DSCR PLUS [3]
1-4 Unit Investment Property

INVESTMENT PROPERTY, DSCR >= 1.00			
<= $150,000 [1]			
FICO	Purchase	Rate/Refi	Cash Out [2]
740	75	75	75
720	75	75	75
700	75	75	75
<= $1,000,000			
FICO	Purchase	Rate/Refi	Cash Out [2]
740	80	80	75
720	80	80	75
700	80	80	75
<= $1,500,000			
FICO	Purchase	Rate/Refi	Cash Out [2]
740	80	80	75
720	80	80	75
700	80	80	75

1. Minimum loan amount $125,000.
2. Max Cash-Out: $750,000
3. Non-Warrantable Condos: Max 75% LTV.

DSCR Plus Non-QM Underwriting Guidelines	
PROGRAM OVERVIEW	
AUS	Loans are **not** required to be run through an AUS
LTV/CLTV	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. LTV Ratio 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. Unless otherwise noted in the Guidelines, the LTV ratio calculation depends on whether the transaction is a purchase or refinance transaction. • **Purchase Money Transactions**: Loan Amount /Lower of sales price or appraisal value • **Refinance Transaction**: Loan Amount/Value utilized for underwriting Determining Collateral Value 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 Determining Collateral Value section to assist in LTV/CLTV calculations).
Loan Terms	The standard loan term under the DSCR Plus Non-QM product is 30-year fixed rate.
Qualifying Rates	Note that these requirements are superseded by any regulatory requirements, unless exempt by definition. **Fixed Rate Loans** Qualified at the Note rate. **Interest Only Loans** Ineligible
Assumptions	Not allowed
Prepayment Penalty	Prepayment penalties may be placed on investment properties 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 six (6) months interest on 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). This includes cash-out refinance transactions, where the cash-out proceeds must be used solely for business purposes. Prepayment penalties are available for terms up to five (5) years. Pricing implications may apply in the event that a PPP shorter than three years or no PPP is placed. Eligible states for PPP are AL, AR, AZ, CA, CO, CT, DC, DE, FL, GA, HI, IA, ID, IL*, IN, KY, KS, LA, MA, ME, MD*, MO, MT, NC, ND, NE, NH, NV, NJ*, NY, OK, OR, PA*, RI*, SC, SD, TN, TX, UT, VA, VT, WA, WI, WY. *State Specific Limitations **Illinois** – PPP permitted only when closing in an LLC or a corporation. **Maryland** – Note must specifically include Choice of Law – Title 12, Subtitle 10 Credit Grantor Provisions **New Jersey** – PPP permitted only when closing in a corporation. **Pennsylvania** – Minimum loan balance of $319,777 required to allow PPP on 1-2 unit properties **Rhode Island** – Max 1 year prepay period. Purchase transactions must have a Flat-Pay structure: 2% of balance due as penalty. Refinances may follow standard Access structure as shown above.

Mortgage Insurance	Not required
Eligible Borrowers	**United States Citizens** United States Citizens are: individuals born in the United States, Puerto Rico, Guam, Northern Mariana Islands, Virgin Islands, American Samoa, or Swain's Island. **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. **Non-Permanent Resident Aliens:** Holder(s) of the following visa types are eligible for financing: E-1, E-2, E-3, EB-5, G-1 through G-5, H-1B, L-1, NATO, O-1, R-1, TN NAFTA only. The following are required as evidence that the borrower is in the U.S. legally: • Copy of the borrower's valid and unexpired passport and o Copy of the borrower's valid and unexpired visa (including photograph) OR an I-797 form with valid extension dates and I-94, • If a non-U.S. citizen is borrowing with a U.S. citizen, non-permanent resident alien documentation requirements still apply. • **Note:** Certain borrowers holding the following EADs are eligible without a Visa: C09, C10, C24, C31, C33 Borrowers must have been living and working in US for at least 2 years (measured from the application date), must have valid Social Security Number(s), have established credit history, and meet all other DSCR Plus Non-QM guidelines based on the specific product. A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the borrower's current employer. If the visa or EAD will expire within six (6) months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower's continued employment and/or continued visa renewal sponsorship (employer on the loan application must be the same as on the unexpired visa). **First Time Home Buyers** Not allowed. **Inter Vivos Revocable Trust** Ineligible **Foreign Nationals** Not Allowed
Ineligible Borrowers	• Foreign National borrowers • ITIN borrowers • Borrowers with diplomatic immunity • Borrowers without a social security number or a number that cannot be validated with the SSA. • Life Estates • Inter-vivos trust • Non-revocable trust • Guardianships • REMN WS Employees • Trusts or Business Entities whose members include other LLCs (multi-layered LLCs), Corporations, Partnerships, or Trusts • Trusts or Business Entities where a Power of Attorney is used • Borrowers previously convicted of mortgage fraud • Broker company employees and owners
Eligible Properties	• 1-4 unit attached and detached properties • Attached and detached PUDs

	• Attached and detached Condos which are warrantable under Fannie Mae/Freddie Mac criteria. • Non-Warrantable Condos (see Non-Warrantable Condo section). Pricing adjustments apply. • Single Family Residences with an Accessory Unit (ADU) • 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)
Ineligible Properties	• Acreage greater than 5 acres (appraisal must include total acreage) • Tenancy in Common properties • Properties with less than 600 square feet living space • Mixed-Use properties • Log Homes • Manufactured housing • Modular homes • Properties subject to oil and/or gas leases • Unique properties • Agriculturally Zoned Properties (exceptions may be considered case-by-case) • Rural Properties • Working farms, ranches or orchards • Hobby farms • Co-ops • Condotels or Condos with hotel-like features • Properties with a condition rating of C5 or C6 • 1-unit properties with multiple ADUs • 2-4 units with Accessory Dwelling Unit • Boarding houses • Group homes • Properties located in Lava Zones 1 & 2 • Leasehold estates • Vacant land • Properties not eligible for year-round occupancy • Properties requiring hauled water and those lacking satisfactory utilities • Properties with deed restrictions, with the exception of properties that meet Fannie Mae age-related deed restriction requirements and properties with deed restrictions specific to developer land-use or building code requirements for a subject development.
Geographic Eligibility	The DSCR Plus Non-QM product suite is eligible in **ALL** 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. For transactions involving subject properties in California, property taxes can be calculated based on 1.25% or the actual documented tax rate (on fully-developed land). Properties in the County of Philadelphia are ineligible. Properties in the City of Baltimore are ineligible. • Properties located in the County of Baltimore, but not within the City of Baltimore, are eligible.
CEMA	Properties located in the state of New York may be structured as a Consolidation, Extension & Modification Agreement (CEMA) transaction (refinances only). The most current version of Fannie Mae/Freddie Mac Uniform Instrument (Form 3172) must be used. The following documentation must be provided: • New York Consolidation, Extension and Modification Agreement (Form 3172)

	• Original Note(s) – Original documents signed by the applicant • 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 Lost Note Affidavits are not acceptable.
Unlicensed MLO	A broker/MLO who is not currently licensed in the state where the subject property is located is eligible to submit the loan if the following applies: • DSCR Plus transactions only • Subject property cannot be located in the following states: AK, AZ, CA, IA, ID, MI, MN, NE, NV, ND, OR, SD, UT, VT • Broker/MLO must have a current license in at least one other state • Each loan will be reviewed by management to confirm a) the Broker/MLO is licensed, b) the property is located in an eligible state, and c) the product type is DSCR Plus. A loan with an unlicensed MLO MUST meet all guidelines, no exceptions
Temporary Buydowns	Temporary interest rate buydowns are not eligible.
Eligible Transactions	**Purchase Money Transaction** 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 not 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. *Non-Arm's Length Purchase* Non-arm's length transactions are ineligible with the exception of transactions involving unrelated tenant/landlord relationships. **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 1% 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 borrower's 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 1% of the new mortgage loan balance, OR if the transaction does not meet the rate/term criteria above it is considered a cash-out refinance. Properties owned for less than 6 months (Deed Date to Note Date) are ineligible. • For all LTVs, there is a maximum $750,000 limit of cash-out funds received on a Cash-Out Refinance transactions. Cash-Out Proceeds – For determining the maximum limit, cash-out proceeds are defined as: • The net cash funds received by the borrower at the closing, as per the CD; PLUS • The funds used to pay-off unseasoned subordinate liens on the subject property; All refinances must meet any and all Net Tangible Benefit requirements in accordance with applicable state and federal regulation. Cash-Out Proceeds may be used to satisfy Reserve requirements. Cash-Out Proceeds may **not** be used to pay-off non-mortgage debts, including installment and revolving debt, or mortgage debts associated with other owned properties.
Ineligible Transactions	• Transaction paying off an Installment Land Contract • Adjustable Rate Mortgages (ARMs) • Interest Only Loans • Texas 50(a)(6) Home Equity Refinances • Loans with a balloon payment • Community Land Trusts • Energy Efficient Mortgage loans (EEM) • High-Cost Loans • Loans held in a blind trust • Loans to Principal Owners of Business Lending Client • Loans which allow Assumptions • Loans with more than four (4) borrowers • Loans with temporary buydowns • New York purchase transactions documented by CEMA • Non-arm's length transactions, except for transactions involving unrelated tenant/landlord relationships. • Principal curtailments that exceed the lesser of $10,000 or 1% of the loan amount • Refinance of an unseasoned Restructured Loan or Short Refinance Loan • Renovation or Rehabilitation Mortgages • Construction-to-Permanent financing • Title held in Tenants in Common with unequal ownership • Transactions consisting of an assignment of sales contract

	• Transactions that include the use of privately funded loans for the purpose of securing assets for the transaction
Undisclosed Debt Monitoring	Undisclosed Debt Monitoring is not required for DSCR Plus transactions.
Subordinate Financing	Subordinate financing is not eligible for DSCR Plus Transactions.
Limitations on Other Real Estate Owned	Loan/Property restrictions per borrower are as follows: • Borrowers are collectively limited to four (4) loans either issued or purchased by REMN WS not to exceed $10,000,000 • Borrowers with > 20 financed properties are not eligible for DSCR Plus transactions. This is aggregate based on all borrowers and includes commercial properties. • Borrowers may have REMN WS financing on a maximum of 5% of the properties in a condominium project. Condo project will require upfront validation with the Project Standards group to ensure maximum exposure in the project has not been reached. • For projects ≤ 10 total units, financing on a maximum of 1 unit is allowed • Multiple simultaneous submissions require REMN WS management approval.
Short Sale	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. Short Sale Fee Documentation The following documentation is required in the mortgage loan application file: • 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	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: • 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. A Power of Attorney (POA) is ineligible for cash-out refinance loans, or loans where title is closed in a trust or LLC/Partnership/Corporation. 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.
Escrow/Impound Waivers	Unless required by applicable state law, escrow/impound waivers for taxes and insurance are permitted, except in the following case: • Flood insurance – flood insurance premiums and fees are required to be escrowed as mandated by the Flood Disaster Protection Act of 1973, as amended.

INCOME	
Income – DSCR Plus	**Product Eligibility** 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). See Qualifying Rates for more detail. The loan must be eligible for treatment as a business purpose loan. This includes cash-out refinance transactions, where the cash-out proceeds must be used solely for business purposes. 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. **Note:** Property Tenants may not be family members of the borrower on DSCR Plus transactions. **Qualification** The Debt Service Coverage Ratio (DSCR) is subject to specific criteria based on loan amount, FICO score and LTV. Please see the DSCR Plus matrix on page 3 to determine eligibility. Example: Rents of $1,000 and PITIA of $800. DSCR=$1,000/$800=1.25. This would be eligible for the product. Rents of $800 and PITIA of $1,200. DSCR=$800/$1,200=.667. This would not be eligible for the product. **Landlord History Waiver (First Time Investor)** 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. • Max 75% LTV • Min 12mo Reserves • 0x30x12 on all housing trade lines as of the application date – If the subject property was refinanced less than 12 months ago, it must be current with no late payments. • No mortgage forbearances with a missed payment in the most recent 12 months prior to the application date • Borrower must own their current primary residence or second home **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. Expired leases and at-will tenancies without a written lease agreement are not acceptable. 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 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. 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 (up to 120% of market rents) to calculate the DSCR provided the lease will continue for at least six months after the note date and three months of rents due prior to the application date are documented as received timely. *Refinance* Use 100% of the lesser of current or market rents as determined by the appraiser. Borrower must provide leases in place (no vacant properties). Expired leases and at-will tenancies without a written lease agreement are not acceptable. 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. 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 (up to 120% of market rents) to calculate the DSCR provided the lease will continue for at least six months after the note date and three months of rents due prior to the application date are documented as received timely. Short-Term Rentals are ineligible for the DSCR Plus Program. *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. 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.

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 to meet the reserve requirement. Assets statements are generally valid for 90 days. Asset statements provided must cover at least 30 days, using the most recent one (1) month bank statement, or most recent quarterly statement.
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	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
	Note that this section relates solely to the utilization of assets to meet the funds to close or reserve requirements.
	Annuities/Cash Value of Life Insurance
	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.
	Borrowed Funds - Secured
	Borrowed Funds from a secured loan may be used as a source of closing funds or reserves. In order to utilize Borrowed Funds:
	• 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
	Business Assets
	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. The borrower(s) on the loan must own a combined 100% interest in order for the funds to be utilized. Ownership percentage must be documented via a CPA letter, Operating Agreement, or equivalent.
	Additionally, one of the following must be provided:
	• A letter from only a CPA (other designations are not allowed) stating that the use of 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:
	  ○ Determine the business' monthly operating expenses based on either the most recent year's tax returns or average deductions on three (3) months' worth of statements
	  ○ Deduct three (3) 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.
	
	Any funds which have been transferred into personal accounts prior to application date may be utilized without restriction.
	Checking, Savings or Share Accounts
	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 (within 90 calendar days), recent large deposits that are atypical or inconsistent, 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. The underwriter may use discretion on whether to source large deposits.

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.

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

Cryptocurrency is an eligible source of funds for down payment, closing costs and reserves. The cryptocurrency must be liquidated and deposited into a United States bank/financial institution account.

Foreign Assets

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) for 90 days 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 100% 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

If the funds are needed for closing (e.g. down payment, closing costs, etc.), the liquidation of the funds and the end balance must be documented. Liquidation is not required if the funds are being used solely to meet post-closing reserve requirements.

Non-Borrowing Title Holders

Funds from a non-borrowing spouse who is/will be a titleholder are ineligible for closing costs and reserves.

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

Rental/Lease credits are not an acceptable source of funds toward the down payment.

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.

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 100% (80% for borrowers under eligible retirement age) of net value (based on market volatility).

Tax Deferred Exchange (1031 exchange)

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:

- 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.

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

Transactions involving 1031 Exchange must meet following criteria to be eligible for financing:

- 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

<table>
<tr><td></td><td>
All 1031 proceeds of the initial sale must be re-invested in the like-kind property within 180 days of that sale.
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 taxpayer must sign an Assignment of Purchase and Sale Agreement with the QI/Accommodator/ Facilitator prior to the disbursement.
Trust Account Funds
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.
U.S. Savings Bonds
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.
U. S. Savings Bonds should be based on their purchase price unless the redemption value can be documented.
</td></tr>
<tr><td>Gift Funds</td><td>
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.
Gifts funds are eligible under the following guidelines:

Purchase transactions only
Limited to 5% of the purchase price (up to 10% allowed on LTV ≤70%).
The gift donor must be an individual(s) and may not be a business or trust.
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.
Gift funds from foreign assets must meet foreign asset seasoning requirements to be an acceptable source of funds for a gift.
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:

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
Evidence of the electronic transfer of funds from the donor’s account to the borrower’s account or closing agent
A copy of the donor's check to the closing agent, or
A settlement statement showing receipt of the donor's check
Funds wired directly to the closing agent are acceptable with documentation evidencing the gift donor is the remitter of the wire and the bank account that originated the wire belongs to the donor.

Information related to the donor and gift are provided in an executed "gift letter" provided by the donor that specifies:

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

</td></tr>
<tr><td>Gift of Equity</td><td>Gifts of Equity are not eligible for this program.</td></tr>
</table>

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<tr><td>Interested Party Contributions</td><td>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.

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.

Interested party contributions must be:
• Disclosed in the sales contract,
• Documented in the Mortgage file,
• Clearly shown on the Closing Disclosure, and
• Paid to the appropriate vendor by the Title Insurance Company or Closing Attorney.
Seller Credit/Financing Contributions
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-paids, and escrow costs. The total of financing contributions may not exceed the lesser of the total of the closing costs and pre-paids or the LTV described in the guideline below.
Maximum Financing Contributions
6%</td></tr>
<tr><td>Reserves</td><td>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 the borrower’s total cash and other assets that are easily and readily convertible to cash by the borrower minus:
• The total funds required to close the mortgage;
• Gift funds; and
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:
• Principal and Interest
• Real Estate Taxes
• Homeowner’s Insurance (Hazard, Flood, etc.)
• Ground Rent
• Special Assessments
• Owner’s Association Fees
• Payments for Subordinate Financing
The requirements for reserves for each program are as follows:
<table><tr><th colspan="2">Requirements</th></tr><tr><td>Loan amount up to $1MM</td><td>6 months PITIA</td></tr><tr><td>Loan amount up to $1.5MM</td><td>9 months PITIA</td></tr><tr><td>DSCR Landlord History Waiver (First Time Investor)</td><td>Minimum 12 months PITIA</td></tr></table>
<u>Cash-Out Proceeds for Reserves</u>
• Cash-out proceeds are eligible for closing costs
• Cash-out proceeds are eligible to meet reserve requirements
• Cash-out proceeds are not eligible to payoff/paydown debt</td></tr>
<tr><td>Ineligible Asset Types</td><td>Examples include, but are not limited to, the following:
• Anticipated Savings</td></tr>
</table>

	• 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 / Cash Deposits • Community Savings Plans and Lending Clubs • Custodial Accounts still under custodian's control • Down Payment Assistance Programs • Gifts of Equity • Individual Development Account Matching Funds • Lot Value (when received as a gift) • Pension Funds • Pledged Assets • Private Funds (from a secured or unsecured loan) • Sales Concessions • 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. • Sale of Personal Property: Assets received from the sale of personal property for which ownership history cannot be documented (e.g. gold, jewelry, etc.) • Non-Vested Stock Options/Restricted Stock Units

Acceptable Bank List for Foreign Credit/Assets	Agricultural Bank of China*	Itau Unibanco
	Banco Bradesco	JP Morgan Chase*
	Banco do Brasil	Mitsubishi UFJ FG
	Bank of America*	Mizuho FG
	Bank of China*	Morgan Stanley*
	Bank of Montreal	Nordea
	Bank of New York Mellon*	Royal Bank of Scotland
	Barclays*	Royal Bank of Canada (RBC Bank)
	BBVA*	Santander*
	BNP Paribas*	Société Générale
	BTG Pactual	Standard Chartered*
	Caixa Econômica Federal (CEF)	State Street*
	Citigroup*	Sumitomo Mitsui FG
	Credit Suisse*	TD Bank
	Deutsche Bank*	UBS*
	Goldman Sachs*	Unicredit Group
	Groupe BPCE	XP Investimentos
	Group Crédit Agricole	Wells Fargo*
	HSBC*	
	Industrial and Commercial Bank of China Limited	* Denotes branch located in the United States
	ING Bank*	
	Foreign Credit/Assets that are not from an acceptable bank listed above may be considered on a case-by-case basis. The underwriter must contact Product Development.	

CREDIT & LIABILITIES	
Credit Requirements	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. Borrowers with only one (1) bureau reporting are not eligible. Any frozen bureaus must be unfrozen and credit information obtained. The credit report is good for 120 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.
Trade Line Requirement	**Minimum Trade Line Requirement** • Each borrower must have a minimum of three (3) trade lines and a credit history covering twelve (12) months OR two (2) trade lines and a credit history covering twenty-four (24) months. The trade lines must reflect an acceptable payment history. If a borrower's spouse is the only co-borrower listed, only one borrower is required to meet this guideline. • Trade lines for closed accounts may be used to meet this requirement provided the payment history is acceptable. • Authorized user accounts may not be used to satisfy this requirement unless the borrower can provide written documentation (such as cancelled checks or payment receipts) proving that he or she has been the actual and sole payer of the monthly payment on the account for at least twelve (12) months preceding the date of the application. • A trade line for which a payment has never been made may not be used to satisfy this requirement (for example, a deferred student loan). • Borrowers who do not meet the above minimum trade line requirements are not eligible. **Authorized User Accounts** The authorized user account cannot be considered part of the borrower's credit history when the borrower has several authorized user accounts, and only a few accounts of his/her own (see below). Conversely, if the borrower has several trade lines in good standing and only a minor number of authorized user accounts, the information reported on the credit report may be considered as an accurate reflection of the borrower's credit history. • If a borrower provides twelve (12) months cancelled checks as proof of payment on an authorized user account, the account may be considered part of the borrower's credit history. **U.S. Citizen Living Overseas/Foreign Credit References** If a borrower does not have sufficient trade line references in the United States, credit references from foreign countries may not be used and the loan will be ineligible. **Unmarried Joint Borrowers** 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: • Reside together for at least two years, • Hold at least one joint trade line, and • Jointly hold asset accounts
Credit Scores Used for Underwriting	The lowest middle score(s) will be the qualifying credit score for underwriting purposes.
Credit Re-Scores	Once the credit report is obtained and while it is still within the validity period, a credit re-score for the Borrower(s) will only be permitted for the following cases: • The receipt of new information to address and correct item(s) that have been deemed to be erroneous • Pay down of existing debts • Payoff of existing debts • The removal of a disputed account

	A re-score of the report, still within the validity period, is NOT permitted for the following reasons: • Addition of new debt (for purposes of potentially increasing the score) • Disputing a derogatory account or any account that was not already disputed a the time of the original credit report REMN WS Underwriters are responsible for reviewing the credit report for new accounts opened within sixty (60) days of the credit report, to determine if a re-score may have occurred. The credit report is not considered valid is there is an open derogatory dispute. All derogatory disputes must be resolved and an updated credit report received before the loan can close. Once a credit report expires, it is no longer considered valid and a new report is required. The new report is NOT considered a re-scored account.
Credit Inquiries	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 be verified, and the obligation included in the qualifying debt ratio calculation.
Housing Payment History	The housing references provided or listed on credit may not exceed 0x30x12 in the aggregate, or 1x30x12 with applicable pricing adjustment. 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. • Housing Payment History includes all financed properties. • Payment histories less than 12 months are not allowed (no exceptions). Rental History The most recent 12 months' consecutive cancelled checks (front and back) along with a copy of the lease must be provided. Private VORs are not acceptable. Mortgages/HELOCs 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.
Payment Shock	No Payment Shock limitations
Residual Income	Not Required
Significant Derogatory Credit Events	Borrowers who have completed any of the below within the four years preceding the application date are not eligible for financing under DSCR Plus. • 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 where the borrower is currently delinquent (NOD is not considered a significant derogatory credit event if payments are up-to-date). • Modification (regardless of seasoning, borrowers who have completed a modification are restricted to a minimum 720 FICO and may not have any additional credit events following the modification) Multiple Derogatory Credit Events Borrowers with multiple significant unrelated derogatory credit events are not eligible for DSCR Plus. Mortgage Tradelines in Forbearance Borrowers who had one or more mortgage trade lines placed in forbearance are considered on a case-by-case basis. The borrower must provide a detailed letter of explanation. If approved, one of the below requirements must be met:

	• If all payments are 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 (3) 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 (3) payments during the forbearance period and/or have the missed payments be added onto the loan's unpaid balance and still be eligible under this guideline, provided the requirements listed here are met. o If the borrower cannot document the three (3) monthly payments made after forbearance completion, the loan is not eligible. Non-Mortgage Tradelines in Forbearance Any non-mortgage trade line in forbearance may remain in forbearance.
Reestablished Credit	After a bankruptcy, foreclosure, deed-in-lieu of foreclosure, or other significant derogatory credit event, the borrower's credit will be considered reestablished if all of the following are met: • The waiting period and related additional requirements are met • The minimum credit score requirements based on the loan parameters and established eligibility requirements are met • The borrower has traditional credit. Non-traditional credit is not acceptable. The borrower will be considered as having acceptable reestablished credit if the credit report is free of late payments in the previous 24 months, and the borrower has at least three (3) traditional credit references with activity during the most recent 24 month period.
Judgement/Tax Lien	Any liens (federal tax liens, mechanic's liens, etc.) or judgements must be paid-off at or prior to closing. Judgments that belong to another person or of a similar name may appear on the preliminary title report. In these instances, the applicant must sign an affidavit at closing, to satisfy the title company, which states they are not the person(s) named in the judgement(s). These judgments should not be on the final title policy. Solar liens are to be subordinated or paid off. HERO liens must be paid.
Collections/Charge-Offs	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.
Disputed Accounts	*Disputed Mortgage Accounts* Must be resolved prior to closing *Disputed Installment Accounts* • Aggregate of $5,000 or less: May remain open with a letter of explanation Aggregate of more than $5,000: Must be resolved prior to closing
Other Derogatory Credit	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.
Credit Counseling	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.
Public Record Search	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.

APPRAISAL, PROPERTY, TITLE & INSURANCE

Appraisals

All transactions require a new appraisal.

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.

Transferred Appraisals

For each transferred appraisal, the following criteria must be met:

- 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
- The AIR certificate confirming compliance with Dodd-Frank AIR requirements
- The AMC to 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.
- A desk review from the Appraisal Department.

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.

Number of Appraisals Required

The table below addresses the number of appraisals for a file. Any requirements per regulation supersede this requirement.

Appraisal Requirements	
Loan Amount	**Requirement**
≤ $1,500,000	One (1) full appraisal

Age of Appraisal

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.

Determining Collateral Value

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.

Purchase Transaction

The collateral value is based upon the lesser of the sales price (minus concessions or excess contributions) or the appraised value (supported by a Secondary Valuation – see below chart for details).

Rate/Term Refinance Transactions

The current value may be used provided the value is supported both by the appraisal, and a Secondary Valuation (see below chart for details).

Cash-Out Refinance Transaction

The current value may be used provided the value is supported both by the appraisal, and a Secondary Valuation (see below chart for details).

- Proof of improvements are required
- Proof of purchase price is required as evidenced by the final Closing Disclosures (CD) from the property purchase

Secondary Valuation Waterfall

Transferred Appraisal		
Transaction Type	**If:**	**Then:**
All	One or more appraisals were transferred	The appraisal requires a review by the REMN Appraisal Review Dept. An additional valuation product may be required.
	No appraisals were transferred	Proceed to *Two Appraisals*
Two Appraisals		
Transaction Type	**If:**	**Then:**
All	The transaction requires two appraisals	No further action is required
	The transaction requires one appraisal	Proceed to *Rapid Appreciation*
Rapid Appreciation		
Transaction Type	**If:**	**Then:**
Refinance Transactions	**Rate/Term Refinance** The property is owned <6mo (Deed Date to Note Date) and value has appreciated >25%	The REMN Appraisal Review Dept. will order an AVM - If the AVM value is ≤10% of the appraised value, the appraisal is acceptable. - If the AVM variance is >10% of the appraised value **OR** the confidence score is unacceptable, then a second appraisal is required (or the loan is ineligible).
	Rate/Term Refinance - The property is owned <6mo (Deed Date to Note Date) and value has appreciated ≤25% **Rate/Term and Cash Out** - The property is owned ≥6mo (Deed Date to Note Date)	The property is not subject to Rapid Appreciation. Proceed to *One Appraisal*.
Purchase Transactions	The seller acquired title <6mo ago (Deed Date to Contract Date) and value has appreciated >25%	The REMN Appraisal Review Dept. will order an AVM - If the AVM value is ≤10% of the appraised value, the appraisal is acceptable. - If the AVM variance is >10% of the appraised value **OR** the confidence score is unacceptable, then a second appraisal is required (or the loan is ineligible).

	- The seller acquired title <6mo ago (Deed Date to Contract Date) and value has appreciated ≤25% - The seller acquired title ≥6mo ago (Deed Date to Contract Date)	The property is not subject to Rapid Appreciation. Proceed to *One Appraisal*.
One Appraisal – 1-Unit Properties		
Transaction Type	**If:**	**Then:**
All Transactions	The CU **or** LCA score is <=2.5 **and** the risk flag is <u>not</u> high	No further action is required
	The CU **or** LCA score is <=2.5 and the risk flag is high.	The REMN Appraisal Review Dept. will order an AVM - If the AVM value is ≤10% of the appraised value, the appraisal is acceptable. - If the AVM variance is >10% of the appraised value **OR** the confidence score is unacceptable, then a second appraisal is required (or the loan is ineligible).

	The CU **and** LCA score are >2.5:	A CDA is required and the following applies:
		- If the CDA variance is <= 10% of the appraised value, the appraisal is acceptable.
		- If the CDA Variance is >10%, then the REMN Appraisal Review Dept. will order an AVM
		  - If the AVM value is ≤10% of the appraised value, the appraisal is acceptable.
		  - If the AVM variance is >10% of the appraised value **OR** the confidence score is unacceptable, then the LTV is determined as follows:
		    • **Purchase:** Lesser of sales price or AVM
		    • **Rate/Term:** AVM value
		    • **Cash-Out owned ≥ 6mo:** AVM Value

One Appraisal – 2-4 Unit Properties | CU/LCA Score Not Received		
Transaction Type	**When:**	**Then:**
All Transactions	- The property is 2-4 Units, **or** - CU/LCA Score Not Received	A CDA is required and the following applies: - If the CDA variance is <= 10% of the appraised value, the appraisal is acceptable. - If the CDA Variance is >10%, then the REMN Appraisal Review Dept. will order an AVM - If the AVM value is ≤10% of the appraised value, the appraisal is acceptable.

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<td>- If the AVM variance is >10% of the appraised value OR the confidence score is unacceptable, then the LTV is determined as follows:
• Purchase: Lesser of sales price or AVM
• Rate/Term: AVM value
• Cash-Out owned ≥ 6mo: AVM Value</td>
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<tr>
<td>Condominiums</td>
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All condo projects, regardless of the type of approval, must be submitted to the Project Standards group for registration and approval. The project will require upfront validation from the Project Standards group to ensure maximum exposure in the project (5%) has not been exceeded.

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 full review criteria. The following documentation must be provided for condo submissions:
• Condo questionnaire (either short form or full form depending on the review being completed) – required for all project types
• 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

(REMN Overlay) New attached condo projects are underwritten as if they were non-warrantable.

Detached Condos and 2-4 Unit Condo projects follow Fannie Mae's guidelines.

<u>Eligible Project Review Types</u>
• Standard Fannie Mae Full Project Review
• Limited Project Review
• Fannie Mae Project Eligibility Review Service (PERS) – New and existing condominium project approvals are acceptable. Evidence of the PERS final project approval must be current through the Note date and included in the Mortgage loan file.
• Condominium Project Manager (CPM) – The project must have a valid, unexpired CPM Seller Certification as of the date of the Note and a copy must be in the Mortgage Loan file. The CPM status designation must reflect a designation that is eligible for sale to Fannie Mae. In addition, there must be not be any change of circumstances since the project information was submitted to CPM that would result in the project's not satisfying Fannie Mae's or REMN WS eligibility criteria.

<u>Ineligible Project Lists</u>
• The project must be checked against both Fannie Mae's and Freddie Mac's ineligible project lists. If the project is on either list, the loan is ineligible.
• Note: If the project is on an ineligible list but meets Non-Warrantable Criteria, the project is acceptable.
The Operations Manager has the authority to allow an exception provided the reason is logical (for example, a project that is ineligible due to high Fannie Mae concentration but is eligible for Freddie Mac). If there is any ambiguity, the project must be elevated to a Chief Credit Officer for approval.

<u>Florida Condominium Overlays</u>
The following overlays apply to Florida condos that are three (3) or more stories high and thirty (30) years or older (25 years or older if the building is within 3 miles of the coastline):
• Evidence is required that the building has completed the required inspections outlined in FL SB-4D
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	◦ If the building has not completed the required inspections it is ineligible for financing • If the inspection revealed a substantial structural deterioration and/or any unsafe or dangerous conditions, evidence that the required repairs have been completed is required, or the project is ineligible • Evidence is required that the Association has completed the required structural integrity reserve study, and the budget adequately contains sufficient reserves ◦ The monthly HOA fee should be consistent with the budget All projects subject to this overlay must be submitted to the Project Standards group for approval. 48 hours prior to closing, the Project Standards group must re-verify that the project has maintained its approved status.
Non-Warrantable Condos	Non-warrantable condominiums are eligible based on the following characteristics. Maximum 75% LTV. *Commercial Space* Subject unit 100% residential. Commercial space in building/project < 50%. Any commercial must be "typical to the marketplace and have no negative impact on marketability. Commercial % determined by appraiser. Commercial entity cannot control HOA. *Delinquent HOA Dues* No more than 25% of the total units in the project may be 60 days or more past due on the payment of condominium/association fees. *Investor Concentration* Investor concentration in project up to 70%. *HOA Control* The developer may be in control of the condominium association provided the Master Agreement provides for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time period. *HOA Reserves* HOA Budget must include a dedicated line item allocation to replacement reserves of at least 8% of the budget. *Litigation* Pending litigation may be accepted on a case-by-case basis. Litigation that involves structural issues, health and safety issues or items that will impact the marketability of the project will not be accepted. *Mandatory Memberships / Recreational Leases* Mandatory memberships (such as gold memberships, beach clubs, and dining memberships) and recreational leases are eligible. Membership fees must not affect the marketability of the unit, and a minimum of 2 or more similar sales comps is required. *New Projects / Completion Status* The project or the subject's legal phase along with other phases must be complete. All common areas in the project must be 100% complete. Minimum of 50% of units must be sold or under contract. Must meet FNMA Presale requirements. *Single Entity Ownership* Single entity ownership in project up to 30%. *Safety, Soundness, Structural Integrity, and Habitability* The project's buildings and common areas must meet FNMA requirements for Safety, Soundness, Structural Integrity, and Habitability *Master Property Insurance* The master property insurance policy must meet FNMA requirements. Florida Condominiums must meet the Florida Condominium Overlays
Appraisal Management Companies (AMC)	Appraisal must be ordered from one of REMN WS' approved AMC's. Please reference the Approved AMC list at www.remnwholesale.com
Acreage	A maximum of five (5) acres is allowed; must be typical for the area and value/marketability is supported with appraisal comparables of similar acreage.
Agriculturally Zoned Properties	Agriculturally Zoned Properties are eligible on exception basis only.

Rural Properties	Rural properties are not eligible for DSCR Plus Non-QM.
Mixed Use Properties	Mixed Use properties are not eligible for DSCR Plus Non-QM.
Unpermitted Additions	Unpermitted additions to a subject property should not be included in the overall square footage of the subject in the appraisal report. In order to include the unpermitted addition, the proper permits must be acquired, and evidence that the addition is covered by an acceptable homeowner's insurance policy would be required.
Deferred Maintenance	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.
Escrow Holdbacks	Escrow holdbacks are not eligible for DSCR Plus Non-QM.
Properties with Security Bars	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: • 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
Deed Restricted Properties	Deed-restricted properties are not eligible for DSCR Plus Non-QM, with the exception of properties that meet Fannie Mae age-related deed restriction requirements and properties with deed restrictions specific to developer land-use or building code requirements for a subject development.
Leasehold Properties	Leasehold properties are not eligible for DSCR Plus Non-QM.
Land Contracts	A mortgage transaction where the proceeds are used to pay the outstanding balance under a recorded land contract or contract for deed is not eligible for DSCR Plus Non-QM.
Recently Listed for Sale	**All Refinances**: Properties listed for sale within the last 6 months are ineligible.
Declining Markets	In the event an appraisal indicates a property is located in a declining market, a 5% LTV reduction will be applied to loans >65% LTV.
Property Flips	When the subject property is being resold within 365 days of its acquisition by the seller and **the sales price has increased more than 10%**, the transaction is considered a "flip". To determine the 365-day period, the acquisition date (the day the seller became the legal owner of the property) and the purchase date (the day both parties executed the purchase agreement) are required to be used. Flip transactions are subject to the following requirements: • All transactions must be arm's length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction. • No pattern of previous flipping activity may exist in the last 12 months. Exceptions to ownership transfers may include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, and sales by the holder of a defaulted loan. • The property was marketed openly and fairly through a multiple listing service (MLS), auction, for sale by owner offering (documented), or developer marketing. • No assignments of the contract to another buyer. • If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the borrower must be obtained.
Title Vesting - Borrower Ownership Interest	Borrowers may hold title as follows: • Fee Simple – Vesting in the name of the individual(s) ○ **NOTE**: Title held as tenants in common requires the ownership percentage to be equal • Non-Borrowing Spouse – All applicable state laws regarding waiving any property rights must be followed when the transaction involves a non-borrowing spouse with an interest in the property. • All individuals signing the loan application are considered borrowers, and all borrowers must sign the Note. • Additional individuals on the Settlement Statement/Closing Disclosure (CD) are not required to sign the Note (applicable state laws apply).

	• **Title must be in the borrower's name at time of closing, unless closing in an LLC approved by REMN.**
	
	Refinance Transactions
	• Title to the subject property must be in the borrower's name at the time of application, with the exception of a Limited Liability Company (LLC)
	    o Title held by an LLC that is majority owned by the borrower, must meet continuity of obligation requirements
	Title held by an LLC only eligible when a deed is executed at closing to change vesting from LLC to borrower's name.
	
	Blind Trust
	Blind trusts are not an eligible form of vesting for DSCR Plus Non-QM.
	
	Land Trusts
	Land trusts are not an eligible form of vesting for DSCR Plus Non-QM.
	
	Limited Liability Companies ("LLC") and Corporations
	Domestic LLC's and Corporations are eligible subject to the requirements below.
	• Investment property transactions only
	• Must be legal in the state in which the LLC/Corporation is being formed
	• Title may be held in the LLC/Corporation; however, the loan application must be made in the individual borrower's name.
	• All borrowers must sign the Deed of Trust/Mortgage as individuals and as authorized signors of the LLC/Corporation, therefore the debt will be reported on the borrower's individual credit report.
	• No more than four (4) owners for an LLC/Corporation
	• Members of the LLC/Corporation 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
	    o Organizational meeting minutes may be required if the operating agreement does not clearly identify the powers of the managing partners.
	• All owners of the LLC/Corporation (no more than four) are borrowers on the transaction.
	Documentation Requirements:
	• Articles of Organization or Articles of Incorporation or equivalent
	• Operating Agreement (for LLCs only)
	• By-Laws, including all amendments (for Corporations only)
	• Unanimous Consent & Resolution to Borrow, which must include lender name, loan amount, and property address
	• 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), dated within 60 days of the note date.
	
	The LLC/Corporation documents must be submitted to and approved by the Underwriting Management group. REMN's underwriter will facilitate LLC/Corporation approval.
	
	Partnerships
	Vesting in the name of a partnership is not eligible.

Title Insurance	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. The title report/commitment/certification is valid for 120 days.

The title insurance policy must insure and protect the mortgagee of the loan and all successors and assigns against:

- Unrecorded mechanic's liens,
- Unrecorded physical easements,
- Facts that a physical survey would reveal,
  - 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 valor taxes and assessments not yet due and payable. Survey Requirements 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.
Hazard Insurance	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. 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. Attached PUD Specific Hazard Insurance Requirement 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: • 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 Either the master policy or the individual unit policy must provide adequate liability coverage in addition to structural coverage Acceptable Rating Categories REMN WS will accept hazard insurance policies from a carrier rated: • 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. 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. Amount of Coverage The amount of coverage must be at least equal to: • 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. 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. The separate policy may come from an insurance pool established by a state to cover the limitations or exclusions. Rent Loss Coverage Rent Loss insurance is not required.

	Acceptable Terms Hazard policies may have a term of one year or life of loan. Deductible Minimum deductibles may be dictated by state regulation. The maximum deductible for casualty insurance is 5% of the face amount of the policy. Lender-Placed Coverage REMN 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.
Condo Insurance Requirements	Master/Blanket Insurance Policy 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. REMN WS requires the following the following insurance for condominium projects: Hazard Insurance REMN 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: • 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, REMN WS requires an "*Agreed Amount Endorsement*" to waive the requirement for coinsurance. • Operating reserve accounts must include funds to cover the deductible amounts for the condominium project. Acceptable Rating Categories REMN WS will accept hazard insurance policies from a carrier rated: • 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. 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. Amount of Coverage Policy must include one of the following endorsements to ensure full insurable value replacement cost coverage: • A "*Replacement Cost Endorsement*," under which the insurer agrees to pay up to, but no more than, 100% of the property's insurable replacement cost, or • A "*Replacement Cost Endorsement*," 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 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 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. The separate policy may come from an insurance pool established by a state to cover the limitations or exclusions.

Condo Flood Insurance

REMN WS will accept condominium flood insurance as detailed in Fannie Guide.

Condo Title Insurance

REMN WS will require condominium title insurance as detailed in Fannie Mae's Correspondent Guide.

Fidelity

Fidelity insurance is required for condominium projects consisting of more than 20 units. In those states that have statutory fidelity insurance requirements, REMN WS will accept the state fidelity insurance requirements. The following requirements apply:

- 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.

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.

- The minimum policy is to cover $1 million per occurrence
- Maximum $25,000 Deductible

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.

- 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, REMN 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.

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:

- An Umbrella/Excess liability policy is required for projects with elevators.
- Comprehensive automobile liability,
- Bailee's liability,
- Elevator collision liability,
- Garage keeper's liability,
- Host liquor liability,
- Workers' compensation and employer's liability, and
- Contractual liability.

	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.
Flood Insurance	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. Flood Zone Determination 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. Coverage and Deductibles If the subject property is located in a Special Flood Hazard Area, flood insurance is required and maintained as follows: • 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: ○ 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), 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. 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.
Catastrophic Insurance	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: • Hurricane Insurance, • Earthquake Insurance, and • Lava Insurance 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 area. If no mention is made regarding earthquake exposure, insurance should not be required. The maximum insurance deductible allowed is 10%.
Foreign Nationals	Ineligible