REMN Jumbo Elite Program Guidelines

Owner-Occupied Primary Residence Fixed Rate and ARM[9]					
Transaction Type	***Units[11]***	***LTV/CLTV***	***Loan Amount [2,6,7,9]***	***Credit Score [4]***	***Maximum DTI [5]***
Purchase & Rate/Term Refinance	1	90%[1]	$1,500,000	740[1]	43%[1,2]
	1	80%	$1,500,000	700	49.99% [8,9]
	1	80%	$2,000,000	720	49.99% [8,9]
	1	70%	$2,500,000[3]	720	49.99% [8,9]
	1	70%	$3,000,000[3]	760	49.99% [8,9]
	1	60%	$3,500,000[3]	760	49.99% [8,9]
	1	70%	$1,000,000	680	49.99% [8,9]
	2	65%	$1,000,000	700	49.99% [8,9]
	2	60%	$1,500,000	720	49.99% [8,9]
Cash-Out Refinance[10]	1	70%	$1,000,000 Max cash-out $500,000	720	49.99% [8,9]
	1	65%	$1,000,000 Max cash-out $500,000	700	49.99% [8,9]
	1	65%	$1,500,000 Max cash-out $500,000	720	49.99% [8,9]
	1	60%	$2,000,000 Max cash-out $500,000	720	49.99% [8,9]
	1	50%	$2,500,000 [3] Max cash-out $750,000	720	49.99% [8,9]
	2	60%	$1,000,000 Max cash-out $500,000	720	49.99% [8,9]

Footnotes:

1. **80.01% to 90% LTV subject to all of the following (no exceptions)**:
   - Fixed-Rate Only. ARMs are ineligible
   - 1-unit primary residence, Purchase and Rate-Term Refinance only
   - Min loan amount is $1.00 more than current Conforming/High Balance limit set by Federal Housing Finance Agency (FHFA)
   - Mortgage insurance is **not** required
   - Subordinate financing **not** allowed
   - Gift funds **not** allowed
   - Escrow/impound account required unless prohibited by state law
   - Residual income required.
   - Reserve requirements: ≤ 38% DTI – 12mos PITIA; 38.01% – 43% DTI – 18mos PITIA
   - Non-permanent resident aliens ineligible
   - **First Time Homebuyer eligibility**: Maximum DTI 38%, min 740 FICO, 15mos post-closing reserves
   - **Refer to the 80.01 to 90% LTV topic for complete requirements**
2. First time homebuyers maximum loan amount $1,000,000 except in the states of CA, CT, NJ, NY and WA which are eligible up to $1,500.000. Refer to the Eligible Borrowers section and ARM Overlays for complete first-time homebuyer requirements
3. Loan amount > $2,000,000 are considered on a case-by-case basis and requires exception approval from REMN WS Credit Committee.
4. Minimum FICO is based on lowest middle score of all borrowers on the loan
5. Max DTI for ARMs is 45%. There are **no exceptions** to the maximum DTI.
6. Minimum Fixed-Rate loan amounts ≥ $806,501 for 1-unit and $1 above the conforming loan limits for properties with 2-4 units (loan amounts between Agency conforming and high balance loan limits are eligible with LTVs **≤ 80%**).
7. Fixed Rate Loans in New York state must be $1 over current high-balance limit set by FHFA.
8. For DTI's 45.01 – 49.99%, residual income is required. See the Residual Income section for necessary calculation
9. ARM Loans are subject to a Min $350K Loan Amount and Max 80% LTV

Second Home Fixed Rate and ARM [6]					
Transaction Type	***Units***	***LTV/CLTV***	***Loan Amount*** [3,4]	***Credit Score*** [1]	***Maximum DTI*** [2]
Purchase/ Rate/Term Refinance	1	80%	$2,000,000	720	43%
	1	70%	$2,500,000	720	43%
Cash-Out[6]	1	60%	$1,500,000 Max cash-out $500,000	720	43%
	1	50%	$2,000,000 Max cash-out $750,000	720	43%
Investment [5] **Fixed Rate**					
Transaction Type	***Units***	***LTV/CLTV***	***Loan Amount*** [3,4]	***Credit Score*** [1]	***Maximum DTI*** [2]
Purchase & Rate Term Refinance	1-4	70%	$1,500,000	740	38%
Cash-Out Refinance	1-4	60%	$1,500,000 Max Cash-Out $500,000	740	38%

Footnotes:

1. Minimum FICO is based on lowest middle score of all borrowers on the loan
2. There are **no exceptions** to the maximum DTI.
3. Minimum Fixed-Rate loan amounts ≥ $806,501 for 1-unit and $1 above the conforming loan limits for properties with 2-4 units (loan amounts between Agency conforming and high balance loan limits are eligible with LTVs **≤ 80%**).
4. Loans in New York state must be $1 over current high-balance limit set by FHFA.
5. Investment transactions are subject to the following:
   - First time homebuyers **ineligible**
   - Must be an arm's length transaction
   - Gift funds not allowed
   - Appraiser must provide comparable rent schedule
   - If using rental income, an executed lease agreement must be provided; see Rental Income requirements in the Income/Employment section for more details
   - Florida condominiums limited to a maximum 50% LTV/CLTV/HCLTV
6. ARM loans are subject to a Min $350K Loan Amount (Second Home only)

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PRODUCT OVERVIEW	
Available Markets	» All 50 states with the exception of Nebraska » Guam, Puerto Rico and the Virgin Islands are ineligible.
Eligible Transactions	» Purchase » Limited Cash-Out Refinance (Rate/Term) » Cash-out Refinance
Ineligible Transactions	» Interest-only » Loans with a prepayment penalty » Higher priced mortgage loan (HPML) » High cost mortgage loan » Higher-Priced Covered transactions » Negative amortization » Convertible ARMs » Assumable ARMs » Investment Properties on ARM transactions » Loan with bridge financing by third party (i.e., Knock, Homelight, Opendoor) » Balloon payments » Graduated payments » Non-traditional credit » Transactions where the property securing the loan is subject to a private transfer fee covenant created on or after Feb. 8, 2011 and the fee collected does not directly benefit the property. » Properties with a condition rating of C5/C6 » Properties with a construction/quality rating of Q6 » Refinance of an investment property that was listed for sale in the 6 months prior to loan application » Transactions with a non-occupant co-borrower » Transactions where the Points and Fees exceed 3%
Eligible Properties	» 1-2 unit owner- occupied (attached/detached) - LTV's of 80.01-90% - 1 unit primary residence only. » 1-unit second home (refer to the Occupancy section for requirements) » 1-4 unit investment property (refer to the Occupancy section for requirements) » PUDs (attached/detached) » Condominiums (attached) – Warrantable – Follow Fannie Mae Condo Warrantability requirements - **Limited Review allowed** for attached units in established condominium projects: ▪ Eligible transactions as per Fannie Mae guidelines ▪ Projects located in Florida are NOT eligible for limited review - **New condominium projects require CPM acceptance or PERS approval.** - **Florida attached condominiums** limited to 50% LTV/CLTV/HCLTV on investment transactions - Condominium Documents to support condominium eligibility review must be no older than 120 days from Note Date. » Detached Condominiums (including site condos) – No condominium review or warranty is required. Fannie Mae basic requirements apply. » Leaseholds. Must meet Fannie Mae requirements » Modular/prefabricated homes » Properties subject to existing oil/gas lease are subject to **all** of the following: - Title endorsement providing coverage to REMN WS against damage to existing improvements resulting from the exercise of the right to use the surface of the land which is subject to an oil and/or gas lease, and - No active drilling. The appraiser must comment or current survey to show no active drilling, and - No lease recorded after the home construction date. Re-recording of a lease after the home was constructed is permitted, and - The property must be connected to public water. » Properties with leased solar panels are eligible subject to Fannie Mae guidelines » TBD (To Be Determined) Properties – file must be resubmitted when property address is identified, a Change of Circumstance is not valid for this product

Ineligible Properties	» Non-warrantable condominiums » 3-4 unit primary residence » New or newly converted condominium projects without a PERS approval or CPM acceptance » New or newly converted condominium projects in Florida with a PERS approval » Property < 750 square feet with the exception of New York city which cannot be < 450 square feet » Cooperative projects » Manufactured/mobile homes. Manufactured housing is defined as any dwelling built on a permanent chassis. **Manufactured homes are ineligible even if the towing hitch, wheels and axles have been removed.** » Condo Hotels (projects managed or operated as hotel/motel, hotel/motel conversions) » Mixed use » Model Home Leasebacks » Properties located in Hawaii Lava Zones 1 & 2 » Log homes » Unique properties » Unimproved land » Timeshare units » Properties > 20 acres » Residential property zoned commercial » Agricultural-type properties e.g. working farms, orchards, ranches » Commercial property » Properties located in areas where a valid security interest in the property cannot be obtained » Properties with a condition rating of C5/C6 » Properties with a construction/quality rating of Q6 » Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant. » Tenants-in-Common projects (TIC's)
Deed/Resale Restrictions	Deed/Resale restrictions must meet Fannie Mae requirements.
Assumptions	Not allowed
Prepayment Penalties	Not permitted

Temporary Buydowns	Temporary Buydowns are eligible with the following criteria: Available Buydown Options » 2-1 » 1-0 Eligibility Requirements » Primary Residence Only » Purchase Transactions Only » Fixed Rate Transactions Only » Seller/Builder Funded and Realtor Funded o Borrower-Funded buydowns are not eligible » Borrower must qualify for payment and reserves using the Note Rates » With buydown funds coming from an interested party to the transaction, Fannie Mae's interested party contribution limits will apply. Buydown Agreement Requirements » Written Agreement: The buydown plan must be written between the party providing the buydown funds and the borrower » Calculation: the buydown agreement must show: o REMN's calculation of the total cost of the temporary buydown o Any interested party contribution o The annual percentage increase in the Borrower's monthly principal and interest payment Informational Items » Funds cannot be used to pay past due payments or buy down the mortgage for qualification purposes. » Funds are transferred to a new servicer as part of the standard transfer or servicer process (included in escrow account).
Mortgage Insurance (MI)	Not required

PRODUCT OVERVIEW	
Products	» 30 year fully amortizing fixed rate - Qualified at the Note rate » 5/6, 7/6, and 10/6 full amortizing ARM (Primary and Second Home Only) - Caps: o 2/1/5 (5/6 ARM) o 5/1/5 (7/6 and 10/6 ARM) - Index: SOFR (30 Day Average) - Margin: 2.75 - Floor: 2.75 - No Conversion Option - Not Assumable - Qualifying Rates: o 5/6 ARM – greater of fully indexed rate or Note Rate + 2% o 7/6 and 10/6 ARM – grate of fully indexed rate or Note Rate
ARM Overlays	» Max 80% LTV/CLTV/HCLTV » No Investment Properties » Minimum Loan Amount is $350,000 » Max DTI of 45% (43% for 2nd Homes)
Occupancy	» Primary Residences for 1-2 units » Second Home residences for one (1) unit properties - Must be a reasonable distance away from borrower's primary residence. - Must be occupied by the borrower for some portion of the year. - Must be suitable for year-round use. - Must not be subject to a rental agreement and borrower must have exclusive control over the property. - Any rental income received on the property cannot be used as qualifying income. » Investment Properties for 1-4 units
Maximum # of Financed Properties Owned	» Maximum four (4) financed 1-4 unit residential properties including the subject property and regardless of the occupancy type of the subject property - **For LTV's 80.01-90%**, maximum two (2) financed 1-4 unit residential properties, including the subject property (financed commercial properties are excluded). » Borrowers who own more than four (4) properties (including the subject property) are **not eligible**. » All financed 1-4 unit residential properties require an additional six (6) months reserves for each property (in addition to subject property requirements), unless exclusions below apply. » 1-4 unit properties held in the name of an LLC or other corporation can be excluded from the number of properties owned calculation if the borrower is not personally obligated on the mortgage. » Ownership of commercial or multifamily (5 or more units) real estate is not included in this limitation. » Documentation to confirm the PITIA, HOA, lease payment, and any additional property related expenses must be provided. » REMN WS limits its exposure to a maximum of 4 loans per borrower.

PRODUCT OVERVIEW	
Non-Arm's Length or Identity-of-Interest Transactions	» A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party. » The following non-arm's length transactions are eligible: - Family sales or transfers, - Property sellers acting as their own real estate agent - Relative of the property seller acting as the seller's real estate agent - Buyers/borrowers acting as their own real estate agent - Relative of the borrower acting as the borrower's real estate agent - The borrower is the employee of the originating lender and the lender has an established employee loan program. Evidence of the employee program to be included in the loan file. - Originator is related to the borrower - Originator is a current subsidiary of the builder - Renter buying from landlord with 24 months cancelled checks to verify satisfactory pay history. » Gifts from relatives that are interested parties to the transaction are not allowed, unless it is a gift of equity. Real estate agents may apply their commission towards closing costs and/or pre-paid costs as long as the amounts are within the interested party contribution limitations. **NOTE: Investment property transactions must be arm's length, no exceptions.**
Escrow/Impound Account	» ≤ 80% LTV recommended but not required » > 80% LTV required unless prohibited by applicable state laws
Power of Attorney	» A Power of Attorney (POA) is allowed on a case-by-case basis on Purchase and Limited Cash-Out Refinance transactions subject to all of the following: - Must be specific to the transaction - Attorney-in-fact must be a relative (as defined by Fannie Mae), a fiancé, fiancée, or domestic partner of the borrower. - The person(s) granting the power of attorney must match the name on the security instrument - Must include the borrower's name, property address and loan amount - The POA must be fully executed and notarized and must be valid at the time the affected loan documents were signed - The borrower must sign the application and disclosures - REMN WS to review and approve prior to loan closing - The POA must be recorded along with the security instrument/ mortgage. - Not permitted for cash out refinances - Not permitted for a Texas Section 50(a)(6) (Texas Equity) transaction

PRODUCT OVERVIEW	
Subordinate Financing	» Subordinate financing is eligible as follows: - Institutional financing up to the maximum LTV/CLTV/HCLTV allowed. Seller subordinate financing is **not allowed**. - Subordinate financing not allowed on LTV's > 80% - Subordinate liens must be recorded and clearly subordinate to the first mortgage lien. - If there is or will be an outstanding balance at the time of closing, the monthly payment for the subordinate financing must be included in the calculation of the borrower's DTI ratio. - Full disclosure must be made on the existence of subordinate financing and the repayment terms - The following types of subordinate financing are eligible: • Mortgage with regular payments that cover at least the interest due so that negative amortization does not occur, • Mortgage terms that require interest at a market rate. - Employer subordinate financing is allowed with the following requirements: • Employer must have an Employee Financing Assistance Program in place • Employer may require full repayment of the if the borrower's employment ceases before the maturity date. • Financing may be structured in any of the following ways: o Fully-amortizing level monthly payments o Deferred payments for some period before changing to fully-amortizing payments o Deferred payments over the entire term o Forgiveness of debt over time o Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien.

TRANSACTION ELIGIBILITY		
Purchase Agreements Amended /Renegotiated	» Not eligible if the sales price was increased **after** the original appraisal was completed if: - The appraised value is higher than the originally contracted sales price that was provided to the appraiser**, and** - The new purchase agreement and/or addendum to the purchase agreement is dated after the appraisal, **and** - The only change to the purchase agreement was the sales price. » If the purchase agreement was renegotiated after the completion of the appraisal, the LTV will be based on the **lower** of the original purchase price or the appraised value, unless: - The re-negotiation was only for seller paid closing costs and/or pre-paids where the seller paid closing costs/pre-paids are common and customary for the area and are supported by the comparables, or - The purchase contract was amended for a new construction property due to improvements made that impact the tangible value of the property. An updated appraisal report must be obtained to validate the value of the improvements.	
Refinance Transactions	**Limited Cash-Out Refinance (Rate-Term)**	» Properties listed for sale, at the time of application, are **ineligible.** » Properties listed for sale within six (6) months of the application date are not acceptable for refinance transactions. » A rate/term refinance is limited to the payoff of the current first lien, any seasoned non-first lien, and closing costs and prepays. - If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed $2,000 in the most recent 12 months. - A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place 12 months. - A seasoned equity line is defined as not having any draws > $2,000 in the past 12 months. Withdrawal activity must be documented with a transaction history. - Max cash back at closing is limited to 1% of the new loan amount for Fixed-Rate Transactions. o Max cash back on ARMs is limited to $5,000.
		LTV/CLTV Determination: » **< 12 months seasoning** (measured from prior Note date to Note date of the new loan): - The LTV/CLTV/HCLTV is based on the **lesser** of the original purchase price **or** appraised value. - <u>**NOTE**</u>: If capital improvements have been made to the property since the purchase, the LTV/CLTV/HCLTV may be based on the lesser of the current appraised value or the original purchase price plus documented improvements. Receipts are required to document the cost of improvements. » **≥ 12 months seasoning** (measured from prior Note date to Note date of the new loan): - The LTV/CLTV/HCLTV is based on the current appraised value. » Released subordinate liens must be paid off and closed to exclude from the CLTV/HCLTV calculation » Properties inherited < 12 months prior to application are eligible for a rate/term refinance subject to the following: - Must have clear title or copy of probate evidencing the borrower was awarded the property, and - A copy of the will or probate document must be provided, along with the buy-out agreement signed by all beneficiaries, and - Borrower retains sole ownership of the property after the pay out of the other beneficiaries, and - Cash-back to the borrower cannot exceed 1% of the loan amount.

<table>
<tr><th colspan="3">TRANSACTION ELIGIBILITY</th></tr>
<tr><td rowspan="3">Refinance Transactions (Cont'd)</td><td>Cash-Out Refinances</td><td>» Cash-out transactions require the borrower(s) to have owned the property for a minimum of six (6) months prior to the application date unless the requirements under the Delayed Financing section are met.
» Properties that were listed for sale in the 12 months prior to the application date are ineligible for a cash-out refinance
» Cash-out transactions may include the unpaid principal balance of the existing first mortgage plus closing costs, points, the amount to pay-off any outstanding subordinate mortgage lien(s) of any age and additional cash that the borrower may use for any purpose.
» Maximum cash-out is limited to the amount indicated on the Cash-Out Refinance matrix on page 1. The maximum cash-out limitations include the payoff of any unsecured debt, unseasoned liens and any cash in hand.
» Properties inherited < 12 months from the application date are ineligible for cash-out; 12 months ownership is required.
» The refinance of mortgage loans that involve the refinance of subordinate liens not used in whole to purchase the subject property. This includes home improvement loans, HELOC and second mortgage loans obtained for taking equity out of the property, even if a portion of the subordinate lien was used to purchase the property. However, if such subordinate lien has been outstanding form more than 2 years and there has not been a draw on the subordinate lien in the past 12 months then the new loan will not be considered a cash-out refinance.
LTV/CLTV Determination
» < 12 but > 6 months seasoning: The LTV/CLTV/HCLTV is based on the lesser of the purchase price or appraised value.
NOTE: If capital improvements have been made to the property since the purchase, the LTV/CLTV/HCLTV may be based on the lesser of the current appraised value or the original purchase price plus documented improvements. Receipts are required to document the cost of improvements.
» ≥ 12 months seasoning: The LTV/CLTV/HCLTV is based on the appraised value.
Pledged Asset
» Cash-out refinance transaction where the borrower is paying off a loan from a pledged asset or retirement account loan, are subject to the following:
- Cash-out limitation is waived if previous transaction was a purchase,
- The purchase must have been arm's length,
- Six (6) month seasoning requirement for cash-out is waived,
- Funds used to purchase the property must be documented and sourced,
- HUD-1/CD for subject transaction must reflect payoff or pay down of pledged asset/retirement account loan, secured loan, unsecured family loan or business asset account. If cash-out proceeds exceed payoff of loans, the excess cash is subject to applicable cash-out limits,
- Investment properties are ineligible.</td></tr>
<tr><td>All Refinances</td><td>Subordinate Lien
» Released subordinate liens must be paid off and closed to exclude from the CLTV/HCLTV calculation on both Limited Cash-Out and Cash-Out refinance transactions.</td></tr>
<tr><td>Financing Real Estate Taxes</td><td>The following applies when real estate taxes are financed:
» Limited Cash-out Refinance: A loan is ineligible as a limited cash-out refinance and must be considered a cash-out transaction when:
- The borrower finances the payment of real estate taxes for the subject property in the loan amount but does not establish an escrow account, or
- The borrower finances the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount.
NOTE: If considered cash-out, only eligible on primary residence
» Cash-out Refinance: A loan with financed real estate taxes that are more than 60 days delinquent is eligible as long as an escrow account is established. If an escrow account is not established the loan is ineligible.</td></tr>
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TRANSACTION ELIGIBILITY		
Refinance Transactions (Cont'd)	**Continuity of Obligation**	» A continuity of obligation is required on refinance transactions. Continuity of obligation is met when at least one borrower on the existing mortgage is also a borrower on the new refinance transaction and is measured from the date of the event (such as transfer of title) to the disbursement date of the new refinance transaction. **NOTE**: Continuity of obligation does **no**t apply to properties owned free and clear (i.e. no mortgage lien) due to the borrower purchasing the property with all cash or the prior mortgage that the borrower was obligated on has been paid in full. » Exemptions to the above continuity of obligation requirements are: - The borrower was added to title 24 months or more prior to the disbursement date of the new refinance transaction, **or** - The borrower has been on title for at least 12 months but is not obligated on the existing mortgage and one of the following applies: • Has paid the mortgage (including any subordinate financing) for the last 12 months, **or** • Can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor - The borrower has been added to title through a transfer from a trust, a limited liability company (LLC) or partnership as long as: • The borrower was a beneficiary/creator of the trust **or** a 25% or more owner of the LLC/partnership prior to the transfer and • The transferring entity and/or borrower has had consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan. **NOTE**: Transfer of ownership from a corporation to an individual does **not** meet the continuity of obligation requirement - The borrower recently inherited, or was legally awarded, the property (divorce, separation, or dissolution of a domestic partnership). There is **no waiting period** in these instances. » If the continuity of obligation requirement does not exist, or one of the exemptions outlined above do not apply, the loan is ineligible.
	Delayed Financing	» Delayed Financing is allowed with the following requirements: - Property was purchased by borrower for cash within six (6) months of the loan application - HUD-1/CD from purchase reflecting no financing obtained for the purchase of the property. - Transaction is considered a Limited Cash-Out refinance (excluding primary residence transactions in Texas), - The LTV/CLTV is calculated based on the lesser of: • The purchase price, or • The appraised value; - Allowed on primary residence, second home, and investment properties - Investment properties eligible as long as the borrower is not a builder or in the construction industry **and** the prior transaction was arm's length - The preliminary title reflects the borrower as the owner and no liens - Funds used to purchase the property are fully documented and sourced and must be the borrower's own funds (no borrowed, gift, shared or business funds), - If funds from a pledged asset or retirement account were used to purchase the property delayed financing is **not** eligible. - Funds drawn from a HELOC on another property owned by the borrower, funds borrowed against a margin account or funds from a 401(k) loan are acceptable as long as the following requirements are met: • The borrowed funds are fully documented • The borrowed funds are reflected on the Closing Disclosure (CD) as a payoff on the new refinance transaction - LTV/CLTV for Rate and Term refinances must be met. The loan is treated as a Rate and Term refinance except for primary residence transactions in Texas. - Texas primary residence must be treated as cash out and locked as cash out however cash out limits, and 6 months seasoning will not be applicable. - Investment properties are allowed if borrower is not a builder or in the construction industry and prior transaction was arm's length.

<table>
<tr><th colspan="3">TRANSACTION ELIGIBILITY</th></tr>
<tr><td>Refinance Transactions (Cont'd)</td><td>Texas Section 50(a)(6)</td><td>A Texas Section 50(a)(6) loan (aka Texas Home Equity) is a cash-out refinance. Once a Texas Home Equity loan, any subsequent refinance of the property is also considered a Texas Home Equity and subject to the Texas Home Equity restrictions. The following applies:
» 30 year fixed rate term only
» Cash-out refinance**
» Owner-occupied primary residence classified as a homestead under Texas law.
» All borrowers must reside in the home. Non-occupant co-borrowers are not allowed.
» Maximum LTV/CLTV is the lesser of 80% or as allowed by program
» Subordinate financing not allowed (all liens must be paid in full by refinance transaction.)
» 1 unit single family residence, PUD or condo.
- 2-4 units are not permitted
» Maximum of 10 acres, no exceptions. Land that is taxed as agricultural is ineligible.
» Maximum 3% fee limitation for all closing costs, fees and charges:
- Prepaid and bona fide discount points are excluded (discount points eligible if borrowers sign an "Election to Pay Discount Points" affidavit at closing).
» Notice Concerning Extension of Credit required (aka "12 Day Disclosure"):
- Borrower and non-borrowing spouse (if applicable) must sign the Notice Concerning Extension of Credit,
- The loan cannot close until 12 days after the Notice was signed.
» Survey is required to demonstrate:
- Any adjacent lands is divided as separate parcels, and
- Property is separately platted and is a subdivided lot for which full ingress and egress is available.
» Loan must close at the closing agent's office; it cannot close at the borrower's home.
» Borrower must receive a copy of the final 1003 along with the HUD-1/CD for review a minimum of 24 hours prior to closing.
» All married parties, regardless if on the loan or not, must sign the Deed of Trust and Notice of Right to Cancel as Texas is a community property state.
» Borrower(s) cannot sign early (i.e. cannot sign before the date of the closing package).
» Deed of Trust must be completed on the Security Instrument (must be a Texas resident and is typically an attorney).
» Property taxes are due yearly in December. Tax Certificates are generally provided. School, city, county and MUD taxes are common.
» Waiting periods:
- The loan cannot close until the Notice Concerning Extensions of Credit (12 Day Disclosure) has been signed and received by REMN WS for 12 days.
- The loan cannot close until 24 hours after the borrower(s) have signed the final HUD-1 /CD and the final 1003.
- There is 12 months seasoning requirement. The loan cannot close until a minimum of 12 months have passed after the closing of the previous loan.
» There is a 3 day right of rescission period.
» Power of attorney is not permitted

** If the new refinance loan is classified under Texas law as a Texas 50(a) (6), the loan must be locked with Redwood as a Cash-Out Refinance.</td></tr>
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<tr><th colspan="2">TRANSACTION ELIGIBILITY</th></tr>
<tr><td>Conversion of Construction-to-Permanent</td><td>
» The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a borrower for the purpose of replacing interim construction financing that the borrower has obtained to fund the construction of a new residence and is eligible subject to the following:
- The borrower must hold title to the lot, which may have been previously acquired or purchased as part of the transaction
- Limited Cash-Out and Cash-Out refinance transactions:
• Lots owned ≥ 12 months the LTV/CLTV is based on the current appraised value
• Lots owned < 12 months the LTV/CLTV is based on the lesser of:
▪ The current appraised value, or
▪ The total acquisition costs (sum of construction costs and purchase price of lot)

» <u>NOTE</u>: Timeframe for ownership is measured from the date the lot was purchased to the Note date of the subject transaction.
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<tr><td rowspan="2">80.01 to 90% LTV</td><td>
» 80.01 to 90% LTV subject to all of the following (no exceptions). Topics not addressed in this section will follow standard REMN WS Jumbo guidelines.
- Fixed-Rate Only. ARMs are ineligible.
- 1-unit primary residence
- Purchase and Rate-Term Refinance only
- Minimum 740 FICO
- Max 43% DTI
- Minimum loan amount is $1.00 more than the current Conforming/High Balance limits set by the Federal Housing Finance Agency (FHFA)
- Mortgage insurance (MI) not required
- Subordinate financing not allowed
- Gift funds not allowed
- Post-closing reserves are determined by DTI (excluding First Time Homebuyer – see FTHB below):
• <u><</u> 38% DTI: Twelve (12) months PITIA reserves
• 38.01 – 43%: Eighteen (18) months PITIA reserves
• Self-Employed Borrower – Additional three (3) months reserves required
• Additional 1-4 Unit Financed REO – Additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO.
• Non-Retirement Asset Reserves Required – Three (3) months.
- Escrow/impound account required unless prohibited by applicable state laws
- Non-permanent resident aliens ineligible
- Appraisal requirements:
• Purchase transactions – One (1) full appraisal
• Rate-Term Refinance transactions – Two (2) full appraisals
Refer to the Appraisals section for complete appraisal requirements
- Maximum of two (2) financed properties, including the subject property
- 30 year Fixed Rate loan terms only
- Texas Section 50(a)(6) transactions ineligible
- Residual Income required, as detailed below:
<table>
<tr><th>Number in Household*</th><th>One</th><th>Two</th><th>Three</th><th>Four</th><th>Five</th></tr>
<tr><td>Required Residential Income</td><td>$1,550</td><td>$2,600</td><td>$3,150</td><td>$3,550</td><td>$3,700</td></tr>
</table>
*Add $150.00 for each additional family member over five (i.e. 6 family members require $3,850 residual income; $3,700 for 5 family members + $150.00 for 6th family member = $3,850)
</td></tr>
<tr><td>
First Time Homebuyers (FTHB)
» The above guidance applies to first time homebuyers with the following exceptions:
- Maximum 38% DTI, and
- Fifteen (15) months post-closing reserves required, and
- Maximum loan amount $1,000,000 in all states except CA, CT, NJ, NY and WA
• Maximum loan amount in CA, CT, NJ, NY & WA - $1,500,000
</td></tr>
</table>

BORROWER ELIGIBILITY	
Eligible Borrowers	» All borrowers are required to have a valid Social Security number; Tax ID / ITIN number is **not** eligible. » **U.S. Citizens** » **Permanent Resident Aliens** - Must provide documentation to verify they are legally present in the U.S. Eligible documentation: • A valid and current Permanent Resident Alien card (Form I-551) aka Green Card, **or** • A passport stamped "Processed for I-551, temporary evidence of lawful admission for permanent residence. Valid until ____. Employment authorized". This evidences the holder has been approved for, but not issued, a Permanent Resident Alien card. - Must be employed in the U.S. for the previous two (2) years » **Inter Vivos Revocable Trust - Eligible subject to the following**: - The trust must be established by one or more natural persons, solely or jointly, - The primary beneficiary of the trust must be the individual(s) who established the trust, - If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage, - The trustee(s) must include the individual establishing the trust (or at least one of the individuals, if there are two or more), **NOTE**: **Institutional trustees are ineligible.** - The trustee must have the power to mortgage the security property for the purpose of securing a loan to the party (or parties) who are the borrower(s) under the mortgage or Note - The mortgage must be underwritten as if the individual establishing the trust (or at least one of the individuals, if there are two or more) were the borrower (or co-borrower, if there are additional individuals whose income or assets will be used to qualify for the mortgage) » **Non-permanent Resident Aliens – Eligible subject to the following**: - Primary residence only - Verification of a valid and eligible visa that allows the borrower the right to work and live in the US, issued by the USCIS, is required. Unexpired H-1B, H-2B, E1, L1 and G Series visas only. G Series visas with diplomatic immunity are ineligible. - Credit tradeline requirements detailed in this guideline must be met, no exceptions, and - Borrower must have current 24 months employment history in the U.S. - Income verification and validation requirements must be met – No Exceptions » **First Time Homebuyers (borrowers who have not owned a property in the past 3 years)** - If multiple borrowers are on the loan and at least one borrower has owned a home, the FTHB restrictions do **not** apply. - **FTHBs with LTV's ≤ 80% eligible subject to the following:** • Maximum loan amount of $1,000,000* (see exception below) • Minimum 12mos PITIA reserves required ***Exception**: First time homebuyer purchasing a subject property in the states of CA, CT, NJ, NY and WA are eligible for loan amounts up to $1,500,000 subject to the following requirements that apply for loan amounts > $1,000,000 in the approved states: o 720 Minimum FICO score o No gift funds allowed o Primary Residence only o Minimum 15mos PITIA reserves required - **FTHBs with 80.01 – 90% LTV: see 80.01-90% LTV section for details** » **Borrower Party to a Lawsuit** - If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation is required to determine the lawsuit will not have a negative impact on the borrower's ability to repay, assets or collateral.

BORROWER ELIGIBILITY	
Eligible Borrowers (Cont'd)	**Illinois Land Trust – Eligible subject to the following:** - Parties to the Illinois Land trusts are as follows: • **Beneficiary**: The person(s) who benefit from the trust, and must be an individual and must be an individual and the mortgage applicant. The beneficiary must be the recipient of the trusts benefits and is considered to have beneficial title (ownership of the property). The land trust beneficiaries must execute the Note and guarantee the payment of the mortgage • **Trustee**: The trustee has the authority to mortgage the property and to administer the trust. The trustee can only be an institutional trustee that customarily performs trust functions and who is authorized under state law to act as trustee. • **Trustor/Settlor/Grantor**: Typically called the "grantor", this is the party or parties who created the trust and contributed the property to the trust. - Eligibility Requirements: • At least one individual establishing the trust must be a borrower on the loan • Occupancy must be primary residence or second home • The title insurance policy must ensure full title protection and must indicate that title to the subject property is vested in the name of the trustee(s). The policy may not list any exceptions arising from the trust ownership of the property. • Full title to the property must be vested as: o Solely in the trustees, or o Jointly in the trustees and in the name of an individual borrower. - Trust Agreement Requirements • The trust is established by a written document during the lifetime of the individual establishing the trust to be effective during their lifetime, • The individual establishing the trust has reserved the right to revoke or alter the trust during their lifetime, • The trustee has the power to mortgage the subject property for the purpose of securing a loan at the instruction of the beneficiary(s), • The primary beneficiary of the trust is the individual establishing the trust. If more than one individual established the trust jointly, there may be e more than one primary beneficiary, • The beneficiaries must have the sole power of direction over the trust and trustee.
Ineligible Borrowers	» Foreign Nationals » Non-occupant co-borrowers » Land Trusts (except Illinois Land Trust) » Limited partnerships, general partnerships, corporations and LLCs » Borrowers with diplomatic immunity » Borrowers without a social security number or a number that cannot be validated with the SSA. An ITIN is not eligible. » Borrowers with non-traditional credit » Life Estates, » Non-revocable trusts, » Guardianships » First time homebuyer purchasing a second home or investment property » Borrowers with any ownership in a business that is federally illegal, regardless if income is not being considered for qualifying

BORROWER ELIGIBILITY	
Borrower Ownership Interest	» Title must be in the borrower's name at time of application for refinance transactions and at the time of closing for all transactions. » Borrowers may hold title as follows: - Fee Simple with vesting as: • Individual, or • Joint tenants, or • Tenants in common - Leasehold Estate • If commonly accepted in the area, leaseholds are eligible subject to: ▪ The mortgage must be secured by the property improvements and the borrower's leasehold interest in the land, and ▪ The leasehold estate and the improvements must constitute real property, and ▪ Must be subject to the mortgage lien, and ▪ Be insured by the lender's title policy.

CREDIT & UNDERWRITING	
Documentation	» All loans must be manually underwritten and fully documented. No documentation waivers based on AUS recommendations are permitted. » Income calculation worksheet or 1008 with income calculation. The Fannie Mae Form 1084, Freddie Mac Form 91 or equivalent is required for self-employment income analysis. Full income and asset verification is required. » All credit documents, including title commitment, must be no older than 120 days from the Note Date. » QM (Qualified Mortgage) designation must be provided in the loan file: - QM designation is QM Safe Harbor OR - QM designation is Exempt for investment property transactions when the transaction is exclusively for business purposes ▪ Investment property transactions require an attestation from the borrower stating the property is used 100% of the time for business purposes in order for the designation to be Exempt. If the borrower does not use the property 100% of the time for business purposes, the loan is subject to QM and the designation would be QM Safe Harbor. » Loan file must document the eight (8) Ability to Repay (ATR) rules identified in Part 1026-Truth-in-Lending (Regulation Z). » If the subject transaction is paying off a HELOC that is not included in the CLTV/HCLTV calculation, the loan file must contain evidence the HELOC has been closed. » If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral. » Borrower affidavit specific to COVID-19 pandemic for loans with application dates on or after June 1st, 2020.
Age of Documents	» All credit, income and asset documentation cannot be more than 120 days old at funding - YTD Profit and Loss statements must adhere to the timing as defined in the Self-Employment Income section » Appraisal documents cannot be more than 120 days old at funding. » Title commitment cannot be more than 120 days old at funding

CREDIT & UNDERWRITING	
Credit Reports/Scores	» Minimum credit score per matrices on pages 1 & 2 » An individual borrower's representative credit score is determined as follows: - If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used. - If there are two (2) valid scores, the lower of the two is used The representative score for the loan is the lowest representative score for all borrowers. » REMN WS will accept a credit report, in the broker's name, from any Fannie Mae acceptable credit vendor. » A tri-merged credit report is required for all borrowers. » Credit reports showing as "frozen" with a credit bureau will require the freeze to be removed and a new credit report, with all bureaus "unfrozen", is required. » The borrower(s) must address, in writing, **all** credit inquiries indicated on the credit report within the previous 120 days and indicate the reason for and result of the inquiry (i.e. was new credit obtained or not). If new credit was obtained, a verification of that debt must be provided and the borrower must be qualified with the monthly payment. ***Examples:*** - *Acceptable Response:* Chase, Wells & Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street; no credit was obtained. - *Unacceptable Response:* "We did not accept any credit for the inquiries listed on our credit report: or "We did not accept any credit from Chase, Wells & Bank of America" (neither response specifically addresses both the inquiry and disposition). » If additional debt was obtained or discovered or the borrower's income is reduced after the underwriting decision was made the following applies: - The additional debt(s) and reduced income must be applied and determined if the loan still qualifies, - If there is new subordinate debt on the subject property, the loan must be re-underwritten, and - The final loan application signed by the borrower(s) must include all income and debt verified, disclosed or identified » The credit report cannot be more than 90 days old at funding. » **Court Ordered Assignment of Debt** - Debt that has been assigned by order of the court is not required to be included in the borrower's DTI calculations if the following is provided: • Copy of the court order, **and** • Mortgage debt requires a copy of the document transferring ownership of property, **and** • If transfer of ownership has not taken place, any late payments associated with the repayment of the debt owing on the mortgage property should be considered when reviewing the borrower's credit profile.

CREDIT & UNDERWRITING	
Credit History	» Minimum three (3) tradelines that meet the following requirements: - One (1) tradeline must be open for 24 months and active within the most recent 6 months, and - The 2 remaining tradelines must be rated for 12 months and may be open or closed, **OR** » Minimum (two) 2 tradelines are acceptable if the borrower has a satisfactory mortgage rating for at least 12 months (open or closed) within the last 24 months, and one (1) additional open tradeline » **Each borrower** contributing income for qualification must meet the minimum tradeline requirements; - Borrowers not contributing qualifying income are **not** subject to tradeline requirements. » Authorized user tradelines cannot be used to satisfy tradeline requirements. » Non-traditional credit cannot be used to satisfy tradeline requirements
Mortgage/Rental History	Mortgage History Requirements: » 0x30 in the previous 24 months (no exceptions). This applies to all borrowers on the loan. » Mortgage must be current for the month closing. If the mortgage holder is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory mortgage history is required. Rental History Requirements: » If the borrower(s) has a rental history in the most recent twelve (12) months, a VOR must be obtained reflecting 0x30 in the past twelve (12) months. Applies to all borrowers on the loan. If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise, if not related or a party to the transaction a satisfactory VOR can be provided.
Installment Debt	» Installment debt is considered as a recurring monthly debt obligation and included in the borrower's long-term debt when there is ≥ ten (10) months payments' remaining. » **Lease payments must be included in the monthly debt obligation regardless of the number of remaining payments.** » Installment debt cannot be paid down to qualify. » Installment debt can be paid off for qualification. If the account is paid off and closed documentation that the account was closed must be provided and verified prior to loan disbursement. The payoff must be shown on the HUD-1/CD » All accounts must be current at closing
Revolving Debt	» Revolving debt is considered part of the borrower's recurring monthly debt. Revolving debt includes credit cards and personal lines of credit (equity lines, secured by real estate, are included in the housing expense). Revolving debt is subject to the following: - If the monthly payment is not included on the credit report, the greater of $10 or 5% of the outstanding balance is used to determine the monthly payment - Payoff or pay down of debt solely to qualify the borrower is carefully evaluated and will be considered in the overall loan analysis by the underwriter. Generally the following applies: • Revolving accounts that will be paid off and closed, a monthly payment is not required to be included in the debt ratio. Documentation that the account was closed must be provided and verified prior to loan disbursement. The payoff must be shown on the HUD-1/CD • Revolving debt that will be paid off, but not closed, will require the current monthly payment, or 5% of the current outstanding balance (if monthly payment is not included on the credit report) to be included in the long-term debt.
Open 30-Day Charge Accounts	» If the credit report reflects an open-end or 30-day account, the balance owed must be subtracted from the borrower's liquid assets.
Student Loans	» All student loans, whether deferred, in forbearance, or in repayment, a monthly payment must be included in the borrower's monthly debt obligation. - If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used in qualifying. - If the credit report does not provide a monthly payment or if it shows $0 as the monthly payment, the monthly payment may be one of the options below: • Loan payment indicated on student loan documentation verifying monthly payment is based on an income-driven plan. • For deferred loans or loans in forbearance: o 1% of the outstanding loan balance (even if this amount is lower than the actual fully amortizing payment) or o A fully amortizing payment using the documented loan repayment terms

CREDIT & UNDERWRITING	
Child Support/Separate Maintenance Payments	» Child support or separate maintenance payments that are required to be paid due to a divorce decree, separation agreement or other legal document must be included in the borrower's monthly debt obligations if they will continue for ≥ ten (10) months. » Voluntary support payments are **not required** to be considered in the DTI calculation.
Alimony Payments	» Alimony payments may be deducted from the borrower's income rather than included as a liability in the debt-to-income (DTI) ratio for divorces prior to 1/1/2019. » For borrowers with a divorce on or after 1/1/2019, the alimony payment must be treated as a liability.
Taxes Owed by Borrower/Tax Extension	» If the most recent tax return or a tax extension indicate a borrower owes money to the IRS or applicable State Tax Authority, evidence of sufficient assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application date, or if tax transcripts show an outstanding balance due. – A payment plan for the most recent tax year is allowed if the following requirements are met: ▪ Payment plan was set up at the time the taxes were due. Copy of payment plan must be included in loan file. ▪ Payment is included in the DTI ratio ▪ Satisfactory pay history based on terms of payment plan is provided ▪ Payment plan is only allowed for taxes due for the most recent tax year, prior years not allowed. For example, borrower files their 2019 return or extension in April 2020. A payment plan would be allowed for taxes due for 2019 tax year. Payment plans for 2018 or prior years would not be allowed. ▪ Borrower does not have a prior history of tax liens.
Derogatory Credit – Multiple Credit Events	» Multiple derogatory credit events not allowed. - A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event. - A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event. » Credit events seasoned more than 10 years do not need to be considered.
Derogatory Credit – Bankruptcy	» Seven (7) year waiting period, measured from discharge/dismissal date to the disbursement date of the new loan. - Seasoning period applies to all BK's (Chapter 7, Chapter 11 & Chapter 13) - Refer to the Extenuating Circumstances topic below for exceptions » Credit events seasoned more than 10 years do not need to be considered. **NOTE:** 80.01% - 90% LTV - Bankruptcy, Chapter 7, 11, 13 - Not Allowed.
Derogatory Credit - Foreclosure	» Seven (7) year waiting period, measured from completion date to the disbursement date of the new loan, is required. » Refer to the Extenuating Circumstances topic below for exceptions » Credit events seasoned more than 10 years do not need to be considered. NOTE: 80.01% - 90% LTV – Foreclosure – Not Allowed..
Derogatory Credit – Deed-In-Lieu/Pre-Foreclosure/Short-Sale/Short Payoff	» Seven (7) year seasoning is required. - This seasoning period requirement includes: • Mortgage accounts that were settled for less than payoff, and/or • Negotiated payoffs or • Short Payoff » Refer to the Extenuating Circumstances topic below for exceptions » Credit events seasoned more than 10 years do not need to be considered. **NOTE:** 80.01% - 90% LTV – Pre-Foreclosure/Notice of Default/Short Sale/Deed-in-Lieu/ Mortgage accounts that were settled for less, negotiated or short payoffs- Not Allowed.
Derogatory Credit – Loan Modifications	» Lender initiated modification will not be considered a derogatory credit event if the modification did not include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply. » If the modification was due to hardship or included debt forgiveness – Seven (7) years seasoning since modification. - A forbearance that results in a loan modification (moving payments to the end of the mortgage) is a credit event and will be considered "due to hardship". » Payments on the modified loan are 0x30 in the previous twenty-four (24) months. **NOTE:** 80.01% - 90% LTV - Loan Modification - Not allowed unless the modification is unrelated to hardship and there is no debt forgiveness as evidenced by supporting documentation.

Derogatory Credit – Past Mortgage Forbearance	» Allowable six (6) months after the end of the forbearance period, and only if the borrower made all the monthly payments during forbearance and did not utilize the forbearance terms to skip any payments. Payoff statements and mortgage statements must not reflect any deferred principal balances or any indication of current forbearance.
Extenuating Circumstances	» Exceptions for credit events will be considered on a case-by-case basis between four (4) and seven (7) years with extenuating circumstances subject to the following: - Extenuating circumstances are defined as non-recurring events that were beyond the borrower's control resulting in a sudden, significant and prolonged reduction in income or catastrophic increase in financial obligations. ▪ Examples would include death or major illness of a spouse or child but would not include divorce or job loss. - Documentation must be provided to support the claim of extenuating circumstances and confirm the nature of the event that led to the credit event and illustrate the borrower had no reasonable option other than to default on their obligations. - If the defaulted debt was assigned to an ex-spouse and the default occurred after the borrower was relieved of the obligation, the event may be considered on an exception basis.
Collection Accounts	**Medical Collection Accounts** » Medical collection accounts may remain outstanding as long as the cumulative total of all medical collections are less than $10,000 in aggregate. **Non-Medical Collection Accounts** The following applies to non-medical collection accounts: » **1-Unit Owner-Occupied Primary Residence**: - Borrowers are not required to pay off outstanding balance, regardless of the amount. » **2 Unit Owner-Occupied Primary Residence and 1-Unit Second Home** - Collections totaling more than $5,000 must be paid off prior to or at closing. » **1-4 Unit Investment Properties** - Individual accounts equal to or greater than $250 and accounts that total more than $1,000 must be paid in full prior to or at closing. NOTE: At REMN WS Underwriter discretion, the payoff of collection accounts may be required.

CREDIT & UNDERWRITING		
Judgments/Tax Liens/Charge-Offs/Past-Due Accounts		» Open judgments, tax liens, charge-offs and past-due accounts must be satisfied or brought current prior to or at closing. Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts. » Documentation of sufficient funds to satisfy these obligations must be obtained. **NOTE**: Payment plans on prior year tax liens/liabilities are ineligible; must be paid in full prior to or at closing.
Credit Inquiries		» If the credit report indicates inquiries within the most recent 90 days of the credit report, REMN WS must confirm the borrower did not obtain additional credit that is not reflected in the credit report or mortgage application. In these instances, the borrower must explain the reason for the credit inquiry. » If additional credit was obtained, a verification of that debt must be provided, and the borrower must be qualified with the monthly payment. » Confirmation of no new debt may be in the form of a new credit report, pre-close credit report, or gap credit report.
Credit Reports – Frozen Bureaus		» Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required.
Credit Refreshes / Rescores		» Credit Refreshes/Rescores: REMN will allow for Credit Score refreshes; however, the closed loan file must include all documentation to support the change in score and still meet sufficient assets as required by the program guidelines.
Consumer Credit Counseling		Borrowers who have participated in consumer credit counseling are eligible if they meet all other credit requirements (minimum credit score, no mortgage lates, no short sales, no modifications, etc.)
Disputed Accounts		» All disputed tradelines must be included in the DTI if the account belongs to the borrower unless documentation can be provided that authenticates the dispute. » Derogatory accounts must be considered in analyzing the borrower’s willingness to repay unless the disputed account has a zero balance and no late payments; then it can be disregarded.
Delinquent Child Support		» Delinquent child support must be paid current or in a payment plan. » On a case-by-case basis, this requirement may be waived subject to REMN WS underwriter review.
Contingent Liabilities	**Co-Signed Debt**	» The monthly payment on a co-signed loan may be excluded from the DTI if evidence of timely payments made by the primary obligor (other than the borrower) is provided for the most recent twelve (12) months and there are no late payments reporting on the account.
	Debts Paid By Others	» Follow Fannie Mae Selling Guide
	Assumption w/ No Release of Liability	» The debt on a previous mortgage may be excluded from DTI with evidence the borrower no longer owns the property. The following requirements apply: - Payment history showing the mortgage on the assumed property has been current during the previous twelve (12) months, or - The value on the property, as evidenced by an appraisal or sales price on the HUD-1/CD results in an LTV of 75% or less.
	Court Order	» If the obligation to make payments on a debt has been assigned to another person by court order, the payment may be excluded from the DTI if the following documents are provided. - Copy of court order. - For mortgage debt, a copy of the document transferring ownership of property. If transfer of ownership has not taken place, any late payments associated with the repayment of the debt owing on the mortgage property should be considered when reviewing the borrower’s credit profile.

Conversion of Principal Residence to Second Home, Investment or Pending Sale	» **Departing Residence Pending Sale**: - If the borrower is purchasing a new primary residence, and the current primary residence is pending sale and the transaction will not close prior to the new transaction, the following is required to exclude the departure residence PITIA from qualifying: • A copy of an executed sales contract for the property pending sale (transaction must be arm's length), **and** • Confirmation that **all** contingencies have been cleared/satisfied, **and** • The closing date for the departure residence must be within 30 days of the subject transaction Note date, **and** • The borrower must meet reserve requirements for subject property and have six (6) months PITIA in reserves for vacating/departing residence. » **Departure Residence Subject to Guaranteed Buy-out with Corporation Relocation:** - The borrower's payment on their primary residence that is part of a corporate relocation may be excluded when all of the following requirements are met: • Copy of the executed buy-out agreement verifying the borrower has no additional financial responsibility toward the departing residence once the property has been transferred to the third (3rd) party, and • Guaranteed buy-out by the third (3rd) party must occur within four (4) months of the fully executed guaranteed buy-out agreement, and • Evidence of receipt of equity advance if funds will be used for down payment or closing costs, and • The borrower must meet reserve requirements for the subject property and have an additional 6 months PITIA in reserves for the vacating/departing residence. » **Conversion to Second Home**: - The borrower is qualified using the PITIA payments for both properties - The borrower must meet the reserve requirements for the subject property and have three (3) months PITIA reserves for vacating/departing property » **Conversion to Investment:** - If the borrower is converting their current primary residence to a rental property and using rental income to qualify or offset the payment, the following requirements apply: • Copy of current lease agreement, copy of security deposit and evidence of deposit to borrower's account. • REMN WS will also accept in lieu of a current lease agreement, Form 1007 or Form 1025 as applicable to support rents being used for departing residence. • Rent calculation is 75% of the market rent less PITIA • Any positive rental income is disregarded for the income calculation and can only be used to offset the payment.
Home Equity Line of Credit (HELOC)	» HELOCs with a current outstanding balance with no payment reflected on the credit report may have the payment documented with a current billing statement. » HELOCs with a current $0 balance do not need a payment included in the DTI unless using for HELOC funds for a down payment or closing costs.

Debt-to-Income Ratio (DTI)	» For LTV/CLTV < 80% - Primary Residence: 49.99%; DTI 45.01% - 49.99% requires residential income calculation. See Residual Income section for calculation info. - Second Home: 43% - Investment Property: 38% - **No exceptions to the maximum DTI are allowed.** » For LTV/CLTV > 80% - Non-First Time Homebuyer: 43**%** - First Time Homebuyer: 38% - Additional reserves required for DTI's between 38.01% and 43% » For ARMs: - Primary Residence: 45% - Second Home: 43% » The DTI is based on the total of existing monthly liabilities plus any planned future liabilities based on credit inquiries or as disclosed by the borrower and then divided by the calculated gross monthly income. » Liabilities must include housing, revolving and installment debt, real estate loans, rent, child support, and any other consistent and recurring debt. » If the borrower owns other properties documentation must be provided to confirm the PITI, HOA dues, lease payments and any other property-related expenses. » Balloon payment Note that will come due within one year of loan closing must be considered in the borrower's liability

EMPLOYMENT & INCOME	
Employment	» A two (2) year employment and income history is required for both wage earner and self-employed borrowers. » Gaps in employment > 30 days during the past 2 years require a satisfactory letter of explanation. » A verbal verification of employment (VVOE) is required within **ten (10) business days** of the Note date or funding date for escrow states for borrowers. » The VVOE for wage earners should contain the following information: - Date of contact, - Borrower's start date of employment, - Name of employer - Employment status and job title - Name, phone number and title of the person contacted at the employer - The name and title of person contacting the employer, and - Independent source used to obtain the employer's phone number » Fannie Mae Verification of Employment alternatives are allowed for non-self-employed borrowers. NOTE: The VVOE for wage earners must cover **two full years of employment** including any prior employment if the borrower has changed employers in the previous two years. » Verification of the existence of borrower's self-employment (individuals who have a 25% or greater ownership interest in a business) must be verified through a third-party source and no more than thirty (30) calendar days prior to the Note date. - Verification of the existence of the borrower's business from a third-party source, such as a CPA, regulatory agency, or applicable licensing bureau. NOTE: The borrower's website is **not** an acceptable 3rd party verification source. - Provide the listing and address of the borrower's business using a telephone book, internet, or directory assistance - Name and title of the person completing the verification and the date of verification. » Wage earners require a current paystub with YTD income. The pay stub must be computer generated and clearly identify the borrower as the employee. It must also reflect current pay period and year-to-date earnings. YTD pay with most recent pay period at the time of application and no earlier than 120 days prior to the Note date. » Paystubs issued electronically via email or downloaded from the internet must show all of the following: - The URL address, - Date and time printed, and - Identifying information on place of origin and/or author of the documentation. **NOTE**: A fully completed written VOE is only acceptable as a supplement to the VVOE to further explain the type of income earned (e.g. breakdown of base, OT, bonus, commission, etc.) » Most recent W-2s are required for wage earners and must be employer generated copies.

<table>
<tr><th colspan="2">EMPLOYMENT & INCOME</th></tr>
<tr><td>Income</td><td>
» A minimum of two (2) years employment and income history is required. REMN WS underwriter is required to provide a written analysis and justification for using income that has less than two (2) year history of receipt.
» Stable monthly income is the borrower's verified gross monthly income from all acceptable and verifiable sources and there must be a reasonable expectation it will continue for a minimum of three (3) years.
» Full income verification is required.
» Gaps in employment > 30 days during the past two (2) years require a satisfactory letter of explanation.
» An income analysis form (Fannie Mae Form 1084 Cash Flow Analysis or Freddie Mac Form 91 or its equivalent) is required detailing income calculations. Income analysis for borrowers with multiple employers, businesses or income sources must show income/loss details separately, not in aggregate. The most recent Form 1084 or Form 91 should be used based on application date. Instructions per Form 1084 or Form 91 must be followed).
- Copy of liquidity analysis must be included in the loan file if the income analysis includes income from boxes 1, 2 or 3 on the K-1 that is greater than distributions indicated on the K-1.
- If a liquidity analysis is required and the borrower is using business funds for down payment or closing costs, the liquidity analysis must consider the reduction of those assets.
» Taxpayer consent form signed by all borrowers.
» Wage earner borrowers:
- At minimum, a current paystub with YTD earnings and the most recent two (2) years W-2 forms or tax returns are required
» Self-employed borrowers:
- Most recent two (2) years signed federal individual and business tax returns with all schedules.
» Refer to the Income Documentation Requirements section for complete documentation requirements.
» When tax returns are used for qualifying the following applies:
- Personal tax returns must include all schedules (W-2 forms, K-1s, etc.) and be signed and dated on or before closing. In lieu of signature, personal tax transcripts for the corresponding year may be provided on or before the closing date.
- Business tax returns (if applicable) must be signed and include all schedules. In lieu of a signature, business transcripts for the corresponding year may be provided on or before the closing date.
- Tax transcripts for personal two (2) years are required when tax returns are used to document borrower's income or any loss and must match the documentation in the loan file.
» When the borrowers have unfiled prior years' tax returns the following applies:
- Between Jan 1st and the tax filing date (typically April 15th) the borrower must provide:
• IRS Form 1099 and the W-2 from the previous year
<u>NOTE</u>: If the loan is closing in January and the borrower has not received their W-2 the prior year's year-end paystub may be provided. Borrowers using 1099s, evidence of receipt of 1099 income must be provided.
- Between the tax filing date and the extension expiration date (October 15th), borrowers must provide (as applicable):
• Copy of the filed extension,
• Evidence of payment of any taxes owed as identified on the tax return,
• W-2 forms,
• Form 1099 (if applicable),
• Year-end signed profit and loss for the prior year, if self-employed
• Balance sheet for the prior calendar year, if self-employed
<u>NOTE</u>: After the extension expiration date, the prior year tax returns are required.
» Other sources of income are eligible for qualifying the borrower as long as it is considered stable and there is a reasonable expectation it will continue for a minimum of three (3) years.
» Income must be fully documented and must be averaged for the time period covered.
</td></tr>
<tr><td>Declining Income</td><td>
» If declining income has occurred, the most recent twelve (12) months should be used. Declining income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and borrower's ability to repay. The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying. Declining income requires management review and approval.
» <u>NOTE</u>: If the decline is related to a one-time capital expenditure, a longer period of time for the averaging of income on a case-by-case basis. Documentation of the expenditure must be provided
</td></tr>
</table>

EMPLOYMENT & INCOME

Income Documentation Requirements

Income Type	Documentation Requirements
Employment Income - Salaried	An earnings trend must be established and documented. Large increases in salary over the prior two (2) years must be explained and documented. The following documentation is required: • W-2s or W-2 Transcripts – two (2) years • Year-to-date pay stub up through and including the most current pay period at the time of application. Cannot be dated earlier than 120 days prior to the Note date • If the borrower receives overtime pay, it must be shown on the YTD pay stub. • Verbal VOE
Employment Income – Hourly and Part-Time	A two (2) year uninterrupted history working part-time at the job is required. Borrower must confirm plans to continue the part-time work. • Stable to increasing income should be averaged over a two (2) year period • If income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used. The following documentation is required: • W-2s or W-2 Transcripts – two (2) years • Year-to-date pay stub that includes the most current pay period at the time of application. Cannot be dated earlier than 120 days prior to the Note date. • Verbal VOE
Employment Income – Employed by Family Member	» YTD paystub, **and** » Two (2) years W-2s **and** » Two (2) years personal tax returns (all schedules) with two (2) years tax transcripts, **and** » Verbal VOE » Underwriter must address borrower's potential ownership interest
Employment Income – Commission	Commission income must be averaged over the previous two (2) years. If the commission income shows a continual decline, the underwriter must provide written sound rationalization for using the income to qualify or income cannot be used. • W-2s for prior two years if commissions are < 25% of the total income. • W-2 transcripts or tax transcripts • Year-to-date pay stub up through and including the most current pay period at the time of application. Paystub cannot be dated earlier than 120 days prior to Note date • Verbal VOE

<table>
<tr><td rowspan="4">Income Documentation Requirements (Cont'd)</td><th>Income Type</th><th>Documentation Requirements</th></tr>
<tr><td>Employment Income – Overtime & Bonus</td><td>An earnings trend for bonus and overtime must be established and documented. A period of more than two (2) years must be used in calculating the average overtime and bonus income if the income varies significantly from year to year. If either type of income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used.
• W-2s or W-2 transcripts – two (2) years
• Year-to-date paystub up through and including the most current pay period at time of application. Paystub cannot be dated earlier than 120 days prior to the Note date.
• Verbal VOE</td></tr>
<tr><td>Self-Employment Income</td><td>Self-employed borrowers are individuals who have 25% or greater ownership interest or receive a 1099 statement to document income.
The requirements below apply for self-employed borrowers:
- Income calculations should be based on the Fannie Mae Form 1084 or Freddie Mac Form 91 or equivalent income calculation form
- Year-to-date is defined as the period ending as of the most recent tax return through the most recent quarter ending one (1) month prior to the Note date. For tax returns on extension, the entire unfiled year is also required.
- Year-to-date financials (profit & loss and balance sheet) are not required if the income reporting is positive, not declining and not counted in qualifying income.
For example, 2022 returns in file and Note date is 7/14/2023, 2023 YTD documentation through Q1 or March 31,2023 would be required. Note Date of 8/14/2023 would require YTD documentation covering Q1 & Q2, or through June 30, 2023.</td></tr>
<tr><td>Self-Employment – Sole Proprietorship (Includes Schedule C and Schedule F)</td><td>» Year-to-date profit and loss (P&L) with an end date within ninety (90) days of funding for each business.
» Year-to-date balance sheet with an ending date within ninety (90) days from the funding date for each business.
» If the borrower filed an extension for the prior year then the prior year P&L and the prior year balance sheet (January through December) for each business is also required.
» Personal tax returns, including all schedules, signed on or before the closing date, for the prior two years are required. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date.
» Stable to increasing income should be averaged for two (2) years
» YTD P&L and YTD Balance Sheet may be waived if the borrower is a 1099 paid borrower who does not actually own a business if all the following requirements are met:
- Schedule C in Block 28 (Total Expenses) must be analyzed in relation to income in Block 7 (Gross Income). Expenses are less than 5% of income.
- Analysis of Blocks 8 (Advertising), 11 (Contract Labor), 16a (Mortgage Interest), 20 (Rent/Lease), 26 (Wages) must indicate the borrower does not have expenses in these categories.
- Analysis of Blocks 17 (Legal and Professional Services) and Block 18 (Office Expense) indicate nominal or $0 expense.
- Block C (Business Name) does not have a separate business name entity.
- Year-to-date in the form of a written VOE or pay history is provided by the employer paying the 1099. YTD income must support prior year's income.</td></tr>
</table>

	Self-Employment - Corporation	» Two (2) years personal tax returns, signed on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. » Two (2) years tax transcripts to support. » Two (2) years business returns (1120) signed if ≥25% ownership interest. In lieu of a signature, business tax transcripts for the corresponding year may be provided on or before the closing date. » Business returns must reflect percentage of ownership the borrower has in the business. » YTD profit and loss statement if ≥25% ownership interest » YTD balance sheet if ≥25% ownership interest » Stable to increasing income should be averaged for 2 years
	Self-Employment – Partnership (General/Limited), Limited Liability Companies (LLC), S-Corps	» Year-to-date profit and loss (P&L) with an end date within ninety (90) days of funding for each business if ≥25% ownership. » Year-to-date balance sheet with an ending date within 90 days from the funding date for each business if ≥ 25% ownership » If the borrower filed an extension for the prior year then the prior year P&L **and** the prior year balance sheet (January through December) for each business is also required. » Personal tax returns, including all schedules, signed on or before the closing date for prior two (2) years are required. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. » Two (2) years K-1s reflecting the borrower's ownership percentage if counting any income from this source in qualifying (K-1 income, W-2 income, capital gains or interest/dividends), or if the Schedule E reflects a loss. » Business tax returns (1065/1120), including all schedules, for the prior two (2) years are required if the borrower has a 25% or greater ownership interest. In lieu of a signature, business tax transcripts for the corresponding year may be provided on or before the closing date. » Business returns and YTD financials are **not** required if the income reporting is 0 or positive, not declining and not counted as qualifying income. » Due date for business returns for Partnerships and S-Corporations is typically March 15 with an extension for six (6) months or typically September 15. After the extension date, the loan is not eligible without the filed tax return. » Stable to increasing income is averaged for two (2) years. » Two (2) years tax transcripts to support

Income Documentation Requirements (Cont'd)

Income Type	Documentation Requirements
Rental Income – All Properties (except Departing Primary Residence)	All properties (except departing primary residence) – Please follow Fannie Mae Rental Income guidelines: » If the property is an investment property (subject or non-subject) and is a seasonal rental, vacation rental or short-term rental, the following requirements must be met: - Most recent one (1) year tax returns reflect the property on Schedule E with consistent rents from year to year. » Personal tax returns, including all schedules, for prior two (2) years are required. – For properties listed on Schedule E of the borrower's tax returns, net rental income should be calculated as "rents received **minus** total expenses **plus** depreciation **plus** interest **plus** taxes **plus** insurance **plus** HOA (if applicable) **divided by** applicable months **minus** current PITIA. A 24 month average is used to qualify unless income is declining. In the event of declining income, the most recent 12 month average is used to qualify. – If rental income is not available on the borrower's tax returns, net rental income should be calculated using gross rents X 75% minus PITIA. – Two (2) years tax transcripts » Net rental income must be added to the borrower's total monthly income. Net rental losses must be added to the borrower's total monthly obligations. » If the subject property is the borrower's primary residence (1 unit property or 1 unit property with an accessory unit) and generating rental income, the full PITI must be included in the borrower's total monthly obligations. » If the subject property is the borrower's primary residence with two (2) units, rental income may be included for the unit not occupied by the borrower so long as the requirements for a lease agreement and/or tax returns are met.
Rental Income - Departing Principal Residence	» If the borrower is converting their current primary residence to a rental property and using rental income to qualify or offset the payment, the following requirements apply: - Follow Fannie Mae Requirements - Any positive rental income is disregarded for the income calculation and can only be used to offset the payment.

	Income Type	Documentation Requirements
Income Documentation Requirements (Cont'd)	**Social Security Income**	» Surviving spouse/children benefits with a defined expiration date must have a remaining term of at least three (3) years. » Social Security income must be verified by a Social Security Administration benefit verification letter (sometimes called a "proof of income letter," "budget letter," "benefits letter," or "proof of award letter"). If any benefits expire within the first three (3) full years of the loan, the income source may **not** be used in qualifying.
	Retirement Income (Pension, Annuity, IRA Distributions)	» Existing distribution of assets from an IRA, 401K or similar retirement asset account must be sufficient to sustain income continuance for a minimum of three (3) years. If any retirement income will cease with the first 3 years of the loan, the income is ineligible. - Verification of the assets is required, and - Distribution must have been set-up at least six (6) months prior to history of receipt, **OR** - Two (2) year history of receipt documented. **NOTE**: Distributions cannot be set up, or changed, solely for loan qualification purposes » Document regular and continued receipt of income as verified by any of the following: - Letters from the organization providing the income, or - Copies of retirement award letters, or - Copies of federal income tax returns (signed and dated on or before the closing date). In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. - Most recent IRS W-2 or 1099 forms, or - Proof of current receipt with two (2) months bank statements. Two (2) years tax transcripts required.
	Alimony, Separate Maintenance & Child Support	» Eligible with a divorce decree, court ordered separation agreement or other legal agreement provided that income will continue for at least three (3) years. **NOTE**: If the income is the borrower's primary income source and there is a defined expiration date (even if expiration date exceeds 3 years), the income may not be acceptable for qualifying purposes. » Documentation evidencing that the borrower has been receiving full, regular, and timely payments for the past 6 months. » Two (2) years tax transcripts » Refer to the Non-Taxable Income section for guidance on child support income
	Capital Gains/Loss	» Capital gains for like assets may be considered as effective income if the gains are from similar assets for two (2) continuous years. The earnings trend or loss must be considered in the overall analysis of this income type. If the trend results in a gain, it may be added as effective income**.** **If the trend consistently shows a loss, it must be deducted from the total income.** - Tax returns for the prior two (2) years, including Schedule D to document receipt, are required, with two (2) years tax transcripts to support the tax returns. - Gains must be consistent amounts from consistent sources. - Documentation of assets similar to the assets reported as capital gains to support the continuation of the capital gain income is required
	Disability Income – Long Term (Private Policy or Employer-Sponsored Policy)	» Copy of the policy or benefits statement must be provided to determine current eligibility for disability payments, amount of payments, frequency of payments, and if there is an established termination date. » Termination date may not be within three (3) years of Note Date; please note reaching a specific age may trigger a termination date depending on the policy.

Income Documentation Requirements (Cont'd)	Income Type	Documentation Requirements
	Dividend/Interest Income	Interest and dividend income may be used for qualifying with documentation that supports a two (2) year history of receipt. - Prior two (2) year's tax returns required with two (2) years tax transcripts, and - Proof of asset(s) to support the continuation of interest and dividend income.
	Restricted Stock and Stock Options	May only be used as qualifying income if the income has been consistently received for two (2) years as identified on the paystubs and W-2s. Documentation (vesting schedule) must be provided that confirms continuance for a minimum of two (2) years at a level similar to the level received for the prior two (2) years. ***<u>Calculation Requirements</u>*** • A two (2) year average of prior income received from restricted stock (RSU) or stock options should be used to calculate the income, with the continuance based on the vesting schedule using a stock priced based on the lower of the current stock price or the 52-week average for the most recent 12 months reporting at the time of application. The income used for qualifying must be supported by future vesting based on the stock price used for qualifying and vesting schedule • Additional awards must be similar to the qualifying income and awarded on a consistent basis. • There must be no indication the borrower will not continue to receive future awards consistent with historical awards received. • Borrower must be currently employed by the employer issuing the RSU's/stock options in order for the RSU's/stock options to be considered in qualifying income. • Stock must be a publicly traded stock. • Vested restricted stock units and stock options cannot be used for reserves if using for income to qualify. **NOTE: RSU income is capped at 50% of qualifying income.**
	Note Income	Income from a Note is eligible subject to the following: » A copy of the Note must document the amount, frequency and duration of payments. » Documentation substantiating regular receipt of Note income in the past twelve (12) months and the income is expected to continue for at least three (3) years is required » Evidence of Note income must be reflected on the borrower's tax returns with tax transcripts to support tax returns)
	Trust Income	Income from trusts may be used if guaranteed and regular payments will continue for a minimum of three (3) years. » Regular receipt of trust income for the past twelve (12) or twenty-four (24) months must be documented. » Must adhere to Fannie Mae policy as tied to fixed or variable trust income payments. » A copy of the Trust Agreement or Trustee Statement which indicates the following: - Total amount of borrower-designated trust funds, - Terms of payment, - Duration of trust, - Evidence the trust is irrevocable » If trust fund assets are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income.
	Foreign Income	Foreign income is eligible subject to the following: » W-2 forms or the equivalent and personal tax returns reflecting the foreign earned income. Income must be reported on two (2) years US tax returns with two (2) years tax transcripts. » Year-to-date (YTD) most recent pay stub » Verbal VOE » All income must be converted to U.S. currency

	Trailing Co-Borrowers	Not eligible
	Projected Income	» Allowed on a purchase transaction, primary residence, one-unit properties. Borrower cannot be employed by a family member and can be qualified using only fixed base income. » The employment offer or contract must identify employer and fully executed by employer and borrower. » The offer or contract must be non-contingent - If there are contingencies present, REMN WS must confirm prior to closing that all conditions of employment are satisfied with verbal or written verification. » If start date is no more than 30 days prior to the note date: - Loan file must contain the employment offer or contract and a verbal verification that confirms active employment status. » If the start date is no more than 90 days after the note date: - Loan file must include a contingent free employment offer or contract.

EMPLOYMENT & INCOME		
	Income Type	**Documentation Requirements**
Income Documentation Requirements (Cont'd)	**K-1 Income/Loss on Schedule E**	• If the income is positive, stable and not used for qualifying, the K-1 is not required. • If less than 25% ownership with income used in qualifying: - Verification of Employment requirements apply (see Income/Employment General Documentation Requirements). - Year-to-date (YTD) income must be verified if the most recent K-1's is more than 90 days aged prior to Note date. • If 25% or greater ownership with income used in qualifying: - Verification of Employment Requirements apply (see Income/Employment General Documentation Requirements). - Partnership/S-Corp and Self Employment requirements apply. If the income is negative, the K-1s for the applicable years are required and loss from the most recent tax year should be applied. If ownership is 25% or greater, see Self-Employment requirements Two (2) years tax transcripts are required.
	Non-Taxable Income (Child Support, Disability, Foster Care, Military, etc.)	• Eligible if documented income will continue for a minimum of three (3) years. • Tax returns must confirm that income is non-taxable. Two (2) years tax transcripts to support tax returns. • The amount of continuing tax savings attributed to the income not subject to federal taxes may be added to the borrower's gross income. The percentage of non-taxable income that may be added cannot exceed the appropriate tax rate for the income amount. Additional allowances for dependents are not allowed. Required documentation: - The amount of income grossed-up for any non-taxable income source must be documented and supported, - The same tax rate the borrower used to calculate their income tax from the prior year should be used **NOTE**: If the borrower is not required to file a tax return, 25% is used as the tax rate.
	Asset Depletion	• Eligible assets must be held in a US account • Calculate the depletion of assets using a 3% rate of return over the life of the loan; the same as calculating a P&I payment for a mortgage - For borrowers > 59 ½ years old, all post-closing retirement and liquid assets may be used in the calculation if the assets are fully vested and unrestricted. - For borrowers < 59 ½ years old, all post-closing liquid (non-retirement) assets can be included in the calculation. Minimum liquid post-closing assets of $500,000 required to include asset depletion for qualifying income. - Business funds are not allowed for income calculation.

<table>
<tr><td>Residual Income</td><td>» Residual income is only required in the following cases:
- Loan transactions with 80.01% - 90% LTV
- Loans with 45.01% - 49.99% DTI ratio (80% LTV or less)
» Residual income equals Gross Qualifying Income less Monthly Debt (as included in the DTI ratio).
<table><tr><th># in Household</th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr><tr><td>Required Residual Inc</td><td>$1,550</td><td>$2,600</td><td>$3,150</td><td>$3,550</td><td>$3,700</td></tr><tr><td colspan="6">Add $150 for additional family members.</td></tr></table></td></tr>
<tr><td>Ineligible Income Types</td><td>» Examples of ineligible income for qualifying purposes include, but are not limited to:
- Income from sources that cannot be verified,
- Income that is temporary or a one-time occurrence,
- Deferred compensation,
- Rental income received from the borrower’s primary residence – One (1) unit property or one (1) unit property with accessory unit
- Rental income received from the borrower’s second home,
- Retained earnings,
- Education benefits,
- Trailing spouse income,
- Income that is not legal in accordance with all applicable federal, state and local laws and regulations. Examples include, but are not limited to:
• Foreign shell banks,
• Medical marijuana dispensaries,
• Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law,
• Borrowers with any ownership in a business that is federally illegal, regardless if income is not being considered for qualifying are ineligible borrowers,
• Businesses engaged in any type of internet gambling.</td></tr>
<tr><td>4506-C Form</td><td>» Completed and signed 4506-C required prior to loan closing for both personal and business tax returns (if applicable) for all borrowers whose income was used for qualifying. IRS will require the latest form completed in full.
» The 4506-C must be processed and tax transcripts (both personal and business, if applicable) for two (2) years must be obtained for all borrowers when using tax returns to validate qualifying income.
» 4506-C results must be validated against the income documentation in the loan file
» In the event tax returns were filed but the transcripts are not available from the IRS, the results must reflect “No Record Found”.
- An additional prior year’s tax transcripts must be obtained.
- Large increases in income that cannot be validated through a tax transcript may only be considered for qualifying on a case-by-case basis.
» Broker provided processed 4506-C results are not eligible.</td></tr>
<tr><td>Automated Underwriting (AUS)</td><td>» Not eligible
» Manual underwriting is required on all transactions.</td></tr>
</table>

ASSETS	
General Asset Information	» Full asset documentation is required. » Borrowers must disclose all liquid assets, in addition to the minimums required » All assets must be verified as detailed in the below sections » Eligible assets must be held in a US account. » Cash on hand is ineligible as a source of assets. » Asset verification by a Fannie Mae-approved asset validation provider is allowed in lieu of two (2) months statements provided by the borrower. The asset verification must provide 60 days of account activity and include all items normally indicated on bank statements.
Checking and Savings Accounts	» The two (2) most recent, consecutive months' statements (all pages) for both checking and savings accounts. » A VOD is **not** acceptable in lieu of bank statements. » Large deposits inconsistent with monthly income or other deposits must be verified.
Publicly Traded Stocks/Bonds/Mutual Funds	» The two (2) most recent, consecutive months stock securities account statements are required (all pages). » **The full value of stock accounts can be considered in the calculation of assets available for closing and reserves.** **NOTE**: Non-vested or restricted stock accounts are ineligible. Margin account and/or pledged asset balances must be deducted.
Retirement Accounts	» The most recent account statement (all pages) covering for a minimum of a two (2) month period » Evidence of liquidation is required when funds are used for down payment or closing costs. » Evidence of access to funds is required regardless of employment status. » 100% of the vested value of retirement accounts may be used to satisfy reserve requirements. Any outstanding loans must be deducted from the vested value. » Retirement accounts that do not allow for any type of withdrawal are ineligible to use for reserves.
Business Funds	» Business funds may be used for down payment/closing costs and reserves only subject to the following: - A cash flow analysis using three (3) months business bank statements (all pages) to determine the withdrawal of the funds will not have a negative impact on the business is required. - Business bank statements must not reflect any NSF's (non-sufficient funds) or overdrafts - If borrower(s) ownership in the business is less than 100%, the following requirements must be met: ▪ Borrower(s) must have majority ownership of 51% or greater, ▪ The other owners of the business must provide an access letter to the business funds. ▪ Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s).
Cash Value of Life Insurance Policies/Annuities	» 100% of the value is eligible unless subject to penalties » The most recent account statement (all pages), covering a minimum of a two (2) month period is required.
Foreign Assets	» Funds from foreign assets/accounts are not eligible
1031 Exchange	» 1031 exchange funds are eligible on second home and investment purchase transactions only subject to the following requirements: - Copies of the HUD-1/CD for both properties, and - Copy of the Exchange Agreement, and - Sales contract for the exchange property, and - The REMN WS underwriter must verify the funds from the Exchange Intermediary. **NOTE**: Reverse 1031 exchange transactions are not allowed.
Taxes Owed or Tax Extension	If the most recent tax return or a tax extension indicate a borrower owes money to the IRS or applicable state tax authority, evidence of sufficient assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application.

ASSETS	
Gift Funds	» Gift funds are eligible subject to the following: - On purchase transactions, gift funds may be used once the 5% borrower own funds requirement is met. - Gift funds are eligible for down payment (**after** borrower own funds requirement met) and closing costs. **NOTE: Gift funds may not be used to satisfy reserve requirements**. » Gift funds are **ineligible** on the following: - LTVs > 80% - Investment property transactions - First time homebuyer transactions » Gift Funds are not allowed to pay off debts to qualify. » The gift donor must be an immediate family member, future spouse, or domestic partner living with the borrower » A gift letter is required that includes the following donor information: - Name, - Address, - Telephone, and - Relationship to the borrower. » Proof of donor's funds and transfer/evidence of receipt by borrower must be documented. - Acceptable documentation includes: • A copy of the donor's check and borrower's deposit slip, or • A copy of the donor's withdrawal slip and borrower's deposit slip, or • A copy of the donor's check to the closing agent, or • A settlement statement/CD showing receipt of the donor's gift check. » Foreign assets/funds are **ineligible** as a source of gift funds.
Gift of Equity	» Eligible as a source of down payment » Borrower is required to meet the minimum five percent (5%) borrower contribution requirement from his/her own funds.

ASSETS	
Post-Closing Reserves	» Borrowers should disclose **all** liquid assets (not just those required to satisfy reserve requirements) and those assets should be verified. » Borrowed funds (secured or unsecured) are not allowed for reserves. » Reserve requirements for the subject property:

80.01 – 90% LTV (1 unit Primary Residence Only)		
Borrower Type	**DTI**	**Required Reserves**
Non-First Time Homebuyer	< 38%	12 months PITIA
	38.01 – 43%	18 months PITIA
First Time Homebuyer	< 38%	15 months PITIA
LTV < 80%		
Occupancy	**Loan Amount**	**Required Reserves***
Primary Residence	< $1,000,000	6 months PITIA
	$1,000,001 - $1,500,000	9 months PITIA
	$1,500,001 - $2,000,000	12 months PITIA
	$2,000,001 - $3,000,000	18 months PITIA
	$3,000,001 - $3,500,000	24 months PITIA
First Time Homebuyer – Primary Residence	< $1,000,000	12 months PITIA
	$1,000,001 - $1,500,000	15 months PITIA
Occupancy	**Loan Amount**	**Required Reserves***
Second Home	< $1,000,000	12 months PITIA
	$1,000,001 - $1,500,000	18 months PITIA
	$1,500,001 - $2,500,000	24 months PITIA
Occupancy	**Loan Amount**	**Required Reserves***
Investment Property	< $1,000,000	18 months PITIA
	$1,000,001 - $1,500,000	24 months PITIA

***The following additional reserve requirements apply in addition to the applicable required reserves stated above for the subject transaction:**

- Self-employed borrowers – additional three (3) months reserves required
- If the borrower has additional financed properties (other than the subject property) six (6) months PITIA is required **for each additional property.** Refer to the Maximum # of Financed Properties Owned section for allowable number of financed properties.
- Non-Retirement Assets Reserves required:
  - Primary Residence – 3 months
  - Second Home – 6 months
  - Investment Property – 6 months

ASSETS	
Interested Party Contributions (IPC's)	**Interested Party Contributions** » Interested party contributions (IPC) include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction. » IPC's may only be used for closing costs and prepaid items. » IPC's cannot be used to make the borrower's down payment, reserve requirements or to meet the minimum borrower contribution requirement. » Interested party contributions must meet Fannie Mae Requirements. **Seller Concessions** » Seller concessions are defined as any interested party contribution beyond the limits stated above or any amounts not being used for closing costs or prepaid expenses (e.g. fund for repairs not completed prior to closing) » If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount when calculating the LTV/CLTV » All seller concessions must be addressed in the sales contract, appraisal, and HUD-1/CD **Personal Property** » Any personal property transferred with the sale must indicate zero transfer value on the sales contract and the appraisal. » If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV.

APPRAISAL, PROPERTY	
Appraisals	(see below)

Appraisals

» Appraisal requirements are as follows:

Purchase Transactions	
First Lien Loan Amount	**Appraisal Requirement**
≤ $2,000,000	One (1) full appraisal
> $2,000,000	Two (2) full appraisals
Refinance Transactions	
First Lien Loan Amount	**Appraisal Requirement**
≤ $1,500,000	One (1) full appraisal
> $1,500,000	Two (2) full appraisals

NOTE: Refer to the 80.01 – 90% LTV section for appraisal requirements for loan transactions with LTV's > 80%.

» When two (2) appraisals are required the following applies:
- Appraisals must be completed by two independent appraisal companies. The same AMC may be utilized but the appraisals must be provided from two different appraisal companies.
- The LTV will be determined by the lower of the two appraised values as long as the lower appraisal supports the value conclusion.
- The REMN WS underwriter is responsible to review both appraisals and address any inconsistencies between the two reports and all discrepancies must be reconciled.
- If the two (2) appraisals are done "subject to" and 1004D's are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should only be for the appraisal that the value of the transaction is being based upon.

» A Collateral Desktop Analysis (CDA) is required to support the value of the appraisal. The following valuation review process would apply based on the CDA being provided:

Collateral Desktop Analysis (CDA)	
If CDA supports the appraised value, no additional reports are required	If the CDA returns a value that is "indeterminate" or if the CDA indicates a lower value than the appraisal value that exceeds a 10% tolerance, one of the following requirements must be met: – BPO and Value Reconciliation is required to support value – Field review or 2nd full appraisal may be provided. The lower of two values will be used as the appraised value

- For transactions with two (2) full appraisals are required, a CDA is not required.

» Properties purchased by the seller of the property within 90 days of the fully executed purchase contract are subject to the following additional requirements:
- Two (2) appraisals required, and
- Property seller on the purchase contract must be the owner of record,
- Increases in value should be fully documented by the appraiser and supported with recent paired sales.

» Properties with values significantly in excess of the predominant value of the subject property's market are subject to REMN WS management review and approval.

» Appraisals must be Uniform Appraisal Data (UAD) compliant and meet Fannie Mae's Appraiser Independence Requirements (AIR).

» A Fannie Mae Market Conditions Addendum (1004MC) and a Fannie Mae Submission Summary Report is required on all appraisals.

» If an applicable law, regulation or REMN WS policy requires more than one (1) appraisal be obtained, the single most accurate appraisal must be used for underwriting and submission to the Uniform Collateral Data Portal (UCDP).

» A full appraisal must provide legible interior and exterior photos.
- The exterior photos must contain photos of the front, back and street scene of the subject property as well as the front of all comparable sales.
- The interior photos, at minimum, must include:
  - Kitchen, (free-standing stove/range or refrigerator not required)
  - Main living area,
  - All bathrooms,
  - Examples of physical deterioration, if present,
  - Examples of any recent updates, if present (i.e. remodel, renovation, restoration).

APPRAISALS, PROPERTY	
Appraisals (Cont'd)	» The source of the closed comparable sales used in the appraisal must be from one of the following Multiple Listing Services entities or a desk review will be required: - A Multiple Listing Service (MLS), or - GeoData (NY Only) at www.geodataplus.com , or - Comps Inc. at www.compsny.com, or - Property Shark (NY Only) at https://www.propertyshark.com/mason/, or - StreetEasy (NY Only) at http://streeteasy.com/ **NOTE**: Comparables from a public independent source are only eligible in the states of Maine, New Hampshire, Vermont, and Rural Areas » Comparable sales used for new construction properties are subject to the following: - If all three of the comparable sales used to support the value of the subject property were obtained from one of the above sources (public source eligible in Vermont, New Hampshire, Maine, and Rural Areas only) no further action is required. - If the comparable sales are not all obtained from a MLS, GeoData, Comps, Inc., Property Shark, StreetEasy, or from an independent source (Vermont, New Hampshire, Maine, and Rural Areas only), the appraiser must comment that the subject property development is being marketed in an "open" or "public" environment (i.e. newspaper advertisements, bill board signs, website, etc.). - Additionally, the following applies: • One of the comparable sales must be outside the project the subject property is located in and be from an MLS, GeoData, Comps Inc., Property Shark, StreetEasy, or public source (public source Maine/New Hampshire/Vermont/Rural Areas only). • Two of the comparable sales must be from sources other than the subject property builder. **NOTE**: The appraiser is always allowed to provide more than three (3) comparable sales in order to support the property value. » The appraisal must identify and address properties located within a declining market. » Modular/Prefabricated homes: The appraiser must address the marketability of the property » The appraisal must contain a comparable rent schedule on transactions involving investment properties » Land value subject to Fannie Mae guidelines. The appraiser must comment if typical for the area and current use is highest and best use. » Properties with ≤ 20 acres. ○ Properties >10 acres ≤ 20 acres must meet the following: - No income producing attributes. - Acreage must meet 50(a)(6) and 50(f)(2) requirements for urban and rural properties. » REMN WS requires properties to be, at minimum, in average condition. Additionally, the following applies: - A conventional heat source with the ability to maintain a temperature of 50° in areas of the property where there is plumbing. - Any broken glass that is a health hazard must be removed and the opening closed. » Appraisal transfers are ineligible » Appraisal update (Form 1004D) is allowed for appraisals on Fixed-Rate loans that are over 120 days aged but less than 180 days aged from the Note date. - The appraiser must inspect the exterior of the property and provide a photo - Appraiser must review current market data to determine whether the property has declined in value since the date of the original appraisal. If the value has declined since the original appraisal, a new full appraisal is required. - The Appraisal Update (1004D) must be dated within 120 days of the Note date. - Appraisal updates are not allowed on ARM loans. » Properties located in a FEMA Disaster Declaration area will be subject to additional appraisal review.
Appraisal Management Companies (AMC's)	Appraisals must be ordered from Class Valuation. Please refer to the Order an Appraisal page on the Broker Portal for further instruction.

Inspections	» Septic inspections are only required when the appraiser indicates there is evidence the septic system be failing. » Termite inspections are only required when the purchase contract requires one, or the appraiser indicates there is evidence of active infestation. » Well inspections are only required when state or local regulations require, or if there is indication the well may be contaminated.
Property with an Accessory Unit	**Legal Accessory Unit** Eligible on 1- unit single family properties only provided the following requirements are met: • The appraisal must indicate the improvements are typical for the market. • A minimum of one (1) comparable sale with the same use is required. • The borrower must qualify for the mortgage without considering any rental income for the legal accessory unit. **Illegal Accessory Unit** If it is determined that the accessory unit does not comply with zoning the property is eligible subject to the following additional conditions: • The use conforms to the subject neighborhood and market. • The property is appraised based upon its current use. • The appraisal must indicate that the improvements represent a use that does not comply with zoning. • The appraisal must indicate that the improvements are typical for the market through an analysis of at least three (3) comparable properties that have the same illegal use. » The accessory unit cannot jeopardize any future hazard insurance claim that could be filed against the property.
Property Flips	» Properties purchased by the seller of the property within 90 days of the fully executed purchase contract are subject to the following additional requirements: - Two (2) appraisals required, and - Property seller on the purchase contract must be the owner of record, - Increases in value should be fully documented by the appraiser and supported with recent paired sales. » **NOTE**: The above requirements do **not** apply if the property seller is a bank that received the property as a result of a foreclosure or deed-in-lieu.
Escrow Holdbacks	» Not allowed