸		

1 Unit Second Home & 1-4 Unit Investment³

Transaction Type	Credit Score	LTV/CLTV	Maximum Loan Amount ^{1,2}	DTI ^{4,5}
Purchase and Rate/Term Refinance	620	65%	\$1,000,000	50
		60%	\$2,000,000	
	660	75%	\$1,000,000	
		70%	\$2,000,000	
	680	80%	\$2,000,000	
		70%	\$2,500,000 ⁸	
720	75%	\$2,500,000 ⁸		
Cash-Out Refinance ^{6,7}	620	65%	\$1,000,000	
		60%	\$2,000,000	
	660	70%	\$1,000,000	
		65%	\$2,000,000	
	680	70%	\$2,000,000	
		65%	\$2,500,000 ⁸	
	720	75%	\$2,000,000 ⁸	
		70%	\$2,500,000 ⁸	

Notes:

1. New York Transactions: For Owner-occupied purchase transactions, the minimum loan amount must 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 \$100,000
3. See [Geographic Eligibility](#) for states/counties with LTV limitations
4. Asset Qualifier / Investor Cash Flow: DTI = NA
5. DTI may be increased to 55% if certain criteria are met – see [Debt-To-Income](#) guidelines
6. Max Cash-Out: No Limit ≤ 65% LTV, \$500,000 > 65% LTV
7. See [Texas Cash-Out Refinances a/k/a Texas Home Equity Loans](#) for full details regarding Texas Home Equity Section 50(a)(6) eligibility.
8. Loan amounts >\$2MM require Credit Committee approval.

This is a business-to-business communication provided for use by mortgage professionals only and is not intended for distribution to consumers or other third parties. It is not an advertisement; as such term is defined in Section 2.26.24 of Regulation Z. Product information is subject to change without notice. REMN Wholesale is a division of Homebridge Financial Services, Inc. NMLS #6521 © Homebridge Financial Services, Inc. All rights reserved



Foreign National Borrowers (Asset Qualifier and Investor Cash Flow Only)			
1 Unit Second Home & 1-4 Unit Investment³			
Transaction Type	Credit Score ⁷	LTV/CLTV	Maximum Loan Amount ^{1,2}
Purchase Only	660	75%	\$1,000,000
	680	75%	\$2,000,000
Purchase and Rate/Term Refinance	620	65%	\$1,000,000
	620	60%	\$2,000,000
	660	70%	\$2,000,000
Cash-Out Refinance ^{4,5}	680	70%	\$2,500,000 ⁶
	620	65%	\$1,000,000
	620	60%	\$2,000,000
	660	70%	\$1,000,000
	660	65%	\$2,000,000
	680	70%	\$2,000,000
680	65%	\$2,500,000 ⁶	

Notes:

1. New York Transactions: For Owner-occupied purchase transactions, the minimum loan amount must 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 \$100,000
3. See [Geographic Eligibility](#) for states/counties with LTV limitations
4. Max Cash-Out: No Limit ≤ 65% LTV, \$500,000 > 65% LTV
5. See [Texas Cash-Out Refinances a/k/a Texas Home Equity Loans](#) for full details regarding Texas Home Equity Section 50(a)(6) eligibility.
6. Loan amounts >\$2MM require Credit Committee approval.
7. If no US FICO, use 680 for guidelines purposes only.

PROGRAM OVERVIEW.....	5	Income – Full Documentation.....	19
Upfront Scenario Review	5	Salaried Borrowers	19
Ability to Repay	5	Self-Employed Borrowers.....	22
AUS	5	Asset Utilization.....	24
LTV/CLTV	5	Other Income Sources	25
Debt to Income Ratio - DTI.....	6	Ineligible Sources of Income	31
Loan Terms	6	Tax Transcripts - 4506	31
ARMs.....	6	Income – Bank Statements	32
Qualifying Rates	6	Bank Statement Types.....	33
Assumptions	7	Non-Sufficient Funds (NSFs).....	34
Prepayment Penalty.....	7	Income Trend	34
Mortgage Insurance	7	Co-Borrower Income	35
Eligible Borrowers	8	Other Income Sources	35
First Time Home Buyers	8	Income – 1099 Only	36
Ineligible Borrowers	10	Income – Asset Qualifier	38
Eligible Properties.....	10	Income Calculation	39
Ineligible Properties	10	Income – Investor Cash Flow	40
Geographic Eligibility.....	10	Qualification	40
CEMA	11	Interest Only Payment Qualification	40
Texas Cash-Out Refinances a/k/a Texas Home		ASSETS	42
Equity Loans	12	Assets.....	42
Texas Home Equity Loans.....	13	Down Payment	42
Refinancing an Existing Texas Home Equity Loan	14	Asset Eligibility.....	42
Eligible Transactions	14	Relocation Benefits	45
Occupancy	16	Gift Funds	46
Subordinate Financing.....	16	Gift of Equity.....	46
Limitations on Other Real Estate Owned.....	16	Interested Party Contributions	46
Short Sale.....	17	Reserves.....	47
Power of Attorney	17	Ineligible Asset Types	48
HPML and High Cost.....	17	Acceptable Bank List for Foreign Credit/Assets..	48
Exceptions/Variance.....	18	CREDIT & LIABILITIES	48
INCOME	19	Credit Requirements	48

Trade Line Requirement.....	48	Unpermitted Additions	57
Credit Scores Used for Underwriting	49	Deferred Maintenance	57
Credit Inquiries	49	Escrow Holdbacks.....	57
Housing Payment History.....	50	Properties with Security Bars.....	57
Significant Derogatory Credit Events	50	Deed Restricted Properties	58
Judgement/Tax Lien	50	Leasehold Properties.....	58
Collections/Charge-Offs	51	Land Contracts.....	59
Disputed Accounts	51	Recently Listed for Sale	60
Other Derogatory Credit	51	Declining Markets.....	60
Credit Counseling	51	Title Vesting - Borrower Ownership Interest.....	60
Public Record Search.....	51	Title Insurance	62
Liabilities.....	51	Hazard Insurance.....	64
Alimony/Child Support/Separate Maintenance .	52	Condo Insurance Requirements.....	65
Installment Debt (including Mortgages)	52	Flood Insurance	67
Revolving Debt (including HELOC)	52	Catastrophic Insurance.....	67
Student Loans.....	52	Foreign Nationals	68
Business Debt in Borrower's Name	52		
Court-Ordered Assignment of Debt.....	53		
Co-Signed Loans	53		
Lease Payments.....	53		
Relocation Benefits	53		
Deferred Installment Debts.....	53		
Loans Secured by Financial Assets	53		
Non-Reimbursed Employee Expenses	54		
Sale of Departing Residence	54		
APPRAISAL, PROPERTY, TITLE & INSURANCE	54		
Appraisals	54		
Condominiums	55		
Non-Warrantable Condos	55		
Appraisal Management Companies (AMC)	56		
Mixed Use Properties.....	57		
Agriculturally Zoned Properties	57		

Simple Access Underwriting Guidelines	
PROGRAM OVERVIEW	
Upfront Scenario Review	<ul style="list-style-type: none"> • The following scenarios are case-by-case and require upfront review and approval with the investor by REMN Wholesale. Clients should submit their scenario request via REMN's Help Desk ticketing system. <ul style="list-style-type: none"> ○ Use of unemployment compensation as qualifying income ○ Use of part-time or 2nd job income ○ Use of seasonal income for qualification ○ Using proposed income to qualify if new employment/income starts after loan closing
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 • The loan file must include documentation of the borrower's ability to repay. <p>The General ATR Option consists of eight minimum underwriting considerations as defined below and requirements for verifying the information used to underwrite the loan. The considerations are:</p> <ul style="list-style-type: none"> • The consumer's current or reasonably expected income or assets, other than the value of the dwelling, including any real property attached to the dwelling, that secures the loan; • If the creditor relies on income from the consumer's employment in determining repayment ability, the consumer's current employment status; • The consumer's monthly payment on the covered transaction, calculated in accordance with these guidelines; • The consumer's monthly payment on any simultaneous loan that the creditor knows or has reason to know will be made, calculated in accordance with these guidelines; • The consumer's monthly payment for mortgage-related obligations; • The consumer's current debt obligations, alimony, and child support; • The consumer's monthly debt-to-income ratio or residual income determined in accordance with these guidelines; and • The consumer's credit history
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.
LTV/CLTV	<p>REMN WS must determine if the loan meets the LTV and CLTV eligibility requirements for the specific loan being reviewed. LTV and CLTV calculations are below.</p> <p>LTV Ratio</p> <p>The LTV of a property is the relationship of the mortgage amount(s) to the property's value. For this calculation the property value is the lower of the sales price, documented cost or the current appraised value. LTV plays an important role in the overall analysis of the loan request and final disposition.</p> <p>Unless otherwise noted in the Guidelines, the LTV ratio calculation depends on whether the transaction is a purchase or refinance transaction.</p> <ul style="list-style-type: none"> • Purchase Money Transactions: Loan Amount /Lower of sales price or appraisal value • Refinance Transaction: Loan Amount/Value utilized for underwriting <p>CLTV Ratio</p> <p>Where the Borrower has subordinate financing, the combined or total LTV (CLTV/TLTV) of the junior liens and first lien must be considered in determining if the loan request falls within the product or program parameters. The CLTV ratio is calculated by dividing the total of all liens (First Mortgage Loan Amount + all subordinate financing, including the credit limit of any Home Equity Lines of Credit regardless of amount drawn) by the value to be utilized for the transaction.</p> <p>Determining Collateral Value</p> <p>Collateral valuations impact the determination of the loan-to-value ratios, as well as approval and identification of exceptions. Loans wherein the best usage is as a "tear down and replace" are not</p>

	<p>eligible. The methods for determining collateral value are different for purchase versus refinance transactions. In instances where two full appraisals are completed, utilize the lower of the two.</p>
Debt to Income Ratio - DTI	<p>To determine the DTI on a file (when applicable), divide the gross monthly expenses by the gross monthly income. Note that the DTI is a precise calculation & may not be rounded down to qualify. The maximum DTI on Full Doc, Bank Statement, and 1099 Only is 50%</p> <ul style="list-style-type: none"> • The DTI may be increased to 55% when the following requirements are met • Min FICO 680 • Max LTV 70% • Min Residual Income: greater of 0.5% of the loan amount or \$2k • Purchase/Rate-Term Refi Only <p>When the DTI is 43.001 or above the underwriter must also document that the residual income on the file meets or exceeds \$1,500 per month. In instances where a file has a DTI >50.000 and residual income meets or exceed \$1,500 per month but does not meet or exceed the greater of \$2k or .5% of the loan amount, an additional 6 months of PITIA reserves on the subject property may be documented in lieu of the higher residual income requirement being met. In all cases where DTI is >43.000, the file must have at least \$1,500 per month. Utilize the Simple Access Residual Income Calculator this requirement.</p> <p>No DTI is developed for either the Asset Qualifier or Investor Cash Flow products.</p> <p>The residual income for the Asset Qualifier product must meet or exceed \$1,500 per month. For purposes of the product, gross income is determined by taking assets to be utilized for Asset Qualification and dividing by 48 months. Do not impute tax deductions when determining residual income.</p>
Loan Terms	<p>The standard loan term under the Simple Access product is 15 or 30 years. 40-year term loans are eligible for ARM loans with an interest only payment feature, a maximum LTV of 80, and on all doc types other than Investor Cash Flow. Foreign National borrowers are not eligible for 40-year term.</p>
ARMs	<p>Cap structure: 2/1/5 Index: 30 Day SOFR Adjustment Period: 6 Months Floor rate = Note Rate Margin</p> <ul style="list-style-type: none"> • Full Documentation: 4.000% • Bank Statements/1099 Only/Asset Qualifier: 4.250% • Investor Cash Flow: 4.500%
Qualifying Rates	<p>Note that these requirements are superseded by any regulatory requirements such as HPML, unless exempt by definition.</p> <p>Fixed Rate Loans Fixed rate loans are qualified at the note rate.</p> <p>Amortizing ARM Loans <i>Full Documentation, Bank Statements, 1099 Only, and Asset Qualifier</i> Amortizing ARM Loans Qualify at the greater of the start or the Fully Indexed Rate (index + margin) over the life of the loan. <i>Investor Cash Flow</i> Qualify the borrower at the start rate based on a 30 year term, unless the loan qualifies to utilize the Interest Only payment to calculate the DSCR.</p> <p>Interest Only ARM Loans <i>Full Documentation, Bank Statements, 1099 Only, and Asset Qualifier</i> Qualify at the applicable FRM/ARM rate (see above) based on the amortizing term of the loan. The interest only term is ten (10) years. The following amortization terms would be used for qualifying on a 30-year term loan product. See the below table which references the IO period & qualifying payment criteria based on 30yr term. A 40 year term loan would qualify based on a 30 year term. Foreign National borrowers are not eligible for 40-year term.</p> <p>Note: Interest-Only is not eligible for Texas Home Equity Section 50(a)(6) loans.</p>

Simple Access Program Guidelines

	Product	Interest-Only (IO) Period	Qualifying Payment for 30yr IO Loan	Qualifying Payment for 40yr IO Loan
	7/6 IO ARM	10-year IO	20yr fully-amortized	30yr fully-amortized
	10/6 IO ARM	10-year IO	20yr fully-amortized	30yr fully-amortized
	30yr Fixed Rate IO	10-year IO	20yr fully-amortized	N/A
	<i>Investor Cash Flow</i>			
	Qualify the borrower at the start rate based on a 30 year term, unless the loan qualifies to utilize the Interest Only payment to calculate the DSCR.			
Assumptions	<u>ARMs</u> – Allowed, subject to certain conditions <u>Fixed Rate</u> – Not allowed			
Prepayment Penalty	<p>Prepayment penalties may be placed on investment properties (all documentation types) where allowed and to the extent permitted by state and federal law. Except as otherwise specified or directed, the prepayment penalty placed shall be for a term of at least 1 year and permit the Borrower to pay down up to 20% of the original principal balance per 12-month period. Any pay downs (including complete payoff) which exceed 20% per year are penalized in an amount not less than 2.5% of the amount prepaid which exceeds 20% of the original principal balance, unless restricted by state/federal law. Any loan which has a prepayment penalty must be a business purpose loan as defined in 12 CFR 1026.3(a). Pricing implications may apply in the event that a PPP shorter than three years or no PPP is placed. Investor Cash Flow Loans with a DSCR <1.0 and LTV >70 must have at least a one-year PPP. 70.01-75% LTV for DSCR < 1.0 is only allowed for those states currently approved for prepayment penalties.</p> <p>Eligible states for PPP are: AZ, CA, CO, CT, DE, FL, GA, ID, IN, KS, ME, MD, MO, MT, NC, ND, NE, NY, NV, OK, OR, PA, SD, TN TX, UT, VA, WA, WY</p>			
Mortgage Insurance	Not required			

Eligible Borrowers	<p>United States Citizens</p> <p>United States Citizens are: individuals born in the United States, Puerto Rico, Guam, Northern Mariana Islands, Virgin Islands, American Samoa, or Swain’s Island; Foreign-born children, under age 18, residing in the U.S. with their birth or adoptive parents, at least one of whom is a U.S. citizen by birth or naturalization; and individuals granted citizenship status by Immigration and Naturalization Services (INS).</p> <p>Permanent Resident Aliens: A Permanent Resident Alien holds an I-551 Permanent Resident Card (a.k.a. "Green Card") issued by the Department of Homeland Security (DHS) U.S. Citizenship & Immigration Services (USCIS). This documents that the individual has been awarded permanent residency in the United States. The borrower must present either an unexpired I-551 card or temporary I-551 stamp on an unexpired foreign passport.</p> <p>Non-Permanent Resident Aliens: Holder(s) of following visa categories are eligible for financing: E, G, H, L, O, P, and TN visa. Borrowers must have been living and working in US for at least 2 years, must have valid Social Security Number(s), have established credit history, have filed tax returns in the U.S. for two years (for borrowers relying on full documentation income to qualify) and meet all other Simple Access guidelines based on the specific product. Non-Permanent Resident Aliens are eligible for the Investor Cash Flow product at a maximum 65 LTV.</p> <p>First Time Home Buyers</p> <p>A First Time Home Buyer is defined as an individual who has not had individual ownership interest in a residential property within the last three years. First Time Home Buyers are eligible for financing under the Simple Access programs under the following criteria. These guidelines only apply when all borrowers are First Time Homebuyers, except as otherwise specified.</p> <p>-Full Documentation</p> <p>Eligible with one of the following:</p> <ul style="list-style-type: none"> • Document a 12-month rental history within the three years prior to application showing 0x30, or • If living rent free, max 75 LTV, a contribution from the Borrower of at least 10% of the purchase price from own funds, primary residence or second home only <p>-Bank Statement</p> <p>Eligible with one of the following:</p> <ul style="list-style-type: none"> • Document a 12-month rental history within the three years prior to application showing 0x30, or • If living rent free, max 75 LTV, a contribution from the Borrower of at least 10% of the purchase price from own funds, primary residence or second home only <p>-1099 Only</p> <p>Eligible with one of the following:</p> <ul style="list-style-type: none"> • Document a 12-month rental history within the three years prior to application showing 0x30, or • If living rent free, max 75 LTV, a contribution from the Borrower of at least 10% of the purchase price from own funds, primary residence or second home only <p>-Asset Qualifier</p> <p>Eligible with one of the following:</p> <ul style="list-style-type: none"> • Document a 12-month rental history within the three years prior to application showing 0x30, or • If living rent free, max 75 LTV, a contribution from the Borrower of at least 10% of the purchase price from own funds, primary residence or second home only <p>-Investor Cash Flow</p> <p>Not allowed. Instances where one or more borrower is a first-time home buyer require scenario review and approval prior to closing. Additionally, at least one borrower must have a 12 month history of managing rental properties. The history does not need to be in the most recent three year period.</p>
---------------------------	--

Non-Occupant Co-Borrower

Loans with non-occupant co-borrowers are eligible for financing under the Simple Access product suite. A non-occupant co-borrower is defined as an individual who provides additional financial strength and stability to a borrower who is unable to qualify on their own based on the underwriting guidelines.

They may, but are not required to, take title to the subject property along with the occupant borrower. All borrowers must meet credit requirements outlined in the *Credit* section of the Seller Guide. The product specific requirements for a non-occupant co-borrower are as follows:

-Full Documentation

- **Method One** | Reduce LTV by 5% (max 75%). Fully blend income and assets, or
- **Method Two** | Occupant borrower contributes 5% of own funds to transaction if a purchase. Front end ratio not to exceed 60% HTI on all transactions. No reduction to LTV. Blend income to determine back end ratio, non-occupant co-borrower may contribute remaining funds to close and reserves.

-Bank Statements

- **Method One** | Reduce LTV by 5% (max 75%). Fully blend income and assets, or
- **Method Two** | Occupant borrower contributes 5% of own funds to transaction if a purchase. Front end ratio not to exceed 60% HTI on all transactions. No reduction to LTV. Blend income to determine back end ratio, non-occupant co-borrower may contribute remaining funds to close and reserves.

-1099 Only

- **Method One** | Reduce LTV by 5% (max 75%). Fully blend income and assets, or
- **Method Two** | Occupant borrower contributes 5% of own funds to transaction if a purchase. Front end ratio not to exceed 60% HTI on all transactions. No reduction to LTV. Blend income to determine back end ratio, non-occupant co-borrower may contribute remaining funds to close and reserves.

-Asset Qualifier

Non-occupant co-borrower must be a relative. For purposes of these guidelines, a relative is defined as someone who had a relationship to the primary borrower by blood, law, or marriage. Non-occupant co-borrower's debt service must be included in debt service calculation for determining qualification. Only permissible on a purchase or rate and term refinance transaction.

- **Method One** | LTV reduced by 5% (max 75%). Utilize all assets, or
- **Method Two** | Occupant borrower must contribute 5% of own funds to transaction (purchase transaction only)

-Investor Cash Flow

Not applicable

-Foreign Nationals

Foreign Nationals are eligible. See [Foreign National](#) section for details and requirements.

Ineligible Borrowers	<ul style="list-style-type: none"> • Borrowers with diplomatic immunity • Borrowers without a social security number or a number that cannot be validated with the SSA. • Borrowers with non-traditional credit • Life Estates • Non-revocable trusts – no exceptions • Guardianships • Borrowers previously convicted of mortgage fraud • Broker company employees and owners
Eligible Properties	<ul style="list-style-type: none"> • 1-4 unit attached and detached properties • Attached and detached PUDs • Attached and detached Condos which are warrantable under Fannie Mae criteria. • Non-Warrantable Condos with one Non-Warrantable feature (see Non-Warrantable Condo section). Max 65% LTV. Pricing adjustments apply. • Mixed-Use properties acceptable per Fannie Mae's guidelines • TBD Properties (file must be resubmitted when property address is found – valid change of circumstance to add the property address is ineligible for this product) • Agriculturally Zoned Properties (up to 20ac)
Ineligible Properties	<ul style="list-style-type: none"> • Acreage greater than 20 acres (appraisal must include total acreage) • Condo units located in a condo hotel • Hobby Farms • Non-residential income producing properties • Log Homes • Manufactured housing • Modular homes • Properties subject to oil and/or gas leases • Unique properties • Working farms, ranches or orchards • Co-ops • Properties with a condition rating of C5 or C6
Geographic Eligibility	<p>The Simple Access product suite is eligible in <u>ALL</u> states, provided the Originator is licensed to originate in the subject property state. Geographic eligibility is based on the originator's licensure. No state subprime or equivalent allowed.</p> <p>Additional Restrictions:</p> <ul style="list-style-type: none"> • <u>Declining Markets:</u> New York (NY), Queens (NY), Kings (NY), Bronx (NY), Richmond (NY), Essex (NJ), San Francisco (CA) Counties: <ul style="list-style-type: none"> ○ Rate and Term Refinance: Max 75 LTV ○ Cash Out Refinance: Max 70 LTV ○ Max Appraisal Age: 60 days, may be extended 60 days with recertification of value confirming no decline in value ○ Loans >60% LTV are subject to upfront scenario review and approval with the investor by the Product Help group, as well as Underwriting Manager review to compensate for the enhanced declining market risk. <p>Loans that fall under the definition of New York Subprime Home Loan are not eligible for the product. NY Subprime is defined as a primary residence where the loan amount is under the county's conforming limit (high balance if a high cost county, standard if not) where the APR is more than 1.75% above the comparable rate based on the Freddie Mac Mortgage Survey. This applies only to Full Documentation, Bank Statements, 1099 Only, and Asset Qualifier. See NY Banking Law §6-M for additional information.</p>

CEMA	<p>New York Consolidation, Extension & Modification Agreement (CEMA) For all REMN WS Simple Access products, property located in the state of New York may be structured as a Consolidation, Extension, and Modification Agreement (CEMA) transaction. The most current version of Fannie Mae/Freddie Mac Uniform Instrument (Form 3172) must be used. The following documentation must be provided:</p> <ul style="list-style-type: none"> • NY Consolidation, Extension and Modification Agreement (Form 3172) • Original Note(s) – Original documents signed by the borrower • Gap Note and Gap Mortgage, if applicable • Consolidated Note – Original documents signed by the borrower • Exhibit A – Listing of all Notes & Mortgages being consolidated, extended and modified • Exhibit B – Legal description of the subject property • Exhibit C – Copy of the consolidated Note • Exhibit D – Copy of the consolidated Mortgage <p>Lost Note Affidavits are not acceptable.</p> <p>It is in the investors sole discretion to determine the acceptability of the CEMA and related documents.</p>
-------------	--

Texas Cash-Out Refinances a/k/a Texas Home Equity Loans	<p>Texas Cash-Out Refinances are eligible under the Simple Access product. Any loan which falls under the scope of Section XVI, Article 50 must meet all applicable state law requirements – see the applicable statutes for additional information. The following requirements also apply (in the event of conflict between these guidelines and applicable state law, the state law shall govern):</p> <ul style="list-style-type: none"> • Max LTV/CLTV – 80% (existing subordinate financing may be resubordinated except for a HELOC or reverse mortgage, which must be paid off) • Max Points/Fees – 2% (see statutes for exclusions) • All borrowers must be on title/occupy the subject property • All closing documents must be reviewed by a licensed Texas attorney • Interest-Only is not allowed on Texas Home Equity 50(a)(6) loans. • The property must be residential in nature. See Property for additional information/ • A survey must be completed confirming the following: <ul style="list-style-type: none"> ○ Lot size ○ Evidence homestead property and any adjacent land are separate ○ Evidence of homestead and property is a separately platted and subdivided lot for which full ingress/egress is available ○ Properties must be served by municipal utilities, fire and police protection ○ Homestead must be a separate parcel within permissible acreage • A title insurance policy written on Texas Land Title Association (standard or short) including T42 and T42.1 endorsements. For self-employed borrowers operating a business from the homestead property, the title company must issue a T42.1 endorsement without exception or deletion. The title policy may not include language that: <ul style="list-style-type: none"> ○ Excludes coverage for a title defect that arises because financed origination expenses are held not to be “reasonable costs necessary to refinance”; or ○ Defines the “reasonable costs necessary to refinance” requirement as a “consumer credit protection” law since the standard title policy excludes coverage when lien validity is questioned due to a failure to comply with consumer credit protection laws. • The loan must be closed must be closed in a Texas title company’s office or attorney’s office. Mobile notaries are NOT permitted. • All title holders must execute the loan application and Texas Home Equity Notice. • Non-borrowing spouses must execute the following: <ul style="list-style-type: none"> ○ Notice Concerning Extension of Credit ○ Security Instrument (including any Riders) ○ Federal Truth-in-Lending (TIL) Disclosure Statement ○ Right of Rescission Notice ○ Discount Point Disclosure ○ Acknowledgment of Fair Market Value ○ Premium Pricing Disclosure ○ Notice of Presentment of DC One Day Before Closing ○ Texas Home Equity Affidavit and Agreement ○ Owner’s Affidavit of Compliance ○ Receipt of Copies of Documents ○ Certification of Non-Cancellation of Loan <p>REMN WS certifies with respect to all of the Texas Section 50(a)(6) mortgages delivered to the investor:</p> <ul style="list-style-type: none"> • All Texas Section 50(a)(6) mortgages were (or will be) originated pursuant to written processes and procedures that comply with the provisions of the Texas Constitution applicable to mortgage loans authorized by Section 50(a)(6), Article XVI of the Texas Constitution, as amended from time to time. • REMN WS has in place a specific process for the receipt, handling and monitoring of notices from borrowers that REMN WS failed to comply with the provisions of the law applicable to Texas Section 50(a)(6) mortgages. Such process must be adequate to ensure that REMN WS will correct the failure to
--	--

	<p>comply by one of the authorized means no later than the 60th day after the date REMN WS is notified of the failure to comply by the borrower.</p> <ul style="list-style-type: none"> • An attorney familiar with the provisions of Section 50(a)(6), Article XVI of the Texas Constitution was consulted (or will be consulted prior to origination of the Texas Section 50(a)(6) mortgages) in connection with the development and implementation of the processes and procedures used for the origination of the Texas Section 50(a)(6) mortgages. • To ensure ongoing compliance with the law applicable to mortgage loans authorized by Section 50(a)(6), Article XVI of the Texas Constitution, the processes and procedures used for the origination of the Texas Section 50(a)(6) mortgages will be reviewed by REMN WS regularly and will be updated and revised as appropriate pursuant to clarifications of the law on a regular and continual basis. • REMN WS certifies that it is lawfully authorized to make loans described by Section 50(a)(6), Article XVI of the Texas Constitution. • The matters certified herein are representations and warranties of REMN WS given to the investor in connection with each Texas Section 50(a)(6) mortgage. <p><u>Closed Loan Documentation Requirements</u></p> <p>The following additional Texas Home Equity specific documents must be included in the closing package:</p> <ul style="list-style-type: none"> • Notice Concerning Extension of Credit Defined by Section 50(a)(6) (signed by each owner of the property and each spouse of an owner) • Acknowledgment of Fair Market Value of Homestead Property (borrower and seller must sign at closing with an appraisal attached to the Acknowledgment). • Notice of Right to Cancel (signed by each owner of the property and each spouse of an owner) • Texas Home Equity Security Instrument (Form 3044.1) • Texas Home Equity Note (Form 3244.1) • Texas Home Equity Affidavit and Agreement (Form 3185) • Texas Home Equity Condo Rider (Form 3140.44), if applicable • Texas Home Equity PUD Rider (Form 3150.44) if applicable • Texas Home Equity Certificate from Originating Lender's Regarding Compliance with Section 50(a)(6), Article XVI of the Texas Constitution signed by the Seller's Attorney • Texas Home Equity Discount Point Acknowledgment, if applicable • Affidavit of Non-Homestead for all other dwellings, if the borrower(s) own more than one • Detailed closing instruction letter acknowledged by title company (Compliance Requirements for Texas Home Equity Loans). • Note for any re-subordinating second mortgage (cannot be an (a)(6) note, a new loan or a HELOC) with a subordination agreement, if applicable.
<p>Texas Home Equity Loans</p>	<p>The following additional requirements apply to Texas Home Equity Loans which are subject to Article XVI, Section 50(a)(6). See the relevant guideline section for additional information.</p> <ul style="list-style-type: none"> • The property must be residential in nature. Properties used for agricultural purposes are not allowed. • Single Family Residences only • The property's tax certification and exemptions must be reviewed and confirm the following: <ul style="list-style-type: none"> ○ Property must be borrower's homestead in the state of Texas. Agriculturally designated homesteads are not eligible ○ All separate structures must be included in the homestead exemption ○ Only the parcel designated as the homestead parcel may secure the loan allowed (property may have to be surveyed out prior to the appraisal being ordered) ○ The homestead parcel, as identified on the county appraisal district records, must include ingress/egress to a properly identified public road. ○ The new lien may only be secured by the homestead parcel and the market value for LTV calculation can only be assessed on that parcel. • Properties deemed to be urban may not exceed ten (10) acres. Properties deemed to be rural may not exceed twenty (20) acres, and those that exceed 10

	<p>acres must be common and customary to area with highest and best use as residential.</p> <ul style="list-style-type: none"> ○ Urban properties are defined as follows: <ul style="list-style-type: none"> ▪ No more than ten (10) acres ▪ Property must be located within municipal boundaries, a municipality's extraterritorial jurisdiction, or a platted subdivision ▪ Served by police and paid or volunteer fire protection, and ▪ Have at least three (3) of the following services provided by a municipality or under contract to a municipality: <ul style="list-style-type: none"> – Electric – Natural Gas – Sewer – Storm Sewer – Water ○ Rural properties are defined as follows: <ul style="list-style-type: none"> ▪ No more than twenty (20) acres, those that exceed 10 acres must be shown to be common/customary and highest and best use ▪ Property is not located within municipal boundaries or a municipality's extraterritorial jurisdiction or, if the property is located within one of those areas, it is not served by police protection or fire protection provided by the municipality or under contract to a municipality, and ▪ The municipality provides directly or under contract less than three (3) of the following services: <ul style="list-style-type: none"> – Electric – Natural Gas – Sewer – Storm Sewer – Water
<p>Refinancing an Existing Texas Home Equity Loan</p>	<p>An existing Texas Home Equity Loan may be refinanced as a non-home equity loan and secured with a loan against the subject property when the following conditions are met:</p> <ul style="list-style-type: none"> • The refinance occurs at least a year after the Home Equity Loan was closed • The additional loan amount covers only costs of refinancing and does not provide the Borrower with cash proceeds • The LTV/CLTV does not exceed 80% • REMN WS provides all titleholder(s) the written notice required under Section (f)(2)(D) on a separate document no later than the third business day after the date the loan application is submitted and not less than twelve (12) days before closing of the refinance.
<p>Eligible Transactions</p>	<p>Purchase Money Transaction</p> <p>For a mortgage loan to be considered a Purchase Money Transaction, the proceeds from the mortgage loan must be used to finance the acquisition of the subject property or to pay off the outstanding balance of a land contract or contract for deed. Proceeds from the mortgage loan may not be used to give the borrower cash back other than an amount representing reimbursement for the borrower's overpayment of fees and/or a legitimate pro-rated insurance premiums and real estate tax credit in locales where real estate taxes are paid in arrears, if any. A purchase transaction where there is no defined relationship between the buyer and seller is deemed to be arm's length in nature. REMN WS will allow a borrower to have a purchase contract assigned to them. The purchase price to be utilized to underwrite will be the original purchase price of the property per the purchase agreement, any assignment fees must be paid by the borrower.</p> <p><i>Non-Arm's Length Purchase</i></p> <p>A Non-Arm's Length transaction is one in which there is a direct personal or financial relationship amongst the parties, including but not limited to the buyer, the seller, the real estate agent, the appraiser, the realtor, the mortgage loan originator and/or the originating entity. Generally, the following transactions are typically considered to be "Arm's Length" in nature even though they are between relative, such as - spousal buyout due to divorce; interest buyout of an inherited property, a gift of down payment when the source is from a relative's equity in the sale of the subject property. The borrower may not have multiple roles in the transaction i.e. they may not be both the builder of the property and the</p>

borrower on the transaction. A gift of equity is acceptable as a source of funds to close. The borrower must state their relationship to the seller. If the seller is a relative, they must also document the most recent 12 months' payment history on the property's existing mortgage, if any. See [Gifts](#) for additional information on this section.

Rate/Term Refinance Transaction

A Rate/Term Refinance Transaction is utilized to pay off an existing first mortgage plus any junior lien loans against the subject property by obtaining a new first mortgage loan secured by the same property. All refinances must meet any and all Net Tangible Benefit requirements in accordance with applicable state and federal regulation, as determined by REMN WS. There is no title seasoning requirement for a rate and term refinance. A transaction which meets one of the below criteria may be deemed a Rate/Term Refinance Transaction:

- Paying off the unpaid principal balance of the existing first mortgage loan including closing costs, prepaid items and points,
- Paying off any subordinate lien(s) used to purchase the property may also be included and paid off with proceeds from the new mortgage loan,
- Paying off any subordinate lien or equity line of credit (HELOC) seasoned more than 6 months that has not had draws > \$5,000 in the past 6 months,
- The maximum cash out cannot exceed the lesser of 2% of the balance of the new refinance mortgage loan, or \$5,000,
- Buying out a co-owner or beneficiary pursuant to an agreement acceptable in its form to REMN WS. A stipulation of settlement and/or divorce decree is acceptable to meet this requirement. The borrower does not need to be a signer on the current note,
- A Technical Refinance: Recoupment of funds expended to purchase a property acquired for cash within the 6 months prior to application date. The closing statement evidencing a cash sale must be provided and evidence of the source of funds used to purchase must be documented as the borrower's own. Recoupment of gift funds is deemed to be cash out. Max proceeds not to exceed borrower's documented investment. The value utilized for LTV calculation will be the lower of the purchase price or appraisal value unless appraiser can justify and support an increase in value, or
- Recoupment of funds expended to improve the subject property. Improvements must have been completed within the last six months preceding the application date, funds must have been borrowers own. Cash out amount not to exceed documented improvement costs, otherwise the transaction will be deemed cash out and the amount of cash out measured by the proceeds to the borrower above and beyond the documented costs. Value utilized for LTV calculation would be the current appraised value. Acceptable documentation would include copies of invoices for work completed along with proof of payment by the borrower.

The last two bullets may be combined, and the transaction treated as a rate and term refinance provided cash proceeds to the Borrower do not exceed the Borrower's documented cash investment.

Cash-Out Refinance Transaction

If the proceeds to the Borrower exceed the lesser of \$5,000 or 2% of the new mortgage loan balance, OR if the transaction does not meet the rate/terms criteria above it is considered a cash-out refinance. There is no limit to the amount of cash out a borrower may receive at LTVs up to 65. Above 65 LTV, the maximum permitted cash out to the borrower is \$500,000. Amounts used to pay off an unseasoned subordinate lien are deemed part of the cash out proceeds regardless of amount of cash in hand borrower receives. A 6-month seasoning requirement applies measured from the date that the borrower takes title to application date. Transfers from a trust, LLC, partnership, or corporation where the borrower is a 50% or greater owner are exempt from the 6-month waiting period.

All refinances must meet any and all Net Tangible Benefit requirements in accordance with applicable state and federal regulation.

<p>Occupancy</p>	<p>Primary Residence Borrower(s) are limited to one (1) Primary Residence. A Primary Residence is defined as: the property occupied (or intended to be occupied) the majority of the year by the borrower, usually located in the same general area as the borrower’s income source, and typically, this is also the address of record used in filing the borrower’s Individual Income Tax Return Form 1040.</p> <p>Second Home A Second Home is defined as a residence the owner uses in addition to his/her/their primary residence. Second Homes are most commonly utilized as vacation home, or as a secondary property located in a central city when the primary home is located in a suburb, but the owner works in the city. Generally, the property should be located in a natural second home market typically located at least 50 miles from the borrower’s primary residence. Note that a borrower may have more than one second home, so long as each is in a separate geographic rea and meets the below requirements.</p> <ul style="list-style-type: none"> • The property may not be leased or rented, or intended for lease or rental, other than on an occasional basis, • The property must be suitable for year-round residence. Any appraisal comment to the contrary (e.g., lack of year-round necessities or access), shall constitute reason for unacceptable collateral, • Property should be in a typical second home area, otherwise satisfactorily justified by the borrowers as a second home, • Second Homes are not allowed on 2 – 4 multifamily property types, and • No rental income can be used to qualify the borrower. <p>Investment Property Properties that do not meet the definition of Primary Residence or Second Home are considered Investment Properties. REMN WS Simple Access provides financing for Investment Properties.</p>
<p>Subordinate Financing</p>	<p>Subordinate financing is eligible for this product. See the liabilities section of this guide for payments to be utilized. The CLTV (as calculated above) must comply with the product guidelines. New and existing subordinate financing is permitted. Subordinate financing does not need to be institutional in nature, but it must comply with the below guidelines:</p> <ul style="list-style-type: none"> • Variable payment mortgages that comply with the details below. • Mortgages with regular payments that cover at least the interest due so that negative amortization does not occur. • Mortgages with deferred payments only in connection with employer subordinate financing (see below). • Mortgage terms that require interest at a market rate. If the note does not contain a rate of interest (i.e. a seller held second), impute a market rate of interest with an interest only payment calculation. <p>The following are unacceptable subordinate financing features:</p> <ul style="list-style-type: none"> • May not contain 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 five years after the note date of the new first mortgage (with the exception of employer subordinate financing that has deferred payments). <p>Subordinate financing with either of the last two features may be acceptable when the amount of the debt relative to the Borrower’s financial assets and credit profile is of minimal impact.</p>
<p>Limitations on Other Real Estate Owned</p>	<p>Loan/Property restrictions per borrower are as follows:</p> <ul style="list-style-type: none"> • Borrowers are collectively limited to eight (8) loans either issued or purchased by REMN WS not to exceed \$10,000,000. • For Full Doc, Asset Qualifier, 1099 Only, and Bank Statement loans: Borrower(s) with >10 properties are ineligible. For Investor Cash Flow loans: Borrower(s) with >15

	<p>properties are ineligible. The property limit is cumulative for all borrowers and includes properties financed; owned free and clear; properties held in an LLC; and commercial properties.</p> <ul style="list-style-type: none"> • Multiple simultaneous loan submissions require an approval from REMN WS Management prior to loan submission. • Borrowers may have REMN WS financing on a maximum of 10% of the properties in a PUD or condominium project. • For projects ≤ 10 total units, financing on a maximum of 1 unit is allowed <p>REMN WS financing is limited to a maximum overall concentration of 20% in any Florida condominium project. This limitation is per project and not per borrower.</p>
Short Sale	<p>Homes purchased through a short sale may be eligible for financing. The underwriter must diligently review purchase transactions for possible red flags that could indicate suspicious activity related to the short sale and that would subsequently render the loan ineligible.</p> <p>Short Sale Fee Documentation</p> <p>The following documentation is required in the mortgage loan application file:</p> <ul style="list-style-type: none"> • Written details provided to the borrower outlining the additional fees or payments and the additional necessary funds to complete the transaction. • The servicer who is agreeing to the short sale must provide confirmation that they have the option of renegotiating the payoff amount to release its lien. • All parties (buyer, seller, and servicer) must provide their written agreement to the final details of the transaction, including the additional fees or payments. This can be accomplished by using the Request for Approval of Short Sale form or any alternative form or addendum that clearly indicates that all parties (buyer, seller and servicer) agree to the final details of the transaction, including any additional fees. • The Closing Settlement Statement must include all fees and payment included in the transaction.
Power of Attorney	<p>A power of attorney is allowed. Except as otherwise required by applicable law, or unless they are the borrower's relative (or a person who is a fiancé, fiancée, or domestic partner of the borrower), none of the following persons connected to the transaction shall sign the security instrument or note as the attorney-in-fact or agent under a power of attorney:</p> <ul style="list-style-type: none"> • The lender, • Any affiliate of the lender, • Any employee of the lender or any other affiliate of the lender, • The loan originator, • The employer of the loan originator, • Any employee of the employer of the loan originator, • The title insurance company providing the title insurance policy or any affiliate of such title insurance company (including, but not limited to, the title agency closing the loan), or any employee of either such title insurance company or any such affiliate, or • Any real estate agent that has a financial interest in the transaction or any person affiliated with such real estate agent. <p>A Power of Attorney (POA) is ineligible for cash-out refinance loans.</p> <p>In the event there is only one Borrower on the loan, the appointed individual signing on behalf of the Borrower must be either a relative or their attorney at law.</p>
HPML and High Cost	<p>Higher Priced Mortgage Loan (HPML)</p> <p>A Higher Priced Mortgage Loan (HPML, better defined in 12 CFR 1026.35) is a loan secured by a borrower's principal residence where the Annual Percentage Rate (APR) exceeds the Average Prime Offer Rate (APOR) by 1.5% or more for a loan whose principal balance under or equal to maximum amount loan amount that would be purchased by Freddie Mac based on the property's type and location or where the APR exceeds the APOR by 2.5% or more for loan balances greater than those which would be purchased by Freddie Mac based on the property's type and location.</p> <p>The following requirements apply (these are examples and not an exhaustive list of requirements)</p> <ul style="list-style-type: none"> • Compliance with ATR must be fully documented • Escrows are mandatory for a minimum of 5 years • No prepayment penalties allowed

	<ul style="list-style-type: none"> • A second appraisal is required if the seller of a property acquired the property less than 90 days prior the new contract date and there is an increase in value of 10% or more; OR if the seller acquired less than 180 days ago and there is an increase in value of 20% or more. <p>In the event of any conflict between these guidelines and/or state and federal regulations, those regulations shall govern.</p> <p>High Cost Loans</p> <p>Loans which are deemed High Cost Loans are not eligible for this program.</p> <p>Maximum Points and Fees</p> <p>The maximum points and fees allowed on a loan is 5%. Calculate points and fees based on the amount financed in compliance with 12 CFR 1026.32. The maximum prepayment penalty is excluded from the points and fees total for Simple Access loans.</p>
Exceptions/Variance	<p>If the approval of a loan constitutes a deviation from the Underwriting Guideline, the deviation will be classified either as an exception or as a variance. The exception or variance should be requested prior to submission of the file, if possible. The exception approval should be maintained with the file. If the details of the file should change adversely from the original exception, the exception must be re- approved prior to closing. If the exception results in a pricing add-on, and the loan has been previously disclosed to the borrower, the adjusted pricing must be promptly re-disclosed to the borrower within the applicable three-day timeframe</p>

INCOME	
Income - Full Documentation	<p>Acceptable income documentation and calculation methods are as follows:</p> <p>Full Documentation</p> <p>-General Policy</p> <p>The income of each borrower who will be obligated for the mortgage debt must be analyzed to determine whether his/her income level can be reasonably expected to continue through at least the first three years of the mortgage loan. Income from other sources can be considered when properly verified and documented. All sources of income included in the loan qualification must be stable, with a reasonable expectation that at least the same level of income will continue for a minimum of three years. In no case can income be used for qualification if there is any knowledge or documentation indicating that the income will terminate within the first three years of the loan.</p> <p>Salaried Borrowers</p> <p>For purposes of this section, salaried borrowers are defined as those who own less than 25% of the business which is their primary income source.</p> <p><i>Employment History & Stability Requirements:</i></p> <p>Borrowers must generally have a two-year history in their line of work. If a borrower has less than 2 years' experience in their line of work, training or education in the same field is considered an acceptable substitute. Gaps of employment greater than 90 days must be explained in writing by the borrower. Gaps of employment greater than 6 months require an explanation from the borrower which will be acceptable in its form to REMN WS must be provided and a minimum two-year history in the line of work prior to the gap documented. Job changes within the same line of work are not considered adverse factors so long as income is stable or increasing and gaps are addressed. Borrowers who are subject to a furlough or a salary reduction are case-by-case and require upfront scenario review and approval with the investor by the Product Help group</p> <p><i>Minimum Documentation Requirements:</i></p> <p>The following documentation must be present in the file to make a determination of a salaried borrower's income</p> <ul style="list-style-type: none"> • 30 consecutive days of paystubs, the most recent one dated within 120 calendar days of the note date, including year to date income and which support income used to qualify. • Last two years' W-2s • Written VOE (as necessary to determine any variable income sources) <p>In all cases, a Verbal VOE (dated within 10 days of the note date) must be completed</p> <p>Note that REMN WS reserves the right to request tax returns and/or other documentation on any borrower if in its discretion they are required to make an accurate determination of the borrower's income.</p> <p><i>Age of Documents</i></p> <p>Paystubs, Written VOE: 120 days / Verbal VOE: 10 days</p> <p><i>Treatment of Income Sources</i></p> <p>Base Income</p> <p>Use 30 days' worth of paystubs to develop an average of income. Compare with year to date income and address any discrepancies. Paystubs current through the loan's funding are necessary to the extent they are required to support the Borrower's income. Borrowers who are subject to a temporary salary reduction must be able to qualify on the income most recently documented in file as of the closing date.</p> <p>Bonus Income</p> <p>Generally, a borrower must have a two-year history of bonus income from the same employer in order to consider the bonus as part of the qualifying income. If a borrower has a 1-2-year history of earning bonus income, it may be considered acceptable on with favorable factors to</p>

offset. For example, a borrower who switched jobs within the same line of work and has received one bonus from their current employer may be acceptable provided the borrower can document a likelihood of continuance of bonus income at the new employer. A borrower who has a history of receiving bonuses and switches within the same line of work may have their previous bonus considered qualifying income if the new employer provides documentation on an expectation of bonus at the new job. Bonus income must be separately documented and calculated.

Overtime Income

Overtime income can be used to qualify the borrower if he/she has received this income for the past two years, and it will likely continue. If the employment verification states that the overtime income is unlikely to continue, it may not be used in qualifying. Develop an average of overtime income for the past two years. Justification for the use of overtime income received less than two years must be documented in the file in a form acceptable to REMN WS. In all cases, document receipt of year to date overtime income in line with or greater than the average being used to qualify.

Commission Income

A commissioned borrower is one who receives more than 25 percent of his/her annual income from commissions. Commission income may fluctuate from year to year and therefore, an average of the last two years of income should be used in qualifying the borrower. To include commission income as qualifying income the borrower must have a consecutive, and most recent two-year history in the same field and the commission income must be determined and separately stated for the two-year period.

Annual earnings should be level or increasing from one year to the next. If the trend for the commission earnings shows a decline, an explanation must be provided by the borrower and it may be disqualified from consideration. Borrowers whose commission income was received for more than one year, but less than two years, may be considered favorably if the likelihood of continuance can be documented in the file. Commission income earned for less than one year is not considered effective income. Exceptions may be made for situations in which the borrower's compensation was changed from salary to commission within a similar position with the same employer. In all cases, document receipt of year to date commission income in line with or greater than the average being used to qualify.

Restricted Stock Units

Restricted stock units are shares offered by a borrower's employer to a borrower as an additional form of compensation. The shares typically vest over a period of time. Once vested the borrower may then liquidate them at any time. Restricted stock units are acceptable as a form of income provided the borrower has a two-year history of receipt and three-year expectation of vesting continuance.

Stock Options

Corporate stock options are frequently used by an employer as an incentive to attract new hires or to compensate employees with a more direct interest in the success of the company. Stock options may be utilized as income if a two-year history of vesting, and exercise can be documented and three-year expectation of continuance.

Partial Year Paid Borrowers

Certain borrowers (such as teachers or forest fire fighters) may be paid for only part of the year. The underwriter must ensure that the monthly qualifying income calculation incorporates this partial-year employment. To determine a partial year paid borrower's qualifying income, the monthly salary is multiplied by the number of months the borrower is paid and divided by 12.

Part-time or Second-job Income

For qualifying purposes, "part-time" income refers to employment taken to supplement the borrower's income from regular employment. Part-time employment is not a primary job and it is generally worked less than 40 hours.

- Part-time and seasonal income can be used to qualify the borrower if it is documented that the borrower has worked the part-time job consistently for the past two years and plans to continue.
- Part-time income received for less than two years may be included as qualifying income, provided that the underwriter justifies and documents that the income is likely to continue.

Part-time income not meeting these requirements may not be used in qualifying. Use of part-time or second job income is case-by-case and requires upfront scenario review and approval with the investor by the Product Help group

Gratuities and Tips

Gratuities and tips can only be included in qualifying income if they have been included in the prior two years of taxable income. This income source is usually found on W-2s or 1040s. The income should be reported to the IRS and averaged, unless declining. Current receipt of tip income must be verified and be consistent with the tip income received in the previous two years.

Seasonal Income

In order to use seasonal job income (i.e., income based on annually recurring but temporary circumstance) as qualifying income, the income should have a two-year historical record and be verified via the borrower's most recent pay stub and previous year's W2s. Examples of seasonal employment include: umpiring baseball games in the summer; or working at a department store during the holiday shopping season. Seasonal income is considered uninterrupted, and may be used to qualify the borrower, if it can be documented that the borrower has worked the same job for the past two years and expects to be rehired the next season. Additionally, if a borrower has a history of seasonal employment and seasonal unemployment income, the unemployment income may be considered effective income per the requirements listed in the Unemployment Compensation section. Use of seasonal income is case-by-case and requires upfront scenario review and approval with the investor by the Product Help group.

Employment Contracts/Raises

An employment contract is a legally enforceable written document executed jointly by the employer and employee. Employment agreements and offer letters are additional forms of acceptable employment documentation, provided they are fully executed by all parties and afford the same information as previously described. The contract (including employment agreements and offer letters) should define pertinent employment details including employment start date, the borrower's length of employment and salary. The contract terms should be reasonable relative to the role. The borrower must also meet employment stability standards as outlined above. Guaranteed performance raises and bonuses from a borrower's current employer may also be considered under this section. Qualify a borrower utilizing the income documented in the employment contract as defined provided:

- The employment contract is fully executed by the employer and employee and does not contain contingencies, and
- The borrower will start employment or begin receipt of the income (as applicable) within 60 days of closing

Family Owned Business

A borrower who is employed by a family owned business (but is not self-employed) or employed by an interested party to the property sale, purchase, or financing transaction may represent a less predictable source of income. In addition to normal employment verification, a borrower employed by a family owned business is required to provide evidence that he/she is not an owner of the business, which may include: copies of signed personal federal tax returns, or a signed copy of the corporate federal tax return showing ownership percentage.

Recent Conversion from W-2 to 1099

A borrower who has converted from a W-2 employee to a 1099 employee and does not yet have filed tax returns available may be considered under this program provided the following:

- They are in the same or a substantially similar role in a contractor position as they were in a W-2 employee,
- They are in the same industry, and
- They can provide a contract(s) which are customary to their industry stating their new terms of employment

When all of these conditions are met, the income may be considered stable. The borrower must provide their last two year's tax returns in all cases as well as a year-end and/or year to date profit and loss statement and balance sheet (as applicable). The new 1099 income should be greater than or equal to their previous W-2 income. The underwriter should utilize the borrower's last two year's W-2 income less 2106 expenses claimed to develop an average of income which the profit and loss statements should support. Expenses claimed on the profit and loss statement should be reasonable to the borrower's line of work, provided they are not reimbursed per the borrower's contractor. Two years employment in the same line of work prior to the conversion should also be verified.

Borrowers Recently Converted to K-1

A borrower who has recently been made a partner in their employer (typically but not necessarily a law firm, accounting firm, etc.) may also have their income considered stable. Borrowers must provide their most recent two year's tax returns with all supporting documents and a copy of their partnership agreement. Income shall be calculated based on the most recent two years' W-2 income compared with any guaranteed payments they are to receive under their new compensation structure. Guaranteed payments must be in line with previous salary utilized to qualify. A minimum of two years of employment in the same line of work must be verified.

Borrowers who are switching employers AND changing from a W-2 to K-1 position may be considered under this guideline, provided the ownership interest in the new firm is of a minimal nature. The calculation of the income in this situation shall be the more conservative of guaranteed payments or historic income. A minimum of two years of employment in the same line of work must be verified.

Borrowers who become a partner in their current employer with an ownership interest greater than or equal to 25% may also be considered under this guideline. In addition to two years of personal income tax returns, the company's most recent two years of tax returns must be provided to ensure no losses were incurred by the business which would need to be taken into account. A minimum of two years of employment in the same line of work must be verified.

Loans where borrowers are relying upon income described in this section are case-by-case and require upfront scenario review and approval with the investor by the Product Help group.

Self-Employed Borrowers

For purposes of this section, a borrower is deemed to be self-employed when their primary income source is from a business that they have an ownership interest in which is 25% or greater.

Employment History & Stability Requirements

Borrowers must generally have a two-year history in their line of work. If a borrower has less than 2 years' self-employment, a lesser history with a general minimum of one year may be acceptable provided the borrower has a minimum 2-year previous history in the same line of work. Gaps of employment greater than 90 days must be explained in writing by the borrower. Gaps of employment greater than 6 months require an explanation from the borrower and a minimum two-year history in the line of work prior to the gap. A CPA, EA, or licensed tax preparer letter used to verify self-employment addressed to REMN WS (or To Whom it May Concern) is acceptable. The letter will be re-verified either verbally or in writing prior to investor purchase. The reverification will be good for 30 days from the date it was completed.

Minimum Documentation Requirements

The following documentation must be present in the file to make a determination of a self-employed borrower's income:

- Most recent one or two year's personal federal tax returns (depending on the below),
- Any K-1s relating to self-employment listed on personal federal tax return(s) provided,
- Most recent one- or two-year's business federal tax returns (depending on the below) for primary business(s) relied upon for qualifying, and
- Year end and/or year to date profit and loss statement and balance sheet for primary business(es) relied upon for qualifying, if the Note date of the file will be more than 4 months removed from the end date of the most recent tax returns provided.

Age of Documents

Paystubs (if utilized): 120 days

Profit and loss statement/balance sheet: 120 days

CPA letter or equivalent: 60 days

Treatment of Income Sources

Method One | One Year's Returns

Borrower provides the most recently filed one (1) year of personal and business federal tax returns along with a CPA prepared (does not need to be fully audited) profit and loss statement/balance sheet for the period from the end of the tax returns covering a minimum 6-month period. Income is generally calculated based on the tax return and compared to the trend on the profit and loss. See below for instances where the income listed on the profit and loss statement may be included with qualifying income. The income trend should be stable or positive. If not, two years of returns must be provided. The tax returns provided should cover a 12-month period of self-employment

Method Two | Two Year's Returns

Borrower provides the most recently filed two (2) years of personal and business federal tax returns. Income is generally calculated based on a 24-month average of the tax returns provided if income is increasing and a 12-month average of the most recent years returns if income is decreasing. See below for instances where the income listed on the profit and loss statement may be included with qualifying income. If income is decreasing, an explanation and/or additional documentation may be required. A year-end and/or year-to-date profit and loss statement and balance sheet prepared by the borrower may be required.

For either method of documenting self-employed income, the following may be added back to the borrower's income calculation:

- Depreciation
- Amortization
- Pension contributions directly contributed to borrower
- Any expense(s) that can reasonably be documented to be one time and non-recurring
- Net operating loss carryforwards from years prior to the tax returns provided
- Business expenses for debts already included in the DTI
- Business Use of Home
- Mileage

Use of Interim Financials to Determine Qualifying Income

A self-employed borrower may include either year end or year to date financials prepared in accordance with either Method One or Method Two above as part of their qualifying income. Income will be averaged over the period of the tax returns and the profit and loss statements provided. The borrower must provide their bank statements from the account utilized for their business for the period covered by the P&L and their bank statements must show deposits which are a.) part of the borrower's income stream and b.) total at least 90% of the gross receipts listed P&L.

Business Income not Used to Qualify

REM N WS does not require a borrower to provide corporate/partnership tax return(s) or interim financials if the income generated by the entity is not considered to qualify. The underwriter must ensure that there are no losses from businesses that are not being considered. K-1s reflecting income on the tax return(s) which are not being used to qualify the borrower and which do not reflect losses do not need to be provided. K-1's and business returns (as applicable) reflecting losses on the tax return years provided must be furnished by the borrower.

Types of Business Structures

There are four basic types of business structures:

- Sole proprietorships
- Corporations
- Limited liability or "S" corporations
- Partnerships

Sole Proprietor

A sole proprietor generally files a Schedule C with their personal tax returns which reflects their business' income.

Partnership

Partnership income is generally shown on Schedule K-1 and is filed with the borrower's personal federal tax returns as well as with the partnership returns. If the borrower or borrowers combined controls 25% or more of the business entity, the borrower(s) will need to provide the entity(s) tax returns.

Corporation

If the borrower, or borrowers combined, control 25% or more of the business entity, the borrower(s) will need to provide the entity(s) tax returns.

Use of Profits from a Corporation

In addition to the self-employed income or salary paid to the borrower(s) by the Corporation, net income from the corporation may be considered as additional qualifying income. In order to use business "net profits" from a Corporation as a qualifying income source, the borrower(s) on the loan application must document receipt of the income during the time period of tax returns the borrower provides. Additionally, the following requirements must also be met:

- The borrower(s) must have a legal right to the additional income by obtaining a corporate resolution or other comparable document that establishes that right,
- Verification from the accountant for the company indicating that the business can support the ongoing distribution of the corporate profits at the same or increasing level,
- REMN WS analysis of the business must also support that the business is capable of providing the borrower(s) with the additional income.

Note that these requirements do not apply to an "S" Corp. Receipt of net income for those businesses is sufficiently documented by the K-1 the borrower(s) receive.

Limited Liability Company (LLC)

Limited Liability Companies file taxes using partnership tax returns. The partnership tax return requirements listed above apply to these companies.

Asset Utilization

Distributions from Non-Retirement Accounts

Non-retirement assets may be set up for regular distribution payments and used as qualifying income. Regular distributions from non-retirement assets must be set up and one month's distribution received prior to closing. The following requirements must be met:

- Borrower(s) can provide supporting documentation verifying that they have had ownership of financial assets for a minimum of 12 months and that they have unrestricted access. Any deposits
 - >10% of the face value of the account as of the most recent statement must be sourced and documented. Gift funds or other unacceptable deposits will be deducted from the total assets available.
- Distribution income cannot be used for qualification if there is any knowledge or documentation indicating that the distribution will terminate within the next three years.
- Assets accounts utilized to derive income (distributions) cannot be used for reserves or down payment, nor may income generated from the accounts (i.e. interest, dividends, capital gains) be used for qualifying in addition to distributions.
- Distribution income from financial assets must be verified by providing all of the following:
 - Year-end statements for most recent year to evidence ownership and value of the assets,
 - Written verification from the financial institution managing the assets to evidence that regular monthly distributions have been set up. It must provide amount, frequency and duration of the distributions.
 - Most recent two months' statements for account(s) utilized for distribution

Qualifying Balances

- Checking/Savings: 100%
- Marketable securities: 80%
- Retirement assets: See Below

Calculation Method

Any distribution set up must have 84 months of continuance. Example: a borrower has \$700,000 in qualified assets. The maximum distribution that can be utilized would be \$8,333 per month (\$100,000 per year). Account balances must be verified within 120 days of the note date, via statements or other verification of the account balance.

Distributions from Retirement Accounts

Retirement assets may be set up for regular distribution payments and used as qualifying income. Regular distributions from retirement assets must be set up and one month's distribution received prior to closing. The distribution must have at least 3 years' worth of continuance at the time of closing based on qualifying balance. Utilize 80% of the vested value to determine the qualifying balance. The borrower utilizing this income must be of retirement age. The most recent full month's statement available as of the closing date must be provided. If statements are issued quarterly, provided a balance within 120 days of the note date, via statements or other verification of the account balance.

Passive Asset Utilization

Borrowers with accumulated liquid assets who do not wish to set up asset distributions may be qualified by utilizing their assets divided by a 10-year (120 month) term. In order to determine the assets available under this guideline, calculate the qualified liquid assets available to the Borrower(s) less the funds needed for the transaction's funds to close and reserves. Utilize the haircuts calculated under the Asset section of this Underwriting Guideline. Assets utilized must be financial assets (cash/cash equivalents, marketable securities, retirement assets, etc.). Accounts utilized for Passive Asset Utilization may not be used for dividends, interest, capital gains, or other income sources. The most recent full month's statement available as of the closing date must be provided. If statements are issued quarterly, provided a balance within 120 days of the note date, via statements or other verification of the account balance.

Other Income Sources

Annuity

Annuity income is acceptable with a copy of the annuity contract or letters from the organization providing the income. The income must continue for three years from the closing date. Provide one of the following showing receipt of the income:

- The most recent year's W-2s, 1099s, or Federal Income Tax Returns, or
- 12 months bank statements reflecting regular deposits of the annuity income.

Capital Gains

If capital gains income is customary for borrower's occupation and/or the borrower has a constant turnover of assets resulting in gains or losses, capital gains may be considered as qualifying income. A two-year history of capital gains income/losses must be documented by obtaining copies of the borrower's signed federal income tax returns (Schedule D) to determine earning trend. If trend results in a gain, it may be added as effective income, or consistently shows a loss, it must be deducted from the total income. The underwriter must be able to document that the Borrower has an "inventory" of assets to continue to sell in order to generate gains in the future. The assets in the "inventory" must be of the same class as the assets which were generating the gain(s) being utilized to qualify.

Example: REMN WS can consider the capital gains for an individual who purchases old houses, remodels them and sells them for profit.

Interest/Dividends

Investment income may be used as stable monthly income. When markets are stable, documented earnings may generally be used. During periods of volatility or when verified earnings do not appear to be supported by current market conditions, the underwriter may use an earnings rate of 3%. To include interest or dividend income from cash or marketable securities in qualifying income, the following guidelines will be used:

- The income has been received for the past two years as verified by tax returns.
- Verification that the underlying cash deposits and/or securities still exist must be obtained within 30 days of closing,
- Any required funds necessary for closing on the subject transaction must be subtracted prior to the calculation of interest/dividend income. If using the accounts for funds to close, impute a 3% return on the remaining assets with no amortization of the account balance.

Additionally:

- Year-to-date interest and dividend income should be averaged with the last two years as verified by the borrowers' tax returns, unless declining,
- Year-to-date earnings can be imputed by applying a realistic market-rate of interest to the account balances and averaging over the number of months,
- Do not include margined securities in the calculation of interest/dividend income.
- Interest from pass-through tax entities (partnerships and S corporations) may be included provided the borrower can document they still own the interest producing the income in question

K-1 Income

A borrower who is relying on K-1 income from an entity as part of their qualifying income does not need to document a history of receipt of distributions from said entity to utilize the income to qualify.

Notes-Receiveable Income

Interest income from a note receivable can be used to qualify. The note must evidence continuance for

at least three years. In order to include notes receivable income to qualify a borrower, he/she must provide:

- A copy of the note to establish the amount and length of payment (minimum three years), and
- Evidence that these payments have been consistently received for the last 12 months through deposit slips or cancelled checks and tax returns.

If the borrower is not the original payee on the note, it must be established that the borrower is now a holder in due course and able to enforce the note.

Rental/Investment Property Income

Rental income can be utilized as qualifying income by borrowers who own investment properties. The following are the acceptable methods of calculation. Generally, the Borrower does not need a history of managing properties in order to rely on rental income, except as otherwise specified.

Method One | Tax Returns

Utilize the net figure on schedule E page 1 of most recent year's tax return adding back depreciation, amortization and interest claimed. Deduct the principal and interest component of the mortgage payment(s) tied to the property (if any). Current property tax, property insurance and homeowner's association dues expenses do not need to be documented. For purposes of determining PITIA on non-subject rental properties owned, 1/12th of expenses claimed on the 1040's may be used.

Method Two | Lease

Use 75% of current lease less documented PITIA (principal, interest, taxes, insurance and homeowner's association dues). If lease is materially greater than income listed on tax return(s), borrower to provide supporting explanation/documentation. An expired lease which has converted to month-to-month is acceptable for this purpose. Document current receipt of the lease income within 60 calendar days of the note date with the most recent one month's check in all cases where a lease is utilized.

Any leases provided must be a minimum 12-month term. Short term rents will be averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. In the event the subject transaction is a purchase transaction and an executed lease is not available, monthly rental income can be obtained from Comparable Rent Schedule less 25% for vacancy factor. When relying upon either leases or the appraiser's opinion of market rents, the lower of the two figures must be used and a 25% vacancy factor must be applied to the gross rents.

Rental Income from Borrower Occupied Property

The rent for multiple unit property where the borrower resides in one or more units and charges rent to tenants of other units may be used for qualifying purposes. Calculate as described in the preceding section. No management history is required.

Projected rent for the tenant-occupied units only may be considered:

- Gross income, only after deducting vacancy and maintenance factors, and
- Not to be used as a direct offset to the mortgage payment. No management history is required.

Income from Roommates in a Single-Family Property

Income from roommates in a single-family property occupied as the borrower's primary residence is not acceptable. Rental income from boarders, however, is acceptable if the boarders are related by blood, marriage or law. The rental income may be considered effective if shown on the borrower's tax return. If not on the tax return, rental income paid by the boarder may not be used in qualifying. Document receipt of rents within 60 calendar days of the Note Date.

Accessory Unit Rental Income

Rental income from an accessory unit may be utilized towards qualifying income. On a purchase transaction, the appraiser's opinion of market rent may be utilized. On a refinance transaction, the rental income must be listed on the borrower's tax returns AND supported by a lease, unless the underwriter can justify reliance upon a lease alone. Verify receipt of one month's most recent rents within 60 days of the Note Date (copy of check, bank statement deposit are acceptable verification of receipt). 75% of the rents may be utilized. When used on the subject property, the appraiser must be able to verify with the building department that the accessory unit is a.) legal and b.) may legally be rented.

Principal Residence Being Vacated by a borrower

When a borrower vacates a principal residence in favor of another principal residence, the rental income, reduced by the appropriate vacancy factor, may be considered in the underwriting analysis. The borrower needs to evidence sufficient equity in the vacated property defined by an LTV ratio of 75% or less. Equity can be evidenced by a residential appraisal no more than 6 months old, an automated valuation tool run by the seller and from a service acceptable to REMN WS, or by comparing the unpaid principal balance against the original purchase price of the property. 75% of the monthly gross rental income less the property's PITIA is utilized for qualification. A properly executed lease agreement (that is, a lease signed by the borrower and the lessee) of at least one year's duration after the loan is closed is required. Evidence of the security deposit and/or evidence the first month's rent was paid to the homeowner must also be provided.

Royalty/Lease Income (Other than Real Estate)

REMN WS must carefully consider the source and method in quantifying this type of income and develop a comfort as to its reasonableness and continuity. Royalty/lease income is found on Schedule E of the personal tax return. To use royalty or lease income:

- Copies of the contracts or leases should be obtained. The payers of the leases/contracts should be identified,
- The income should have a two-year minimum track record,
- A two-year average of the income should be used, unless declining, and
- Evidence of at least three (3) year continuance is required.

Trust Income

Trust income is an acceptable source of income and can be verified via K-1 Statements, Schedule B, Schedule D or Schedule E of the personal federal tax return depending on the composition of the trust assets.

- Income from trusts may be used if guaranteed and if constant payments will continue for at least the first three years of the mortgage term.
- Required trust income documentation includes a copy of the Trust Agreement or other trustee statement, confirming the:
 - Amount of the trust,
 - Frequency of distribution, and
 - Duration of payments.

Trust account funds may be used for the required cash investment if the borrower provides adequate documentation that the withdrawal of funds will not negatively affect income.

Alimony, Child Support and Separate Maintenance Income

Generally, REMN WS requires proof of payment obligation for the past 6 months as evidenced by the divorce decree, a signed separation agreement, or a notarized agreement signed as is dictated by local custom. There must be an expectation of continuance for at least three years from the closing date in order to utilize the income.

Alimony, child support or maintenance income may be considered effective, if:

- Payments are likely to be received consistently for the first three years of the mortgage,
- The borrower provides the required documentation, which includes one of the following:
 - Final divorce decree,
 - Legal separation agreement,
 - Court order, or
 - Voluntary payment agreement; and
- The borrower can provide acceptable evidence that payments have been received during the last 6 months, such as:
 - Cancelled checks,
 - Deposit slips,
 - Tax returns,
 - Court records.

Notes:

- Child support and non-taxable Alimony may be “grossed up” under the same provisions as non-taxable income sources.

Automobile Allowance and Expense Account Payments

An automobile allowance may be included in qualifying income provided evidence of receipt for two years is verified via either a written verification received from the Borrower’s employer or paystubs reflecting receipt. The Borrower’s employer must confirm the payments will continue. The full amount of the allowance is added to the Borrower’s monthly income and the full amount of the lease/loan payment is added to liabilities.

Disability Income

Disability income may be included as qualifying income provided the borrower's current eligibility, including the amount and terms of the disability payment income, is verified through a copy of the awards letter, or other verification provided by: the employer, insurance company or government agency (e.g., Social Security Administration, Department of Veterans Affairs). The underwriter may not request any medical documentation or make any inquiry regarding the nature of the disability or its duration. Any discussion regarding a borrower's disability should be limited to a request for the above- required documentation.

Foster Care Income

Foster care income may be included as qualifying income provided: proof of receipt for the previous 24 months and the income for providing foster parent care services to foster children is paid to the borrower by a governmental agency and is verified by copies of checks or contracts/agreements with the governmental agency.

Housing Allowance

In some cases, borrowers may be able to use certain housing allowances (such as military and clergy) as qualifying income provided:

- The housing allowance has a history of being a part of the historical salary,
- The amount of the allowance must be verified in writing by the employer, and
- There is proof of receipt of the income for the most recent 12 months. This requirement is only for non-military housing allowances

In some instances, this income is non-taxable (such as clergy). If documented as non-taxable via most recent two years tax returns, the non-taxable portion may be grossed up by 1.25% for qualification purposes.

Government Assistance Programs

Income received from government assistance programs is acceptable as long as the income has been received for the previous 24 months and the paying agency provides documentation indicating that the income is expected to continue for at least three years. Copies of checks, award letters or grant statements are acceptable documentation.

Mortgage Credit Certificates

If a government entity subsidizes the mortgage payments either through direct payments or tax rebates, these payments may be considered as acceptable income. Either type of subsidy may be added to gross income, or used directly to offset the mortgage payment, before calculating the [Qualifying Ratios](#).

Homeownership Subsidies

A monthly subsidy may be treated as income, if a borrower is receiving subsidies under the housing choice voucher home ownership option from a public housing agency (PHA). Although continuation of the homeownership voucher subsidy beyond the first year is subject to Congressional appropriation, for the purposes of underwriting, the subsidy will be assumed to continue for at least three years.

- If the borrower is receiving the subsidy directly, the amount received is treated as income. The amount received may also be treated as nontaxable income and be “grossed up” by 25 percent, which means that the amount of the subsidy, plus 25 percent of that subsidy may be added to the borrower’s income from employment and/or other sources.
- REMN WS may treat this subsidy as an “offset” to the monthly mortgage payment (that is, reduce the monthly mortgage payment by the amount of the home ownership assistance payment before dividing by the monthly income to determine the payment-to-income and debt-to-income ratios). The subsidy payment must not pass through the borrower’s hands.
- The assistance payment must be:
 - Paid directly to the servicing creditor, or
 - Placed in an account that only the servicing creditor may access.

Note: Assistance payments made directly to the borrower must be treated as income.

Retirement/Pension Income

Retirement income must be verified from the former employer, custodian or from federal tax returns. If any retirement income will cease within the first full three years of the mortgage loan, it may not be used in qualifying.

Retirement income and/or pension income must be verified using one of the following options:

- Written verification from the financial institution holding the assets/organization/company supplying the income,
- Copy of most recent award letter,
- Copies of the most recent 3 months check stubs evidencing consistent receipt of the income,
- Copies of the most recent 3 months bank statements that verify receipt of the direct deposit,
- Most recent 2 years 1099 tax forms, or
- Most recent 2 years personal tax returns.

Social Security Income

Social Security income must be verified with the Social Security Administration or on Federal tax returns. If any benefits expire within the first full three years of the loan, the income source may not be used in qualifying. Any portion of the Social Security Income which is non-taxable can be grossed up by 25%.

Social Security income can be used as qualifying income provided the income is verified via one of the following:

- A copy of the Social Security Administration Award Letter,
- 3 months bank statements that verify receipt of the benefits via direct deposit,
- 3 months most recent check stubs,
- Most recent 2 year's 1099 tax forms, or
- Most recent 2 year's personal tax returns. Social Security income is found on the front page of the personal tax return.

The following suffixes to the social security number will indicate what type of social security benefit is being received:

Suffix	Description
A.	Disability or retirement benefit
B.	The person is still alive, and the spouse is receiving the benefit
C.	Child beneficiary

	<p>D. The person is deceased, and the surviving spouse is receiving the benefit</p> <p><i>Supplemental Security Income</i></p> <p>Supplemental Security Income may be included as qualifying income provided verification can be obtained by one of the following:</p> <ul style="list-style-type: none"> • A copy of the awards letter, • 3 months bank statements that verify receipt of the benefits via direct deposit, or • 3 months most recent monthly disbursement checks. • Continuance of at least three years for Supplemental Social Security Income for “child beneficiary” must be evidenced. <p>If any benefits expire within the first full three years of the loan, the income source may not be used in qualifying.</p> <p><i>Unemployment Compensation</i></p> <p>Unemployment compensation (such as that received by seasonal workers) may be considered as acceptable stable income provided it is properly documented, has been received for the past two years and is predictable and likely to continue. Unemployment income is found on the front page of the personal tax return. The use of unemployment compensations is case-by-case and requires upfront scenario review and approval with the investor by the Product Help group.</p> <p><i>Veterans Benefits</i></p> <p>Veterans benefits, other than educational assistance, can be included as qualifying income provided the income is verified via one of the following; a letter or distribution form or a Statement of Earnings from the Department of Veterans Affairs (VA).</p> <ul style="list-style-type: none"> • Direct compensation for service-related disabilities from the Department of Veterans Affairs (VA) is acceptable, provided that REMN WS obtained documentation from the VA. • Education benefits used to offset education expenses are not acceptable. <p>If any benefits expire within the first full three years of the loan, the income source may not be used in qualifying.</p> <p><i>Temporary Leave Income</i></p> <p>Temporary leave from work is generally short in duration and for reasons of maternity or parental leave, short-term medical disability, or other temporary leave types that are acceptable by law or the borrower’s employer. Borrowers on temporary leave may or may not be paid during their absence from work. If REMN WS is made aware that a borrower will be on temporary leave at the time of closing of the mortgage loan and that borrower’s income is needed to qualify for the loan, REMN WS must determine allowable income and confirm employment as described below:</p> <ul style="list-style-type: none"> • The borrower’s employment and income history must meet standard eligibility requirements as described above. • The borrower must provide written confirmation of his or her intent to return to work. • Document the borrower’s agreed-upon date of return by obtaining verification either from the borrower or directly from the employer (or a designee of the employer when the employer is using the services of a third party to administer employee leave). See FNMA’s Selling Guide for examples of acceptable documentation. This documentation does not have to comply with the Allowable Age of Credit Documents policy. • REMN WS must receive no evidence or information from the borrower’s employer indicating that the borrower does not have the right to return to work after the leave period. • REMN WS must obtain a verbal verification of employment. If the employer confirms the borrower is currently on temporary leave, REMN WS must consider the borrower employed. • REMN WS must verify the borrower’s income in accordance with the other provisions of this guide. REMN WS must obtain the amount and duration of the borrower’s “temporary leave income,” which may require multiple documents or sources depending on the type and duration of the leave period and “regular employment income.” The latter may include but is not limited to, the income the borrower receives from employment on a regular basis that is eligible for qualifying purposes (for example, base pay, commissions, and bonus). <p>Note: Income verification may be provided by the borrower, by the borrower’s employer or by a third- party employment verification vendor.</p> <p><i>Requirements for Calculating Income Used for Qualifying</i></p> <p>If the borrower will return to work as of the first mortgage payment date, REMN WS can consider the borrower’s regular employment income in qualifying.</p>
--	--

	<p>If the borrower will not return to work as of the first mortgage payment date, REMN WS must use the lesser of the borrower's temporary leave income (if any) or regular employment income. If the borrower's temporary leave income is less than his or her regular employment income, REMN WS may supplement the temporary leave income with available liquid financial reserves. Note that these reserves would be in addition to any other reserves required under this guide. Following are instructions on how to calculate the "supplemental income":</p> <p>Supplemental income amount = available liquid reserves divided by the number of months of supplemental income</p> <p>Total qualifying income = supplemental income plus the temporary leave income</p> <p>Available liquid reserves = subtract any funds needed to complete the transaction (down payment, closing costs, other required debt payoff, escrows, and minimum required reserves) from the total verified liquid asset amount.</p> <p>Number of months of supplemental income: the number of months from the first mortgage payment date to the date the borrower will begin receiving his or her regular employment income, rounded up to the next whole number.</p> <p>After determining the supplemental income, REMN WS must calculate the total qualifying income. The total qualifying income that results may not exceed the borrower's regular employment income.</p> <p>The same assets utilized to meet the liquid reserve requirement for this section may not be used for asset distribution.</p> <p><i>Other Income</i></p> <p>Other income sources, whether taxable or non-taxable, must be verified unless otherwise indicated in the specific Product Profile. Non-taxable income should be distinguished from non-reported income as non-taxable income sources are not taxed, the "value" to the borrower is greater. Unless otherwise noted, all non-taxable income sources may be grossed up by a factor of 25% provided the non-taxable status of the income is verified. All sources of income included in the loan qualification must be stable, with a reasonable expectation that at least the same level of income will continue to be received for a minimum of three years. Provided there is no evidence that the income source will cease within the next three years, it can be reasonably assumed that the income will continue. In no case can income be used for qualification if there is any knowledge or documentation indicating that the income will terminate within the next three years.</p>
<p>Ineligible Sources of Income</p>	<p>Examples include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Temporary or non-recurring income • Retained Earnings • Educational Benefits • Trailing Spouse/Co-borrower income • Income that cannot be verified, is not stable or will not continue. • Non-reported income (also known as undocumented income) cannot be used as a qualifying income source. Gift income, even if received on a regular and on-going basis, is not eligible income. • Income derived from Medical Marijuana dispensaries or any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law. • Any income sources that are illegal under local, state law and/or federal law. • Gains from trading cryptocurrency
<p>Tax Transcripts - 4506</p>	<p>The W-2's, 1099's, and tax returns provided by a borrower must be verified by the IRS. In the event the most recent year's information cannot be verified due to a recent filing, the income may be considered in accordance with the Full Documentation guidelines with the following documentation:</p> <ul style="list-style-type: none"> • Previous year's (or two years') W-2's, 1099's, and or tax returns • Previous year's (or two years') W-2's, 1099's, and tax return or transcripts

	<ul style="list-style-type: none"> • In the case of tax returns, proof of electronic filing or stamped copy showing received by the IRS • In the case of tax returns, proof of payment of any liability due • In the case of tax returns, if for a self-employed borrower a substantial increase in income is sought to be utilized for qualifying the borrower an explanation must be provided. Documentation to substantiate the income shown on the returns, such as a CPA audited profit and loss statement or 12 months business bank statements must be provided. <p>Transcripts are required for the broadest category of documentation provided. If a borrower provides solely W-2s or 1099s, those documents need to be validated. If a borrower provides 1040s in addition to W-2s or 1099s, then only the 1040s need to be validated.</p>
<p>Income - Bank Statements</p>	<p>Product Eligibility</p> <p>In order to be eligible for the Bank Statements product, at least one borrower on the file must derive their primary income source from a self-employed activity. Self-employed is defined as ownership interest of 25% or greater.</p> <p>Borrowers generally must have been self-employed for at least two years in the same business. Co-borrowers who are not self-employed may provide supplemental income from other income sources. Borrowers who have been self-employed less than two years, but not less than one year prior to application, are eligible with an additional six months of reserves and two years of previous experience in the same line of work. The borrower must provide at least 12 months of bank statements supporting their self-employment. Borrowers self-employed less than two years must be underwritten with 12 months of bank statements.</p> <p>A CPA, EA, or licensed tax preparer letter or equivalent document verifying self-employment must be provided in all cases. The letter is valid for 60 days, The letter shall state the name of the business (if there is one), the borrower's percentage ownership, the length of self-employment, and that the business/borrower are active and/or in good standing as may be the case per state reporting. Proof of existence of the business must be verified prior to closing and will be re-verified by the investor prior to purchase. A letter addressed to REMN WS (or To Whom it May Concern) is acceptable provided the information in the letter is re-verified either verbally or in writing by the investor prior to purchase. The re-verification will be good for 30 days from its effective date. The business' operations and revenues must be re-verified prior to closing to show consistency with the historic average shown on the bank statements used to underwrite the loan. The newest bank statements in the file must be no more than 120 calendar days old as of the note date, based on the end date of the statement.</p> <p>Gift income is not eligible as a source of income under this product.</p> <p>Any income sources that are illegal under local, state and/or federal law are not eligible under this product.</p> <p><i>Income from Investments</i></p> <p>A Borrower who is not truly self-employed but receives income from investments that they own (i.e. interest, dividends, trusts, distributions from partnerships where the Borrower is a limited partner, rental real estate, etc.) may be eligible for this program. There should not be evidence of significant employment income for the Borrower who is seeking eligibility for the bank statement program. Significant employment income appearing on the bank statements should only be from a Co-Borrower. A Borrower who falls under this guideline may only utilize personal bank statements. A CPA letter is not required to validate self-employment. <u>24 months of bank statements are required for this guideline.</u> The Borrower must be able to document the source of their investments to show continuance of income. The below represents acceptable documentation:</p> <ul style="list-style-type: none"> • If the Borrower's income is derived primarily from dividends, interest, or capital gains, the Borrower should provide brokerage account statements confirming ownership of the assets, • If the Borrower's income is derived primarily from trusts, the Borrower should provide a copy of the trust agreement and/or trustee's statements, or • If the Borrower's income is derived through other sources such as passive investments in partnerships, the Borrower should provide a detailed narrative on their income

	<p>stream and a CPA's letter confirming that the Borrower owns the assets generating the income.</p> <p><i>1099 Contractor</i></p> <p>A borrower who is a contractor and compensated on a 1099 basis may be considered self-employed for this program with confirmation from a CPA, EA, or Licensed Tax Preparer that the borrower is a 1099 contractor and files Schedule C or Schedule E with the IRS (personal tax returns). If a borrower receives some W-2 income as part of their independent contractor employment, that income may be considered so long as their CPA confirms it is part of their self-employed income</p> <p><i>Service & Tip Industry</i></p> <p>Due to the cash nature of the service and tip industry, borrowers employed therein may participate in the Bank Statements program. Employment must be verified through traditional means. Base salary is verified with pay stubs and W2s. Qualified tips are averaged over time. Utilize the bank statement analysis to determine tip income. At least two corporate reference letters are required. 12 months' bank statement deposits will be utilized to calculate tip income. Neither a P&L nor a business license is required. Current receipt of tip income must be verified prior to closing.</p> <p>Bank Statement Types</p> <p><i>Personal</i></p> <p>Provide the most recent 12 months of personal bank statements. Evaluate deposits to verify that they are part of the borrower's income stream. Any deposits that are abnormal to the borrower's typical deposits must be sourced/documentated to be considered as part of income. Total all eligible deposits and divide by 12 to determine monthly income. Provide the most recent 3 months of business statements to verify that income is coming from borrower's business and the business is providing positive cash flow. Transfers coming from only one (1) business may be utilized to qualify. Transfers between personal accounts are not considered as part of a borrower's income stream. Transfers from a business account to a borrower's personal account may be utilized in the income calculation provided they meet the other requirements of this section. Significant and/or repeated transfers from a borrower's personal account to their business account should be scrutinized carefully as they may be indicators of poor financial health. If a Borrower does not document a separate business account from which utilized deposits originate, the account will be underwritten as a business account per the Comingled Account guidelines. Updated statements through funding may be required at underwriter's discretion.</p> <p>24 months of statements may also be provided. Where 24 months are provided, complete the analysis described over a 24-month period. 24 months of statements are required for DTI's > 50%.</p> <p><i>Business</i></p> <p>Provide the most recent 12 months of business bank statements. Three options for evaluating business bank statements are available. Multiple accounts may be utilized for calculating the business' cash flow, however, the same method must be applied to all accounts. Transfers between a borrower's business accounts are not considered deposits. Any abnormal deposits will need to be sourced and documented. The Borrower(s) combined must own 25% or more of the business to utilize business bank statements. Updated statements through funding may be required at underwriter's discretion.</p> <p>24 months of statements may also be provided. Where 24 months are provided, complete the analysis described over a 24-month period.</p> <p>Method One Uniform Expense Ratio</p> <p>Multiply eligible deposits received by a 50% expense ratio. Then multiply the result by borrower's ownership percentage and divide by 12. As long as this expense ratio is reasonable to the borrower's line of work and the borrower qualifies, no further information is required.</p> <p>Method Two Profit and Loss Statement</p> <p>Provide a CPA, EA, or licensed tax preparer prepared profit and loss statement covering the most recent 12-month period. As long as the deposits on the business statements support at least 75% of the gross receipts listed on the P&L, use the P&L for qualifying based on the</p>
--	--

borrower's pro-rate share of ownership. The resulting income should be reasonable to the borrower's line of work.

Method Three | CPA Letter for Expense Ratio

Provide a CPA, EA, or licensed tax preparer letter stating the business' expense ratio based on the most recent year's tax return. The CPA letter may not include any exculpatory language. Multiply the expense ratio by the business' total deposits over the 12-month period shown on bank statements. Deduct that figure from the total deposits. Multiply net deposits by the borrower's pro-rata ownership percentage and divide by 12. The resulting income should be reasonable to the borrower's line of work.

Comingled Accounts

Comingled accounts refer to borrowers who do not maintain separate business and personal accounts. These accounts will be treated as business accounts for purposes of determining income. Utilize one of the above methods to calculate income.

Non-Sufficient Funds (NSFs)

Non-Sufficient Funds (NSF) is a term used to indicate that a demand for payment (a check) cannot be honored because insufficient funds are available in the account on which the instrument was drawn. In simplified terms, a check has been presented for clearance, but the amount written on the check exceeds the available balance in the account. An NSF will be counted against the borrower when the borrower's account is overdrawn. Returned check situations that result in NSFs will be considered separately. Returned checks that do not result in a negative balance are not considered NSFs.

A distinction is made between overdrafts and NSFs covered with borrower's own funds (e.g., savings accounts, "sweep" accounts) versus use of a line of credit or credit card accounts to cover NSFs. In order to avoid treatment as an NSF, there cannot be a fee associated with curing an overdraft.

NSFs are countered on an "instance" basis. An instance is defined as one time that an account is overdrawn and subsequently brought current. One instance may have multiple NSFs; however, it is still the same instance until the account is brought current. If the account is brought current and becomes overdrawn again, the second time would be considered a second instance. A maximum of three (3) instances are allowed with twelve (12) months of statements and six (6) are allowed with 24 months. A significant number of NSFs in a single instance will be subject to scrutiny.

Income Trend

Bank statements should show a stable or increasing trend of deposits. If the trend is declining and/or irregular, additional documentation should be provided to support the stability of the borrower's income.

Acceptable Variance Levels

In the event that 12 months of statements are provided, a decline in deposits 6 months over 6 months of up to 10% is allowed. Beyond 10%, an additional 12 months of statements is required. In the event that 24 months of bank statements are utilized to determine the borrower's income, variances year over year are likely to occur. If the deposit trend is increasing or stable, no additional review is required. If the eligible deposits are declining, it should be addressed as per below. If the decline of deposits is greater than 10% year over year then the account is ineligible for use in the income calculation.

The deposit trend is measured by calculating the percent change from year one (months 13-24 on the worksheet, previous year) to year two (months 1-12 on the worksheet, most recent year). Eligible deposits from year one should be subtracted from year two, and the difference divided by year one's eligible deposits to determine the change. For example, if year one eligible

deposits are \$100,000 and year two eligible deposits are \$80,000, the percent change would be a 20% decline ($\$80,000 - \$100,000 / \$100,000 = 20\%$)

A declining deposit trend should be underwritten as follows:

1. If the eligible deposits declined year over year by less than 5%, utilize a 24-month average
2. If the eligible deposits declined by greater than 5% up to 10% year over year, utilize a 12-month average of the most recent year's eligible deposits. In the event the borrower is utilizing method 2 to qualify, a revised P&L should be provided covering only the most recent 12-month period and used for determining the borrower's income.
3. If the eligible deposits declined year over year by more than 10%, the account is ineligible.

The borrower must provide a written explanation for a decline >5% in year over year eligible deposits. The explanation must address the reason for the decline and whether or not this event will continue into the future.

Co-Borrower Income

Full documentation from a co-borrower who is not self-employed may be used to supplement bank statement income. See full documentation guidelines for additional information on acceptable sources and requirements. Taxable income is counted on a "gross" amount regardless of the net deposit shown on bank statements. Deposits resulting from these income sources should be deducted from the bank statement analysis. Non-Taxable income may be grossed up by 25%.

Other Income Sources

Rental Income

Purchase

Utilize the appraiser's opinion of market rent to determine rental income. Utilize a 25% vacancy factor to determine gross rental income. No lease is required, however if a lease is in place then utilize the lesser of the lease or the appraiser's opinion of market rent. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required. Rental income may not be utilized on a second home.

Subject Property Refinance

Utilize 75% of the current lease income. Do not include rental deposits as part of the income stream. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required, except as otherwise specified; however, the property must be currently leased to utilize the income. A lease that has expired and converted to month-to-month is acceptable for this purpose. The Borrower must document one (1) months' receipt of rental income in all cases, dated within 60 calendar days of the Note Date. Properties that have historically been rented on a short term basis are subject to case by case review to utilize the income. If allowed, income would be averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. A 25% vacancy factor still applies.

Non-Subject Property

Utilize 75% of the current rental income less documented PITIA to qualify. Do not include rental deposits as part of the income stream. No rental management history is required; however, the property must be currently leased to utilize the income. A lease that has expired and converted to month-to-month is acceptable for this purpose. The Borrower must document the most recent one (1) months' rental income in all cases within 60 days of the note date. Rental income may not be utilized on a second home. Properties that have historically been rented on a short term basis will have their rents averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period. A 25% vacancy factor still applies.

	<p>Income from Roommate in a Single-Family Residence See Full Documentation guidelines for guidance. Note that tax return requirement listed in that section does not apply. Show 12 months' receipt of boarder income to consider it effective income.</p> <p>Accessory Unit Rental Income Rental income from an accessory unit may be utilized towards qualifying income. 75% of the rents may be utilized. On a purchase transaction, the appraiser's opinion of market rent may be utilized. On a refinance transaction, the rental income must be documented by a lease, and proof of receipt of most recent one month's rental income dated within 60 calendar days of the Note Date. In all cases, the appraiser must be able to verify with the building department that the accessory unit is a.) legal and b.) may legally be rented.</p> <p>Principal Residence Being Vacated by a Borrower (a/k/a Departing Residence) When a Borrower vacates a principal residence in favor of another principal residence, the rental income, reduced by the appropriate vacancy factor, may be considered in the underwriting analysis. 75% of the monthly gross rental income less the property's PITIA is utilized for qualification. A properly executed lease agreement (that is, a lease signed by the Borrower and the lessee) of at least one year's duration after the loan is closed is required. Evidence of the security deposit and/or evidence the first month's rent was paid to the homeowner must also be provided. The Borrower needs to evidence sufficient equity in the vacated property defined by an LTV ratio of 75% or less. Equity can be evidenced by a residential appraisal no more than six (6) months old, an automated valuation tool run by Seller and from a service acceptable to REMN WS, or by comparing the unpaid principle balance against the original purchase price of the property.</p> <p>Full Documentation Supplemental Income Sources Borrowers relying on bank statements to calculate DTI may supplement their income with the following sources: Social Security, Pension, Asset Utilization/Distribution, alimony, child support, and second job income. Utilize the full documentation guidelines for documentation requirements and calculation methods. Provide W-2's and 1099's as applicable, but do not provide tax returns. Self-Employed income as calculated via bank statements must still be the Borrower's primary income source.</p>
Income - 1099 Only	<p>Product Eligibility The 1099 Only product is designed for Borrowers who receive compensation either in the form of commission or on an independent contractor basis and receive IRS form 1099 at year end. In order to be eligible, the Borrower's primary income source (>50% of qualifying income) must be income as calculated on 1099(s) provided less applicable expense ratio. The 1099(s) provided should cover a complete calendar year. In the event that the Borrower converted from W-2 to 1099 during the previous year, the W-2 to 1099 guidelines should be utilized. A borrower who is an independent contractor and receives a portion of their independent contractor income as W-2 may have the W-2 income included in the income calculation as long as a CPA/EA/licensed tax preparer letter is provided verifying the W-2 income is not the result of employment income. The letter will be good for 30 days. Two year's employment history must be verified via either a written VOE, CPA's letter, or other documentation relevant to the Borrower's circumstances.</p> <p>The following documentation is required for this program:</p> <ul style="list-style-type: none"> • Most recent one or two years of 1099(s) • Documentation of receipt of year to date income within 120 calendar days of the note date via one of the following: <ul style="list-style-type: none"> o A check stub or checks showing receipt of YTD income, or o Bank statements showing receipt of YTD income • A CPA, EA or licensed tax preparer completed profit and loss statement or expense ratio letter, as applicable • Transcripts of the 1099s/W-2's provided by the IRS <p>Any income sources that are illegal under local, state and/or federal law are not eligible under this product.</p>

In the event that 1099(s) are issued to an entity, the borrower's ownership interest in the entity must be 100% as documented via a CPA/EA/tax preparer letter or equivalent or equivalent documentation.

Income Calculation Method

Qualifying income is based on the 1099(s) provided less an applicable expense ratio using one of the methods described. In the event two years of 1099s are provided, a 24 month average of net income shall be utilized in the event of stable or increasing gross receipts. A 12 month average of net income shall be utilized in the event of declining gross receipts. Year to date gross receipts should support the 1099s supplied and relied upon to qualify.

Method One | Uniform Expense Factor

Apply a 25% expense factor to all eligible gross receipts. So long as this expense ratio is reasonable to Borrower's line of work and Borrower qualifies, no further information is required.

Method Two | Profit and Loss Statement

Provide a CPA, EA, or licensed tax preparer prepared profit and loss statement covering the most recent one or two calendar years, depending on the 1099s provided. As long as the gross receipts on the 1099s support at least 90% of the gross receipts listed on the P&L, use the net income on the P&L for qualifying income. The resulting income should be reasonable to the Borrower's line of work. If two years of 1099s are provided and the gross receipt trend is declining, a profit and loss statement covering the most recent calendar year must be provided and utilized to qualify.

Method Three | CPA Letter for Expense Ratio

Provide a CPA, EA, or licensed tax preparer letter stating the Borrower's expense ratio based on their most recent year's tax return. The letter may not include any exculpatory language. Multiply the expense ratio by the gross receipts shown on the 1099s relied upon for qualification. Deduct that figure from the gross receipts listed on the 1099(s) and use the resulting number to qualify, averaged over the number of months of income provided. The resulting income should be reasonable to the Borrower's line of work. If two years of 1099s are provided and the gross receipt trend is declining, the income shall be calculated based on the most recent year's 1099(s) only less the stated expense ratio.

Co-borrower Income

Full documentation from a Co-Borrower who is does not rely on 1099s may be used to supplement the 1099 income. See full documentation guidelines for additional information on acceptable sources and requirements. Taxable income is counted on a "gross" amount. Non-Taxable income may be grossed up by 25%.

Other Income Sources

Rental Income

Purchase

Utilize the appraiser's opinion of market rent to determine rental income. Utilize a 25% vacancy factor to determine gross rental income. No lease is required, however if a lease is in place then utilize the lesser of the lease or the appraiser's opinion of market rent. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required. Rental income may not be utilized on a second home.

Subject Property Refinance

Utilize 75% of the current lease income. Do not include rental deposits as part of the income stream. If the property is a primary residence (i.e. 2-4-unit property), add the rental income to gross income and do not offset the PITIA. If the property is an investment property, calculate the subject property's rental income on a net basis. No rental management history is required, however the property must be currently leased to utilize the income. Rental income may not be utilized on a second home. A lease that has expired and converted to month-to-month is acceptable for this purpose. In the event the tenancy is at will with no formal lease agreement in place, a letter from borrower outlining terms may be accepted. The Borrower must document one months' receipt of rental income, dated within 60 calendar days of the note date, in all cases. Properties that have historically been rented on a short-term basis will have their rents averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period.

	<p>Non-Subject Property</p> <p>Utilize 75% of the current rental income less documented PITIA to qualify. Do not include rental deposits as part of the income stream. No rental management history is required; however, the property must be currently leased to utilize the income. Rental income may not be utilized on a second home. A lease that has expired and converted to month-to-month is acceptable for this purpose. In the event the tenancy is at will with no formal lease agreement in place, a letter form borrower outlining terms may be accepted. The Borrower must document one months' receipt of rental income, dated within 60 calendar days of the note date, in all cases. Properties that have historically been rented on a short-term basis will have their rents averaged over the most recent 12-month period. Gaps are acceptable however the leases will still be averaged over a 12-month period.</p> <p>Departing Residence</p> <p>When a borrower vacates a principal residence in favor of another principal residence, the rental income, reduced by the appropriate vacancy factor, may be considered in the underwriting analysis.</p> <p>75% of the monthly gross rental income less the property's PITIA is utilized for qualification. A properly executed lease agreement (that is, a lease signed by the Borrower and the lessee) of at least one year's duration after the loan is closed is required. Evidence of the security deposit and/or evidence the first month's rent was paid to the homeowner must also be provided. The borrower needs to evidence sufficient equity in the vacated property defined by an LTV ratio of 75% or less. Equity can be evidenced by a residential appraisal no more than 6 months old, an automated valuation tool run by Seller and from a service acceptable to REMN WS, or by comparing the unpaid principal balance against the original purchase price of the property.</p> <p>Income from Roommate in a Single-Family Residence</p> <p>See Full Documentation guidelines for guidance. Note that tax return requirement listed in that section does not apply. Show 12 months' receipt of boarder income to consider it effective income.</p> <p>Accessory Unit Rental Income</p> <p>Rental income from an accessory unit may be utilized towards qualifying income. On a purchase transaction, the appraiser's opinion of market rent may be utilized. On a refinance transaction, the rental income must be documented by a lease, and proof of receipt of most recent one month's rental income, dated within 60 calendar days of the note date. When used on the subject property, the appraiser must be able to verify with the building department that the accessory unit is a.) legal and b.) may legally be rented.</p> <p>Other Income Sources</p> <p>Borrowers relying on 1099s less applicable expense ratio to calculate DTI may supplement their income with the following sources: Social Security, Pension, Asset Utilization/Distribution, Alimony, Child Support, and Second Job income. Utilize the full documentation guidelines for eligibility, documentation requirements and calculation methods. Provide W-2's and 1099's as applicable, but do not provide tax returns. The Borrower must verify these alternative income sources without providing tax documents other than W-2's/1099's, and they must derive their primary income source from self-employed activity calculated based on the 1099(s) less the applicable expense ratio.</p>
Income – Asset Qualifier	<p>Product Eligibility</p> <p>Qualification is determined solely based on the borrower's assets which are liquid or may be liquidated without restriction. No income or employment needs to be verified. No DTI is developed for this program. Total post-closing assets must meet one of the three requirements below. Funds to close must be documented in accordance with guideline requirements.</p> <p>Method One Mortgage Only</p> <p>Total post-closing assets must equal 125% of all outstanding mortgage debt for which the Applicant has personal liability. Any mortgage debt which an applicant may document in compliance with Business Debt in Borrower's Name or Co-Signed Loans Sections may be omitted from this calculation.</p> <p>Method Two Simplified</p> <p>Total post-closing assets must equal 120% of the subject loan amount on the subject property plus 30% of all other outstanding debt (mortgage and consumer). Any debt which an applicant may document in compliance with Business Debt in Borrower's Name or Co-Signed Loans Sections may be omitted from this calculation.</p>

Method Three | Traditional

- 100% of loan amount
- Reserves required per program guidelines
- 60 months of total of other debt service, as determined by the liability section of this guideline. Do not include PITIA on rental properties, as that is addressed separately. Do not include PITIA on the subject property.
- 60 months of net loss on rental real estate properties as determined below in this section. Do not include the subject property's PITIA.

Income Calculation
Eligible Asset Types

Assets are determined based on the below calculation:

- Cash and cash equivalents-100% of face value
- Marketable securities (excludes unvested RSUs and Stock options) - 80%
- Retirement funds - 70% unless if borrower is of retirement age, then use 80%. If utilizing retirement account, document borrower's ability to access the funds.
- Cash surrender value of an annuity or life insurance contract – 100%
- Bitcoin: 50%, unless liquidated and deposited into another account

The balance of any loans secured against financial assets being used for asset qualification will be netted against the asset's value before application of discount, without regards to the total amount that may be drawn. The borrower(s) may only use their proportionate share of any accounts jointly held with parties who are not on the loan application. If no specified percentage of ownership is listed, it will be assumed the account is divided evenly amongst the account holders.

Documentation Requirements

The most recent 6 months of statements must be provided for any account that will be utilized for asset qualification. The statements must be analyzed for deposit activity. Any deposit greater than 10% of the face value of the account of the most recent statement must be sourced and documented. Business accounts used for funds to close should follow standard asset requirements. Gift funds do not need to be seasoned any longer than would be required under standard asset requirements. Gift funds may be utilized for funds to close a purchase only. Any deposits which cannot be sourced will be deducted from the end value of the account. Note: taxes, insurance, and HOA/common charges on non-subject properties do not need to be documented if utilizing Methods 1 or 2. Asset balances must be verified with the most recent full month's statement available as of the closing date. If statements are issued quarterly, provide updated documentation showing a balance within 120 days of the note date, via statements or other verification of the account balance.

The residual income for the Asset Qualifier product must meet or exceed \$1,500 per month. For purposes of the product, gross income is determined by taking available assets and dividing by 48 months. Do not impute tax deductions when determining residential income.

Ineligible Asset Types

- Business funds (may be used for funds to close)
- Non-liquid assets (automobiles, artwork, business net worth etc.)
- Face value of life insurance. Cash value of a vested life insurance policy is allowed at 100%. When used for reserves the cash value must be documented but does not need to be liquidated or received by borrower.
- Unvested restricted stock
- Stock options, unless exercised
- Securities that are not publicly traded
- Cryptocurrency other than Bitcoin

Rental Property Calculation

Rental properties are counted on a net basis based on 75% of lease less PITIA to determine impact on debt service. Net rent can never exceed \$0 for determining impact. For example, a

	<p>property with a lease of \$1,600 and PITIA of \$1,500 would have \$300 per month added to debt service ($\\$1,600 \times 75\%$ less $\\$1,500 = -\\300). A lease of \$2,400 and PITIA of \$1,500 would have \$0 per month added to the debt service ($\\$2,400 \times 75\% = \\$1,800$ less $\\$1,500 = \\300). Since the result is greater than \$0, nothing is added to the debt service. Each property is countered separately. Other REO (including any rental properties) require additional reserves. Document at least 3 months receipt of rental income. If no rent can be documented for the property, include the full PITIA in its debt service.</p>
Income - Investor Cash Flow	<p>Product Eligibility</p> <p>Qualification is determined solely based the debt service coverage ratio (DSCR) of the SUBJECT PROPERTY ONLY, as defined by rents divided by proposed PITIA (based on the qualifying rate and payment), unless the interest only payment is utilized. See Qualifying Ratios for more detail. The loan must be eligible for treatment as a business purpose loan. At least one borrower on the file must have at least a 12-month history of owning and managing rental properties, though it does not need to have been in the most recent three years. Management of commercial properties is acceptable. See below for requirements to waive the landlord history requirement. No income or employment is verified for this product. No DTI is developed. These loans are deemed business purpose loans and as such are exempt from ATR and QM requirements. They are also exempt from HPML requirements.</p> <p>Qualification</p> <p>The debt service coverage ratio is subject to the following requirements. Note that the DSCR is a precise figure and may not be rounded up for purposes of qualification.</p> <p><u>Purchase, Rate/Term Refinance, and Cash-Out Refinance:</u></p> <ul style="list-style-type: none"> • Up to 70 LTV: <ul style="list-style-type: none"> ○ FICO ≥ 700: No minimum ○ FICO < 700: 1.0 • Above 70 LTV and up to 75 LTV: <ul style="list-style-type: none"> ○ FICO ≥ 700 and purchase: no minimum (DSCR < 1.0 must have at least a 1-year prepayment penalty) <ul style="list-style-type: none"> ▪ Due to 1yr prepayment penalty requirement, DSCR < 1.0 with 70.01 – 75% LTV is only eligible in approved states for PPP (see Prepayment Penalty section for more detail). ○ FICO < 700 or refinance: 1.000 • Above 75 LTV: 1.000 <p>Example: Rents of \$1,000 and PITIA of \$800. $DSCR = \\$1,000 / \\$800 = 1.25$. This would be eligible for the product.</p> <p>Rents of \$800 and PITIA of \$1,200. $DSCR = \\$800 / \\$1,200 = .667$. This would not be eligible for the product, unless LTV is $\leq 75\%$, FICO ≥ 700, and borrower has an additional 6 months PITIA reserves.</p> <p>Interest Only Payment Qualification</p> <p>The interest only payment on a loan with an interest only payment feature may be used in lieu of an amortizing payment to calculate the Qualifying Payment and the DSCR, provided the LTV does not exceed 75 and the FICO score on the file is not less than 680. The amortizing payment described in the Qualifying Payment section must be used on a cash out refinance or a purchase or rate and term refinance which does not meet the criteria laid out here. The taxes, insurance, homeowner's association dues, and any other payments included in the "TIA" of the PITIA must still be calculated in the DSCR.</p> <p>Landlord History Waiver</p> <p>Borrowers who meet all of the below criteria are not required to document a previous 12 month history of owning and managing rental properties. Underwriting may, in its discretion, request a motivation letter or other information as necessary to establish the loan as a business purpose loan. In instances where there are multiple Borrowers and all Borrowers do not meet the below requirements, the file is subject to additional due diligence to verify it will be a business purpose loan.</p> <ul style="list-style-type: none"> • 680 FICO • 1.000 DSCR based on a 30 year amortizing payment • 0x30x12 on all housing trade lines as of the application date

- No mortgage forbearances with a missed payment in the most recent 12 months prior to the application date
- Purchase transactions only
- Borrower must own their current primary residence

Determination of Rents

Purchase

Use 100% of the market rents as determined by the appraiser. No lease is required. If a lease is in place, the lesser of the market rents or the current rents will be utilized. In the event a property is subject to an at will tenancy without a written lease agreement which will continue after closing, documentation from the seller of the property outlining the terms of the lease including the tenant's name, address, monthly rent will be acceptable as a lease agreement. If a borrower has a tenant in place on a lease which will commence within 60 days of purchase, said lease may be included within the determination of the subject property's cash flow as the current rents. The rental income utilized may not exceed the appraiser's opinion of market rents. The Borrower must provide the executed lease and proof of receipt of 1 months' rent and/or security deposit due per the terms of the lease.

Refinance

Use 100% of the lesser of current or market rents as determined by the appraiser. Borrower must provide leases in place. An expired lease which either contains language or, per state law, which converts to month-to-month is acceptable. In the event a property is subject to an at will tenancy without a written lease agreement, a letter from the Borrower outlining the terms of the lease including the tenant's name, address, monthly rent, and how long the lease has been active will be acceptable as a lease agreement with proof of the most recent month's rental income. If a borrower has a tenant in place on a lease which will commence within 60 days of closing, said lease may be included within the determination of the subject property's cash flow as the current rents. The rental income utilized may not exceed the appraiser's opinion of market rents. Borrower must provide the executed lease and proof of receipt of 1st months' rent and/or security deposit due per the terms of the lease. In the event that the unit is subject to a lease agreement and the lease agreement exceeds the market rents, the lease may be used to calculate the DSCR provided the lease will continue for at least six months after the note date and the two months of rents due prior to the application date are documented as received timely. Properties rented on a short term basis where the actual rents exceed the market rents may use the actual rents. A 12 month average for the period preceding the application will be developed, a 25% vacancy factor applies to the DSCR calculation, and the gross rents may not be declining more than 10% over 6 months. If the unit is currently vacant, utilize 100% of the market rent.

Multi-Year Lease

In the event a Borrower has a multi-year lease, an increase coming within 12 months and which will continue for 12 months after the adjustment may be utilized to calculate the DSCR. The increased rents utilized to underwrite under this section may not exceed the appraiser's opinion market rent of the unit(s) in question.

Accessory Unit Rental Income

Rental income from an accessory unit may be utilized towards qualifying income. On a purchase transaction, the appraiser's opinion of market rent may be utilized. On a refinance transaction, the rental income may rely on the appraiser's opinion of market rent if vacant, otherwise rely upon the lesser of the lease or appraiser's opinion of market rent. In all cases, the appraiser must be able to verify with the building department that the accessory unit is a.) legal and b.) may legally be rented.

Documentation for Other Owned Properties

Mortgage statements for other properties listed on the Borrower's Schedule of Real Estate Owned are necessary solely to the extent that they are required to validate the payment history of the related mortgage. Other documentation related to the carrying costs of other properties owned such as the property tax bills, homeowner's insurance bills, and/or homeowner's association dues statements is not required.

ASSETS	
Assets	The accumulation and availability of liquid assets are a strong factor indicating a sound credit risk. Asset documentation is required to evidence funds needed to cover down payment and other related closing costs as well as satisfy the reserve requirements per program guidelines. Not all asset types are acceptable for each program's reserve requirement. Assets statements are generally valid for 120 days. Asset statements provided must cover at least 60 days.
Down Payment	On purchase transactions, borrowers must make the down payment with funds from their own resources. Generally, all earnest money deposits must be fully documented including the source of the down-payment from the borrower's account(s) and the evidence of transfer to the closing agent. Gift funds may be utilized towards down payment requirements subject to the gift section below.
Asset Eligibility	<p>The following provides a list of assets and when they can be utilized for down payment and or reserves. Items not identified on this list may be acceptable if pre-approved by REMN WS</p> <p>Note that this section relates solely to the utilization of assets to meet the funds to close or reserve requirements. This section does not apply to Asset Distribution, Asset Amortization or Asset Qualifier.</p> <p>Annuities/Cash Value of Life Insurance</p> <p>The cash value of an annuity or a whole life insurance policy is an acceptable source for funds needed to close or for reserves and is defined as 100% of the stated value of the annuity, net of any loans. If being used for funds to close, document the liquidation. If penalties for failure to repay the loan are limited to the surrender of the policy, payments on a loan secured by the cash value of a borrower's life insurance policy do not have to be considered in the total debt-to-income ratio.</p> <p>Borrowed Funds - Secured</p> <p>Borrowed Funds from a secured loan may be used as a source of closing funds or reserves. In order to utilize Borrowed Funds:</p> <ul style="list-style-type: none"> • The loan must be secured by an asset already owned by the borrower (e.g. CDs, marketable securities, other real estate, life insurance policies and retirement accounts); • The terms of repayment for the loan and the secured nature of the loan must be verified by obtaining a copy of the note; • The value of the remaining assets must be reduced by the amount of the secured loan balance <p>Business Assets</p> <p>Cash from a business account may be acceptable provided the funds are not required to service the business' current liabilities. These funds may be eligible on loans where the borrower can evidence that the withdrawal of the funds will not impact the operation of the business. Additionally, the amount of business assets that may be utilized would be restricted to the percentage of ownership interest the borrower(s) has in the business. The borrower(s) on the loan must own a combined 51% or greater interest in order for the funds to be utilized. One of the following must be provided:</p> <ul style="list-style-type: none"> • CPA, EA, or licensed tax preparer's letter stating that the use of the funds in the transaction will not have a material adverse impact on the business' operations; OR • Complete a Cash Flow Analysis based on the following: <ul style="list-style-type: none"> ○ Determine the business' monthly operating expenses based on either the most recent year's tax returns or average deductions on six months' worth of statements ○ Deduct six months' worth of expenses from current business balance to determine available balance. Then apply borrower's ownership percentage to the result to determine available business assets that may be utilized for the transaction. <p>Any funds which have been transferred into personal accounts prior to application date may be utilized without restriction.</p> <p>Checking, Savings or Share Accounts</p> <p>Funds held in a checking or savings or share accounts (credit unions) may be used for the down payment, closing costs, and financial reserves. The underwriter must investigate any indication of borrowed funds such as recently opened accounts, recent large deposits or account balances that are considerably greater than the average balance over the previous few months. REMN WS will require a written explanation of the source of funds from the borrower and must verify the source of funds. The funds must be U.S. dollar deposits in institutions located in the U.S. A joint access letter is not needed to use 100% of the assets held in an account held jointly with non-borrowing account holders.</p>

Proceeds from a Cash-Out Refinance

Cash-out proceeds from a subject property refinance may be used as closing costs, source of debt pay-down/off for all products and as post-closing reserves on a loan with an LTV up to 75. Cash-out proceeds may not be used for asset utilization or asset qualification under the Asset Qualifier product. Proceeds from a Technical Refinance, or a refinance where the borrower is solely recouping documented expenditures, which represent the borrower's own funds being recouped, may be used as reserves and towards Asset Utilization and Asset Qualifier requirements.

Certificates of Deposit (CD)

Certificates of Deposit are an acceptable source of funds for down payment, closing costs and reserves. Funds must be U.S. dollar deposits in institutions located in the U.S. Utilize 100% of the face value of the account.

Custodial Accounts for Children or Others

Custodial accounts for children or others are an acceptable source of funds for down payment, closing costs and reserves. 529 Accounts are **not** acceptable. Document the borrower's ability to access the funds in order to utilize them.

Cryptocurrency Assets

Borrowers with Bitcoin assets may utilize the assets for funds to close and for reserves. To utilize as reserves, 50% of the face value of the asset will be utilized, unless liquidated in which case 100% will be utilized. To utilize for funds to close, the assets must be liquidated and deposited into another account prior to closing with same documented. Bitcoin is the only eligible Cryptocurrency; all others are ineligible.

Foreign Deposit

Funds that are on deposit in institutions located outside the United States or non-U.S. denominated funds in a deposit institution located in the U.S are considered foreign deposits. These deposits can be subject to exchange-rate risk and country risk. The use of foreign deposits for down payment, closing funds and reserves requires that:

- Proof the transferred funds belonged to borrower(s) prior to transfer,
- Funds must be transferred into a U.S. bank/deposit account, and
- Proof of wire transfer must be documented in the file

Assets which are held in an approved institution may be used for post-closing reserves and may remain in the foreign country. Refer to [approved institution list](#).

Marketable Bonds and Securities

Marketable Securities such as stocks, government bonds and mutual funds (net of margin) are acceptable sources of funds for down payment, closing costs, and reserves provided their value can be verified. Marketable Securities must be traded on a major market exchange (e.g., NYSE, AMEX, and NASDAQ) where market activity and valuation can be readily determined. Marketable Securities can be used for closing funds and reserves at 80% of the verified market value, net of the balance of any outstanding margin loans. A joint access letter is not needed to use 100% of the assets held in an account held jointly with non-borrowing account holders.

[Liquidation Requirements](#)

Document the liquidation of the funds and the end balance.

Non-Borrowing Title Holders

Funds from a non-borrowing spouse who is/will be a titleholder may be utilized as funds to close (not reserves) on a primary residence or second home. These funds will not be considered gift. Two (2) months' asset statements must be provided and any large deposits sourced/documentated acceptably.

Stock Options - if Exercisable

Vested Stock Options are an acceptable source of funds for down payment and closing costs if they are immediately available to the borrower. Vested Stock Options are acceptable for reserves at 70% of the current market value limited to the strike price value. The value of vested Stock Options can be documented by: referencing a statement that lists the number of options and the option price and using the current stock price to determine the gain that would be realized from exercise of an option and the sale of the optioned stock.

If the brokerage firm or fiduciary that negotiated the execution of the Stock Options did not deduct income taxes from the net proceeds, REMN WS must ensure that the borrower will not suffer severe cash flow or liquidity problems when the taxes come due.

Non-vested Stock Options are **not** an acceptable source of funds for the down payment, closing costs, or reserves.

Proceeds from Sale of Real Estate

Proceeds from the sale of real estate are an acceptable source of funds for funds to close and reserves. The closing of the other real estate transaction must take place prior to or simultaneous with the subject closing and the net proceeds to the borrower must be verified via a fully executed Closing Settlement Statement or equivalent settlement statement.

Proceeds from the Pending Sale of Real Estate

In instances where a Borrower owns real property that is under contract to sell but will not close prior to the consummation of the subject transaction, the equity in the property in question may be used towards post-closing reserves. In order for a Borrower to be eligible under this guideline, the following criteria must be met:

- The transaction in question must be subject to a bona fide arm's length purchase and sales contract, listing the seller as either the owner individually or through an entity created for their benefit,
- The transaction in question must have a contracted closing date within 90 days of the closing of the subject transaction. An "on or about" date is acceptable for this purpose,
- The transaction in question may not be subject to any outstanding financing contingencies. If there were any financing contingencies in the purchase and sales contract, then there must be evidence in the loan that they have been cleared,
- The Borrower must provide an estimated settlement statement drawn up by the attorney or closing agent representing them in the transaction in question confirming the estimated proceeds, net of any seller closing costs and/or lien payoffs, and
- The Borrower must provide a letter attesting to the number and amount of outstanding liens on the property that is involved in the transaction in question

If all of these parameters are met, up to 50% of the borrower's documented share of the proceeds may be utilized towards the post-closing reserve requirement.

Rental or Lease Credits

Rent credit for option to purchase is an acceptable source of funds toward the down payment. Borrowers are not required to make a minimum borrower contribution from their own funds in order for the rental payments to be credited toward the down payment. Credit for the down payment is determined by calculating the difference between the market rent and the actual rent paid for the last 12 months. The market rent is determined by the appraiser in the appraisal for the subject property.

Only the portion of the rental payment that exceeds the fair-market rent can be applied to the down payment or closing costs.

In order to use credits granted to a borrower from a rent with an option to buy lease arrangement as closing funds, the following guidelines **should** be followed:

- The lease agreement must state how the credit will be accrued, and
- The borrower must provide:
 - Copies of canceled checks/money orders to evidence a history of a minimum of 12 months, and
 - Copy of rental/purchase agreement evidencing a minimum original term of 12 months
- The appraiser must provide:
 - A Fannie Mae Form 1007 single-family comparable rent schedule for the property.
- Rental or lease credits **cannot** be used to calculate reserve requirements.

Repayment of a Loan

A lump sum repayment of a loan can be used as an asset for down payment, closing costs and reserves provided the initial loan and the repayment can be verified and documented.

Retirement Accounts

Vested funds from Individual Retirement Accounts, Annuities, (IRA/Keogh accounts) and tax-favored retirement savings accounts (401(k) accounts) are acceptable sources of funds for down payment, closing costs, and reserves.

Verify the ownership of the accounts and the borrower's actual receipt of the funds realized from the liquidation of the assets, if needed to complete the transaction. When funds from retirement accounts are used for reserves, we do not require the funds to be withdrawn from the account(s). If the Retirement Account only allows withdrawal based on the borrower's employment termination, retirement (unless the borrower is of retirement age), or death, REMN WS will **not** consider the vested funds as effective reserves.

	<p>Eligible Retirement Accounts without restrictions for withdrawal may be included in the reserves or funds to close requirements as indicated above. For reserve purposes utilize the vested balance amount minus any outstanding loans and/or funds liquidated to complete the transaction at 70% of net value if borrower is not of retirement age. If the borrower is of retirement age, utilize 80%.</p> <p>Tax Deferred Exchange (1031 exchange)</p> <p>Transactions involving 1031 exchange are permitted for investment properties. The Internal Revenue Code provides that a taxpayer may sell an asset (personal property or real property) and defer payment of capital gains tax, if that taxpayer uses the proceeds to acquire a like-kind replacement asset. Funds are controlled by a Qualified Intermediary (QI) or Accommodator or Facilitator, an individual or business entity that is sanctioned as a safe harbor by the IRS and provides the following functions/services in a 1031 exchange:</p> <ul style="list-style-type: none"> • Acquires the relinquished property from the Exchanger and causes it to be transferred to the buyer, • Holds the exchange proceeds to avoid exchanger’s actual or constructive receipt of funds, and • Acquires the replacement property and causes it to be transferred to the exchanger. <p>The QI/Accommodator/Facilitator cannot be the taxpayer, a related party or an agent of the taxpayers. Provide the sales contract for the sold property along with the 1031 exchange agreement in addition to any other documents required under standard requirements in this guideline. Title can be held in an entity, please follow the respective requirements in the Title Vesting section of the Underwriting Guidelines</p> <p>Transactions involving 1031 Exchange must meet following criteria to be eligible for financing:</p> <ul style="list-style-type: none"> • The exchanged property must be identified within 45 days from the date of sale of the relinquished property • All 1031 proceeds of the initial sale must be controlled by Qualified Intermediary (QI), Accommodator or Facilitator, with supporting documentation provided, and • All 1031 proceeds of the initial sale must be re-invested in the like-kind property within 180 days of that sale. <p>When exchanging property, replacement property must be “like-kind” property. Example: Real property has to be exchanged with real property, not personal property. Should exchange funds be used to provide earnest money deposit, the tax payer must sign an Assignment of Purchase and Sale Agreement with the QI/Accommodator/ Facilitator prior to the disbursement.</p> <p>Trust Account Funds</p> <p>Funds from a borrower’s Trust Account are an acceptable source for the down payment, closing costs, and reserves provided the borrower has immediate access to the funds. Written documentation of the value of the Trust Account from either the trust manager or the trustee and document the conditions under which the borrower has access to the funds and the effect, if any, that the withdrawal of funds will have on trust income used in qualifying the borrower for the mortgage. The trust agreement or trust certificate should be provided.</p> <p>U.S. Savings Bonds</p> <p>U.S. Savings Bonds are an acceptable source of funds for down payment, closing costs and reserves. To use U.S. Savings Bonds for closing funds and cash reserves calculations, the borrower should provide a list of amounts, serial numbers and maturity dates of the bonds. Photocopies should not be made.</p> <p>U. S. Savings Bonds should be based on their purchase price unless the redemption value can be documented.</p> <p>If all of these parameters are met, up to 50% of the Borrower’s documented share of the proceeds may be utilized towards the post-closing reserve requirement.</p>
Relocation Benefits	<p>When the borrower’s employer assumes responsibility for paying off the existing mortgage in connection with a corporate relocation plan, REMN WS will require a copy of the executed buyout agreement to document the source of funds. In order to utilize Relocation Benefits paid by an employer to a borrower for funds to close each of the following must be met:</p> <ul style="list-style-type: none"> • A copy of the executed buy-out agreement to purchase the existing residence must be provided,

	<ul style="list-style-type: none"> • Any closing costs and points that may be included in the relocation package may be used, however, the borrower must provide funds for prepaid items unless specifically stated in the relocation package, • At closing, a copy of the fully executed settlement statement must be provided as evidence of sale and release from liability. <p>If the conditions above are met, the PITIA on the existing residence can be eliminated from the debt-to- income ratio analysis.</p>
<p>Gift Funds</p>	<p>A borrower of a mortgage loan may use funds received as a personal gift from an acceptable donor as a source of funds to close, closing costs, and funds to pay down debts. The gift donor must be a relative. A relative is any person related by blood, legal proceedings, marriage, or adoption and also includes a fiancé or domestic partner. Gift funds may not be used for reserves. The borrower must contribute 5% of the purchase price from their own funds, except as otherwise specified. A purchase of a primary residence with an LTV ≤70 does not require a borrower contribution, except as otherwise specified.</p> <p>Gifts funds are eligible under the following guidelines:</p> <ul style="list-style-type: none"> • The gift donor may not be, or have any affiliation with, the builder, the developer, the real estate agent or any other interested party to the transaction. • The gift funds must be transferred to the borrower. Documentation such as one of the following is required to evidence gift funds are either in the donor's account or have been transferred from the donor's account to the borrower: <ul style="list-style-type: none"> ○ A copy of the donor's check and the borrower's deposit slip ○ A copy of the donor's withdrawal slip and the borrower's deposit slip ○ A copy of the donor's check to the closing agent, or ○ A settlement statement showing receipt of the donor's check • Information related to the donor and gift are provided in an executed "gift letter" provided by the donor that specifies: <ul style="list-style-type: none"> ○ The name and address of the receiving party ○ The name and address of the donor party ○ The donor's relationship to the borrower/receiving party ○ The dollar amount of the gift ○ A statement from the donor that no repayment is expected ○ The property being financed ○ The date the funds were (or will be) transferred
<p>Gift of Equity</p>	<p>Gift of Equity refers to a gift received from the seller of the property. The seller must be a relative of the borrowers. A Gift of Equity represents a portion of the seller's equity in the property which is transferred to the buyer as a credit in the transaction. The loan to value is limited to the lesser of 75% or the product guidelines on files with a Gift of Equity. The Gift of Equity must be referenced in the purchase agreement and on the settlement statement. A fully executed gift letter must also be provided. All occupancies and products are eligible, subject to the above gift requirements. For a primary residence or second home, a Borrower contribution is not required. For an investment property, a 5% contribution must be made by the Borrower.</p>
<p>Interested Party Contributions</p>	<p>Interested Third Party Contributions are the cost of items normally paid by the borrower, but which are paid by the seller or another interested third party to the transaction. Interested parties generally include the builder, the developer, the seller of the property, the real estate agent, etc. Examples of sales incentives include: commission paid to a realtor, a program developed by a seller or third party (e.g. a property management company, a builder, an investment group, a marketing company, etc.) to entice a buyer to purchase the property or a finder's fee or bonus paid to a realtor or a third party.</p> <p>Generally, REMN WS does not consider contributions that are from a person related to the borrower, the borrower's employer, a municipality, or a non-profit organization as interested party contributions.</p> <p>Interested party contributions must be:</p> <ul style="list-style-type: none"> • Disclosed in the sales contract, • Documented in the Mortgage file, • Clearly shown on the Closing Disclosure, and

	<ul style="list-style-type: none"> • Paid to the appropriate vendor by the Title Insurance Company or Closing Attorney. <p>Seller Credit/Financing Contributions</p> <p>Funds originating from an interested third party and paid to the appropriate vendor are acceptable when they are used to permanently reduce the interest rate on the mortgage or pay related mortgage financing costs, closing costs, required pre-pays, and escrow costs. The total of financing contributions may not exceed the lesser of the total of the closing costs and pre-pays or the LTV described in the guideline below.</p> <p>Maximum Financing Contributions</p> <p>Full Documentation, Bank Statements, 1099 Only, Asset Qualifier</p> <p>On a primary or second home, 9% up to 75 LTV and 6% to 90 LTV. On an investment property, 3%.</p> <p>Investor Cash Flow Product</p> <p>3% across all LTVs.</p>																										
Reserves	<p>Reserves are those assets which are liquid or may be liquidated and are available to borrower(s) post- closing of the mortgage loan. Reserves include cash and other assets that are easily and readily convertible to cash by the borrower. Reserves are calculated using the qualifying payment (see Qualifying Ratios for details) and are measured by the number of months of monthly housing expense (PITIA- Principal, Interest, Taxes, insurances, Association dues /Special assessments) that a borrower could pay using his or her financial assets. PITIA includes:</p> <ul style="list-style-type: none"> • Principal and Interest • Real Estate Taxes • Homeowner's Insurance (Hazard, Flood, etc.) • Ground Rent • Special Assessments • Owner's Association Fees • Cooperative monthly fees • Payments for Subordinate Financing <p>The requirements for reserves for each program are as follows:</p> <p>Full Documentation, Bank Statements, and 1099 Only:</p> <table border="1" data-bbox="470 1144 1485 1417"> <thead> <tr> <th colspan="2">Requirements</th> </tr> </thead> <tbody> <tr> <td>Loan amount up to \$1MM</td> <td>6 months PITIA</td> </tr> <tr> <td>Loan amount above \$1MM up to \$2MM</td> <td>9 months PITIA</td> </tr> <tr> <td>Loan amount above \$2MM up to \$2.5MM</td> <td>12 months PITIA</td> </tr> <tr> <td>LTV >85%</td> <td>Additional 6 months PITIA</td> </tr> <tr> <td>DTI >50 & increased residual income not met</td> <td>Additional 6 months PITIA</td> </tr> <tr> <td>Other real estate owned*</td> <td>2 months of each property's PITIA</td> </tr> </tbody> </table> <p>Asset Qualifier</p> <p>No separate reserves required.</p> <p>Investor Cash Flow</p> <table border="1" data-bbox="470 1522 1485 1764"> <thead> <tr> <th colspan="2">Requirements</th> </tr> </thead> <tbody> <tr> <td>Loan amount up to \$1MM</td> <td>6 months PITIA</td> </tr> <tr> <td>Loan amount above \$1MM up to \$2MM</td> <td>9 months PITIA</td> </tr> <tr> <td>Loan amount above \$2MM up to \$2.5MM</td> <td>12 months PITIA</td> </tr> <tr> <td>DSCR <1.0</td> <td>Additional 6 months PITIA</td> </tr> <tr> <td>Other real estate owned</td> <td>Not Required</td> </tr> </tbody> </table> <p>Foreign National</p> <p>12 months PITIA reserves required for the subject property if relying on Method Two for income qualification. No additional reserves required for Method One.</p> <p>Full Documentation-Other Properties Owned</p> <p>In the event Method One is utilized to calculate rental income on a non-subject rental property, 1/12th of the expenses claimed may be utilized to calculate the "TIA" of the "PITIA". The</p>	Requirements		Loan amount up to \$1MM	6 months PITIA	Loan amount above \$1MM up to \$2MM	9 months PITIA	Loan amount above \$2MM up to \$2.5MM	12 months PITIA	LTV >85%	Additional 6 months PITIA	DTI >50 & increased residual income not met	Additional 6 months PITIA	Other real estate owned*	2 months of each property's PITIA	Requirements		Loan amount up to \$1MM	6 months PITIA	Loan amount above \$1MM up to \$2MM	9 months PITIA	Loan amount above \$2MM up to \$2.5MM	12 months PITIA	DSCR <1.0	Additional 6 months PITIA	Other real estate owned	Not Required
Requirements																											
Loan amount up to \$1MM	6 months PITIA																										
Loan amount above \$1MM up to \$2MM	9 months PITIA																										
Loan amount above \$2MM up to \$2.5MM	12 months PITIA																										
LTV >85%	Additional 6 months PITIA																										
DTI >50 & increased residual income not met	Additional 6 months PITIA																										
Other real estate owned*	2 months of each property's PITIA																										
Requirements																											
Loan amount up to \$1MM	6 months PITIA																										
Loan amount above \$1MM up to \$2MM	9 months PITIA																										
Loan amount above \$2MM up to \$2.5MM	12 months PITIA																										
DSCR <1.0	Additional 6 months PITIA																										
Other real estate owned	Not Required																										

	mortgage statement(s) must still be provided, the taxes, insurance, and HOA does statements do not.	
Ineligible Asset Types	<p>Examples include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Unsecured Borrowed Funds: Unsecured loans, unsecured credit lines, advances against overdraft protection or advances against credit cards or lines are not acceptable sources for funds needed to close or for reserve requirements. • Cash on Hand • Non-marketable Securities: Non-marketable Securities are not traded on a major stock market exchange, and their valuation and market value cannot readily be obtained. Non-marketable securities (stocks and bonds) are not used to calculate cash reserve requirements. • Sweat Equity (Work Equity): Sweat equity is not an acceptable source of funds for the down payment, closing costs, or reserves, since it is difficult to accurately assess the contributory value of sweat equity work. • Restricted Securities: Restricted Securities are not an acceptable source of funds. Restricted Securities cannot be readily traded due to Rule 144 and Security and Exchange Commission (SEC) regulations. • Assets generated from activity that is illegal on a local, state, and/or federal level. • Cryptocurrency: Any Cryptocurrency other than Bitcoin 	
Acceptable Bank List for Foreign Credit/Assets	<p>Agricultural Bank of China*</p> <p>Banco Bradesco</p> <p>Banco do Brasil</p> <p>Bank of America*</p> <p>Bank of China*</p> <p>Bank of New York Mellon*</p> <p>Barclays*</p> <p>BBVA*</p> <p>BNP Paribas*</p> <p>BTG Pactual</p> <p>Caixa Econômica Federal (CEF)</p> <p>Citigroup*</p> <p>Credit Suisse*</p> <p>Deutsche Bank*</p> <p>Goldman Sachs*</p> <p>Groupe BPCE</p> <p>Group Crédit Agricole</p> <p>HSBC*</p> <p>Industrial and Commercial Bank of China Limited</p> <p>ING Bank*</p>	<p>Itau Unibanco</p> <p>JP Morgan Chase*</p> <p>Mitsubishi UFJ FG</p> <p>Mizuho FG</p> <p>Morgan Stanley*</p> <p>Nordea</p> <p>Royal Bank of Scotland</p> <p>Royal Bank of Canada (RBC Bank)</p> <p>Santander*</p> <p>Société Générale</p> <p>Standard Chartered*</p> <p>State Street*</p> <p>Sumitomo Mitsui FG</p> <p>UBS*</p> <p>Unicredit Group</p> <p>XP Investimentos</p> <p>Wells Fargo*</p> <p>* Denotes branch located in the United States</p>
CREDIT & LIABILITIES		
Credit Requirements	<p>Utilization and timely repayment of credit is a strong positive factor in determining a borrower's credit risk profile. This chapter of the guideline addresses requirements for borrower's credit profile. A merged credit report is required from all borrowers containing information from all three credit bureaus. A report for any borrower containing only two bureaus is acceptable to the extent that it is the extent of the information available on said borrower. Any frozen bureaus must be unfrozen and credit information obtained. The credit report is good for 90 days from report date to note date. Borrower(s) must sign a debt certification form at closing verifying they have not opened any new tradelines. Borrower(s) must address in writing any credit inquiries from the prior 120 days that appear on the credit report. An inquiry letter is not required for Investor Cash Flow loans, nor is a soft pull/undisclosed monitoring.</p>	
Trade Line Requirement	<p>Each borrower must have three trade lines and a credit history covering 24 months. One trade line must have been active within the last 6 months. At least one trade line must be seasoned for 24 months. The same trade line may be used to cover both the 24-month history and active requirement. If a borrower's spouse is the only co-borrower listed, only one borrower is required to meet this guideline.</p>	

	<p>Authorized user accounts may not be utilized to satisfy this requirement. The trade lines do not need to be open. The following represents permissible exceptions to this requirement.</p> <p><u>U.S. Citizen Living Overseas</u></p> <p>A borrower who is a US citizen but currently living overseas and does not meet the trade line requirements may utilize one of the below options to meet this requirement. In order to utilize this guideline, the borrower must have at least one credit score reporting.</p> <p><i>Method One Financial Institution Letter</i></p> <p>The borrower may provide one (1) reference letter from a financial institution with whom the borrower has a deposit relationship (minimum two-year relationship preceding note date). The letter must outline contact information for the institution, borrower's name and account number(s), and detail the types and lengths of the institution's relationship with the borrower. The letter should also state whether or not the borrower is in good standing. The institution providing the letter must be an institution approved by REMN WS.</p> <p><i>Method Two Foreign Credit Reference Letters</i></p> <p>The borrower may provide three (3) reference letters from creditors in the borrower's home country. Credit reference letter must be on institution letterhead and reflect telephone number, address, and website. The reference letters must in combination meet the Trade Line Requirement of the Underwriting Guidelines.</p> <p><u>Borrowers with Insufficient Trade Lines</u></p> <p>Alternate credit which would be acceptable to FNMA may be used to bridge a credit trade line gap in the following circumstances. A borrower who has three trade lines on their credit report but does not meet one or more of the 24-month history, 24-month seasoned trade line, or active trade line in the last 6-month requirements:</p> <ul style="list-style-type: none"> • Provide one additional trade line showing 0x30x12. One of the trade lines on credit or the alternative must be a housing line showing 0x30x12, or • Provide two additional trade lines showing 0x30x12 <p><u>Unmarried Joint Borrowers</u></p> <p>Unmarried joint Borrowers who meet at least two of the three below criteria may be treated as spouses for determining compliance with the trade line requirements:</p> <ul style="list-style-type: none"> • Reside together for at least two years, • Hold at least one joint trade line, and • Jointly hold asset accounts
Credit Scores Used for Underwriting	<p><u>Full Documentation</u></p> <p>Use the middle score of the primary income earner. A borrower's documented income may not be excluded to determine the primary income earner on a file.</p> <p><u>Bank Statements</u></p> <p>Use the middle score of the primary income earner. A borrower's documented income may not be excluded to determine the primary income earner on a file.</p> <p><u>1099 Only</u></p> <p>Use the middle score of the primary income earner. A borrower's documented income may not be excluded to determine the primary income earner on a file.</p> <p><u>Asset Qualifier</u></p> <p>Generally, use the lowest middle score on the file. If one borrower is providing 75%+ of the assets for the subject transaction, including funds to close and all post-closing reserve requirements, in accounts that are either solely in their name or jointly with persons who are not borrowers on the transaction, then they are deemed to be the primary asset contributor and their FICO may be used for guideline purposes.</p> <p><u>Investor Cash Flow</u></p> <p>Use the lowest middle score on the file.</p>
Credit Inquiries	<p>Careful consideration must be given to determine if numerous inquiries reported on the credit report require an explanation from the borrower and/or an investigation to uncover if any new credit obligations resulted from the inquiries. A letter of explanation must be requested for inquiries appearing on the credit report when there is not a recently established trade line reflected in the file. If a new account resulted from the inquiry, it must</p>

	<p>be verified, and the obligation included in the qualifying debt ratio calculation. This requirement does not apply to Investor Cash Flow loans. Seller should, however, take care if mortgage inquiries appear and borrower has limited post-closing assets.</p>
Housing Payment History	<p>The housing references provided or listed on credit may not exceed 0x30x12 in the aggregate, aside from late payments resolved as a recent credit event. Any housing lates in the last 12 month that resulted in a Significant Derogatory Credit Event are permissible subject to the requirements outlined below and may be subject to a price adjustment.</p> <p><u>Rental History</u></p> <p>If a borrower rents from a professional management company, a fully completed and signed VOR may be utilized. If a borrower rents from a private landlord, the most recent 12 months' consecutive cancelled checks (front and back) along with a copy of the lease must be provided.</p> <p><u>Mortgages/HELOCs</u></p> <p>If a borrower has a mortgage from an institutional lender not reporting on credit, a fully signed and completed VOM may be utilized. If a borrower has a private mortgage, the most recent 12 months' consecutive cancelled checks (front and back) along with a copy of the note must be provided.</p>
Significant Derogatory Credit Events	<p>Borrowers who have completed any of the below within the four years preceding the application date are subject to additional guideline requirements based on length removed from the event completion date or discharge/dismissal date to application date. All events must have been completed prior to application date.</p> <ul style="list-style-type: none"> • Foreclosure • Short Sale • Deed in Lieu of Foreclosure • Short Payoff • Bankruptcy (any chapter, either dismissed or discharged and includes Borrowers currently in bankruptcy proceedings) • Pre-foreclosure including Lis Pendens or Notice of Default • Modification • 120+ day mortgage late <p><u>0-2 Years Removed from a Credit Event</u></p> <ul style="list-style-type: none"> • Doc Types Allowed: Full Doc Only • Maximum LTV: 70 <p><u>2-4 Years* Removed from a Credit Event</u></p> <ul style="list-style-type: none"> • Doc Types Allowed: All • Maximum LTV: 75 <p>*Note: Exactly 2 years removed from a credit event considered under this category</p> <p><u>Mortgage Tradelines in Forbearance</u></p> <p>Borrowers who had one or more mortgage trade lines placed in forbearance must meet one of the below requirements:</p> <ul style="list-style-type: none"> • If all payments made as originally scheduled during the forbearance period with no payments missed, the account(s) in question must be reinstated prior to application but there is no waiting period. • If one or more payments on one or more accounts missed due to forbearance, then the account in question must be reinstated and three monthly payments must be made as scheduled after completion of the forbearance period and prior to the application date. A borrower may have missed more than three payments during the forbearance period and/or have the missed payments be added onto the loan's unpaid principal balance and still be eligible under this guideline, provided the requirements listed here are met. <p><u>Non-Mortgage Tradelines in Forbearance</u></p> <p>Any non-mortgage trade line in forbearance may remain in forbearance, however the payment must be included in the Borrower's DTI/Debt Service.</p>
Judgement/Tax Lien	<p>Any outstanding judgments or tax liens may remain open under the following conditions:</p> <ul style="list-style-type: none"> • Must be on a repayment agreement,

	<ul style="list-style-type: none"> • Document the most recent 6 months' payments made in a timely manner, • Include payment in the DTI or debt service, and • If the judgment or tax lien is recorded against the property, it must be subordinated <p>If the conditions above are not met, the judgment or tax lien must be paid off prior to or at closing. Cash out proceeds may be utilized for this purpose</p>
Collections/Charge-Offs	<p>Open adverse credit must generally be paid off prior to or at closing, however if an individual account balance is under \$250 and the aggregate of accounts outstanding is under \$1,000 it may remain open. Any collections or charge off's greater than this amount may remain open provided they do not and may not affect title. Otherwise they must be paid off. Medical collections may remain open regardless of amount.</p>
Disputed Accounts	<p>Any disputed accounts on a borrower's credit report within the last two years prior to credit report date require additional due diligence. When an account in dispute is a collection account and the balance is less than or equal to \$250, the dispute may remain open. Otherwise, the following guidelines must be adhered to:</p> <ul style="list-style-type: none"> • Account with zero balance and no derogatory information in the two years preceding the credit report date – no action required • Account with zero balance and derogatory information in the two years preceding the credit report date - remove and pull new credit report • Account with a positive balance and no derogatory information in the two years preceding the credit report date – no action necessary • Account with a positive balance and derogatory information in the two years preceding the credit report date – remove and pull new credit report <p>Note: A credit supplement is not allowed to document disputed accounts. A new report must be pulled.</p>
Other Derogatory Credit	<p>Any derogatory credit on a borrower's credit report in the last 12 months not otherwise addressed must be acceptably explained by the borrower. Any patterns of delinquent credit outside of the 12-month period must be explained by the borrower.</p>
Credit Counseling	<p>Borrowers who have experienced credit or financial management problems in the past may have elected to participate in consumer counseling sessions to learn how to correct or avoid such problems in the future. Whether borrowers have or have not completed participation in the sessions before closing on the mortgage transaction is not relevant since it is the borrower's credit history that is of primary importance. The existence of credit counselling on a file does not preclude financing under standard terms.</p>
Public Record Search	<p>The correspondent is responsible for verifying all existing public records to ensure that are no outstanding judgements or liens against all borrowers. The seller needs to include its public record search findings along with documentation to clear any alerts raised in its file.</p>
Liabilities	<p>The liabilities of all borrowers must be accurately documented and considered in order to make a sound credit risk decision. This chapter of the guideline generally does not apply to the Investor Cash Flow product as the product qualifies on the debt service coverage ratio of the subject property only.</p> <p>For each liability, underwriting must determine the unpaid principal balance, the terms of repayment, the borrower's payment history, and verify any other liability that is not shown on a credit report by obtaining documentation from the borrower or creditor.</p> <p>If the credit bureau report does not contain a reference for each significant open debt shown on the loan application—including outstanding mortgage debt, bank, student, or credit union loans the underwriter must document separate credit verification.</p> <p>If a current liability appears on the credit bureau report that is not shown on the loan application, the borrower will be required to provide a reasonable explanation for the undisclosed debt. Documentation may be required to support the borrower's explanation.</p> <p>If the borrower discloses, or REMN WS discovers additional liabilities after the underwriting decision has been made, up to and concurrent with the closing, the underwriter must recalculate the borrower's debt-to-income ratio for loan closing qualification.</p> <p>Debt payments, such as a student loan or balloon payment note scheduled to begin or come due within 12 months of the mortgage loan closing, must be included as anticipated monthly obligations during the underwriting analysis. Balloon payment notes that come due within one year of loan closing must be considered in the underwriting analysis by verifying</p>

	<p>sufficient liquid assets available to the Borrower to cover the amount due, in addition to all other requirements.</p>
Alimony/Child Support/Separate Maintenance	<p>For Full Documentation and Bank Statements, and 1099 Only, alimony may be deducted from income rather than included as a liability provided that the alimony payments are tax deductible to the payor. If not, the payments must be included as a liability. For Asset Qualifier, it is included as part of the debt service. Child support and separate maintenance must be included as a liability on all three product types. Document the terms of the payment via either the divorce decree, separation agreement, court order, or notarized agreement signed by all parties and their attorneys.</p>
Installment Debt (including Mortgages)	<p>Installment loans (i.e. car loan, student loan, etc.) must be included in the DTI/Debt Service. Utilize the payment listed on the credit report for qualifying. Installment debt with less than 10 months remaining may be excluded from DTI/Debt Service, as long as the borrower has the assets to make the remaining payments. Borrowers may pay down the debt to less than 10 months to exclude the payment, the assets used must be sourced. Borrowers may also pay off the balance on an installment debt to exclude the payment from the DTI/Debt Service. Source the funds utilized. If no payment listed, obtain documentation of the current payment. If the payment on an account is subject to change within 6 months (I.E. an ARM or Interest Only loan that is near adjustment) document what the new payment will be and utilize that payment in determining the DTI/Debt Service. An authorized user account may be removed via supplement, and omitted from DTI/debt service, provided there is not evidence in the file the Borrower is paying the account in question.</p> <p>The following additional requirements apply on a Texas 50(a)(6) loan:</p> <ul style="list-style-type: none"> • The payoff of debt is a condition of qualification, the payoff(s) must be included on the closing statement and disbursed directly to the creditor by the title company • The seller may not require any other seller-owned debt to be paid off as a part of the transaction as a condition of loan approval.
Revolving Debt (including HELOC)	<p>Use actual payment on credit report, unless the borrower can document a lower payment. If no payment can be documented, use 5% of outstanding balance (except for a HELOC, in which case use 1%). If no balance, no payment needs to be included. Deduct 30-day charge accounts from available liquid assets or use 5% of the balance as a payment. 30-day charge accounts do not need to be considered on the Investor Cash Flow product. Revolving debt may be paid off prior to or at closing to have the payment excluded from the DTI/Debt Service. The account(s) do not need to be closed. When the borrower pays off an account prior to closing, document the funds used for payoff. If paid at closing on a purchase or rate and term refinance transaction, document the borrower brought the funds to closing necessary to pay off the account(s). If on a refinance loan proceeds will be used to pay off revolving debt, the transaction will be deemed cash out. An authorized user account may be removed via supplement, and omitted from DTI/debt service, provided there is not evidence in the file the Borrower is paying the account in question.</p> <p>The following additional requirements apply on a Texas 50(a)(6) loan:</p> <ul style="list-style-type: none"> • The payoff of debt is a condition of qualification, the payoff(s) must be included on the closing statement and disbursed directly to the creditor by the title company • The seller may not require any other seller-owned debt to be paid off as a part of the transaction as a condition of loan approval.
Student Loans	<p>If a payment exists on credit report, use that payment. If deferred and no payment listed, use the lesser of 1% of the outstanding balance or document the fully amortized payment.</p>
Business Debt in Borrower's Name	<p>When a self-employed borrower claims that a monthly obligation that appears on his or her personal credit report is being paid by the borrower's business, REMN WS must confirm that it verified the obligation was actually paid out of company funds and that this was considered in its cash flow analysis of the borrower's business.</p> <p>The account payment does not need to be considered as part of the borrower's individual recurring monthly debt obligations if:</p> <ul style="list-style-type: none"> • The account in question does not have a history of delinquency, • The business provides acceptable evidence that the obligation was paid out of company funds (such as 6 months of canceled company checks), • The underwriter's analysis of the business took payment of the obligation into consideration. <p>The account payment does need to be considered as part of the borrower's individual recurring monthly debt obligations in any of the following situations:</p>

	<ul style="list-style-type: none"> • If the business does not provide sufficient evidence that the obligation was paid out of company funds, • If the business provides acceptable evidence of its payment of the obligation but the underwriter’s analysis of the business does not reflect any business expense related to said obligation, it is reasonable to assume that the obligation has not been accounted for in the underwriter’s analysis, or • If the account in question has a history of delinquency. <p>To ensure that the obligation is counted only once, REMN WS should adjust the net income of the business by the amount of interest, taxes, or insurance expense, if any, that relates to the account in question.</p>
Court-Ordered Assignment of Debt	<p>When a borrower has outstanding debt that was assigned to another party by court order (such as under a divorce decree or separation agreement) the Liability does not need to be considered as part of the borrower’s recurring monthly debt obligation. Verify through an executed copy of Divorce Decree and Settlement Agreement that the debt assigned to another party who is fully responsible for repayment of that debt.</p>
Co-Signed Loans	<p>When a borrower co-signs for a loan to enable another party (the primary obligor) to obtain credit but is not the party who is actually repaying the debt, the borrower has a contingent liability. The liability does not need to be considered as part of the borrower’s recurring monthly debt obligations if the underwriter can verify a history of documented payments on the co-signed debt by the primary obligor of the loan and ascertain that there is not a history of delinquent payments for that debt (since this could be an indication that the co-signer might have to assume the obligation at some point in the future).</p> <p>Generally, the primary obligor of the loan should have been making payments on the debt for at least 12 months. The liability does need to be considered as part of the borrower’s recurring monthly debt obligations if:</p> <ul style="list-style-type: none"> • The payment history by the primary obligor cannot be sufficiently documented, or • The primary obligor has a history of being delinquent in making payments on the debt. <p>For purposes of excluding a mortgage or HELOC, the co-signor may or may not be on title to the property tied to the loan in question.</p>
Lease Payments	<p>Lease Payments must be included regardless of the remaining term. At the end of the lease term, the borrower will be faced with either a buyout of the lease (purchase of the car) or a new lease contract obligation.</p>
Relocation Benefits	<p>The PITIA on the existing residence can be eliminated from the debt-to-income ratio analysis in a relocation situation if all the following conditions are met:</p> <ul style="list-style-type: none"> • A copy of the offer to purchase the existing residence must be provided, • Any closing costs and points that may be included in the relocation package can be used as closing funds. However, the borrower must provide funds for prepaid items unless specifically stated in the relocation package, and • At loan closing, a copy of the equity advance or a settlement statement must be provided as evidence of sale and release from liability.
Deferred Installment Debts	<p>Deferred Installment Debts, such as deferred student loans, must be included as part of the Borrower’s recurring monthly debt obligations. If the Borrower’s credit report does not indicate the monthly amount that will be payable at the end of the deferment period, the Borrower must obtain copies of the payment letters or forbearance agreements so that a monthly payment amount can be determined and used in calculating the Borrower’s total monthly obligations. If a payment cannot be determined, utilize 1% of the outstanding balance of the debt. Accounts in forbearance are subject to case by case review.</p>
Loans Secured by Financial Assets	<p>When a borrower uses his or her financial assets—life insurance policies, 401(k) accounts, individual retirement accounts, certificates of deposit, stocks, bonds, etc.—as security for a loan, the borrower has a contingent liability. The underwriter is not required to include this contingent liability as part of the borrower’s recurring monthly debt obligations provided that REMN WS obtains a copy of the applicable loan instrument that shows the borrower’s financial asset as collateral for the loan. If the borrower intends to use the same asset to satisfy financial reserve requirements, REMN WS must reduce the value of the asset (the account balance, in most cases) by the proceeds from the secured loan and any related fees to determine whether the borrower has sufficient reserves.</p> <p>Payments on loans that are secured by a borrower’s specific liquid financial assets may be excluded from the DTI/debt service calculation in those circumstances where the</p>

	<p>repayment of the loan rebuilds the financial asset and the current verified balance in the account (or value of the financial asset) is sufficient to fully payoff the loan. Payments on loans secured by real estate or other personal property must always be included in the DTI ratio/debt service.</p>						
Non-Reimbursed Employee Expenses	<p>If a Borrower provides two (2) years tax returns and the tax returns disclose non-reimbursed business expenses, such as classroom supplies, uniforms, meals, gasoline, automobile insurance, and/or automobile taxes, the expenses must be taken into account. Utilize information from the borrower's IRS Form 1040 including all schedules (Schedule A and IRS Form 2106) and net out any automobile depreciation claimed on IRS Form 2106. Consequently, when calculating the total debt-to- income ratio, the 24-month average for non-reimbursable expenses should be subtracted from the borrower's stable monthly income, unless such expenses are automobile lease payments or automobile loan payments, in which case they are to be considered part of the borrower's recurring monthly debt obligations. If there is not a 24-month history of such expenses, develop an annualized monthly average for the expenses and deduct from income. If unreimbursed employee expenses do not appear on the Borrower's most recent tax returns, the expenses do not need to be taken into account.</p>						
Sale of Departing Residence	<p>If the borrower is under non-contingent contract to sell their departing residence, the DTI/debt service can be calculated excluding the prior housing expenses (PITIA) if an additional 6 months of PITIA for the home to be sold is verified. If the borrower is not under contract to sell departing residence OR under contract to sell with mortgage contingencies not yet released, the prior home will be treated as an investment property and standard underwriting guidelines apply. The debt for the prior home will be included in DTI/debt service.</p>						
APPRAISAL, PROPERTY, TITLE & INSURANCE							
Appraisals	<p>All transactions require a new appraisal.</p> <p>All loans shall have an appraisal performed by an independent unbiased appraiser as part of the credit decision making process. All real estate appraisals must be performed according to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. Appraisals must be completed on the appropriate form and include proper documentation, and legible exterior / interior photos including but not limited to all bedrooms and bathrooms. Changes or alterations made to an appraisal (including value estimate) must be completed by the original appraiser. The appraisal must be ordered in a manner compliant with Dodd-Frank's AIR requirements and with REMN WS as intended user. REMN WS will permit the use of previously completed report(s) provided all other requirements of this section including regulatory compliance are met. For each transferred appraisal, the following criteria must be met:</p> <ul style="list-style-type: none"> A copy of the appraiser's current license, to be independently verified by REMN WS A copy of the appraiser's current E&O Policy with sufficient coverage name the appraiser as insured If the appraisal is a transferred appraisal, the AMC must provide an assignment of appraisal to REMN WS. In lieu of this requirement the AMC's business license must be independently verified by REMN WS. The AIR certificate confirming compliance with Dodd-Frank AIR requirements A Collateral Desktop Analysis (CDA) with a variance between 0% and positive 10%, inclusive <p>Note: The ECOA Valuations Rule requires copies of appraisals and other written valuations be delivered to the borrower promptly upon completion, or three (3) business days before consummation, whichever is earlier.</p> <p>Number of Appraisals Required</p> <p>The table below addresses the number of appraisals for a file. Any requirements per regulation (such as HPML) supersede this requirement.</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #0070C0; color: white;"> <th colspan="2">Appraisal Requirements</th> </tr> <tr> <th style="width: 50%;">Loan Amount</th> <th style="width: 50%;">Requirement</th> </tr> </thead> <tbody> <tr> <td>≤ \$2,000,000</td> <td>One (1) full appraisal</td> </tr> </tbody> </table>	Appraisal Requirements		Loan Amount	Requirement	≤ \$2,000,000	One (1) full appraisal
Appraisal Requirements							
Loan Amount	Requirement						
≤ \$2,000,000	One (1) full appraisal						

	> \$2,000,000	Two (2) full appraisals								
	HPML Loan with a Flipped Property									
	<p>Age of Appraisal</p> <p>As of the date of closing, the appraisal report(s) may not be more than 120 days old. A recertification of value is acceptable to extend the expiration date of the report provided the original report is not more than 180 days old as of the date of closing. See Geographic Restrictions for additional requirements, including shortened expiration dates.</p> <p>Determining Collateral Value</p> <p>Collateral valuations impact the determination of the loan-to-value ratios, as well as approval and identification of exceptions. Loans wherein the best usage is as a “tear down and replace” are not eligible. The methods for determining collateral value are different for purchase versus refinance transactions (see below). In instances where two full appraisals are completed, utilize the lower of the two.</p> <p><i>Purchase Transaction</i></p> <p>The collateral value is based upon the lesser of the sales price (minus concessions or excess contributions) or the appraised value.</p> <p><i>Refinance Transactions</i></p> <p>For properties owned less than 12 months as of the application date, current value may be used provided the value is supported both by appraisal and a CDA with a variance <=10%. If value not supported, use lesser of purchase price plus documented improvements or market value. If more than 12 months, use market value. Properties located in counties listed in the Geographic Eligibility Section as “Declining Markets” must utilize the lesser of the current value or the purchase price plus documented costs for improvements to price or underwrite on refinances of properties owned less than 12 months as of the application date.</p> <p>Appraisal Review Requirements</p> <p>In instances where one appraisal is required, the CU score must be reviewed. If the CU score is less than or equal to 2.5, no additional appraisal review products are required. If the CU score exceeds 2.5, or the appraisal is transferred, a CDA with a variance less than 10% is required. If the variance between the CDA and the appraisal is greater than 10%, perform a field review. If the value of the field review is within 5% of the value of the appraisal, utilize the lower of the two. If the value is outside of 5% of the appraised value, complete a second full appraisal. In the event of two appraisals, the lower of the two values will be utilized and a CDA is not required unless otherwise specified in these guidelines.</p>									
Condominiums	<p>A condominium is a form of ownership where the borrower has title to their individual unit along with an undivided share of the condo’s common elements. Condominium applications submitted should be warrantable to Fannie Mae’s criteria. Limited review is eligible based on the below table. All others must undergo a full review. The following documentation must be provided for condo submissions:</p> <ul style="list-style-type: none"> • Condo questionnaire (either short form or full form depending on the review being completed) • Master insurance certificate including all required coverages-See Insurance • Current Budget (when utilizing a full review) • Recorded declarations/CC&R’s and by-laws (when project does not meet established criteria) • Other documentation as required by underwriting to complete project review <p>Limited Review table</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 60%;">Occupancy Type</th> <th style="width: 40%;">Maximum LTV/CLTV/HCLTV</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Principal residence</td> <td style="text-align: center;">90/90/90</td> </tr> <tr> <td style="text-align: center;">Second Home</td> <td style="text-align: center;">75/75/75</td> </tr> <tr> <td style="text-align: center;">Investment Property</td> <td style="text-align: center;">75/75/75</td> </tr> </tbody> </table> <p>Note that limited review is eligible for established projects only.</p> <p>Detached Condos and 2-4 Unit Condo projects follow Fannie Mae’s guidelines.</p>		Occupancy Type	Maximum LTV/CLTV/HCLTV	Principal residence	90/90/90	Second Home	75/75/75	Investment Property	75/75/75
Occupancy Type	Maximum LTV/CLTV/HCLTV									
Principal residence	90/90/90									
Second Home	75/75/75									
Investment Property	75/75/75									
Non-Warrantable Condos	<p>Condo projects which do not meet Fannie Mae warrantability criteria may be acceptable under the Simple Access program, depending on the reason it is not warrantable. Condos</p>									

	<p>which are otherwise warrantable but ineligible due to one of the following criteria may be considered. A condo which has multiple features that would deem it non-warrantable is not acceptable. Non-Warrantable condos are subject to a pricing adjustment. Max 65 LTV for a non-warrantable condo. The Condo project must be reviewed and approved by the REMN WS project standards group.</p> <p><i>Owner Occupancy Requirement on Investment Property</i> An investment condo unit situated in a project which meets the presale requirements for number of units sold but does not meet Fannie Mae's owner occupancy requirement is eligible under the program.</p> <p><i>First Closing in a Non-Owner-Occupied Unit</i> A borrower whose closing will be the first in a new condo project is acceptable. In order to be the first closing for a non-owner-occupied unit, a 70% presale requirement (owner occupied and second home) must be met.</p> <p><i>Single Entity Ownership</i> A single entity may own up to 25% of the units in the project (excludes the sponsor in an initial marketing phase, where this cap does not apply).</p> <p><i>Low Presales</i> 40% presold is acceptable for a condo project. The underwriter must perform additional due diligence by reviewing the sales history of the project. The average marketing time in the project should not exceed the average marketing time for similar condo projects. The appraiser may comment to that effect.</p> <p><i>Insufficient Budgeted Reserves</i> A condo which undergoes full review and has less than 10% of reserves budgeted may be acceptable. The management company must advise what their intent is to fund future capital improvements and provide the last two years financials (audited, if available). The project should have at least 20% of the annual HOA dues in reserves AND no capital improvement projects pending that would individually or collectively amount to in excess of 10% of the annual HOA dues.</p> <p><i>Commercial Space</i> A condo project comprised of up to 40% commercial space is acceptable, provided it is common and customary to the area and does not have an adverse impact on marketability.</p> <p><i>PERS Review</i> Condo projects that would ordinarily require a PERS approval may be approved under full review criteria.</p> <p><i>Rent Stabilized Units</i> Condos which do not meet the presale or owner occupancy requirements due to a high number of rent stabilized units may have those units excluded from the relevant calculations. For example, a condo with 100 units of which 50 are rent stabilized would only be deemed to have 50 units. If 40 of the 50 units are sold, then it would be deemed 80% sold. The developer must confirm it has the intent to sell the units as they become available. If this is the only criteria that would deem the condo to be non-warrantable, then the condo is warrantable for purposes of this program. A maximum of 20% of the units in the project may be deducted from the unit count.</p>
<p>Appraisal Management Companies (AMC)</p>	<p>Appraisal must be ordered from one of REMN WS' approved AMC's.</p> <ul style="list-style-type: none"> • ACT Appraisal Management • AMC (Appraisal Management Company) • AMC Settlement Services • Appraisal Nation • Appraisal-Tek • Assurant Mortgage Solutions • Axis Management Solutions • BRIDGE Appraisal Management Corp. • Class Valuation • Clear Capital • Golden State AMC • GOT Appraisals • Karis Appraisal Management

	<ul style="list-style-type: none"> • Integrity Appraisal Management LLC • Lender's Choice Inc. (LCI) • MaxVantage Appraisal Management Company • Momentum Appraisal Group, Inc. • Mortgage Management Consulting (MMC) • Nationwide Appraisal Network • Nationwide Property & Appraisal Services • OrderProUSA • Pendo Management Group • Property Valuation Services, Inc. (Property Val) • R3 Appraisal Management • Service Link • Solidifi US Inc. • United States Appraisals • USAMC • Valuation Partners • Value Trend Solutions
Mixed Use Properties	<p>Mixed Use properties are allowed as defined in Fannie Mae guidelines. Examples of this would include Business use in addition to residential use, such as property with space aside for a day care facility, a beauty or barber shop, or a doctor's office.</p> <p>The following must apply:</p> <ul style="list-style-type: none"> • The property must be a one-unit dwelling that the borrower occupies as a principal residence, • The borrower must be both the owner and the operator of the business, • The property must be primarily residential in nature, and • The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property. <p>The property must meet appraisal requirements for mixed use properties</p> <p><u>Appraisal must indicate:</u></p> <ul style="list-style-type: none"> • A detailed description of the mixed-use characteristics of the subject property, • That the mixed use of the property is a legal, permissible use of the property under the local zoning requirements, • Any adverse impact on marketability and market resistance to the commercial use of the property, and • Market value of the property based on the residential characteristics, rather than of the business use or any special business-use modifications that were made.
Agriculturally Zoned Properties	<p>Properties which are agriculturally zoned but are not situated on more than twenty acres may be considered acceptable. To proceed, the appraiser must confirm no adverse impact to marketability as a result of the zoning designation and that there is no agricultural use at the property. All other standard appraisal and property conditions considerations must be followed. Agriculturally zoned properties require an exception from the investor prior to closing.</p>
Unpermitted Additions	<p>Unpermitted additions are allowed. In order for the space to be included in the determination of value, the appraiser must comment that the addition was completed in a workmanlike manner and demonstrate that the addition does not have any adverse impact on marketability. Otherwise, the appraiser should make note of the space but not include it in the conclusion of value.</p>
Deferred Maintenance	<p>Minor items of deferred maintenance are acceptable, provided the appraiser does not state that they represent a health and safety hazard. If appraisal is marked as "subject to" rather than "as is" then the required work must be completed prior to closing.</p>
Escrow Holdbacks	<p>Escrow holdbacks are acceptable at the time of closing, but all escrow funds must be disbursed by the time that the investor purchases the subject loan from REMN WS. An exception must be approved by REMN WS to close with an escrow holdback.</p>
Properties with Security Bars	<p>Security Bars on windows are a potential safety issue that must be addressed prior to closing. Security bars must comply with local fire codes and meet one of the following conditions:</p>

	<ul style="list-style-type: none"> • There must be a "Quick Release" on at least one window in each bedroom. Appraiser must comment on whether or not security bars meet local codes and whether or not there are safety release latches installed and provide photos of the release latches, or • All bedrooms must have adequate egress to the exterior of the home. Appraiser must provide comments
<p>Deed Restricted Properties</p>	<p>Generally, REMN WS does not finance properties with deed or resale restriction(s). Properties that are subject to deed or resale restrictions such as those listed below must be approved by REMN WS prior to submission.</p> <ul style="list-style-type: none"> • Resale restrictions are a right in perpetuity or for a certain number of years, stated in the form of a restriction, easement, covenant, or condition in any deed, mortgage, ground lease, agreement, or other instrument executed by or on behalf of the owner of the land. • Resale restrictions may limit the use of all or part of the land to occupancy by persons or families of low-income or moderate-income or may restrict the resale price of the property to ensure its availability to future low-income and moderate-income borrowers. • The restricted resale price provides a subsidy to the homeowner, in an amount equal to the difference between the sales price and the market value of the property without resale restrictions. • The resale restrictions are binding on current and subsequent property owners and remain in effect until they are formally removed or modified, or terminated in accordance with their terms, that being at foreclosure or acceptance of deed in lieu of foreclosures, or after a specific number of years. • Private Tax Fee • Resale restrictions related to age (55+ communities)
<p>Leasehold Properties</p>	<p>Generally, a leasehold property is a property type whereby the property owner possesses (owns) the improvements and the land is owned by another individual who leases the land to the property owner.</p> <p>Given the dependence on the maintenance of a contractual leasehold agreement with a third party, leaseholds are considered to have more legal implications than properties owned outright, regardless of the stated length of the lease. Conditions for leasehold acceptance</p> <ul style="list-style-type: none"> • The appraiser must produce a detailed description of the terms, conditions, and restrictions of the ground lease, • The appraiser must consider and report any effect the terms of the lease have on the value and marketability of the mortgaged premises, • The leasehold must run five years beyond the maturity date of the mortgage, this requirement does not apply if fee simple title will vest in the Borrower or an owner's association at an earlier date, • Due to the complexity of the lease, a copy of the underlying lease (and sublease if applicable) must be obtained and reviewed by REMN WS as needed, • When sales of similar properties that have the same lease terms are available, the appraiser should use these sales as comparable sales, • If there are no comparable sales of leasehold properties, the appraiser should use sales of similar properties owned in fee simple as comparable sales, and • The lease must meet all standards identified in "Additional Requirements" in this section. <p>Additional Requirements</p> <p>The leasehold must meet the following requirements:</p> <ul style="list-style-type: none"> • The lease must provide that the Borrower will pay taxes, insurance, and owner's association dues relative to the land in addition to those being paid on the improvements, • The lease is valid, in good standing, and all assessments due are paid, • The lease is assignable and transferable without restriction, or upon payment of a reasonable fee and delivery of reasonable documentation to the lessor. The lessor may not require a credit review or impose other qualifying criteria on any assignee, transferee, mortgagee, or sublessee. The leasehold estate and the mortgage must not be impaired by any merger of title between the lessor and lessee or by any default of a sublessor, • The lease must provide for no default provisions except for non-payment of lease rents, or failure to adhere to typical covenants and restrictions, • All rents must be current,

	<ul style="list-style-type: none"> • The lease must have a provision to protect a mortgagee's interest in the event of foreclosure or condemnation, • If the lease has an option for the Borrower to purchase the fee interest in the land, the option must be the Borrower's sole option and must be assignable. If exercised, the mortgage must become a lien on the title in the same priority it had on the leasehold, • Any potential increase in rent payments must be factored into the Borrower's housing payment and analyzed when calculating the Borrower's housing payment and analyzed when calculating the Borrower's debt to income ratio. Also, the appraiser must assess the impact of such an increase on the future marketability of the property, • The lease must provide for notification of default by Borrower to the mortgagee (usually within 30 days), • The lease must allow the mortgagee to cure the default, at least a 30-day cure period, or take over Borrower's rights under the lease, • The lease must protect mortgagee's interest in the event of condemnation, • The lease must constitute real property that is subject to a mortgage lien that can be insured by ALTA Leasehold Title Insurance Policy and Hazard Insurance Policy, • The lease must be recorded in public land records and executed by all parties, • The lease must provide Borrower will retain voting rights in any owner's association, • The mortgage must cover the property improvements as well as the leasehold interest in the land, • The leasehold must be common for the area and readily marketable. The appraiser should address this and advise if there is any negative impact on value or marketability. Comparable provided should also be leasehold properties, • When the property improvements for a leasehold estate are already constructed as the same time the lease is executed, the initial purchase price should be established as the appraised value of the land on the date the lease is executed. (If the lease is tied to an external index, - such as the Consumer Price Index (CPI) - the initial land rent should be established as a percentage of the appraised value of the land that the lease is executed, and the purchase price may be adjusted annually during the term of the lease to reflect the percentage increased or decreased in the index from the preceding year), and • When the property improvements for a leasehold estate will be constructed after the lease is executed, the purchase price of the land should be the lower of: the current appraised value of the land or the amount that results when the percentage of the total original appraised value that represented the land alone is applied to the current appraised value of the land and improvements. (If lease is tied to an external index, the initial land value may not exceed 40% of the combined appraised value of the lands and improvements).
Land Contracts	<p>A mortgage in which the proceeds are used to pay the outstanding balance under a recorded land contract or contract for deed may be considered either a purchase transaction or a rate and term refinance, as described below. A copy of the executed land contract or contract for deed is required.</p> <p>Purchase Transaction Requirements</p> <ul style="list-style-type: none"> • The land contract or contract for deed must have been executed less than 12 months prior to the loan application interview date. • All of the loan proceeds must be used to pay the outstanding balance under the land contract or contract for deed, and no loan proceeds may be disbursed to the borrower. • The LTV must be calculated using the lesser of the following: <ul style="list-style-type: none"> ○ The current appraised value, or ○ The total acquisition cost (the purchase price indicated in the original land contract or contract for deed, plus any cost the borrower has expended for rehabilitation, renovation, refurbishment or energy conservation improvements). The Mortgage file must contain sufficient documentation on which to calculate the total acquisition cost. <p>Refinance Transaction Requirements</p> <ul style="list-style-type: none"> • The land contract or contract for deed must have been executed at least 12 months prior to the loan application interview date, • The LTV must be calculated using the current appraised value, • Third-party documentation evidencing no late payments in accordance with the land contract or contract for deed for the most recent 12-month period must be provided, and

	<ul style="list-style-type: none"> The transaction must meet the requirements for a rate and term ("no cash out") refinance.
Recently Listed for Sale	<p>On a refinance where the property has been listed for sale in the last 6 months, the property must be delisted prior to application and the borrower must provide an acceptable motivation letter on their intent to retain the property going forwards. Extra due diligence shall be performed in the case of a cash out refinance.</p>
Declining Markets	<p>In the event an appraisal indicates a property is located in a declining market, the file will be subject to further review by REMN WS. See Geographic Eligibility for a list of declining markets.</p>
Title Vesting - Borrower Ownership Interest	<p>The following forms of title vesting are eligible for this product</p> <p>Individual Names</p> <p>Borrowers may take title to the property in the individual names as tenants in common, joint tenants, tenancy by the entirety, or community property (with or without survivorship). Not all borrowers need to be on title so long as at least one is, unless required by the manner of title or state law.</p> <p>Living Trust</p> <p>An <i>inter vivos</i> revocable (living) trust is created by a written legal document that transfers legal title to property from an individual to a trust, usually for estate planning or privacy purposes. The individual or individuals that create the trust (often referred to as "creators," "settlers," "grantors," or "donors") are usually named as trustees within the trust and have full control over the property. If the trust is revocable, the individual or individuals setting up the trust have the right to revoke or alter the trust.</p> <p>General Requirements</p> <p>The <i>inter vivos</i> revocable trust must meet all FNMA guidelines. The trust must be established by one or more natural persons, solely or jointly. The primary beneficiary of the trust must be the individual(s) establishing the trust. If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage. The trustee(s) must include either:</p> <ul style="list-style-type: none"> The individual establishing the trust (or at least one of the individuals, if there are two or more), OR An institutional trustee that customarily performs trust functions and is authorized to act as trustee under the laws of the applicable state. <p>The trustee(s) must have the power to mortgage the property for the purpose of securing a loan to the party (or parties) who are the borrower(s) under the mortgage or deed of trust note.</p> <p>For loans that close in the name of a trust, the name, physical address of the trustee and the identifying number of the trust (trustor's social security number) must be obtained as part of the trust review process and retained in the permanent loan file.</p> <p>Irrevocable Trusts are not eligible for financing</p> <p>Legal Requirements for Revocable Trusts</p> <p>The <i>inter vivos</i> revocable or living trust must comply with the following legal requirements:</p> <ul style="list-style-type: none"> The trust document names one or more trustees to hold legal title to and manage the property in trust and the trustee must have the power to mortgage the property for the creator of the trust, The title policy must specifically indicate that title is vested in the trustees of the <i>inter vivos</i> trust or such other manner as is customary in the jurisdiction for living trusts, Loan documents are to be executed so as to ensure full recourse against the underlying creators/borrower. The creator/borrower will sign the Note individually as guarantor(s), The trust complies with all applicable state and local laws and regulations, and The trust meets the requirements of Fannie Mae <p>REMN WS will accept a fully executed Trust Certificate in lieu of the complete trust agreement in states where it is customary to do so.</p> <p>Blind Trust</p> <p>A blind trust is a trust in which the trustee(s) or those to whom power of attorney has been given, have full discretion over the assets, and the trust beneficiaries have no knowledge of the holdings of the trust and no right to intervene in their handling. Blind trusts are generally used when a settlor (sometimes called a trustor or donor) wishes to keep the beneficiary</p>

unaware of the specific assets in the trust, such as to avoid conflict of interest between the beneficiary and the investments. The trust document must be approved by REMN WS.

Legal Requirements for Blind Trusts

- The Blind Trust must be set up as revocable trust,
- Loan documents are to be executed so as to ensure recourse against the underlying creators/borrower. The creator/borrower will sign the Note individually as guarantor(s), and
- The trust complies with all applicable state and local laws and regulations,

An attorney opinion letter should be provided

Required Verbiage for Blind Trusts

The governing Trust document must be amended to include the following language:

REPAYMENT OF LOAN

Anything contained herein to the contrary notwithstanding, with regards to that certain loan dated [date], between Grantor and [lender] **or its successor in interest or any subsequent purchaser or assignee of said loan** as collateralized by the note and mortgage assigned to this trust ("Loan"), said Loan, plus any interest and penalties related thereto shall be repaid upon the death of Grantor prior to any distribution made to any beneficiary under this trust or any amendment and/or restatement thereto.

Land Trusts

A land trust is a trust in which the real estate is declared as personal property under the terms of a trust agreement. The trustee holds legal and equitable title to that property subject to the provisions of the trust agreement that sets out the rights of the beneficiaries. A property owner will transfer the property title to a corporation or financial institution that currently is in the business of acting as trustee under an "Illinois Land Trust". Concurrently, the owner (beneficiary) retains the power to manage, sell and control the property. There are two parts to the "Illinois Land Trust":

- The "Deed of Trust" that transfers the title from the beneficiary to the trustee, and
- The "Trust Agreement" that states the rights and power of direction.

The trust agreement must ensure that for all land trusts, regardless of product type:

- At least one borrower must be a beneficiary of the trust
- The trustee must be an Institutional Trustee
- The title search results must be consulted to ensure that current title reflects an accurate Trust Number and Trust Date
- If the current trustee differs from the one referenced in the trust documents, documentation must be provided to explain the discrepancy
- If the trust's term (as stated in the trust documents) has expired, additional documentation must be provided to demonstrate that it has been renewed and are in effect

Additionally:

- A letter from the Institutional Trustee must certify that REMN WS will be notified if the trust attempts to change its name
- The Note must be signed by the borrower(s) and by the Institutional Trustee
- The Mortgage or Deed of Trust must be signed by the trustee only
- Power of Attorney is not allowed

Limited Liability Company ("LLC")

An LLC is a non-corporate business whose owners actively participate in the organization's management and are protected against personal liability for the organization's debts and obligations. Domestic LLC's whose holdings are limited to the subject property or mortgage loan secured by the subject property are eligible subject to the requirements below.

- Must be legal in the state in which the LLC is being formed
- LLC must be formed in the same state where property is located
- Maximum 4 members who may be U.S. Citizens, Permanent Resident Aliens, Non-Permanent Resident Alien

	<ul style="list-style-type: none"> • Members of the LLC must be beneficial owners of the property • The operating agreement must provide the term of the LLC and the members authorized to encumber the LLC as guarantors • At least one member of the LLC is required to qualify for the loan and individually sign the note. Additionally, the Borrowers on the loan must combined to own >50% of the LLC. If all members of the LLC are not Borrowers on the loan, then a six-month lookback will be completed as of the application date and any members whose ownership has been reduced below 50% during this time period would need to be added to the application. If the LLC was formed less than six months ago, the lookback period will be measured from LLC creation date to application date. • LLCs are acceptable in all lending areas and all occupancies <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Articles of Organization • Operating Agreement • Unanimous Consent & Resolution to Borrow • SS-4 Form listing tax ID Number • Certificate of Good Standing from the applicable Secretary of State's office (print out from sec of state website not acceptable) <p>The LLC documents must receive prior approval before the loan can be cleared to close. NO EXCEPTIONS.</p> <p>Partnerships and Corporations</p> <p>Vesting in the name of a partnership or corporation is acceptable. The entity must be legally formed, domestic to the state where the property is located and have its purpose limited to ownership of the subject property. It may not own other properties. At least one shareholders/partners/ members must be Borrowers, be natural persons and meet all underwriting criteria. Additionally, the Applicants on the loan must combined to own >50% of the entity. If all shareholders/partners/members of the entity are not Applicants on the loan, then a six-month lookback will be completed as of the application date and any shareholders/partners/members whose ownership has been reduced below 50% during this time period would need to be added to the application. If the entity was formed less than 6 months ago, the lookback period will be measured from entity creation date to application date. Max four shareholders/partners/members, all of whom must be natural persons.</p> <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Articles of incorporation • Operating agreement, by-laws, or equivalent • SS-4 Form listing tax ID Number • Certificate of Good Standing from the Applicable Sec of State Office • Unanimous Consent & Resolution to Borrow <p>The Partnership/Corporation documents must receive prior approval before the loan can be cleared to close. NO EXCEPTIONS.</p>
Title Insurance	<p>The subject property must be covered by a title insurance policy or other approved form of title evidence issued by a title insurer acceptable to Fannie Mae/Freddie Mac or REMN WS. The title insurer must be qualified to do business in the state where the subject property is located. The title insurance policy must be a current standard form of the American Land Title Association (ALTA) Policy. If applicable in the subject property state, an attorney's opinion letter may be acceptable.</p> <p>The title report/commitment/certification is valid for 60 days.</p> <p>See Texas Cash-Out Refinance a/k/a Home Equity Loans for additional information that may be needed.</p> <p>The title insurance policy must insure and protect the mortgagee of the loan and all successors and assigns against:</p> <ul style="list-style-type: none"> • Unrecorded mechanic's liens, • Unrecorded physical easements, • Facts that a physical survey would reveal, <ul style="list-style-type: none"> ○ Water and mineral rights, and

- Rights of parties in possession (Vesting).
 - Tenants under unrecorded instruments;
 - Buyers under unrecorded instruments.
- Additional issues which may be covered by attached Endorsements,
 - Environmental Protection Lien Endorsement which is required for all loans (Forms: ALTA 8 or 8.1; or CLTA 110.8 or 110.9),
 - Comprehensive Endorsement and a Location Endorsement required for all loans without surveys (CLTA Form 100 and Form 116),
 - ARM endorsement,
 - PUD endorsement,
 - Condominium Endorsement,
 - Mineral rights endorsement insuring against loss due to surface entry (CLTA Form 100.29), and
 - Leasehold Endorsement is required for all leasehold properties.

Required Information

All files are to contain a 24-month title history from an acceptable source. Transfer date, price, and buyer and seller names on any title transfers that occurred within the previous 24 months must be listed.

Title Policy Requirements

All loans must be covered by a title insurance policy or other approved form of title evidence that is paid in full, and is valid, binding and remains in full force and effect.

- The lien(s) must be insured in the designated position of the most recent holder of the collateral,
- The amount of coverage must be equal to the face value of the loan amount,
- An ALTA insurance company must issue all title commitments and/or policies with Endorsements. Copies of documents verifying proof of satisfaction or release to eliminate any items on title is retained with the title work, and
- Real estate taxes must reflect "not yet due and payable" upon closing. On condominiums and single-family dwellings taxes can only be assessable against the subject unit and it undivided interest in the common areas, and not the project as a whole.

Acceptable Title Exceptions

- Customary public utility subsurface easements, the location of which are fixed and can be verified. The exercise of rights of easement will not interfere with the use and enjoyment of any present improvement of the subject property or proposed improvements upon which the appraisal or loan is based,
- Above-surface public utility easements that extend along one or more property lines for distribution purposes or along the rear property line for drainage, provided they do not extend more than 12 feet from the subject property lines and do not interfere with any of the buildings or improvements, or with the use of the subject property; restrictions, provided their violation will not result in the forfeiture or reversion of title or a lien of any kind for damages, or have an adverse effect on the fair market value of the subject property,
- Mutual easement agreements that establish joint driveways or party walls constructed on the subject property and on an adjoining property, provided all future owners have unlimited and unrestricted use of them,
- Encroachments on one (1) foot or less on adjoining property by eaves or other overhanging projections or by driveways provided there is at least a ten (10) foot clearance between the buildings on the subject property and the property line affected by the encroachments,
- Encroachments on the subject property by improvements on adjoining property provided these encroachments extend one (1) foot or less over the property line of the subject property, have a total area of 50 square feet or less, do not touch any buildings, and do not interfere with the use of any improvements on the subject property or the use of the subject property not occupied by improvements,
- Encroachments on adjoining properties by hedges or removable fences, and
- Liens for real estate or ad valorem taxes and assessments not yet due and payable.

	<p>Survey Requirements</p> <p>If not insured against loss by title insurance, a survey will be provided to the title agent for review and removal of the survey exception. Surveys must be certified, dated, and signed by the licensed civil engineer or registered surveyor performing the survey. The survey must conform to Fannie Mae/Freddie Mac guidelines. A survey is required for a Texas Home Equity Loan.</p>
Hazard Insurance	<p>The subject property must be protected (including when vacant) against loss or damage from fire and other perils with a Homeowners/Master Casualty Policy, through a company, which has an acceptable rating to REMN WS. Hazard Insurance is required for all 1-4 unit attached and detached properties. An individual Homeowners policy is acceptable for 2-4-unit properties. Requirements for Attached PUDs and Condominiums are detailed in separate sections below.</p> <p>The insurance must be in force at the time of closing. The loan file must evidence the existence of insurance for the subject property and project (when applicable) prior to the close of escrow. Acceptable proof would be front and back copy of canceled check, Closing Disclosure showing payment, and receipt for payment of the premium, the insurance binder or the policy with a minimum of 30 days remaining on the policy at the time of funding. The hazard insurance policy must contain a mortgagee clause, naming REMN WS as the loss payee. The insurance must be maintained throughout the duration of the loan.</p> <p>Attached PUD Specific Hazard Insurance Requirement</p> <p>The homeowner may provide insurance protection from either an individual insurance policy or a master insurance policy provided by the HOA using one of the following options:</p> <ul style="list-style-type: none"> • A master policy provided by the HOA that includes full insurance protection for the individual (both exterior and walls-in) as well as the common areas, • A master policy provided by the HOA that includes coverage for the exterior of the unit as well as common areas, the homeowner must then provide a walls-in policy, or • A master policy provided by the HOA that covers only the common areas. The homeowner must then provide coverage for both the exterior and interior (walls-in) of the unit <p>Either the master policy or the individual unit policy must provide adequate liability coverage in addition to structural coverage</p> <p>Acceptable Rating Categories</p> <p>REMN WS will accept hazard insurance policies from a carrier rated:</p> <ul style="list-style-type: none"> • A.M. Best Company - “B” or better financial strength rating in Best’s Insurance Reports, • Demotech, Inc. – “A” or better rating in Demotech’s Hazard Insurance Financial Stability Ratings, or • Standard and Poor’s Inc. – “BBB” or better insurer financial strength rating in Standard and Poor’s Rating Direct Insurance Services. <p>REMN WS will accept policies underwritten by Lloyd’s of London or Hawaiian Insurance and Guaranty Company even though they are not rated by one of the acceptable rating agencies. In addition, coverage obtained through state insurance plans is acceptable to REMN WS, if that is the only coverage available.</p> <p>Amount of Coverage</p> <p>The amount of coverage must be at least equal to:</p> <ul style="list-style-type: none"> • Replacement Cost coverage or similar verbiage as stated in the declarations page, or • 100% of the insurable value of the improvements as established by the insurer or coverage amounts as determined by REMN WS’ calculation from a full appraisal. <p>REMN WS will not accept hazard insurance policies that limit or exclude from coverage windstorm, hurricane, hail damages, or any other peril normally included under an extended coverage endorsement unless a separate policy or endorsement is obtained that provides adequate coverage for the limited or excluded peril.</p> <p>The separate policy may come from an insurance pool established by a state to cover the limitations or exclusions.</p> <p>Rent Loss Coverage</p> <p>For 2-4-unit principal residence and 1-4-unit investment properties rental loss insurance is not required.</p>

	<p><u>Acceptable Terms</u> Hazard policies may have a term of one year or life of loan.</p> <p><u>Deductible</u> Minimum deductibles may be dictated by state regulation. The maximum deductible for casualty insurance is 5% of the face amount of the policy.</p> <p><u>Lender-Placed Coverage</u> REM N WS will lender place insurance (at borrower's expense) on any collateral where the borrower's act of omission or commission nullifies the required insurance coverage.</p>
<p>Condo Insurance Requirements</p>	<p><u>Master/Blanket Insurance Policy</u> The Homeowners' Association (HOA) must maintain a policy of property insurance, with premiums being paid as a common expense. The policy must cover all of the common elements except for those that are normally excluded such as land, foundation, or excavations. Included common elements may be fixtures, building service equipment, common personal property, and supplies. REM N WS requires the following the following insurance for condominium projects:</p> <p><u>Hazard Insurance</u> REM N WS will accept condominium hazard coverage as detailed in Fannie Mae's Correspondent Seller Guide, Hazard and Flood Insurance, or coverage which complies with the following:</p> <ul style="list-style-type: none"> • The Condominium Project must maintain a commercial insurance policy that provides for at least fire and has an extended coverage endorsement. • The policy must cover 100% of the insurable replacement cost of the entire project, including the individual units. • Deductible not to exceed 5% of the policy. If policy provides for a separate wind-loss deductible (either in the policy itself or in a separate endorsement), deductible must not exceed 5% of the policy. • If policy includes a coinsurance clause, REM N WS requires an "<i>Agreed Amount Endorsement</i>" to waive the requirement for coinsurance. • Operating reserve accounts must include funds to cover the deductible amounts for the condominium project. <p><u>Acceptable Rating Categories</u> REM N WS will accept hazard insurance policies from a carrier rated:</p> <ul style="list-style-type: none"> • A.M. Best Company - "B" or better financial strength rating in Best's Insurance Reports, • Demotech, Inc. – "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, or • Standard and Poor's Inc. – "BBB" or better insurer financial strength rating in Standard and Poor's Rating Direct Insurance Services. <p>REM N WS will accept policies underwritten by Lloyd's of London or Hawaiian Insurance and Guaranty Company even though they are not rated by one of the acceptable rating agencies. In addition, coverage obtained through state insurance plans is acceptable to REM N WS, if that is the only coverage available.</p> <p><u>Amount of Coverage</u> Policy must include one of the following endorsements to ensure full insurable value replacement cost coverage:</p> <ul style="list-style-type: none"> • A "<i>Replacement Cost Endorsement</i>," under which the insurer agrees to pay up to, but no more than, 100% of the property's insurable replacement cost, or • A "<i>Replacement Cost Endorsement</i>," under which the insurer agrees to replace the property up to a specified percentage over the policy limit, or agrees to replace the property regardless of the cost <p>Insurance should cover replacement cost of the project improvements, including the individual unit. Coverage does not need to include land, foundations or excavations or other items that are usually excluded from insurance coverage</p> <p>REM N WS will not accept hazard insurance policies that limit or exclude from coverage windstorm, hurricane, hail damages, or any other peril normally included under an extended coverage endorsement unless a separate policy or endorsement is obtained that provides adequate coverage for the limited or excluded peril.</p>

	<p>The separate policy may come from an insurance pool established by a state to cover the limitations or exclusions.</p> <p>Condo Flood Insurance REM N WS will accept condominium flood insurance as detailed in Fannie Guide.</p> <p>Condo Title Insurance REM N WS will require condominium title insurance as detailed in Fannie Mae's Correspondent Guide.</p> <p>Fidelity Fidelity insurance is required for condominium projects consisting of more than 20 units. In those states that have statutory fidelity insurance requirements, REM N WS will accept the state fidelity insurance requirements. The following requirements apply:</p> <ul style="list-style-type: none"> • The owners' association must have blanket fidelity insurance coverage for anyone who either handles (or is responsible for) funds that it holds or administers, whether or not that individual receives compensation for services, • The insurance policy should name the owners' association as the insured, • A management agent that handles funds for the owners' association should be covered by its own fidelity insurance policy, which must provide the same coverage required by the HOA, and • The fidelity insurance policy should cover the maximum funds that will be in the custody of the owners' association or its management agent at any time while the policy is in force. <p>Directors and Officers Liability Insurance The owners' association must have blanket Directors and Officers insurance policy payable to the Directors and Officer of a company or to the Organization(s) itself as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers such loss as a of a legal action brought for alleged wrongful acts in their capacity as directors and officers. Such coverage can extend to defense costs arising out of criminal and regulatory investigations/trials as well; in fact, often civil and criminal actions are brought against directors/officers simultaneously.</p> <ul style="list-style-type: none"> • The minimum policy is to cover \$1 million per occurrence • Maximum \$25,000 Deductible <p>Liability Insurance The HOA must maintain a commercial general liability insurance policy for the entire project, including all common areas and elements, public ways, and any other areas that are under its supervision. This insurance should also cover commercial spaces that are owned by the HOA, even if they are leased to others. The commercial general liability insurance policy should provide coverage for bodily injury and property damage that result from the operation, maintenance, or use of the project's common areas and elements.</p> <ul style="list-style-type: none"> • The amount of coverage should be at least \$1 million for bodily injury and property damage for any single occurrence and the owners' association must be the named insured. • If the policy does not include "severability of interest" in its terms, REM N WS requires a specific endorsement to preclude the insurer's denial of a unit owner's claim because of negligent acts of the owners' association or of other unit owners. • The policy should provide for at least ten days' written notice to the owners' association before the insurer can cancel or substantially modify it. For condominium projects, similar notice must also be given to each holder of a first mortgage on an individual unit in the project. <p>Additional Coverage The association must also carry any additional coverage commonly required for developments similar in construction, location and use, including the following where applicable and available:</p> <ul style="list-style-type: none"> • An Umbrella/Excess liability policy is required for projects with elevators. • Comprehensive automobile liability,
--	---

	<ul style="list-style-type: none"> • Bailee's liability, • Elevator collision liability, • Garage keeper's liability, • Host liquor liability, • Workers' compensation and employer's liability, and • Contractual liability. <p>The insurer's limit of liability per occurrence for personal injury, bodily injury or property damage under the terms of the above coverages must be at least \$1 million and the owners' association must be the named insured.</p>
<p>Flood Insurance</p>	<p>Flood insurance is required for any property located within any area designated by the Federal Emergency Management Agency (FEMA) as an Area of Special Flood Hazard. This is typically denoted as Flood Zone A or Zone V (coastal areas). Properties in Flood Zone A or V must be located in a community which participates in the FEMA program to be eligible for financing. Flood insurance is required to be escrowed.</p> <p>Flood Zone Determination</p> <p>Determination whether a subject property is in a flood zone must be established by a Life of Loan Flood Certificate provided by the Federal Emergency Management Agency (FEMA). In addition, the appraisal report should accurately reflect the flood zone. REMN WS requires that a completed Life of Loan Flood Certificate (FEMA Form 81- 93) be in the file.</p> <p>Coverage and Deductibles</p> <p>If the subject property is located in a Special Flood Hazard Area, flood insurance is required and maintained as follows:</p> <ul style="list-style-type: none"> • Buildings and improvements in Flood Zone A (lettered or numbered) or Zones V1 through V30 must have flood insurance, • Minimum flood insurance coverage must be the lower of: <ul style="list-style-type: none"> ○ 100% of replacement cost of dwelling, ○ The maximum insurance available from the National Flood Insurance Program (NFIP), or ○ The unpaid principal balance (UPB) of the mortgage. • Deductibles permitted up to the maximum deductible available under the National Flood Insurance Program (NFIP), • The borrower's name and the subject property must be on the flood insurance application or binder, • The flood insurance policy must contain a mortgagee clause, naming REMN WS as the loss payee, • Evidence of coverage must be provided at closing; (for refinance transactions, if an existing flood insurance policy is in place and the expiration date of the policy is less than 30 days from the closing date of the transaction, then an updated flood insurance policy is required), <p>The insurance must be maintained throughout the duration of the loan. REMN WS will force place flood insurance if a borrower allows a policy to lapse or if it is determined that the current coverage is inadequate.</p> <p>The flood insurance requirement may be waived if the borrower obtains a letter from FEMA, Letter of Map Adjustment ("LOMA") stating that its maps have been amended so that the subject property is no longer in an area of Special Flood Hazard. The appraisal report and flood determination form should be amended by the appropriate vendors to accurately reflect the change to the flood zone.</p>
<p>Catastrophic Insurance</p>	<p>In specific geologic locations, catastrophic events may occur on a more regular basis. If the subject property is located within these areas, additional insurance may be required. Examples of catastrophic insurance are:</p> <ul style="list-style-type: none"> • Hurricane Insurance, • Earthquake Insurance, and • Lava Insurance <p>Earthquake insurance is required if the appraisal report or any other document (survey or title work) indicates the subject is located on or in close proximity to a fault or seismic study</p>

	<p>area. If no mention is made regarding earthquake exposure, insurance should not be required. The maximum insurance deductible allowed is 10%.</p>
Foreign Nationals	<p>Foreign Nationals are defined as Borrowers who do not work in or reside in the U.S. The Borrower must reside in and work in a foreign country. Foreign Nationals are eligible under the Simple Access product series to purchase or refinance either second homes or investment properties. First Time Home Buyers may be eligible, under the same guidelines as standard First Time Home Buyer Borrowers. Foreign Nationals may purchase property in an entity, subject to the entity section. All other underwriting requirements must be met. See Exhibit C for LTV/FICO/Loan Amount matrices.</p> <p>An IRS form W-8BEN, Certificate of Foreign Status must be filed with the IRS (all Borrowers). A copy of the Certificate must be retained in the file.</p> <p>Any documentation provided from a borrower's home country must be provided in its original language listing that country's currency, as applicable. A certified translation must also be provided.</p> <p>Visa Requirements</p> <p>Borrowers must provide a legible, valid foreign passport AND visa. The visa must evidence that the Borrower has legally entered the US, though no defined length of stay is required. The passport and visa should contain all necessary information on the Borrower and include a photograph and signature. Borrowers who are citizens of Canada do not need to present a visa. Borrowers who are from countries on the State Department's Visa Waiver Program do not need to present a Visa, however they must present their passport and the applicable paperwork related to the visa waiver program. Borrowers who are citizens of Mexico may provide one of the following to meet the visa requirements:</p> <ul style="list-style-type: none"> • A laser visa card; it is both a border crossing card and a B1/B2 visa, or • A NAFTA treaty visa (TN, TC, E1 & E2) <p>Borrowers with diplomatic immunity are ineligible for this program.</p> <p>Credit Requirements</p> <p>A credit report and credit score are not required. However, if a borrower on the loan has a social security number, a credit report must be obtained and reviewed. Borrowers that have established credit in the U.S. and do not meet the standard trade line requirement may not have their credit history disregarded. The credit history (i.e., combination of credit report and supplemental credit references), including payment history and any derogatory credit, must comply with the requirements listed in this Underwriting Guideline. Foreign credit does not need to be provided, documented, or verified. Borrowers with a US credit score must use their score for pricing and eligibility purposes. Borrowers without a US credit score will be underwritten based on a 680 FICO score but no LTV/FICO LLPA shall be utilized, either positive or negative.</p> <p>Income</p> <p>Foreign Full Documentation</p> <p>Not eligible</p> <p>Asset Qualifier</p> <p>A foreign national Borrower may utilize method two of the asset qualifier product to qualify. The Borrower must document 120% of the subject mortgage and 30% of all other debt outstanding in the US. Foreign debts/liabilities do not need to be document or included in the total. As with all other documents, the documents must be provided both in their original form and as a certified translation. A currency conversion must be completed by the underwriter. Any deposits >10% of the face value of the end account must be sourced and documented.</p> <p>Funds to be utilized for funds to close must be moved into the U.S. prior to closing. Assets that will be utilized for reserves or asset qualification purposes may remain in a foreign account provided that the institution which is custodian of the funds is on the Acceptable Institution List Exhibit A. Otherwise, reserve funds must be moved to an account in the US prior to closing.</p>

Investor Cash Flow

Borrowers utilizing the Investor Cash Flow method may be qualified under the same requirements and methodology as standard Borrowers. A minimum 1.000 DSCR applies. The interest only payment may NOT be utilized to calculate the DSCR on a loan with an interest only feature. A 12 month history of owning and managing rental properties must be demonstrated.

Liabilities

Borrowers must provide a complete schedule of real estate owned listing property type, property value, rental income (if any), mortgage amount (if any), mortgage payment (if any), and taxes, insurance, and common charges (if any). Any US liabilities must be taken into account. Foreign liabilities, including carrying costs on foreign properties, do not need to be documented or included in the underwriting analysis of the file.

Assets

Borrowers must document transfer of funds that will be used for closing to a US account prior to closing. They must also source funds used for the transaction for the most recent 60 day period. Any foreign asset statements provided must be presented both in original format (home country language and currency) as well as certified translated into English.

Assets that will be utilized for reserves or asset qualification purposes may remain in a foreign account provided that the institution which is custodian of the funds is on the Acceptable Institution List (Exhibit A). Otherwise, funds must be moved to an account in the US and prior to closing.

The minimum reserve requirement is increased to 12 months for all loan amounts when using the Investor Cash Flow income underwriting method. No additional reserves are required for the Asset Qualifier method, other than those outlined above. Any additional reserve overlays still apply.

Business funds are eligible under standard Borrower requirements.

Assets types and questions not directly addressed here should be underwritten in accordance with the Assets section of this guide.

Know Your Customer

All foreign Borrowers must undergo a Know Your Customer (KYC) check to be completed by Seller prior to the Seller closing the loan. A Lexis Nexis World Compliance Online Search is used to satisfy this requirement. Any alerts that arise must be acceptably addressed before a final approval may be granted. If a borrower cannot clear the KYC check, the loan will be ineligible for purchase.

Automated Clearing House (ACH) Requirement

Any loan made to a Foreign National must have an ACH agreement signed at the closing table. The ACH must be set to draw from a US bank account. The Borrower shall provide proof that a US bank account is opened in their name (or in the name of the LLC which owns the property, if applicable) and that the account is funded with the first month's payment. In the event that the servicing transfer date is after the first payment date, the Seller is responsible for ensuring the payment(s) due prior to the servicing transfer date are made timely.

Translation Requirements

Any foreign documentation provided must be provided in its original form. The documentation must also be translated by a certified translator. The Seller must vet the Borrower-selected translator for acceptability.