

FIRST CLASS Matrix



Owner Occupied

Matrix				Full Doc 12 Month or 24 Month		Bank Statement 12 Month or 24 Month		1099		WVOE		Asset Depletion / Asset Qualifier	
Loan Amount	Reserves Month	Max DTI %	FICO	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out	Purchase R/T	Cash Out
150,000 to 1,000,000	6	50	740	90	80	90	80	90	80	80	80	85	N/A
			720	80	75	80	75	80	75	80	75	80	N/A
			700	80	75	80	75	80	75	80	75	80	N/A
			680	80	70	80	70	80	70	80	70	N/A	N/A
			660	80	70	80	70	80	70	80	70	N/A	N/A
1,000,001 to 1,500,000	9	50	740	85	75	85	75	85	75	80	75	85	N/A
			720	85	75	85	75	85	75	80	75	85	N/A
			700	85	75	85	75	85	75	80	75	85	N/A
			680	80	70	80	70	80	70	80	70	N/A	N/A
			660	N/A	70	N/A	70	N/A	70	N/A	70	N/A	N/A
1,500,001 to 2,000,000	9	50	740	85	75	85	75	85	75	80	75	85	N/A
			720	80	70	80	70	80	70	80	70	80	N/A
			700	80	70	80	70	80	70	80	70	80	N/A
			680	75	65	75	65	75	65	75	65	N/A	N/A
			660	75	60	75	60	75	60	75	60	N/A	N/A
2,000,001 to 2,500,000	12	50	720	80	70	80	70	80	70	80	70	80	N/A
			700	75	65	75	65	75	65	75	65	75	N/A
			680	70	60	70	60	70	60	70	60	N/A	N/A
			660	70	N/A	70	N/A	70	N/A	70	N/A	N/A	N/A
2,500,001 to 3,000,000	12	50	720	75	65	75	65	75	65	75	65	75	N/A
			700	70	60	70	60	70	60	70	60	70	N/A
3,000,001 to 3,500,000 *	12	50	740	65	N/A	65	N/A	65	N/A	65	N/A	65	N/A
			720	60	N/A	60	N/A	60	N/A	60	N/A	60	N/A

* Requires Sr. Management Approval

Continue to Next Page

Second Home

Matrix

Loan Amount	Reserves Month	Max DTI %	FICO
100,000 to 1,000,000	6	50	700
			680
			660
1,000,001 to 1,500,000	9	50	720
			700
			680
			660
1,500,001 to 2,000,000	9	50	700
			680
			660
2,000,001 to 2,500,000	12	50	700
			680
			660
2,500,001 to 3,000,000	12	50	700
3,000,001 to 3,500,000*	12	50	720

* Requires Sr. Management Approval

Full Doc	
12 Month or 24 Month	
Purchase R/T	Cash Out
85	75
80	N/A
80	N/A
85	75
85	70
80	70
75	70
80	70
75	65
70	60
75	65
70	N/A
65	N/A
70	60
60	N/A

Bank Statement	
12 Month or 24 Month	
Purchase R/T	Cash Out
85	75
80	N/A
80	N/A
85	75
80	70
80	70
75	70
80	70
75	65
70	60
75	65
70	N/A
65	N/A
70	60
60	N/A

1099	
Purchase R/T	Cash Out
85	75
80	N/A
80	N/A
85	75
80	70
80	70
75	70
80	70
75	65
70	60
75	65
70	N/A
65	N/A
70	60
60	N/A

WVOE	
Purchase R/T	Cash Out
80	75
80	N/A
80	N/A
80	75
80	70
80	70
75	70
80	70
75	65
70	60
75	65
70	N/A
65	N/A
70	60
60	N/A

Continue to Next Page

Investment Property

Matrix

Loan Amount	Reserves Month	Max DTI %	FICO
100,000 to 1,000,000	6	50	700
			680
			660
1,000,001 to 1,500,000	9	50	720
			700
			680
			660
1,500,001 to 2,000,000	9	50	700
			680
			660
2,000,001 to 2,500,000	12	50	700
			680
			660
2,500,001 to 3,000,000	12	50	700

Full Doc	
12 Month or 24 Month	
Purchase R/T	Cash Out
85	75
80	N/A
80	N/A
85	75
85	70
80	70
75	70
80	70
75	65
70	60
75	65
70	N/A
65	N/A
70	60

Bank Statement	
12 Month or 24 Month	
Purchase R/T	Cash Out
85	75
80	N/A
80	N/A
80	75
80	70
80	70
75	70
80	70
75	65
70	60
75	65
70	N/A
65	N/A
70	60

1099	
Purchase R/T	Cash Out
85	75
80	N/A
80	N/A
80	75
80	70
80	70
75	70
80	70
75	65
70	60
75	65
70	N/A
65	N/A
70	60

WVOE	
Purchase R/T	Cash Out
80	75
80	N/A
80	N/A
80	75
80	70
80	70
75	70
80	70
75	65
70	60
75	65
70	N/A
65	N/A
70	60

FIRST CLASS Documentation



Additional Criteria		
Property Type	2-4 Units	Max 85% LTV/CLTV
	Warrantable Condos	Max 85% LTV/CLTV
	Non-Warrantable Condos	Max 80% LTV/CLTV
	Rural Properties	No Cash-Out Primary Residence - Max 75% LTV/CLTV Second Home - Max 70% LTV/CLTV Investment Properties are not eligible
	Declining Markets	Reduced Max LTV/CLTV by 5%
Feature Eligibility	Interest Only	Min 700 FICO, Max 85% LTV/CLTV
	DTI > 50% Up to 55%	Min 700 FICO, Max 80% LTV/CLTV, Primary Residence, No First Time Homebuyers, 1.5x Residual Income Required (see Residual Income Section).
	Temporary Interest Rate Buydowns	Primary or Second Home
	Any scenario in which an employee of the lender, broker, correspondent, or originator is a party to the subject loan	Standard Full Documentation (24-month) must be used. (see the Income, Standard section)
Borrower Eligibility	First Time Homebuyer	No Interest Only Maximum payment shock is 250% unless living rent free.
	Non-occupant Co-borrower	1 Unit, Primary Residence, Max 43% DTI, Max 80% LTV/CLTV, Occupying borrower must have documented income greater than or equal to 75% of PITIA Additional 6 months subject property reserves, Purchase and rate & term refinance transactions only.
	Non-Permanent Resident Alien	Max 80% LTV/ CLTV, No Cash Out
	Maximum Financed Residential 1-4 Unit Properties and UPB	No borrower or guarantor may have more than 20 financed properties No borrower or guarantor may have more than 10 properties or \$7.5M UPB serviced by Jet Mortgage
Cash-Out	LTV > 60%	Max Cash Out \$750K
	LTV <= 60%	No Limit
Documentation Types	Asset Depletion / Asset Qualifier	Max 85% LTV/CLTV, Min 700 FICO, No Cash-out, Primary Residence
	WVOE	Max 80% LTV/CLTV, Min 660 FICO
Occupancy	Second Homes	Gift funds not permitted for LTV/CLTV > 80%
	Investment Properties	Rural properties are not permitted Gift funds not permitted for LTV/CLTV > 80% Prepayment penalties not permitted on cash out transactions where the proceeds will be used for personal use

Quick Reference		
Appraisals		If two appraisals are required they must be obtained from a different appraiser and appraisal company.
		One full appraisal for loan amounts up to \$2,000,000
		Two full appraisals for loan amounts > \$2,000,000 or HPML flip transactions.
		If two appraisals are required they must be obtained from a different appraiser and appraisal company.
		If two appraisals are obtained, the lower value must be used for the LTV/CLTV.
		All single appraisal transactions must have a secondary valuation assessment
		A Fannie Mae Collateral Underwriter® (CU) score <= 2.5 or Freddie Mac Loan Collateral Advisor® (LCA) score <= 2.5
		- If neither the CU score nor the LCA score is <= 2.5, a Clear Capital Collateral Desktop Analysis (CDA) a value that is: > 90% of the appraisal value if LTV <= 85% or > 95% of the appraisal value if the LTV > 85%
		Field Review with a value that is not less than 90% of the original appraised value
		If none of the secondary valuations conditions above can be met, a second full appraisal is required
		The lower of the first (original) and second appraisal values must be used as the appraised value in the LTV/CLTV calculation
		Unpermitted additions/alterations and deferred maintenance must meet Fannie Mae requirements
		Accessory units are acceptable (SFR only)
		Must follow all Fannie Mae requirements and restrictions for ADUs
Assets		See Guidelines for Details
		Full asset documentation is required for both funds to close and reserves covering most recent one-month.
		An LOE is required for large deposits exceeding 100% of monthly income. If the LOE is sufficient, sourcing may not be required.
Assets Business Funds		- Business assets are an acceptable source of funds for down payment, closing costs, and reserves for self-employed borrowers; all of the following must be met: - The borrowers on the loan must have a minimum of 25% ownership of the business and must be owners on the business account - Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent - All non-borrowing owners of the business must provide a signed and dated letter acknowledging the transaction and confirming the borrower's access to funds in the account
		The balance of the business assets must be multiplied by the ownership percentage to determine the owner's portion of business assets allowed for the transaction
		A signed letter from a CPA or Underwriter Cash Flow Analysis must also be obtained verifying that the withdrawal of funds for the transaction will not have a negative impact on the business
		- Gift funds are eligible for down payment and closing costs with the following requirements: - Gift funds from family members, as defined by Fannie Mae, are eligible - Purchase transactions only - Ineligible for second homes and investor properties >80% LTV/CLTV - Acceptable as 100% downpayment for loans <75% LTV/CLTV - Acceptable for loans >= 75% LTV/CLTV, however the underlying borrowers must contribute a minimum of 5% of the transaction from their own funds (lower of purchase price or appraised value). - See Additional Criteria section for LTV/CLTV limitations
		Gift funds are ineligible for borrowers utilizing Asset Depletion / Asset Qualifier program
Assets Other Sources		Life insurance policy current cash value or loan against the cash value may be used for down payment, closing costs, or reserves.
		Non-borrowing spousal accounts are allowed for downpayment, closing costs, and reserves:

Quick Reference (Continued)																		
Assets Other Sources		•	Fully executed relationship letter required.															
		•	Bank Statement transactions require the following:															
		•	Non-borrowing joint account holder affidavit is required to ensure no deposits by the non-borrower is included as income.															
	•	Assets held in foreign accounts are acceptable for down payment, closing costs, and reserves subject to the following:																
		•	Must be 60 days seasoned with 2 most recent bank statements (all pages); and															
		•	When the source of funds originates from assets located outside the U.S., those assets require:															
		•	Documented evidence of the foreign assets translated into English and exchanged into U.S. dollars and held in a U.S. or state regulated financial institutions; and															
		•	Verification of the funds in U.S. dollars prior to closing the loan.															
	•	Bitcoin and other forms of cryptocurrency are eligible for downpayment, closing costs, and reserves , subject to the following:																
		•	It has been exchanged into U.S. dollars															
		•	There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account.															
		•	Seasoning requirements not applicable given liquidation															
		•	For Reserves, liquidation is not required. The following is required:															
		•	Documentation proving ownership of crypto assets															
	•	The current valuation must be sourced exclusively from Coinbase, and the valuation must be dated within 30 days of the Note Date.																
	•	Up to 60% may be used for reserves.																
Ineligible Asset Types	•	Assets derived from the production or sale of marijuana		•	Builder profits		•	Rent credits		•	Cash-on-hand		•	Sweat equity		•	Unsecured loans	
Assets Reserves	•	Publicly traded stocks, bonds, mutual funds, 100% of the account(s) value may be used for reserves.																
	•	Vested retirement accounts (e.g., IRA, 401k, Keogh, 403b), 100% of the vested balance may be used for reserves.																
	•	Reserves are calculated off the actual P&I plus taxes, insurance, and HOA fees (if any) (PITIA)																
	•	For ARMS, the reserves are based on the initial PITIA/ITIA not the qualifying payment.																
	•	Reserves for Interest-Only loans are based upon the initial interest only payment (ITIA)																
	•	Additional reserves are required for borrowers with additional financed properties other than the subject property																
	•	Borrowers must document an additional two months reserves for each additional financed property																
	•	PITIA/ITIA is calculated using the respective PITIA/ITIA of each respective financed property																
	•	Non-occupant co-borrowers require an additional 6 months subject property reserves.																
	•	Additional reserves are required when a borrower has not sold their departing residence or no sales contract for the departing residence has been executed. The additional reserves are based upon the marketing time from the departing residence's appraisal:																
	•	If the marketing time is 6 months or less, additional reserves of 12 months of departing's PITIA/ITIA are required																
	•	If the marketing time is more than 6 months, additional reserves of 24 months of departing's PITIA/ITIA are required																
	•	Reserves must include payments for subordinate financing on the respective property, if any.																
	•	Net cash out proceeds may be used to satisfy the reserve requirement																
Borrower Eligibility Citizenship	•	U.S. citizens																
	•	Permanent Resident Aliens																
	•	Non-Permanent Resident Aliens:																
	•	If any borrower is a Non-Permanent Resident Alien, then all of the following requirements apply.																
	•	Borrower Eligibility:																
	•	All borrowers must have a valid Social Security Number and established US credit history																

Quick Reference (Continued)				
Borrower Eligibility Citizenship			•	No Asylum
			•	Employment Status Documentation:
			•	Copies of the Borrower's passport and unexpired visa must be obtained. Acceptable alternative documentation to verify visa classification is an I-797 form (Notice of Action) with valid extension dates and an I-94 form (Arrival / Departure Record). Includes I-797, I-797A, I-797B, I-797C.
			•	The following VISA types are acceptable: E-1, E-2, E-3, EB-5, G-1 thru G-5, H-1B, L-1, NATO, O-1, R-1, TN(NAFTA)R-1
			•	A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the Borrower's current employer. If the visa will expire within six (6) months of note date, it is acceptable to obtain a letter from the employer documenting the Borrower's continued employment and continued visa renewal sponsorship (employer on the loan application must be the same as on the unexpired visa)
			•	If a non-U.S. citizen is borrowing with a U.S. citizen, the visa or residency requirements still must be met. Individuals in possession of spouse or family member visas are to qualify as co-Borrowers only. A valid EAD must be provided to use income for qualification
Borrower Eligibility Non-Occupant Co-Borrower			•	Non-occupant borrowers are eligible for the following transactions:
			•	Purchase and rate & term refinance transactions only
			•	Must be an immediate relative to the occupying borrower with proof of relationship (immediate relative is defined as parent, sibling, spouse, domestic partner)
			•	Must sign the note and deed of trust
			•	May not be an interested party in the sale of the subject property (e.g., seller, real estate agent, broker, etc.)
			•	See reserves section for additional reserve requirements.
Borrower Eligibility Limited Liability Company (LLC)			•	Limited Liability Companies (LLC)
			•	Business purpose loans only
			•	Entities must be formed for the purpose of ownership and management of real estate
			•	Maximum of 4 entity owners allowed
			•	The following entity documents are required:
			•	Articles of Incorporation
			•	Operating Agreement (or equivalent)
			•	Tax Identification Number
Credit Credit Score			•	Certificate of Good Standing, must be dated within 30 days of closing
			•	The loan level Representative Credit Score is computed by:
			•	Selecting a representative score for each borrower using:
			•	The middle score for each borrower if 3 scores are available or the lower score when only 2 scores are available.
			•	Selecting the representative score from the borrower with the highest qualifying income. If there are multiple borrowers with the same highest qualifying income value, the loan level Representative Credit Score will be the lowest borrower representative score amongst these borrowers.
Credit Tradelines			•	The borrower with the highest qualifying income must have at least two credit scores. If there are multiple borrowers with the same highest qualifying income value, all such borrowers must have at least two credit scores.
			•	Each borrower who is using income to qualify must have:
			•	At least 2 tradelines reporting at least 12 months of history in the last 24 months, or a combined credit profile between Borrower and co-Borrower with a minimum of three tradelines showing at least 12 months of history in the last 24 months
			•	Tradeline activity is not required, and the tradelines can be opened or closed.

Quick Reference (Continued)

Credit Housing History	• Housing Payment History			
	• The housing payment history is required for all REOs and rental payments, regardless of whether the borrower/guarantor is on the note or vested on title. The history must meet the following requirements:			
	•	The most recent 24 months. (Note: If the history is less than 24 months, payment activity for all available months is required.		
	•	Activity across all properties must reflect no worse than 0X30X12 and 0X60X24		
	•	Housing payment history must be evidenced by 24 months proof of payment via cancelled checks, bank debits, or VOR/VOM. For mortgages reported on the credit report, the credit report may also be used to evidence the housing payment history.		
		•	When the housing payment history for the subject property or the borrower's/guarantor's primary residence involves a private party mortgage, or is evidenced by a non-institutional VOM or VOR, at least one of the following is also required to validate the payment history:	
			•	The most recent six months: Cancelled checks, or bank statements (all pages), or ACH payments, or bank transfer/wire, or electronic payment method.
		•	A borrower's/guarantor's primary residence may be documented as free and clear.	
		•	Any additional housing history included in the loan file that reflects delinquencies must be included in the housing payment history and meet the housing payment history requirement.	
		•	Rolling late payments are not considered a single event. Each occurrence of a contractual delinquency is considered individually	
	•	Ineligible if the subject property has delinquent taxes that are more than 1 year delinquent as of the subject note date.		
	•	All property taxes, insurance, HOA dues (if applicable) must be verified and included in the DTI for REOs owned free and clear		
	•	If the borrower is living rent free as a dependent with family and a 12 month housing history is not applicable, the following apply:		
	•	A rent-free letter is required.		
	•	A first-time homebuyer who is living rent-free is permissible		
Credit Liabilities	•	Authorized user accounts must be included as liabilities		
	•	Departing residence		
	•	If the borrower's current principal residence is pending sale but the transaction will not close prior to the closure of the subject transaction, the PITIA of the departing residence must be included when qualifying the borrower, unless all of the requirements on Under Contract OR all of the requirements under Not Under Contract apply		
		•	Under Contract	
	•		The executed sales contract for the departing residence is included in the file	
	•		Confirmation is obtained that all contingencies have been cleared,	
	•		Transaction closing within 30 days of the subject transaction note date,	
	•	The sale is arm's length, and		
	•	The borrower will net positive proceeds from the sale of the property or has assets to cover any funds the borrower will need to bring to close the sale of the departing (in addition to the program reserve requirements).		
		•	Note: An appraisal report is not required for the departing residence, even if the above requirement have not been met and the PITIA is included in the qualifying ratios..	
	•	Not Under Contract		
	•	The property is currently listed for sale, or a signed letter of intent from the borrower indicating they intend to list the departure residence for sale within 90 days of the note date of the subject transaction		

Quick Reference (Continued)

Credit Liabilities				Equity in the departure residence is documented with a 2055 external appraisal or full appraisal showing a minimum of 20% equity after deducting of outstanding liens
				If no executed sales contract is included in the file, additional reserves must be documented for the departure residence based on the market time indicated by the departure residence appraisal
				If the appraisal indicates marketing time of more than 6 months, additional reserves in the amount of 24 months of PITIA /ITIA for the departing must be documented
				These reserves apply even if the PITIA was excluded when qualifying the borrower per the allowance under "Not Under Contract" above.
			Refer to Reserves Section of the product profile for additional requirements	
			If the property is not under contract, or if any of the conditions listed in the "Under Contract" section above are not met, the departing residence must be include in the maximum financed property count and UPB calculation.	
			If the borrower plans to convert or has already converted their departing residence into a rental property, the departing's PITIA must be included when qualifying the borrower. Positive rental income cannot be used to qualify on the subject transaction, but the departing's PITIA may be offset using 75% of the lower of the actual or market rent.	
			Market rent is documented using the Market Rent Analysis, Single Family Comparable Rent Schedule (Fannie Form 1007)	
			If the property is already rented, actual rent is documented using:	
			Copy of the current lease and	
			at least two of the following: evidence of receipt of first month's rent, last month's rent, or security deposit.	
			A departing residence that produces a loss must be included in the DTI.	
			Installment debt with 10 or fewer months remaining must be included in the DTI	
			Student loan payments must be included regardless of whether such payment is currently being deferred. If a payment amount is not identified on the credit report, 1% of the current balance should be used. Affordability-based payments may be used.	
			For 30-day charge accounts that do not reflect a monthly payment on the credit report or a 30-day account that reflect a monthly payment that is identical to the account balance, the borrower must have verified and documented reserves sufficient to cover the balance in excess of any funds required to close or program reserves.	
Credit Derogatory			Individual collections and charge offs in the last 3 years (as of the application date) exceeding \$5,000 (individually or in aggregate) must be paid in full prior to or at closing. Exceptions to this are:	
			Medical collections less than \$15,000 in aggregate	
			All open judgements, garnishments, and all outstanding liens affecting title must be paid off prior to or at closing.	
			All past due accounts must be brought current prior to closing.	
			Income tax liens (federal, state, and local) must be paid off prior to or at closing unless all the requirements listed below are met:	
			The file must contain a copy of the approved IRS tax payment plan with the terms of repayment, including the monthly payment amount and total amount due	
			As of closing, the borrower is current on the payment plan	
			The maximum payment required under the plan is included in the DTI calculation.	
			The tax payment plan does not carry a lien on any property	
			The following derogatory credit events require a 48+ month seasoning	
			Derogatory credit events include all REOs	

Quick Reference (Continued)																								
Credit Derogatory		<table><tr><th>Derogatory Credit Event</th><th>Seasoning Period</th></tr><tr><td>Foreclosure, Short Sale, Pre-Foreclosure, Deed-in-Lieu</td><td>Property resolution date (completion date) to the subject note date</td></tr><tr><td>Chapter 7, 11, and 13 Bankruptcies</td><td>Discharge/dismissal date to the subject note date</td></tr><tr><td>Modifications (Due to Default)</td><td>Date modification was signed to subject note date</td></tr><tr><td>Notice of Default or Lis Pendens</td><td>The date of the notice to the subject note date</td></tr><tr><td>120+ Day Delinquency</td><td>Date the loan was brought current to the subject note date</td></tr><tr><td>Balloon payments that are more than 180 days past maturity</td><td>Date the balloon payment was made to the subject note date</td></tr><tr><td> - Bankruptcies require evidence of resolution. </td><td></td></tr><tr><td> - Multiple bankruptcies are not permitted. </td><td></td></tr><tr><td> - A second or junior lien that has been charged off is subject to this seasoning period based off the charge off date. </td><td></td></tr><tr><td> - Timeshares are treated as a consumer installment loan not as a Derogatory Credit Event defined in the table above. </td><td></td></tr></table>	Derogatory Credit Event	Seasoning Period	Foreclosure, Short Sale, Pre-Foreclosure, Deed-in-Lieu	Property resolution date (completion date) to the subject note date	Chapter 7, 11, and 13 Bankruptcies	Discharge/dismissal date to the subject note date	Modifications (Due to Default)	Date modification was signed to subject note date	Notice of Default or Lis Pendens	The date of the notice to the subject note date	120+ Day Delinquency	Date the loan was brought current to the subject note date	Balloon payments that are more than 180 days past maturity	Date the balloon payment was made to the subject note date	Bankruptcies require evidence of resolution.		Multiple bankruptcies are not permitted.		A second or junior lien that has been charged off is subject to this seasoning period based off the charge off date.		Timeshares are treated as a consumer installment loan not as a Derogatory Credit Event defined in the table above.	
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Any revolving or installment account that was more than 60 days delinquent in the four years from the subject's note date must be fully explained and documented in the file.																								
Derogatory credit belonging to an ex-spouse can be excluded if late payments occurred after the divorce /separation, and the divorce/separation agreement indicates the derogatory accounts belong solely to the ex-spouse																								
Eligible Mortgage Products and Features	Eligible																							
	Fully Amortizing Fixed: 15 Yr, 30 Yr																							
	Fixed Interest Only: 30 Yr or 40 Yr term, including 10 Year IO Term																							
	Hybrid ARMs																							
	- Fully Amortizing Hybrid ARM: 5/6 30 Yr 2-1-5, 7/6 30Yr 5-1-5, 10/6 30 Yr 5-1-5																							
	Interest Only ARMs:																							
	30 Yr (with 10 Yr IO and 20 Yr Amort Term): 5/6 2-1-5 ,7/6 5-1-5, 10/6 5-1-5																							
	Index: 30 Day Average SOFR Index as published by the New York Federal Reserve																							
	Adjustment Reset Period: 6 months																							
	ARM Floor = ARM Margin																							
	Lookback Period: 45 days																							
	ARM Margin: 4.00%																							
	Fully Indexed Rate is the sum of the index plus margin, rounded to the nearest 0.125%																							
	See Qualifying Payment section for further details																							
	Financing Concessions	If a borrower is participating in the transaction (i.e. borrower is acting as their own agent) is considered an interested party and their contributed funds must be counted against the interested party contribution (IPC) limits.																						
Maximum IPCs for all occupancy types: 6%																								
Follow all other Fannie Mae guidelines.																								
First-time Homebuyer	An individual is to be considered a first time homebuyer (FTHB) who is:																							
	- purchasing the security property; and																							
	- had no ownership interest (sole or joint) in a residential property or had a residential mortgage during the three-year period preceding the application date of the security property																							
	The transaction is considered first time homebuyer if any borrower is a first time homebuyer																							

Quick Reference (Continued)		
First-time Homebuyer	Maximum payment shock is 250%, unless the borrower was living rent free.	
	In the event the borrower was living rent free, the housing payment requirements in Credit - Housing Payment History must be followed.	
Income Combined Income Scenarios	Income documented through Alternative Documentation programs may be combined with other income sources that are documented as Full Documentation but not associated with self-employment, such as a spouse employed as a wage earner	
	Combined income documentation types are intended for separate borrowers on the same loan (spouses, for example). Cases of combined income types for the same borrower are not allowed.	
	Self-Employed with Wage Earner Combination for Joint Borrowers	
	Joint Borrowers with one (1) wage earner and one (1) self-employed business owner can verify income separately, with the self-employed Borrower utilizing bank statements and the wage earner providing pay stubs / W-2s or WVOE	
	The wage earner 4506-C should include W-2 transcripts only	
	Combination scenarios must be qualified and priced to the income verification of the borrower with the highest income.	
Income Full Doc 24 Months Salaried, Self-Employed & 1099	Salaried: Full - 24 months Documentation	
	To evidence of GSE ineligibility, the file must include either:	
	DU or LPA underwriter findings report, or	
	1008 form - Underwriter must document the reasons for GSE ineligibility	
	Most recent paystub (most recent thirty (30) day period) including year-to-date earnings (YTD must cover minimum of thirty (30) days)	
	Two (2) years IRS 1040s or W2's and a Written Verification of Employment (if needed for the analysis of overtime, bonus, or commission)	
	When other sources of income are used to qualify such as interest dividends, note receivables, and trust income, follow Fannie Mae requirements, including but not limited to eligibility, documentation, and proof of receipt.	
	Self-employed: Full - 24 months Documentation:	
	Self-employed borrowers may qualify with tax returns or 1099 income	
	Borrowers qualifying with tax returns.	
	Two (2) years personal & business tax returns (signed and dated), including all schedules and K-1's, plus YTD P&L from any businesses being used for qualification where the Borrower has 25% or more ownership interest	
	The YTD P&L is required when the application date is more than 120 days from the end of the period covered by the tax return. The YTD P&L must be from the most recent quarter end.	
	If the P&L covers more than nine (9) months, three (3) months of bank statements are required to validate continued positive cash flow of the borrower's business. Additional bank statements may be required if Underwriter deems necessary.	
	Borrower will be qualified on the lower of:	
	Monthly average of the net income from the tax return and P&L, or	
	Monthly net income from tax return multiplied by 115%	
	Borrower(s) qualifying with 1099s must provide two (2) years 1099s	
	Generally limited to single employer and requires employer confirmation of no Borrower job related expenses	
	If a Borrower is not able to provide confirmation of no job-related expenses, a 10% Expense Factor will be applied	
	In scenarios where the Borrower receives multiple 1099's, the Borrower must be in an industry where this is a common occurrence (entertainment, medical contractor, etc.)	
	Most recent check stub, if borrower receives one, and three (3) months bank statements including year-to-date earnings (YTD must cover minimum of thirty (30) days)	

Quick Reference (Continued)				
Income Full Doc 24 Months Salaried, Self-Employed & 1099			•	Declining income – Self-employed – Declining income of the last two (2) years may be utilized for qualifying with a signed letter of explanation from the Borrower. Lower of the two (2) years would then be used to qualify unless the income has stabilized over the most recent six (6) months
			•	All Borrowers must also provide evidence that business has been in existence for at two (2) least years via CPA / Tax preparer letter, confirmation from regulatory or state agency, or applicable licensing bureau
Income Full Doc 12 Months Salaried, Self-Employed & 1099			•	To evidence of GSE ineligibility, the file must include either:
			•	DU or LPA underwriter findings report, or
			•	1008 form - Underwriter must document the reasons for GSE ineligibility
			•	Salaried: Full - 12 months Documentation
			•	Most recent paystub including year-to-date earnings (YTD must cover minimum of thirty (30) days)
			•	One (1) year IRS 1040 or W2
			•	When other sources of income are used to qualify such as interest dividends, note receivables, and trust income, follow Fannie Mae requirements, including but not limited to eligibility, documentation, and proof of receipt.
			•	Self-employed Full - 12 months Documentation:
			•	A borrower is considered self-employed with 25% or more ownership interest in a business. The business may be a sole proprietorship, general partnership, limited partnership, corporation, or S-corporation.
			•	Self-employed borrowers may qualify with tax returns or 1099 income
			•	Borrowers qualifying with tax returns
			•	One year's personal and business tax returns (signed and dated), including all schedules and K-1's, plus YTD P&L from any businesses being used for qualification, signed and dated, where the Borrower has 25% or more ownership interest
			•	P&L must include the most recent month preceding the loan application date. P&L can be prepared by the borrower or a 3rd party.
			•	If the P&L covers more than nine (9) months, three (3) month bank statements are required to validate continued positive cash flow of the Borrower's business. Additional bank statements may be required if Jet Mortgage deems necessary
			•	Borrower will be qualified on the lower of:
			•	Monthly average of the net income from the tax return and P&L, or
			•	Monthly net income from tax return multiplied by 115%
			•	Borrower(s) qualifying with 1099s must provide one (1) years 1099s
			•	Generally limited to single employer and requires employer confirmation of no Borrower job related expenses
			•	If a Borrower is not able to provide confirmation of no job-related expenses, a 10% Expense Factor will be applied
			•	In scenarios where the Borrower receives multiple 1099's, the Borrower must be in an industry where this is a common occurrence (entertainment, medical contractor, etc.)
			•	Most recent check stub, if borrower receives one, and three (3) months bank statements including year-to-date earnings (YTD must cover minimum of thirty (30) days)
			•	All Borrowers must also provide evidence that business has been in existence for at two (2) least years via CPA / Tax preparer letter, confirmation from regulatory or state agency, or applicable licensing bureau
Income Asset Depletion / Asset Qualifier			•	For Asset Depletion, the utilization of financial assets will be considered as Borrower income to qualify for their monthly payments
			•	For Asset Qualifier, the utilization of financial assets will be used to calculate a Borrower's residual income
			•	A Borrower using Asset Depletion / Asset Qualifier cannot use other sources of employment income
			•	Non employment sources of income will be considered on an exception basis
			•	Program Requirements:

Quick Reference (Continued)			
Income Asset Depletion / Asset Qualifier		Reserves are not required for the Asset Depletion and Asset Qualifier program	
		Asset Depletion Requirements (DTI):	
		Borrowers must have a minimum of the lesser of \$1mm in Qualifying Assets OR must have Qualifying Assets $\geq$ to 125% of the original subject loan amount	
		A borrower must have a debt to income ("DTI") that qualifies per matrix guidelines	
		Asset Qualifier Requirements (Residual Income):	
		Borrowers must have a residual income greater than or equal to that required in the Residual Income section	
		Total post-closing assets must be $\geq$ to 125% of the original subject loan amount	
		Not permitted (Asset Depletion / Asset Qualifier):	
		Non-Owner Occupied or Second Homes (See program Matrix for Max LTV and Program Eligibility)	
		Cash-Out	
		Non-Occupant Co-Borrower	
		Eligibility:	
		Borrowers must have a minimum of \$450K post-closing qualifying Assets across both Asset Depletion / Asset Qualifier	
		Assets used for qualifying must be seasoned for one hundred twenty (120) days	
		Qualifying Income	
		Asset Depletion: Qualifying Assets with utilization draw schedule of seven (7) years (Qualified Assets divided by eighty-four (84)) will be used as qualifying income	
		Asset Qualifier: To determine residual income, Qualifying Assets will be divided by eighty-four (84) months. From this number, subtract the Borrower's total monthly debt obligation (total liabilities) to produce the Borrower's residual income. Do not impute tax deductions when determining residual income. Residual income must meet or exceed Residual Income Requirements.	
Income Bank Statements		The Bank Statement program is designed for borrowers with an active U.S. based business that is generating stable revenue. Borrowers who only receive income from passive or portfolio sources are ineligible (e.g., borrower managing their own rental properties, distributions from limited partnership, day trading, property flippers, etc.,).	
		Borrowers paid 1099 from a single company are not eligible for Bank Statement qualification and must qualify through Full documentation	
		Borrowers who are using more than three (3) businesses to qualify must use Personal Bank Statement option	
		Documentation Requirements	
		Twelve (12) or twenty-four (24) months consecutive, bank statements required	
		Multiple bank accounts may be used	
		Co-mingling:	
		Co-mingling of personal and business accounts is not permitted in personal bank accounts. Evidence of comingling will require the loan to be submitted / qualified as a business bank statement loan	
		Two (2) months of business bank statements must be provided to validate Borrower utilizes separate banking accounts	
		Personal Bank Statements	
		Documentation Analysis	
		Unusually large deposits (single deposits) exceeding 100% of monthly qualifying income into bank accounts must be explained via LOE and must be consistent with the business profile. If LOE is sufficient, no sourcing required	
		Two (2) months of business bank statements are required. These statements should evidence activity to support business operations and reflect transfers to the personal account	

Quick Reference (Continued)							
Income Bank Statements				A borrower who only utilizes a personal account for business activity and does not have an associated business account is eligible to qualify through (Business Bank Statements)			
				Co-mingling of personal and business receipts is not permitted			
			Business requirements				
			Validation of a minimum of two (2) years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent				
			Ownership percentage must not be less 25% and documented via CPA letter, Operating Agreement, or equivalent				
			Business Bank Statements				
			Documentation Analysis				
			Large deposits (single deposits) exceeding 100% of monthly qualifying income into bank accounts must be explained via LOE and must be consistent with the business profile. If LOE is sufficient, no sourcing required				
				The LOE should address the specific deposit and be supported by relevant documentation.			
			NSFs may require a Borrower LOE documenting they are not due to financial mishandling or insufficient income. A maximum of 3 NSF occurrences within a twelve-month period are allowed. If there are zero occurrences in the most recent three-month period, up to 6 occurrences in the most recent twelve month period are acceptable. NSFs should be covered with deposits shortly after they are incurred.				
			Business requirements				
			Validation of a minimum of two (2) years existence of the business from one of the following: Business License, Letter from Tax Preparer, Secretary of State Filing or equivalent				
				Ownership percentage must be documented via CPA letter, Operating Agreement, or equivalent			
				Minimum ≥ 25% business ownership required			
			Income Qualification (three options)				
			Option 1 (Expense Ratio)				
				Percentage of gross deposits (twelve (12) or twenty-four (24 months)) using expense ratio factor based on business type and number of employees			
				Business Type		Employees	
				Service Business (Offers Services)		0	1-5 > 5
				Examples of Service Business: Consulting, Accounting, Legal, Therapy, Counseling, Financial Planning, Insurance, Information Technology		15% Expense Factor	30% Expense Factor 50% Expense Factor
				Product Businesses (Sells Goods)		0	1-5 > 5
				Examples of Product Business: Retail, Food Services, Restaurant, Manufacturing, Factor Contracting, Construction		25% Expense Factor	50% Expense Factor 85% Expense Factor
			Option 2 (3rd Party Profit & Loss Statement)				
				Businesses qualifying with a P&L statement showing less than a 15% expense ratio will be limited to a 15% ratio. Expense ratio should be reasonable for the profession			
				Borrower prepared P&L will not be permitted under any circumstances			
				Business Bank Statements are used to validate third-party prepared P&L. Gross revenue listed on P&L must be within +/-10% of the total qualified deposits			
				Following documentation is required:			

Quick Reference (Continued)									
Income Bank Statements									Twelve (12) or twenty-four (24) months complete business bank statements from the same account (transaction history print outs are not acceptable)
									Business bank accounts, personal bank accounts addressed to a DBA or personal accounts with evidence of business expenses can be used for qualification
									P&L statement must cover the same months as the bank statements submitted – P&L must be signed by the Borrower and the Tax Professional
									P&L statement must be prepared by a Tax Professional
									- Tax Professional defined as a Certified Public Accountant (“CPA”), Tax Attorney, Enrolled Agent (“EA”), California Tax Educational Council member (“CTEC”) or Paid Tax Professional (PTIN)
									Tax Professional must attest that they have audited the business financial statements or reviewed working papers provided by the Borrower
									Tax Professional must attest that they are not related to the Borrower or associated with the Borrower’s business
									Tax Professional must have filed the Borrower’s most recent two (2) years business tax returns
									Option 3 (3rd Party Expense Ratio)
									To determine net income, multiple eligible business deposits by the following: (100% minus the Expense Ratio) / 12 or 24 months)
									3rd Party Prepared Expense Ratio floored at 15%
									The Expense Statement must be prepared and signed by a third-party Tax Professional specifying business expense as a percentage of the gross annual sales / revenue
									Self-employed Borrowers who have filed their own business tax returns are ineligible
									Following documentation is required:
									- Twelve (12) or twenty-four (24) months complete business bank statements from the same account (transaction history printouts are not acceptable)
									- Business bank accounts, personal bank accounts addressed to a DBA or personal accounts with evidence of business expenses can be used for qualification
									- Tax Professional must attest that they have reviewed the business financial statements or reviewed working papers provided by the Borrower
									- Tax Professional must certify that the Expense Statement represents an accurate summary of the applicable cash expenses of the business
									- Tax Professional must attest that they are not related to the Borrower or associated with the Borrower’s business
									- Tax Professional must have filed the Borrower’s most recent two (2) years business tax returns
									- Tax Professional license must be verified and signed
Income WVOE									Written Verification of Employment (WVOE)
									Eligibility:
									- Wage earners only
									- Two (2) years history of employment in same industry and 1-year continuous employment at current job
									Documentation Requirements:
									- A Written Verification of Employment (FNMA Form 1005) can be utilized when the only source of earnings is wages / salary
									- FNMA Form 1005 must be fully completed by Human Resources, Payroll Department, or an Officer of the Company. The form must be sent and received directly from the employer
									- Verification of delivery and receipt of the FNMA Form 1005 must comprise the following form of documentation: Physical mail, Fed-Ex, facsimile, or email communication. Physical mail, Fed-Ex, and facsimile must come directly from the employer’s address. An email communication must properly identify the Company representative
									- Borrower(s) employed by a family member or related individuals are not eligible for qualification under the WVOE program
									- Two months personal bank statements are required to support the WVOE. The bank statements must reflect deposits from the employer supporting at least 65% of the gross wage/salary reflected on the WVOE.

Quick Reference (Continued)		
Income Long Term Rental	Rental income may not be used for borrowers utilizing asset depletion	
	Eligibility	
	- Rental income is permitted on purchase and refinance transactions, as well as on non-subject properties 100% ownership of the property is not required. The rental income will be calculated based on the ownership percentage. 100% of the PITIA must be used regardless of the ownership percentage	
	Documentation Requirements	
	- For loans qualifying under the full (12 or 24 months) documentation types, when rental income is reported on tax returns, the schedule E income per Fannie Mae's calculation should be used - For rental income not reported on the tax return or loans qualifying using income documentation other than full (12 or 24 months) documentation: - Lease agreement and two (2) months cancelled checks to show proof of rental payments, or if subject is recently rented, a copy of two of the following: first month's rent, last month's rent, security deposit - Evidence that rent is market rate - Subject properties require form 1007/1025 or supplemental appraisal form (if short-term rental income is being used -- See below) - Non-subject properties may use a free online source or appraisal form. - For refinance transactions, compensating factors must be present and documented in the event the 1007/1025 or supplemental appraisal form, or free online source, as applicable, is lower than the schedule E or lease income utilized in the calculation below. If the lower value is used, no compensating factors are required.	
	Calculation	
	- Purchase Transactions 75% of Form 1007/1025 market rent is used for qualifying income - If an existing lease from the property seller is transferring to the borrower, the lease that predates the mortgage could have a superior claim to the mortgage. The lender is responsible for ensuring clear title and first lien enforceability - Refinances Transactions and Non-subject properties - Income from Schedule E when applicable (see documentation requirements above) - Otherwise 75% of the fully executed lease agreement with supporting 2 months evidence of receipt	
Income Short Term Rental	Short -Term Rental Income	
	Eligibility	
	- Short-term rental income is permitted for both purchase and refinance transactions - Short-term rental income must be legally permitted and considered common for the area, as confirmed by the appraisal and/or property location - If short-term rental income is reported on the tax returns (for loan qualifying with full (12 or 24 months documentation types), the schedule E net income should be used	
	Documentation Requirements	
	- Short-term rental income may be documented using a supplemental appraisal form completed by the licensed appraiser who performed the original appraisal. The form must accompany and be part of the original appraisal. - When used below, actual short-term income must be verified through a third-party property management provider - Vendors such as Airbnb, VRBO, and HomeAway are acceptable - Documentation must include the property address or a unique property ID specific to the subject property	
	Calculation	

Quick Reference (Continued)				
Income Short Term Rental			• Purchase Transactions	
			•	Gross rent is 75% of the estimated market rent from:
				• Form 1007/1025 OR
				• Supplemental appraisal form completed by the appraiser of record
			• Refinances and Non-subject properties	
			•	Income from Schedule E when applicable (see documentation requirements above)
				Otherwise the lower of:
			•	75% of the estimated market rent from:
				• Form 1007/1025 OR
				• Supplemental appraisal form completed by the appraiser of record
			•	AND
			•	100% of the actual 12-month short-term rental income history, supported with documentation from Airbnb, VRBO, HomeAway, or a third-party management provider
			•	12 months of history is required for refinance transactions and non-subject properties
Loan Purpose: Cash-Out Refinance		Cash Out Requirements		
		LTV > 60%		Max Cash-out \$750K
		LTV <= 60%		No limit
		• Loans with Power of Attorney are ineligible		
Non-Arms Length & Interested Party Transactions			• Non-arm's length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and the buyer of the property. Examples of non-arm's length transactions include, but are not limited to, family sales, property in an estate, employer/employee sales, and flip transactions.	
			• When the property seller is a corporation, partnership, or any other business entity, it must be ensured that the borrower is not an owner of the business entity selling the property	
			• Non-arm's length transactions are allowed for the following purchase primary residence transactions only:	
			•	Renter purchasing from landlord
				• Cancelled checks for the most recent 12-month period evidencing payments were made on time are required. A VOR is not acceptable
			•	Purchase between family members
				• If gift of equity transaction, a fully executed gift letter for the gift of equity is required. The equity credit must be reflected on the CD
			•	Verification of the earnest money deposit is required, if applicable.
				• Most recent 12-month mortgage history on the existing mortgage is required confirming the family sale is not a foreclosure bailout.
			• Builder-related transaction are ineligible if:	
			•	The transaction is a builder refinance and the builder/developer (or affiliated entity) has built more than four (4) units in the same subdivision, development, or condominium project as the subject property ; or
				• The loan is secured by a newly constructed second home or investment property (purchase or refinance) and the borrower has a relationship or business affiliation with the builder, developer, or seller.
			• If any owner or employee of the broker, or originator is a party to the subject loan, the loan must utilize full 24-month documentation only.	
Prepayment Penalty			• A prepayment penalty is acceptable on where permitted by applicable law and regulations	
			• Total points, fees, and APR may not exceed current state and federal high-cost threshold	
			• Not allowed on primary residence or second homes or investment property cash out transactions where the proceeds will be used for personal use	
			• Acceptable prepayment penalty structures are:	

Quick Reference (Continued)					
Prepayment Penalty	Prepayment Penalty Period (in Yrs)		Prepayment Penalty Percent		Prepayment Penalty Conditions
	5	•	5%-5%-5%-5%-5%		A
		•	5%-4%-3%-2%-1%		
		•	6 Months Interest		B
	4	•	5%-5%-5%-5%-5%		A
		•	5%-4%-3%-2%		
	4	•	6 Months Interest		B
	3	•	5%-5%-5%-5%-5%		A
		•	5%-4%-3%		
		•	6 Months Interest		B
	2	•	5%-5%-5%-5%-5%		A
		•	5%-4%		
		•	6 Months Interest		B
	1	•	5%-5%-5%-5%-5%		A
		•	6 Months Interest		B
	Penalty Terms Conditions		Definition		
	A	•	Prepayment Penalty Period commences on the Note Date and ends on the N th year anniversary of the Note Date, where N is the Prepayment Penalty Period in Years selected at closing, ranging from 1-5 years.		
		•	A prepayment penalty fee will apply in the event any unscheduled principal is received (a Curtailment) within the Prepayment Penalty Term, including when the loan is paid off in full for any reason.		
		•	The prepayment penalty fee is equal to the Prepayment Penalty Percent in effect at the time of the prepayment, which may change each year on anniversary of the Note Date, multiplied by the Curtailment amount		
	B	•	Prepayment Penalty Period commences on the Note Date and on ends the N th year anniversary of the Note Date, where N is the Prepayment Penalty Period in Years selected at closing, ranging from 1-5 years.		
	B	•	A prepayment penalty fee will apply when unscheduled principal is received (This Curtailment) within the Prepayment Penalty Term that, when added to all other prior unscheduled principal received within 12 months immediately preceding the date of This Curtailment, exceeds 20% of the original principal amount of the note (Twelve Months Excess Curtailments). This Curtailment includes scenarios where the loan is paid off in full for any reason.		
		•	The prepayment penalty fee is equal to the 6 months advanced interest (at the Note Rate) on the Twelve Months Excess Curtailments amount		
	State Restrictions:				
	• Prepayment penalties are not allowed in AK, KS, MD, MI, MN, NM, RI				
	• MS: For 1-unit properties, prepayment penalties must be declining (e.g. 5%-4%-3%-2%-1%, or 5%-4%-3%)				
• IL: Prepayment penalties only allowed on loans made to LLCs, General Partnerships, Limited Partnerships, and Corporations					
• Cook County: Only allowed where Loan Amount > \$250K (all state restrictions also apply)					
• NJ: Prepayment Penalties are only allowed on loans made to an S-Corp or C-Corp.					
• OH: Prepayment penalties not allowed on 1 or 2 unit properties					
• PA: Penalties not allowed on 1-2 unit properties with loan amounts less than \$319,777 (Adjusts annually)					
• RI: The borrower must provide explicitly written consent to the prepayment penalty provisions prior to the note date.					

Quick Reference (Continued)													
Property: Eligible Types	•	SFR	•	PUD	•	Condominium Warrantable or Non-Warrantable	•	Leasehold Properties	•	2-4 Units	•	Rural (See Restrictions)	
	•	See Guidelines for Ineligible Property Types & Condominium Requirements											
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 ten (10%), the transaction is considered a “flip”.											
	•	To determine the three hundred sixty-five (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) should 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, except for the scenarios outlined in the Non-Arm’s Length Transaction section. Refer to the Non-Arms Length Transactions section for requirements.											
	•	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, auction, for sale by owner offering (documented) or developer marketing											
	•	The property seller must be the owner of record											
	•	No assignments of the contract to another buyer											
	•	Increases in value should be documented with commentary from the appraiser and recent comparable sales.											
	•	Sufficient documentation to validate the actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable.											
	•	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											
	•	A second appraisal is required, prior to closing, in the following circumstances:											
	•	Greater than ten (10%) increase in sales price if seller acquired the property in the past 90 days											
	•	Greater than twenty (20%) increase in sales price if seller acquired the property in the past 180 days											
	•	The second appraisal must be dated prior to the loan consummation/note date.											
	•	The Borrower may not pay for the 2nd appraisal											
	Qualifying Payment	•	Bank owned REO and Corporate Relocations are eligible and not considered a flip transaction.										
		•	For ARM transactions, the qualifying rate is the higher of the fully indexed rate or the note rate										
•		For interest only loans,											
•		The amortization term is the remaining term after expiration of the interest-only period.											
•		For IO ARMs, use the qualifying rate, the note amount, and the remaining amortizing term at the end of the IO period.											
Ratios	•	The qualifying payment must include the principal component.											
	•	Max DTI 50%											
Recently Listed Properties	•	DTIs above 50% up to 55% are allowed subject to the requirements above.											
	•	Refinance Transactions											
	•	Properties that have been listed for sale by the borrower less than or equal to 6 months from the note date may not be currently listed at the time of loan application and will require a LOE signed by the borrower and evidence the listing is cancelled.											
Reserves	•	Multiple listings within12 months of the note date are ineligible											
	•	Reserves for Interest-Only loans are based upon the initial interest only payment (ITIA)											
	•	Additional finance properties other than the subject property:											
	•	Borrowers are required to meet the subject property reserve requirement plus two (2) additional months of reserves for each additional financed property, capped at a total of 12 months for all properties (including subject property. Use the PITA/ITIA for each additional financed property for calculation purposes.											

Quick Reference (Continued)								
Reserves	Non-occupant co-borrowers:							
	- Requires an additional 6 months of subject property reserves (stacked, not subject to the 12- month cap).							
	Departing residence:							
	- Under Contact: If any of the requirements in the Credit - Departing Residence Under Contract section of the property profile are not met, the property is considered an additional financed property and two months reserves are required (stacked, not subject to the 12 month cap).							
	- When an executed sales contract is not in place for the departing residence, additional reserves (using the departing PITIA/ITIA) are required (stacked, not subject to the 12 month cap) Reserves requirements are based on the marketing time from the departure residence appraisal:							
	- If the marketing time is 6 months or less, additional reserves of 12 months of departing’s PITIA/ITIA are required							
	- If the marketing time is more than 6 months, additional reserves of 24 months of departing’s PITIA/ITIA are required							
	- These reserve requirements apply even if the PITIA was excluded when qualifying the borrower							
	- Refer to the Credit Section (Departing Residence) for additional departing residence requirements.							
	Reserves must include payments for subordinate financing on the respective property, if any.							
Cash out proceeds may be used to satisfy the reserve requirement								
Residual Income	Loans scenarios with DTI > 43% or Higher Priced Mortgage Loans (HPML) must meet the residual income test in this section.							
	Residual income is Gross Monthly Income minus total monthly debt.							
	The Minimum Residual Income is the value in the table below plus an additional \$150 per each household member beyond the first two household members. Household members include anyone living in the subject property, including children and other non-borrowers.							
	<table><tr><th>Number In Household</th><th>Minimum Residual Income</th></tr><tr><td>1</td><td>\$1,500</td></tr><tr><td>2</td><td>\$2,500</td></tr></table>		Number In Household	Minimum Residual Income	1	\$1,500	2	\$2,500
	Number In Household	Minimum Residual Income						
1	\$1,500							
2	\$2,500							
Solar	PACE loans (or any similar loans with payments that are included in property taxes or take lien priority) are not eligible							
	Follow all Fannie Mae guidelines							
Subordinate Financing	Subordinate financing (whether new or existing) allowed on primary residences only							
	New institutional subordinate financing is allowed for purchase transactions only.							
	Existing subordinate financing is allowed for refinance transactions							
	Senior lien may not be Interest Only when subordinate liens are present							
	If a subordinate lien is a HELOC, the CLTV must be calculated using the full line amount of the HELOC							
	All subordinate lien obligations must be considered and verified, and included in the DTI ratio							
	See Qualify Payment for additional requirements							
Temporary Interest Rate Buydowns	Allowed subject to the following:							
	- Maximum total interest rate reduction of 3%, max increase per year of 1% (e.g., 3-2-1, 2-1, etc.)							
	Max buydown period of 36 months							
	Fixed rate or ARMs with initial fixed period of 3 years or greater.							
	Investment properties are ineligible							
	Must qualify at the standard qualifying rate (see Qualifying Rate section) without benefit of the buydown							
	- Must meet all other requirements in this Product Profile, including the IPC limits, and any applicable Fannie Mae guidelines							