# MR COOPER PRODUCT MATRIX GUIDE

**CLICK MATRIX TO GO TO DOCUMENT**

ALL PRODUCTS OVERLAYS

CONVENTIONAL AGENCY MATRIX

FHA TOTAL SCORECARD MATRIX

FHA MANUAL UNDERWRITE MATRIX

FHA SIMPLE REFINANCE MATRIX

FHA STREAMLINE MATRIX

VA PURCHASE & CASH-OUT MATRIX

VA IRRRL MATRIX

FANNIE MAE HOMEREADY MATRIX

FREDDIE MAC HOMEPOSSIBLE MATRIX

REFINOW / REFI POSSIBLE MATRIX

FANNIE HIGH BALANCE MATRIX

FREDDIE SUPER CONFORMING MATRIX

# Overlay Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| **All Programs** | | |
| 1 | **Assets** | • Cryptocurrency is ineligible when used as a source of funds for the mortgage transaction (e.g., the earnest money deposit, down payment, or reserves) or when determined to be the source of a large deposit within an otherwise acceptable depository or investment account. |
| 2 | **Credit** | • All borrowers must have a minimum of one credit score.<br>• Nontraditional Credit is not eligible for: Conventional or VA |
| 4 | **Ineligible properties** | • Co-op,<br>• Land Trusts (including Community Land Trusts),<br>• Group Housing,<br>• On-Frame Modular,<br>• Manufactured Housing (including manufactured housing accessory units) unless otherwise noted on product matrix.<br>• Condominium units located in projects with five or more attached units that are listed on the DOC-427286 Mr. Cooper Exclusionary List Excluded Condo Projects tab are ineligible (excluding FHA Streamline and VA IRRRLs). |
| 5 | **Properties Listed for Sale within the previous 12 months** | • **Rate/Term Refinance:**<br>◦ Properties listed for sale at time of application are ineligible.<br>• **Cash-Out Refinance:**<br>◦ Properties previously listed for sale require evidence the listing has been removed for at least 6 months prior to the Note date. |
| 6 | **Income** | • Income derived from the production or sale of marijuana is ineligible.<br>• Cryptocurrency is ineligible as a source of qualifying income |
| 7 | **Other Debt** | • A copy of the **divorce decree** or support agreement is required when confirmation of alimony, spousal support, child support or additional debt is indicated by the borrower verbally or on any document in the loan file. |
| 8 | **Trusts** | • Properties closing in an **Inter Vivos Revocable Trust** are limited to 1-2-unit properties. |
| 9 | **Power of Attorney (POA)** | • The POA must be one of the following:<br>◦ Statutory Form POA,<br>◦ Specific to the loan transaction, or<br>◦ Durable POA used due to incapacity of the borrower.<br>• Specific POAs must include the parties in the transaction, property address, and reference the specific loan transaction. The individual acting as Attorney-In-Fact must have a familial or fiduciary relationship with the borrower or a personal relationship with an ownership interest in the subject property.<br>• The use of a POA is only allowed in extenuating circumstances (hardship or emergency) where borrower cannot attend the closing. Signed explanation from the borrower is required to validate the extenuating circumstance.<br>**Ineligible Transactions:**<br>• Cash-out refinances and Texas 50(a)(6) are not eligible to close with a POA.<br><br>Refer to STN-427410 Credit Risk Power of Attorney Standard |
| 10 | **Source of Funds** | • **Sweat Equity** is not an acceptable source of funds |
| **Conventional** | | |
| 11 | **Credit Score** | • DU Approve/Eligible or LPA Accept/Eligible rating required on all loans. |
| 12 | **Underwriting** | • **Manual Underwriting:** Ineligible |
| 13 | **Credit/Mortgage History** | • **Mortgage History:** Updated pay history is required. Refer to STN-282184 Mortgage History Review Standard<br>• Debt paid by others and excluded from DTI may not include any primary residence mortgage related debt.<br>• Bankruptcy must be discharged |

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# Overlay Matrix

Mr. CooperGroup

November 1, 2024

| Conventional (Continued) | | |
|---|---|---|
| 14 | **Geographic Restrictions** | • Attached Florida Condos: Max LTV 75% for Project Review Waivers and FNMA Full Review |
| 15 | **Interested Party Contributions** | • 6% maximum IPC for ≤ 75% LTV |
| 16 | **IRS Debt** | Delinquent IRS taxes are subject to the following requirements:<br>• Proof paid in full or,<br>• Provide an approved IRS installment agreement including all the following:<br>  ◦ Terms of repayment, including the monthly payment amount and total amount due.<br>  ◦ Evidence the borrower is current on the payments associated with the tax installment plan. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date.<br>  ◦ At least one payment must have been made prior to closing. |
| 17 | **Land Contracts** | • Must be recorded. |
| 18 | **PACE/HERO liens** | • May not be subordinated |
| 19 | **Appraisal** | • Property Condition Rating of C5 or C6 is ineligible.<br>• 1004D alternatives for properties subject to repairs or completion of construction – Borrower/Builder attestation letter or FHLMC Form 400 Warranty of Completion of Construction are not permitted. |
| 20 | **Condominiums** | • Condominium units in projects with five or more attached units that are listed on the Mr. Cooper Exclusionary List Excluded Condo Projects tab are ineligible.<br>• The use of Condo Project Manager (CPM) is required for condo projects requiring a Full Review. |
| 21 | **Refinance Seasoning** | • Properties purchased in the prior 6 months must use the lesser of purchase price or FMV.<br>• Delayed Financing exception is eligible for single family, primary residence only. |
| 22 | **Mortgage Insurance** | • Loans with minimum coverage mortgage insurance option are not eligible. Use standard coverage only.<br>• Monthly LPMI is not eligible.<br>• Split MI is not eligible.<br>• Single premium Lender paid mortgage insurance through Radian only. |
| 23 | **Pending/Future Employment** | • 1-Unit / Primary Residence / Purchase only |
| 24 | **Temporary Buydown** | • The following are ineligible for Temporary Buydowns<br>  ◦ Second Homes<br>  ◦ 2-4 Unit properties<br>  ◦ Manufactured Homes<br>  ◦ Refinance Transactions<br>  ◦ Adjustable-Rate Mortgages |
| 25 | **Texas 50(a)(6)** | • May not close in a trust.<br>• Adjustable-Rate Mortgages are ineligible |

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# Overlay Matrix

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| | | FHA |
|---|---|---|
| 26 | **AUS Approved** | **Purchase and Rate/Term Refinance/Simple Refinance**<br>• **Minimum FICO**<br>  ◦ Primary 1-2 Unit: Min FICO 580<br>  ◦ Second Home (HUD Approved) 1-Unit: Min 620 FICO<br>• **Max Debt Ratios:** (Applicable for FICO below 620)<br>• 50% DTI (Primary 1-2 unit)<br>• 43% DTI (Primary 3-4 unit)<br>• 43% DTI (Secondary Home 1-unit)<br><br>**Cash-Out Refinance**<br>• **Minimum FICO** 1-Unit 580; 2-Units 620<br>• **Max Debt Ratios:** (Applicable for FICO below 620)<br>  ◦ 50% DTI (Primary 1 unit) |
| 27 | **Credit** | • Borrowers with credit data frozen at two or more of the credit repositories are ineligible. |
| 28 | **Ineligible Properties** | • Dome Homes<br>• Earth Home |
| 29 | **Manual UW:** | • Refer to Mr. Cooper FHA Manual Underwrite Matrix.<br>• Purchase and Rate and Term/No Cash out Refinance:<br>  ◦ Primary 1-2 Unit: Min FICO 580 (FICO requirement is excluded from Nontraditional Credit)<br>  ◦ Second Home (HUD Approved) 1-Unit: Min 620 FICO<br>• Cash Out Refinance:<br>  ◦ Primary 1-Unit: Min 580 FICO<br>  ◦ Primary 2-Unit: Min 620 FICO<br>• Primary (1-2 unit) Max CLTV 100%<br>  ◦ 31/43% DTI with *no* compensating factors, or<br>  ◦ 40/43% DTI with the following additional requirements:<br>  ▪ 0x30 mortgage history in last 12 months (per 4000.1), *and*<br>  ▪ Verified and documented cash reserves of 3 months PITIA, *and*<br>  ▪ Must pass Residual Income Test (use Residual Income Worksheet), *and*<br>  ▪ Have at least one **Compensating Factor** from the following list:<br>  • **For Rate/Term Refi:**<br>  ◦ New monthly payment (PITIA) reduced at least 5% or $100 (whichever is greater)<br>  ◦ More stable product (ARM to Fixed - Balloon/IO to Fixed - 1 Year ARM to 5/1)<br>  ◦ Reduction in Term and rate lowered by at least 25%.<br>  • **For Cash-out:**<br>  ◦ 3-4 Unit Ineligible<br>  ◦ New back-end DTI is at least 5% lower than existing with debt consolidation.<br>  ◦ New back-end DTI is reduced with Max LTV 80%.<br>  • **For Purchase:**<br>  ◦ New PITIA does not exceed the current PITIA/Rent<br>  ◦ Max LTV 80% |
| 30 | **Bankruptcy** | • Ch. 13 Bankruptcy must be discharged at the time of case number assignment (all loan types). |
| 31 | **Occupancy** | • The W-2 statement is not sufficient to satisfy evidence of current occupancy. |
| 32 | **High Balance Loans** | • Terms:<br>  ◦ 30 year fixed or<br>  ◦ 5/1 ARM. |

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# Overlay Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| **FHA (Continued)** | | |
| 33 | **3-4 Unit Properties** | • Cash-out Refinance transactions are ineligible for 3-4-unit properties.<br>• Non-occupant co-borrower is ineligible.<br>• 0x30 mortgage/rent history in the last 12 months.<br>• Max LTV/CLTV 85%<br>• Max DTI = 43% with TOTAL AUS approval (Applicable for FICO below 640).<br>• Manual underwriting is ineligible. |
| 34 | **FHA Streamline Refinance** | • All Bankruptcies must be discharged at the time of case number assignment.<br>• Minimum FICO 640 (Credit Qualifying & Non-Credit Qualifying)<br>• Credit Qualifying: Max LTV/CLTV 125% Max Debt Ratios 31/43% 0x30x12 all mortgages<br>• Non-Credit Qualifying: 0x30x12 subject mortgage<br>• All sections of the 1003 must be completed including employment (not income)<br>• Investment and Secondary Homes are not allowed.<br>• HPML/HPCT - Rebuttable Presumption QM loans are not eligible. |
| 35 | **Temporary Buydown** | • The following are ineligible for Temporary Buydowns<br>◦ Second Homes<br>◦ Investment Properties<br>◦ Adjustable-Rate Mortgages<br>◦ Refinance Transactions<br>◦ 2–4-unit Properties<br>◦ Manufactured Homes |
| **VA** | | |
| 36 | **Manual Underwriting** | • Ineligible |
| 37 | **Bankruptcy Chapter 13** | • Must be discharged |
| 38 | **Credit** | • Borrowers with credit data frozen at two or more of the credit repositories are ineligible. |
| 39 | **Gift Donor** | • Gift donor must be an immediate relative. |
| 40 | **High Balance Loans** | • High Balance Loans ($726,201 to $1,500,000):<br>◦ No Foreclosure or Ch.7 bankruptcy in last 5 years<br>◦ 30 Year Fixed only.<br>◦ Base Loan amount $1,200,001 - $1,500,000 requires minimum 720 FICO |
| 41 | **Large Deposits** | • Recently opened accounts and individual deposits more than 1% of the property value must be sourced. |
| 42 | **Employment Verification** | • Verbal Re-Verification of Employment (VVOE) is required within 10 business days of closing/Note Date (does not apply to S/E).<br>• A paystub dated within 120 days of application date is required with an automated employment verification service |
| 43 | **Future Income** | • The use of projected income from future/pending employment is not permitted unless:<br>◦ The veteran is an active duty service member who is transitioning to civilian employment after the loan closes, *and*<br>◦ A valid civil employment offer letter is provided. |
| 44 | **PACE/HERO** | • PACE/HERO liens may not be subordinated |

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## VA (Continued)

| | | | | | | |
|---|---|---|---|---|---|---|
| 45 | **Purchase** | **Geographic Requirements** | **Occupancy / Units** | **Max LTV (including Funding Fee)** | **Minimum FICO** | **Mortgage/Housing History Last 12 mos.** |
| | | **All States EXCLUDING NJ and NY Properties** | Primary 1-2 Unit | 100% | 640 | 1x30 |
| | | | Primary 3-4 Unit | | 660 | |
| | | **NJ and NY Properties** | Primary 1-2 Unit | 100% | 640 | |
| 46 | **Cash-Out Refinance** | **Geographic Requirements** | **Occupancy / Units** | **Max LTV (including Funding Fee)** | **Minimum FICO** | **Mortgage/Housing History Last 12 mos.** |
| | | **All States EXCLUDING NJ and NY Properties** | Primary 1 Unit | 90% | 680 | 0x30 |
| | | | | 85% | 660 | |
| | | | | 80% | 640 | |
| | | | | 70% | 620 | |
| | | | Primary 2-4 Unit | 90% | 680 | |
| | | **NJ and NY Properties*** | Primary 1-Unit | 90% | 680 | |
| | | | | 85% | 660 | |
| | | | Primary 2-Unit | 90% | 680 | |
| | | • 3–4-unit properties are ineligible in NJ and NY<br>• Ch.13 Bk Dismissed >2yrs<br>• Properties listed for sale in past 6 months: evidence listing has been removed for at least 6 months prior to closing date. (Properties listed for sale at time of application are ineligible). | | | | |
| 47 | **IRRRL** | • Minimum FICO 660 (Credit Qualifying and Non-Credit Qualifying)<br>• Maximum LTV 100%<br>• Credit Qualifying Loans – Max 45% DTI<br>• 1 – 2 Units<br>• Max Loan Amount: $1,200,000<br>• Must be current at closing, and **0x30 in the last 12 months**. Deferred Payments and/or payments not made during a Forbearance, are considered "late."<br>• One of the following must be provided:<br>  ◦ Loan payment history from the servicer or third-party verification service verifying 0x30x12, OR<br>  ◦ Verification of mortgage from servicer verifying 0x30x12<br>• HPML/HPCT - Rebuttable Presumption QM loans are not eligible.<br>• If an appraisal is not required, then either an AVM with a Confidence Score of 80% or higher, or 2055 Appraisal is required.<br>• All Borrower(s) on the original loan must remain on the new Note and Security Instrument EXCEPT for death or divorce cases in which the legal agreement awards the property and liability to the remaining borrower. | | | | |
| 48 | **Temporary Buydown** | • The following are ineligible for Temporary Buydowns<br>  ◦ Second Homes<br>  ◦ 2–4-unit Properties<br>  ◦ Manufactured Homes<br>  ◦ Adjustable-Rate Mortgages<br>  ◦ Refinance Transactions<br>  ◦ Borrower Funded Buydowns<br>  ◦ Seller Funded Buydowns | | | | |

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# Overlay Matrix

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| | | |
|---|---|---|
| **Ineligible Products and Programs** | | |
| 49 | **All Loans** | • Hawaiian Homeland Properties<br>• Hawaii properties in Lava Zones 1 and 2<br>• Home Equity Line of Credit (HELOC's) |
| 50 | **FNMA / FHLMC** | • Construction to Perm one time closing<br>• Balloon loans<br>• Loans with prepayment penalties |
| 51 | **FNMA** | • HFA Preferred<br>• HomePath<br>• HomePath Renovation<br>• HomeStyle Renovation<br>• My Community Mortgage<br>• New Community Seconds |
| 52 | **FHLMC** | • FHLMC Renovation<br>• New Affordable Seconds<br>• CHOICE Mortgage programs<br>• HFA Advantage<br>• HeritageOne Mortgages |
| 53 | **FHA** | • Native American Housing Section 184<br>• HUD REO $100 Down<br>• 203k and 203k Streamline<br>• Energy Efficient Mortgages (EEM)<br>• Texas 50(a)(6)<br>• FHA's Expanded Back to Work Program<br>• 203h |
| 54 | **VA** | • Native American Housing Section 184<br>• VA Energy Efficient Mortgages<br>• Texas 50(a)(6) |
| **Due Diligence and Fraud Policies** | | |
| 55 | **Gap Policy** | • Debt Monitoring report prior to loan closing for all loans excluding Non-Credit Qualifying FHA Streamline and VA IRRRL products. |
| 56 | **4506-C Policy** | • 4506-C Procedure PM1-282226 Tax transcripts are required when a borrower is using qualifying income from self-employed income or W-2 Income for borrowers employed by a family member, the property seller, real estate broker or other interested party to the transaction. |
| 57 | **Collateral UW, VeroSCORE & Appraisal Review Dept** | • All appraisal reports must be validated with a secondary appraisal tool. Collateral Underwriter is used for Conventional and FHA loans and VeroSCORE is used for VA loans.<br><br>**Mandatory Appraisal Review**<br>• *Applies to all loan products requiring an appraisal excluding VA.*<br>◦ The appraisal must be reviewed by a licensed appraiser based on the following criteria<br>▪ CU Score 3.0 or higher with an Overvaluation Flag |
| 58 | **Credit Exceptions** | • Credit Exception Procedure PM1-793024 Applies to all products. |
| 59 | **Fraud Manager** | • Required on all loans |

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| Due Diligence and Fraud Policies (Continued) | | |
|---|---|---|
| 60 | **Noncitizen Borrowers Policy** | • Refer to: **STN-427295** *Loans to Noncitizen Borrowers Standard*<br>• Permanent Resident Noncitizens – Refer to Standard for complete documentation requirements.<br>• Non-Permanent Resident Noncitizens – Refer to Standard for complete documentation requirements.<br>  ◦ Cash-out refinance transactions are ineligible.<br>  ◦ EAD or H-1B visa must be unexpired at the time of closing AND if the document will expire within the 30-day (FNMA, FHLMC, VA) or 12-month (FHA) period after the Note date, evidence of prior renewal is required.<br>• Ineligible Borrowers – Refer to Standard for complete documentation requirements.<br>  ◦ Borrowers without a valid Social Security number (SSN)<br>  ◦ Foreign Nationals and Individuals with Diplomatic Immunity<br>  ◦ Borrowers residing in the United States by virtue of refugee or asylee status –VA |

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Non-Delegated Correspondent, Wholesale

# Conventional Agency Matrix

(FNMA / FHLMC) Loans exceeding 80% LTV require MI-refer to MI vendor guidelines

Mr. CooperGroup®

November 1, 2024

**Follow published Guidelines by FNMA / FHLMC unless otherwise noted below. QM/ATR guidelines must be met including full income documentation per investor guidelines, ATR and income worksheets completed as well as points and fee requirements for all loans.**

## PURCHASE & RATE /TERM REFINANCE

| Occupancy | | Max Loan Amount (36) | Max LTV/CLTV(3) | | Min FICO (17) | Max DTI | Mortgage History previous 12 mos.(19) |
|---|---|---|---|---|---|---|---|
| | | | FNMA | FHLMC | | | |
| Primary | 1 unit | $766,550 | 97%/105% Fixed Only (35) 95%/95% | 97%/105% Fixed Only (35) 95%/95% | Per AUS | Per AUS | Per AUS |
| Primary | 2 unit | $981,500 | 95%/95% | 85% / 85% | | | |
| Primary | 3 unit | $1,186,350 | 95%/95% | 80% / 80% | | | |
| | 4 unit | $1,474,400 | | | | | |
| Second Home | 1 unit | $766,550 | 90% / 90% | 90% / 90% | | | |
| Investment | 1 unit | $766,550 | 85% / 85% Purchase 75% / 75% Refi | 85% / 85% | | | |
| Investment | 2 unit | $981,500 | 75% / 75% | 75% / 75% | | | |
| | 3 unit | $1,186,350 | | | | | |
| | 4 unit | $1,474,400 | | | | | |

## CASHOUT REFINANCE

| Occupancy | | Max Loan Amount (36) | Max LTV/CLTV(3) | | Min FICO (17) (9) | Max DTI | Mortgage History previous 12 mos.(19) |
|---|---|---|---|---|---|---|---|
| | | | FNMA(9) | FHLMC(9) | | | |
| Primary | 1 unit | $766,550 | 80% / 80% | 80% / 80% | Per AUS | Per AUS | Per AUS |
| | 2 unit | $981,500 | 75% / 75% | 75% / 75% | | | |
| | 3 unit | $1,186,350 | | | | | |
| | 4 unit | $1,474,400 | | | | | |
| Second Home | 1 unit | $766,550 | 75% / 75% | 75% / 75% | | | |
| Investment | 1 unit | $766,550 | 75% / 75% | 75% / 75% | | | |
| | 2 unit | $981,500 | 70% / 70% | 70% / 70% | | | |
| | 3 unit | $1,186,350 | | | | | |
| | 4 unit | $1,474,400 | | | | | |

## Underwriting Guideline Requirements - DU / LPA Approval required on all loans (17) (29)

### Collateral

| | | |
|---|---|---|
| 1 | **Appraisal** | • A full 1004 (interior/exterior) appraisal required; or<br>• Appraisal form *1004 Desktop/Form 70D* may be utilized as an alternative if offered by DU/LPA; or<br>• Appraisal form *1004 Hybrid/FHLMC Form 70H* may be utilized on certain transactions if offered by DU/LPA; or<br>• ACE + PDR may be utilized on FHLMC transactions if offered by LPA; or<br>• Value Acceptance + Property Data may be utilized on certain transactions if offered by DU; or<br>• Property Inspection Waiver (FNMA's Value Acceptance) or Automated Collateral Evaluation (FHLMC's ACE) may be utilized if offered by DU/LPA<br>◦ Regardless of FNMA Value Acceptance / ACE offering: if the property / Loan Type exhibits any of the Ineligible Transaction features listed in the FNMA/FHLMC selling guides the offering may not be exercised.<br>◦ Regardless of FNMA Value Acceptance / ACE offering, if an appraisal has been ordered or received, the PIW/ACE option may not be exercised<br>◦ FNMA Value Acceptance offerings are not eligible for estimated values at $1,000,000 or greater.<br>• Appraisals must be ordered through an approved VMC.<br>• Property Condition Rating of C5 or C6 is ineligible |
| 2 | **Condominiums** | • Refer to DU/LPA stipulations. |
| 3 | **Florida Condominiums:** | • New or Newly Converted Projects are ineligible<br>• Florida attached condo projects are subject to the following requirements:<br><br>Fannie Mae Max LTV/CLTV/HCLTV<br>• Project Review Waiver – 75% LTV/ Standard limits for CLTV/HCLTV<br>• FNMA Limited Review<br>◦ Primary: 75% / 90% / 90%<br>◦ Second and Investment: 70% / 75% / 75%<br>• FNMA Full Review<br>◦ Primary: 75%-/ 97% / 97%<br>◦ Second: 75% / 90% / 90%<br>◦ Investment: 75% / 85% / 85%<br><br>Freddie Mac Max LTV/TLTV/HLTV<br>• Project Review Waiver – 75% / 80% / 80%<br>• FHLMC Streamlined Review, FHLMC Full Review or FNMA CPM Certification<br>◦ Primary: 75% / 90% / 90%<br>◦ Second and Investment: 70% / 75% / 75% |

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(FNMA / FHLMC) Loans exceeding 80% LTV require MI-refer to MI vendor guidelines

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**Follow published Guidelines by FNMA / FHLMC unless otherwise noted below. QM/ATR guidelines must be met including full income documentation per investor guidelines, ATR and income worksheets completed as well as points and fee requirements for all loans.**

## Collateral (Continued)

| | | |
|---|---|---|
| 4 | **Detached and Attached PUD's** | • No review of project eligibility is required. |
| 5 | **Ineligible Properties** | • Manufactured Homes (includes mfg. accessory units)<br>• Co-ops |
| 6 | **Land Contracts** | • Land contracts must be recorded to be eligible. |
| 7 | **Properties Listed For Sale within the previous 12 months** | • **Rate/Term Refinance:**<br>  ◦ Properties listed for sale at time of application are ineligible.<br>• **Cash-Out Refinance:**<br>  ◦ Properties previously listed for sale require evidence the listing has been removed for at least 6 months prior to the Note date. |
| 8 | **Max # of Financed Properties** | • Second Home or Investment Property transaction with 7-10 financed properties require minimum 720 FICO score and additional reserves. Refer to FNMA/FHLMC selling guides for reserve requirements |
| 9 | **Cash-Out Refinance** | **Reserves**<br>• FNMA DU Version 10.3 requires 6 months of reserves for borrowers with DTI >45%.<br>**Seasoning requirements:**<br>• When proceeds of a cash-out refinance Mortgage are used to pay off a First Lien Mortgage, the First Lien Mortgage being refinanced must be seasoned for at least 12 months.<br>• If property was purchased within the prior 6 months, the borrower is ineligible for a cash-out transaction unless the loan meets the Delayed Financing requirements.<br>• Refinance of an FHA mortgage with a Partial Claim (2nd lien):<br>  ◦ Partial Claim lien must be paid off. Subordination is not allowed. |
| 10 | **Delayed Financing** | • Eligible for single family, primary residence only. Refer to #9 above for cash-out restriction. |
| 11 | **Short Term Refinances** | • Payoff of any subordinate non-purchase money loan is considered a *cash-out* refinance. Additionally, any refinance of a loan which paid off a subordinate non-purchase money loan within the last 6 months is also considered cash out. Refer to #10 for Delayed Financing. |

## Credit

| | | |
|---|---|---|
| 12 | **Bankruptcy** | • Chapter 13: Must be discharged > 2 years prior to closing.<br>• BK dismissals must be > 4 years measured from dismissal to closing date.<br>• **FNMA**<br>  ◦ Chapter 7: Must be discharged or dismissed > 4 years prior to closing.<br>  ◦ Multiple Bankruptcy filings within past 7 years must be discharged/dismissed > 5 years measured from the most recent discharge/dismissal date.<br>• **FHMLC**<br>  ◦ Bankruptcy must be discharged, otherwise per LPA |
| 13 | **Collections/Charge-offs** | • Refer to DU/LPA stipulations |
| 14 | **Judgments/Liens** | • Outstanding judgments and liens must be paid at or prior to loan closing. |
| 15 | **Foreclosure** | **FNMA**<br>• Must be >7 yrs. from completion date to closing.<br>• Manner of payment or status code of "8" or "9" or any foreclosure-related comments reporting on credit is considered a foreclosure.<br>• Mortgages that were discharged through a bankruptcy can apply the waiting period for bankruptcies (see #12) provided documentation is obtained to validate the mortgage was discharged in the bankruptcy, otherwise the foreclosure waiting period applies. Does not apply to timeshares.<br>**FHLMC**<br>• Per LPA<br>• Also applies to timeshares when coded on credit report as mortgage. |
| 16 | **Pre-foreclosures, Deed in Lieu of Foreclosure, Short Sales and Mortgage Charge-offs** | **FNMA**<br>• Pre-foreclosure, Deeds in Lieu of Foreclosure, Short Sales and mortgage charge-offs must be > 4 years.<br>• Does not apply to timeshares.<br>**FHLMC**<br>• Per LPA<br>• Also applies to timeshares when coded on credit report as mortgage |

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# Conventional Agency Matrix

(FNMA / FHLMC) Loans exceeding 80% LTV require MI-refer to MI vendor guidelines

Mr. CooperGroup

November 1, 2024

**Follow published Guidelines by FNMA / FHLMC unless otherwise noted below. QM/ATR guidelines must be met including full income documentation per investor guidelines, ATR and income worksheets completed as well as points and fee requirements for all loans.**

## Credit (Continued)

| | | |
|---|---|---|
| 17 | **FICO Score Requirements** | • Use the lowest FICO (middle of 3; lower of 2) for all borrowers.<br>• A single FICO is acceptable with DU Approve/Eligible or LPA Accept with "eligible" rating.<br>• DU Approve/Eligible or LPA Accept/Eligible rating required on all loans. |
| 18 | **Minimum Payment** | **Revolving Accounts**<br>• 5% of balance if pmt. is not on Credit Report.<br>• Include all pmts. regardless of number of pmts. remaining.<br>• When paid at closing are not required to be closed for DU or LPA loans<br><br>**Installment Account**<br>• The greater of 5% of balance or $10 if pmt. is not on Credit Report.<br>• No pmt. required if < 10 pmts. remain except for car leases<br><br>**Deferred Installment Debt**<br>• Include pmt. in DTI<br>• If pmt. not shown on Credit Report, actual monthly pmt. must be documented<br>**Deferred Student Loans**<br>• Calculate according to the repayment structure and FNMA/FHLMC selling guides requirements.<br><br>**30 Day Accounts**<br>**FNMA**<br>• The Borrower *must* have sufficient verified funds equal to the amount of the outstanding balance.<br>• Monthly payments are not required to be included in the monthly debt.<br>• Cash proceeds from the transaction ***may*** be used to cover the asset requirement for 30-day accounts<br>• The verified asset funds must be in addition to any funds used to qualify the Borrower for the Mortgage transaction, closing costs and reserves. The asset funds must be an eligible source.<br>NOTE: DU will include the balance of the 30-day account shown on account shown on 1003 in Reserves Required to be Verified amount shown on DU findings. On transactions that do not require verification of reserves, the balance of the 30-day account in the Reserves Required to be Verified will be reduced by any cash-out the borrower receives through the transaction.<br><br>**FHLMC**<br>• The full amount of the outstanding account balance must be included in the debt payment-to-income ratio ***Unless*** the Borrower has sufficient funds to pay off the outstanding account balance.<br>• Cash proceeds from the transaction ***may not*** be used to cover the asset requirement for 30-day accounts<br>• The verified asset funds must be in addition to any funds used to qualify the Borrower for the Mortgage transaction, closing costs and reserves. The asset funds must be an eligible source. |
| 19 | **Mortgage History** | • Per AUS. Must be < 30 days past due at closing. |
| 20 | **Continuity of Obligation** ***FHLMC Only*** | • Continuity of obligation occurs on a refinance transaction when at least one of the borrowers(s) on the existing mortgage is also a borrower on the new refinance transaction secured by the subject property. Refer to FNMA/FHLMC selling guides for acceptable exceptions to this and for the limited eligibility parameters that apply when there is no acceptable continuity of obligation.<br>• Continuity of obligation requirements do *not* apply when there is no existing mortgage on the subject property as a result of the borrower either having purchased the subject property with cash or when any prior mortgage for which the borrower was an obligor was paid in full. |
| 21 | **Noncitizen Borrowers** | • Refer to STN-427295 Loans to Noncitizen Borrowers Standard for eligibility requirements.<br>• (FHLMC) EAD with *Category 33 Consideration of Deferred Action for Childhood Arrivals* (DACA) is ineligible |

## Income / Assets

| | | |
|---|---|---|
| 22 | **Non-Taxable Income** | • Nontaxable *Social Security, Pension, Workers Comp and Disability Retirement income* may be grossed up 25% provided:<br>◦ continuation is established ***and***<br>◦ documentation is provided supporting the income is nontaxable.<br>• Gross-up on other types of nontaxable income with a DTI up to 50% will be considered with AUS Approval.<br>• Use tax returns to determine if income is not taxable (unless there is no other income). |
| 23 | **4506C** | • 4506-C signed by all borrowers is required.<br>• 4506-C transcripts as required per Procedure link below:<br>◦ PM1-282226 4506-C and Income Document Procedures. |
| 24 | **Minimum Reserves** | **FNMA**<br>• As required by DU.<br>• Reserves are required to cover the unpaid balances of all 30-day accounts. Refer to *#18* for assets required to cover 30-day accounts. DU will include the balance of the 30-day account shown on the 1003 in the "*Reserves Required to be Verified"* amount on the DU findings.<br>• FNMA DU Version 10.3 requires 6 months of reserves for borrowers with DTI >45%<br>**FHLMC**<br>• As required by LPA.<br>• Refer to #18 for assets required to cover 30-day accounts. |

## Purchase Money

| | | |
|---|---|---|
| 25 | **Conversion of Primary Residence or Pending Sale** | • Conversion to 2nd Home - Full PITIA must be included in DTI<br>• Conversion to Investment - Fully executed Rental Agreement if using income to qualify<br>• Pending Sale - Must qualify borrowers using both PITI payments unless a fully executed sales contract and satisfactory evidence that any buyer financing conditions have been cleared are provided. |

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# Conventional Agency Matrix

(FNMA / FHLMC) Loans exceeding 80% LTV require MI-refer to MI vendor guidelines

Mr. CooperGroup®

November 1, 2024

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| | | |
|---|---|---|
| 26 | **Buyer Contribution** | • Refer to MI provider guidelines to determine acceptability if Borrower is not contributing at least 5% own funds to the transaction if LTV is >80%.<br>**FNMA:** Borrower must contribute at least:<br>• 0% if LTV is < 80% 1-4 principal residence<br>• 0% if LTV is < 80% 1-4 principal residence<br>• 0% if LTV is > 80% single family principal residence<br>• Min 5% 2-4-unit principal residence >80%<br>• Min 5% on second homes with LTV's > 80%<br>• All funds used for the transaction if Investment Property<br>**FHLMC:** Borrower must contribute at least:<br>• 0% for primary residence 1-4 units<br>• Minimum 5% own funds to the transaction if the property is a Second Home and the LTV >80% or when gift funds or grants are used for the transaction.<br>• All funds used for the transaction if Investment Property |
| 27 | **Seller Contribution** | • Owner Occupied or Second Home:<br>◦ >90% LTV — 3% Maximum IPC<br>◦ 75.01-90% LTV — 6% Maximum IPC<br>◦ <75% LTV — 6% Maximum IPC<br>• Investment Properties:<br>◦ All CLTV Ratios — 2% Maximum IPC |
| | | **Products** |
| 28 | **Max Loan Amount** | • See Matrix Above |
| 39 | **Recommendations Allowed** | • DU Approved Eligible<br>• LPA Accept<br>**NOTE:** *Refer*, *Caution* and *ineligible* ratings do *not* qualify for Mr. Cooper financing. |
| 30 | **Documentation Age** | **FNMA**<br>• Income and asset documentation must be < 4 months old from Note Date<br>• Credit reports must be <4 months old for both existing and new construction at the time of closing.<br>**FHLMC**<br>• Income and asset documentation must be < 120 days old from Note Date<br>• Credit reports must be < 120 days old for both existing and new construction at the time of closing. |
| 31 | **Adjustable Rate Mortgages (ARMs)** | • **Qualifying rate**:<br>**5yr/6m ARM**<br>◦ Greater of note rate plus 2% or fully indexed rate.<br>**7yr/6m and 10yr/6m ARMs (FHLMC only)**<br>◦ Note Rate<br>◦ HPML/HPCT<br>▪ Greater of the Note rate or fully indexed rate<br>• **Fully indexed rate**:<br>◦ Index + Margin, rounded to the nearest 1/8th percent.<br>• DU Approve/eligible or LPA Accept Recommendation only<br>• TX 50(a)(6) loans: not eligible<br>• **Index**: Federal Reserve Bank of New York 30-Day Average S.O.F.R.<br>• **Margin**: 3%<br>• **Terms available**: 5yr/6m, 7yr/6m, 10yr/6m<br>• **Caps** (initial/periodic/lifetime):<br>◦ 2/1/5 (5yr/6m ARM),<br>◦ 5/1/5 all others |
| 32 | **Temporary Buydown Plans** | **Requirements**<br>• When the source of the buydown funds is an interested party to the property sale or purchase transaction, interested-party contribution limits apply.<br>• FHLMC "Unplanned Buydowns" must be considered in total value of financing concessions.<br>• When underwriting loans that have a temporary interest rate buydown, the underwriter must qualify the borrower based on the note rate without consideration of the bought-down rate.<br>**Eligible Transactions**<br>• Plan Terms: 12, 24 and 36 months<br>• Purchase Transactions<br>• Primary Residences<br>• 1-unit Properties<br>• FNMA 97% LTV Option<br>• FHLMC HomeOne℠<br>**Ineligible Transactions**<br>• Second Homes<br>• Investment Properties<br>• Adjustable-Rate Mortgages<br>• Refinance Transactions<br>• 2–4-unit Properties<br>• Manufactured Homes |

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## Products (Continued)

| | | |
|---|---|---|
| 33 | **Mortgage Insurance** | • The minimum coverage option with LLPA's is not allowed at this time.<br>• *Monthly* LPMI mortgage insurance premiums are not allowed.<br>• *Single* premium LPMI through Radian only<br>• When mortgage insurance is financed, the maximum loan amount (including the financed MI) cannot exceed the maximum mortgage amount or LTV limitation.<br>• When a Hybrid Appraisal is utilized, MI is eligible through all providers. |
| 34 | **Expanded LTV Option (LTV 95.01-97.00%)** | **General Eligibility:**<br>• 1-Unit Primary Residence only<br>• Non-Occupant Borrower Not Permitted<br>• Minimum LTV 95.01% / Maximum LTV 97.00%<br>• At least one borrower must have a credit score<br>• Fixed-Rate mortgage only<br>• DU or LPA requirements must be satisfied<br>• FHLMC LPA Risk Class of Accept (A-minus mortgage not allowed)<br><br>**Subordinate Financing:**<br>• Maximum CLTV of 97% if subordinate financing is NOT an existing Community Second lien on property refinance<br>• Maximum CLTV of 105% with existing Community Seconds (SFC 118 Required) / existing Affordable Second lien on property refinance<br>• See FNMA's Community Seconds Checklist: FNMA Community Seconds Checklist<br>• DU Only must select "Yes" in the "Community Seconds" field under the Community Lending section on the "Additional Data" screen in the full 1003 in DU out on the web.<br><br>**Purchase Transaction:**<br>• At least one (1) borrower on the loan must be a First Time Homebuyer<br>  ◦ A First Time Homebuyer is someone who has not had interest in a property in the last three (3) years<br>• FNMA Only:<br>  ◦ DU will use Section VIII when at least one borrower responds "no" to declaration M: "Have you had ownership in the last three years?" to determine if the LTV can exceed 95% for purchase transactions.<br><br>**Homebuyer Education Course:**<br>• Refer to FNMA/FHLMC Selling guides for Homeowner Education Course requirements<br><br>**Rate and Term Refinance Transactions:**<br>• Cash-Out transactions are not allowed.<br>• New loan must be owned by same investor as existing mortgage (i.e., if new loan is FNMA/DU then the existing mortgage must be owned by FNMA).<br>• **FNMA Only**:<br>  ◦ Verify FNMA owns existing loan by utilizing Fannie Mae's Loan Lookup Tool and upload copy of confirmation to file.<br>  ◦ Loan must be flagged as a FNMA owned loan in DU out on the web by entering "Fannie Mae" in the "Owner of Existing mortgage" field on the "Additional Data" screen in the full 1003<br>  ◦ FNMA Loan Look-Up Tool<br>• **FHLMC Only**:<br>  ◦ Verify FHLMC owns existing loan by utilizing Freddie Mac's Loan Look-Up Tool and upload a copy confirmation to file<br>  ◦ Loan must be flagged as a FHLMC owned loan in LP out on the web by entering "Freddie Mac" in the "Owner of Existing mortgage" field on the "Additional Data" screen in the full 1003<br>  ◦ FHLMC Loan Look-Up Tool<br><br>**Mortgage Insurance Coverage:**<br>• 35% standard coverage required. |
| 35 | **Fraud Manager Requirement** | • Required on all loans |
| 36 | **Alaska / Hawaii** | • General Loan Limits<br>  ◦ 1 Unit $1,149,825<br>  ◦ 2 Units $1,472,250<br>  ◦ 3 Units $1,779,525<br>  ◦ 4 Units $2,211,600 |

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Non-Delegated Correspondent, Wholesale

# FHA TOTAL Standard Matrix

Mr. CooperGroup

November 1, 2024

| Occupancy | Units | LTV/CLTV | FICO | Max DTI |
|---|---|---|---|---|
| **Purchase** | | | | |
| **Primary** | 1-2 | 96.5% | **580** | **50%** |
| | | | **620** | AUS |
| | 3-4 | **85%** | **580** | **43%** |
| | | | **620** | AUS |
| **HUD-Approved Secondary Home** | 1 | 85% | **620** | AUS |
| **Rate/Term Refinance** | | | | |
| **Primary*** | 1-2 | 97.75% | **580** | **50%** |
| | | | **620** | AUS |
| **Primary** | 3-4 | **85%** | **580** | **43%** |
| | | | **620** | AUS |
| **HUD-Approved Secondary Home** | 1 | 85% | **620** | AUS |

* LTV/CLTV is limited to 85% if borrower occupied less than 12 months prior to case assignment, or if owned less than 12 months and not occupied the entire time owned.
No cash back in Texas. See *Refinance* section for additional requirements.

| Cash Out Refinance | | | | |
|---|---|---|---|---|
| **Primary** | 1 | 80% | **580** | **50%** |
| | | | **620** | AUS |
| | **2** | **80%** | **620** | AUS |

No cash back in Texas.
**Refer to Cash-Out Refinance section for additional requirements**

| | | |
|---|---|---|
| **1** | **Age of Documents** | **Credit Documents**: may not be more than 120 days old at disbursement date.<br>• For counting: Day one is the day after the effective or issue date of the document, whichever is later.<br>• The most recent document must be dated no earlier than 30 days from the date of application.<br>• Third party verifications may not be handled by or transmitted through any interested party or the borrower.<br>• Valid for 180 days from the effective date of the appraisal report.<br>**Appraisal Updates:**<br>• Must be performed by the appraiser within one year from the effective date of the initial appraisal being updated.<br>• The updated appraisal is valid for 1 year after the effective date of the initial appraisal report. |
| **2** | **Appraisal** | • A full appraisal is required.<br>• If located in FEMA disaster area, follow Policy and Procedure: PM1-2694311 FEMA Disaster Procedure<br>• **The appraisal must be reviewed by a licensed appraiser based on the following criteria.**<br>◦ **CU Score 3.0 or higher with an Overvaluation Flag** |
| **3** | **Assets / Reserves** | • Recently opened accounts and individual deposits more than 1% of adjusted value must be sourced.<br>• **Reserves**: 3-4-unit properties require 3 months PITI reserves (may not be from: cash back, incidental cash at settlement, borrowed funds or equity). |
| **4** | **AUS** | • **DU or LPA findings are required on all loans except Streamline refinances and loan assumptions.**<br>• AUS Refer findings must be manually underwritten (see FHA Manual Underwrite Matrix) |

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| | | |
|---|---|---|
| **5** | **AUS – Downgrade** | **DU and LPA Approved loans must be Downgraded and manually underwritten if:**<br>• There is information/documentation that cannot be entered into or evaluated by TOTAL.<br>• The credit report used by TOTAL indicates the Borrower has $1,000 or more collectively in Disputed Derogatory Credit Accounts. Does not include medical or non-borrowing spouse derogatory credit.<br>• Purchase & No Cash-Out: Any mortgage or mortgage line-of-credit during the most recent 12 months reflects:<br>◦ three or more late payments of greater than 30 Days;<br>◦ one or more late payment of 60 Days plus one or more 30 Day late; OR<br>◦ one payment greater than 90 Days late.<br>• Cash-Out: Any mortgage or mortgage line-of-credit during the most recent 12 months reflects:<br>◦ A current delinquency; OR<br>◦ Any delinquency within 12 months of case assignment.<br>• Any undisclosed mortgage must be verified directly with the servicer and downgraded if the mortgage history reflects:<br>◦ A current delinquency;<br>◦ Any delinquency within 12 months of case number assignment; or<br>◦ More than two 30-day late payments within 24 months of case number assignment.<br>• For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments.<br>• Any Bankruptcy discharge is within two years from the date of case assignment.<br>• Foreclosure sale, Short sale, or Deed-in-Lieu: if case number assignment date is within 3 years of date of transfer of title.<br>• Business income shows a greater than 20% decline over the analysis period. |
| **6** | **Bankruptcy** | • Chapter 7 or Chapter 13 Bankruptcy: At least two years from discharge date to case number assignment date must be documented. If the discharge is within two years from the case number assignment date, the loan must be downgraded to a Refer and manually underwritten. (see FHA Manual Underwrite Matrix). |
| **7** | **CAIVRS LDP & GSA(SAM)** | • CAIVRS are required for all borrowers.<br>• LDP and GSA(SAM) lists must be checked for all Program Participants. |
| **8** | **Noncitizen Borrowers** | • Refer to *STN-427295 Loans to Noncitizen Borrowers Standard*, and the *Overlay Matrix* |
| **9** | **Collections** | • If the credit report shows cumulative outstanding collection balances of $2,000 or greater, lender must:<br>◦ verify the debt is paid in full at or prior to disbursement using acceptable source of funds;<br>◦ verify borrower has made payment arrangements and include the monthly payment with liabilities; or<br>◦ if payment arrangement is not available, calculate monthly payment using 5% of outstanding balance of each collection and include the monthly payment with liabilities.<br>◦ Medical collections and Charge Offs are not included.<br>◦ Collection accounts of a non-borrowing spouse in community property states must be included in the $2,000 cumulative balance. |
| **10** | **Condos** | • Verify project is on the list of FHA Approved Condo Projects or FHA Single Unit Approval; and<br>• FHA Form HUD-9991 must be completed by the HOA (sections 1-3) – if the HOA uses a third party to complete the form, the processor must provide the HUD-9991 form if needed; and<br>• The underwriter must review the HUD-9991 (Section 3) and certify the project meets the requirements; and<br>• The underwriter must also sign and date the DOC-3118680 FHA Lender Certification for Individual Unit Financing certifying the project meets the requirements.<br>• REO properties do not require Condo Project Approval or HUD-9991. |
| **11** | **Credit Counseling** | • With AUS approval, no explanation or documentation is required. |

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| | | |
|---|---|---|
| **12** | **FICO** | • **All borrowers must have a minimum of one credit score.** |
| **13** | **Foreclosure** | • **Foreclosure, Pre-foreclosure/Short Sale/Deed-in-lieu:** must be greater than 3 years from date of case assignment. The 3-year period begins on the date in which title transferred from borrower. If the credit report does not indicate a specific date, obtain the settlement statement, deed, or other legal document evidencing date of property transfer. |
| **14** | **Fraud Manager** | • **Fraud Manager report is required.** |
| **15** | **HPML/HPCT** | • Federal HPML loans must escrow for taxes and insurance.<br>• Federal HPCT QM Rebuttable Presumption loans are eligible.<br>• Must credit qualify if required by state rules. |
| **16** | **Income and Employment** | • SSN for each borrower must be validated and documented by<br>◦ FHAC validation screen; *and*<br>◦ Reviewing SS Card or employment documentation (W2 or Tax Transcripts).<br>Any inconsistency or multiple SSNs must be resolved. Resolve any inconsistencies or multiple SSNs for individual Borrowers that are revealed, using a service provider to verify the SSN with the SSA. Follow current procedures with PRM review.<br>• **Signed 4506-C and transcripts as required per** PM1-282226 4506-C and Income Document Procedures<br>• Verbal Re-Verification of Employment is required within 10 calendar days of Note date.<br>• **Frequent Job changes**: if borrower has changed employers more than 3 times in the 12-months prior to case assignment or changed line of work, Lender must establish stability of income by obtaining:<br>◦ Transcripts of training/education demonstrating qualification for new position; or<br>◦ Employment documentation evidencing continual increases in income or benefits<br>◦ Additional analysis is not required for employers such as Union Trades or Temp Companies.<br>• **Gaps in employment 6 mos. or more** (extended absence). Income may be used if documented that:<br>◦ borrower has been employed in current job at least 6 months at time of case assignment; and<br>◦ borrower has a 2-year work history prior to the absence.<br>• **Non-Taxable Income** (*may include child support, military allowances, a portion of Social Security income, certain Retirement, and certain disability/public assistance)*.<br>◦ The portion of income that is non-taxable may be grossed up to the greater of 15% or the actual tax rate for the income amount.<br>◦ The income must continue at least 3 years.<br>◦ The non-taxable status must be documented by tax returns or another acceptable source. |
| **17** | **Income: Self/ Employed Verification** | • Verify the existence of the borrower's business from a third party such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and<br>• Verify a phone listing and address for the borrower's business using the internet or directory assistance.<br>• Documents used for verification must be dated within 120 calendar days of closing date except for documents such as Business License which must be current and not expired at closing. |

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# FHA TOTAL Standard Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| 18 | **Income: Disability Benefits** | • Disability Benefits are received from the Social Security Administration (SSA), the Department of Veteran Affairs (VA), Workers Comp, and other public or private disability insurance providers. The U.S. Dept. of Labor also provides disability compensation under these OWCP (Office of Worker's Compensation Programs):<br>◦ FECA Benefits (Federal Employees' Compensation Act)<br>◦ DEEOIC (Division of Energy Employees Occupational Illness Compensation)<br>◦ DLHWC (Division of Longshore and Harbor Worker's Compensation)<br>◦ DCMWC (Division of Coal Mine Worker's Compensation)<br>• If the Notice of Award or equivalent document does not have a defined expiration date, consider the income effective and reasonably likely to continue.<br>• If any disability income is due to expire within three years from the date of application, that income cannot be used as effective income.<br>• Under no circumstance may you inquire into or request documentation concerning the nature of the disability or the medical condition of the borrower. |
| 19 | **Ineligible** | • 203K<br>• Purchase transactions when subject is resold 90 days or less following seller's date of acquisition are ineligible.<br>• Reverse mortgages<br>• Texas 50(a)(6). Review the Title to ensure no prior 50(a)(6) transaction.<br>• Section 184<br>• 203h |
| 20 | **Judgments and Tax Liens** | • **Judgments and Tax Liens** must be resolved or paid off prior to or at closing with an acceptable source. A Judgment or Tax Lien is considered resolved if the borrower has entered into a valid agreement with the creditor, has made timely payments for at least 3 months of scheduled payments prior to closing/settlement (cannot pre-pay), and the repayment agreement must be subordinate to the FHA first mortgage. A subordination agreement is required for any liens on title. Obtain a copy of the repayment agreement and include monthly payment in DTI ratio.<br>• **A Federal Tax Lien** in repayment does not require a Subordination Agreement and may remain on title if the following conditions are met:<br>◦ Borrower is in a valid Repayment Agreement with the federal agency owed (obtain a copy of the agreement),<br>◦ Borrower has made timely payments for at least three consecutive months of scheduled payments prior to closing (cannot prepay), and<br>◦ The monthly payment amount is included in the debt ratio.<br>• If a Judgment or lien is not on the credit report but found elsewhere such as on Title, it must be disclosed on the Declarations section of the 1003 and then rerun AUS. The FINAL loan application must be accurately disclosed, and the FINAL AUS run must match and include a condition regarding the Judgment or lien.<br>• **Non-borrowing spouse** (in community property state): must include any payments on judgment or tax liens. |
| 21 | **Land Contract or Contract for Deed** | • Properties to be acquired through an **unrecorded land contract** must be treated as a purchase.<br>• When the loan is to pay off an outstanding **recorded land contract**, the unpaid principal balance would be the outstanding balance on the recorded land contract. |

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| **22** | **Liabilities** | • **Installment**: if payment is not shown on credit report, obtain copy of loan agreement or account statement.<br>• **Revolving**: if payment is not shown on credit report, use the account statement or 5% of the balance.<br>• **Closed end debt**: may be excluded if it will be paid off within 10 months and cumulative payments of all such debts are less than or equal to 5% gross monthly income. Borrower may not pay down balance to meet 10 months.<br>• **30-Day accounts** (balance paid monthly): use credit report to verify the account has been paid in full each month for the past 12 months. May be excluded if all payments made timely. If any late payment occurred in the last 12 months, Lender must use 5% of outstanding balance and include in ratios. The Lender must document funds are available to pay off the balance in excess of the funds and reserves required to close.<br>• **Authorized User**: accounts where the borrower is an authorized user must be included in DTI ratio unless Lender can document that the primary account holder has made all payments for the previous 12 months. If less than 3 payments have been required in previous 12-mos, the payment must be included.<br>• **Contingent liabilities**: To exclude a contingent liability from debt ratio calculation, obtain documentation as follows:<br>◦ **Mortgage Assumptions:** obtain assumption agreement and deed showing transfer of Title out of Borrower's name.<br>◦ **Cosigned Liabilities**: obtain documentation to evidence that the other party to the debt has been making regular on-time payments during the previous 12 months and does not have a history of delinquent payments on the loan.<br>◦ **Divorce**: obtain a copy of the divorce decree confirming the ex-spouse is required to make payments.<br>• **Deferred obligations**: payment must be included. If payment is not on credit report, obtain loan agreement and use terms to calculate monthly payment. If terms are not available, use 5% of balance.<br>• **Student loans**: must be included in the Borrower's liabilities, regardless of the payment type or status of payments.<br>◦ The payment may be excluded from the Borrower's monthly debt when documentation from the loan program creditor or servicer indicates the debt has been forgiven, canceled, discharged, or otherwise paid in full.<br>◦ **Calculation of monthly Student Loan payment:** For outstanding Student Loans, regardless of payment status, the Underwriter must use one of the following calculation methods:<br>▪ When the reported payment is greater than zero:<br>• Use the payment on the credit report -or- the actual documented payment.<br>▪ When the reported payment is equal to zero:<br>• Use 0.5 percent of the outstanding loan balance.<br>▪ When a student loan payment has been suspended in accordance with COVID-19 emergency relief, and the reported payment is *greater* than zero;<br>• Underwriter may use the payment on the credit report -*or*- the actual documented payment prior to suspension |
| **23** | **Liabilities - Undisclosed** | • **Undisclosed Debt**: which is not on the application and/or credit report, and not considered by AUS requires:<br>◦ Verify the actual monthly payment<br>◦ Re-submit AUS if the cumulative change in total liabilities increases by more than $100 per month.<br>◦ Determine that any funds borrowed were not/will not be used for the borrower's MRI.<br>• **Undisclosed Mortgage**: which is not on the credit report. Obtain verification of mortgage directly from the servicer. For a modified mortgage, use the payment history in accordance with the modification agreement. Downgrade and manually underwrite if the mortgage history reflects:<br>◦ A current delinquency;<br>◦ Any delinquency within 12 months of the case assignment date; or<br>◦ More than two 30-day late payments within 24 months of case assignment date. |
| **24** | **Loan Limits** | Link to County Limits to determine Max Loan Amount |
| **25** | **Minimum Required Investment** | **MRI – Minimum Required Investment** is the borrower's contribution of at least 3.5% of the Adjusted Value of the Property (the lesser of: Value or Sales Price).<br>• MRI may not come from:<br>◦ the seller;<br>◦ any person or entity that financially benefits from the transaction; or<br>◦ anyone who is or will be reimbursed by any party to the transaction (including the entities listed above).<br>• The lender must verify that no debts were incurred to obtain part or all of the MRI.<br>• Refer to FHA Product Guidelines when part or all of MRI is from Government Entity down payment assistance. |

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# FHA TOTAL Standard Matrix

Mr. CooperGroup

November 1, 2024

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| **26** | **Non-Borrowing Spouse** | • If a Borrower resides in or the subject property is located in a Community Property state:<br>  ◦ obtain a credit report for the Non-Borrowing Spouse and include all debts in the qualifying ratios.<br>  ▪ the credit report must indicate the non-borrowing spouse's SSN was matched under the Social Security Verification found in the Summary section (near the end of the credit report).<br>  ▪ If the credit report does not show the "SSN Matched" obtain the Non-Borrowing Spouse's signature on Form SSA-89 and obtain verification directly from the SSA.<br>  ▪ If the non-borrowing spouse does not have an SSN, provide a statement of this fact and the credit report must contain the non-borrowing spouse's full name, date of birth, and previous addresses for the last two years.<br>  ▪ A Non-Borrowing Spouse's derogatory credit is not a reason to deny a loan.<br><br>Community Property states identified by the IRS are as follows: AZ, CA, ID, LA, NM, NV, TX, WA, WI. |
| **27** | **Non-Occupant Co-Borrowers** | • All occupying and non-occupying borrowers/co-borrowers must take Title in their own name, be obligated on the Note or security instrument, and sign all security instruments.<br>• Non-occupant co-borrowers cannot be added to title on a Cash-out refinance, or a 3-4-unit property.<br>• Non-occupant co-borrowers must be either a U.S. Citizen or have a principal residence in the U.S.<br>• Max LTV is 75% for non-occupant borrower transactions. The LTV can be increased to 96.5% if the non-occupant borrowers are family members and the transaction does not involve one family member selling to another who will be a non-occupying co-borrower or a transaction on a 2-4-unit property. |
| **28** | **Power of Attorney** | • **Power of Attorney: must either be a Statutory Form POA, a specific POA to the loan transaction, or a durable POA used due to incapacity of the borrower.**<br>  ◦ **Specific POAs must include the parties in the transaction, property address, and reference the specific loan transaction. The individual acting as Attorney-In-Fact must have a familial or fiduciary relationship with the borrower or a personal relationship with an ownership interest in the subject property.**<br>  ◦ **POAs are only allowed in extenuating circumstances (hardship or emergency) where borrower cannot attend the closing. Signed explanation from the borrower is required to validate the extenuating circumstance.**<br>  ◦ **Cash-out Refi and Texas 50(a)(6) are not eligible to close with a POA.**<br><br>All currently published requirements must be met |
| **29** | **Property Type** | • **Eligible:** 1-4 units, HUD approved Condos, Leaseholds (copy of agreement required).<br>• **Ineligible:** Co-op, Condotel**, Manufactured Home, Hawaiian Homeland Properties, Hawaii properties in Lava Zone 1 and Lava Zone 2** |
| **30** | **Refinance** ***Rate/Term*** | • LTV/CLTV is limited to 85% if borrower has occupied less than 12 months prior to case assignment or if owned less than 12 months and not occupied the entire period of ownership.<br>• Max $500 cash back. No cash back in Texas.<br>• Temporary interest rate buydowns are not allowed.<br>• **Properties listed for sale at time of application are ineligible.**<br>• For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments. |

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| **31** | **Refinance** ***Cash-Out*** | • Cash Out Refinance is not eligible in Texas.<br>• Temporary interest rate buydowns are not allowed.<br>• Income from a non-occupant Co-borrower may not be used to qualify.<br>• **Properties listed for sale in the past 6 mos. require evidence the listing has been removed for at least 6 mos. prior to closing date.**<br>• For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments.<br>• Mortgage payment history must reflect 0x30 in past 12 months. The payments for all mortgages secured by the subject property must have been paid within the month due for the month prior to mortgage disbursement.<br>• Properties with mortgages must have a minimum of 6 months of mortgage payments. Properties owned free and clear may be refinanced as cash-out transactions.<br>• All payments for all mortgages must have been paid within the month due for the previous 12 months or since the borrower obtained the mortgage, whichever is less.<br>• Occupancy: Borrower must have owned & occupied 12 mos. prior to case assignment (review employment docs/utility bills)<br>• If the property was inherited, there is no time limit for occupancy provided the subject has NOT been treated as an investment property at any point since inheritance.<br><br>**Seasoning Requirement for Cash-Out Refinance (Ginnie Mae)**<br><br>• The borrower has made at least 6 consecutive payments on the loan being refinanced beginning on the first payment due date; and<br>• The first payment due date of the new loan is not earlier than 300 days after the first payment due date on the loan being refinanced. Otherwise, if you are able to obtain the actual Note and document the first payment due date on the loan being refinanced, then use the 210-day calculation.<br>If the loan being refinanced was modified, then the first payment due date on the Modified Note must be used to satisfy these seasoning requirements.<br><br>**Note:** If including a second lien for payoff in a cash-out, it must also meet the seasoning requirement.<br>If resubordinating a second lien in a cash-out refinance, the seasoning requirement for the second lien does not apply. |
| **32** | **Secondary Financing** | • Lender must obtain a subordination agreement for any secondary financing existing on title.<br>• Governmental entities providing down payment assistance that meet FHA requirements: No max CLTV.<br>• Family Member held 2nd liens must meet FHA requirements: Max CLTV is 100% of the adjusted value.<br>• Other Financial Institution secondary financing must meet FHA requirements and max CLTV is 97.75%<br>• UCC-1's for Solar Panels: (usually found on Title) may remain outstanding and will not affect LTV/CLTV. Some Title companies require subordination and others do not. Specific Title Company policy must be followed. |
| **33** | **Secondary Residency (HUD approved)** | A borrower may be eligible to obtain another FHA-insured mortgage without being required to sell an existing property, if:<br>• 1-Unit only.<br>• Secondary Home requires written approval from HUD.<br>• Must demonstrate:<br>◦ Borrower has no other secondary residence;<br>◦ The Secondary Home is not a vacation home or used primarily for recreational purposes;<br>◦ Commuting distance to workplace creates undue hardship and no affordable rental housing meeting borrower's needs is within 100 miles of workplace; and<br>◦ Max loan amount is 85% of the lesser of the appraised value or sales price. |
| **34** | **Seller Contribution** | • Max 6% allowed for contributions by all interested parties. |

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# FHA TOTAL Standard Matrix

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| **35** | **Temporary Buydown Plans** | **Requirements**<br>• When the source of the buydown funds is an interested party to the property sale or purchase transaction, interested-party contribution limits apply.<br>• The Mortgagee must use the Note rate when calculating principal and interest for Mortgages that involve a temporary interest rate buydown.<br><br>**Eligible Transactions**<br>• Plan Terms: 12, 24 and 36 months<br>• Purchase Transactions<br>• Primary Residences<br>• 1-unit Properties<br><br>**Ineligible Transactions**<br>• Second Homes<br>• Investment Properties<br>• Adjustable-Rate Mortgages<br>• Refinance Transactions<br>• 2–4-unit Properties |
| **36** | **Terms** | **Fixed rate**: 15, 20, 25, 30 year - conforming loan amounts<br>**ARM :**(primary occupancy only)<br>• **5/1** (must qualify at Note rate)<br>• **Index:** Constant Maturity Treasury Rate.<br>• **Margin:** 2%,<br>• **Caps:** 1-1-5<br>• Temporary interest rate buydowns are not allowed with ARM transactions.<br>**High Balance Loans: 30 year fixed or 5/1 ARM only** |
| **37** | **2 Unit** | • HUD-92561 (Borrower's Contract with Respect to Hotel and Transient Use) completed by the borrower is required. |
| **38** | **3-4 Unit** | • **Non occupant co-borrower is not allowed.**<br>• **0x30 mortgage/rent history in the last 12 months.**<br>• **Max LTV: 85%**<br>• **Manual UW not allowed.**<br>• 3 months PITI reserves<br>• Self-Sufficiency: PITI may not exceed 75% of gross market rents for all units per appraisal.<br>• HUD-92561 (Borrower's Contract with Respect to Hotel and Transient Use) completed by the borrower is required. |

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Non-Delegated Correspondent, Wholesale

# FHA Manual Underwrite Matrix

Mr. CooperGroup

November 1, 2024

| Occupancy | Unit | LTV/CLTV | FICO | Max Ratios | |
|---|---|---|---|---|---|
| | | | | Comp factors *not* required | Comp factors required[6] |
| **Purchase** | | | | | |
| **Primary** | **1-2** | **96.5/100%** [22] | **580** | **31%/43%** | **40/43%** [6] |
| **HUD-Approved Secondary Home** | **1** | **85%** | **620** | **31%/43%** | **40/43%** [6] |
| **Rate/Term Refinance** | | | | | |
| **Primary** | **1-2** | **97.75%** [21] | **580** | **31%/43%** | **40/43%** [6] |
| **HUD-Approved Secondary Home** | **1** | **85%** | **620** | **31%/43%** | **40/43%** [6] |
| **Cash Out Refinance** | | | | | |
| **Primary** | **1** | **80%** | **580** | **31%/43%** | **40/43%** [6] |
| | **2** | | **620** | | |

**Bold Blue font indicates enhanced Overlay requirement**

| Manual Underwrite Guidelines | | |
|---|---|---|
| 1 | All loans | • All manually underwritten loans must meet standard FHA Guidelines and any applicable Nationstar Overlay.<br>• **The underwriter must not use AUS findings** once a loan has been downgraded for manual underwriting |
| 2 | Appraisal | • A full appraisal is required.<br>• If located in FEMA disaster area, follow Policy and Procedure: PM1-2694311 FEMA Disaster Procedure<br>• The appraisal must be reviewed by a licensed appraiser based on the following criteria.<br>◦ CU Score 3.0 or higher with an Overvaluation Flag |
| 3 | Assets and Reserves | • All 1-2 Unit properties require one-month PITI reserves after closing (cannot come from cash back at closing, gift funds, equity in another property, or borrowed funds from any source). See FHA Guidelines - Manual Underwriting section for complete details |
| 4 | Bankruptcy | • Ch. 7 Bankruptcy: At the time of case number assignment, at least 2 years must have elapsed since the discharge date, and during this time, the borrower must have re-established good credit or chosen not to incur new credit obligations.<br>◦ A discharge date between 12 and 24 months may be acceptable if:<br>▪ the borrower can show the bankruptcy was caused by extenuating circumstances beyond their control; and<br>▪ the borrower has since exhibited a documented ability to manage their financial affairs in a responsible manner.<br>• Ch. 13 Bankruptcy: **Must be discharged at the time of case number assignment.** The lender must document that the borrower's current situation indicates that the events which led to the bankruptcy are not likely to recur.<br>**Note:** if the credit report does not verify the discharge date, or additional documentation is necessary to determine if any liabilities were discharged in the bankruptcy, the bankruptcy and discharge documents must be obtained. |
| 5 | CAIVRS LDP& GSA(SAM) | • CAIVRS are required for all borrowers.<br>• LDP and GSA(SAM) lists must be checked for all Program Participants. |

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| 6 | **Debt-to Income Ratios** | **31/43%**<br>No compensating factors required.<br>• Follow current manual underwriting guideline requirements<br><br>**40/43%**<br>Must meet *all* of the following:<br>• 0x30 mortgage history in the 12 months prior to underwriter approval date; *and*<br>• Verified/documented cash reserves of 3 months PITIA; *and*<br>• Must pass Residual Income test<br><br>Plus, must meet at least one Compensating Factor from the following list:<br>◦ **Rate/Term**<br>▪ New monthly mortgage payment (PITIA) is reduced by at least 5% or $100, whichever is greater or<br>▪ More stable product (ARM to Fixed – Balloon/IO to Fixed Rate - 1 Year ARM to 5/1 ARM) or<br>▪ Reduction in Term and Rate by at least .25%<br>◦ **Cash out**<br>▪ 3-4 Unit: Ineligible<br>▪ New back-end DTI is at least 5% lower than existing with debt consolidation.<br>▪ New back-end DTI is reduced with Max LTV 80%.<br>◦ **Purchase**<br>▪ New PITIA cannot exceed current PITIA/Rent *or*<br>▪ 80% maximum LTV. |
| 7 | Noncitizen Borrowers | • Refer to **STN-427295** *Loans to Noncitizen Borrowers Standard*, and<br>• See *Mr. Cooper-Overlay Matrix* |
| 8 | Collections | • If the credit report shows cumulative outstanding collection balances of $2,000 or greater, lender must:<br>◦ verify the debt is paid in full at or prior to disbursement using acceptable source of funds;<br>◦ verify borrower has made payment arrangements and include the monthly payment with liabilities; or<br>◦ if payment arrangement is not available, calculate monthly payment using 5% of outstanding balance of each collection and include the monthly payment with liabilities.<br>◦ Medical collections and Charge Offs are not included.<br>◦ Collection accounts of non-borrower spouse in a community property state must be included in the $2,000 cumulative balance. |
| 9 | Credit | Refer to *HUD 4000.1 Manual Underwriting of the Borrower* for complete details:<br>• **Insufficient Credit or No Score is not eligible. All borrowers must have a minimum of one credit score.**<br>• Use the same credit report and credit scores sent to TOTAL<br>• Not listed on Credit Report: Develop credit information separately for any open debt listed on the mortgage application but not referenced in the credit report using procedures from Manual Underwriting section of FHA Guidelines.<br>• No tolerance for increase in liabilities; all applicable monthly liabilities must be included in the qualifying ratios.<br>• Obtain written explanation for all inquiries in last 90 days listed on the credit report.<br>• Medical collections and Charge Off accounts are not included in debt ratios.<br>• Letter of Explanation is required for derogatory credit.<br>**Satisfactory Credit**<br>• The underwriter may consider a Borrower to have an acceptable payment history if:<br>◦ Borrower has made all housing and installment debt payments on time for the 12 months prior to underwriter approval date and has no more than two 30-Day late Mortgage Payments or installment payments in the previous 24 months.<br>◦ Borrower has no major derogatory credit on revolving accounts in the previous 12 months (i.e.; any payment made more than 90 Days after the due date, or three or more payments made more than 60 Days after the due date). |

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# FHA Manual Underwrite Matrix

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| 10 | Credit Counseling/ Payment Plan | • One year of the payment plan has elapsed with satisfactory performance, ***and***<br>• Borrower has received written permission from the counseling agency to enter into the mortgage transaction. |
| 11 | Derogatory Accounts | • Document reasons for approving the loan when the Borrower has any collection, charge off, or disputed derogatory accounts.<br>• Borrower must provide a letter of explanation, supported by documentation covering each separate occurrence. The explanation and supporting documentation must be consistent with other credit information in the file. |
| 12 | Foreclosure, Pre-Foreclosure, Short Sale | • Generally, not eligible if within three years from the date of case number assignment.<br>◦ The three-year period begins on the date of the Deed in Lieu, the date that the Borrower transferred ownership of the Property to the foreclosing Entity/designee, or the date of transfer of title by Short Sale.<br>◦ See Manual section of Underwriting Guidelines for eligibility if less than three years and extenuating circumstances exist. |
| 13 | Fraud Manager | • **A Fraud Manager report is required according to procedure:** Fraud Manager Report Procedure PM1-552476 |
| 14 | Housing Payment History | • Verify payment history through credit report; VOR received directly from the landlord (only if no Identity of Interest with the Borrower); VOM received directly from Servicer or private individual; or canceled checks covering the most recent 12 months.<br>• Borrowers, who are living rent free, require verification from the property owner stating:<br>◦ Address where the borrower is residing, and<br>◦ Borrower has been living rent free, and<br>◦ The length of time borrower has been living there rent free.<br>• For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments.<br><br>Refer to Line 9 *Credit/Satisfactory Credit* for additional requirements |
| 15 | HPML/HPCT | • Federal HPML loans must escrow for taxes and insurance.<br>• Federal HPCT QM Rebuttable Presumption loans are eligible. |
| 16 | Income and Employment | • SSN for each borrower must be validated and documented by:<br>◦ FHAC validation screen; and<br>◦ Reviewing SS Card or employment documentation (W2 or Tax Transcripts). Any inconsistency or multiple SSNs must be resolved using a service provider to verify the SSN with the SSA.<br>• **Signed 4506-C and transcripts as required per** 4506-C and Income Document Procedures PM1-282226<br>• Verbal Re-Verification of Employment is required within 10 calendar days of Note date<br>• **Frequent Job changes**: if borrower has changed employers more than 3 times in the 12-months prior to case assignment or changed line of work, Lender must establish stability of income by obtaining:<br>◦ Transcripts of training/education demonstrating qualification for new position; or<br>◦ Employment documentation evidencing continual increases in income or benefits<br>◦ Additional analysis is not required for employers such as Union Trades or Temp Companies.<br>• **Gaps in employment 6 mos. or more** (extended absence). Income may be used if documented that:<br>◦ borrower has been employed in current job at least 6 months at time of case assignment; and<br>◦ borrower has a 2-year work history prior to the absence.<br>• **Non-Taxable Income**: may include child support, military allowances, a portion of Social Security income, certain Retirement, and certain disability/public assistance. The portion of income that is non-taxable may be grossed up the greater of 15% or the actual tax rate for the income amount. The income must continue at least 3 years. The non-taxable status must be documented by tax returns or another acceptable source. |

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| 17 | Income: Self/ Employment | • Self-Employment Income may be considered if the Borrower has been self-employed for at least two years.<br>• If the Borrower has been self-employed between one and two years, this income may only be considered if the borrower was previously employed in the same line of work as the self-employment or in a related occupation for at least two years.<br>• A business credit report is required for all Corporations and "S" Corporations.<br>• Obtain signed, completed individual and business federal income tax returns for the most recent two years, including all schedules. There is no exception that would allow not obtaining business federal returns or transcripts on a Manual UW.<br>• Where the Borrower has a history of Rental Income from the subject since the previous tax filing, verify and document the existing rental Income by using the existing lease, rental history over the previous 24 months that is free of unexplained gaps greater than three months (such gaps could be explained by student, seasonal or military renters, or property rehabilitation), and the Borrower's most recent tax returns, including Schedule E, from the previous two years.<br>• IRS Form 4506-C to be processed based on current policy 4506-C and Income Document Procedures PM1-282226 and must cover 2 years.<br>• If self-employed income shows a greater than 20% decline over the analysis period, obtain documentation to show the business income is now stable:<br>◦ Document the reduction in income was the result of an extenuating circumstance; and<br>◦ Document that the income has been stable or increasing for a minimum of 12 months; and<br>◦ The borrower must qualify using the reduced income.<br>Verification of Self-Employment:<br>• Verify the existence of the borrower's business from a third party such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and<br>• Verify a phone listing and address for the borrower's business using the internet or directory assistance.<br>• Documents used for verification must be dated within 120 calendar days of closing date except for documents such as Business License which must be current and not expired at closing. |
| 18 | Income: Disability Benefits | • Disability Benefits are received from the Social Security Administration (SSA), the Department of Veteran Affairs (VA), Workers Comp, and other public or private disability insurance providers. The U.S. Dept. of Labor also provides disability compensation under these OWCP (Office of Worker's Compensation Programs):<br>◦ FECA Benefits (Federal Employees' Compensation Act)<br>◦ DEEOIC (Division of Energy Employees Occupational Illness Compensation)<br>◦ DLHWC (Division of Longshore and Harbor Worker's Compensation)<br>◦ DCMWC (Division of Coal Mine Worker's Compensation)<br>• If the Notice of Award or equivalent document does not have a defined expiration date, consider the income effective and reasonably likely to continue.<br>• If any disability income is due to expire within three years from the date of application, that income cannot be used as effective income.<br>• Under no circumstance may you inquire into or request documentation concerning the nature of the disability or the medical condition of the borrower. |
| 19 | Judgments and Tax Liens | • **Judgments and Tax liens** must be resolved or paid off prior to or at closing with an acceptable source. A Judgment or tax lien is considered resolved if the borrower has entered into a valid agreement with the creditor, has made timely payments for at least 3 months of scheduled payments prior to closing/settlement (cannot pre-pay), and the repayment agreement must be subordinate to the FHA first mortgage. A subordination agreement is required for any liens on title. Obtain a copy of the repayment agreement and include payment in DTI ratio.<br>• A Federal Tax Lien in repayment does not require a Subordination Agreement and may remain on title if the following conditions are met:<br>◦ Borrower is in a valid Repayment Agreement with the federal agency owed (obtain a copy of the agreement),<br>◦ Borrower has made timely payments for at least three consecutive months of scheduled payments prior to closing (cannot prepay), and<br>◦ The monthly payment amount is included in the debt ratio.<br>• If a Judgment or lien is not on the credit report but found elsewhere such as on Title, it must be disclosed on the Declarations section of the 1003.<br>• **Non-borrowing spouse** (in community property state): must include any payments on judgment or tax liens. |

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# FHA Manual Underwrite Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| 20 | Non-Borrowing Spouse | If a Borrower resides in or the subject property is located in a Community Property state:<br>• obtain a credit report for the Non-Borrowing Spouse and include all debts in the qualifying ratios.<br>  ◦ the credit report must indicate the non-borrowing spouse's SSN was matched under the Social Security Verification found in the Summary section (near the end of the credit report).<br>  ◦ If the credit report does not show the "SSN Matched" obtain the Non-Borrowing Spouse's signature on Form SSA-89 and obtain verification directly from the SSA.<br>• If the non-borrowing spouse does not have an SSN, provide a statement of this fact and the credit report must contain the non-borrowing spouse's full name, date of birth, and previous addresses for the last two years.<br>• A Non-Borrowing Spouse's derogatory credit is not a reason to deny a loan.<br>• Community Property states identified by the IRS are: AZ, CA, ID, LA, NM, NV, TX, WA, WI. |
| 21 | Refinance – Rate/Term | • LTV/CLTV is limited to 85% if borrower has occupied less than 12 months prior to case assignment or if owned less than 12 months and not occupied the entire period of ownership.<br>• Max $500 cash back. No cash back in Texas.<br>• Temporary interest rate buydowns are not allowed.<br>• **Properties listed for sale at time of application are ineligible.**<br>• For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments. |
| 22 | Secondary Financing | • Secondary financing is only allowed from Governmental entities providing down payment assistance that meet FHA requirements. |
| 23 | Secondary Residency (HUD Approved) | A borrower may be eligible to obtain another FHA-insured mortgage without being required to sell an existing property, if:<br>• 1-Unit only.<br>• Secondary Home requires written approval from HUD.<br>• Must demonstrate:<br>  ◦ Borrower has no other secondary residence;<br>  ◦ The Secondary Home is not a vacation home or used primarily for recreational purposes;<br>  ◦ Commuting distance to workplace creates undue hardship and no affordable rental housing meeting borrower's needs is within 100 miles of workplace; and<br>  ◦ Max loan amount is 85% of the lesser of the appraised value or sales price. |
| 24 | Temporary Buydown Plans | **Requirements**<br>• When the source of the buydown funds is an interested party to the property sale or purchase transaction, interested-party contribution limits apply.<br>• The Mortgagee must use the Note rate when calculating principal and interest for Mortgages that involve a temporary interest rate buydown.<br><br>**Eligible Transactions**<br>• Plan Terms: 12, 24 and 36 months<br>• Purchase Transactions<br>• Primary Residences<br>• 1-unit Properties<br><br>**Ineligible Transactions**<br>• Second Homes<br>• Investment Properties<br>• Adjustable-Rate Mortgages<br>• Refinance Transactions<br>• 2–4-unit Properties |

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# FHA Manual Underwrite Matrix

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| 25 | Terms | • Conforming: Fixed 15, 20, 25, 30 Year<br>• **High Balance: 30 Year Fixed or 5/1 ARM only** |
| 26 | 2 Unit | • HUD-92561 (Borrower's Contract with Respect to Hotel and Transient Use) completed by the borrower is required.<br>• One-month PITI reserves after closing (cannot come from cash back at closing, gift funds, equity in another property, or borrowed funds from any source). |

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Non-Delegated Correspondent, Wholesale

# FHA Simple Refinance Matrix

Mr. CooperGroup

November 1, 2024

| Occupancy | Type | LTV/CLTV | FICO | Max DTI [4] |
|---|---|---|---|---|
| Primary | 1-2 units [3] | 97.75% | **580** | **50%** |
| | | | **640** | **AUS** |
| | 3-4 units [3] | **85%** | **580** | **43%** |
| | | | **640** | **AUS** |
| HUD Approved Secondary Home [1] | 1 unit | 85% | **620** | **50%** |
| | | | **640** | **AUS** |

**Bold Blue font indicates enhanced Overlay requirement.**

(1) **Secondary Home**: Requires written approval from HUD. Send complete loan package to Credit Risk-UW Support for review and they will forward to HUD. Must demonstrate: Borrower has no other secondary residence; subject not a vacation home or used primarily for recreational purposes; commuting distance to work creates undue hardship and no affordable rental housing meeting borrower's needs is within 100 miles of workplace; and maximum loan amount is 85% of the lesser of appraised value or sales price. Document satisfactory explanation of need, lack of available rental housing, and written evidence from local real estate professionals verifying lack of acceptable housing in the area.

(2) **2 Unit Property**: HUD-92561 must be signed by borrower when the subject is a 2-4-unit property (Hotel and Transient Use).

(3) **3-4 Unit Property**: HUD-92561 must be signed by borrower when the subject is a 2-4-unit property (Hotel and Transient Use).

- **Non occupant co-borrower is not eligible.**
- **0x30 mortgage/rent history in the last 12 months**
- **Max LTV/CLTV 85%**
- PITI may not exceed 75% gross market rents for all units per appraisal.
- 3 months PITI reserves
- **Manual UW not allowed on 3-4 units.**

(4) **Manually underwritten loans are limited to 43% DTI; Refer to Manual Underwrite Matrix for Comp. factors to extend ratios**

## FHA Simple Refinance Requirements:

- Existing loan must be FHA-insured. All proceeds must be used to pay the existing mortgage and costs associated with the transaction.
- Primary Occupancy: Borrower must provide current employment documentation or utility bill to evidence the subject property is currently occupied as their primary residence. The W2 Statement is not sufficient to satisfy evidence of current occupancy.
- Obtain the payoff statement for the existing Mortgage being financed.
- Cash out is not allowed. Cash back at closing must not exceed $500 (does not include unused escrow balance). $0 cash back in Texas.

**Mortgage Payment History for AUS & Manual UW loans:**

- For mortgages on all properties with < 6 mos. payment history, Borrower has made all payments within month due.
- For mortgage on all properties with > 6 mos. payment history, Borrower has made all payments within month due for 6 mos. prior to case assignment and no more than 1x30 late for months 7-12 for all mortgages.
- Borrower has made the payment for all mortgages secured by the subject for the month prior to mortgage disbursement.
- If the subject mortgage is not reported in the credit report, obtain a VOM to evidence payment history for the previous 12 months.
- For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments.

**Maximum Loan Amount Calculation:**

- Use the lower of current FHA Loan Limits; or Max. LTV requirement; or the sum of Existing Debt plus Allowed Costs (below).
  - *Existing Debt* (unpaid principal bal. of FHA first mortgage at month prior to disbursement, interest & MIP due, late charges, escrow shortage).
  - *Allowed Costs* (all borrower paid costs associated with new mortgage and borrower paid repairs required by appraisal).
- Subtract any refund of UFMIP = Maximum base loan amount.
- DO NOT INCLUDE: any purchase money junior lien as of the month prior to disbursement; unpaid balance of any junior lien; ex-spouse or co-borrower equity; or any prepayment penalties.

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# FHA Simple Refinance Matrix

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November 1, 2024

| | | |
|---|---|---|
| 1 | Appraisal | • An appraisal is required.<br>• **Properties listed for sale at time of application are ineligible.**<br>• **If located in a FEMA disaster area, follow Policy and Procedure: FEMA Disaster Procedure PM1-2694311**<br>• **Adjusted Value**<br>  ◦ Properties acquired within 12 months of case assignment: Adjusted Value is the lesser of:<br>  ▪ Purchase price plus documented improvements made after purchase or<br>  ▪ Actual Appraised Value<br>  ◦ Properties acquired 12 months or more of case assignment: Adjusted Value is<br>  ▪ The appraised value.<br>If acquired by inheritance or family gift within 12 months of case assignment use the appraised value. |
| 2 | Appraisal Age | • 120-day validity period may be extended for 30 days at the option of the DE Underwriter if:<br>  ◦ Lender approved borrower or HUD issued a commitment before the expiration of the original appraisal; or<br>  ◦ Borrower signed a valid sales contract prior to the expiration date of the appraisal.<br>• Appraisal Updates must be performed before the initial appraisal has expired.<br>  ◦ When the initial appraisal has been updated, the updated appraisal is valid for 240 days after the effective date of the initial appraisal report |
| 3 | Assets / Reserves | • Recently opened accounts and individual deposits more than 1% of Adjusted Value must be sourced & documented.<br>• Reserves: (may not be from: cash back, incidental cash at settlement, borrowed funds or equity)<br>  ◦ AUS (TOTAL)**:** 3-4 Unit: 3 months PITI reserves.<br>  ◦ Manual UW: 1-2 Unit: 1-month PITI reserves (on manual underwrite reserves cannot be gifted). Note: 3-4 units are not allowed for Manual UW. |
| 4 | AUS | • DU or LPA findings are required on all loans.<br>• Refer findings require a manual underwrite. |
| 5 | AUS – Downgrade | **DU and LPA Approved loans must be Downgraded and manually underwritten if:**<br>• There is information/documentation that cannot be entered into or evaluated by TOTAL.<br>• Credit report used by TOTAL indicates Borrower has $1,000 or more collectively in Disputed Derogatory Credit Accounts. (Does not include medical or non-borrowing spouse derogatory credit.)<br>• Any mortgage or mortgage line-of-credit during the most recent 12 months reflects:<br>  ◦ Three or more late payments of greater than 30-Days, or<br>  ◦ One or more late payment of 60 Days plus one or more 30 Day late, or<br>  ◦ One payment greater than 90 Days late.<br>• For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments.<br>• There is an undisclosed mortgage (must be verified directly with the Servicer) and the mortgage history reflects:<br>  ◦ A current delinquency, or<br>  ◦ Any delinquency within 12 months of case assignment date, or<br>  ◦ More than 2 x 30 within 24 months of case assignment date.<br>• Business income shows a greater than 20% decline over the analysis period.<br>Refer to FHA Manual Matrix for underwriting guidance. |
| 6 | Bankruptcy | • For any Bankruptcy (Chapter 7 or Chapter 13) at least two years from discharge date to case number assignment date must be documented.<br>• If the discharge is within two years from the case number assignment date, the loan must be downgraded to a Refer and manually underwritten. (See FHA Manual Underwrite Matrix). |
| 7 | CAIVRS & LDP/GSA(SAM) | • CAIVRS are required for all borrowers.<br>• LDP and GSA(SAM) lists must be checked for all Program Participants. |

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# FHA Simple Refinance Matrix

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November 1, 2024

| | | |
|---|---|---|
| 8 | Noncitizen Borrowers | • Refer to **STN-427295** *Loans to Noncitizen Borrowers Standard*, and<br>• See *Overlay Matrix* |
| 9 | Collections | • If the credit report shows cumulative outstanding collection balances of $2,000 or greater, lender must:<br>◦ verify the debt is paid in full at or prior to disbursement using acceptable source of funds;<br>◦ verify borrower has made payment arrangements and include the monthly payment with liabilities; or<br>◦ if payment arrangement is not available, calculate monthly payment using 5% of outstanding balance of each collection and include the monthly payment with liabilities.<br>◦ Medical collections and Charge Offs are not included.<br>◦ Collection accounts of non-borrower spouse in community property states are included in the $2,000 cumulative balance. |
| 10 | Condos | • Verify the condo project is on the list of FHA Approved Condo Projects or FHA Single Unit Condo Approval;<br>• FHA Form HUD-9991 must be completed by the HOA (sections 1-3) – if the HOA uses a third party to complete the form, the processor must provide the HUD-9991 form if needed<br>• The underwriter must review the HUD-9991 (Section 3) and certify the project meets the requirements.<br>• The underwriter must sign and date the FHA Lender Certification for Individual Unit Financing certifying the project meets the requirements.<br>• REO properties do not require Condo Project Approval or HUD-9991. |
| 11 | Credit Documentation | • **FICO: a minimum of one FICO score is required.**<br>• Credit Documents may not be more than 120 days old at disbursement date.<br>• Day one is the day after the effective or issue date of the document, whichever is later.<br>• The most recent document must be dated no earlier than 30 days from the date of application.<br>• Third party verifications may not be handled by or transmitted through any interested party or the borrower. |
| 12 | FHA Requirements | • At least one borrower on the Note from the existing loan must remain on the Note for new loan.<br>• Refinance Authorization from FHA Connection with valid closing month.<br>• Temporary interest rate buydowns are not allowed. |
| 13 | Foreclosure | • Foreclosure, Pre-foreclosure/Short Sale/Deed-in-lieu:<br>◦ Must be greater than 3 years from date of case assignment.<br>◦ The 3-year period begins on the date in which title transferred from borrower.<br>◦ If credit report does not indicate the specific date, obtain the settlement statement, deed, or other legal document evidencing date of property transfer. |
| 14 | Fraud Manager | • **A Fraud Manager report is required** |
| 15 | HPML/HPCT | • Federal HPML loans must escrow for taxes and insurance.<br>• Federal HPCT QM Rebuttable Presumption loans are eligible<br>• Must credit qualify if required by state rules. |

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| | | |
|---|---|---|
| 16 | Income and Employment | • SSN for each borrower must be validated and documented by<br>  ◦ FHAC validation screen; and<br>  ◦ Reviewing SS Card or employment documentation (W2 or Tax Transcripts).<br>• Any inconsistency or multiple SSNs must be resolved.<br>  ◦ Resolve any inconsistencies or multiple SSNs for individual Borrowers that are revealed, using a service provider to verify the SSN with the SSA. Follow current procedures with PRM review.<br>• **Signed 4506C and transcripts as required per** 4506C Procedure PM1-282226<br>• Verbal Re-Verification of Employment is required within 10 calendar days of Note date<br><br>• **Frequent Job changes**: if borrower has changed employers more than 3 times in the 12-months prior to case assignment or changed line of work, Lender must establish stability of income by obtaining:<br>  ◦ Transcripts of training/education demonstrating qualification for new position; or<br>  ◦ Employment documentation evidencing continual increases in income or benefits<br>  ◦ Additional analysis is not required for employers such as Union Trades or Temp Companies.<br>• **Gaps in employment 6 mos. or more** (extended absence). Income may be used if documented that:<br>  ◦ Borrower has been employed in current job at least 6 months at time of case assignment; and<br>  ◦ Borrower has a 2-year work history prior to the absence.<br>• **Non-Taxable Income**<br>  ◦ May include child support, military allowances, a portion of Social Security income, certain Retirement, and certain disability/public assistance.<br>  ◦ The portion of income that is non-taxable may be grossed up the greater of 15% or the actual tax rate for the income amount.<br>  ◦ The income must continue at least 3 years.<br>  ◦ The non-taxable status must be documented by tax returns or another acceptable source. |
| 17 | Income: Self-Employment | **Self-Employment Verification**:<br>• Verify the existence of the borrower's business from a third party such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and<br>• Verify a phone listing and address for the borrower's business using the internet or directory assistance.<br>• Documents used for verification must be dated within 120 calendar days of closing date except for documents such as Business License which must be current and not expired at closing.<br>• **4506-C Procedure PM1-282226 Tax transcripts are required when a borrower is using qualifying income from self-employed income or W-2 Income for borrowers employed by a family member, the property seller, real estate broker or other interested party to the transaction.** |
| 18 | Income: Disability Benefits | • Disability Benefits are received from the Social Security Administration (SSA), the Department of Veteran Affairs (VA), Workers Comp, and other public or private disability insurance providers. The U.S. Dept. of Labor also provides disability compensation under these OWCP (Office of Worker's Compensation Programs):<br>  ◦ FECA Benefits (Federal Employees' Compensation Act)<br>  ◦ DEEOIC (Division of Energy Employees Occupational Illness Compensation)<br>  ◦ DLHWC (Division of Longshore and Harbor Worker's Compensation)<br>  ◦ DCMWC (Division of Coal Mine Worker's Compensation)<br>• If the Notice of Award or equivalent document does not have a defined expiration date, consider the income effective and reasonably likely to continue.<br>• If any disability income is due to expire within three years from the date of application, that income cannot be used as effective income.<br>• Under no circumstance may you inquire into or request documentation concerning the nature of the disability or the medical condition of the borrower. |

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# FHA Simple Refinance Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| 19 | Judgments and Tax Liens | • **Judgments and Tax liens** must be resolved or paid off prior to or at closing with an acceptable source. A Judgment is considered resolved if the borrower has entered into a valid agreement with the creditor, has made timely payments for at least 3 months of scheduled payments prior to closing/settlement (cannot pre-pay), and the repayment agreement must be subordinate to the FHA first mortgage. A subordination agreement is required for any liens on title. Obtain a copy of the repayment agreement and include payment in DTI ratio.<br>• A Federal Tax Lien in repayment does not require a Subordination Agreement and may remain on title if the following conditions are met:<br>  ◦ Borrower is in a valid Repayment Agreement with the federal agency owed (obtain a copy of the agreement),<br>  ◦ Borrower has made timely payments for at least three consecutive months of scheduled payments prior to closing (cannot prepay), and<br>  ◦ The monthly payment amount is included in the debt ratio.<br>• If a Judgment or lien is not on the credit report but found elsewhere such as on Title, it must be disclosed on the Declarations section of the 1003 and then rerun AUS. The FINAL loan application must be accurately disclosed, and the FINAL AUS run must match and include a condition regarding the Judgment or lien.<br>• **Non-borrowing spouse** (in community property state): must include any payments on judgment or tax liens. |
| 20 | Liabilities | • **Installment:** if payment is not shown on credit report, obtain copy of loan agreement or account statement.<br>• **Revolving:** if payment is not shown on credit report, use the account statement or 5% of the balance.<br>• **Closed end debt:** may be excluded if it will be paid off within 10 months and cumulative payments of all such debts are less than or equal to 5% gross monthly income. Borrower may not pay down balance to meet 10 months.<br>• **30-Day accounts** (balance paid monthly): use credit report to verify the account has been paid in full each month for the past 12 months. May be excluded if all payments made timely. If any late payment occurred in the last 12 months, Lender must use 5% of outstanding balance and include in ratios. The Lender must document funds are available to pay off the balance in excess of the funds and reserves required to close.<br>• **Authorized User:** accounts where the borrower is an authorized user must be included in DTI ratio unless Lender can document that the primary account holder has made all payments for the previous 12 months. If less than 3 payments have been required in previous 12-mos, the payment must be included.<br>• **Contingent liabilities**: To exclude a contingent liability from debt ratio calculation, obtain documentation as follows:<br>• **Mortgage Assumptions:** obtain the assumption agreement and deed showing transfer of Title out of Borrower's name.<br>• **Cosigned Liabilities**: obtain documentation to evidence that the other party to the debt has been making regular on-time payments during the previous 12 months and does not have a history of delinquent payments on the loan.<br>• **Divorce**: obtain a copy of the divorce decree confirming the ex-spouse is required to make payments.<br>• **Deferred obligations:** payment must be included. If payment is not on credit report, obtain loan agreement and use terms to calculate monthly payment. If terms are not available, use 5% of balance.<br>• **Student loans**: must be included in the Borrower's liabilities, regardless of the payment type or status of payments.<br>  ◦ The payment may be excluded from the Borrower's monthly debt when documentation from the loan program creditor or servicer indicates the debt has been forgiven, canceled, discharged, or otherwise paid in full.<br>  ◦ **Calculation of monthly Student Loan payment:** For outstanding Student Loans, regardless of payment status, the Underwriter must use one of the following calculation methods:<br>  ▪ When the reported payment is greater than zero;<br>  • Use the payment on the credit report -or- the actual documented payment.<br>  ▪ When the reported payment is equal to zero;<br>  • Use 0.5 percent of the outstanding loan balance.<br>  ▪ When a student loan payment has been suspended in accordance with COVID-19 emergency relief, and the reported payment is greater than zero;<br>  • Underwriter may use the payment on the credit report *-or-* the actual documented payment prior to suspension.<br>• **Federal Tax Debt: Borrowers owing > $7,500 in IRS tax liability for the most recent year's filing, documentation must include:**<br>  ◦ **Proof of payment in full, organized payment plan (include payment in ratios), or verify assets to cover full amount owed. *OR***<br>  ◦ **If FICO >700 and including a 5% payment on tax liability does not increase DTI >40%: No further action is required**. |

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| | | |
|---|---|---|
| 21 | Liabilities - Undisclosed | • **Undisclosed Debt**: not on the application and/or credit report, and not considered by AUS requires:<br>  ◦ Verify the actual monthly payment.<br>  ◦ Re-submit AUS if the cumulative change in total liabilities increases by more than $100 per month.<br>  ◦ Determine that any funds borrowed were not/will not be used for the borrower's MRI.<br>• **Manual Underwrite** has no tolerance for increases. Obtain written explanation for all inquiries in last 90 days.<br>• **Undisclosed Mortgage:** not on the credit report and not considered by AUS.<br>  ◦ Obtain verification of mortgage directly from the servicer.<br>  ◦ Downgrade and manually underwrite if the mortgage history (verified directly with the Servicer) reflects any delinquency within 12 months of case assignment; or more than 2 x 30 within 24 months of case assignment date.<br>• **Modified Loan**: Document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments. |
| 22 | Non-Borrowing Spouse/ Community Property States | • When a Borrower resides in or the subject property is located in a *Community Property* state, obtain a credit report for the Non-Borrowing Spouse, and include all debts in the qualifying ratios.<br>  ◦ The credit report must indicate the non-borrowing spouse's SSN was matched under the Social Security Verification found in the Summary section (near the end of the credit report).<br>  ◦ If the credit report does not show the "SSN Matched" obtain the Non-Borrowing Spouse's signature on Form SSA-89 and obtain verification directly from the SSA.<br>  ◦ If the non-borrowing spouse does not have an SSN, provide a statement of this fact and the credit report must contain the non-borrowing spouse's full name, date of birth, and previous addresses for the last two years.<br>  ◦ A Non-Borrowing Spouse's derogatory credit is not a reason to deny a loan.<br>NOTE: Community Property states identified by the IRS are: AZ, CA, ID, LA, NM, NV, TX, WA, WI. |
| 23 | Power of Attorney | **Power of Attorney:**<br>• **Must either be a Statutory Form POA, a specific POA to the loan transaction, or a durable POA used due to incapacity of the borrower.**<br>• **Specific POAs must include the parties in the transaction, property address, and reference the specific loan transaction. The individual acting as Attorney-In-Fact must have a familial or fiduciary relationship with the borrower or a personal relationship with an ownership interest in the subject property.**<br>• **POAs are only allowed in extenuating circumstances (hardship or emergency) where borrower cannot attend the closing. Signed explanation from the borrower is required to validate the extenuating circumstance.**<br>• **Cash-out Refi and Texas 50(a)(6) are ineligible to close with a POA.**<br>All currently published requirements must be met. |
| 24 | Property Type | • **Eligible:**<br>  ◦ 1-4 units,<br>  ◦ HUD approved Condos,<br>  ◦ Leaseholds (copy of agreement required).<br>• **Ineligible:**<br>  ◦ Co-op,<br>  ◦ Condotel**,**<br>  ◦ **Manufactured Home,**<br>  ◦ **Hawaiian Homeland Properties,**<br>  ◦ **Hawaii properties in Lava Zone 1 and Lava Zone 2** |
| 25 | Secondary Financing | • Existing Subordinate financing at time of case assignment must re-subordinated and meet LTLV/CLTV requirements.<br>• No new subordinate financing is allowed.<br>• Open-end line of credit must use the maximum credit limit to calculate CLTV ratio.<br>• **UCC-1's for Solar Panels:** (Usually found on Title) May remain outstanding and will not affect LTV/CLTV.<br>  ◦ Some Title companies require subordination and others do not. Specific Title Company policy must be followed. |

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# FHA Simple Refinance Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| 26 | Terms | • Fixed rate: 15, 20, 25, 30 year - Conforming loan amounts<br>• ARM: (primary occupancy only) –5/1 ARMs must qualify at Note rate & have 30-year term.<br>• **High Balance Loans: 30 Year Fixed or 5/1 ARM only.** |
| 27 | Texas 50 (a)(6) | • Ineligible. Review title to ensure no prior 50(a)(6) transactions (may only be done as rate/term with no cash back) |
| 28 | UFMIP/ Annual MIP | • Refinance of loan that was endorsed on or before May 31, 2009: UFMIP is .01%<br>• Annual MIP of a loan that was endorsed on or before May 31, 2009, is .55% |

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Non-Delegated Correspondent, Wholesale

# FHA Streamline Matrix

Mr. CooperGroup®

November 1, 2024

**Existing loan must be FHA-insured.** **Bold Blue font indicates enhanced Overlay requirement.**

| | Occupancy | Units | CLTV | Minimum FICO | DTI Ratio |
|---|---|---|---|---|---|
| Credit Qualifying | Primary | 1 | **125%** | **640** | **31/43** |
| Non-Credit Qualifying | Primary | 1 | N/A - no limit | **640** | N/A – no limit |

| | | |
|---|---|---|
| 1 | Appraisal | • Streamlines do not require an appraisal. Receipt of appraisal does not affect eligibility or maximum loan amount.<br>• If located in a FEMA disaster area use link below for Policy and Procedures.<br>• FEMA Disaster Procedure PM1-2694311 |
| 2 | Assets / Reserves | **Non-Credit Qualify:**<br>• If funds to close are less than the new PITI, no action is required.<br>• For Case Numbers assigned on or after 9/20/21: If amount of funds to close exceeds new PITI, the Lender must verify sufficient assets to cover the total amount of the Borrower's funds to close in accordance with FHA's Source of Funds requirements. The amount of verified assets must be documented on the 1003.<br>• For Case Numbers assigned prior to 9/20/21: If the amount of funds to close exceeds new PITI, only the excess amount is required to be verified. The amount of verified assets must be documented on the 1003.<br>**Credit-Qualify:**<br>• Assets must be documented and sourced per manual underwriting guidelines for funds to close and reserves.<br>• **Required Reserves:** 1-month PITI. May *not* be: gift, incidental cash back, borrowed funds or equity. |
| 3 | Bankruptcy, Collections, Charge Offs, Judgments, and Liens | • **All Bankruptcies must be discharged at the time of case number assignment.**<br>• Collections and Charge-offs do not require payoff unless they affect Title, or they have a cumulative outstanding collection account balance of $2,000 or greater. Follow manual underwrite guidelines for collections.<br>• Judgments and Tax liens must be paid if they affect Title. Exceptions allowed if borrower has entered into a valid agreement with the creditor, has made timely payments for at least 3 months of scheduled payments prior to closing/settlement (cannot pre-pay), and repayment agreement must be subordinate to FHA first mortgage. Include payment in ratios. A subordination agreement is required for any liens on title.<br>• A Federal Tax Lien in repayment does not require a Subordination Agreement and may remain on title if the following conditions are met:<br>◦ Borrower is in a valid Repayment Agreement with the federal agency owed (obtain a copy of the agreement),<br>◦ Borrower has made timely payments for at least three consecutive months of scheduled payments prior to closing (cannot prepay), and<br>◦ The monthly payment amount is included in the debt ratio – only if credit qualifying.<br>• If a Judgment or lien is not on the credit report but found elsewhere such as on Title, it must be disclosed on the Declarations section of the 1003. |
| 4 | Borrower Eligibility | **Non-Credit Qualify:**<br>• All borrowers on the existing loan must remain on the new loan. Use Note on existing loan to verify.<br>• A borrower may be removed by death (obtain death cert) or divorce or legal separation when the divorce or separation agreement awards the property and liability to the remaining borrower - in each case, document the remaining borrower has made the mortgage payments for at least 6 months prior to case assignment.<br>• Individuals may be added to title/mortgage with no credit review if all existing borrowers remain on new loan.<br>• Borrowers are exempt from Citizenship and Immigration Status.<br>**Credit Qualify:**<br>• Note on existing loan is used to verify any change in Borrowers. Use original note or alternate documentation detailing an original borrower is remaining on the loan through credit report, FHA connection, or LSAMs.<br>• At least one borrower from the existing loan must remain on the new loan.<br>• All borrowers on the new loan must meet manual underwriting guidelines.<br>• **Noncitizen Borrowers**<br>◦ Refer to **STN-427295** *Loans to Noncitizen Borrowers Standard*, and<br>◦ See *Overlay Matrix* |
| 5 | CAIVRS & LDP/GSA(SAM) | • CAIVRS are not required for Streamlines.<br>• LDP and GSA(SAM) lists must be checked for all Program Participants. |

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# FHA Streamline Matrix

Mr. CooperGroup

November 1, 2024

| | | | | |
|---|---|---|---|---|
| 6 | Cash Back | • Maximum cash to borrower not to exceed $500.00.<br>• Cash back is not allowed in Texas. $0 allowed back to buyer in Texas. | | |
| 7 | Condo | • If the master insurance policy does not provide coverage for the interior improvements of the unit, the borrower will be required to obtain a "walls-in" insurance policy. If required, the HO-6 policy must provide coverage in an amount (**must state coverage amount**) as determined by the **insurer** to be enough to repair the condo unit to its condition prior to a loss claim event (i.e., replacement cost). H06 Must be escrowed.<br>• HOA dues must be verified if Non-Credit Qualifying.<br>• HOA dues must be verified and documented if Credit Qualifying.<br>Note: Streamline Refinances do not require Condo Project Approval or HUD-9991. | | |
| 8 | Credit | • SSN for all borrowers must be verified via income documents (e.g., paystubs, benefit letters, W2, 1099, etc.) or SSA89.<br>• Non-borrowing spouse in CP state: requires credit report and inclusion of debts (Refer to Manual UW requirements).<br>• All Streamline loans must be manually underwritten. AUS Findings are invalid. Must meet all manual underwriting credit requirements, except where listed as exempt.<br>• Enter all FICO scores in FHA Connection (Credit Qualify). If Non-Credit Qualify, a credit report is not required; however, if obtained for any reason the FICO scores must be entered in FHA Connection. | | |
| 9 | Exemptions: Credit Qualifying | • Ordering Appraisal<br>• Transferring Existing Appraisal<br>• Ordering Second Appraisal<br>• Ordering an Update to an Appraisal | • Delinquent Federal Tax Debt<br>• Borrower Ineligibility Due to Delinquent Federal Non-Tax Debt<br>• National Housing Act's Statutory Limits<br>• Nationwide Mortgage Limits | • LTV Limitations Based on Borrower's Credit Score<br>• Underwriting the Property<br>• Underwriting the Borrower Using the TOTAL Mortgage Scorecard |
| | Exemptions: Non-Credit Qualifying | • **All exemptions above plus:**<br>• Borrower and Co-Borrower Ownership and Obligation Requirements | • Military Personnel Eligibility<br>• Cosigner Requirements | • Credit Requirements (Manual)<br>• Income Requirements (Manual)<br>• Asset Requirements (Manual). Refer to Line #2 *Assets / Reserves* for exceptions. |
| 10 | FHA Requirements | • Note from existing FHA refinance is required.<br>• Payoff statement for existing loan being refinanced.<br>• Temporary interest rate buydowns are not allowed. | | |
| 11 | Fraud Manager | • **Fraud Manager report is required** | | |
| 12 | HPML/HPCT | • Federal HPML loans must escrow for taxes and insurance.<br>• Federal HPCT QM Rebuttable Presumption loans are eligible.<br>• Must credit qualify if required by state rules. | | |

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# FHA Streamline Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| 13 | Income | **Non-Credit Qualifying**:<br>• **All sections of the 1003 must be completed including employment (not income).**<br><br>**Credit Qualifying**:<br>• Complete 1003 all sections.<br>• Qualifying income is verified according to manual guidelines.<br>• Verbal Re-Verification of Employment is required within 10 calendar days of Note date.<br>• Retirement/Social Security: obtain most recent bank statement or award letter.<br><br>• **Self-Employment Verification**:<br>° Verify the existence of the borrower's business from a third party such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and<br>° Verify a phone listing and address for the borrower's business using the internet or directory assistance.<br>° Documents used for verification must be dated within 120 calendar days of closing date except for documents such as Business License which must be current and not expired at closing.<br><br>• **Non-Taxable Income**: such as child support, military allowances, a portion of Social Security income, certain Retirement, and certain disability/public assistance. Only the portion of income that is non-taxable may be grossed up the greater of 15% or the actual tax rate for the income amount. Income must continue at least 3 years. The non-taxable status must be documented by tax returns or another acceptable source.<br>• **4506-C Procedure PM1-282226 Tax transcripts are required when a borrower is using qualifying income from self-employed income or W-2 Income for borrowers employed by a family member, the property seller, real estate broker or other interested party to the transaction.**<br><br>• **Disability Benefits** are received from the Social Security Administration (SSA), the Department of Veteran Affairs (VA), Workers Comp, and other public or private disability insurance providers.<br>° The U.S. Dept. of Labor also provides disability compensation under these OWCP (Office of Worker's Compensation Programs):<br>▪ FECA Benefits (Federal Employees' Compensation Act)<br>▪ DEEOIC (Division of Energy Employees Occupational Illness Compensation)<br>▪ DLHWC (Division of Longshore and Harbor Worker's Compensation)<br>▪ DCMWC (Division of Coal Mine Worker's Compensation)<br>° If the Notice of Award or equivalent document does not have a defined expiration date, consider the income effective and reasonably likely to continue.<br>° If any disability income is due to expire within three years from the date of application, that income cannot be used as effective income.<br>° Under no circumstance may you inquire into or request documentation concerning the nature of the disability or the medical condition of the borrower. |
| 14 | Insurance | • Verify Hazard Insurance is equal to or greater than the new final loan amount. |
| 15 | Loan Amount Calculation | • Obtain FHA Refinance Authorization (FHA Connection) with valid closing month and Payoff statement.<br>° Use the Lower of:<br>▪ Unpaid Principal Balance (Payoff statement) as of the month prior to disbursement + Interest due + Late Charges + Escrow Shortages + MIP due -OR-<br>▪ Original Mortgage Amount including financed UFMIP (FHA Refi Auth.)<br>° Subtract: any Unearned UFMIP as of closing month (FHA Refi Auth.) = maximum base loan<br>° Add: new UFMIP calculated on base loan amount used = Total Loan Amount<br>• No max LTV. CLTV is limited to 125% (use Original Property Value from FHA Refi Auth. to calculate). |
| 16 | Mortgage Payment History | **Non-Credit Qualify**<br>• All mortgages on the Subject have been paid within the month due (0x30) for 12 months prior to disbursement.<br>**Credit Qualify**<br>• All mortgages on all properties have been paid within the month due (0x30) for 12 months prior to disbursement.<br>• For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments. |

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<table>
<tr><td>17</td><td>Net Tangible Benefit</td><td>

**Net Tangible Benefit is Required for all Streamline Refinance transactions.**

- For all Streamline Refinance transactions, the Lender must determine there is a Net Tangible Benefit (NTB) to the borrower. A Net Tangible Benefit is defined as satisfying one or more of the following:
  - **Combined Rate is Reduced**: Interest Rate plus MIP Rate on the new loan is lower than the old loan according to the chart below.
  - **Changing from ARM to Fixed Rate** resulting in a financial benefit to the borrower.
  - **Term Reduction**:
    - The remaining amortization period of the existing mortgage is reduced, and
    - Combined Rate is reduced according to the chart below, and
    - Combined principal, interest & MIP payment on new loan does not exceed old by more than $50.

<table>
<tr><th colspan="3">Combined Rate (Interest Rate plus MIP Rate)</th></tr>
<tr><td></td><td>Streamline <u>without</u> a Term Reduction or with a reduction in term of less than three years</td><td>Streamline <u>with</u> a Term Reduction of Three Years or More</td></tr>
<tr><td>Fixed to Fixed rate</td><td>The new combined rate must be at least 0.5% below prior combined rate.</td><td>The new combined rate must be below prior combined rate.</td></tr>
<tr><td>ARM to Fixed rate</td><td>The new combined rate must be no more than 2% above prior combined rate.</td><td>The new combined rate must be no more than 2% above prior combined rate.</td></tr>
</table>

</td></tr>
<tr><td>18</td><td>Occupancy</td><td>

- Borrower must provide current employment documentation or utility bill to evidence the subject property is currently occupied as their primary residence. The W2 Statement is not sufficient to satisfy evidence of *<u>current</u>* occupancy

</td></tr>
<tr><td>19</td><td>Property Types</td><td>

**Note:** All Streamlines are exempt from Property Eligibility and Acceptability Criteria such as dwelling unit limitation.

- **<u>Eligible:</u>**
  - 1- unit, Condo, Leasehold (leasehold agreement is not required)
- **<u>Ineligible</u>:**
  - Co-op, Condotel, **Manufactured Home, 2-4 Unit Dwellings, Hawaiian Homeland Properties, Hawaii properties in Lava Zone 1 and Lava Zone 2**

</td></tr>
<tr><td>20</td><td>Seasoning Requirements</td><td>

**Both FHA and Ginnie Mae Seasoning Requirements must be satisfied:**

<u>FHA Case Number Assignment Requirements:</u>

- On the date of the FHA case number assignment:
- the Borrower must have made at least (6) six payments on the existing mortgage;
- at least (6) six full months must have passed since the first payment due date of the existing mortgage;
- at least 210 Days must have passed from the Closing Date of the existing mortgage; and
- if the Borrower assumed the Mortgage that is being refinanced, they must have made (6) six payments since the time of assumption.

**AND**

- <u>Ginnie Mae Requirements:</u>
- The borrower has made at least 6 consecutively monthly payments on the loan being refinanced beginning on the first payment due date; and
- The first payment due date of the new loan is not earlier than <u>300</u> days after the first payment due date on the loan being refinanced. Otherwise, if you can obtain the actual Note and document the first payment due date on the loan being refinanced, then use the 210-day calculation.
- If the loan being refinanced was modified, then the first payment due date on the Modified Note must be used to satisfy these seasoning requirements. Refer to *Mortgage Payment History* requirements above for loans that have been modified

</td></tr>
</table>

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# FHA Streamline Matrix

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| 21 | Secondary Financing | • Existing Subordinate financing in place at time of case number assignment must be re-subordinated.<br>• A copy of the subornation agreement is required.<br>• No new subordinate financing is allowed.<br>• UCC-1's for Solar Panels: (usually found on Title) may remain outstanding and will not affect LTV/CLTV. Some Title companies require subordination and others do not. Specific Title Company policy must be followed. |
| 22 | Terms / Loan Limits | • Maximum Term is the Lesser of the remaining term plus 12 years or **30** years.<br>• **Fixed rate**: 15, 20, 25, 30 year - conforming loan amounts<br>• **Jumbo fixed rate**: 30 year only<br>• **Conforming & Jumbo ARM**: (primary occupancy only)<br>◦ 5/1 (Qualify at Note rate),<br>◦ Index: Constant Maturity Treasury Rate.<br>◦ Margin: 2%.,<br>◦ Caps: 1-1-5 |
| 23 | Texas 50 (a)(6) | • Texas 50(a)(6) is not allowed. Review title to ensure no prior 50(a)(6) transactions (these loans may be done as rate/term with no $0 cash back). |

Refer to Overlay Matrix and HUD 4000.1 Handbook for additional information.

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# VA Purchase and Cash-Out Refi Matrix

Mr. CooperGroup®

November 1, 2024

## All States *EXCLUDING* NJ and NY Properties

| Occupancy / Units | Max LTV / CLTV [22] (including Funding Fee) | Minimum FICO | Max DTI | Mortgage/Housing History Last 12 mos. |
|---|---|---|---|---|
| **Purchase** | | | | |
| Primary 1-2 Unit | 100% | 640 | AUS | 1x30 |
| Primary 3-4 Unit | | 660 | | |
| **Cash-Out Refinance** | | | | |
| Primary 1 Unit | 90% | 680 | AUS | 0x30 |
| | 85% | 660 | | |
| | 80% | 640 | | |
| | 70% | 620 | | |
| Primary 2-4 Unit | 90% | 680 | | |

## NJ and NY Properties

| Occupancy / Units | Max LTV / CLTV [22] (including Funding Fee) | Minimum FICO | Max DTI | Mortgage/Housing History Last 12 mos. |
|---|---|---|---|---|
| **Purchase** | | | | |
| Primary 1-2 Unit | 100% | 640 | AUS | 1x30 |
| **Cash-Out Refinance** | | | | |
| Primary 1-Unit | 90% | 680 | AUS | 0x30 |
| | 85% | 660 | | |
| Primary 2-Unit | 90% | 680 | | |

## Guidelines

| | | |
|---|---|---|
| 1 | **Appraisal** | • FEMA declared disaster area properties must follow FEMA Disaster Procedure PM1-2694311<br>• Pest inspection required in "very heavy" or "moderate to heavy" TIP zones, and if appraisal requires.<br>• REO property is not eligible for LAPP review when we own the property, or we are acting as agent for the seller.<br>• Septic/individual sewage inspection required if indicated by: Appraiser, the NOV, or where the property has been vacant.<br>• Water quality for individual water supply must meet requirements of local health authority. If none, use EPA requirements.<br>• Water quality for Community water must be approved by the local or State health officials.<br>See VA Local Requirements for specific items. Local requirements are underwriter conditions and do not go on the NOV. |
| 2 | **Assets / Reserves** | • **Large deposits: recently opened accounts and individual deposits more than 1% of the property value must be sourced.**<br>• **Reserves:**<br>◦ If the subject is a multi-unit property producing rental income that is used to qualify, 6 months PITI reserves are required.<br>◦ If rental income is used to qualify from any other property (not the subject), 3 months PITI reserves are required. |

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# VA Purchase and Cash-Out Refi Matrix

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| 3 | **AUS** | • All VA loans except for IRRRLs must be submitted through AUS.<br>• **Manual underwrites are ineligible.** |
| 4 | **CAIVRS and LDP & GSA(SAM)** | • CAIVRS are required for all borrowers. (Not required for non-borrowing spouse)<br>• LDP and GSA(SAM) lists must be checked for all Program Participants. |
| 5 | **Noncitizen Borrower** | • Refer to *STN-427295 Loans to Noncitizen Borrowers Standard*, and<br>• Refer to *Overlay Matrix* |
| 6 | **Credit** | • **All borrowers must have a minimum of one credit score. Nontraditional credit is not eligible.**<br>• **Bankruptcy Ch. 13 must be discharged**.<br>• Bankruptcy Ch. 13 dismissed must be > 2yrs<br>• Bankruptcy Ch. 7 discharge must be > 2yrs<br>• Collections/charge offs do not need to be paid unless they affect title or payoff is required by AUS.<br>• Credit report must contain a 24-month employment and residency history.<br>• **Divorce decree or support agreement is required to confirm alimony, spousal/child support, or other debt if indicated by the borrower verbally or on any document in the loan file.**<br>• Foreclosures must be more than 2 years from date of trustee sale.<br>• **Judgments** must either be paid in full or subject to a repayment plan with a history of timely payments. A history of timely payments would generally be considered as making 12 payments to reestablish credit. However, in certain cases when a judgment has only been in place for a few months, additional information is required: 1) The underwriter must provide an explanation on the VA Loan Analysis to justify the shorter repayment history and 2) documentation must support timely payments have been made and 3) that the borrower immediately addressed the judgment after it was filed and began a repayment plan.<br>• Revolving debt: if no payment is stated on the credit report, use 5% of balance. |
| 7 | **DTI/Residual** | • If debt ratio exceeds 41%, the VA Residual Guide should be met by at least 120%.<br>• If debt ratio exceeds 41% and residual income is less than 120%, the underwriter must comment on reason for approval including comp factors on the VA Loan Analysis in the Remarks section.<br>• Tax free income may be grossed up for ratios but not residual income. The percentage of nontaxable income that may be added cannot exceed the greater of 25% or the appropriate tax rate for the income amount, based on the borrower's tax rate for the previous year. If the borrower was not required to file a federal tax return, 25% may be used.<br>• All loans must have a Residual Income Evaluation (RIE) completed in Encompass on the VA Loan Analysis screen. |
| 8 | **Fraud Manager** | • **Fraud Manager report is required.** |
| 9 | **High Balance** | • **Loan amounts from $766,551 to $1,200,000: No Foreclosure or Ch.7 bankruptcy in last 5 years, and 30 Year Fixed only.** |
| 10 | **Housing Payment History** | **Purchase:**<br>• Verify rental payment history through credit report, VOR received directly from the landlord (only if no Identity of Interest with the Borrower) or canceled checks covering most recent 12 months.<br>• Borrowers who are living rent free: obtain verification from the property owner stating: 1) the address where the borrower is residing, 2) the borrower has been living rent free, and 3) the length of time borrower has been living there rent free.<br>**Cash-Out Refinance:**<br>• In addition to the credit report, one of the following must be provided for the subject mortgage:<br>  ◦ Loan payment history from the servicer or third-party verification service verifying 0x30x12, OR<br>  ◦ Verification of mortgage from servicer verifying 0x30x12<br>• For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments. |

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# VA Purchase and Cash-Out Refi Matrix

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| 11 | **HPML/HPCT** | • Federal HPML loans must escrow for taxes and insurance.<br>• Federal HPCT QM Rebuttable Presumption loans are eligible as identified by Mavent.<br>• Must credit qualify if required by state rules. |
| 12 | **Income** | • Document per AUS findings**.**<br>• Residual income must be evaluated.<br>• **Signed 4506C and transcripts as required per** PM1-282226 4506C Procedure<br>• Verbal VOE is required within 10 business days of Note date.<br>• Rental income from the subject 2-4 Unit (Multi-Unit) property.<br>  ◦ The Veteran/borrower must occupy one of the units as their primary residence; and<br>  ◦ Have documented cash reserves totaling at least 6 monthly PITIA payments.<br>**Self-Employment Verification:**<br>• Verify the existence of the borrower's business from a third party such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and<br>• Verify a phone listing and address for the borrower's business using the internet or directory assistance.<br>• Documents used for verification must be dated within 120 calendar days of closing date except for documents such as Business License which must be current and not expired at closing. |
| 13 | **Income – Disability Benefits** | • **Disability Benefits** are received from the Social Security Administration (SSA), the Department of Veteran Affairs (VA), Workers Comp, and other public or private disability insurance providers. The U.S. Dept. of Labor also provides disability compensation under these OWCP (Office of Worker's Compensation Programs):<br>  ◦ FECA Benefits (Federal Employees' Compensation Act)<br>  ◦ DEEOIC (Division of Energy Employees Occupational Illness Compensation)<br>  ◦ DLHWC (Division of Longshore and Harbor Worker's Compensation)<br>  ◦ DCMWC (Division of Coal Mine Worker's Compensation)<br>• If the Notice of Award or equivalent document does not have a defined expiration date, consider the income effective and reasonably likely to continue.<br>• If any disability income is due to expire within three years from the date of application, that income cannot be used as effective income.<br>• Under no circumstance may you inquire into or request documentation concerning the nature of the disability or the medical condition of the borrower. |
| 14 | **Max Base Loan Amount** | • Loan amounts up to $1,200,000 – no additional FICO requirements (refer to matrix above)<br>• **Loan amount $1,200,001 - $1,500,000 requires minimum 720 FICO** |
| 15 | **Non-Occupant Co-borrower** | • Non-Occupant co-borrowers are not allowed. |
| 16 | **Non-Borrowing Spouse** | • If the subject is located in a community property state, obtain a credit report for the non-borrowing spouse and include the debts of the non-borrowing spouse in qualifying ratios. |
| 17 | **Purchase** | • The borrower may receive a refund at closing for the amount of verified earnest money deposit (canceled check or Title Co. evidence), appraisal, or credit report fees that were paid in cash. Items paid for by credit card may not be refunded.<br>• The borrower may receive cash back at the closing from the proration of property taxes paid in arrears by the seller. The underwriter must notate the VA Loan Analysis with the details of any allowable cash received by the borrower at closing.<br>• Seller contribution: Max 4% (does not include reasonable discount, origination, or borrower's closing costs) |
| 18 | **Property Type** | • Condos must be VA approved and have a valid VA Condo ID number.<br>  ◦ Master Policy must be a minimum of $1,000,000 and must include flood insurance if required.<br>  ◦ HO-6 (Walls-In): If the condo master insurance policy does not provide coverage for the interior improvements of the unit, the borrower must obtain a "walls-in" insurance policy. The HO-6 policy must provide coverage in an amount (must state coverage amount) as determined by the insurer that is sufficient to repair the condo unit to its condition prior to a loss claim event (replacement cost). HO-6 must be escrowed.<br>• **Ineligible: Co-op, Manufactured Homes, 3-4 unit properties located in NJ and NY, Native American Section 184, VA Energy Efficient Mortgage, Hawaiian Homeland Properties,** Hawaii properties in Lava Zones 1 and 2 |

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# VA Purchase and Cash-Out Refi Matrix

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November 1, 2024

| | | |
|---|---|---|
| **19** | **Refinance (Cash-Out)** | **VA Cash-Out Type Definitions:**<br>• TYPE I Cash-Out Refinance - the loan amount (including VA funding fee) does not exceed the payoff amount of the loan being refinanced.<br>• TYPE II Cash-Out Refinance - the loan amount (including VA funding fee) exceeds the payoff amount of the loan being refinanced.<br><br>**Cash-Out Refinance Requirements:**<br>• To be eligible for a Cash-Out refinance, there must be an existing mortgage lien against the subject property<br>• **Texas Section 50(a)(6) are not eligible. (**$0 cash back in Texas).<br>• **Properties listed for sale in past 6 months: evidence listing has been removed for at least 6 months prior to closing date. (Properties listed for sale at time of application are ineligible).** |
| **20** | **Seasoning and Recoupment Requirements (Cash-Out Refinance)** | **Seasoning Requirements:**<br>• The borrower has made 6 full monthly payments on the loan being refinanced,<br>• AND<br>• The Note date on the new loan must be at least 210 days after the greater of<br>  ◦ the **first monthly payment was made** on the loan being refinanced, AND<br>  ◦ the **first payment due date** on the loan being refinanced.<br>• Periods of forbearance do not count toward the six consecutive payments seasoning requirement.<br>• If six consecutive payments were not completed prior to forbearance, then the Borrower must complete six consecutive payments after the forbearance period.<br>• If the loan being refinanced was modified, then the Modified Note terms must be used to satisfy these seasoning requirements.<br><br>**Documentation Required:**<br>• Prior loan Note to validate the first payment due and written documentation from the loan servicer to validate the first payment made.<br>  ◦ If the Note is not available, then the date on the new loan must be more than 300 days after the month in which the account was opened on the credit report on the loan being refinanced.<br><br>Note: If you are including a second lien for payoff in a cash-out, it must also meet the seasoning requirement.<br>If you are resubordinating a second lien in a cash-out refinance, the seasoning requirement for the second lien does not apply.<br><br>**Recoupment Requirements:**<br>• TYPE I cash-out refinancing a VA-guaranteed home loan (VA-to-VA) must meet recoupment.<br>• Recoupment may not exceed 36 months and includes all fees paid including fees paid outside of closing.<br>**NOTE:** Eligibility Recoupment does not include VA Funding Fee, Escrows and Prepaids. |
| **21** | **Social Security Number** | • All borrowers must have a valid and verifiable social security number. Evidence of the social security number should be provided in each case file. Acceptable documentation includes: Copy of Social Security card, W-2s or paycheck stubs, or military or student IDs.<br>• For a co-borrower obligor with no income used to qualify, acceptable documentation of their social security number may be obtained with a Mr. Cooper credit report showing the co-borrower's SSN is matched and cleared in all sections of "Other Verifications" section of the credit report plus a clear CAIVRS with the same SSN.<br>• Any variance for an SSN that cannot be cleared with acceptable documentation will require an SSA89 validation. |
| **22** | **Subordinate Financing** | • New subordinate financing is not allowed at this time.<br>• Existing second liens may re-subordinate. A new subordination agreement is required.<br>• CLTV may not exceed maximum allowed LTV limit.<br>• UCC-1's for Solar Panels: (usually found on Title) may remain outstanding and will not affect LTV/CLTV.<br>  ◦ Some Title companies require subordination and others do not. Specific Title Company policy must be followed. |

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# VA Purchase and Cash-Out Refi Matrix

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| **23** | **Temporary Buydown Plans** | **Requirements**<br>• When the source of the buydown funds is an interested party to the property sale or purchase transaction, interested-party contribution limits apply.<br>• The Mortgagee must use the Note rate when calculating principal and interest for Mortgages that involve a temporary interest rate buydown.<br><br>**Eligible Transactions**<br>• Plan Terms: 12, 24 and 36 months<br>• Purchase Transactions<br>• Primary Residences<br>• 1-unit Properties<br>• Lender Funded Buydowns<br><br>**Ineligible Transactions**<br>• Second Homes<br>• Investment Properties<br>• 2–4-unit Properties<br>• Manufactured Homes<br>• Adjustable-Rate Mortgages<br>• Refinance Transactions<br>• Borrower Funded Buydowns<br>• Seller Funded Buydowns |
| **24** | **Terms** | • **Fixed Rate:** 15, 20, 25 and 30 year<br>• **ARM:** 30-year 5/1 (**Index:** Constant Maturity Treasury Rate, **Margin:** 2%, **Caps:** 1-1-5)<br>• **High Balance:** 15, 20, 25 and 30 year |
| **25** | **VA Entitlement Guaranty & Maximum Loan Amount** | • Mr. Cooper requires a minimum 25% of Sales Price or Value (whichever is lower), and the 25% is comprised of VA guaranty plus Cash Down Payment or Equity from a refinance.<br>• If the COE shows Entitlement that cannot be restored, it must be subtracted from the calculation.<br><br>Link to: VA Loan Limits<br>Note: Calculate VA Guaranty using the *One-Unit Limit* column on the Loan Limit Table regardless of the number of dwelling units. *Example*: A 2-unit dwelling purchased for $900,000 (by a veteran will full entitlement) in a county where the one-unit limit is $766,550 would have a maximum VA guaranty of $191,638 (25% of $766,550).<br><br>• Loan amounts up to $144,000 basic guaranty entitlement is $36,000.<br>• Loan amounts above $144,000 the following applies:<br>• Veterans with full entitlement<br>° The maximum guaranty for a loan above $144,000 will be 25% of the loan amount. *Example*: Loan amount of $800.000 x 25% = $200,000 maximum VA guaranty entitlement.<br>• Veterans with less than full entitlement *(Veteran with more than one active VA loan or used entitlement that has not been restored).*<br>° VA will guaranty the lower of 25% of the loan amount ***or*** 25% of the county loan limit less the amount of entitlement previously used (not restored). |

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Non-Delegated Correspondent, Wholesale

# VA IRRRL Matrix

Credit Qualifying and Non-Credit Qualifying

Mr. CooperGroup

November 1, 2024

| Occupancy | Max Loan Amount | Max LTV | FICO | Max DTI | Mortgage History | Funding Fee |
|---|---|---|---|---|---|---|
| **Primary** | **1-2 Unit up to $1,200,000** | **100%** (1) *If an Appraisal is required, the LTV is limited based on discount points charged. | **CQ and NCQ: 660** | **Credit Qualifying: 45%** Non-Credit Qualifying: No Limit | **0x30x12 See Below** | 0.50% VAFF |

**Bold Blue font indicates Overlay requirement.**

## Appraisal - Fee Recoupment - NTB - Seasoning

| | | |
|---|---|---|
| 1 | Property Value Requirement | Property Value: If an appraisal is not required, then either an **AVM with Confidence Score of 80% or higher, or 2055 Appraisal is required.**<br><br>LTV calculation: VA base loan amount (excluding VAFF, if any) is divided by the Value.<br><br>FEMA declared disaster area properties must follow current VA policy<br>• Fixed to ARM transactions when discount points are charged - an appraisal is required (see list below).<br>  ◦ Discount points up to 1%: LTV is limited to 100%<br>  ◦ Discount points >1% up to 2%: LTV is limited to 90%<br>Discount points cannot exceed 2% and all discount points must be paid at closing.<br><br>If an appraisal is required, upload to LGY Hub through the correspondence link of the VA LIN.<br>• Upload one of the following:<br>  ◦ Exterior Only inspection (FNMA 2055)<br>  ◦ FNMA 1004/1004D is allowed only if an appraisal was completed for another product & loan is converted to VA.<br>  ◦ 2-4 Unit properties (FNMA 1025)<br>  ◦ Exterior-Only for Condo (FNMA 1075) |
| 2 | Fee Recoupment | The following are required for all IRRRL transactions:<br>• If new P&I payment is lower than the previous P&I payment, the recoupment must not exceed 36 months.<br>• If new P&I payment is the same or higher, the disclosures in Encompass must reflect no fees to the veteran other than the VA Funding fee, escrow, and prepaid expenses such as taxes, insurance, and HOA fees.<br>Note: Eligibility Recoupment calculation does not include VA funding fee, Escrows and Prepaid Expenses. |
| 3 | Net Tangible Benefit | Interest Rate Reduction Requirement:<br>• Fixed to Fixed - New loan must have a reduction in interest rate of 50 basis points (0.50) or greater.<br>• Fixed to ARM - New loan must have a reduction in interest rate of 200 basis points (2.0) or greater.<br>• ARM to Fixed or ARM to ARM – a reduction in interest rate is not required. |
| 4 | Seasoning | • The Closing date on the new loan must be at least 300 days after the first payment due date on the loan being refinanced; otherwise, if you obtain the Note and document the first payment due date, use 210 days to calculate AND<br>• The borrower has made 6 consecutive monthly payments on the loan being refinanced.<br><br>If the loan being refinanced was modified, then the Modified Note terms must be used to satisfy these seasoning requirements. |

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# VA IRRRL Matrix

Credit Qualifying and Non-Credit Qualifying

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| **HPML/HPCT – Mortgage History – Safe Harbor** | | |
| 5 | HPML/HPCT | • Federal HPML loans must escrow for taxes and insurance.<br>• Federal HPCT QM Rebuttable Presumption loans are eligible.<br>• Must credit qualify if required by state rules. |
| 6 | Mortgage Payment History | • Must be current at closing, and **0x30 in the last 12 months.** Deferred Payments and/or payments not made during a Forbearance, are considered "late".<br>• **One of the following must be provided:**<br>  ◦ **Loan payment history from the servicer or third-party verification service verifying 0x30x12, OR**<br>  ◦ **Verification of mortgage from servicer verifying 0x30x12.**<br>• Seasoning Requirement must be met.<br>  ◦ For a modified loan, you must document a complete 12-month payment history up to the Final Underwriter Approval date. If the loan is modified less than 12 months, you must document the payment history prior to the modification for a complete 12-month history to meet the program requirements for mortgage late payments. |
| 7 | Safe Harbor | • **The loan must meet the mortgage payment history requirements as noted above.**<br>• The Seasoning Requirement must be met.<br>• All fees and charges financed must comply with VA regulations and be Recouped by the borrower within 36 months of new loan closing (prepaid expenses such as taxes, hazard, and HOA fees may be excluded from the recoup calculation). [see #2 Fee Recoupment] |
| **Guidelines** | | |
| 8 | AUS | • All IRRRLs must be manually underwritten. |
| 9 | CAIVRS<br>LDP & GSA(SAM) | • CAIVRS are required for all borrowers. (Not required for non-borrowing spouse)<br>• LDP and GSA(SAM) lists must be checked for all Program Participants |
| 10 | Cash Back | • Cash back is not allowed. Any cash back resulting from adjustments at closing must not exceed $500. |
| 11 | Change in Borrowers | • All Borrower(s) on the original loan must remain on the new Note and Security Instrument EXCEPT for death or divorce cases in which the legal agreement awards the property and liability to the remaining borrower.<br>• In the case of divorce, the remaining borrower's entitlement must have been used on the original transaction. |
| 12 | Noncitizen Borrowers | • Refer to **STN-427295** *Loans to Noncitizen Borrowers Standard*, and<br>• Refer to *Overlay Matrix* |

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# VA IRRRL Matrix

Credit Qualifying and Non-Credit Qualifying

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November 1, 2024

| | | |
|---|---|---|
| 13 | Credit Qualifying | **Credit History**<br>• **All Bankruptcies must be discharged.**<br>• **All borrowers must have at least one credit score. Nontraditional Credit is not eligible.**<br>• All standard VA Underwriting guidelines must be met including credit, income, and assets.<br>• Bank statements covering two months if funds to close are required.<br>• Credit report must contain a 24-month employment and residency history.<br>• Collections/charge offs do not need to be paid unless they affect title.<br>• Judgments and Liens are not required to be paid off unless they affect title.<br>• DTI ratio exceeding 41% must meet VA Residual by at least 120%. If <120% include reason for approval & comp factors.<br>• Derogatory credit history in the past 2 years requires a signed explanation from the borrower.<br>• Inquiries within the last 90 days require an explanation from borrower.<br>• Non-borrowing spouse in community property states: obtain a credit report and include debts (only if credit qualifying).<br><br>**Credit Documentation:**<br>• Verify 2 years employment: 30-day paystubs, W2s, Tax Returns (if S/E) and signed 4506T.<br>• **Signed 4506-C and transcripts as required per PM1-282226 4506-C and Income Document Procedures**<br>• Verbal VOE is required within 10 business days of Note date<br>• **Large deposits: recently opened accounts and individual deposits more than 1% of the property value must be sourced.**<br>• **Divorce decree or support agreement is required to confirm alimony, spousal/child support, or other debt if indicated by the borrower verbally or on any document in the loan file.**<br>• **IRS taxes >$7,500 owed for most recent year requires proof paid in full, valid payment plan (with 5% payment in ratios) or verify assets to cover full amount. IF FICO >700 and 5% payment does not increase DTI >40%, no further action required.**<br>**Self-Employed Verification**<br>• Verify the existence of the borrower's business from a third party such as a CPA, regulatory agency, or the applicable licensing bureau, if possible; and<br>• Verify a phone listing and address for the borrower's business using the internet or directory assistance.<br>• Documents used for verification must be dated within 120 calendar days of closing date except for documents such as Business License which must be current and not expired at closing.<br>• **Tax transcripts are required when a borrower is using qualifying income from self-employed income or W-2 Income for borrowers employed by a family member, the property seller, real estate broker or other interested party to the transaction.**<br><br>**Disability Benefits** are received from the Social Security Administration (SSA), the Department of Veteran Affairs (VA), Workers Comp, and other public or private disability insurance providers. The U.S. Dept. of Labor also provides disability compensation under these OWCP (Office of Worker's Compensation Programs):<br>• FECA Benefits (Federal Employees' Compensation Act)<br>• DEEOIC (Division of Energy Employees Occupational Illness Compensation)<br>• DLHWC (Division of Longshore and Harbor Worker's Compensation)<br>• DCMWC (Division of Coal Mine Worker's Compensation)<br>If the Notice of Award or equivalent document does not have a defined expiration date, consider the income effective and reasonably likely to continue.<br>If any disability income is due to expire within three years from the date of application, that income cannot be used as effective income.<br>**Note:** Under no circumstance may you inquire into or request documentation concerning the nature of the disability or the medical condition of the borrower. |
| 14 | Fraud Manager | • **Fraud Manager report is required** |
| 15 | Guaranty | • Minimum 25% guaranty is required. |
| 16 | High Balance | • **Loan amounts from $766,551 to $1,200,000: 30-year term only and NO foreclosure or BK Chapter 7 in last 5 years.** |
| 17 | Income | • Income and employment information are NOT required on the 1003, unless credit qualifying. |

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# VA IRRRL Matrix

Credit Qualifying and Non-Credit Qualifying

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| 18 | Insurance | • Verify Hazard Insurance is equal to or greater than the new final loan amount<br>• Flood insurance (if applicable).<br>• Condos: Master Policy must be a minimum of $1,000,000 and must include flood insurance if required.<br>  ◦ HO-6 (Walls-In): If the condo master insurance policy does not provide coverage for the interior improvements of the unit, the borrower must obtain a "walls-in" insurance policy. The HO-6 policy must provide coverage in an amount (must state coverage amount) as determined by the insurer that is enough to repair the condo unit to its condition prior to a loss claim event (replacement cost). HO-6 must be escrowed. |
| 19 | Listed for sale | • **Properties listed for sale at time of application are ineligible**. |
| 20 | Loan Amount | • The VA 26-8923 Worksheet is used to calculate the maximum loan amount. It may change multiple times resulting from Price changes that may affect closing costs. The Final computations for the Worksheet (discount points, funding fee, etc.) must match the amounts entered in Encompass so that Closing documents are accurate. (This is an Insuring requirement).<br>• VA IRRRL calculations are based on the VA loan balance (payoff amount) and may include:<br>  ◦ VA funding fee .50% (if Exempt use 0%).<br>  ◦ VA allowable fees.<br>  ◦ Origination charge up to 1% of the VA loan balance (payoff amount).<br>  ◦ Discount points financed in the loan up to 2%. |
| 21 | Occupancy | • Non-occupant co-borrowers are not allowed. |
| 22 | Payment Increase | • Any IRRRL where the new payment (PITI) increases by 20% or more, the borrowers must Credit Qualify, and<br>• Include a Certification in the file that the borrowers qualify for the new PITI which exceeds the previous PITI by 20%. |
| 23 | Property Type | • Condos: VA approval is not required.<br>• Condo and PUD HOA dues must be verbally validated with the borrower.<br>• A PUD or Condo Rider is required based on property type. The Property Type must be accurately reflected in Encompass for the Rider to print.<br>• **Not Eligible: Co-op, Manufactured Homes, 3-4-unit, Native American Housing Section 184, VA Energy Efficient Mortgage, Hawaiian Homeland Properties, Hawaii properties in Lava Zones 1 and 2.** |
| 24 | Subordination | • New subordinate financing is not allowed now.<br>• Existing 2nd liens may remain and re-subordinate; no CLTV limit; new subordination agreement is required.<br>• UCC-1's for Solar Panels: (usually found on Title) may remain outstanding and will not affect LTV/CLTV.<br>• Some Title companies require subordination and others do not. Specific Title Company policy must be followed. |
| 25 | Terms | • Max Term: Original term of the loan plus 10 years, NOT TO EXCEED 30 years.<br>• Fixed Rate: 15, 20, 25 and 30 year<br>• ARM: 30-year 5/1 (Index: Constant Maturity Treasury Rate, Margin: 2%, Caps: 1-1-5)<br>• High Balance: 20, 25 and 30 year |
| 26 | Texas 50(a)(6) | • TX 50(a)(6) Texas Home Equity is not allowed. Review title to ensure no prior TX 50(a)(6). |

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# FNMA HomeReady Product

Mr. CooperGroup

November 1, 2024

| Purchase and Limited Cash-Out Refinance | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Occupancy** | **Transaction Type** | **Property Type** | **Maximum LTV/CLTV (30)(4)** | **Minimum FICO(10)** | **MAX DTI(18)** | **Mortgage History (last 12 mos.)** | **BK History** |
| **Primary** | **Purchase and Limited Cash-Out Refi** | 1 Unit | FRM: 97% (30) | Per DU | Per DU | Per DU | Per DU |
| | | | ARM: 95% | | | | |
| | | 2-Unit | FRM & ARM: 95% | | | | |
| | | 3-4 Unit | FRM & ARM: 95% | | | | |

## Underwriting Guideline Requirements

| Collateral | | |
|---|---|---|
| **1** | **Appraisal** | • A full 1004 (interior/exterior) appraisal required; or<br>• Appraisal form *1004 Desktop/Form 70D* may be utilized as an alternative if offered by DU; or<br>• Appraisal form *1004 Hybrid/FHLMC Form 70H* may be utilized on certain transactions if offered by DU; or<br>• Value Acceptance + Property Data may be utilized on certain transactions if offered by DU; or<br>• Value Acceptance may be utilized if offered by DU<br>  ◦ Regardless of the Value Acceptance offering: if the property / Loan Type exhibits any of the Ineligible Transaction features listed in the FNMA Selling Guide, the offering may not be exercised.<br>  ◦ Regardless of the Value Acceptance offering, if an appraisal has been ordered or received, the Value Acceptance option may not be exercised.<br>  ◦ FNMA Value Acceptance offerings are not eligible for estimated values at $1,000,000 or greater.<br>• Appraisals must be ordered through an approved VMC.<br>• Property Condition Rating of C5 or C6 is ineligible |
| **2** | **Accessory Units** | • Rental income from accessory units may be considered in qualifying the borrower as per standard rental income guidelines.<br>• Manufactured Home Accessory Dwellings are ineligible. See #5 |
| **3** | **Borrower Ownership of Additional Properties** | • Occupant borrower(s) may have an ownership interest in no more than two (2) financed residential properties at the time of closing, including manufactured homes.<br>• Timeshares are not considered as residential ownership.<br>• Financed properties owned by a non-occupant borrower do not have to be included.<br>• Additional reserves for multiple financed properties are not required. |

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| | | |
|---|---|---|
| **Collateral (Continued)** | | |
| **4** | **Florida Condominiums** | New or Newly Converted Projects are ineligible<br>Florida attached condo projects are subject to the following requirements:<br><br>**Fannie Mae Max LTV/CLTV/HCLTV**<br>• Project Review Waiver – 75% LTV/ Standard limits for CLTV/HCLTV<br>• FNMA Limited Review<br>◦ Primary: 75% / 90% / 90%<br>◦ Second and Investment: 70% / 75% / 75%<br>• FNMA Full Review<br>◦ Primary: 75% / 97% / 97%<br>◦ Second: 75% / 90% / 90%<br>◦ Investment: 75% / 85% / 85% |
| **5** | **Ineligible Collateral** | • Manufactured homes (includes mfg. accessory units), Co-Ops.<br>• Property Condition Rating of C5 or C6 is ineligible. |
| **6** | **Seasoning** | • Properties purchase in the prior 6 months must use purchase price or FMV, whichever is less. |
| **Credit** | | |
| **7** | **Collections/Charge-offs** | • Per DU |
| **8** | **Judgments/Liens** | • Per DU |
| **9** | **Foreclosure** | • Per DU |
| **10** | **FICO Score Requirements** | • Use the lowest FICO (middle of 3; lower of 2) for all borrowers.<br>• At least one borrower must have a credit score.<br>• DU Approve/Eligible rating required on all loans. |
| **11** | **Noncitizen Borrowers** | • Refer to STN-427295 Loans to Noncitizen Borrowers Standard for eligibility requirements. |
| **12** | **Power of Attorney** | • The POA must be either a Statutory Form Power of Attorney or be specific to the loan transaction.<br>◦ POA specific to the loan transaction requirements:<br>▪ Include the parties to the transaction,<br>▪ Reference the property address, *and*<br>▪ Reference Nationstar's specific loan transaction.<br>▪ The individual acting as Attorney-In-Fact must have a familial or fiduciary relationship with the borrower or a personal relationship with an ownership interest in the subject property.<br>• The POA must be recorded along with the mortgage or deed of trust.<br>• TX Home Equity loans [Sec 50a(6)] are not eligible to close with a POA. |
| **13** | **Delayed Financing** | • Ineligible |

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| | | |
|---|---|---|
| **Income and Assets** | | |
| **14** | **Borrower Income Limits** | DU will identify when the loan may be eligible for HomeReady mortgage based upon qualifying income and applicable income limits:<br>• No income limits in low-income census areas<br>• 80% of area median income (AMI). AMI Table<br>• Subject property with Affordable Housing Income Limitations must apply the lower of the restrictive limits.<br>• All qualifying income from all borrowers (Both Occupying and Non-Occupying) must be considered in the 80% median income calculation. |
| **15** | **4506-C** | • 4506-C signed by all borrowers is required.<br>• 4506-C transcripts are required per PM1-282226 4506-C and Income Document Procedures |
| **16** | **Non-Occupant Borrowers** | • Permitted subject to maximum 95% LTV in DU.<br>• Income considered as part of qualifying income and subject to area median income limits.<br>• No limitation on ownership of other property for non-occupant borrower(s). |
| **17** | **Boarder Income** | • Eligible on single family homes only.<br>• Up to 30% of total qualifying income may be boarder income.<br>• Must document shared residency for last 12 months.<br>• Must document the boarder will continue to share residency in the new property.<br>• Payment of rent by the boarder directly to a 3rd party is not acceptable.<br>• The boarder may not be a borrower on the loan and may not have any ownership interest in the property |
| **18** | **Reserve requirements** | • Per DU. |
| **Purchase Money** | | |
| **19** | **Sources of Funds for Down-Payment & Closing Costs** | Eligible<br>• Gifts and grants per standard FNMA requirements.<br>• Cash-on-hand acceptable for 1-unit properties only.<br>  ◦ Underwriter must verify that the borrower customarily uses cash for expenses and amount saved is consistent with borrower payment practices (including limited or no use of credit on the credit report).<br>  ◦ Funds must be deposited in a bank or escrow account at least 30 days prior to closing.<br>  ◦ Must obtain a written statement from borrower that discloses the source of funds and states no funds have been borrowed.<br>Ineligible<br>• Sweat Equity |

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| | | |
|---|---|---|
| **20** | **Very Low-Income Purchase (VLIP) Mortgages Credit** | • $2,500 loan-level price adjustment credit for very low-income purchase borrowers (VLIP) that can be used for down payment and closing costs.<br>• Total qualifying income must not exceed 50% of the area median income (AMI) limit for property location<br>• The full amount of the credit must be provided directly to the borrower through the transaction and applied to down payment and closing costs, including escrows and MI premiums. Any excess credit amount must be applied as additional down-payment and may not be paid to the borrower as cash-back.<br>◦ Properties with LTV ratios ***< = 80%:***<br>▪ **1-4 Unit properties:** Credit may be applied to down payment and closing costs.<br>◦ Properties with LTV ratios ***> 80%:***<br>▪ **1-Unit properties:** Credit may be applied to down payment and closing costs.<br>▪ **2-4 Unit properties:** Credit may be applied to down payment and closing costs on 2-4-unit properties, after borrower's 5% borrower minimum contribution has been met.<br>• FNMA Special Feature Codes (SFCs): 900-HomeReady and 884-HomeReady VLIP LLPA Credit for the HomeReady product. |
| **21** | **Rental Income** | • Rental income from the subject property may be considered in qualifying the borrower as per standard rental income guidelines. |
| **22** | **Buyer Contribution** | • **1 Unit:** $0 borrower's own funds required.<br>• **2-4 units < = 80% LTV, CLTV or HCLTV:** 0% borrower's own funds required.<br>• **2-4 units > 80% LTV, CLTV or HCLTV:** 3% borrower's own funds required. |
| **23** | **Seller Contribution** | • Per standard FNMA product guidelines |
| | Product Features | |
| **24** | **Maximum Loan Size** | • Max loan amounts are subject to conforming loan limits and eligibility as determined by DU and area median income limits. |
| **25** | **DU Recommendations** | • DU Approve/Eligible recommendation is required.<br>• Refer, Caution and Ineligible findings are not eligible for financing.<br>• DU will only identify loan as *eligible* for *HomeReady* when not submitted under the HomeReady product. Loan must be submitted to DU under the *HomeReady* product to obtain appropriate and accurate messaging. |
| | Product Features (CONTINUED) | |
| **26** | **Product Terms** | • **Fixed**<br>◦ 10-, 15-, 20- and 30-years |

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| | | |
|---|---|---|
| **27** | **Temporary Buydown Plans** | Eligible Transactions<br>• Plan Terms: 12, 24 and 36 months<br>• Purchase Transactions<br>• Primary Residences<br>• 1-unit Properties<br><br>Ineligible Transactions<br>• Second Homes<br>• Investment Properties<br>• Adjustable-Rate Mortgages<br>• Refinance Transactions<br>• 2–4-unit Properties<br>• Manufactured Homes |
| **28** | **Subordinate Financing** | • Existing Community Second Mortgages are eligible to 105% CLTV.<br>• New or existing *Non-Community* Second Mortgage liens are eligible to standard CLTV limits. |
| **29** | **LTV/CLTV >95%LTV** | • 2-4 unit properties are ineligible<br>• High-balance loans are ineligible<br>• Loans with non-occupant borrowers are ineligible<br>• Refinance transactions: The existing loan being refinanced must be FNMA owned |
| **30** | **Cash-out Refi** | • Ineligible |
| **31** | **Special Feature Codes** | DU must reflect the following loan delivery code (DO NOT enter code into Encompass)<br>• Special Feature Code (SFC) 900. |
| **32** | **Mortgage Insurance** | • Lender paid life of loan and financed mortgage premiums permitted.<br>• LPMI through Radian only.<br>• Not eligible for Custom or Reduced mortgage insurance.<br>• On loans with financed mortgage insurance, the maximum LTV may not exceed 97%.<br>• SFC 281 required with financed MI.<br>• Lender paid monthly premiums are not permitted |

| LTV | MI Level > 20 Year Term Fixed and all ARMS | MI Level < 20 Year Term Fixed Only |
|---|---|---|
| >80% to <=85% | 12% | 6% |
| >85% to <=90% | 25% | 12% |
| >90% to <=95% | 25% | 25% |
| >95% to <=97% | 25% | 25% |

Product Features (CONTINUED)

| | | |
|---|---|---|
| **33** | **Pre-Purchase Homeownership Education** | • **Purchase** - Required prior to the Note Date at least one borrower must complete Homeownership Education/ Housing Counseling when all occupying borrowers are First Time Homebuyers regardless of LTV.<br>• Refer to FNMA Selling Guide for Homeowner Education Course requirements |

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| | | |
|---|---|---|
| | **Customized One-On-One Assistance from a HUD-approved Non-Profit Counseling Agency** | • If a borrower opts to work with a HUD approved Housing Counselor, completion of the housing counseling prior to closing will also satisfy homeownership education requirement noted above.<br>• HomeReady borrowers who complete housing counseling within 12 months prior to closing may be eligible for a $500 loan-level price adjustment credit. For the LLPA credit to be applied:<br>◦ the Housing Counseling data must be submitted to DU, and<br>◦ the loan must be delivered with SFC 184. |
| **34** | **Manual Underwrites** | • Ineligible |
| **35** | **Fraud Manager** | • Fraud Manager is required |

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Non-Delegated Correspondent, Wholesale

# FHLMC Home Possible Product

Mr. CooperGroup

November 1, 2024

## Purchase and No Cash-Out Refinance

| Occupancy | Property Type | Maximum LTV/TLTV/HTLTV (34)(4) | | Minimum FICO (10) | MAX DTI | Mortgage History (last 12 mos.) | BK History |
|---|---|---|---|---|---|---|---|
| **Primary** | **1 unit** | Conforming<br>FRM: 97%<br>ARM: 95% | Super-Conforming<br>FRM & ARM: 95% | Per LPA | Per LPA | Per LPA | Per LPA |
| **Primary** | **2 unit** | Conforming<br>FRM: 95%<br>ARM: 95% | Super-Conforming<br>FRM & ARM: 85% | | | | |
| **Primary** | **3-4 unit** | Conforming<br>FRM: 95%<br>ARM: 75% | Super-Conforming<br>FRM: 80%<br>ARM: 75% | | | | |

## Underwriting Guideline Requirements (LPA)

### Collateral

| | | |
|---|---|---|
| **1** | **Appraisal** | • A full 1004 (interior/exterior) appraisal required; or<br>  ◦ Appraisal form *1004 Desktop/Form 70D* may be utilized as an alternative if offered by LPA<br>  ◦ Appraisal form *1004 Hybrid/FHLMC Form 70H* may be utilized on certain FHLMC transactions if offered by LPA<br>  ◦ ACE + PDR may be utilized on certain transactions if offered by LPA<br>• Automated Collateral Evaluation (FHLMC's ACE) may be utilized if offered by LPA<br>  ◦ Regardless of ACE offering: if the property / Loan Type exhibits any of the Ineligible Transaction features listed in the FHLMC Selling Guide, the offering may not be exercised.<br>  ◦ Regardless of ACE offering, if an appraisal has been ordered or received, the ACE option may not be exercised.<br>• Appraisal must be ordered through an approved VMC.<br>• Property Condition Rating of C5 or C6 is ineligible |
| **2** | **Accessory Units** | • Rental income from accessory units may be considered in qualifying the borrower. See #17.<br>• Manufactured Home Accessory Dwellings are ineligible. See #5 |
| **3** | **Borrower Ownership of Additional Properties** | • Occupant borrower(s) may have an ownership in no more than two (2) financed residential properties including the subject property at the time of closing, including manufactured homes titled as real property.<br>• Timeshares are not considered as residential ownership.<br>• Financed properties owned by a non-occupant borrower do not have to be included.<br>• Consult the LPA findings for reserve requirements. |
| **4** | **Florida Condominiums** | New or Newly Converted Projects are ineligible<br>Florida attached condo projects are subject to the following requirements:<br><br>**Freddie Mac Max LTV/TLTV/HLTV**<br>• Project Review Waiver – 75% / 80% / 80%<br>• FHLMC Streamlined Review, FHLMC Full Review or FNMA CPM Certification<br>  ◦ Primary: 75% / 90% / 90%<br>  ◦ Second and Investment: 70% / 75% / 75% |

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# FHLMC Home Possible Product

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| **Collateral (CONTINUED)** | | |
| **5** | **Ineligible Collateral** | • Manufactured homes (includes mfg. accessory units)<br>• Co-Ops.<br>• Property Condition Rating of C5 or C6 is ineligible. |
| **6** | **Seasoning** | • Properties purchase in the prior 6 months must use purchase price or FMV, whichever is less. |
| **Credit** | | |
| **7** | **Collections/Charge-offs** | • Per LPA |
| **8** | **Judgments/Liens** | • Per LPA |
| **9** | **Foreclosure** | • Per LPA |
| **10** | **FICO Score Requirements** | • Use the lowest FICO (middle of 3; lower of 2) for all borrowers.<br>• At least one borrower must have a credit score.<br>• LPA Accept/Eligible rating required on all loans. |
| **11** | **Noncitizen Borrowers** | • Refer to STN-427295 Loans to Noncitizen Borrowers Standard for eligibility requirements. |
| **12** | **Power of Attorney** | • The POA must be either a Statutory Form Power of Attorney or be specific to the loan transaction.<br>  ○ POA specific to the loan transaction requirements:<br>  ▪ Include the parties to the transaction,<br>  ▪ Reference the property address, *and*<br>  ▪ Reference Nationstar's specific loan transaction.<br>  ▪ The individual acting as Attorney-In-Fact must have a familial or fiduciary relationship with the borrower or a personal relationship with an ownership interest in the subject property.<br>• The POA must be recorded along with the mortgage or deed of trust.<br>• TX Home Equity loans [Sec 50a(6)] are not eligible to close with a POA. |
| **13** | **Delayed Financing** | • Ineligible |
| **Income and Assets** | | |
| **14** | **Borrower Income Limits** | LPA will identify when the loan may be eligible for Home Possible mortgage based upon qualifying income and applicable income limits:<br>• 80% of area median income (AMI). AMI Table<br>• Subject property with Affordable Housing Income Limitations must apply the lower of the restrictive limits.<br>• All qualifying income from all borrowers (Both Occupying and Non-Occupying) must be considered in the 80% median income calculation. |
| **15** | **4506-C** | • 4506-C signed by all borrowers is required.<br>• 4506-C transcripts are required per PM1-282226 4506-C and Income Document Procedures |
| **16** | **Non-Occupant Borrowers** | • Allowed on 1-unit Property when LTV / TLTV / HTLTV is ≤ 95%.<br>• Not allowed on 2-4 Unit properties. |
| **17** | **Rental Income** | • Occupying Borrower's Rental Income from 2nd property must be documented in accordance with FHLMC standard rental income procedures.<br>• Non-Occupant Borrower's Rental Income must be documented in accordance with FHLMC standard rental income procedures.<br>• Boarder income requirements supersede those of other sections when different. |

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# FHLMC Home Possible Product

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| **Income and Assets (CONTINUED)** | | |
| **18** | **Boarder Income** | • Eligible on single family homes only.<br>• Up to 30% of total qualifying income may be boarder income.<br>• Must document shared residency for last 12 months.<br>• Must document that boarder income received (via cancelled checks) for at least 9 of the most recent 12 months (averaged over 12 months).<br>• Must document that the boarder will continue to share residency in the new property.<br>• Payment of rent by the boarder directly to a 3rd party is not acceptable. |
| **19** | **Reserve requirements** | • Per LPA. |
| **Purchase Money** | | |
| **20** | **Assets/Flex Sources** | • Refer to FHLMC Seller Guide |
| **21** | **Very Low-Income Purchase (VLIP) Mortgages Credit** | • $2,500 loan-level price adjustment credit for very low-income purchase borrowers (VLIP) that can be used for down payment and closing costs.<br>• Total qualifying income must not exceed 50% of the area median income (AMI) limit for property location<br>• The full amount of the credit must be provided directly to the borrower through the transaction and applied to down payment and closing costs, including escrows and MI premiums. Any excess credit amount must be applied as additional down-payment and may not be paid to the borrower as cash-back.<br>◦ Properties with LTV ratios ***< = 80%:***<br>▪ **1-4 Unit properties:** Credit may be applied to down payment and closing costs.<br>◦ Properties with LTV ratios ***> 80%:***<br>▪ **1-Unit properties:** Credit may be applied to down payment and closing costs.<br>▪ **2-4 Unit properties:** Credit may be applied to borrower's minimum 3% contribution on 2-4-unit properties.<br>• FHLMC Sort ID : (Sort ID 404) = "Home Possible Mortgage", (Sort ID 368) = "K10" indicating Home Possible VLIP Mortgage Credit. |
| **22** | **Rental Income** | • Rental income from 2–4-unit properties may be considered in qualifying the borrower as per standard rental income guidelines. |
| **23** | **Buyer Contribution** | • **1 Unit:** 0% borrower's own funds required.<br>• **2-4 units < = 80% LTV, TLTV or HTLTV:** 0% borrower's own funds required.<br>• **2-4 units > 80% LTV, TLTV or HTLTV:** 3% borrower's own funds required. |
| **24** | **Seller Contribution** | • Per standard FHLMC product guidelines |
| **Product Features** | | |
| **25** | **Maximum Loan Size** | • Max loan amounts are subject to conforming loan limits and eligibility as determined by LPA and area median income limits. |
| **26** | **LPA Recommendations** | • LPA risk class of Accept required.<br>• Refer, Caution and Ineligible findings are not eligible for financing.<br>• LPA will only identify loan as *eligible* for *Home Possible* when not submitted under the Home Possible product. Loan must be submitted to LPA under the *Home Possible* product to obtain appropriate and accurate messaging. |

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# FHLMC Home Possible Product

Mr. CooperGroup

November 1, 2024

## Product Features (Continued)

| | | |
|---|---|---|
| **27** | **Product Terms** | **Fixed**<br>○ 10-, 15-, 20- and 30-years<br>**ARM**<br>○ 5yr/6m (2/1/5 caps)<br>○ 7yr/6m and 10yr/6m (5/1/5 caps) |
| **28** | **Cash-out Refi** | • Ineligible |
| **29** | **Loan Program identifiers** | LPA must reflect the following loan delivery code:<br>• Loan program identifier (LPI) 404 |
| **30** | **Mortgage Insurance** | • Lender paid life of loan and financed mortgage premiums permitted.<br>• LPMI through Radian only.<br>• Not eligible for Custom or Reduced mortgage insurance.<br>• On loans with financed mortgage insurance, the maximum LTV may not exceed 97%.<br>• When a Hybrid Appraisal is utilized, MI is eligible through all providers. |

| LTV | MI Level > 20 Year Term Fixed and all ARMS | MI Level < 20 Year Term Fixed Only |
|---|---|---|
| >80% to <=85% | 12% | 6% |
| >85% to <=90% | 25% | 12% |
| >90% to <=95% | 25% | 25% |
| >95% to <=97% | 25% | 25% |

| | | |
|---|---|---|
| **31** | **Pre-Purchase Homeownership Education** | • Homeownership Education or HUD Approved Housing Counseling must be completed by at least one borrower prior to closing when all occupying borrowers are First Time Homebuyers.<br>• Homeownership education, financial literacy curriculum or Landlord education (in connection with mortgages on properties secured by 2-4 units) cannot be provided by interested parties to the transaction, including the Lender or the Seller |
| **32** | **Landlord Education** | • Required for borrowers on all 2–4-unit purchase transactions.<br>• Must be conducted prior to the Note Date |
| **33** | **Subordinate Financing** | • New Affordable Second Mortgages are ineligible.<br>• Existing Affordable Second Mortgage are eligible to 105% TLTV.<br>• New or existing Non-Affordable Second Mortgage liens are eligible. |
| **34** | **LTV/TLTV >95%** | • Loans with non-occupant borrowers are ineligible<br>• 2-4 Unit TLTV/HLTV > 95% requires 3% borrower's own funds. |
| **35** | **Ineligible Programs** | • Manual underwrites<br>• FHA or VA mortgages<br>• A-minus Mortgages,<br>• Section 502 GRH Mortgages<br>• Section 184 Native American Mortgages<br>• FHLMC Refi Possible<br>• HFA Advantage |

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# FHLMC Home Possible Product

Mr. CooperGroup®

November 1, 2024

| Product Features (CONTINUED) | | |
|---|---|---|
| **36** | **Temporary Buydown Plans** | **Requirements**<br>• When the source of the buydown funds is an interested party to the property sale or purchase transaction, interested-party contribution limits apply.<br>FHLMC "Unplanned Buydowns" must be considered in total value of financing concessions.<br>• When underwriting loans that have a temporary interest rate buydown, the underwriter must qualify the borrower based on the note rate without consideration of the bought-down rate.<br><br>**Eligible Transactions**<br>• Plan Terms: 12, 24 and 36 months<br>• Purchase Transactions<br>• Primary Residences<br>• 1-unit Properties<br><br>**Ineligible Transactions**<br>• Second Homes<br>• Investment Properties<br>• Adjustable-Rate Mortgages<br>• Refinance Transactions<br>• 2–4-unit Properties<br>• Manufactured Homes |
| **37** | **Texas Home Equity** | • Texas 50(a)(6) mortgages are eligible as a no-cash out transaction subject to all 50(a)(6) limitations. |
| **38** | **Fraud Manager** | • Fraud Manager is required |

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Non-Delegated Correspondent, Wholesale

# FNMA RefiNow™ / FHLMC Refi Possible™

Mr. CooperGroup®

November 1, 2024

Follow published Guidelines by FNMA unless otherwise noted below. QM/ATR guidelines must be met including full income documentation per investor guidelines, ATR and income worksheets completed as well as points and fee requirements for all loans.

Loans exceeding 80% LTV require MI-refer to MI vendor guidelines

| Limited Cash-Out Refinance | | | | | |
|---|---|---|---|---|---|
| **Occupancy** | **Property Type** | **Maximum LTV/CLTV (16)** | **Minimum FICO (9)** | **MAX DTI** | **Mortgage History (last 12 mos.) (11)** |
| **Primary** | 1 unit | 97%/105% | Per DU/LP | 65% | Months 1-6 0x30<br>Months 7-12 1x30 |

## Underwriting Guideline Requirements

| | | |
|---|---|---|
| **Collateral** | | |
| **1** | **Appraisal** | • Appraisal Waivers are permitted. Refer to FNMA/FHLMC selling guides.<br>• Appraisal Credit of $500 required at closing when appraisal is required, regardless of the cost. |
| **2** | **Condominiums** | • All project review requirements (including fidelity coverage requirements) are waived for properties located in a condo.<br>• FNMA Form 1076 or FHLMC Form 476A are required for projects with five or more attached units to allow evaluation of deferred maintenance and special assessments.<br>• Must confirm appropriate property and flood insurance is obtained.<br>• Condo hotels/motels are ineligible.<br>• Attached Florida Condos: Max LTV 75% |
| **3** | **Ineligible Collateral** | • Manufactured homes (includes mfg. accessory units), Co-Ops. |
| **Credit** | | |
| **4** | **Bankruptcy** | • Chapter 13: Must be discharged > 2 years prior to closing.<br>• BK dismissals must be > 4 years measured from dismissal to closing date.<br><br>FNMA<br>• Chapter 7: Must be discharged or dismissed > 4 years prior to closing.<br>• Multiple Bankruptcy filings within past 7 years must be discharged/dismissed > 5 years measured from the most recent discharge/dismissal date.<br><br>FHMLC<br>• Bankruptcy must be discharged, otherwise per LPA. |
| **5** | **Collections/Charge-offs** | • Refer to DU/LPA requirements. |
| **6** | **Judgments/Liens** | • Outstanding judgments and liens must be paid at or prior to loan closing. |
| **7** | **Foreclosure** | FNMA<br>• Must be >7 yrs. from completion date to closing.<br>• Manner of payment or status code of "8" or "9" or any foreclosure-related comments reporting on credit is considered a foreclosure.<br>• Mortgages that were discharged through a bankruptcy can apply the waiting period for bankruptcies (see #4) provided documentation is obtained to validate the mortgage was discharged in the bankruptcy, otherwise the foreclosure waiting period applies. Does not apply to timeshares.<br><br>FHLMC<br>• Per LPA<br>• Also applies to timeshares when coded on credit report as mortgage. |

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# FNMA RefiNow™ / FHLMC Refi Possible™

Mr. CooperGroup®

November 1, 2024

Follow published Guidelines by FNMA unless otherwise noted below. QM/ATR guidelines must be met including full income documentation per investor guidelines, ATR and income worksheets completed as well as points and fee requirements for all loans.

| | | |
|---|---|---|
| **8** | **Pre-foreclosures, Deed in Lieu of Foreclosure, Short Sales and Mortgage Charge-offs** | FNMA<br>• Pre-foreclosure, Deeds in Lieu of Foreclosure, Short Sales and mortgage charge-offs must be > 4 years.<br>• Does not apply to timeshares.<br><br>FHLMC<br>• Per LPA<br>• Also applies to timeshares when coded on credit report as mortgage |
| **9** | **FICO** | • Use the lowest FICO (middle of 3; lower of 2) for all borrowers.<br>• At least one borrower must have a credit score. |
| **10** | **Fraud Manager** | • Fraud Manager required. |
| **11** | **Mortgage History** | • For the mortgage being refinanced: 12 months mortgage payments must be verified and must meet payment history requirements:<br>  ○ Months 1-6 0x30, and<br>  ○ Months 7-12 1x30, and<br>  ○ Must be current between the date the mortgage tradeline was last reported and the note date.<br>• If the borrower has missed payments due to a COVID-19 forbearance, and those payments have been resolved then the missed payments are not considered delinquencies for purposes of meeting these payment history requirements. |
| **12** | **Non-Permanent Resident Aliens** | • Refer to: STN-427295 Loans to Noncitizen Borrowers Standard |
| **13** | **Power of Attorney** | • Refer to FNMA/FHLMC selling guides<br>• Refer to Overlay Matrix |
| | Income and Assets | |
| **14** | **4506C / Tax Transcripts** | • 4506-C signed by all borrowers is required. 4506-C transcripts are required per PM1-282226 4506-C and Income Document Procedures |
| **15** | **Borrower Income Limits** | DU/LPA will identify when the loan may be eligible for a RefiNow/Refi Possible mortgage based upon qualifying income and applicable income limits: AMI Table<br>• 100% of area median income (AMI)<br>• Subject property resale restriction with Affordable Housing Income Limitations must apply the lower of the restrictive limits.<br>• All income *used to qualify* the loan from all borrowers must be considered in the area median income calculation. |
| **16** | **Existing Non-Occupant Borrowers** | • Permitted subject to maximum 95% LTV.<br>• Non-occupant borrower's income is considered as part of qualifying income and subject to area median income limits. |

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| | | |
|---|---|---|
| **17** | **Income Documentation** | • Base Pay (non-variable):<br>  ◦ The borrower's year-to-date paystub dated no earlier than 30 days prior to the loan application date.<br>• Base Pay (variable) Tip, Bonus, Overtime Income Commission Income:<br>  ◦ The borrower's year-to-date paystub and W2 covering the most recent one-year period.<br>• Military Income:<br>  ◦ Military Leave and Earnings Statement<br>• Self-employment:<br>  ◦ One year personal and business tax returns.<br>• Alimony, Child Support, or Separate Maintenance:<br>  ◦ Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt<br>  ◦ FHLMC - Document three-year continuance<br>• All Other Eligible Income Types:<br>  ◦ Standard Underwriting Guide requirements apply |
| **18** | **Reserve requirements** | • As required per DU/LPA.<br>• FNMA - Document the most recent one-month period of account activity (30 days) bank statements or investment portfolio statements to document sufficient funds for closing and/or financial reserves. |
| | | **Product Features** |
| **19** | **DU/LPA Recommendations** | • DU Approve/Eligible or LPA Accept/Eligible recommendation is required.<br>• Refer and Ineligible findings are not eligible for financing.<br>• Loans that DU/LPA approves as Refi Now/Refi Possible but do not otherwise meet RefiNow/Refi Possible guidelines (e.g. borrower benefit not met) must be re-run through DU as a Standard LCOR and LPA as a Regular Refinance.<br>• Manual Underwritten loans are ineligible |
| **20** | **Borrower Benefit** | The refinanced loan must provide the following benefits to the borrower:<br>• a reduction in interest rate of at least 50 basis points, and<br>• a reduction in the monthly payment that includes principal, interest, and the mortgage insurance payment (if applicable) of any amount. |
| **21** | **Change in Borrowers** | • The borrowers on the new loan must be the same as the existing mortgage – new borrowers cannot be added.<br><br>FNMA<br>• One or more borrowers may be *removed* if:<br>  ◦ the remaining borrower(s) meet the payment history requirements and provides evidence that they have made at least the last 12 months of payments from their own funds (prior to the date of application), or<br>  ◦ due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file).<br><br>FHLMC<br>• One or more borrowers may be *removed* if:<br>  ◦ the remaining borrower(s) meet the payment history requirements (including the payments for any secondary financing) and provides evidence that they have made at least the last 12 months of payments from their own funds (prior to the date of application), or<br>  ◦ due to the death of a borrower (evidence of the deceased borrower's death must be documented in the loan file). |

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# FNMA RefiNow℠ / FHLMC Refi Possible℠

Mr. CooperGroup®

November 1, 2024

Follow published Guidelines by FNMA unless otherwise noted below. QM/ATR guidelines must be met including full income documentation per investor guidelines, ATR and income worksheets completed as well as points and fee requirements for all loans.

| | | |
|---|---|---|
| **22** | **Existing Mortgage Eligibility** | • RefiNow: the existing mortgage must be FNMA owned. Refi Possible: the existing loan must be FHLMC owned<br>• The existing mortgage must be seasoned at least 12 months (from the original note date to the new loan date) |
| **23** | **Ineligible Mortgages** | The new Mortgage must not be:<br>• High Balance or Super Conforming loan<br>• Texas Section 50(a)(6) loan<br><br>The existing Mortgage being refinanced must not be:<br>• an existing high LTV refinance loan, RefiNow, Refi Possible, DU Refi Plus® loan, Refi Plus®, Relief Refinance Mortgage℠, or Enhanced Relief Refinance® loan, or<br>• subject to recourse, repurchase agreement, indemnification, outstanding repurchase demand, or credit enhancement (Note: DU/LPA will provide an Approve/Eligible or Accept/Eligible for loans that have credit enhancements that are eligible for Refi Now/Refi Possible.) |
| **24** | **Mortgage Insurance** | • Lender paid life of loan and financed mortgage premiums permitted.<br>• Not eligible for Custom or Reduced mortgage insurance.<br>• Lender paid monthly premiums are not permitted<br>• When mortgage insurance is financed, the maximum loan amount (including the financed MI) cannot exceed the maximum mortgage amount or LTV limitation.<br>• When MI is required on the new loan:<br>  ◦ Enact or National is eligible regardless of the existing MI provider.<br>  ◦ For all other MI companies with existing MI the new MI provider must remain the same |
| **25** | **Product Terms** | • **Fixed**<br>  ◦ 10yr, 15yr, 20yr, 25yr and 30-yr |
| **26** | **Subordinate Financing** | Existing subordinate financing<br>• may not be satisfied with the proceeds of the new loan<br>• may remain in place if it is resubordinated to the new loan<br>• may be simultaneously refinanced with the existing first lien mortgage, provided that:<br>  ◦ the unpaid principal balance (UPB) of the new subordinate lien is not more than the UPB of the subordinate lien being refinanced at the time of payoff, and<br>  ◦ there is no increase in the monthly principal and interest payment on the subordinate lien. |
| **27** | **Special Feature Codes** | DU/LPA must reflect the following loan delivery codes: (DO NOT enter into Encompass)<br>• FNMA RefiNow - Must be delivered with SFC 868.<br>• FHLMC Refi Possible - Investor Feature Identifier (FIF) J05, indicating Refi Possible Mortgage |
| **28** | **Use of Mortgage Proceeds** | • Cash out less than or equal to $250.<br>• Closing costs, prepaid items, and points may be included in the new loan amount. |

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Non-Delegated Correspondent, Wholesale

# FNMA High Balance Loan Matrix

Mr. CooperGroup®

November 1, 2024

Loans Exceeding 80% LTV require MI - Refer to MI Vendor Guidelines

## Purchase & Rate/ Term Refinance

| Occupancy | | Max Loan Amt | Max LTV / CLTV[3] | Min FICO[12] | Max DTI | Mortgage History (last 12 mos.)[14] | BK History [8] |
|---|---|---|---|---|---|---|---|
| Primary | 1-unit | See County Matrix ≤ $1,149,825 | 95% / 95% | Per DU | Per DU | Per DU | See Below |
| Primary | 2-unit | See County Matrix ≤ $1,472,250 | 85% / 85% | | | | |
| Primary | 3-unit | See County Matrix ≤ $1,779,525 | 75%/75% | | | | |
| | 4-unit | See County Matrix ≤ $2,211,600 | | | | | |
| Second Home | 1-unit | See County Matrix ≤ $1,149,825 | 90% / 90% | | | | |
| Investment | 1-unit | See County Matrix ≤ $1,149,825 | 85% / 85% Purchase<br>75% / 75% Refinance | | | | |
| Investment | 2-unit | See County Matrix ≤ $1,472,250 | 75% / 75% | | | | |
| | 3-unit | See County Matrix ≤ $1,779,525 | | | | | |
| | 4-unit | See County Matrix ≤ $2,211,600 | | | | | |

## Cash-Out Refinance

| Owner Occupied | | Max Loan Amt | Max LTV / TLTV[3] | Min FICO (11) (12) | Max DTI (15) | Mortgage History (last 12 mos.)[13] | BK History (7) |
|---|---|---|---|---|---|---|---|
| Primary | 1-unit | See County Matrix ≤ $1,149,825 | 80% / 80% | Per DU | Per DU | Per DU | See Below |
| | 2-unit | See County Matrix ≤ $1,472,250 | 75% / 75% | | | | |
| | 3-unit | See County Matrix ≤ $1,779,525 | | | | | |
| | 4-unit | See County Matrix ≤ $2,211,600 | | | | | |
| Second Home | 1-unit | See County Matrix ≤ $1,149,825 | 75% / 75% | | | | |
| Investment | 1-unit | See County Matrix ≤ $1,149,825 | 75% / 75% | | | | |
| | 2-unit | See County Matrix ≤ $1,472,250 | 70% / 70% | | | | |
| | 3-unit | See County Matrix ≤ $1,779,525 | | | | | |
| | 4-unit | See County Matrix ≤ $2,211,600 | | | | | |

## Collateral

| | | |
|---|---|---|
| **1** | **Appraisal** | • A full 1004 (interior/exterior) appraisal in past 120 days required; or<br>• Appraisal form *1004 Desktop/Form 70D* may be utilized as an alternative if offered by DU; or<br>• *Value Acceptance + Property Data* may be utilized on certain transactions if offered by DU; or<br>• *Value Acceptance* may be utilized only if offered by DU; or<br>• Regardless of *Value Acceptance* offering:<br>  ◦ If the property/loan type exhibits any of the Ineligible Transaction features listed in FNMA selling guidelines the offering may not be exercised<br>  ◦ If an appraisal has been ordered or received, the PIW option may not be exercised.<br>  ◦ *Value Acceptance* offerings are not eligible for estimated values of $1,000.000 or greater.<br>• Appraisals must be ordered through an approved VMC.<br><br>**Ineligible Properties**<br>• Manufactured homes (includes manufactured accessory units).<br>• Property Condition Rating of C5 or C6 is ineligible |

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# FNMA High Balance Loan Matrix

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| **Collateral (CONTINUED)** | | |
| **2** | **Condos** | HOA Questionnaire required.<br>Refer to FNMA selling guide. |
| **3** | **Florida Condos** | New or Newly Converted Projects are ineligible<br><br>Florida attached condo projects are subject to the following requirements:<br>**FNMA Limited Review:**<br>• **Primary**: Max 75%/90%/90% LTV/CLTV/HCLTV<br>• **Second Home**: Max 70%/75%/75% LTV/CLTV/HCLTV<br>• **Investment**: Ineligible<br>FNMA Full Review<br>• Primary: 75% / 97% / 97% LTV/CLTV/HCLTV<br>• Second: 75% / 90% / 90% LTV/CLTV/HCLTV<br>• Investment: 75% / 85% / 85% LTV/CLTV/HCLTV |
| **4** | **Land Contracts** | Must be recorded to be eligible. |
| **5** | **Listed For Sale** | • Properties listed for sale at the time of loan application are not eligible for refinance.<br>• LCOR- Property must be taken off the market prior to the loan application date.<br>• Not eligible for Cash-Out if listed within the 6 months prior to closing, |
| **6** | **Seasoning** | • Rate/Term only on properties with < 6 mos. seasoning (Refer to FNMA selling guide for Delayed Financing exceptions). |
| **7** | **Max # of Properties Owned** | • 1-10 financed properties allowed. Unlimited if Owner Occupied.<br>• 1-6 properties per DU and standard reserve requirements.<br>• 7-10 properties allowed provided the following eligibility requirements are met:<br>  ◦ Second Home and Investment Properties:<br>  ▪ Min 720 FICO<br>  ▪ Refer to FNMA selling guide for full eligibility and reserve requirements |
| **Credit** | | |
| **8** | **Bankruptcy** | • Chapter 13: Must be discharged > 2 years prior to closing. BK dismissals must be > 4 years measured from dismissal to closing date.<br>• Chapter 7: Must be discharged or dismissed > 4 years prior to closing<br>• Multiple Bankruptcy filings within past 7 years must be discharged/dismissed > 5 years measured from the most recent discharge/dismissal date. |
| **9** | **CCJ&Ls** | • Collections and Charge-offs--refer to DU stipulations<br>• Outstanding judgments and liens must be paid at or prior to loan closing. |
| **10** | **Foreclosure** | • Must be >7 years from completion date to closing.<br>• Manner of payment or status code "8" or "9" or any foreclosure-related comments reporting on credit is considered a foreclosure.<br>• Mortgages that were discharged through a bankruptcy can apply the waiting period for bankruptcies (see #7) provided documentation is obtained to validate the mortgage was discharged in the bankruptcy, otherwise the foreclosure waiting period applies.<br>• Does not apply to timeshare. |
| **11** | **Pre-foreclosures, Deed in Lieu of Foreclosure, Short Sales, and Mortgage Charge Offs** | • Per DU. Pre-foreclosures, Deeds in Lieu of Foreclosure, Short Sales and Mortgage Charge Offs must be > 4 yrs.<br>• Does not apply to timeshare. |

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# FNMA High Balance Loan Matrix

Mr. CooperGroup®

November 1, 2024

| | | |
|---|---|---|
| **Credit (CONTINUED)** | | |
| **12** | **FICO Score Requirements** | • All borrowers must have a credit score.<br>• Use lowest Fico (middle of 3, lower of 2).<br>• A single FICO is acceptable with DU Approve/Eligible findings.<br>• DU Approve/Eligible rating required on all loans. |
| **13** | **Minimum Payment** | **Revolving Accounts:**<br>• 5% of balance if pmt. is not on Credit Report<br>• Include all pmts. regardless of number of pmts. remaining<br>• When paid at closing are not required to be closed<br>**Installment Accounts:**<br>• The greater of 5% of balance or $10 if pmt. is not on Credit Report<br>• No pmt. required if < 10 pmts. remain except for car leases<br>**Deferred Installment Debt (*not including deferred student loans*):**<br>• Include pmt. in DTI<br>• If pmt. not shown on Credit Report, actual monthly pmt. must be documented<br>**Deferred Student Loans:**<br>• Refer to FNMA selling guide.<br>**30 Day Accounts**<br>• The Borrower *must* have sufficient verified funds equal to the amount of the outstanding balance.<br>• Monthly payments are not required to be included in the monthly debt.<br>• Cash proceeds from the transaction ***may*** be used to cover the asset requirement for 30-day accounts<br>• The verified asset funds must be in addition to any funds used to qualify the Borrower for the Mortgage transaction, closing costs and reserves. The asset funds must be an eligible source.<br>**NOTE:** DU will include the balance of the 30-day account shown on 1003 in Reserves Required to be Verified Amount shown on DU Findings. On transactions that do not require verification of reserves, the balance of the 30-day account in the Reserves Required to be Verified will be reduced by any cash-out the borrower receives through the transaction |
| **14** | **Mortgage History** | • Per DU. Must be < 30 at closing. |
| **15** | **Noncitizens Borrowers** | • Refer to: STN-427295 Loans to Noncitizen Borrowers Standard |
| **Income/Assets** | | |
| **16** | **Non-Taxable Income** | • Nontaxable Social Security, Pension, Workers Comp and Disability Retirement income may be grossed up 25% provided continuation for minimum 3 yrs. and nontaxable is verified via tax returns. |
| **17** | **Self-Employment Income** | • Loans using any amount of income from self-employment (with ownership of 25% or more) to qualify are eligible. |
| **18** | **4506-C** | • 4506-C signed by all borrowers is required.<br>• 4506-C transcripts as required per PM1-282226 4506-C and Income Document Procedures |
| **19** | **Minimum Reserves** | • As required by DU.<br>• Reserves are required to cover the amount of unpaid balance of all 30-day accounts.<br>• Refer to #13 for assets required to cover 30-day accounts. DU will include the balance of the 30-day account shown on the 1003 in Reserves Required to be Verified amount shown on the DU findings.<br>• 2 mos. for 2nd Home;<br>• 6 mos. for Investment plus:<br>  ◦ 1-4 Financed Properties/ 2% of Aggregate UPB;<br>  ◦ 5-6 Financed Properties / 4% of Aggregate UPB<br>  ◦ 7-10 Financed Properties / 6% of Aggregate UPB<br>• FNMA DU Version 10.3 requires 6 months of reserves for borrowers with DTI >45% if the transaction is Cash-Out. |
| **Purchase Money** | | |
| **20** | **Buyer Contribution** | • Refer to MI provider guidelines to determine acceptability if Borrower is not contributing at least 5% own funds to the transaction if LTV is >80%.<br>• Borrower must contribute at least<br>  ◦ 0 if LTV is < 80% 1-4 principal residence<br>  ◦ 0 if LTV is > 80% single family principal residence<br>  ◦ Min 5% 2-4 unit principal residence > 80%<br>  ◦ Min 5% on second homes with LTV's > 80% |

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# FNMA High Balance Loan Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| **Purchase Money (CONTINUED)** | | |
| **21** | **Seller Contribution** | **Owner Occupied or Second Homes:**<br>• **90% LTV:** 3% Maximum IPC<br>• **75.01 - 90% LTV:** 6% Maximum IPC<br>• **≤ 75% LTV:** 6% Maximum IPC<br>**Investment Property:**<br>• **All CLTV Ratios:** 2% Maximum IPC |
| **22** | **Conversion of Primary Residence or Pending Sale** | • Conversion to 2nd Home - Full PITIA must be included in DTI<br>• Conversion to Investment - Fully executed Rental Agreement<br>• Pending Sale - Must qualify borrowers using both PITI payments unless a fully executed sales contract and satisfactory evidence that any buyer financing conditions have been cleared are provided. |
| **Products** | | |
| **23** | **Loan Size** | • Minimum Loan Amount $766,551<br>• Maximum 30 yr. term |
| **24** | **Maximum Loan** | • See County Matrix |
| **25** | **Cash-Out Refinance** | • If property was purchased within the prior 6 months, the borrower is ineligible for a cash-out transaction unless the loan meets Delayed Financing requirements.<br>• Property must not have been listed within the 6 months prior to closing.<br>• FNMA DU Version 10.3 requires 6 months of reserves for borrowers with DTI >45%.<br>• When proceeds of a cash-out refinance Mortgage are used to pay off a First Lien Mortgage, the First Lien Mortgage being refinanced must be seasoned for at least 12 months.<br>• Refinance of an FHA mortgage with a Partial Claim (2nd lien):<br>◦ Partial Claim lien must be paid off. Subordination is not allowed. |
| **26** | **Delayed Financing** | • Single family, primary residence only.<br>• Refer to FNMA selling guide. |
| **27** | **Short Term Refinances** | • Payoff of any subordinate non-purchase money loan is considered a cash-out refinance. Additionally, any refinance of a loan which paid off a subordinate non-purchase money loan within the last 6 months is also considered a cash out.<br>• Refer to #26 for Delayed Financing. |
| **28** | **Texas Home Equity** | • Maximum LTV is 80% |
| **29** | **Recommendations Allowed** | • DU Approved Eligible |
| **30** | **Documentation Age** | • Income and asset documentation must be less than 120 days old at time of closing. Credit reports must be less than 120 days old for existing and new construction at time of closing. |
| **31** | **Special Feature Code** | • Use SFC *808* for all High Balance loans |
| **32** | **ARM Product** | • **Qualifying rate**:<br>**5yr/6m ARMs**<br>◦ Greater of note rate plus 2% or fully indexed rate.<br>• **Fully indexed rate**:<br>◦ Index + Margin, rounded to the nearest 1/8th percent.<br>• DU Approve/eligible Recommendation only<br>• TX 50(a)(6) loans are ineligible<br>• **Index**: Federal Reserve Bank of New York 30-Day Average S.O.F.R.<br>• **Margin**: 3%<br>• **Terms available**: 5yr/6m<br>• **Caps** (initial/periodic/lifetime):<br>◦ 2/1/5 (5yr/6m ARM) |

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# FNMA High Balance Loan Matrix

Mr. CooperGroup®

November 1, 2024

| Products (CONTINUED) | | |
|---|---|---|
| **33** | **Temporary Buydown Plans** | **Eligible Transactions**<br>• Plan Terms: 12, 24 and 36 months<br>• Purchase Transactions<br>• Primary Residences<br>• 1-unit Properties<br><br>**Ineligible Transactions**<br>• Second Homes<br>• Investment Properties<br>• Adjustable-Rate Mortgages<br>• Refinance Transactions<br>• 2–4-unit Properties<br>• Manufactured Homes |
| **34** | **Private Mortgage Insurance** | • Maximum LTV with financed mortgage insurance is 95%<br>• Monthly LPMI mortgage insurance premiums are not allowed<br>• Single premium LPMI through Radian only |
| **35** | **Fraud Manager Requirement** | • Fraud Manager required. |

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Non-Delegated Correspondent, Wholesale

# FHLMC Super Conforming Loan Matrix

Mr. CooperGroup

November 1, 2024

Loans Exceeding 80% LTV require MI - Refer to MI Vendor Guidelines

## Purchase & Rate/ Term Refinance

| Owner Occupied | | Max Loan Amt | Max LTV / TLTV[3] | Min FICO [13] | Max DTI | Mortgage History (last 12 mos.)[15] | BK History[9] |
|---|---|---|---|---|---|---|---|
| Primary | 1-unit | See County Matrix ≤ $1,149,825 | 95% / 95% | Per LPA | Per LPA | Per LPA | See Below |
| | 2-unit | See County Matrix ≤ $1,472,250 | 85% / 85% | | | | |
| | 3-unit | See County Matrix ≤ $1,779,525 | 80% / 80% | | | | |
| | 4-unit | See County Matrix ≤ $2,211,600 | | | | | |
| Second Home | 1-unit | See County Matrix ≤ $1,149,825 | 90% / 90% | | | | |
| Investment | 1-unit | See County Matrix ≤ $1,149,825 | 85% / 85% | | | | |
| | 2-unit | See County Matrix ≤ $1,472,250 | 75% / 75% | | | | |
| | 3-unit | See County Matrix ≤ $1,779,525 | | | | | |
| | 4-unit | See County Matrix ≤ $2,211,600 | | | | | |

## Cash-Out Refinance

| Owner Occupied | | Max Loan Amt | Max LTV / TLTV[3] | Min FICO [6] [13] | Max DTI | Mortgage History (last 12 mos.)[15] | BK History[9] |
|---|---|---|---|---|---|---|---|
| Primary | 1-unit | See County Matrix ≤ $1,149,825 | 80% / 80% | Per LPA | Per LPA | Per LPA | See Below |
| | 2-unit | See County Matrix ≤ $1,472,250 | 75% / 75% | | | | |
| | 3-unit | See County Matrix ≤ $1,779,525 | | | | | |
| | 4-unit | See County Matrix ≤ $2,211,600 | | | | | |
| Second Home | 1-unit | See County Matrix ≤ $1,149,825 | 75% / 75% | | | | |
| Investment | 1-unit | See County Matrix ≤ $1,149,825 | 75% / 75% | | | | |
| | 2-unit | See County Matrix ≤ $1,472,250 | 70% / 70% | | | | |
| | 3-unit | See County Matrix ≤ $1,779,525 | | | | | |
| | 4-unit | See County Matrix ≤ $2,211,600 | | | | | |

## Collateral

| | | |
|---|---|---|
| 1 | **Appraisal** | • A full 1004 (interior/exterior) appraisal in past 120 days required; or<br>• Appraisal form *1004 Desktop/Form 70D* may be utilized as an alternative if offered by LPA.<br>• Appraisal form *1004 Hybrid/Form 70H* may be utilized on certain FHLMC transactions if offered by LPA.<br>• ACE + PDR may be utilized if offered by LPA.<br>• Must be ordered through an approved VMC.<br>*Automated Collateral Evaluation* (ACE) may be utilized if offered by LPA.<br>• Regardless of ACE offering:<br>◦ If the property/loan type exhibits any of the Ineligible Transaction features listed in the FHLMC Selling Guide, the offering may not be exercised<br>◦ If an appraisal has been ordered or received, the ACE option may not be exercised.<br>**Ineligible Properties**<br>• Manufactured homes (includes manufactured accessory units).<br>• Property Condition Rating of C5 or C6 is ineligible |

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# FHLMC Super Conforming Loan Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| **Collateral (CONTINUED)** | | |
| **2** | **Condos** | HOA Questionnaire required.<br>Refer to FHLMC Selling Guide for Project Review Waivers and Exemptions. |
| **3** | **Florida Condos** | **New or Newly Converted Projects are ineligible**<br>**Florida attached condo projects are subject to the following requirements:**<br><br>**FHLMC Streamlined Review, FHLMC Full Review or FNMA CPM Certification.**<br>• **Primary**: Max 75% LTV/TLTV/HTLTV<br>• **Second Home**: Max 70% LTV/TLTV/HTLTV<br>• **Investment**: Ineligible<br>**Project Review Waiver**<br>• **Primary**: Max 75% LTV/TLTV/HTLTV<br>• **Second**: Max 70% LTV/TLTV/HTLTV<br>• **Investment**: Ineligible |
| **4** | **Land Contracts** | Must be recorded to be eligible. |
| **5** | **Listed For Sale or Purchase < 6 mos.** | • Properties listed for sale at time of application are *ineligible* for refinance.<br>• Limited Cash-Out Refinance: Property must be taken off the market prior to the loan application date.<br>• Cash-out Refinance not allowed if property purchased or listed within the 6 months immediately prior to closing.<br>• Delayed Financing for limited cash-out, single family/primary transactions only. |
| **6** | **Cash-Out Refinance** | • If property was purchased within prior 6 months, the borrower is ineligible for a cash-out transaction unless the loan meets Delayed Financing requirements.<br>• Property must not have been listed within the 6 months prior to closing.<br>• When proceeds of a cash-out refinance Mortgage are used to pay off a First Lien Mortgage, the First Lien Mortgage being refinanced must be seasoned for at least 12 months.<br>• Refinance of an FHA mortgage with a Partial Claim (2nd lien):<br>◦ Partial Claim lien must be paid off. Subordination is not allowed. |
| **7** | **Divorce or owner buyouts** | • Divorce or owner buyouts:<br>◦ Property must be jointly owned > 12 months<br>◦ Process as *cash-out* transaction. |
| **8** | **Max # of Properties Owned** | • Second Home or Investment Property transaction with a max 7 - 10 financed properties:<br>◦ Min 720 FICO<br>◦ Additional reserves required refer to FHLMC Selling Guide |
| **Credit** | | |
| **9** | **Bankruptcy** | • Bankruptcy must be discharged, otherwise per LPA |
| **10** | **CCJ&Ls** | • Refer to LPA findings<br>• Outstanding judgments and liens must be paid at or prior to loan closing. |
| **11** | **Continuity of Obligation** | • Continuity of obligation occurs on a refinance transaction when at least one of the borrowers on the existing mortgage is also a borrower on the new refinance transaction secured by the subject property.<br>◦ Refer to FHLMC Selling Guide for allowable exceptions to a continuity of obligation and for the limited eligibility parameters that apply when there is no acceptable continuity of obligation.<br>◦ Continuity of obligation requirements do *not* apply when there is no existing mortgage on the subject property as a result of the borrower either having purchased the subject with cash or when any prior mortgage for which the borrower was an obligor was paid in full. |
| **12** | **Foreclosure, Pre-foreclosures, Deed in Lieu of Foreclosure, Short Sales and Mortgage Charge Offs** | • Follow LPA.<br>• Also applies to timeshares when coded on credit report as a mortgage. |

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# FHLMC Super Conforming Loan Matrix

Mr. CooperGroup

November 1, 2024

| | | |
|---|---|---|
| **Credit (Continued)** | | |
| **13** | **FICO Score Requirements** | • All borrowers must have a credit score.<br>• Use lowest Fico (middle of 3, lower of 2).<br>• A single FICO is acceptable with LPA Accept with "eligible" rating.<br>• LPA Accept/Eligible rating required on all loans. |
| **14** | **Minimum Payment** | **Revolving Accounts:**<br>• 5% of balance if pmt. is not on Credit Report<br>• Include all pmts. regardless of number of pmts. remaining<br>• When paid at closing are not required to be closed<br>**Installment Accounts:**<br>• The greater of 5% of balance or $10 if pmt. is not on Credit Report<br>• No pmt. required if < 10 pmts. remain except for car leases<br>**Deferred Installment Debt (*not including deferred student loans*):**<br>• Include pmt. in DTI<br>• If pmt. not shown on Credit Report, actual monthly pmt. must be documented<br>**Deferred Student Loans:**<br>• Calculate according to FHLMC Selling Guide<br>**30 Day Accounts**<br>• The full amount of the outstanding account balance must be included in the debt payment-to-income ratio ***Unless*** the Borrower has sufficient funds to pay off the outstanding account balance.<br>• Cash proceeds from the transaction ***may not*** be used to cover the asset requirement for 30-day accounts<br>• The verified asset funds must be in addition to any funds used to qualify the Borrower for the Mortgage transaction, closing costs and reserves. The asset funds must be an eligible source. |
| **15** | **Mortgage History** | • Per LPA.<br>• Must be < 30 at closing. No exceptions |
| **16** | **Noncitizens Borrowers** | • Refer to: STN-427295 Loans to Noncitizen Borrowers Standard |
| **Income/Assets** | | |
| **17** | **Non-Taxable Income** | Nontaxable Social Security, Pension, Workers Comp and Disability Retirement income may be grossed up 25% provided continuation for minimum 3 yrs. and nontaxable is verified via tax returns. Gross up on other types of non-taxable income and DTI up to 50% will be considered with LPA Approval. Use tax returns to determine if income is not taxable unless there is no other income. Use links below to determine exempt filing status for borrowers with no other income.<br>IRS Filing Status Chart A/ Page 8 IRS Link: Do I need to File a Tax Return? |
| **18** | **Source of Down Payment** | • Borrowers may use gifts, grants and Community Seconds for all down payment and associated costs of closing for LTV's greater than 80%. |
| **19** | **4506-C** | • 4506-C signed by all borrowers is required. 4506-C transcripts as required per PM1-282226 4506-C and Income Document Procedures |
| **20** | **Minimum Reserve Requirements** | • As required by LPA<br>• Refer to #14 for assets required to cover 30-day accounts.<br>  ◦ Reserves are required to cover the amount of unpaid balance of all 30-day accounts.<br>  ◦ Assets must be verified on 30-day accounts if excluding debt from DTI.<br>  ◦ All reserves requirements must be underwritten by LPA. |

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# FHLMC Super Conforming Loan Matrix

Mr. CooperGroup

November 1, 2024

| | | | |
|---|---|---|---|
| **Purchase Money** | | | |
| **21** | **Buyer Contribution** | Refer to MI provider guidelines to determine acceptability if Borrower is not contributing at least 5% own funds to the transaction if LTV is >80%.<br>• Borrower must contribute:<br>◦ 0 for primary residence 1-4 units<br>◦ Minimum 5% own funds to the transaction if the property is a Second Home and the LTV >80%.<br>◦ All funds used for the transaction if Investment Property | |
| **22** | **Seller Contribution** | **Owner Occupied or Second Homes:**<br>• **90% LTV:** 3% Maximum IPC<br>• **75.01 - 90% LTV:** 6% Maximum IPC<br>• **≤ 75% LTV:** 6% Maximum IPC<br>**Investment Property:**<br>• **All CLTV Ratios:** 2% Maximum IPC | |
| **23** | **Conversion of Primary Residence or Pending Sale** | • Must qualify borrowers using both PITI payments.<br>• If using rental income to qualify:<br>◦ An executed lease is required, and<br>◦ The security deposit must be verified as received and deposited and documented in the loan file. | |
| **Products** | | | |
| **24** | **Loan Size** | • Minimum Loan Amount $766,551<br>• Maximum 30 yr. term | |
| **25** | **Maximum Loan Size** | • See County Matrix. | |
| **26** | **Prepayment Penalties** | • Not allowed | |
| **27** | **Short Term Refinances** | • Payoff of any subordinate non-purchase money loan is considered a cash-out refinance. Refer to *# 11 Continuity of Obligation* | |
| **28** | **Texas Home Equity** | • Maximum LTV is 80% | |
| **29** | **Streamline Mortgages** | • Streamline Program not allowed. | |
| **30** | **AUS Recommendations Allowed** | • LPA *Accept* with "*Eligible*" ratings allowed.<br>• *Refer, Caution* and *ineligible* ratings are ineligible for financing | |
| **31** | **Documentation Age** | • Income and asset documentation must be <120 days old at time of closing.<br>• Credit reports must be <120 days old at time of closing. | |
| **32** | **ARM Product** | • **Qualifying rate**:<br>**5yr/6m ARMs**<br>◦ Greater of note rate plus 2% or fully indexed rate.<br>**7yr/6m**<br>◦ Note Rate<br>◦ HPML/HPCT<br>▪ Greater of the Note rate or fully indexed rate<br>• **Fully indexed rate**:<br>◦ Index + Margin, rounded to the nearest 1/8th percent.<br>• LPA Accept Recommendation only<br>• TX 50(a)(6) loans: not eligible | • **Index**: Federal Reserve Bank of New York 30-Day Average S.O.F.R.<br>• **Margin**: 3%<br>• **Terms available**: 5yr/6m, 7yr/6m<br>• **Caps** (initial/periodic/lifetime):<br>◦ 2/1/5 (5yr/6m ARM),<br>◦ 5/1/5 all others |

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# FHLMC Super Conforming Loan Matrix

Mr. CooperGroup®

November 1, 2024

| Products (Continued) | | |
|---|---|---|
| 33 | **Temporary Buydown Plans** | **Requirements**<br>• When the source of the buydown funds is an interested party to the property sale or purchase transaction, interested-party contribution limits apply.<br>FHLMC "Unplanned Buydowns" must be considered in total value of financing concessions.<br>• When underwriting loans that have a temporary interest rate buydown, the underwriter must qualify the borrower based on the note rate without consideration of the bought-down rate.<br><br>Eligible Transactions<br>• Plan Terms: 12, 24 and 36 months<br>• Purchase Transactions<br>• Primary Residences<br>• 1-unit Properties<br><br>Ineligible Transactions<br>• Second Homes<br>• Investment Properties<br>• Adjustable-Rate Mortgages<br>• Refinance Transactions<br>• 2–4-unit Properties<br>• Manufactured Homes |
| 34 | **Private Mortgage Insurance** | • Maximum LTV inclusive of financed mortgage insurance is 95%<br>• Monthly LPMI Mortgage insurance premiums are not allowed.<br>• Single premium LPMI through Radian only<br>• When a Hybrid Appraisal is utilized, MI is eligible through all providers |
| 35 | **Fraud Manager Requirement** | Fraud Manager is required. |

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