

**PRODUCT GUIDELINES**  
**CONVENTIONAL CONFORMING HIGH BALANCE PROGRAM**  
**PROGRAM CODES: H15FCNF, H30FCNF**



PURCHASE & RATE/TERM REFINANCE - FIXED RATE									
Occupancy		Max Loan Amount	Maximum LTV	Maximum CLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/Rental History	Reserves
Primary	1 Unit	\$636,150	90%*	90%*	620	AUS Approved Eligible / Accept Eligible - Up to 50% Maximum DTI	5% from borrowers own funds >80% LTV/CLTV & 2-4 units - No Minimum Requirement <=80% LTV/CLTV**	Evaluated by AUS	Refer to minimum reserves section for requirements
Primary	2 Unit	\$814,500	75%	75%	620				
Primary	3 Units	\$984,525	75%	75%	620				
Primary	4 Units	\$1,223,475	75%	75%	620				
2nd Homes	1 Unit	\$636,150	65%*	65%*	620	AUS Approved Eligible / Accept Eligible	No Minimum Requirement <=80% LTV/CLTV**	Evaluated by AUS	Refer to minimum reserves section for requirements
Non-Owner	1 Unit	\$636,150	65%	65%	620	AUS Approved Eligible / Accept Eligible - Up to 50% Maximum DTI	Entire Down Payment From Borrowers Own funds**	Evaluated by AUS	Refer to minimum reserves section for requirements
Non-Owner	2 Unit	\$814,500	65%	65%	620				
Non-Owner	3 Units	\$984,525	65%	65%	620				
Non-Owner	4 Units	\$1,223,475	65%	65%	620				

\* LTV >=80% = 720 minimum credit score required in Arizona, California, Florida, and Nevada

\*\*Does not apply to Rate/Term Refinance

\*\*\*Second Home Florida Condo minimum credit score = 740

Alaska & Hawaii \$1,669,894

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CASH OUT - FIXED RATE									
Occupancy		Max Loan Amount	Maximum LTV	Maximum CLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/Rental History	Reserves
Primary	1 Unit	\$636,150	80%	80%	620	AUS Approved Eligible / Accept Eligible - Up to 50% Maximum DTI	NA	Evaluated by AUS	Refer to minimum reserves section for requirements
Primary	2 Unit	\$814,500	75%	75%	620				
Primary	3 Units	\$984,525	75%	75%	620				
Primary	4 Units	\$1,223,475	75%	75%	620				
2nd Homes	1 Unit	\$636,150	75%	75%	620	AUS Approved Eligible / Accept Eligible - Up to 50% Maximum DTI	NA	Evaluated by AUS	Refer to minimum reserves section for requirements
Non-Owner	1 Unit	\$636,150	75%	75%	620	AUS Approved Eligible / Accept Eligible - Up to 50% Maximum DTI	NA	Evaluated by AUS	Refer to minimum reserve section for requirements
Non-Owner	2 Unit	\$814,500	70%	70%	620				
Non-Owner	3 Units	\$984,525	70%	70%	620				
Non-Owner	4 Units	\$1,223,475	70%	70%	620				

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CONVENTIONAL Underwriting Guidelines Requirements (Loan MUST be submitted through AUS)	
COLLATERAL	
General	Property condition C5 or below is not eligible. Final condition rating must be C4 or better.
Appraisal	Full Appraisal Required, interior & exterior inspection. Transferred or ported appraisals are not permitted. Re-use of an appraisal report is not permitted. HPML loans may require second appraisal. One-Unit Residential Appraisal Field Review Report (Form 2000) also is required if the property value is > \$1 million and LTV/CLTV/HCLTV > 75%. Use the lower of original appraised value, Field Review value, or sales price (for purchases) to calculate LTV. If the appraisal report is marked "subject-to" a final inspection 1004D will always be required, processor certifications will not be accepted in lieu of.
Appraisal Acknowledgment	Borrowers must acknowledge that they received all appraisal reports 3 days prior to close.
Condo	<p>All condos must be warranted &amp; must have completed warranty forms. Acceptable condo approvals are PERS approval, Lender Full Review completed by InterIsland, Limited Review (DU).</p> <p><b>Not eligible:</b> Condotels, including projects that allow short-term rentals, vacation rentals, timeshares, or segmented ownership. Condo projects that have resort-type amenities such as restaurants, room service, maid service, central telephone or key systems, or share facilities with a hotel, Condo projects restricting owner's ability to occupy, Condo projects that do not contain full-sized kitchen appliances, Nonresidential use exceeding 25%, Pending litigation, Less than 400 square feet or projects containing units with less than 400 square feet, Condo projects consisting of manufactured homes, Leasehold projects, Cooperative projects, Project with multi-dwelling units: A project in which an owner may hold a single deed evidencing ownership of more than one dwelling unit, Project with excessive commercial or non-residential space, Tenancy-in Common apartment project</p> <p><b>Limited Review:</b>                      Primary Residence = LTV 90% or below</p> <p><b>Full Review:</b>                      All established projects not eligible for Limited Review. All new projects (see exceptions requiring PERS approval below). The standard PERS submission MUST be used for the following project types: New or newly converted condo projects consisting of attached units in Florida, Newly converted non-gut rehabilitation projects consisting of more than four attached units</p> <p><b>Florida Specific</b>  <b>Limited Review:</b>                      Primary Residence = LTV 75% or below                      - Must be an established project and FNMA warrantable, Must be arms length transaction; no at-interest characteristics, Borrower does not live in immediate area or own property in immediate area (includes partial interest).</p> <p><b>Full Review:</b>                      Primary Residence = LTV 75.01% and above.                      Florida new construction, projects constructed within the previous 3 years and projects converted within the previous 3 years are not eligible regardless of LTV and review type.</p>
Ineligible Properties	Manufactured homes (included properties with an ADU that is a manufactured home), Co-ops, Land Contracts, On-frame modular construction, Boarding houses, Bed and breakfast properties, Properties that are not suitable for year-round occupancy regardless of location, Agricultural properties, such as farms or ranches, Properties that are not readily accessible by roads that meet local standards, Vacant land or land development properties, properties serviced by hauled water, and State-approved medical marijuana producing properties, and water sourced by a river are not eligible. See complete ineligible property list in CMS CONV guidelines.

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<b>COLLATERAL (continued)</b>	
Resale/Deed Restrictions	Fannie Mae will purchase mortgages that are subject to one or more of the following types of resale restrictions (although some restrictions are likely to occur only in combination with others): income limits, age-related requirements (senior communities must comply with applicable laws), purchasers must be employed by the subsidy provider, principal residence requirements, as designated by the subsidy provider, properties that are group homes or that are principally used to serve disabled residents, and resale price limits.
Maximum Number of Financed Properties	For second home and investment property transactions - FNMA is the Agency that allows for up to 10 properties (financed means the # of properties not the number of loans on it), <b>FNMA requires a 720 Fico for this feature.</b> DU cannot count the number of properties so the lender must apply the 720 FICO restriction manually to the file.
Private Transfer Fee	Not permitted
Subordinate Financing	2nd liens permitted as long as they meet LTV/CLTV requirements of the property and transaction type. Seller Carry Back: If financing provided by the property seller is more than 2% below current standard rates for second mortgages, the subordinate financing must be considered a sales concession and the subordinate financing amount must be deducted from the sales price. (Run LPA if seller carry back rate is more than 2% below current standard rates for second mortgages)
Rent Loss Insurance	Not required
<b>TYPES OF FINANCING</b>	
Rate & Term/ Limited Cash Out Refi	Final Closing Disclosures required from any transaction within past 6 months. If previous transaction was cash-out or if it combined a first and non-purchase money subordinate into a new first, loan to be coded cash out. If new transaction combines a 1st and non-purchase money 2nd into a new 1st loan, it is considered cash out. If a new transaction combines a purchase money 2nd used in whole to acquire the property, a copy of the Closing Disclosure must be obtained. Closing costs and prepaids may be financed into loan amount. Cash out is limited to the lessor of 2% or the new loan or \$2,000.
Refinance < 12 months seasoned	Purchase transactions being paid off less than 12 months seasoned must show documentation supporting increasing values and any home improvements. A copy of the original appraisal showing appraised value higher than original sales price will be considered as supporting documentation.
Listed for sale or purchase <6 months	Properties listed for sale are ineligible for refinance. Property must be taken off the market prior to the loan application date. C/O Refi not allowed if property purchased in prior 6 months. Max 70% LTV on cash out refinances, if property listed for sale within the last 6 months.
Cash-Out Refinance	No continuity of obligation - The property must have been purchased (or acquired) by the borrower at least six months prior to the disbursement date of the new mortgage loan except for the following: see FNMA guidelines properties listed in the last 6 months MAX LTV 70%
Delayed Financing	Permitted on cash-out transactions for borrowers who purchased the subject property within the previous six months. Refer to the CMS Conventional Lending Guide for additional requirements.
Non-Arm's Length/Identity of	2nd Homes or investment properties are not eligible, must be primary residence only.
Property Flip	Lenders must confirm and document in the mortgage file that the property seller in a purchase money transaction or the borrower in a refinance transaction is the owner of the subject property when an appraisal is required. Examples of acceptable documentation include, but are not limited to: <ul style="list-style-type: none"> <li>• the appraiser's analysis and conclusions in the appraisal report,</li> <li>• a copy of a recorded deed, mortgage, or deed of trust,</li> <li>• a recent property tax bill or tax assessment notice,</li> <li>• a title report,</li> <li>• a title commitment or binder, or</li> <li>• property sale history report.</li> </ul> This documentation is especially important for transactions involving an assignment (or sale) of a contract for sale and back-to-back, simultaneous, double transaction closings, or double escrows to support the property acquisition, financing, and closing.

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<b>TYPES OF FINANCING (continued)</b>	
Texas Overlay	No Cash out permitted. If existing 1st & 2nd to be paid are Texas Section 50(a) (6), all subsequent financing is considered cash out and is not eligible. This rule applies whether or not the borrower is getting cash back. If the 1st mortgage is not (never was) a Texas Section 50 (a)(6) loan and the 2nd mortgage is a Texas Section 50(a)(6), the 2nd lien must subordinate. Borrower cannot receive any cash back from 1st mortgage refinance - not even \$1. Transactions with subordinate financing subject to Section 50(a)(6) provisions are limited to max LTV/TLTV/CLTV of lesser of 80% or max program allowed.
All Refinances	Must have Net Tangible Benefit to Borrower.
<b>CREDIT</b>	
Manual Underwrite	Not permitted. Must receive DU Approve/Eligible.
Bankruptcy	Chapter 13: Must be discharged > 2 years prior to application. BK discharge must be > 2 years seasoned. BK dismissal must be >4 years seasoned. Chapter 7: Must be discharged > 4 years prior to application. BK discharge must be > 4 years seasoned. BK dismissal must be > 4 years seasoned. Multiple Bankruptcy filings within past 7 years must be discharged/dismissed > 5 years. <u>Loan MUST receive DU Approve/Eligible recommendation in order to be FNMA eligible.</u>
(with extenuating circumstances)	BK7 or BK 11: A two-year waiting period is permitted if extenuating circumstances can be documented, and is measured from the discharge or dismissal date of the bankruptcy action. BK13: A two-year waiting period is permitted after a Chapter 13 dismissal, if extenuating circumstances can be documented. There are no exceptions permitted to the two-year waiting period after a Chapter 13 discharge. <u>Loan MUST receive DU Approve/Eligible recommendation in order to be FNMA eligible.</u>
Mortgage Loans	The refinance of a mortgage loan in violation of bankruptcy code is not eligible. Documentation from the courts validating the mortgage debt was reaffirmed is required. A credit report is not valid confirmation that a debt has been reaffirmed.
Short Sale/Pre-Foreclosure/Deed in Lieu of Foreclosure	A four-year waiting period is required from the completion date of the deed-in-lieu of foreclosure, preforeclosure sale, or charge-off as reported on the credit report or other documents provided by the borrower. <u>Loan MUST receive DU Approve/Eligible recommendation in order to be FNMA eligible.</u>
(with extenuating circumstances)	A two-year waiting period is permitted if extenuating circumstances can be documented. Note: Deeds-in-lieu and preforeclosure sales may not be accurately or consistently reported in the same manner by all creditors or credit reporting agencies. See Identification of Significant Derogatory Credit Events in the Credit Report above for additional information. <u>Loan MUST receive DU Approve/Eligible recommendation in order to be FNMA eligible.</u>
Collections/Charge Offs	Refer to AUS stipulations
Judgments/Liens	Outstanding judgments and liens must be paid at or prior to loan closing. Documentation required.
Foreclosure	A seven-year waiting period is required, and is measured from the completion date of the foreclosure action as reported on the credit report or other foreclosure documents provided by the borrower. <u>Loan MUST receive DU Approve/Eligible recommendation in order to be FNMA eligible.</u>
(with extenuating circumstances)	A three-year waiting period is permitted if extenuating circumstances can be documented, and is measured from the completion date of the foreclosure action. Additional requirements apply between three and seven years, which include: Maximum LTV, CLTV, or HCLTV ratios of the lesser of 90% or the maximum LTV, CLTV, or HCLTV ratios for the transaction per the Eligibility Matrix. The purchase of a principal residence is permitted. Limited cash-out refinances are permitted for all occupancy types pursuant to the eligibility requirements in effect at that time. Note: The purchase of second homes or investment properties and cash-out refinances (any occupancy type) are not permitted until a seven-year waiting period has elapsed. <u>Loan MUST receive DU Approve/Eligible recommendation in order to be FNMA eligible.</u>
Minimum FICO	All borrowers must have a credit score. Fannie Mae recommends obtaining at least two credit scores for each borrower. Non-traditional credit not permitted.

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CREDIT (continued)	
Debts/Minimum Payment	If the credit report does not show a required minimum payment amount and there is no supplemental documentation to support a payment of less than 5%, the lender must use 5% of the outstanding balance as the borrower's recurring monthly debt obligation. For DU loan casefiles, if a revolving debt is provided on the loan application without a monthly payment amount, DU will use the greater of \$10 or 5% of the outstanding balance as the monthly payment when calculating the total debt-to-income ratio. For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the lender must use the greater of the following to determine the monthly payment to be used as the borrower's recurring monthly debt obligation: 1% of the outstanding balance; or the actual documented payment (documented in the credit report, in documentation obtained from the student loan lender, or in documentation supplied by the borrower). If the payment currently being made cannot be documented or verified, 1% of the outstanding balance must be used.
30-day Charge Accounts	Open 30-day charge accounts require the balance to be paid in full every month. Fannie Mae does not require open 30-day charge accounts to be included in the debt-to-income ratio.
Mortgage History	Mortgage History evaluated by AUS
Long Term Debts	Revolving charge accounts and unsecured lines of credit are open-ended and should be treated as long-term debts and must be considered part of the borrower's recurring monthly debt obligations. The monthly payment on every revolving and open-end account with a balance must be included in ratio calculation. Accounts cannot be paid down to qualify, installments or Mortgage accounts must be paid in full. Payoff of revolving accounts in order to qualify the borrower is generally not allowed.
Court Ordered Debt	Court-Ordered Assignment of Debt: When a borrower has outstanding debt that was assigned to another party by court order (such as under a divorce decree or separation agreement) and the creditor does not release the borrower from liability, the borrower has a contingent liability. The lender is not required to count this contingent liability as part of the borrower's recurring monthly debt obligations. The lender is not required to evaluate the payment history for the assigned debt after the effective date of the assignment. The lender cannot disregard the borrower's payment history for the debt before its assignment.
Non-Occupant Co-borrowers and Blended Ratios	For DU loan casefiles, if the income of a guarantor, co-signer, or co-borrower is used for qualifying purposes, and that guarantor, co-signer, or co-borrower will not occupy the subject property, the maximum LTV, CLTV, and HCLTV ratio may not exceed 95%. The DTI ratio is calculated using the income and liabilities of all borrowers; there is no separate DTI ratio requirement for the occupant borrower.
Soft pull expiration	120 days
Disputed	DU will issue the disputed tradeline message. If it is determined that the disputed tradeline information is accurate and complete, the lender must ensure the disputed tradelines are considered in the credit risk assessment by either obtaining a new credit report with the tradeline no longer reported as disputed and resubmitting the loan casefile to DU. If DU does not issue the disputed tradeline message, the lender is not required to: <ul style="list-style-type: none"> <li>• further investigate the disputed tradeline on the credit report,</li> <li>• obtain an updated credit report (with the undisputed tradeline).</li> </ul>

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INCOME/ASSETS	
Debt Ratios	Max 50% regardless of AUS Findings.
Residual Income	Residual Income is required on HPML loans only.
Non-Taxable Income	Must verify and document source of income is non-taxable. Documentation includes award letters, policy agreements, account statements or any other documents that address the non-taxable status of the income. All disclosed, non taxable income must be grossed-up even if not being used for qualification.
Rental Income from Other Real Estate Owned	At least 2 years complete taxes are required. 24-month average from Schedule E for calculation. The full amount of the mortgage payment (PITIA) must be included in the borrower's total monthly obligations when calculating the DTI ratio.
Tax Return Transcripts/W2 transcripts	Fannie Mae's policy regarding use of the IRS Form 4506-T to validate borrower income documentation for underwriting and QC purposes requires the lender to have each borrower (regardless of income source) complete and sign a separate IRS Form 4506-T for each type of transcript required at or before closing and the execution of IRS Form 4506-T with the IRS to its written QC plan. Amended Returns: Silent.
Income from Departure Residence	When the borrower owns mortgaged real estate, the status of the property determines how the existing property's PITIA must be considered in qualifying for the new mortgage transaction. If the mortgaged property owned by the borrower is a current principal residence converting to investment use, the borrower must be qualified in accordance with, but not limited to the following: <ul style="list-style-type: none"> <li>• Lease Agreements. When current lease agreements are used, the lender must calculate the rental income by multiplying the gross rent(s) by 75%. The remaining 25% of the gross rent will be absorbed by vacancy losses and ongoing maintenance expenses.</li> <li>• DU will determine the reserve requirements based on the overall risk assessment of the loan, the minimum reserve requirement that may be required for the transaction, and whether the borrower has multiple financed properties.</li> <li>• If the mortgage loan being delivered to Fannie Mae is secured by the borrower's principal residence, there are no limitations on the number of other properties that the borrower will have financed.</li> <li>• If the mortgage is secured by a second home or an investment property, the multiple financed properties policy applies.</li> </ul>
Gift Equity	A gift or a gift of equity from a related person that does not have to be repaid is an eligible source of borrower funds for a primary residence or second home, but is not eligible source of borrower funds for an investment property. For 2-4 unit primary AND second home transactions, if a gift from a related person is used for a mortgage with a LTV greater than 80%, the gift is permitted source of borrower funds only if the borrower has made a down payment of at least 5% from borrower personal funds.
Minimum Down Payment	Primary <80% LTV= None Primary >80% LTV = None Primary 2-4 Unit = 5% Second <80% LTV = None Second >80% LTV = 5% Investment = entire downpayment
Verification of Deposits	Not permitted as standalone documentation – must be accompanied by computer printout or other statements directly from the banking institution.
Large Deposits	Purchase Money Transactions Only: Deposits >50% of the borrower's qualifying monthly income are considered large deposits and must be sourced.
Custodial Accounts for Minors	These accounts are not an allowable asset for down payment, closing costs or reserves. Accounts that are in a minors name where the borrower is only the custodian of the funds are not eligible to be used for a transaction in closing costs, reserves or down payment.
Gifts	Follow FNMA Guidance: <ul style="list-style-type: none"> <li>• 1 Unit Primary Residences (including High Balance): no minimum borrower contribution is required</li> <li>• 2-4 Units, 2nd Homes: LTV's &gt;80% require the borrower have a minimum 5% of their own funds in the transaction</li> <li>• Gifts are not permitted on Investment Properties. Gifts are not permitted on Non-Owner Properties. Donor must be immediate family member, fiancé or domestic partner. The donor may not be affiliated with any other interested party to the transaction.</li> </ul>
Business Assets	Business Assets are allowed for downpayment; however, the borrower must be the 100% owner of the Business. The effect on borrower's business must be established by the underwriter.

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GENERAL	
Age of Documents	Must be <120 days old at time of closing. Appraisal must be <120 days old
Mortgage Insurance	Borrower-paid MI and lender-paid MI options are permitted, as are monthly, single, and split premium plan options. Financed borrower-purchased mortgage insurance is permitted; however, the maximum gross LTV (after the inclusion of the financed premium) cannot exceed 95%.
Ineligible Programs	Refi DU, Homestyle/Homepath Renovations, HomeReady Loans, Temp Buydown, Interest Only Loan Programs
Loan Terms Available	10, 15, 20, & 30 Year Fixed.
High Balance Loans DU Refi Plus	The eligibility parameters for DU Refi Plus supersede those for the high-balance feature. The new loan may have a high-balance feature, subject to current loan limits.