

RATE/TERM REFINANCE AND CASH OUT - FIXED RATE									
Occupancy		Max Loan Amount	Maximum LTV	Maximum CLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/Rental History	Reserves
Primary	1 Unit	\$806,550	80%	80%	620	AUS Approved Eligible / Approved Accept - Up to 50% Maximum DTI	NA	Evaluated by AUS	NA

  

MANUFACTURED HOUSING			
Occupancy		Loan Purpose	Max LTV/CLTV/HCLTV
Primary	1 Unit	Rate/Term Refinance	80%
Primary	1 Unit - Max Term ≤ 20 Years	Cash Out	65%

  

CONVENTIONAL Underwriting Guidelines Requirements (Loan MUST be submitted through AUS)	
COLLATERAL	
<b>Appraisal</b>	A new full appraisal, interior and exterior inspections, is required even if DU recommends a different property valuation or an Appraisal Waiver. 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.
<b>Appraisal Waivers</b>	Appraisal Waivers are not permitted regardless of the AUS recommendation. Early Check will hard stop loan delivery. Special Feature Code 801 "Property Inspection Waiver" is not permitted under Texas Section 50(a)(6).
<b>Property Condition</b>	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.
<b>Eligible Property Type</b>	1-Unit, Condo's, Modular Homes, Manufactured (single wide not allowed on cash out) and PUD's, Maximum 10 acres of land that is urban or suburban property - nonagricultural. Single wide not currently available with Freddie Mac.
<b>Ineligible Properties</b>	Co-ops, Land Contracts, 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, properties serviced by hauledwater, properties encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations, 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 located on Tribal Lands which include section 184, properties with water sourced by a river, and unique properties (log cabins, barndominiums, and homes with less than 400 square feet).

TEXAS HOME EQUITY REQUIREMENTS	
<b>General Requirements</b>	<p>A copy of the current mortgage or note is required to determine the previous terms are not subject to Texas Section 50 (a)(6). There can only be one (1) outstanding Texas (a)(6) loan on the property at any time. The Borrower must pay off an existing Texas (a)(6) second lien if they are getting cash-out from the first mortgage.</p> <p>There is a 12-month seasoning requirement for any Texas Section 50(a)(6) loan (first or second). There is no seasoning requirement on first or second mortgages that are not Texas 50(a)(6) loans.</p> <p>Total fees paid by the Borrower (excluding prepaids, discount points used to buy down the interest rate, appraisal costs, survey costs, lenders title insurance premiums and title endorsements) cannot exceed 2% of the principal balance. The 2% cap includes fees paid to the lender, broker, or any third party which includes:</p> <ul style="list-style-type: none"> <li>• Credit report fees, recording fees, origination fees, etc.</li> <li>• If closing costs are greater than 2%, fees must be reduced prior to closing.</li> </ul> <p><b>Please note:</b> Texas Conversion loans are excluded from the 2.00% fee limitation.</p>
<b>Rate/Term Finance Requirements</b>	<p>The loan is rate/term refinance if the first mortgage being paid off is a Texas 50 (a)(6) loan, seasoned at least 12 months and the Borrower is not getting any cash back. A second mortgage that is not a Texas 50 (a)(6) loan that was used in whole to acquire the subject property may be paid off.</p> <p>The loan amount may include:</p> <ul style="list-style-type: none"> <li>• Payoff of the outstanding principal balance of existing first loan, plus any required per diem interest.</li> <li>• Closing costs, prepaid costs and discount points.</li> <li>• Delinquent taxes/escrow shortage and late fees cannot be included in the loan amount; Borrower must pay using own funds.</li> <li>• No cash back to the Borrower. The Final Closing Disclosure are required from any prior transaction</li> </ul> <p>The subject loan is considered a cash-out refinance if:</p> <ul style="list-style-type: none"> <li>• The previous transaction combined a first and non-purchase subordinate lien into a new first or subsequent refinance of that loan within the past 6 months.</li> <li>• The current transactions pay off a first mortgage and a subordinate lien not used to purchase the property.</li> </ul>
<b>Texas Conversion (Refinance) Transactions</b>	<p>Refer to the Conventional program matrix for the requirements to convert (refinance) a Texas 50(a)(6) loan to a Rate/Term loan.</p>
<b>Cash-Out Requirements</b>	<p>One Borrower must have held title to the subject property for at least 6 months (measured from previous note date to subject note date). For a manufactured home, the Borrower must have held title to both the manufactured home and land for at least 12 months preceding the date of the loan application. Loan is considered a cash-out refinance if:</p> <ul style="list-style-type: none"> <li>• Paying off a first and/or second mortgage that is not Texas 50(a)(6) and is getting cash-out.</li> <li>• Paying off a first mortgage that is a Texas 50(a)(6) loan, is not getting any cash out and is paying off a second lien that is not a Texas 50(a)(6) loan, which was not used in whole to acquire the subject property.</li> <li>• Paying off a first mortgage that is not a Texas 50(a)(6) loan and is paying off a second lien that is a Texas 50(a)(6) loan, and <ul style="list-style-type: none"> <li>○ The Borrower is getting cash back from the refinance, or</li> <li>○ The Borrower is not getting cash out but is paying a second mortgage that was not used in whole to acquire the subject property.</li> </ul> </li> </ul>



TEXAS HOME EQUITY REQUIREMENTS, continued	
<b>Additional Texas 50(a)(6) Requirements</b>	<p>The Borrower(s) must be provided a complete and accurate copy of the Final URLA, no later than one (1) business day prior to loan closing. The Borrower(s) must be provided a complete and accurate copy of the Final Closing Disclosure no later than 1 business day prior to loan closing.</p> <p>The following Subsections of the Closing Disclosure: A. (Origination Charges), B. (Services Borrower Did Not Shop For), C. (Services Borrower Did Shop For), E. (Taxes and Other Government Fees), or H. (Other) cannot change, either up or down, from the Closing Disclosure the Borrower(s) acknowledged at least one (1) business day prior to the closing. If a change occurs, a new Closing Disclosure must be provided and acknowledged by the Borrower(s) at least one (1) business day prior to the closing.</p> <ul style="list-style-type: none"> <li>• The Borrower(s) must sign "<b>Borrower's Certification of Receipt of Settlement Statement and Accuracy Thereof</b>" (also called <b>Acknowledgement of Itemization of Fees, Points, Interest, Costs and Charges for Texas Home Equity Loan or Line of Credit</b> at closing.</li> <li>• Both spouses must execute the mortgage; however, both spouses are not required to be parties to the promissory note. All Borrowers and their spouses (including non-titled spouses) must sign the Security Instrument, TIL, Right of Rescission, if applicable and the <b>Texas Notice Concerning Extensions of Credit</b>.</li> <li>• Borrower(s) must be provided a copy of all documents at closing and sign the <b>Acknowledgement of Receipt of Copies</b>. The documents may not contain any blank spaces.</li> <li>• All loans must contain a Texas Attorney Representation letter</li> <li>• All Borrowers must attend the closing and execute the documentation in person at the closing.</li> <li>• All individuals on title must be a Borrower or the spouse of a Borrower.</li> </ul>
<b>12 Day Waiting Period Requirements</b>	<p>Closing documents may NOT be signed before the later day of the following:</p> <ul style="list-style-type: none"> <li>• Borrower submits loan application, or</li> <li>• Borrowers receive a copy of the required Texas Notice Concerning Extensions of Credit.</li> </ul> <p>Proof of receipt is required for confirmation of the date the Borrower receives a copy of the notice. Proof includes a Borrower signed and dated the Notice or a date delivery receipt. The delivery receipt must show the Borrower(s) name, address, and date delivered. If the Borrower is married, a copy of the notice must be provided to the non-borrowing spouse and the 12 day waiting period applies. The non-borrowing spouse must sign the 12-Day Notice.</p>
<b>Calculating the Texas 12Day Waiting Period</b>	<p>Count 12 calendar days after the Borrower receives the Notice (do NOT count the day the Borrower receives the Notice). If the 12th day falls on a Saturday, Sunday, or Holiday - Move to the next business day.</p>
<b>Additional Documentation Requirements</b>	<ol style="list-style-type: none"> <li>1. Texas Notice Concerning Extensions of Credit - 50(a)(6) 12 Day Notice</li> <li>2. Texas Acknowledgement Regarding the Fair Market Value of Homestead Property - Lender and Borrower must sign form</li> <li>3. Texas Home Equity Affidavit Agreement - Borrower acknowledgement that copies of all documentation was provided</li> <li>4. Discount Point Disclosure - Borrower signs if discount points were paid by the Borrower</li> <li>5. Acknowledgement of Itemization of Fees, Points, Interest, Costs, and Charges for Texas Home Equity Loan or Line of Credit - Must be signed at least 1 day prior to closing</li> <li>6. Discount Point Disclosure - Borrower signs if discount points were paid by the Borrower</li> </ol>

TYPES OF FINANCING	
<b>Delayed Financing</b>	Allowed on cash-out transactions for Borrowers who purchased the subject property within the previous six months. Refer to the EPM Conventional Lending Guide for additional requirements.
<b>Secondary/Subordinate Financing</b>	Only one lien subject to Texas Section 50(a)(6) provisions may be secured by the subject property at any given time, regardless of lien position. No new secondary financing permitted. Existing subordinate financing not subject to Section 50(a)(6) may be subordinated. No third liens permitted. HELOC not eligible for secondary financing.
CREDIT	
<b>Manual Underwrite</b>	Not permitted. Must receive DU Approve/Eligible
<b>Judgments/Liens</b>	Outstanding judgments and liens must be paid at or prior to loan closing. All outstanding debt owed to a state or the IRS for income or property tax must be paid off, at or prior to Closing, regardless of whether or not the debt has become an actual lien. 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. No payment plans or subordination is allowed. Documentation of the satisfaction of these liabilities, along with verification of funds sufficient to satisfy these obligations must be obtained.
<b>Federal Income Tax Installment Agreements</b>	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. Refer to EPM Conventional FNMA guidelines for additional requirements.
<b>Minimum FICO</b>	EPM requires a minimum of one (1) reported credit score for each Borrower with a trimerge credit report. Refer to the Mortgage Insurance section for additional requirements.
<b>Mortgage History</b>	Mortgage History evaluated by AUS
<b>Soft pull expiration</b>	Credit refresh required within 10 days of the note.
<b>Disputed</b>	DU will issue the disputed tradeline message. If it is determined that the disputed tradeline information is accurate and complete, the lender must ensure the disputed tradelines are considered in the credit risk assessment by either obtaining a new credit report with the tradeline no longer reported as disputed and resubmitting the loan casefile to DU. If DU does not issue the disputed tradeline message, the lender is not required to: further investigate the disputed tradeline on the credit report, obtain an updated credit report (with the undisputed tradeline).
INCOME/ASSETS	
<b>Debt Ratios</b>	Per AUS findings, must receive Approve/Eligible
<b>Unacceptable Types of Income</b>	Income based on trailing spouse income; Draw income; VA education benefits; Illegal income; Taxable income not listed on tax returns, any income that cannot be documented and/or verified; Passive income from partnerships and S corporations; Income that is not stable; and Grants.
<b>Residual Income</b>	Residual Income is required on HPML loans only.
<b>Business Assets</b>	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.
<b>Custodial Accounts for Minors</b>	These accounts are not an allowable asset for down payment, closing costs or reserves. Accounts that are in a minor's 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.
<b>Tax Return Transcripts</b>	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. For example, the lender may obtain Tax Return Transcripts for Form 1040, 1040A or 1040EZ. However, in certain instances, copies of the actual returns, schedules, or forms are needed because the tax return transcripts will not provide the detail required to qualify the Borrower. For example, the lender must obtain copies of Schedules B through F, Schedule K-1, Form 2106, or business returns.
<b>Future Income</b>	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.



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**GENERAL**

<b>Age of Documents</b>	Must be <120 days old at time of closing. Appraisal must be <120 days old
<b>Loan Terms Available</b>	10, 15, 20, 25, 30 Year Fixed.
<b>Qualifying Fixed Products</b>	Qualify at Note Rate
<b>Assumptions</b>	Not permitted
<b>Borrower Eligibility</b>	Permanent and Non-Permanent Resident Aliens allowed with supporting documentation. Foreign Nationals or Borrowers with Diplomatic Immunity are not permitted. Trusts are not permitted.
<b>Co-Borrowers</b>	All Borrowers must occupy subject property.
<b>Power of Attorney</b>	Not permitted
<b>Prepayment Penalty</b>	Not permitted
<b>Title Policy Requirement</b>	Must include T42 and T42.1
<b>Ineligible TX Section 50(a)(6) Mortgages</b>	Loans that are not in first-lien position, ARM plans, HPML, and loans with temporary interest rate buydowns.
<b>Ineligible Programs</b>	Refi Plus, HomeStyle/Homepath Renovations, HomeStyle Energy, HomeReady Loans, Temp Buydown, Adjustable Rate and Interest Only Loan Programs.
<b>Short Payoffs</b>	Ineligible. FNMA will NOT accept a refinance transaction where the loan EPM is paying off was a Short Payoff.
<b>DU Refi Eligible TX A6</b>	All Texas Section 50(a)(6) mortgage requirements apply, including the following, which may be different than the standard DU Refi Plus requirements: <ul style="list-style-type: none"> <li>• maximum 80% LTV and CLTV ratio;</li> <li>• minimum 12 months seasoning; one-unit principal residences only; a new full appraisal is required; title insurance requirements for Texas Section 50(a)(6) loans must be met.</li> </ul>
<b>Mortgage Insurance</b>	Due to maximum LTV of 80%, Mortgage Insurance requirements do not apply.

