

PURCHASE & RATE/TERM REFINANCE - FIXED RATE									
Occupancy		Max Loan Amount	MaximumLTV	MaximumCLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/ Rental History	Reserves
Primary	1 Unit	\$806,500	97%*	97%*	620	AUS Approved Eligible / Accept Eligible - Up to 50% Maximum DTI	Primary <80% LTV= None Primary >80% LTV = None Primary 2-4 Unit = 5%	Evaluated by AUS	Refer to minimumreserves section of the Conventional Guidelines for requirements
Primary	2 Units	\$1,032,650	85%	85%	620				
Primary	3 Units	\$1,248,150	75%	75%	620				
Primary	4 Units	\$1,551,250	75%	75%	620				
2nd Homes	1 Unit	\$806,500	90%	90%	620	AUS Approved Eligible / Accept Eligible - Up to 50% Maximum DTI	Second <80%LTV = None Second >80% LTV = 5%	Evaluated by AUS	Refer to minimumreserves section of the Conventional Guidelines for requirements
Non- Owner	Not Eligible								

*Must follow Homeready or Standard 97% Fannie Mae guidelines

Buydown Plan Options	Terms of Buydown
2-1	2% reduction of Note rate for months 1-12; 1% reduction of note rate for months 13-24; Full Note rate after month 24
1-0	1% reduction of note rate for months 1-12; Full note rate after month 12



CONVENTIONAL Underwriting Guidelines Requirements (Loan MUST be submitted through AUS)	
COLLATERAL	
Appraisal	Transferred appraisals are permitted with proof the appraisals comply with Appraisal Independence Requirements (AIR). If the appraisal report is marked "subject-to" a final inspection 1004D will always be required, processor certifications will not be accepted in lieu of.
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	Permitted. Follow FNMA Appraisal Waiver requirements. Not eligible for manufactured homes, 2-4 unit properties, TX Home Equity 50(a)(6) or 50(a)(6) Conversion, values of \$1M or greater, leaseholds, properties with resale restrictions related to the sales price, when satisfying construction financing, using rental income from the subject property to qualify, gifts of equity, or an appraisal has been obtained within 120 days of the note date.
Property Condition	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.
Ineligible Properties	Co-ops, 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	Not eligible for this program.

TYPES OF FINANCING

Down Payment Assistance	Down payment assistance is allowed with EPM's approval of the agency providing funds.
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	No cash out 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 DU Approve/Eligible.
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	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	Refi Plus, Adjustable Rate and Interest Only Loan Programs.		

GENERAL continued

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Short Payoffs	Ineligible. FNMA 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
Temporary Buydown Plan	The buydown plan must be a written agreement between the party providing the buydown funds and the Borrower. To be signed at closing.				
Buydown Funds Source	When the source of the buydown funds is an interested party of the property sale, Fannie Mae’s interested-party contribution limits apply. Buyer funded buydowns are not eligible				
Qualifying the Borrower	When underwriting loans that have a temporary interest buydown, the lender must qualify the Borrower based on the note rate without consideration of the bought-down rate.				
Temporary Buydown Calculator	Click (here) for EPM’s Temporary Buydown Calculator				