



# Correspondent Lending

## Non-Agency - Expanded 30 Yr Fixed, 5/1, 7/1 ARM , 5/1, 7/1 ARM Interest Only

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Version **2.0**

### Product Profile

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#### Non-Agency ELIGIBILITY MATRIX & SUMMARY GUIDELINES

**Products** 30 Yr Fixed, 5/1, 7/1 LIBOR ARM and 5/1, 7/1 Interest Only (10 year Interest Only period) LIBOR ARM

#### **Purpose** PURCHASE

Occupancy		Primary Residence					Second Home					Investment Property				
Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	Max DTI	Reserves	Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	Max DTI	Reserves	Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	Reserves
SFR, Condo, Twnhouse, PUD, 2 Unit	Up to \$1.00MM	660	75%	50%	See Assets - Reserves & Funds to Close	SFR, Condo, Twnhouse, PUD	up to \$1.50MM	680	75%	43%	See Assets - Reserves & Funds to Close	SFR, Condo, Twnhouse, PUD, 2 Unit	Not Available			
	Up to \$1.50MM	660	80%	43%												
3-4 Units	N/A	N/A	N/A	N/A	N/A	2-4 Unit	N/A	N/A	N/A	N/A	N/A	2-4 Unit				

#### **Purpose** RATE & TERM REFINANCE

Occupancy		Primary Residence					Second Home					Investment Property				
Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	Max DTI	Reserves	Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	Max DTI	Reserves	Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	Reserves
SFR, Condo, Twnhouse, PUD, 2 Unit	Up to \$1.00MM	660	75%	50%	See Assets - Reserves & Funds to Close	SFR, Condo, Twnhouse, PUD	up to \$1.50MM	680	75%	43%	See Assets - Reserves & Funds to Close	SFR, Condo, Twnhouse, PUD, 2 Unit	Not Available			
	Up to \$1.50MM	660	80%	43%												
3-4 Units	N/A	N/A	N/A	N/A	N/A	2-4 Unit	N/A	N/A	N/A	N/A	N/A	3-4 Unit				

#### **Purpose** CASH OUT & DEBT CONSOLIDATION REFINANCE

Occupancy		Primary Residence					Second Home					Investment Property							
Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	DTI	Maximum Cash Out	Reserves	Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	DTI	Maximum Cash Out	Reserves	Property Type	Maximum Loan Amount	Min Credit Score	Max LTV / CLTV / HCLTV	Maximum Cash Out	Reserves
SFR, Condo, Twnhouse, PUD, 2 Unit	up to \$1.50MM	660	70%	43%	See Below	See Assets - Reserves & Funds to Close	SFR, Condo, Twnhouse, PUD, 2 Unit	Not Available					SFR, Condo, Twnhouse, PUD, 2 Unit	Not Available					
	3-4 Units	N/A	N/A	N/A														N/A	N/A

**Notes to Eligibility Matrix:**

- See Loan Purpose section below for Cash Out Refinance Restrictions
  - See Interest Only Terms section below for Interest Only restrictions
  - No new secondary/subordinate financing allowed on Refinance transactions. Existing secondary/subordinate financing permitted on Primary Residence and Second Home
  - New secondary/subordinate financing (institutional) allowed on Primary Residence Purchases only (requires borrower LOE)
  - 5% reduction in LTV/CLTV/HCLTV required for Condos
  - 5% reduction in LTV/CLTV/HCLTV required for all properties in a soft/declining market as designated by the appraiser
  - Restrictions apply to Permanent Resident Aliens, Non-Permanent Resident Aliens, Foreign Nationals & Non-Occupant Co-Borrowers. Refer to **Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines** for details. Foreign Nationals using 2 satisfactory credit reference letters may assume a 660 credit score for locking and qualifying purposes
  - Additional restrictions may apply. See Eligibility Requirements for details
  - Cash out amount cannot exceed 40% 50% of loan balance amount, unlimited cash out if property is owned free and clear
  - 50% DTI - Refer to DTI section below
- Notes to Required Reserves:**
- See Assets - Reserves & Funds To Close section below for **additional full Reserves requirements**

#### Eligibility Requirements\*

Underwriting Methodology
<ul style="list-style-type: none"> <li>Refer to <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b> for full requirements               <ul style="list-style-type: none"> <li>This <b>Non-Agency - Expanded Fixed ARM and Interest Only Program Eligibility and Underwriting Guidelines</b> are intended reference and supplement Fannie Mae's Seller Guide</li> <li>Correspondents must refer to Fannie Mae Seller Guide for specific information concerning qualification requirements that are not specifically referenced this <b>Product Profile</b> and <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b></li> <li>To the extent there is a difference in standards between and the <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b> and Fannie Mae Seller's Guide; Correspondents may rely on <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b></li> </ul> </li> <li>All loans must be submitted to LenderLive for Prior Approval, unless LenderLive has granted specific approval to Correspondent t Seller to underwrite this program on a delegated basis               <ul style="list-style-type: none"> <li>If Correspondent Seller is approved to underwrite this program on a delegated basis, appraisal must be submitted to LenderLive for pre-approval. Refer to <i>Third Party Appraisal Review for Delegated Correspondents</i> section of <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b> for additional information</li> </ul> </li> <li>All loans are Manually Underwritten; DU or LP findings must be included verifying the loan is not eligible for delivery to the GSEs</li> </ul>

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<p align="center"><b>Qualified Mortgages</b></p>	<p>Any loan designated as a Qualified Mortgage (QM) must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(e). For all such QM loans, if any aspect of <b>Non-Agency - Expanded Fixed, ARM Program Eligibility and Underwriting Guidelines</b> related to income and/or obligations is less than the minimum required under Appendix Q, refer to Appendix Q for the ultimate resolution.</p>
<p align="center"><b>Non Qualified Mortgages &amp; ATR - Borrower Certification Form</b></p>	<ul style="list-style-type: none"> <li>Any loan <b>not</b> designated as a Qualified Mortgage (non QM) must be designated as Ability to Repay (ATR) compliant and must adhere to the standards set forth in the CFPB's Reg Z, Section 1026.43(c). Furthermore, with the exception of the characteristic that renders such loan non QM (i.e., Interest Only, DTI &gt; 43%, 1 year only Tax Return(s), and/or Asset Utilization) the remaining requirements of Appendix Q related to income and/or obligations must be followed (additional exceptions to Appendix Q requirements may be considered on a case by case if all 8 ATR Factors have been considered and are evident in the loan file)</li> <li>Loans subject to Reg Z ATR require an executed <b>ATR - Borrower Certification</b> form signed by borrower and lender. Borrower(s) must attest to the following: (i) they have fully disclosed their financial obligations; (ii) they have reviewed and understand the loan terms and (iii) they have the ability to repay the loan.             <ul style="list-style-type: none"> <li>Form is available under <a href="#">Forms, Tools &amp; Job Aids</a> tab of <a href="#">Correspondent Lending</a> website</li> <li>Form is not required for Safe Harbor Qualified Mortgage Loans</li> </ul> </li> </ul>
<p align="center"><b>Eligible Mortgage Products</b></p>	<p>LenderLive will purchase the following products*:</p> <ul style="list-style-type: none"> <li>30 Yr Fixed</li> <li>5/1 LIBOR ARM with <del>5% 4%</del> margin and <del>2-2-5 6-2-5</del> caps, fully amortized - 45 Day Lookback Period</li> <li>5/1 Interest Only (10 year Interest Only period) LIBOR ARM with <del>5% 4%</del> margin and <del>2-2-5 6-2-5</del> caps, fully amortized - 45 Day Lookback Period</li> <li>7/1 LIBOR ARM with <del>5% 4%</del> margin and 5-2-5 caps, fully amortized - 45 Day Lookback Period</li> <li>7/1 Interest Only (10 year interest Only period) LIBOR ARM with <del>5% 4%</del> margin and 5-2-5 caps, fully amortized - 45 Day Lookback Period</li> </ul> <p><b>*Subject to availability of pricing the day the loan is locked with LenderLive</b></p>
<p align="center"><b>Interest Only Terms</b></p>	<p>The following restrictions and requirements apply to 5/1 and 7/1 Interest Only ARM:</p> <ul style="list-style-type: none"> <li><del>Interest Only term is 10 years</del></li> <li>Primary Residence and Second Home transactions <del>only (Investment Property is not eligible)</del></li> <li><del>Purchase and Rate Term Refinance transactions only (Cash out and Debt Consolidation not permitted)</del></li> <li>No Foreign Nationals</li> <li><del>50% DTI maximum</del></li> <li>70% LTV/CLTV/HCLTV maximum</li> <li>Minimum of <del>12 18</del> months reserves</li> <li><del>660 Minimum Credit Score</del></li> </ul>
<p align="center"><b>Assumptions</b></p>	<ul style="list-style-type: none"> <li>Eligible after the fixed rate period; subject to prior approval and qualification</li> </ul>
<p align="center"><b>Ineligible Transactions &amp; Loan Attributes</b></p>	<ul style="list-style-type: none"> <li>Builder Bailout</li> <li>Construction Financing</li> <li>Conversion Loans</li> <li>Construction-to-Perm</li> <li>Loans with Prepayment Penalties</li> <li>Negative Amortization</li> <li>Non Arm's Length</li> <li>Temporary Buydowns</li> <li>Texas Equity; Texas 50(a)(6)</li> </ul>
<p align="center"><b>Geography - State Restrictions</b></p>	<ul style="list-style-type: none"> <li>West Virginia - not eligible</li> <li>Illinois Land Trust vestings - not eligible</li> <li>New York - not eligible</li> <li>Texas Equity, Texas 50(a)(6) - not eligible</li> <li>U.S. Territories and Possessions, including but not limited to American Samoa, Guam, Northern Mariana Islands, Puerto Rico and U.S. Virgin Islands - not eligible</li> </ul>
<p align="center"><b>Minimum Loan Amount</b></p>	<ul style="list-style-type: none"> <li>Minimum eligible loan amount is \$150,000</li> </ul>

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<p align="center"><b>Secondary / Subordinate Financing</b></p>	<ul style="list-style-type: none"> <li>• <b>Program availability</b> <ul style="list-style-type: none"> <li>• 30 Yr. Fixed</li> <li>• 7/1 ARM</li> </ul> </li> <li>• <b>5/1 ARM and 5/1 &amp; 7/1 ARMS with Interest only are not eligible for subordinate financing</b></li> <li>• New subordinate financing (Institutional) allowed for purchase transactions only</li> <li>• <b>Primary residences only</b></li> <li>• Subordinate financing must meet Fannie Mae requirements</li> <li>• Existing secondary/subordinate financing permitted up to the maximum CLTV/HCLTV limits</li> </ul>
<p align="center"><b>Financing Concessions</b></p>	<p>Interested party contributions permitted in accordance with the following:</p> <ul style="list-style-type: none"> <li>• Up to 3% of value * with LTV/CLTV/HCLTV between 75.01% to 80%;</li> <li>• Up to 6% of value * with LTV/CLTV/HCLTV less than or equal to 75%;</li> </ul> <p>Amounts in excess of these limits must be deducted from the lower of sales price or appraised value when calculating the LTV/CLTV/HCLTV</p> <p>*Value is defined as lesser of purchase price or appraised value</p>
<p align="center"><b>Borrower Eligibility</b></p>	<ul style="list-style-type: none"> <li>• <b>U.S. Citizens</b></li> <li>• <b>First Time Homebuyer</b> permitted subject to the requirements set forth in <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b></li> <li>• <b>Permanent Resident Aliens</b> permitted subject to requirements set forth in <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b></li> <li>• <b>Non-Permanent Resident Aliens</b> permitted subject to requirements set forth in <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b></li> <li>• <b>Foreign Nationals</b> permitted subject to requirements set forth in <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b></li> <li>• <b>Inter Vivos Revocable Trusts</b> (revocable at any time by the Trustor) are allowed             <ul style="list-style-type: none"> <li>▪ See LenderLive Seller Guide for requirements</li> </ul> </li> <li>• <b>Non-Occupant Co-borrowers</b> permitted subject to requirements set forth in <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b></li> <li>• <b>Power of Attorney (POA)</b> allowed in accordance with LenderLive standard POA guidelines             <ul style="list-style-type: none"> <li>▪ Not acceptable for Cash Out transactions</li> <li>▪ See LenderLive Seller Guide for requirements</li> </ul> </li> </ul>
<p align="center"><b>Ineligible Borrowers</b></p>	<p>LenderLive only purchases Mortgage Loans made to natural persons and eligible Trusts. The following borrowers are ineligible:</p> <ul style="list-style-type: none"> <li>• <del>First Time Homebuyers</del></li> <li>• Blind Trusts – See LenderLive Correspondent Seller Guide for additional information regarding Trusts</li> <li>• Irrevocable Trusts</li> <li>• Land Trusts, Including Illinois Land Trusts</li> <li>• Corporations</li> <li>• Limited Liability Company (LLC)</li> <li>• Partnership or other business</li> <li>• Real Estate Syndications</li> <li>• Deceased at the time of the Mortgage Loan is purchased by LenderLive</li> </ul> <p>See Vesting of Title in Business Name section for options to vest title in a Limited Partnership, General Partnership, Corporation, etc.</p>
<p align="center"><b>Occupancy Eligibility</b></p>	<ul style="list-style-type: none"> <li>• <b>Primary Residence</b> <ul style="list-style-type: none"> <li>▪ 1-2 units</li> </ul> </li> <li>• <b>Second Home</b> <ul style="list-style-type: none"> <li>▪ 1 unit only</li> <li>▪ 680 minimum credit score</li> </ul> </li> <li>• <b>Investment Property - not eligible</b></li> </ul>

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Loan Purpose	<ul style="list-style-type: none"> <li>• <b>Purchase</b> <ul style="list-style-type: none"> <li>▪ No property flipping, prior owners must have owned the property greater than 6 months (bank owned REO are eligible and not considered a flip transaction)</li> <li>▪ Non-Arm's Length transactions are not permitted</li> <li>▪ Gifts from family members (as defined by FNMA) are allowed, subject to the following requirements: <ul style="list-style-type: none"> <li>– Proof of relationship is required</li> <li>– The Borrower(s) must have a minimum of 5% of own funds in the transaction</li> </ul> </li> </ul> </li> <li>• <b>Rate &amp; Term Refinance</b> <ul style="list-style-type: none"> <li>▪ Proceeds can be used to pay off seasoned junior lien (non-first lien) mortgage that has been in place for more than 12 months from date of application <ul style="list-style-type: none"> <li>– If a HELOC, then it must have no cumulative draws greater than \$2,000 within the last 12 months; from date of application <ul style="list-style-type: none"> <li>o Proof of no cumulative draws greater than \$2,000 within the last 12 months is required</li> <li>o Transaction history may be sufficient to document no draws exceeding limits</li> </ul> </li> </ul> </li> <li>▪ Limited cash to the Borrower must not exceed 1% of the principal amount of the new mortgage</li> <li>▪ If the property is owned less than 6 months, LTV/CLTV/HCLTV will be based on the lesser of the original purchase price plus improvements or current appraised value</li> <li>▪ Properties that have been listed for sale within the past 6 months from the loan application date are not eligible for a rate/term refinance transaction</li> <li>▪ Inherited properties may not be refinanced prior to 12 months of ownership</li> <li>▪ Rate/Term refinance to pay off interim construction loan</li> </ul> </li> <li>• <b>Cash Out</b> <ul style="list-style-type: none"> <li>▪ Borrower must have owned the property for a minimum of 6 months prior to the application date</li> <li>▪ If the property is owned less than 12 months but greater than 6 months, the LTV/CLTV/HCLTV will be based on the lesser of the original purchase price plus improvements or current appraised value <ul style="list-style-type: none"> <li>– The prior HUD-1 is required for proof of purchase price</li> <li>– Proof of improvements is required</li> </ul> </li> <li>▪ Properties listed for sale within the last 12 months are ineligible for Cash Out</li> <li>▪ Cash Out amount cannot exceed <b>40% 50%</b> of loan balance</li> <li>▪ 70% LTV/CLTV/HCLTV maximum</li> <li>▪ 43% DTI maximum</li> </ul> </li> <li>• <b>Debt Consolidation</b> <ul style="list-style-type: none"> <li>▪ <b>Proceeds of new loan may include the pay off of first mortgage and junior liens secured by the property, and credit cards, installment loans, past due taxes, etc.</b></li> <li>▪ <b>Direct evidence of debt payment at closing is required</b></li> <li>▪ <b>Borrower must have owned the property a minimum of 12 months</b></li> <li>▪ <b>Loan must produce a net tangible benefit to the borrower resulting in an increase in residual income and a reduction of the borrower's total debt obligation payments</b></li> <li>▪ <b>Cash to borrower may not exceed 2% of the loan amount</b></li> <li>▪ <b>Resubordination of existing lien is not permitted</b></li> </ul> </li> </ul>
Continuity of Obligation	<ul style="list-style-type: none"> <li>• Continuity of Obligation is required for all refinance transactions <b>Rate Term and Cash out transactions</b></li> </ul>
Credit	<ul style="list-style-type: none"> <li>• Residential Mortgage Credit Report or Tri-merge Credit Report; from all three repositories is required; each borrower requires minimum of 2 scores</li> <li>• A Gap Report is required within 10 days of mortgage Note date; prior to closing/funding of the transaction <ul style="list-style-type: none"> <li>▪ New debts, liabilities, inquiries and/or public records must be addressed</li> <li>▪ Explain material discrepancies from the prior credit report</li> <li>▪ DTI must be recalculated based on any new debt. New Inquiries and/or public records must be addressed</li> <li>▪ Borrower(s) must disclose all liabilities for accurate qualification and their ability to pay their current and future obligations</li> <li>▪ Correspondents are responsible for determining that all debts incurred or closed by the borrower, up to and concurrent with settlement on the subject mortgage loan, are disclosed on the final loan application that is signed by the borrower at closing. These debts must be evaluated and included in the qualification for the subject mortgage loan</li> <li>▪ Note: A Gap Report is also known as a LQI Report, Undisclosed Debt Monitoring Report or Credit Refresh Report). It is intended to identify any changes in a borrower's credit report (excluding credit scores) between original credit report pull date and pre-funding. It is <b>not</b> intended to pull new credit scores</li> </ul> </li> <li>• Each Borrower's credit profile must include a minimum of 3 open tradelines that have a 24 month history; <b>1 of the tradelines must have had activity within the last 6 months</b> <ul style="list-style-type: none"> <li>▪ See <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b> for additional requirements and exceptions</li> </ul> </li> <li>• Mortgage/Rental history must reflect 0x30 over prior 24 months</li> <li>• Rental history evidenced by VOR or 24 months proof of payment</li> <li>• No authorized user accounts will be used to satisfy minimum trade line or credit score requirements</li> <li>• LOE for all inquiries within the last 90 days of application is required</li> </ul>

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Derogatory Credit

- All tradelines with delinquency history in the past 12 months requires a written explanation
- No prior bankruptcies of any type allowed within 7 years of application
- No prior foreclosure, short-sale, deed-in-lieu or modifications due to the Borrower's inability to pay or continue to satisfy their monthly payment in its entirety are allowed within 7 years of application
- All judgments or liens affecting title must be paid
- Non-title charge-offs and collections exceeding \$3,000 ~~\$1,000~~ (either individually or in aggregate) must be paid
- All past due accounts must be brought current prior to closing
- Borrowers with a history of collection accounts are required to pay off derogatory accounts

DTI Ratios

- See matrix on page 1 for DTI requirements
- ~~Residual Income~~
  - ~~If qualifying ratios exceed 43%, Borrowers must have a minimum monthly residual income that is 2X (times) the requirement of the Veteran's Administration (VA).~~
- **50% DTI Requirements:**
  - Fixed, 5/1 ARM, 7/1 ARM (Interest Only is not eligible)
  - Primary Residence (second home s are not eligible)
  - Purchase
  - Rate/term Refinance (cash out and debt consolidation are not eligible)
    - Must reduce the borrower's total debt obligation payments
    - Borrower must have have owned the property a minimum of 12 months
  - 12 month minimum reserves required
  - Borrowers must have a minimum monthly residual income that is 2X (times) the requirement of the VA

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**Income Documentation Requirements**

Correspondents must comply with income documentation requirements outlined in Consumer Financial Protection Bureau's (CFPB) [Appendix Q to Part 1026 – Standards for Determining Monthly Debt and Income](#), unless otherwise specified. When Appendix Q does not resolve how a situation is to be handled, follow Fannie Mae guidelines.

**Wage Earner requirements:**

- Most Recent Paystub including year-to-date earnings (covering minimum of 30 days)
- Two years of W2s
- Written Verification of Employment (if needed for the analysis of overtime, bonus or commission)
- Verbal Verification of Employment required for all Borrowers and must be completed within 10 calendar days prior to the closing date
- IRS Form 4506T is required to be executed and all transcript documentation obtained for the most recent two years must be provided

**Self Employed** – ~~LenderLive allows Two options for evidencing self-employment income. Lenders may choose either Option A – Evidencing Self-Employment, or Option B – Evidencing Self-Employment – See Option A and Option B sections below.~~

~~← Option A~~

- Self-Employed Borrower income will be considered from a business that has been in existence for more than three (3) years from application date
- Two (2) years personal returns (along with all schedules, including K-1's)
- Two (2) years business tax returns from any businesses in which Borrower has 25% or more ownership interest and using income to qualify
- Profit and Loss (P&L) Statement and Balance Sheet are required
- Verbal Verification of Employment required for all Borrowers and must be completed within 10 calendar days prior to the closing date
- Verification of Employment must include phone listing and address for the Borrower's business AND verification through a third party such as a CPA, regulatory agency or applicable licensing bureau
- IRS Form 4506T is required to be executed and all transcript documentation obtained for the most recent 2 (two) years must be provided
- Required for both personal returns and business returns in which Borrower has 25% or more ownership of a business and using income to qualify

~~← Option B~~

- ~~• Self-Employed Borrower income will be considered from a business that has been in existence for more than three (3) years from application date~~
- ~~• One (1) year personal returns (along with all schedules, including K-1's)~~
- ~~• One (1) year business tax returns from any businesses in which Borrower has 25% or more ownership interest and using income to qualify~~
- ~~• YTD Profit and Loss (P&L) Statement and Balance Sheet (both of which can be Borrower Prepared) are required from any business being used for qualification in which the Borrower has 25% or more ownership interest~~
  - ~~○ Provide either of the most recent~~
    - ~~— 6 months personal bank statements (deposits must be no less than 90% of P&L net income), or~~
    - ~~— 6 months business bank statements (deposits must be no less than 90% of P&L gross income)~~
- ~~• Borrower will be qualified on the average of the tax return and P&L~~
  - ~~○ P&L monthly income limited to +10% of the monthly tax return income)~~
- ~~• Verbal Verification of Employment required for all Borrowers and must be completed within 10 calendar days prior to the closing date~~
- ~~• Verification of Employment must include phone listing and address for the Borrower's business AND verification through a third party such as a CPA, regulatory agency or applicable licensing bureau~~
- ~~• IRS Form 4506T is required to be executed and all transcript documentation obtained for the most recent year must be provided~~
  - ~~○ Required for both personal returns and business returns in which Borrower has 25% or more ownership of a business and using income to qualify~~

**Asset Utilization:**

- The utilization of assets will be considered as Borrower income to qualify for their monthly payments. See **Non-Agency - Expanded, Fixed ARM and Interest Only Program Eligibility and Underwriting Guidelines** for full requirements

Assets - Reserves & Funds To Close

**General Requirements**

- Full asset documentation required for both funds to close and reserves
- All asset documentation must be dated within 90 days of the note date
- Business accounts may be used to meet reserves and funds to close requirements when:
  - Borrower is 100% owner of the business
  - 2 months business bank statements are provided, and
  - A letter from the businesses accountant or equivalent iconfirming that the withdrawal will not negatively impact the business
- Assets being used for dividend and interest income may not be used to meet reserve requirements
- If needed to close, verification that funds have been liquidated (if applicable) is required

**Eligible Sources** (Refer to **Non-Agency - Expanded Fixed, ARM and Interest Only and Underwriting Guidelines** for specific requirements)

- Depository accounts
- Earnest money deposit
- Funds that a Borrower recently deposited in a U.S. depository institution
- Gift funds from family members (as defined by Fannie Mae) are allowed after the Borrower contributes 5% from his/her own funds. Gift funds may not be used for reserves. Gift funds permitted on Purchase transactions only
- Vested Retirement Accounts – 60% may be considered for reserves (certain eligible plans can use 70% if Borrower is over 59 ½ years old; i.e. 401k)
- Sale of Currently Owned Real Estate
- Stocks, Bonds and Mutual Funds – 70% may be used for reserves
- Trust Account Funds
- Cash value of life insurance

**Reserve Requirements**

Occupancy	Loan Purpose	Property Type	Maximum Loan Amount	Reserves
Primary Residence	Purchase, Rate/Term Refinance, Cash Out Refinance, Debt Consolidation	SFR, Condo, Townhouse, PUD, 2-Unit	\$250,000	3 Months
			\$500,000	6 Months
			\$750,000	9 Months
			\$1,500,000	12 Months

- Borrowers with greater than 2 financed properties require **9 (nine) ~~12 (twelve)~~** months of reserves or otherwise stated higher reserves amount above and an additional 3 (three) months reserves for each additional property financed; above the required minimum or otherwise stated higher reserves. The 3 (three) months additional reserves are based on PITI and HOA fees for the other financed properties
- Non-Permanent Resident Aliens and Non-Occupant Co-Borrowers require an additional 6 months of reserves; above the required minimum
- Interest Only loans require a minimum of 18 months reserves
- **Loans exceeding 43% DTI require a minimum of 12 months reserves**

Occupancy	Loan Purpose	Property Type	Maximum Loan Amount	Reserves
Second Home	Purchase, Rate/Term Refinance, Cash Out Refinance, Debt Consolidation	SFR, Condo, Townhouse, PUD	\$1,500,000	<b>12 Months</b>

- Borrowers with greater than 2 financed properties require an additional 3 (three) months of reserves for each additional financed property; above the required minimum or otherwise stated higher reserves. The 3 (three) months additional reserves are based on PITI and HOA fees for the other financed properties
- **Foreign Nationals require an additional 12 months of reserves above the minimum stated reserves requirements**

Payment Shock

- **Payment Shock - Primary Residences**
  - Acceptable payment shock is 150%
  - Exceptions up to 250% may be considered when one of the following factors is present
    - the DTI is 38% or less, or
    - The borrower's representative credit score is  $\geq 700$

Product Profile

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<b>Ineligible Source of Funds to Close and/or Reserves</b>	<ul style="list-style-type: none"> <li>• Assets being used for income may not be used to meet reserve requirements</li> <li>• Gift funds may not be added towards reserves - Gift funds are permitted for funds to close, subject to restrictions</li> <li>• Grant funds and Pooled funds</li> <li>• Builder profits</li> <li>• Employer assistance assets</li> <li>• 529 plans</li> <li>• Cash-on-hand</li> <li>• Credit card financing</li> <li>• Donations</li> <li>• Personal unsecured loans</li> <li>• Real estate commissions earned from the subject transaction</li> <li>• Rent credit from Rent-to-Own transactions</li> <li>• Sweat Equity</li> </ul>
<b>Appraisal</b>	<ul style="list-style-type: none"> <li>• <b>Requirements</b> <ul style="list-style-type: none"> <li>• Appraisal must be dated within 120 days of note date;</li> <li>• Appraisal updates or recertifications of value are permitted up to 180 days of note date; a new appraisal is required after 180 days</li> <li>• A market conditions report (1004MC) is required for all loans</li> </ul> </li> <li>• <b>Unpermitted Additions are not allowed</b></li> <li>• <b>Solar Panel agreements are permitted in accordance with Fannie Mae guidelines</b></li> <li>• <b>5% LTV /CLTV reduction is required when Appraiser identifies property in a declining market</b></li> </ul> <p><b>Third Party Appraisal Review Requirement for Correspondents with Delegated Approval for this Program</b></p> <ul style="list-style-type: none"> <li>• If Correspondent Seller is approved to underwrite this program on a delegated basis, appraisal must be submitted to LenderLive for pre-approval. Refer to <i>Third Party Appraisal Review for Delegated Correspondents</i> section of <b>Non-Agency - Expanded Fixed, ARM and Interest Only Program Eligibility and Underwriting Guidelines</b> for additional information</li> </ul>
<b>Property: Eligible Property Types</b>	<ul style="list-style-type: none"> <li>• One Unit, Single Family Residences (Attached and Detached) and PUDs (Attached and Detached)</li> <li>• Modular Homes (see definition in this document)</li> <li>• Condominiums             <ul style="list-style-type: none"> <li>▪ High Rise</li> <li>▪ Low Rise &lt; 4 stories</li> <li>▪ Warrantable</li> <li>▪ <b>Only projects eligible for Limited Review are acceptable</b></li> <li>▪ Condominium Projects must meet Fannie Mae requirements for Limited Review</li> </ul> </li> <li>• Townhouses</li> <li>• 2-Unit Properties</li> <li>• 20 Acres maximum</li> </ul>
<b>Modular Home Definition</b>	<p>The property must meet all the of the following criteria to be a modular home:</p> <ul style="list-style-type: none"> <li>• Modular homes are built in sections at a factory</li> <li>• Modular homes are built to conform to all state, local or regional building codes at their destinations</li> <li>• Sections are transported to the building site on truck beds, then joined together by local contractors</li> <li>• Local building inspectors check to make sure a modular home's structure meets requirements and that all finish work is done properly</li> <li>• These structures are not titled until installed onsite and become part of the real property</li> <li>• Taxed as real estate (not taxed as personal property)</li> <li>• Assembled on a permanent foundation</li> </ul>



**Product Profile**

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<p align="center"><b>Property: Ineligible Property Types</b></p>	<p>In addition to ineligible property types listed in Fannie Mae Selling Guide and LenderLive Correspondent Lending Seller Guide, the following are ineligible:</p> <ul style="list-style-type: none"> <li>• Agriculturally Zoned; Hobby Farms; Working and/or Income producing Farms, Orchards or Ranches</li> <li>• Assisted Living or Board Care Facilities</li> <li>• Bed and Breakfast</li> <li>• Boarding Houses</li> <li>• Commercial Enterprises</li> <li>• Condition rating of C5 or higher and/or a quality rating of Q6</li> <li>• Condotels and Hotel Condominiums</li> <li>• Cooperative properties</li> <li>• Non warrantable Condominiums including Fannie Mae Unwarrantable Condominiums</li> <li>• Geodesic Homes</li> <li>• Hawaii properties in lava zones 1 and 2</li> <li>• Houseboats</li> <li>• Land Trusts, including Illinois Land Trusts</li> <li>• Leasehold Estates</li> <li>• Log Homes</li> <li>• Manufactured Homes</li> <li>• Mixed use properties</li> <li>• Mobile Homes (including double and single-wide)</li> <li>• Multi-Unit (3-4 units)</li> <li>• Property currently in litigation</li> <li>• Properties on Indian (Native American) tribal or Indian Trust Land or Restricted Land or where Borrower has a leasehold interest in same</li> <li>• Properties with Environmental Hazards</li> <li>• Properties &gt; 20 acres</li> <li>• <b>Properties under construction</b></li> <li>• Timeshares</li> <li>• Unimproved Land</li> </ul>
<p align="center"><b>Recently Listed Properties</b></p>	<p><b>Rate/Term Refinance</b></p> <ul style="list-style-type: none"> <li>• Properties that have been listed for sale within the past 6 months from the loan application date are not eligible for a Rate/Term Refinance</li> <li>• Listing must have expired or withdrawn 6 months prior to the loan application date</li> </ul> <p><b>Cash Out Refinance</b></p> <ul style="list-style-type: none"> <li>• Properties listed for sale within the last 12 months are ineligible for Cash Out Refinance</li> <li>• Listings must have expired or withdrawn 12 months prior to the application date of the new loan</li> </ul>
<p align="center"><b>High Cost / Higher Priced Mortgage Loans</b></p>	<ul style="list-style-type: none"> <li>• LenderLive will not purchase High Cost Loans</li> <li>• LenderLive will not purchase Higher Priced Mortgage Loans (HPMLs)</li> </ul>
<p align="center"><b>Maximum Financed Properties</b></p>	<p><b>Maximum Loans to any One Borrower</b></p> <ul style="list-style-type: none"> <li>• The maximum number of financed properties to any one borrower is limited to <b>6 (six) 40 (ten)</b></li> <li>• Additional reserves are required for Borrowers with greater than 2 financed properties</li> </ul> <p><b>Maximum Loans Serviced by LenderLive</b></p> <ul style="list-style-type: none"> <li>• Borrowers can have up to four (4) LenderLive serviced properties (including the subject transaction), regardless of occupancy</li> <li>• LenderLive reserves the right to limit the number and/or aggregate dollar amount of serviced transactions</li> </ul>
<p align="center"><b>Escrow Holdbacks</b></p>	<p>LenderLive will <b>not</b> purchase loans with open escrow holdbacks. All holdbacks must be cleared at delivery and a copy of an amended HUD-1 showing the disbursement is required with the loan file. If the holdback was due to appraiser required repairs, a copy of <i>Appraisal Update and/or Completion</i> (form 1004D/442) is also required.</p>

**Product Profile**

Most recent updates in red font

<b>Note and Rider Forms</b>	<p>LenderLive requires use of the following Note and Rider Forms:</p> <ul style="list-style-type: none"> <li>Fully amortizing forms: <ul style="list-style-type: none"> <li>MULTISTATE FIXED/ADJUSTABLE RATE NOTE form 3528</li> <li>MULTISTATE FIXED/ADJUSTABLE RATE RIDER form 3187</li> </ul> </li> <li>Interest Only forms: <ul style="list-style-type: none"> <li>MULTISTATE INTEREST-ONLY PERIOD ADJUSTABLE-RATE NOTE (One-year LIBOR Index, 10-year Interest Only Period) form 3535</li> <li>MULTISTATE FIXED/ADJUSTABLE RATE RIDER—WSJ One-Year LIBOR— Ten-Year Interest Only Period form 3153</li> </ul> </li> <li>Refer to Fannie Mae for additional Rider requirements such as Condominium Rider, PUD Rider, Second Home Rider, 1-4 Family Rider, etc.</li> </ul>																					
<b>Assignment of Mortgages</b>	<p>Upon closing, all loans must be registered with MERS at time of delivery to LenderLive and a MERS transfer of beneficial rights and transfer of servicing rights must be initiated by the Correspondent, to LenderLive (MERS ORG ID #1010320), within 24-hours of purchase by LenderLive.</p>																					
<b>Disaster Policy</b>	<ul style="list-style-type: none"> <li>LenderLive may require a post-disaster inspection when the appraisal occurred before the incident end date of the disaster</li> <li>See LenderLive Disaster Policy in Seller Guide for details</li> </ul>																					
<b>Vesting of Title in Business Name</b>	<ul style="list-style-type: none"> <li>Borrowers may vest title in the name of a business, such as a Limited Partnership, General Partnership, Corporation, etc.</li> <li>If this option is selected, Borrower must qualify as an individual guarantor</li> </ul>																					
<b>Flood Hazard Determination</b>	<ul style="list-style-type: none"> <li>Flood Hazard Determination Certification must be no more than 180 days old on the date the note is signed</li> </ul>																					
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