Conventional Fixed Rate

Product Matrix

Fannie Mae Selling Guide link:
https://www.fanniemae.com/content/guide/selling/b/index.html

	# of Units	Conforming Loan Limits	High Balance Loan Limits
Loan Limits	1	$832,750	$1,249,125
	2	$1,066,250	$1,599,375
	3	$1,288,800	$1,933,200
	4	$1,601,750	$2,402,625

Primary Residence

Transaction Type	# of Units	Fannie Mae DU Loans LTV [1, 3], CLTV, HCLTV [2]		Freddie Mac LPA Loans LTV [1,3], CLTV, HCLTV [2]	
Purchase and Rate/Term Refinance	1	97[1]/95%		97[1]/95%	
	2	95%	• 85% for High Balance loans	95%	• 85% for Super Conforming
	3-4		• 75% for High Balance loans		• 80% for Super Conforming
Cash Out Refinance[4]	1	80%		80%	
	2-4	75%		75%	

Second Home

Transaction Type	# of Units	Fannie Mae DU Loans LTV [3],CLTV, HCLTV	Freddie Mac LP Loans LTV [3],CLTV, HCLTV
Purchase and Rate/Term Refi	1	90% [3]	90% [3]
Cash Out Refinance	1	75%	75%

Investment Property

Transaction Type	# of Units	Fannie Mae DU Loans LTV [3],CLTV, HCLTV	Freddie Mac LP Loans LTV [3],CLTV, HCLTV
Purchase	1	85% [3]	85% [3]
	2-4	75%	75%
Rate/Term Refi	1	75%	85% [3]
	2-4	75%	75%
Cash Out Refinance	1	75%	75%
	2-4	70%	70%

[1] **LTV 95.01%-97.00%:**

- Not permitted for high-balance loans AND Super Conforming loan balances.
- At least one borrower must be a first-time home buyer.
- If all occupying borrowers are first-time homebuyers, then at least one borrower must complete homeownership education
- The lender must document that the existing loan being refinanced is owned (or securitized) by Fannie Mae or Freddie Mac respectfully.

[2] HCLTV up to 105% on loans with Fannie Mae or Freddie Mac approved Community Seconds

[3] **MAX Allowable LTV:**

- Maximum allowable LTV in this matrix may not apply to certain mortgage loans secured by properties in Texas or by condominium projects in Florida. Refer to Geographic Restrictions in the agency guidelines for additional information.

[4] **Cash-out on Manufactured Housing:**

- Maximum allowable LTV is limited to 65%.
- Principal Residence only.

AUS	• DU "Approve/Eligible" or Freddie Mac LPA with "Accept" • Manual underwriting is not permitted
Ratios	• Determined by AUS. (Typically, 50% DTI is the maximum)
Terms	• 30, 25, 20, 15 and 10 Year Terms
Temporary Interest Rate Buydowns	• Maximum allowable interest rate reduction is 2%. ► Available as 3/2/1; 2/1 or 1/0 • 30 Year Fixed only • Owner occupied & Second Homes • Purchase Only. • Qualify at Note rate (not the bought down rate)
Age of Documents	• Credit Documents must be within 120 days of the Note date. • Loans with Day1 Certainty for income will not require the updated paystub. • Standard Verbal VOE's must be completed within 10 business days.

Credit

- **There is no minimum credit score requirement. Loans that score Approve/Eligible or "Accept Eligible" are eligible subject to pricing.**

Fannie Mae DU Loan Casefiles:

- When at least one borrower has a minimum of one credit account or installment account reported on their credit report, DU will assess the risk using the borrower's reported credit and the loan will be subject to standard eligibility guidelines.
- When no borrower has at least one credit account or installment account reported on their credit report, DU will apply the following requirements:
  - ► The property must be a one- to four-unit, principal residence, and all borrowers must occupy the property.
  - ► The transaction must be a purchase or limited cash-out refinance.
  - ► Reserves may be required as determined by DU.

Freddie Mac LPA Casefiles:

- For Mortgages where not all Borrowers have a usable Credit Score, Loan Product Advisor will apply the following requirements:
  - ► At least one Borrower must have a usable Credit Score, as determined by Loan Product Advisor
  - ► The transaction must be a purchase or “no cash-out” refinance Mortgage.
  - ► The Mortgaged Premises must be a 1-unit property, occupied by all Borrowers as their Primary Residence.
- For Mortgages where no Borrower has a Credit Score, Loan Product Advisor will apply the following requirements:
  - ► The transaction must be a purchase or “no cash-out” refinance Mortgage.
  - ► The Mortgaged Premises must be a 1-unit property, occupied by all Borrowers as their Primary Residence.
  - ► The loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratios must not exceed 95%.
  - ► The Mortgage must be a fixed-rate Mortgage.
  - ► The Mortgage must not be a super conforming Mortgage.
  - ► The Mortgage must not be a Refi Possible Mortgage.

- **Tax Identification Numbers (ITIN Eligible Loans).** *Borrowers with a valid ITIN number are eligible based on the following:*
  - ► Loan must score Approve/Eligible through Fannie Mae DU.
  - ► Lender must verify that the borrower (non-U.S. citizen) is legally present in the United States.
  - ► If the ITIN/SS# cannot be validated with the SSA, the loan is not eligible.
  - ► 4506C must be validated
  - ► PMI (if required) is only available through Essent.

Loans must be Approve/Eligible or Accept/Eligible. Manual Underwrite is not permitted.

Derogatory Credit

Bankruptcy - Chapter 7 or 11	• 4 Years
Bankruptcy - Chapter 13	• 2 years from discharge date • 4 years from dismissal date
Multiple Bankruptcy Filings	• 5 years if more than one filing within past 7 years
Foreclosure	• 7 years

Student Loan Repayment

<u>Fannie Mae:</u>

- If a monthly debt payment is provided on the credit report, the amount may be used for qualifying purposes.
- If the credit report does not provide a monthly payment or shows $0:
  - ► If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual amount is $0 and use $0 as the payment.
  - ► A payment of 1% of the outstanding loan balance or,
  - ► A fully amortizing payment using the documented loan repayment terms.

<u>Freddie Mac:</u>

- If a monthly debt payment is provided on the credit report, the amount may be used for qualifying purposes.
- If the monthly payment amount on the credit report is $0, use .5% of the out-standing loan balance.

Conventional Fixed Rate

Open 30-Day Accounts

- Verify borrower has sufficient funds to cover the account balance. The verified funds must be in addition to any funds required for closing costs and reserves.
- Freddie Mac will permit the full balance be included in the DTI in lieu of funds. (Freddie Mac no longer permits using 5% of the balance.)

Interested Party Contributions

Occupancy	LTV/CLTV	Maximum IPC
Principal residence or second home	> 90%	3%
	75.01 - 90%	6%
	75% or less	9%
Investment Property	All LTV/CLTV's	2%

Mortgage Insurance

EMM requires standard coverage. Minimum or reduced MI coverage is not permitted

Acceptable MI Types	Unacceptable MI Types
• Borrower Paid monthly • Borrower Paid Single Premium • Financed • Split Premium	• Lender Paid Single Premium • Lender Paid Monthly • Lender Paid Annually • Borrower Paid Annually

Approved MI Companies:

- Arch MI, Enact, Essent, MGIC, National MI and Radian

Gift Funds

≤ 80% LTV	• 1-4 Unit Primary • Second Home	A minimum contribution from the borrower's own funds is not required.
> 80% LTV	• 1 Unit Primary	A minimum contribution from the borrower's own funds is not required.
	• 2-4 Unit Primary • Second Home	Borrower must make a 5% minimum contribution from his or her own funds

Down Payment Assistance

- Down Payment Assistance is allowed as long as the assistance is provided by a government entity. Evidence of the terms and provider must be included in the loan file and must meet Fannie Mae requirements.
- Loans with Community Seconds may be eligible up to 105% CLTV. Follow Fannie Mae or Freddie Mac guidelines, second must be from government entity.

Loan Purpose

- **Purchase**
- **Rate/Term Refinance (Limited Cash-out)**
- At least one borrower on the new loan must be a current owner of the subject property (on title) at the time of the INITIAL LOAN APPLICATION. Exceptions to this policy:
  - ► the borrower acquired the property through an inheritance or was legally awarded the property via a legal settlement or divorce decree, or
  - ► the property was previously owned by an inter vivos revocable trust and the borrower is the primary beneficiary of the trust.

Fannie Mae:

- ► Proceeds can be used to pay off a first mortgage, closing costs and prepaid items
- ► Proceeds can be used to pay off any junior liens related to the purchase of the subject property
- ► Cash out to the Borrower is the greater of 1% of the unpaid balance of the the new mortgage or $2,000.
- ► The borrower on the new loan is currently financially obligated on the loan being paid off. Ownership must be transferred to the borrower(s) at time of closing.
- ► The borrower is paying off an installment land contract that was executed more than 12 months prior to the application for the refinance
- ► Not permitted if borrower completed a cash-out refi within 30 days of the application date of the new refinance.

Freddie Mac:

- ► Proceeds can be used to pay off a first mortgage, closing costs and prepaid items.
- ► Cash back to borrower (or any other payee) up to the greater of 1% of the new refinance Mortgage or $2,000.00
- ► Proceeds can be used to pay off or pay down any junior liens related to the purchase of the subject property

- **Cash Out**
  - ► At least one borrower must have been on title for at least six (6) months prior to the disbursement date of the new loan.
  - ► The seasoning requirement for a Cash-out refinance must be at least 12 months old as measured from the Note date of the existing loan to the note date of the new loan.
  - ► Fannie Mae and Freddie Mac delayed financing in according to agency guidelines. Refer to specific agency guidelines in sellers handbook.

Cryptocurrency	Cryptocurrency is digital assets exchanged over the internet. Bitcoin is the oldest and most well-known type of cryptocurrency although now there are over 1,300 different types of cryptocurrency. • In order to be used as a source of funds and considered an eligible asset, it must be converted to U.S. currency and deposited ito an eligible asset account. ► The source of a large deposit may be from bitcoins or another digital currency, provided there is documentation to show the funds coming from the digital currency account that was owned by the borrower. All assets must be verified in accordance with agency guidelines. • Income paid to the Borrower in cryptocurrency may not be used as qualifying income. • For income types that require evidence of sufficient remaining assets to establish likely continuance (e.g., retirement account distributions, trust income and dividend and interest income, etc.), those assets may not be in the form of cryptocurrency • Cryptocurrency may not be included in the calculation of assets as a basis for repayment of obligations • Monthly payments on debts secured by cryptocurrency must be included in the Borrower's debt payment to income ratio and are not subject to the Guide provisions regarding installment debts secured by financial assets
Reserves	DU will determine the reserve requirements based on the overall risk assessment of the loan and whether the borrower has multiple financed properties. If the borrower owns other financed properties, additional reserves must be calculated and documented for financed properties other than the subject property and the borrower's principal residence. The other financed properties reserves amount must be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for mortgages and HELOCs on these other financed properties. The percentages are based on the number of financed properties: • 2% of the aggregate UPB if the borrower has one to four financed properties, • 4% of the aggregate UPB if the borrower has five to six financed properties, or • 6% of the aggregate UPB if the borrower has seven to 10 financed properties The aggregate UPB calculation does not include the mortgages and HELOCs that are on the subject property, the borrower's principal residence, properties that are sold or pending sale, and accounts that will be paid by closing (or omitted in DU on the online loan application).
Business Assets	When a Self-employed borrower is using a portion of their Business Assets for the transaction (including down-payment, closing costs and reserves) a cash-flow analysis to confirm that the withdrawal of funds for this transaction will not have a negative impact on the business must be completed. • Most recent 3 month business bank statements must be analyzed to determine no negative impact on business • Evidence supporting the borrower has full access to their percentage of the funds. • Business bank statements must not reflect any NSFs or overdrafts
Employment Offers and Contacts for future employment	• Borrowers with employment beginning after the note date (future employment) may be eligible and must meet Fannie mae requirements in *B3-3.1-09* ► Must be Single Family, Primary, Purchase using only fixed base salary income. ► Borrower's offer or contract must: - clearly identify the employer and the borrower and be signed by all parties - clearly identify the terms of employment, including position, type and rate of pay, and start date; and - be non-contingent. Note: If conditions of employment exist, the lender must confirm prior to closing that all conditions of employment are satisfied. • Start date for employment must be within 90 days of note date. • Document, in addition to the amount of reserves required by DU one of the following: ► 6 months PITIA reserves for the subject property; OR ► Financial reserves or current income sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. For calculation purposes, consider any portion of a month as a full month. Current income refers to income that is currently being received by the borrower (or coborrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. **See Fannie Mae guidebook section *B3-3.1-09* for complete details**

Conventional Fixed Rate

Escrow Waivers	• Escrow Waiver is permitted up to a maximum of LTV of 80% (89.99% in California). • Flood Insurance Escrows required when applicable. • Escrow Waiver is not permitted if taxes are 60 days or more delinquent.	
HPML	• Higher Priced Mortgage Loans are acceptable if all federal and state guidelines are met. ► Establishment of an escrow account. (Escrow waiver not permitted) ► Must meet all applicable state and/or federal compliance requirements	
	• High cost loans are not permitted.	
Ineligible Property Types	• Condition Rating of C5/C6 • Co-ops • Timeshares • Working Farms	• Quality Rating of Q6 • Properties not suitable for year round occupancy • Native American Land

Manufactured Homes

• **All Manufactured Homes must meet agency guidelines. Refer directly to the Seller Guides for complete Fannie Mae or Freddie Mac requirements. The information provided below applies to all manufactured homes.**

• The Manufactured Home must have been built on or after June 15, 1976.

• Must be at least 400 square foot and at least 12 feet wide.

• **Multiwide units only.**

► Eligibile Single-wide unit Private Mortgage Insurers:

- MGIC
- Enact
- National MI if (Only if it is an Affordable Lending product).

► Radian, Essent and Arch will not provide coverage on single-wide units.

• The Manufactured Home must be built on a permanent chassis that is attached to a permanent foundation in compliance with the applicable HUD Codes for Manufactured Home and evidenced by a HUD Data Plate and HUD Certification Label.

• Both the HUD Data Plate and HUD Certification must be present and legible. The loan is ineligible if the original or alternative documentation cannot be obtained.

<u>Alternative Documentation:</u>

► A "HUD Label Verification Letter," with the same information contained on the HUD Certification Label, from the Institute for Building Technology and Safety (IBTS)

► For a duplicate Data Plate or substitute Data Plate; a Performance Verification Certificate (PVC) from the IBTS, or a copy of the Data Plate from the In-Plant Primary Inspection Agency (IPIA) or manufacturer (a list of IPIA offices is posted on HUD's website)

• The unit must not have been previously installed or occupied at any other site.

• The Manufactured Home must be legally classified as real property; it must be a 1-unit dwelling that is permanently affixed to a permanent foundation in a way that makes it part of the real property and cannot include an accessory dwelling unit.

• The land on which the Manufactured home is situated in fee simple. (Leasehold and co-op are not eligible)

• Structural modifications and/or additions to an existing Manufactured Home may be eligible under certain conditions. Structural modifications and/or additions must be approved by a State or federal authority. If the state does not have this requirement, then the modification must be inspected and deemed o be structurally sound by a licensed professional engineer.