

FMFC MTA OPTION ARM

NMTA1M, NMTA3M, N40MTA1M, N40MTA3M

PRODUCT DESCRIPTION	PRODUCT CODE	DOC TYPE	ADDITIONAL INFORMATION
1 month MTA 1 month MTA w/ 40 year amortization 3 month MTA 3 month MTA w/ 40 year amortization 1 month MTA w/ 1 year prepay 1 month MTA w/ 1 year prepay w/ 40 year amortization 3 month MTA w/ 1 year prepay 3 month MTA w/ 1 year prepay w/ 40 year amortization 1 month MTA w/ 3 year prepay 1 month MTA w/ 3 year prepay w/ 40 year amortization 3 month MTA w/ 3 year prepay 3 month MTA w/ 3 year prepay w/ 40 year amortization 1 month Foreign National 3 month Foreign National 1 month Foreign National MTA w/ 1 year prepay 3 month Foreign National MTA w/ 1 year prepay 1 month Foreign National MTA w/ 3 year prepay 3 month Foreign National MTA w/ 3 year prepay	NMTA1M N40MTA1M NMTA3M N40MTA3M NMTA1MP1 N40MTA1MP1 NMTA3MP1 N40MTA3MP1 NMTA1MP3 N40MTA1MP3 NMTA3MP3 N40MTA3MP3 NFMTA1M NFMTA3M NFMTA1MP1 NFMTA3MP1 NFMTA1MP3 NFMTA3MP3	FULL DOC STATED INCOME/ VERIFIED ASSETS STATED INCOME/ STATED ASSETS	<ul style="list-style-type: none"> • <u>1 and 3 year Hard Prepay</u> • <u>30 or 40 Year Amortization</u> • <u>Life Cap</u> is 9.95% with no periodic caps. • <u>Interest Rate</u> adjusts monthly. • <u>Interest Only Payment Option</u> is available for 25 year period. • <u>Minimum Payment</u> option has a 7.5% annual payment increase after fixed period, except at recast or principal balance exceeds 115% (NY is 110%). • <u>Maximum Deferred Interest</u> is 115% (110% in NY). • <u>Recast</u> scheduled for 5th year (61st month) and every 5 years thereafter unless negative amortization limit exceeds 115% (110% in NY), the loan will be recast immediately. • <u>Prepay</u> The person originating the loan is responsible for state specific prepayment laws. See Prepay Description to left. • <u>4 Monthly Payment Options</u> <ul style="list-style-type: none"> ○ Minimum amount due. ○ Interest only payment. ○ 15 year amortization payment. ○ 30 OR 40 year amortization payment.
<u>Prepay Description</u> Add "P" to end of program code for prepay option Add "P1" to the end of either Option ARM code for 1 year Prepayment Penalty Add "P3" to the end of either Option ARM code for 3 year Prepayment Penalty If the borrower makes prepayments, the total of which exceeds 20% of the original Principal loan amount, a prepayment penalty will be charged. The prepayment penalty is an amount equal to the payment of 6 months advance interest on the amount by which the total of the prepayments during the 12 month period immediately preceding the date of prepayment exceeds 20% of the original Principal loan amount. Interest will be calculated using the rate in effect at the time of prepayment.			
<u>Program Description</u> For the first YEAR ONLY, the minimum payment option will be fixed using the introductory rate (on your rate sheet). The other three payment options (interest rate) will stay fixed using the introductory rate for the length of time you chose as the program (1 or 3 months). After the 1 or 3 month period, the three payment options will use the fully indexed rate (Index + Margin, rounded to the nearest 8th) to calculate the three monthly payments for the remainder of the loan. At the end of the fixed minimum payment period (1 year), the minimum payment (dollar amount) will increase 7.5% each year for the remainder of the loan, except when the loan recasts*. *The loan will recast every 5 years or when the deferred interest reaches 115% (NY is 110%).			

PRIOR APPROVAL REQUIRED FOR LOAN AMOUNTS OVER \$2,000,000 - ADDITIONAL TIME REQUIRED

APPRAISAL	See underwriting guidelines for details
CREDIT	<ul style="list-style-type: none"> • Lowest middle FICO score of both borrowers must be used • See matrix for FICO score requirement
ELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> • SFR (Attached allowed) • PUD (Attached allowed) • Low and High Rise Condos • Non-Warrantable Condos allowed with restrictions, see underwriting guidelines and matrix for details • Condotels allowed with restrictions, see underwriting guidelines and matrix for details • 1-4 Units • Rural Properties less than or equal to 20 Acres (only allowed with full doc), see underwriting guidelines for details



DOCUMENTATION	STATED DOC TYPE - FIXED INCOME DEFINED AS RETIREMENT INCOME (Social Security / 401K) IS ACCEPTABLE, INCOME SOURCE MUST BE VERIFIED IF OVER 50% OF EARNINGS.
ELIGIBLE BORROWERS	<ul style="list-style-type: none"> • U.S. Citizens (valid Social Security Number is required) • Permanent Resident Alien • Inter Vivos Trust • Non Permanent Resident Alien allowed with restrictions, see underwriting guidelines for details • Foreign National allowed with restrictions, see underwriting guidelines for details • Non-Occupant Co-Borrower allowed with restrictions, see underwriting guidelines for details
GEOGRAPHIC RESTRICTIONS	<ul style="list-style-type: none"> • Loans exceeding \$650,000 are restricted to major metropolitan areas only, or areas where there is sufficient marketability as established in the appraisal for upper-end properties • NY: Maximum 80% LTV allowed • ME: FMFC MTA Option ARM not available
GIFTS	Gift are only allowed for owner-occupied primary residence from relatives, domestic partner or fiancé / fiancée, see underwriting guidelines for details
LOAN AMOUNT	<ul style="list-style-type: none"> • Minimum Loan Amount: \$25,000 • Maximum Loan Amount: \$3,000,000 (may exceed maximum loan amount by exception only)
MORTGAGE INSURANCE	Mortgage Insurance is applicable for LTVs over 80%, avoid mortgage insurance by coming FMFC HELOC with FMFC MTA Option ARM
QUALIFYING RATE	Greater of 4.25% or fully indexed rate
RATIOS	<ul style="list-style-type: none"> • There is no maximum payment-to-income ratio • Full Doc and greater than 80% LTV: 36% • Full Doc and less than 80% LTV: 40% • Stated and SISA with any LTV: 38% • Ratios may be exceeded if approved by AUS, contact underwriting for details
RESERVES	<ul style="list-style-type: none"> • Full Doc primary residence: 2 months • Full Doc second home and investment: 6 months • Stated and SISA primary residence: 3 months • Stated and SISA second home and investment: 6 months
SECONDARY FINANCING	<ul style="list-style-type: none"> • If FMFC secondary financing is used the only available programs are the <u>SPLOC or SELOC</u> • Second lien is limited to a maximum LTV of 20% • CLTV is not subject to the gross-up formula
SELLER CONTRIBUTIONS	<ul style="list-style-type: none"> • 90.01-95% LTV on primary residence or second home: 3% • 80.01-90% LTV on primary residence: 6% • 80.01-90% LTV on second home and investment: 3% • Less than 80% on primary residence, second home or investment: 6%
UNDERWRITING GUIDELINES	<ul style="list-style-type: none"> • Manual Underwrite • Approved AUS also available, contact corporate underwriting for details

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INVESTOR SPECIFIC PREPAY INFORMATION	
STATES THAT THE INVESTOR ALLOWS A PREPAY	AL, AZ, CA, CT, DE, FL, GA, HI, ID, IN, KY, MT, ND, NE, NV, NH, OR, SD, TN, UT, WA
STATES THAT THE INVESTOR DOES NOT ALLOW A PREPAY	AK, IL, KS, ME, MO, MN, NJ, NM, NY, VT, WV, WI
STATES WITH AN INVESTOR PREPAY RESTRICTION	
STATE	PREPAY RESTRICTION
AR	Loan amount must be greater than \$165,000 and maximum prepayment term is 36 months.
CO	APR must be less than 12%
DC	No 5 year prepay penalties allowed
IA	Prepay not allowed on owner occupied 1-2 units
LA	State specific prepayment penalty applies: If prepaid during the 1 st year=5%; 2 nd =4%; 3 rd =3%; 4 th =2%; 5 th =1%. May not charge a penalty after 5 years
MA	3 year prepayment penalty not allowed; state specific prepayment penalty applies: Closed-end O/O loans: 1 year / max. PPP is the lesser of the balance of the first year's interest or 3 months' interest. However, if the loan is prepaid during the 2 nd or 3 rd year because it is refinanced by another lender, an additional payment not in excess of 3 months' interest may be required; <ul style="list-style-type: none"> • All closed-end loans: no penalty is allowed after 36 months from the note date • Prohibited on partial prepayments if the loan is a closed-end loan
MD	APR must be less than 8%; state specific prepayment penalty applies: Closed-end 1sts: 3 years / 2 months' advance interest on the aggregate amount of all prepayments made within a 12-mo. period in excess of 1/3 of OPB. Prohibited if the interest rate > 8%
MI	State specific prepayment penalty applies: 1sts and closed-end 2nds: 3 years / 1%
MS	State specific prepayment penalty applies: If prepaid during the 1 st year=5%; 2 nd =4%; 3 rd =3%; 4 th =2%; 5 th =1%. May not charge a penalty after 5 years
NC	Loan amount must be greater than \$150,000; Loans greater than \$150,000 and less than or equal to \$300,000: State specific prepayment penalty applies; Loans greater than \$300,000: Multi-state prepayment penalty applies; 3 year prepayment penalty: Maximum 30 months
OH	State specific prepayment penalty applies: 5 years / 1% of Original Principal Balance
OK	APR must be less than or equal to 13%
PA	Loan amount must be greater than \$50,000
RI	Loans originated with a prepayment penalty greater than 1 year must include the Rhode Island Prepayment Penalty Disclosure in addition to the standard Multi-State Prepayment Option Disclosure
SC	Loan amounts must be greater than \$150,000
TX	Interest rate cannot exceed 12% on residential homestead
VA	Owner-Occupied and Second Homes: State-specific prepayment penalty applies, which is owner occupied 1sts: 2%. Investment with Original Loan Amount Less Than \$75,000: State-specific prepayment penalty applies, which is investment less than \$75,000: 1%. Investment with Original Loan Amount Greater Than or Equal to \$75,000: Multi-state prepayment penalty applies
WY	APR must be less than 18%



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PURCHASE, RATE/TERM							
DOC TYPE	OCCUPANCY	PROPERTY TYPE	FICO	LTV	CLTV	LOAN AMOUNT	CASH OUT AMOUNT
FULL DOC	PRIMARY	1 UNIT	620	95	N/A	500,000	N/A
		1-2 UNIT	680	95	90	650,000	N/A
			700	70	70	3,000,000	
		1-4 UNITS	620	90	90	650,000	N/A
				80	90	1,000,000	
				75	80	1,500,000	
		CONDOTEL	620	80	80	350,000	N/A
				75	75	650,000	
	SECOND HOME	1 UNIT	620	90	90	500,000	N/A
				80	90	650,000	
				80	80	1,000,000	
				75	90 ¹	1,000,000	
				75	75	1,500,000	
				660	95	90	
		700	90	90	650,000		
			70	70	3,000,000		
		CONDOTEL	620	80	80	350,000	N/A
				75	75	650,000	
	INVESTMENT	1 UNIT	620	90	90	500,000	N/A
		1-2 UNIT	660	90	90	650,000	N/A
		1-4 UNIT	620	90	90	400,000	N/A
				80	90	650,000	
				80	80	1,000,000	
				65	70	1,500,000	
660				70	70	1,500,000	
680		90	90	650,000			
720		70	80	1,500,000			
CONDOTEL		620	80	80	350,000	N/A	
	75		75	650,000			
STATED	PRIMARY	1 UNIT	680	95	N/A	500,000	N/A
				75	80 ¹	1,500,000	
		1-2 UNIT	700	75	75	1,500,000	N/A
				70	70	3,000,000	
	1-4 UNIT	620	90	90	400,000	N/A	
			75	75	650,000		
			90	90	650,000		
			660	80	90		1,000,000
70	70	70	1,500,000				



PURCHASE, RATE/TERM (CONTINUED)							
DOC TYPE	OCCUPANCY	PROPERTY TYPE	FICO	LTV	CLTV	LOAN AMOUNT	CASH OUT AMOUNT
STATED	SECOND HOME	1 UNIT	620	75	80	400,000	N/A
				65	80	650,000	
			660	90	90	500,000	
				80	80	650,000	
				75	80 ¹	1,000,000	
				70	70	1,500,000	
				680	75	80 ¹	
	700	65	70	3,000,000			
	INVESTMENT	1-2 UNIT	660	80	80	650,000	N/A
		1-4 UNIT	660	75	75	1,000,000	N/A
70	70			1,500,000	N/A		
SISA	PRIMARY	1 UNIT	660	90	90	500,000	N/A
			700	95	N/A	500,000	N/A
		1-2 UNIT	620	90	90	400,000	N/A
		1-4 UNIT	620	75	75	650,000	N/A
				80	80	650,000	
			660	75	75	1,000,000	
	65			70	1,500,000		
	SECOND HOME	1 UNIT	620	70	80	400,000	N/A
				660	90	90	
			660	75	80	650,000	
75				80	650,000		
CASH OUT							
FULL DOC	PRIMARY	1-2 UNIT	620	90	90	650,000	325,000
				80	80	1,000,000	500,000
				75	75	1,500,000	500,000
		1-4 UNIT	660	70	70	3,000,000	500,000
				80	80	1,000,000	500,000
				680	70	70	1,500,000
FULL DOC	SECOND HOME	1 UNIT	620	90	90	400,000	325,000
				80	80	1,000,000	500,000
				75	75	1,500,000	500,000
			660	90	90	650,000	500,000
				700	65	70	3,000,000
	INVESTMENT	1-2 UNIT	620	80	80	1,000,000	325,000
				60	60	1,500,000	325,000
			660	90	90	650,000	325,000
				70	70	1,500,000	325,000
		1-4 UNIT	620	75	90	400,000	325,000
				70	90	650,000	325,000
				55	60	1,500,000	UNLIMITED
680	75	75	650,000	325,000			



CASH OUT (CONTINUED)								
DOC TYPE	OCCUPANCY	PROPERTY TYPE	FICO	LTV	CLTV	LOAN AMOUNT	CASH OUT AMOUNT	
STATED	PRIMARY	1-2 UNIT	660	80	90	650,000	500,000	
			700	60	70	3,000,000	500,000	
		1-4 UNIT	620	75	75	400,000	400,000	
				70	70	650,000	500,000	
			660	90	90	400,000	325,000	
				75	75	1,000,000	500,000	
	70	70	70	1,500,000	500,000			
		SECOND HOME	1 UNIT	620	75	75	400,000	400,000
				660	90	90	400,000	325,000
	75		75		1,000,000	500,000		
	70		70	1,500,000	500,000			
	INVESTMENT	1-2 UNIT	660	75	75	1,000,000	325,000	
				70	70	1,500,000	325,000	
		1-4 UNIT	660	75	75	400,000	325,000	
				70	70	650,000	325,000	
45			65	1,000,000	UNLIMITED			
SISA	PRIMARY	1-2 UNIT	660	90	90	400,000	325,000	
			620	75	75	400,000	400,000	
		1-4 UNIT	660	80	80	400,000	400,000	
				70	70	1,000,000	500,000	

¹ Purchase transactions only



FMFC MTA OPTION ARM UNDERWRITING GUIDELINES

Loans over \$2,000,000 will require additional time for underwriting - submission requirements can be obtained from National Underwriting. Loans over \$3,000,000 are done on an exception basis - call for pricing and submission information.

APPRAISAL

Loans ≤ than \$1,000,000 = One FULL appraisal (No 2055 interior allowed)

Loans > than \$1,000,000 and ≤ \$3,000,000 = One FULL appraisal plus ONE field review (must be completed by the companies listed below)

Loans > \$3,000,000 = One FULL appraisal obtained from LANDSAFE and ONE field review (must be completed by the companies listed below)

Acceptable field review companies are:

HAWAII

Lender Service Inc
Nationwide

ALL OTHERS

Landsafe
Lender Service Inc
Nationwide
Hansen

CASH RESERVES

Loans ≤ \$3,000,000:

- **FULL DOC**
 - Owner Occupied 2 months
 - Second Home or Investment 6 months
- **STATED INCOME**
 - Owner Occupied 3 months
 - Second Home or Investment 6 months
- **SISA**
 - Owner Occupied 3 months
 - Second Home or Investment 6 months

Loans > \$3,000,000:

- **FULL DOC = 9 months**
- **STATED INCOME = 12 months**

CHAIN OF TITLE AND CONTINUITY OF OBLIGATION

Follow standard FMFC Risk guidelines



CONDOMINIUM PROJECTS – CONDOTEL AND NON WARRANTABLE GUIDELINES

Fannie and Freddie warrantable condos are acceptable
No multifamily condos
No condos presently involved in litigation

CONDOTEL and NON WARRANTABLE CONDO RESTRICTIONS

A condotel is a property that may include one or more of the following features:

- Front desk or resident manager
- Maid service
- Commercial space
- Rental pools

The following requirements apply to condotels:

- The condotel must not have mandatory rental requirements
- Rental income from the condotel may not be used to qualify the borrower in calculating the DTI
- Condotels must be common for the area
- 75% of the units must be sold or closed or under contract for sale
- The condotel unit must have a minimum of 600 square feet

Condotel – special underwriting requirements

- No gifts allowed
- US Citizens only
- No non-occupant co-borrowers
- For LTV above 75% 6 months PITI reserves are required
- Appraisal must specify that condotels are common for the area, marketing time is not over 6 months and market supports strong rentals
- Project must be completed and in operation for at least 2 years and have a minimum of 20 units
- All units must have separately metered utilities
- Properties originally constructed as hotels or motels are not acceptable

Non-Warrantable Condos

- Minimum pre-sale is 33% of a legal phase
- 50% of the total number of units must be complete
- 50% of the common area and facilities within the project must be completed
- Investors may own no more than:
 - 70% of the units sold if the LTV is 80% or below
 - 40% of the units sold if the LTV is above 80%
- No one entity may own more than 25% of the total number of units in the project

Owner Occupied PURCHASE and RATE/TERM – cash out is not allowed for condotels and non warrantable condos

- Full Doc
 - Condotels
 - Max 80% LTV/CLTV to \$350,000
 - Max 75% LTV/CLTV to \$650,000
 - MAX LOAN AMOUNT \$650,000
 - Non Warrantable
 - Max 95% LTV to \$300,000 (Max CLTV is 90% for all Option ARM loans)
 - Max 80% LTV/CLTV to \$650,000
 - MAX LOAN AMOUNT IS \$650,000
- Stated
 - Condotels – NOT ALLOWED
 - Non Warrantable
 - Max 80% LTV/CLTV to \$500,000 (Requires 660 credit score)
 - Max 75% LTV/CLTV to \$650,000 (Requires 660 credit score)
 - MAX LOAN AMOUNT IS \$650,000
 - SISA – condotels & non warrantable condos are not allowed



Second Home PURCHASE and RATE/TERM – cash out is not allowed for condotels and non warrantable condos

- Full Doc
 - Condotels
 - Max 80% LTV/CLTV to \$350,000
 - Max 75% LTV/CLTV to \$650,000
 - MAX LOAN AMOUNT \$650,000
 - Non Warrantable
 - Max 90% LTV/CLTV to \$400,000 (Requires 680 credit score)
 - Max 80% LTV/CLTV to \$500,000
 - Max 75% LTV/CLTV to \$650,000
 - MAX LOAN AMOUNT IS \$650,000
- Stated
 - Condotels – NOT ALLOWED
 - Non Warrantable
 - Max 70% LTV/CLTV to \$400,000 (Requires 660 credit score)
 - Max 65% LTV/CLTV to \$650,000 (Requires 660 credit score)
 - MAX LOAN AMOUNT IS \$650,000
- SISA – condotels and non warrantable condos are not allowed

Investment PURCHASE and RATE/TERM – cash out is not allowed for condotels and non warrantable condos

- Full Doc
 - Condotels
 - Max 80% LTV/CLTV to \$350,000
 - Max 75% LTV/CLTV to \$650,000
 - MAX LOAN AMOUNT \$650,000
 - Non Warrantable
 - Max 75% LTV/CLTV to \$350,000
 - Max 70% LTV/CLTV to \$400,000
 - Max 65% LTV/CLTV to \$650,000
 - MAX LOAN AMOUNT IS \$650,000
- Stated
 - Condotels – NOT ALLOWED
 - Non Warrantable
 - Max 70% LTV/CLTV to \$350,000 (Requires 680 credit score)
 - Max 65% LTV/CLTV to \$650,000 (Requires 680 credit score)
 - MAX LOAN AMOUNT IS \$650,000
- SISA – condotels and non warrantable condos are not allowed

CONTRIBUTIONS BY AN INTERESTED PARTY

Contributions by an interested party may be used for closing costs, prepaids and other financing costs provided the maximum contribution does not exceed the limits below

OCCUPANCY	CONTRIBUTION
PRIMARY	3% if CLTV >90%
	6% if CLTV ≤ 90%
SECOND HOME	3% if CLTV >80%
	6% if CLTV ≤ 80%
INVESTMENT	3% if CLTV >80%
	6% if CLTV ≤ 80%



CREDIT

GENERAL

- 3-file merged credit report or RMCR required
- Each borrower's middle score is considered the "representative" score
- ALL BORROWER'S representative score must meet the minimum required
- Borrowers may not be currently delinquent on their mortgage or housing payment
- Borrower must have 3 qualifying tradelines (at least 12 month history and at least one active during the past 2 years)

CREDIT HISTORY

CREDIT ISSUE	FULL and STATED INCOME	SISA
Revolving and Installment Lates	Late payments are considered accounted for in the credit score	Late payments are considered accounted for in the credit score
Mortgage Lates	Maximum mortgage lates: 1 x 30 in the last 12 months 0 x 60 in the last 24 months	Maximum mortgage lates: 0 x 30 in the last 12 months 0 x 60 in the last 24 months
Bankruptcy, Foreclosure, Deed in Lieu, Short Sale	24 mo for extenuating circumstances** 24 mo for financial mismanagement C13** 48 mo for financial mismanagement C7 **	Seven years
History of Credit Counseling	A minimum of 12 months seasoning is required on credit re-established since the credit counseling was terminated (debts included in the plan are not counted as re-established credit)	A minimum of 12 months seasoning is required on credit re-established since the credit counseling was terminated (debts included in the plan are not counted as re-established credit)
Judgments, Collections, Charge-Offs	Subject to individual evaluation. Follow Fannie Mae rule for required payoffs of collections, charge offs etc. (>\$250 each/>\$1,000 total must be paid). Any outstanding judgments, tax liens as well as any other derogatory items appearing on title must be paid	None in the past 24 months Any outstanding judgments, tax liens as well as any other derogatory items appearing on title must be paid
Non-Traditional Credit	Allowed for non-permanent resident aliens and foreign nationals only	Not allowed

****For bankruptcy or foreclosure within the past seven years the borrower must provide a written explanation and documentation of extenuating circumstances. In addition, the borrower should have re-established credit of the standard required number of tradelines for the program. There should be no new public records since the BK, no 60 or more days late on any tradelines and no late housing payments at all.**



DOCUMENTATION

Full Doc = Full, traditional documentation

Stated Income = Income must be stated and proof of two years employment in the same line or self employment is required

SISA = Income must be stated and the source verified as above, assets must be stated

In addition, full doc loans over \$3,000,000 will require the following:

- Two years tax returns (all borrowers including those who are NOT self employed)
- Most recent quarterly filing (if applicable)
- Two most recent pay stubs (if salaried)
- Two most recent monthly statements for all assets

ELIGIBLE BORROWERS

CITIZENSHIP:

Borrower Type	Full Doc	Stated Income	SISA
US Citizen	Allowed		
Permanent Resident Alien	Valid SSN is required		
Non Permanent Resident Alien	Max \$1,500,000	Max \$1,500,000	Max \$1,500,000
	OO, 2 nd Home: <ul style="list-style-type: none"> ▪ Purchase, R/T = 90/90 LTV/CLTV ▪ Cash Out = 70/70 LTV/CLTV 	OO: <ul style="list-style-type: none"> ▪ Purchase, R/T = 90/90 LTV/CLTV ▪ Cash Out = 70/70 LTV/CLTV 2 nd Home: <ul style="list-style-type: none"> ▪ Purchase, R/T = 75/75 LTV/CLTV ▪ Cash Out = 65/65 LTV/CLTV 	OO: <ul style="list-style-type: none"> ▪ Purchase, R/T = 90/90 LTV/CLTV ▪ Cash Out = NOT ALLOWED 2 nd Home: <ul style="list-style-type: none"> ▪ Purchase, R/T = 75/75 LTV/CLTV ▪ Cash Out = NOT ALLOWED
	NOO not allowed	NOO not allowed	NOO not allowed
	<p><u>If no usable credit score:</u></p> <ul style="list-style-type: none"> ▪ Maximum 75/75 LTV/CLTV (or less depending on program requirements above) ▪ Full or Stated only – NO SISA 		
	<p>CREDIT For borrowers with no usable credit score or without US sources, a non-traditional foreign credit report or three original credit letters from a lending institution located in the country of origin is acceptable.</p> <p>EMPLOYMENT Proof of legal residency in the US and a US source of income that can be expected to continue for at least 3 years. Work permits should have at least 3 years until expiration.</p> <p>Salaried borrowers require two years employment verification which must show borrower's salary for the past two years.</p> <p>For self employed copies of the borrowers signed returns for the past two years both personal and business.</p> <p>RESIDENCY Evidence of a VISA that allows borrowers to live and work in the US and a valid SSN . There is no minimum time required to be left on the VISA. However if expiring within the next 6 months the borrower should provide an explanation of plans to stay and copy of application for extension.</p> <p>FUNDS Funds recently deposited into a US institution are acceptable if there is evidence that the funds were transferred from the country of origin and that the funds belonged to the borrower. All funds – including down payment, reserves, and closing costs, must be in a US institution before closing.</p>		



Foreign National	<p>Max \$1,000,000</p> <p>OO:</p> <ul style="list-style-type: none"> ▪ Purchase, R/T = 80/80 LTV/CLTV ▪ Cash Out = 70/70 LTV/CLTV <p>2nd Home:</p> <ul style="list-style-type: none"> ▪ Purchase, R/T = 75/75 LTV/CLTV ▪ Cash Out = 65/65 LTV/CLTV <p>NOO not allowed</p>	<p>Max \$1,000,000</p> <p>OO, 2nd Home:</p> <ul style="list-style-type: none"> ▪ Purchase, R/T = 75/75 LTV/CLTV ▪ Cash Out = 65/65 LTV/CLTV <p>NOO not allowed</p>	Not Allowed
	<p>CREDIT For borrowers with no usable credit score or without US sources, a non-traditional foreign credit report or three original credit letters from a lending institution located in the country of origin is acceptable.</p> <p>EMPLOYMENT Salaried borrowers require two years employment verification which must show borrower's salary for the past two years.</p> <p>For self employed copies of the borrowers signed returns for the past two years both personal and business.</p> <p>RESIDENCY Evidence of a VISA that allows borrowers to periodically visitor live in the US for a limited amount of time and a copy of an unexpired passport. The borrower must have a SSN or the IRS form W-8BEN signed at closing.</p> <p>FUNDS Funds recently deposited into a US institution are acceptable if there is evidence that the funds were transferred from the country of origin and that the funds belonged to the borrower. All funds for closing must be in a US institution before closing.</p>		

GENERAL:

Non-occupant co-borrowers

Income from non occupant co-borrowers can be used to qualify if:

- Full doc
- Immediate family member
- Max 90% LTV/CLTV
- Occupant guidelines should not exceed ratios by more than 5%
- Occupant must provide 5% of required down payment

Inter vivos trusts – allowed per agency guidelines



ESCROW HOLDBACKS

NOT ALLOWED UNDER THIS PROGRAM

GIFT FUNDS

Gifts are allowed as follows:

- Owner occupied primary residence
- Relatives, domestic partner or fiancé(e) only
- Full doc loans require borrower to contribute a minimum 5% of own funds UNLESS the loan amount is less than \$650,000 AND the LTV/CLTV is 80% or less
- Stated and SISA loans only allow gifts after borrower has contributed the entire down payment required by the LTV./CLTV for the loan

MAXIMUM CASH OUT

Owner Occupied and Second Home LTV > 80% = \$325,000
 Owner Occupied and Second Home LTV 55.01 – 80% = \$500,000
 Owner Occupied and Second Home LTV less than or equal to 55% = no restrictions

Investment LTV > 55% = \$325,000
 Investment LTV ≤ 55% = no restrictions

MORTGAGE INSURANCE

Must obtain ARM mortgage insurance coverage WITH potential negative amortization
 Financed, custom, reduced MI are NOT allowed

	<20 year term	>20 year term
90.01 – 95% LTV	25%	30%
85.01 – 90% LTV	12%	25%
80.01 – 85% LTV	6%	12%

Special Requirements for NON WARRANTABLE CONDOS

90.01 – 95% LTV	all terms	30%
85.01 – 90% LTV		25%
80.01 – 85% LTV		12%

MULTIPLE OWNERSHIP/LOANS TO ONE BORROWER

For all FMFC loans there is a maximum 4 FMFC loans to one borrower

NON ARM'S LENGTH TRANSACTIONS

Not allowed for SISA loans

OCCUPANCY

Refinance of 2 unit owner occupied properties requires an occupancy inspection and the homeowners policy must show that the mailing address and the property address are the same

PROPERTY TYPES

ELIGIBLE PROPERTIES

- 1-4 unit dwellings
- Low and high rise condos including non-warrantable and condotels (see Condo Project Section)
- Attached and detached PUDs
- Modular/Prefab homes
- Leaseholds per agency guidelines
- Rural properties MAX 20 ACRES (FULL DOC ONLY for ALL RURAL)



Rural properties up to 10 acres

Owner occupied or second home only

Max \$1,000,000

6 months or less marketing time

Comps within 5 miles

No significant outbuildings

The subject lot may not be split from a larger lot for purposes of the appraisal or loan

Rural properties between 10 and 20 acres

Owner occupied or second home only

Max 90%CLTV

2 full appraisals required

Comps must have similar acreage

Values are stable or appreciating

Max 35% land value

Subject is not an over improvement

The Subject may not be split from a larger lot for purposes of the appraisal or loan

No significant outbuildings

INELIGIBLE

- Manufactured homes (Modular/Prefab ok)
- Log Homes
- Timeshare
- Houseboats
- Geodesic domes
- Working farms, ranches, etc.
- Multifamily condos
- Projects with pending litigation
- Properties listed for sale within the past 6 months

QUALIFYING

Borrowers qualify at the greater of 4.25% or the fully indexed rate.

The maximum DTI ratios are:

- 36% for full doc LTV above 80%
- 40% for full doc LTV 80% and below
- 38% for ALL Stated and SISA loans

The ratios are guidelines and may be exceeded when the borrower's verified reserves exceed the program requirements, the LTV is lower than the maximum allowable, and/or the borrower's credit score substantially exceeds the minimum required.

No loan should be approved with a DTI exceeding 45% without second level review from the Regional or National Underwriting Manager. If there is subordinate financing those guidelines must be followed as well.

REFINANCE

Rate/Term

- Payoff existing first liens
- Payoff 2nds liens that are seasoned for more than one year
- Payoff 2nd lien line of credit where total draws in the past 12 months do not exceed the lesser of 2% of the total credit limit or \$2,000
- Payoff documented equity interest of ex-spouse pursuant to a written agreement
- Payoff 2nd lien that was used for home improvements (provide evidence of work performed and charges)

Construction Loan Payoff

- Treat as a purchase where the borrower is not on the title to the land yet. The LTV is based on the lesser of current appraised value or documented acquisition cost
- May treat as a rate/term refinance if borrower is on title to the land regardless of how long the title has been held. The current appraised value may be used to calculate the LTV
- For cash out refinances where the land has been owned by the borrower less than 12 months use the lesser of the acquisition cost or the



appraised value to calculate the LTV

Land or Installment Sale Contracts

- A copy of the land contract must be provided, not required to be recorded
- If executed within the past 12 months may be considered a purchase based on lesser of appraised value or original contract sales price
- If transaction is treated as a rate/term refinance the LTV is based on the appraised value regardless of execution date
- If transaction is cash out and the contract was executed less than 12 months ago the lesser of appraised value or original sales price is used. Otherwise the appraised value may be used.
- Pay history to wrap lender or owner of land contract must be documented with 12 months of cancelled checks. Less than 12 allowed only if the land contract has not been in place for 12months

Seasoning Requirements

If paying off a lien that is less than 12 months old the original HUD-1 must be provided. The new loan will be classified the same as the previous loan

SUBORDINATE FINANCING

For all loans where there is a subordinate line of credit the ENTIRE line of credit regardless of the outstanding balance must be used to calculate the CLTV.

Loans with secondary financing are subject to the following restrictions:

- If FMFC secondary financing is used the only available programs are the SPLOC or SELOC
- On piggyback transactions the CLTV is NOT subject to gross up when both the first and second liens are closed concurrently
- The maximum LTV of the second is 20%

Where outside subordinate financing is provided the following requirements apply

- Must require payments of at least the interest due monthly
- Must have at least 5 year remaining term until a balloon payment is due
- May not allow for negative amortization