

PURCHASE & RATE/TERM REFINANCE - FIXED RATE									
Occupancy		Max Loan Amount	Maximum LTV	Max. CLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/Rental History	Reserves
Primary	1 Unit	\$806,500	97%*	97%*	620	AUS Accept Eligible - Up to 50% Maximum DTI	Primary <80% LTV= None Primary >80% LTV = None Primary 2-4 Unit = 5%	Evaluated byAUS	Refer to minimum reserves section of the Conventional Guidelines for requirements
Primary	2 Units	\$1,032,650	85%	85%	620				
Primary	3 Units	\$1,248,150	80%	80%	620				
Primary	4 Units	\$1,551,250	80%	80%	620				
2nd Homes	1 Unit	\$806,500	90%*	90%*	620	AUS Accept Eligible - Up to 50% Maximum DTI	Second <80% LTV = None Second >80% LTV = 5%	Evaluated byAUS	Refer to minimum reserves section of the Conventional Guidelines for requirements
Non- Owner	1 Unit	\$806,500	Purchase 85%	Purchase 85%	620*	AUS Accept Eligible - Up to 50% Maximum DTI	Entire down payment from Borrower ownfunds**	Evaluated byAUS	Refer to minimum reserves section of the Conventional Guidelines for requirements
		\$806,500	Rate & Term 85%	Rate & Term 75%	620				

*>95% LTV/ CLTV; must follow program guides for Homepossible

MANUFACTURED HOMES			
Occupancy		Loan Purpose	Max LTV/CLTV/HCLTV
Primary	1 Unit	Purchase & Rate/Term Refinance	95%
2nd Homes	1 Unit	Purchase & Rate/Term Refinance	90%
Non-Owner	Not Permitted		



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CONVENTIONAL Underwriting Guidelines Requirements (Loan MUST be submitted through AUS)

COLLATERAL

Appraisal	<ul style="list-style-type: none"> The appraisal is ordered as a Choice renovation appraisal. The general contractor bid and consultant's specification of repairs is forwarded to the appraisal company upon the order, for both refinances and purchases The appraiser does the appraisal report "subject to" completion per the contractor bid and will give an "after improved value". The appraiser must provide a statement to certify if the subject will meet minimum property requirements or must indicate what additional repairs are still needed in order to meet guidelines. An "As-is" appraisal is not required. The scope of the appraisal is the future value Any additional repairs notated by the appraiser must be addressed and completed either prior to close and verified with a certificate of completion or must be included in the repairs Any modifications and/or changes to the contractor bid or the consultant's specification of repairs must be reviewed and included in the appraisal report Double check the bid and appraisal for any items failing on the appraisal by not added on the bid. This will need to be completed. If permits were pulled, an inspection from the municipality they pulled the permits from is needed. If the utilities are off the time of the inspection, the Appraiser must ask to have them turned on and complete all requirements under Mechanical Components. However, if it is not feasible to have the utilities turned on, then a pressure test and electrical test is required and must be completed by an appropriately licensed professional. An appraisal update and/or Completion report (1004d) as evidence of completion will be ordered once all renovation work is completed.
Appraisal Updates	Permitted. Follow guidelines and acceptable extension dates. The appraisal may be no older than 12 months at closing with an appraisal update.
Appraisal Waiver	Not permitted.
Property Condition	<p>Minor conditions and deferred maintenance are typically due to normal wear and tear from the aging process and the occupancy of the property. While such conditions generally do not rise to the level of a required repair, they must be reported. Examples of minor conditions and deferred maintenance include worn floor finishes or carpet, minor plumbing leaks, holes in window screens, or cracked window glass. Condition Ratings C1, C2, C3, and C4 are eligible for delivery in "as is" condition. Properties with a Condition Rating of C5 require analysis to determine if any deficiencies impact safety, soundness, or structural integrity of the property or require repairs prior to delivery of the loan. Properties with a condition rating of C6 are ineligible.</p>

COLLATERAL continued

Ineligible Properties	Single wide manufactured homes, mixed-use properties, Mobile homes, Co-ops, Non-Warrantable Condos, Leaseholds, On-frame modular construction, Boarding houses, Bed and Breakfast properties, properties that are not suitable for year-round occupancy regardless of location, Agricultural properties, such as farms or ranches, properties that are not readily accessible by roads that meet local standards, vacant land or land development properties, State- approved medical marijuana producing properties, properties with more than one dwelling unit where one or more of the units (includes accessory dwelling units) is a manufactured home, properties with water sourced by a river, properties located on Tribal Lands which includes section 184, Hawaiian properties in Lava Zones 1 and 2, properties located in the Department of Hawaiian Home Lands Leasehold (DHHL). See complete ineligible property list in Conventional FNMA guidelines.
Manufactured Homes	Multi-Wide manufactured homes are acceptable.
Eligible Improvements	<ul style="list-style-type: none"> • Upgrade or modernization of central air/heat, plumbing, and electrical systems • Minor repairs to existing septic systems • Repair termite or moisture damage • Remodeling of kitchen and baths • Energy conservation improvements • New permanently affixed appliances • Addition or replacement of exterior decks, patios, and porches • Major landscaping and permanent hardscape such as driveways, walkways, retaining walls and fences
Ineligible Improvements	<ul style="list-style-type: none"> • Improvements that are not permanently attached to the property • Improvements for business or commercial purposes • Items that will not increase the value of the subject property • Energy Efficiency repairs which would require additional inspections per Fannie Mae • Razing/demolition of home down to its foundation is not permitted • Physical relocation of a home from another location is not permitted

TYPES OF FINANCING

Down Payment Assistance	Down payment assistance not allowed.
At Interest Transactions	Transactions where: Builder is acting as Realtor/Broker – permitted on primary residence only. Realtor/Broker is selling their own property – permitted on primary residence only. Loan originator is acting in another real-estate related role - not permitted. Loan Originator cannot have another real estate related position on any loan, regardless of the loan program.
Texas Cash Out	Not Allowed
Texas Conversion (Refinance) Transactions	<p>To convert (refinance) a Texas 50(a)(6) loan to a Rate/Term loan the following are required:</p> <ul style="list-style-type: none"> Existing Texas 50(a)(6) loan must be seasoned for at least 12 months at time of closing Borrower(s) must be provided a copy of Notice Concerning Refinance of Existing Home Equity Loan to Non-Home Equity Loan Under Section 50(f)(2) disclosure Borrower(s) must receive disclosure within 3 business days of application and 12 calendar days prior to consummation Maximum 80% LTV/CLTV No cash out permitted

CREDIT

Manual Underwrite	Not permitted. Must receive LPA Accept findings
Judgments/Liens	Outstanding judgments and liens must be paid at or prior to loan closing. All state and IRS tax liens on the subject property and other properties are required to be paid whether or not they currently affect title. Documentation of the satisfaction of these liabilities, along with verification of funds sufficient to satisfy these obligations must be obtained.
Federal Income Tax Installment Agreements	The monthly payment amount may be included as part of the Borrower's monthly debt obligations (in lieu of requiring payment in full) if no Federal Tax Lien has been filed against the Borrower.
Minimum FICO	EPM requires a minimum of one (1) reported credit score for each Borrower with a tri-merge credit report. Refer to the Mortgage Insurance section for additional requirements.
Non-Occupant Co-Borrowers and Blended Ratios	For DU loan casefiles, if the income of a guarantor, co-signer, or co-Borrower is used for qualifying purposes, and that guarantor, co-signer, or co-Borrower will not occupy the subject property, the maximum LTV, CLTV, and HCLTV ratio may not exceed 95%. The DTI ratio is calculated using the income and liabilities of all Borrowers; there is no separate DTI ratio requirement for the occupant Borrower.
Business Debt	If the Borrower is personally liable for a business debt, whether the debt is reflected on the Borrower's personal credit report or not, the Borrower is personally liable, and the debt must be included in the debt-to-income ratios. If the Borrower can provide twelve (12) months' proof of payment/canceled checks drawn against a business account, this debt need not be included in the debt-to-income ratio.

INCOME/ASSETS

Tax Return Transcripts/W2 transcripts	When federal income tax information is used to document income for qualifying purposes, the lender must obtain transcripts of the applicable federal income tax documents directly from the IRS (or designee) by using IRS Form 4506-C. W2 Transcripts are not required.
Verification of Deposits	Allowed.
Business Assets	Business Assets are allowed for down payment; however, the Borrower must be the 100% owner of the Business. The effect on Borrower's business must be established by the underwriter.
Custodial Accounts for Minors	These accounts are not an allowable asset for down payment, closing costs or reserves. Accounts that are in a minors name where the Borrower is only the custodian of the funds are not eligible to be used for a transaction in closing costs, reserves or down payment.
Future Income	Future earnings that exceed 20% of the Borrower(s) current income cannot be used for qualifying. Any recent pay increases that exceed 20% of the Borrower(s) current income must be documented with a current paystub and proof of deposit into the Borrower(s) bank account.

GENERAL

Loan Terms Available	15 & 30 Year Fixed		
Alaska/Hawaii Loan Amounts	Alaska and Hawaii loans follow conventional conforming loan amounts.		
Borrower Eligibility	Permanent and Non-Permanent Resident Aliens allowed with supporting documentation. Foreign Nationals or Borrowers with Diplomatic Immunity are not permitted. Loans with title or interest held in various forms/legal entities such as Life Estates, Non-Revocable Trusts, Guardianships, LLC's, Corporations or Partnerships are not eligible.		
Escrows	Escrows: Tax and Insurance escrows are required on all loans greater than 80.00% loan to value (subject to state law); escrow waivers are allowed subject to a demonstrated ability by the Borrower to manage lump sum tax and insurance payments. Premiums related to the flood insurance must be escrowed - escrows for these premiums may not be waived, regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required.		
Escrow Waiver Eligibility	Property tax and/or insurance escrows may be waived with the following criteria:		
	Primary Residence All states excluding CA and NM: less than or equal to (<=) 80% LTV California: less than or equal to (<=) 90% LTV New Mexico: less than (<) 80% LTV	Second Home All states excluding CA: less than or equal to (<=) 80% LTV California: less than or equal to (<=) 90% LTV	Investment Property All states excluding CA: less than or equal to (<=) 80% LTV California: less than or equal to (<=) 90% LTV
Ineligible Programs	Temp Buydown, Adjustable Rate and Interest Only Loan Programs.		

GENERAL continued

Short Payoffs

Ineligible. EPM will NOT accept a refinance transaction where the loan EPM is paying off was a Short Payoff.

Mortgage Insurance

Mortgage Insurance from an approved provider is required on all loans over 80.00% loan to value. Regardless of AUS findings standard MI coverage is required.

Mortgage insurance premiums may be paid monthly, annually, as a single premium or a combination of these. Monthly MI premiums may be refundable or non-refundable. Lender paid monthly MI is not allowed.

Two FICO scores required per MI provider guidelines. MI provider Credit Score guidelines prevail when MI coverage is required.

Mortgage Insurance Coverage Requirements

The table below provides the mortgage insurance coverage requirements for first-lien mortgages.

EPM requires standard coverage for the transaction type.

LTV Range				
Transaction Type	80.01 – 85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%
All property types other the standard manufactured homes				
Fixed-rate, term ≤ 20 years	6%	12%	25%	35%
Fixed-rate, term > 20 years	12%	25%	30%	35%
Standard manufactured homes				
Fixed rate, any term	12%	25%	30%	Not Applicable



GENERAL continued

General Parameters	<ul style="list-style-type: none"> No minimum dollar amount required for renovations Completion of the final work on newly built homes are permitted when the cost to complete the incomplete items does not exceed 15% of the “as completed” value. <ul style="list-style-type: none"> The remaining improvements must be related to completing non-structural items the original builder was unable to finish. Such work may include installation of buyer-selected items such as: <ul style="list-style-type: none"> Flooring Cabinets Appliances Fixtures Construction of outdoor buildings and structures are permitted. According to local zoning regulations. <ul style="list-style-type: none"> Examples of acceptable structures include, but are not limited to: <ul style="list-style-type: none"> ADUs Garages Swimming pools Complete tear downs and reconstruction of dwellings are not permitted Unused funds must be applied as a principal reduction “Do It Yourself” (DIY) or self help is NOT allowed
Maximum Renovation Cost	<p>Purchase Transaction: Renovation cost must not exceed 75% of the lesser of:</p> <ul style="list-style-type: none"> The sum of the purchase price of the property plus renovation costs, or The “as completed” appraised value of the property <p>No Cash Out Refinance Transaction: Renovation cost must not exceed 75% of “as completed” appraised value of the property.</p> <p>Manufactured Homes: Renovation cost must not exceed the lesser of:</p> <ul style="list-style-type: none"> \$50,000 or, 50% of the “as completed” appraised value <p>Minimum Loan Amount: \$40,000</p>

GENERAL continued

Total Cost of Repairs	<ul style="list-style-type: none"> • Estimated cost of Construction, Repairs and Rehabilitation • Contingency Reserve (10%-20% @ Consultant's recommendation) • 8 draws max - \$350 each • Up to 6 months mortgage payments (if home uninhabitable during rehab) • 4 title updates - \$125 each • Consultant, Architectural, and Engineering fees (if applicable) • Permits - \$500 • Supplemental Origination Fee (if applicable)
Time Period for Renovation	<ul style="list-style-type: none"> • The work must begin within 30 days of the execution of the Agreement • The work must not cease prior to completion for more than 30 consecutive days • All renovations must be completed within 450 days of Note Date