Community Alt Doc
Underwriting Guidelines

Community ALT-DOC

Table of Contents

Overview

Alt Doc – Non-QM guidelines are structured to guide its users towards making common sense lending decisions on loans to borrowers who may have limited access to credit. These borrowers' situations generally require the consideration of alternative forms of documenting income and/or compensating factors which offset risk indicated by a recent credit event or elevated debt-to-income ratio. The borrower's ability to repay must be proven in all instances.

Loans eligible for sale to a Government Sponsored Entity (Federal National Mortgage Association ("Fannie Mae" or "FNMA") or Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC") are not eligible for the Alt-QM programs.

For any guideline not addressed in these guides, defer to Fannie Mae Guidelines.

Community ALT-DOC

Program Eligibility

Alt Doc: Program allowing for alternative income documentation to agency guides for qualifying.

The following loan products are eligible:

Fully Amortizing

- 5/6 Month SOFR: (2/2/5 Cap Structure)
- 7/6 Month SOFR: (5/2/5 Cap Structure)
- 10/6 Month SOFR: (5/2/5 Cap Structure)
- 15 Year Fixed
- 30 Year Fixed

Qualifying Rate (All Doc Types):

Fixed:

Qualify borrower(s) at the Note Rate

ARM:

5/6 Month ARM - Qualify borrower(s) at greater of the Fully Indexed Rate or Note Rate.7/6 Month ARM & 10/6 Month ARM – qualify at the Note Rate.

Community ALT-DOC

Qualifying Payment

Qualifying Ratios are based on PITIA payment with the principal and interest payments amortized over the scheduled remaining loan term at the time of recast after the interest only period has expired.

Loan Amounts

Minimum Loan Amount: $100,000

Maximum Loan Amount: $3,000,000

Minimum FICO

- 660

Maximum LTV / CLTV

- 85% / 85%

Interested Party Contributions

- 6%

All Interested Party Contributions must be properly disclosed in the sales contract, appraisal, loan estimate and closing disclosure and be compliant with applicable federal, state, and local law.

Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction.

Interested party contributions may only be used for closing costs and prepaid expenses (Financing Concessions) and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements. If an Interested Party Contribution is present, both the appraised value and sales price must be reduced by the concession amount that exceeds the limits referenced above.

The value of sales concessions/Inducements to Buy must be deducted from the sales price when calculating LTV for underwriting and eligibility purposes. The LTV is then calculated using the lower of the reduced purchase price or the appraised value.

Escrows | Impound Accounts

Escrows for taxes and insurance are required on all loans with LTVs greater than 80%, unless otherwise specified by applicable state law.

Escrows for taxes and insurance are required for all HPML LoansAge of Documents

Community ALT-DOC

Age of Documents

Credit Report: 90 days as of note date

- Consumer Debts: Creditor statement issued within 90 days or less prior to note date.
- Verification of Mortgage/Rent: 30 days as of funding date
- Payoff Demand: 20 days as of funding or such other date as determined by the payoff
- demand that identifies "valid through" date.
- WVOE: 30 days as of funding date
- VVOE: 10 calendar days to note date
- Paystubs: 30 days as of funding date or 31 days for borrowers paid monthly
- Bank Statements (Income): 45 days from the statement ending date as of the date of
- funding (cannot use an online transaction history to updated income).
- Bank Statements (Assets): 60 days as of the date of funding from ending date of second
- statement.
- Preliminary Title: 90 days as of funding date
- Appraisal: 120 days as of funding date. May be extended to 180 days with an appraisal
- re-certification of value.
- CPL: 90 days from date issued; must be valid through date of funding
- Hazard Insurance:
  - Purchase: Insurance must be in effect at time of closing
  - Refinance: If set to renew within 30 days of closing, renewal must e obtained or

  insurance provider must verify in writing that renewal is not available (dated within 30 days of closing) and 110% of current premium must be collected at closing.

Secondary Financing

Secondary or subordinate financing is allowed with a maximum CLTV equaling maximum LTV per matrix.

If the subordinate financing has a simultaneous closing, the following is required:

- A copy of the loan approval and repayment terms for the new financing; and
- A copy of the executed note at closing.

If the subordinate financing is being subordinated, the following is required:

- The repayment terms of the existing second lien.
- An unsigned copy of the subordination agreement prior to closing; and
- A copy of the executed subordination agreement at closing.

The following requirements apply to all subordinate liens:

- Seller-held subordinate liens are not permitted.
- Subordinate financing must be recorded and clearly subordinate to the new mortgage.

- Payment on the subordinate financing must be included the borrower's DTI. If a payment is unable to be determined, 1.5% of the original loan balance can be used.
- If the debt is an equity line of credit, the CLTV ratio is calculated by adding the total HELOC credit line limit (rather than the amount of the HELOC in use) to the first mortgage amount, plus any other subordinate financing, and dividing that sum by the value of the property
- Negative amortization is not allowed, and the scheduled payments must be sufficient to cover at least the interest due
- Subordinate financing from the borrower's employer may not include a provision requiring payment upon termination
- Max CLTV equals max LTV on transaction.
- Secondary financing must be institutional, private party secondary financing is not allowed.

Borrower Statement of Occupancy

Borrower must acknowledge the intended purpose of the subject property ("Primary Residence", "Second Home", or "Investment") by completing and signing the appropriate sections of the "Occupancy Certification" found in EXHIBIT A of this guide.

Borrower Contact Consent Form

To assist the loan servicer in contacting the borrower in a timely manner, the Loan Officer is required to obtain a valid phone number for the borrower(s). The phone number can be collected on the 1003 loan application or by using the Borrower Contact Consent Form (Exhibit E) in the Exhibit section of the Guide.

Ability to Repay / Qualified Mortgage Rule

Community Savings is exempt from ATR, however, generally all Alt-QM guidelines meet the CFPB's requirements under its Ability-to-Repay (ATR) / Qualified Mortgage Rule, including loans that meet the general ATR requirements and certain higher-priced qualified mortgage loans with rebuttable presumption liability protection, as prescribed by the applicable regulation.

Each loan must include a completed ATR Borrower Confirmation form, available in the forms section of the system. See EXHIBIT B: Ability-To-Repay Borrower Confirmation for an example in the exhibits section of this guide.

State and Federal High-Cost Loans

High-Cost loans are not allowed.

Prepayment Penalty

Not allowed on Primary and Second Homes. Allowed on investment per state guidelines.

Underwriting

All files are manually underwritten.

Interest Credit Closings

Loans closed within the first 5 days of the month may reflect an interest credit to the borrower.

Assumability

Loans are not assumable.

Property Insurance

Property insurance for loans must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis. Extended coverage must include, at a minimum, wind, civil commotion (including riots), smoke, hail, and damage caused by aircraft, vehicle, or explosion.

Policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damages, or any other perils that normally are included under an extended coverage endorsement are not acceptable.

Borrowers may not obtain property insurance policies that include such limitations or exclusions unless they are able to obtain a separate policy or endorsement from another commercial insurer that provides adequate coverage for the limited or excluded peril or from an insurance pool that the state has established to cover the limitations or exclusions.

Additional requirements apply to properties with solar panels that are leased from or owned by a third party under a power purchase agreement or other similar arrangement.

The insurance coverage should reflect one of the following:

- 100% of the insurable value of the improvements, as established by the property insurer (including guaranteed replacement, if applicable); or
- 100% of the Total Estimate of Cost-New per the appraiser; or
- The unpaid principal balance of the mortgage, as long as it at least equals the minimum amount—80% of the insurable value of the improvements—required to compensate for damage or loss on a replacement cost basis. If it does not, then coverage that does provide the minimum required amount must be obtained.

Evidence of Hazard Insurance

Policy must be effective for at least 60 days after the date of funding (does not apply to condominium project insurance policies). Evidence of Insurance may be provided in one of the following forms:

- Policy
- Certificate of Insurance (COI)
- Insurance Binder

Evidence of Insurance must provide the following information:

- Names of borrowers reflect the same as the names on the note
- Property address agrees with the note/security instrument
- Mailing address is the same as property address
- Policy Number
- Loan Number
- Name of insurance company
- Insurance Agent information
- Effective and expiration dates of coverage
- Premium Amount
- Coverage amount and deductible
- Loss payee clause as applicable
- Signed and dated by agent

Optional Coverage

Hazard insurance policies may include optional coverage(s) which are acceptable but are not required. For example, a "homeowners" or "package" policy is acceptable as long as any part of the coverage that exceeds the required coverage is not obligated for renewal.

Rating Requirements

The hazard insurance policy must be written by a carrier that meets at least one of the following requirements:

- Carriers rated by A.M. Best Company, Inc. must have:
  - a "B" or better Financial Strength Rating in Best's Insurance Reports, or
  - an "A" or better Financial Strength Rating and a Financial Size Category of "VIII" or greater in Best's Insurance Reports Non-US Edition
- Carriers rated by Demotech, Inc. must have an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings
- Carriers rated by Kroll's Bond Rating Agency must have a "BBB" or better rating in Kroll Bond Rating Agency's Insurance Financial Strength Rating (IRSR)Carriers rated by Standard and Poor's must have a "BBB" or better Insurer Financial Strength Rating in the Standard and Poor's Ratings Direct Insurance Service

The following types of property insurance policies are acceptable if they are the only coverage the borrower can obtain:

- policies underwritten by a state's Fair Access to Insurance Requirements (FAIR) plan; and
- policies obtained through state or territory insurance plans, such as the Hawaii Property Insurance Association (HPIA), Florida's Citizens Property Insurance Corporation

For insurance not addressed in this section, default to Fannie Mae requirements.

Transaction Types

Eligible Transactions

Purchase

- Proceeds from the transaction are used to finance the acquisition of the subject property.
- LTV/CLTV based upon the lessor of the sales price or appraised value.

Rate/Term Refinance

- Proceeds from the transaction are used to pay off an existing first mortgage loan and any subordinate loan used to acquire the property.
- Any subordinate loan not used in the acquisition of the subject property provided one of the following apply:
  - Closed end loan, at least 12 months of seasoning has occurred.
  - HELOC, at least 12 months of seasoning has occurred and total draws over the past 12 months are less than $2,000. HELOC must be closed.
- Buying out a co-owner pursuant to an agreement.
- Properties listed for sale must be taken off the market prior to disbursement of the refinance loan.
- Paying off an installment land contract executed more than 12 months from the loan application date.
- Cash back in an amount not to exceed the lesser of 2% of the new loan amount or $2,000 can be included in the transaction.
- LTV/CLTV is based upon the current appraised value, no seasoning required.

Cash-Out Refinance

- A refinance that does not meet the definition of a rate/term refinance.
- A mortgage secured by a property currently owned free and clear is considered cash out.
- The payoff of delinquent real estate taxes, federal taxes, state taxes and judgments (60 days or more past due) is considered cash out.
- The borrower must indicate the purpose of the cash out proceeds. Cash out proceeds must be solely for business purposes.
- Properties listed for sale must be taken off the market 6 months prior to disbursement of the refinance loan.

- Loans not eligible for cash-out:
    - A prior cash out transaction within the last 12 months unless a documented benefit exists.
    - Texas Home Equity 50(a)6.
- See Community Savings Matrices for cash-out limits.

Seasoning Requirements:

- Cash-Out Seasoning is defined as the difference between application date of the new loan and prior financing note date or date of purchase.
- If owned less than 12 months, use lesser of purchase price plus documented improvements or appraised value. If more than 12 months use appraised value.
- Cash-Out Seasoning of less than (6) months is not permitted unless the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation).
    - If the property was owned by an LLC that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted towards meeting the borrower's six-month ownership requirement.
    - If the property was owned by an Inter Vivos Revocable Trust, the time held by the trust may be counted towards meeting the borrower's six-month ownership requirement if the borrower is the primary beneficiary of the trust.

Delayed Financing

- Delayed Financing within 6 months of original purchase is allowed with the following restrictions:
    - The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan subject to the maximum LTV, CLTV, and HCLTV ratios for the cash-out transaction based on the lower of the initial purchase price or current appraised value.
    - The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property).
    - At least one of the following must exist:
        - No mortgage financing was used to obtain the property.
            - The original purchase transaction is documented by a settlement statement, which confirms that no mortgage financing was used to obtain the subject property (A recorded trustee's deed or similar alternative confirming the amount paid by the grantee to trustee may be substituted for a settlement

statement if a settlement statement was not provided to the purchaser at the time of sale).

  - The preliminary title search or report must confirm that there are no existing liens on the subject property.

- If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the settlement statement for the refinance transaction must reflect that all cash-out proceeds be used to pay off or pay down, as applicable, the loan used to purchase the property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction.
- The lender has documented that the borrower acquired the property through an inheritance or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership.
- All other rate & term refinance eligibility requirements are met. Rate & Term pricing applies.

Benefit to Borrower

In keeping with the commitment of responsible lending, all primary residence and second home refinance transactions must have a measurable benefit to the borrower.
When determining the benefit on a refinance transaction, one or more of the following must exist to support the benefit to the borrower:

- Balloon payoff
- Private Mortgage Payoff
- Title transfer
- Property retention
- Rate reduction
- P&I reduction
- Debt reduction
- Cash-out

A special mortgage is originated, subsidized, or guaranteed by or through a state, tribal, or local government, or nonprofit organization that either bears a below-market interest rate at the time the loan was originated or has nonstandard payment terms beneficial to the borrower, such as payments that vary with income, are limited to a percentage of income, or where no payments are required under specified conditions.
If the borrower will lose one or more of the benefits of the special mortgage, then both of

the following apply:

- Seller must check that the loan complies with all applicable state and local laws as well as laws associated with the subject special loan program for compliance; and
- Seller must take special care to ensure a net tangible benefit to the borrower.

Non-Arm's Length and Interested Party Transactions

Non-Arm's Length

A non-arm's length transaction occurs when the borrower has a direct relationship or business affiliation with subject property Builder, Developer, or Seller. Examples of non-arm's length transactions include family sales, property in an estate, employer/employee sales and flip transactions.

When the property seller is a corporation, partnership, or any other business entity it must be ensured that the borrower is not an owner of the business entity selling the property.

A non-arm's length transaction is not intended to bail out a family member who has had difficulties making their mortgage payment. A thorough review of the title report in these cases is required as well as the payment history pattern (VOM on the Seller's mortgage).

Interested Party Transaction

A Conflict-Of-Interest Transaction occurs when the borrower has an affiliation or relationship with the Mortgage Broker, Loan Officer, Real Estate Broker/Agent, or any other interested party to the transaction. In the case of the Mortgage Broker, Loan Officer, or Real Estate Broker/Agent extra due diligence must be exercised. For example, the seller's real estate agent for the subject property may not act as the loan officer for the borrower(s) purchasing the same subject property. An examination of the relationship among the Mortgage Broker, Title/Escrow Companies, Appraiser and any other party to the transaction must be closely examined. A Letter of Explanation regarding the relationship between the parties is required.

Non-Arm's Length and Interested Party Transactions Eligibility

- Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction.
  - Commission earned by buyer/borrower cannot be used for down payment, closing costs, or monthly PITIA reserves.
- Seller(s) representing themselves as agent in real estate transaction is allowed.
- Purchase between landlord and tenant
  - Must provide a recent 12-month VOR showing rent paid as agreed along with a

copy of the seller's payoff demand showing not a foreclosure bailout.

- Purchase between family members
    - Gift of Equity requires a gift letter, and the equity gift credit is to be shown on the CD.
    - Must provide a 12-month mortgage history on existing mortgage securing subject property confirming Family Sale is not a foreclosure bailout.
- Borrower to provide cancelled check verifying the earnest money deposit.
- Employer to employee sales or transfers not allowed – the borrower cannot have a business relationship or business affiliation with the builder, developer, or seller of the property.
- Property trades between buyer and seller not allowed.

Non-Arm's Length Restrictions

- Primary residences only
- Borrower to provide verification of earnest money deposit.
- Maximum LTV/CLTV of 80%
- For-Sale-By-Owner (FSBO) transactions must be arm's length
- Employer to employee sales or transfers are not allowed.
- Property trades between buyer and seller are not allowed.

Inherited Properties and Property Buyouts

Refinances of inherited properties and properties legally awarded to the borrower (divorce, separation, or dissolution of a domestic partnership) are allowed. If the subject property was acquired < 12 months prior to loan closing, the transaction is considered a cash-out. These transactions are subject to the following:

- Written agreement signed by all parties stating the terms of the buyout and property transfer must be obtained
- Equity owners must be paid through settlement
- Subject property has cleared probate and property is vested in the borrower's name
- Current appraised value is used to determine loan-to-value

Land Contract/Contract for Deed/Lease with Purchase Option

The payoff of a land contract, lease with purchase option, or rent to own is not eligible for financing.

Permanent Financing for New Construction

The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a borrower to replace interim construction financing obtained by the borrower to fund the construction of a new residence. The borrower must hold title to the lot, which may have been previously acquired or purchased as part of the transaction. When a refinance transaction is used, the borrower must have held legal title to the lot before he/she applied for the construction financing and must be named as the borrower for the construction loan.

A construction-to-permanent transaction may be closed as a purchase, rate/term refinance or cash-out refinance. All construction work must be complete.

- For lots owned ≥12 months from application date for the subject transaction, LTV is based on the current appraised value.
- For lots owned < 12 months from application date for subject transaction, LTV is based on the lesser of the current appraised value of the property or the total acquisition costs (sum of construction costs and purchase price of lot).

Borrower Eligibility

Non-Occupant Co-Borrowers

Allowed Case-by-Case. Requires senior level review.

First-Time Homebuyers

- Definition: An individual is considered to be a first-time home buyer if they have had no ownership interest in a residential property in the most current 3-year period.
- WDTI may not exceed 43% (**case by case exception to 50% DTI)
- Minimum 3 months reserves for Primary Residences
- Not allowed on Second Homes or investment properties.
- When utilizing the Alt Doc program gift funds are allowed as long as the borrower is contributing at least 5% of their own funds into the down payment.
- 12-month recent rental history required reflecting 0x30 – First Time Home Buyers are only allowed to apply a 12-month recent and satisfactory VOR towards the tradeline requirements if utilizing the two (2) tradelines reporting for 12+ months
- Loan Officer should use prudent judgment in evaluating any payment shock implications and the ability of the Borrower to repay the new mortgage loan. Payment shock exceeding acceptable limits will be reviewed case by case and must be accompanied by a documented history of saving which supports the borrower's ability to handle the increased payment. Payment shock limited as follows:

Community ALT-DOC

	DTI > 36%		DTI ≤ 36%
Credit Score ≥ 660	300% current housing		Payment shock not applicable
FTHB with gift funds	150% current housing		Payment shock not applicable

Residency

Eligible	• U.S. Citizen • Permanent Resident Alien (see requirements that follow)

	• Non-Permanent Resident Alien (see requirements that follow) •
Ineligible	• Applicants possessing diplomatic immunity • Foreign National • Borrowers from OFAC sanctioned countries • Politically exposed borrowers • Any material parties (company or individual) to transaction listed on HUD's Limited Denial or Participation (LDP) list, the federal General Services Administration (GSA)Excluded Party list or any other exclusionary list.

Refer to Fannie Mae guidelines for all definitions of eligibility status.

US Citizen

Eligible without guideline restrictions.

Permanent Resident Alien

An alien admitted to the United States as a lawful permanent resident. Lawful permanent residents are legally accorded the privilege of residing permanently in the United States.

- Acceptable evidence of permanent residency includes the following:
  - Alien Registration Receipt Card I-151 (referred to as a green card).
  - Alien Registration Receipt Card I-551 (Resident Alien Card) that does not have an expiration date on the back (also known as a green card).
  - Alien Registration Receipt Card I-551 (Conditional Resident Alien Card) that has an expiration date on the back and is accompanied by a copy of the filed INS Form I-751 (petition to remove conditions).
  - Non-expired foreign passport that contains a non-expired stamp (valid for a minimum of three years) reading "Processed for I-551 Temporary Evidence of Lawful Admission for Permanent Residence. Valid until [mm-dd-yy]. Employment Authorized."
- Eligible without guideline restrictions.
- A fully executed Certification of Resident Alien Status Form must be provided at time of submission.

Non-Permanent Resident Alien

An alien admitted to the United States as a lawful temporary resident. Lawful non-permanent residents are legally accorded the privilege of residing temporarily in the United States.

- Borrower Eligibility Requirements:
  - Residing in U.S. for at least 2 years; and
  - Must have been employed in the U.S. for at least 2 years as evidenced on the loan application; and
  - Must have valid Social Security Number(s); and
  - Must have established U.S. credit.
- Employment Status Documentation is required for all borrowers, and may consist of one of the following:
  - Employment Authorization Documents
    - A valid current Employment Authorization Document (EAD), Form I-765, is required for US employment if the borrower is not sponsored by a current employer.
      - If the EAD will expire within six (6) months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower's continued employment and continued EAD renewal. The employer on the loan application must be the same as on the unexpired EAD. The EAD documentation is acceptable up to 540 days if an automatic extension has been granted.
  - If EAD is not provided, employment authorization may be evidenced by certain VISA types. Some common VISAs allowing employment include:
    - E-3, H-1B, L, O, and P
  - Asylum – Individuals granted asylum are eligible, documentation includes one of the

following:

- Form I-765 Employment Authorization referencing C08
  - After being granted asylum in the United States, DHS issues a Form I-94, Arrival/Departure Record, to asylees. Form I-94 will contain a stamp or notation, such as "asylum granted indefinitely" or the appropriate provision of law (8 CFR 274a.12(a)(5) or INA 208) to show their employment authorization. The asylee does not need to present a foreign passport with this Form I-94. An asylee can also present an electronic Form I-94 with an admission class of "AY."

Deferred Action for Childhood Arrivals

Deferred Action for Childhood Arrivals (DACA) - On June 15, 2012, the Secretary of Homeland Security announced that certain people who came to the United States as children and meet several guidelines may request consideration of deferred action for a period of 2 years, subject to renewal. They are also eligible to request work authorization. Deferred action is an exercise of prosecutorial discretion to defer removal action against an individual for a certain period oftime. Deferred action does not provide lawful status. Individuals who can provide documentation of current DACA status along with work authorization are eligible for financing under the same criteria as a non-permanent resident. The individual is required to have a valid Social Security number, or proof of application for a SSN, along with a 2-year U.S. credit and employment history. Eligible forms of documentation may include the following:

- Consideration of Deferred Action for Childhood Arrivals – Form I-821D
- Application for Employment Authorization – Form I-765
- Worksheet – Form I-765WS
- Valid EAD with category C33

Exclusionary list/OFAC/Diplomatic Immunity

All parties involved on each transaction must be screened through exclusionary lists used by the seller. The seller should apply its exclusionary list policy to any loans originated under these guidelines.

Parties to the transaction must also be cleared through OFAC's SDN List (borrowers, property sellers, employers, banks, etc.). A search of the Specially Designated Nationals and Blocked Persons List may be completed via the U.S. Department of the Treasury website at https://sanctionssearch.ofac.treas.gov/.

Borrowers from OFAC sanctioned countries are ineligible. A list of sanctioned countries is available at https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs- and-country-information.

Individuals with diplomatic immunity are not eligible due to the inability to compel payment or seek judgment. Verification the borrower does not have diplomatic immunity can be determined by reviewing the visa, passport, and/or the U.S. Department of State's Diplomatic List at https://www.state.gov/resources-for-foreign- embassies/deans-of-the-diplomatic-corps/.

Inter Vivos Revocable Trust

Title vesting in an Inter Vivos Revocable Trust is permitted when the requirements set forth in this section are followed. The Fannie Mae requirements should be followed to the extent this section is silent.

The trust must be established by one or more natural persons, solely or jointly. The primary beneficiary of the trust must be the individual(s) establishing the trust. The trust must become effective during the lifetime of the person establishing the trust. If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.
The Trustee must include either:

- The individual establishing the trust (or at least one of the individuals, if two (2) or more).
- An institutional trustee that customarily performs trust functions in and authorized to act as trustee under the laws of the applicable state.

The trustee must have the power to hold the title, and mortgage the property. This must be specified in the trust. One or more of the parties establishing the trust must use personal income or assets to qualify for the mortgage.

The following documentation is required:

- If the trust was created under California law, a full executed Certificate of Trust under Section 18100.5 of the California Probate Code.
- If the trust was created under the laws of a state other than California:
    - Attorney's Opinion Letter from the borrower's attorney or Certificate of Trust verifying all of the following:
        - The trust is revocable.
        - The borrower is the settler of the trust and the beneficiary of the trust.
        - The trust assets may be used as collateral for a loan.
        - The trustee is:
            - Duly qualified under applicable law to serve as the trustee.
            - The borrower

- The settler
- Fully authorized under the trust documents and applicable law to pledge, or otherwise encumber new assets.

Ineligible Borrowers

- Irrevocable Trust
- Land Trust
- Blind Trust
- Borrowers with diplomatic immunity or otherwise excluded from U.S. jurisdiction.
- Any borrower suspended, debarred, or otherwise excluded per the LDP/GSA and/or OFAC/SAM findings.

Credit

Credit Reports

Fannie Mae guidelines should be utilized for processing and documenting all required credit reports and determining borrower's credit eligibility.

The credit report used to evaluate a loan may not reflect a security freeze. If the borrower(s) unfreezes credit after the date of the original credit report, a new tri-merged report must be obtained to reflect current and updated information from all repositories.

Credit Inquiries

Any credit inquiries listed on the report within 90 days of the report date must be explained by the borrower. If new credit was extended borrowers must provide documentation on the current balance and payment. If no credit was extended borrower must state, the purpose of the inquiry. Borrowers are obligated to inform the Loan Officer of any new extension of credit, whether unsecured or secured, that takes place during the underwriting process and up to the consummation of the loan.

Housing History

Mortgage/rental history is required for all programs. If a borrower's mortgage or rental history is not reported on the credit report, alternative documentation showing the most recent 12-month history must be provided.

Mortgage Payment History – Forbearance/Payment Deferment Clarification

Follow current FNMA reinstatement requirements for Borrowers in forbearance. If the borrower has resolved missed payments through a loss mitigation solution, they are eligible for a new mortgage loan if they have subsequently made at least three (3) timely payments:

- For a repayment plan, the borrower must have made either the three (3) consecutive timely payments under the repayment plan or completed the repayment plan, whichever occurs first.

- For a payment deferral, the borrower must have made at least three (3) consecutive timely payments following the effective date of the payment deferral agreement.

***Note:** The source of funds used to reinstate the loan must be documented if the reinstatement was completed after the application date of the new transaction. The required three (3) consecutive timely payments cannot be paid in advance or in a lump sum.

Mortgage Payment History Documentation

If adequate mortgage payment history is not included in the borrower's credit report one of the following must be provided to verify the borrower's payment history:

- A standard mortgage verification; **or**
- Loan payment history from the servicer; **or**
- The borrower's canceled checks for the last 12 months; **or**
- The borrower's year-end mortgage account statement provided the statement includes a payment receipt history, and, if applicable, canceled checks for the months elapsed since the year-end mortgage account statement was issued.

***Note:** For VOMs tied to private mortgages – 12 months recent canceled checks and/or bank statements are required to support the VOM provided as well as a copy of the original Note plus any additional Riders or subsequent Modifications to ensure the loan being paid off is current and is not past its maturity date as that is considered being in default.

Rental Payment History Documentation

The borrower's rental payment history must be documented for the most recent 12-month period. The following documentation is acceptable:

- Canceled checks can be provided but are not necessarily always required. In lieu of canceled checks the borrower may provide bank statements, copies of money orders, or other reasonable methods for documenting the timely payment of rent. The documentation must clearly indicate the payee and amount being paid and reflect that the payments were made on a consistent basis.
- Direct verification of the payment of rent from the landlord. Direct landlord verification is acceptable whether the landlord is an individual or a professional management company. For VORs provided by private landlords, 12-months recent canceled checks and/or bank statements are required to support paid as agreed.

Borrowers who currently live rent free are permitted with supporting documentation, such as a fully executed Rent Free Letter from the current legal owner of the property the borrower is residing in and may be subject to First Time Homebuyer restrictions.

No Housing History or Less than 12 Months Verified/Living Rent-Free

- Primary residence only
- DTI may not exceed 43% for a first-time homebuyer.
- Any portion of a 12-month housing history must be paid as agreed.
- Borrower(s) who own their primary residence free and clear are not considered living rent-free.
- Borrower(s) who sold a primary residence within the past six (6) months and are currently residing rent-free until subject transaction closes are not considered living rent-free.
- Payment shock is not considered.
- Properties owned free and clear are considered 0x30 for grading purposes.
- Fully executed rent-free letter from owner of property stated at rent-free must be provided and include address and length of rent-free residency. Property profile reflecting property owned by rent-free letter provided is also required.
- Minimum 6 months reserves

Housing Events

Housing Events must be seasoned for a minimum of 48 months from closing date. A Housing Event is any one of the following events listed below:

- Foreclosure
- Deed-in-Lieu
- Short Sale
- Modification
- 1x120 mortgage history
- Non-Covid forbearance

Seasoning of a foreclosure, deed-in-lieu, or short sale is measured from the date of completed sale or final property transfer. The Housing Event must be completed prior to loan closing with no outstanding deficiency balance remaining.

For a 120-day mortgage late, seasoning is from the date the mortgage was brought current. Seasoning for a modification is from the date the modification was executed.

- If the property was surrendered in a Chapter 7 bankruptcy, the bankruptcy discharge date is used for seasoning. Bankruptcy papers may be required to show the property was surrendered. The foreclosure action is not required to be fully complete.

Mortgage Modifications

A mortgage modification resulting in any of the attributes listed below is subject to Housing Event seasoning guidelines.

- Forgiveness of a portion of principal and/or interest on either the first or second mortgage
- Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness
- Conversion of any portion of the original mortgage debt to a "soft" subordinate mortgage
- Conversion of any portion of the original mortgage debt from secured to unsecured

Rolling Lates

Rolling late payments are not considered a single event. Each occurrence of a contractual delinquency is considered individually for loan eligibility.

Consumer Credit

Consumer Credit History

All mortgage accounts must be current at application and remain paid as agreed through closing.

Installment Debt

Installment debt with less than 10 month's payments remaining may be excluded from the DTI, as long as the Borrower has the assets to make the remaining payments. Borrowers may pay down the debt such that the remaining balance is less than the sum of 6 months' payments. The assets used must be sourced. Loans secured by financial assets (i.e., 401k, margin loan, etc.) do not need to be included in the DTI provided the asset balance exceeds the loan balance. Installment loans such as leases should not be excluded without careful review as these payments are usually replaced upon ending with another lease. Example, if the borrower has a car lease and wishes to exclude it, we will need an explanation of why the borrower is not getting another lease or buying another car.

Timeshares

Timeshare obligations will be treated as a consumer installment loan.

Alimony/Child Support

Alimony may be deducted from income rather than included as a liability, provided the alimony payments are tax deductible to the payer. Otherwise, include as a liability. Child support must be included as a liability. Alimony or child support with less than 10 month's payments remaining based on the Note date may be excluded from the DTI, if the borrower has the assets to make the remaining payments.

Consumer Credit Charge-Offs and Collections

- Individual collection and non-mortgage charge-off accounts totaling greater than $4,000 must be paid in full prior to or at closing.
- Medical collections may remain open regardless of amount.
- 2nd mortgage or junior lien that has been charged off is subject to foreclosure seasoning periods for grade determination based upon the charge-off date.
- Collections and charge-offs that have expired under the state statute of limitations on debts may be excluded. Evidence of expiration must be documented.

Charge-offs and collections not excluded by the above bullet points must be paid or may stay open if ALL of the below requirements are met:

- Payments for open charge-offs or collections are included in the DTI (Subject to program DTI restrictions) based on a documented payment plan AND
- Payment plan provided documented with 3 months timely payments (may not pay in advance for qualifying) AND
- Reserves are sufficient to cover the balance of the charge-offs or collections and meet reserve requirements.

Judgment or Liens Impacting Title

All open judgments, garnishments, and all outstanding liens must be paid off prior to or at loan closing.

Student Loans

If a monthly student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower. If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment, the lender must determine the qualifying monthly payment. For deferred loans or loans in forbearance, the lender may calculate:

- a payment equal to 1% of the outstanding balance (even if this amount is lower than the actual fully amortizing payment), or
- a fully amortizing payment using the documented loan repayment terms.
- Payment plans based on income may have student loan payments omitted if the following third party documentation is provided showing both:
    - Borrower is enrolled in a repayment plan based on income, AND
    - Based on the borrower’s income, the current payment is $0.00

Deferred Installment Debt

Deferred installment debts must be included as part of the borrower's recurring monthly debt obligations. For deferred installment debts other than student loans, if the borrower's credit report does not indicate the monthly amount that will be payable at the end of the deferment period, the Seller must obtain copies of the borrower's payment letters or forbearance agreements so that a monthly payment amount can be determined and used in calculating the borrower's total monthly obligations.

Income Tax Liens

All income tax liens (federal, state, local) disclosed on title must be paid off prior to or at loan closing.

Tax liens that do not impact title may remain open on purchase and rate and term refinance transactions only provided the following are met:

- The file must contain a copy of the repayment agreement, and
- A minimum of 6 payments has been made under the plan with all payments made on time (these cannot be paid in advance).

Bankruptcy History

All bankruptcies must be settled at time of application. Evidence of bankruptcy resolution is required. The length of time is measured from the discharge/dismissal date to the note date. Please refer to the program matrices for requirements.

Bankruptcy seasoning required for the Alt Doc program is 48 months (all bankruptcy types). **If 24 – 48 months, see matrix for pricing adjustments.

Foreclosure Seasoning

Foreclosures require a letter of explanation from the borrower. The situation causing the foreclosure must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved. If multiple foreclosures exist in this time frame each must be addressed in the explanation. The length of time is measured from the settlement date to the note date.

In the case of a foreclosure which was included in Bankruptcy, the seasoning timeline will start from the earlier of: a) the date of discharge of bankruptcy; and b) the foreclosure completion date. Re-established credit of at least 2 tradelines paid as agreed for 12 months is required or the foreclosure date will be used. Active foreclosures are not allowed.

Foreclosure seasoning required for the Alt Doc program is 48 months. **If 24 – 48 months, see matrix for pricing adjustments.

Short Sale/Deed-in- Lieu Seasoning

Short Sales or Deed-in-Lieu of Foreclosures require a letter of explanation from the borrower.

The situation causing the Short Sale / Deed-In-Lieu must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved. If multiple Short Sales and/or Deed-In-Lieu exist in this time frame each must be addressed in the explanation. The length of time is measured from the settlement date to the note date.

In the case of a short sale/deed-in-lieu which was included in Bankruptcy, the seasoning timeline will start from the earlier of: a) the date of discharge of bankruptcy; or b) the short sale/deed-in-lieu completion date. Re-established credit of at least 2 tradelines paid as agreed for 12 months is required or the completion date will be used. Short Sale or Deed-In-Lieu currently in process are not allowed.

Short Sale / Deed in Lieu seasoning required for the Alt Doc program is 48 months. **If 24 – 48 months, see matrix for pricing adjustments.

Loan Modification

Loan modifications are treated as a short sale / deed-in-lieu for grading and pricing purposes. Servicing retention related interest rate modifications are excluded from the seasoning requirement. A letter or explanation from the borrower addressing the situation that made modification necessary must be provided. The current housing payment history along with the new housing payment must be considered when determining if the situation is adequately resolved.

*This does not apply to modifications after a COVID related forbearance.

Loan modification seasoning required for the Alt Doc program is 36 months.

Credit Score

Credit Score Selection:

- **Decision Score Definition -** Minimum of one borrower with two credit scores. Use the lower of the two credit scores or the median if there are three credit scores.
- **Alt Doc Program:** The decision score for the primary wage earner is used to qualify. The primary wage earner is defined as the borrower who earns the highest monthly income for the loan transaction.

Tradeline Requirements

Standard Tradelines

Two (2) tradelines reporting satisfactorily for 24+ months or three (3) reporting satisfactorily for 12+ months all with activity in the most recent 90 days.

*First Time Home Buyers are only allowed to apply a 12-month recent and satisfactory VOR towards the tradeline requirements if utilizing the two (2) tradelines reporting for 12+ months.

The following are not acceptable to be counted as a tradeline:

- Any liabilities in deferment status
- Accounts discharged through bankruptcy.
- Authorized user accounts
- Disputed accounts
- Charge-offs, collection accounts
- Foreclosures, deed in lieu of foreclosure, short sales, or pre-foreclosure sales

Obligations not Appearing on Credit Report

Housing and Mortgage Related Obligations

Housing and mortgage-related obligations include property taxes, premiums and similar charges that are required by the creditor (i.e., mortgage insurance), ground rent, and leasehold payments. All properties owned by the borrower must be fully documented in this regard. These obligations must be verified using reasonably reliable records such as taxing authority or local government records, homeowner's association billing statements, information obtained from a valid and legally executed contract.

Current Debt Obligations, Alimony, and Child Support

A lender may use a credit report to verify a borrower's current debt obligations, unless the lender has reason to know that the information on the report is inaccurate or disputed. Obligations that do not appear on the credit report, such as alimony and child support, must be documented through other methods according to Fannie Mae guidelines.

Other Real Estate Owned

- Schedule of Real Estate Owned of the 1003 application must be fully completed to include the following information:
    - Present Market Value
    - Amount of Mortgages & Liens
    - Gross Rental Income (note: will use 75% to qualify loan)
    - Mortgage Payments

  - Other Expenses not escrowed in mortgage payment (taxes, insurance, HOA, etc). The information stated will serve as verification of the income and expenses of the properties. No supporting documentation will be required.
- Verification of properties owned free-and-clear is required.

Assets

Documentation Options

Various forms of documentation are acceptable depending on borrower asset type. Assets and reserves should be calculated and documented to Fannie Mae guidelines unless otherwise specified in Community Savings guidelines. Fannie Mae guidelines prevail where this guide is silent regarding sources and types of assets as well as asset types not eligible to be included.

Reserves

Loan Amounts less than or equal to $1,500,000 require a minimum 6 months PITIA reserves.
Loan Amounts greater than $1,500,000 require a minimum 9 months PITIA reserves.
Loan Amounts greater than $2,500,000 require a minimum 12 months PITIA reserves.

- A 3 month reduction in reserves requirements is allowed if:
  - Residual income is 2x the program requirement.
  - A risk adjustment is applied to the rate (see rate sheet for details).

LTVs ≤ 60% only require 3 months PITIA reserves regardless of loan amount.

- Additional Reserves – Required on second homes and investment properties. Each financed property owned, in addition to the subject property, requires 2 months additional reserves of each property's PITIA, unless the subject property itself requires a minimum of 12 months reserves. Total reserve requirement is not to exceed twelve (12) months PITIA of subject property.
- Reserves must be sourced and documented per guidelines.
- ARM loans – Reserves based upon initial proposed PITIA, not the qualifying payment.
- Reserves for a loan with an Interest Only feature are based upon the Interest Only payment.
- Proceeds from 1031 Exchange cannot be used to meet reserve requirements.
- Cash out can be used as reserves.
- Funds pledged or used as collateral for another loan are ineligible.

Community ALT-DOC

Down Payment Sourcing

Down payment funds should be documented for at least 30 days. If it is determined the source of the down payment is another extension of credit, the borrower must qualify for secondary financing per Fannie Mae guides.

Gift Funds

Gift Funds are acceptable for a portion of the down payment if the following applies:
A 5% down payment has been made by the borrower from their own funds and the LTV does not exceed 80%.

- Fannie Mae guidelines are to be followed for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt.
    - A gift can be provided by:
        - A relative, defined as the borrower's spouse, child or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or
        - A fiancé, fiancée, or domestic partner.
        - The donor may not be, or have any affiliation with, the builder, developer, the real estate agent, or any other interested party to the transaction.
- Documentation requirements:
        - Gifts must be evidenced by a letter signed by the donor, called a gift letter. The gift letter must:
            - Specify the dollar amount of the gift.
            - Specify the date the funds were transferred.
            - Include the donor's statement that no repayment is expected; and
            - Indicate the donor's name, address, telephone number, and relationship to the borrower.
- Verifying donor availability of funds and transfer of gift funds
- Sufficient funds to cover the gift must be verified either in the donor's account or have been transferred to the borrower's account. Acceptable documentation includes the following:
- Copy of the donor's check and borrower's deposit slip,
- Copy of the donor's withdrawal slip and the borrower's deposit slip, a copy of the donor's check to the closing agent, or
- Settlement statement showing receipt of the donor's check.
- When the funds are not transferred prior to settlement, the lender must document that Donor gave the closing agent the gift funds in the form of a certified check, a cashier's check, or other official check (i.e. wire confirmation).

***Gift funds may not be used to meet reserve requirements.**

***Gifts not allowed for programs using Asset Qualifier as income.**

Ineligible Assets

- Down payment assistance programs
- Grant Funds
- Builder Profits
- Employer Assistance Assets
- Cash advance on credit card
- Cash for which the source cannot be verified (cash on hand)
- Commission from sale of subject property
- Proceeds from an unsecured loan
- Salary advance
- Sweat equity (contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash)
- Unverifiable source of funds
- Margined Assets listed within client accounts are not eligible as a source of funds or reserves.
- Stock options and non-vested restricted stock
- Non-vested stock
- Reverse mortgage pension fund
- Seller Real Estate Tax Credit
- Foreign Assets
- IRS 1031 Tax Exchange not allowed on primary residences or second homes
- Cryptocurrency

Asset Documentation

In addition to documenting the down payment, closing costs, and minimum PITIA reserve requirements, all borrowers must disclose and verify all other liquid assets. Fannie Mae guidelines prevail regarding sources and types of assets as well as assets which are not eligible for closing costs and/or reserves.

- Account Statements should cover most recent 30-day period. Documentation provided must, at minimum, validate the current month's beginning balance, total deposits, total withdrawals, and current month's ending balance. Assuming this required information is provided, all pages of the statement(s) may not be required. In any instance where not all pages are provided it is still required to source and document any unusually large deposits.
- VOD should be dated within 30 days of closing date.

- Stocks/Bonds/Mutual Funds – 100% of stock accounts can be considered in the calculation of assets for closing and reserves.
- Vested Retirement Account funds – 70% may be considered for closing and reserves.
- Non-vested or restricted stock accounts are not eligible for use as down payment or reserves.
- Funds pledged or used as collateral for another loan are ineligible.

- When bank statements are used, large deposits must be evaluated. Large deposits are defined as any single deposit exceeding 50% of the borrower's average monthly income amount. Requirements vary based on transaction type:
  - Refinance: Documentation or explanation is not required however it must be clear that any borrowed funds, including any related liability, are considered.
  - Purchase: Documentation is required to verify the large deposit came from an acceptable source. Any unverified large deposit must be backed out of the qualifying assets and a letterof explanation is required.
  - Asset Qualifier documentation option: Follow the guidance listed above for Refinances vs. Purchase but the large deposit as a single deposit that exceeds 3X the average deposit amount since there is no income orDTI listed on this program.

Assets held in foreign accounts may not be used as a source of funds to close and to meet applicable reserve requirements. These funds must be transferred to a U.S. banking institution account in the borrower's name at least 30 days prior to closing.

Business Funds

Business funds may be used for down payment, closing costs and for the purposes of calculating reserves. The borrower must be listed as an owner of the account and the account needs to be verified per requirements in this Guide.

Business funds used to qualify are calculated based on the borrower's percentage of ownership in the company. For example, if a borrower owns 25% of the business, then only 25% of the available balance of the account would be allowed to qualify.

Income

Income Analysis

Stability of Income

Stable monthly income is the Borrower's verified gross monthly income which can be reasonably expected to continue for at least the next three years. The borrower must demonstrate that both the source and the amount of the income are stable:

- A two-year employment history is required for the income to be considered stable and used for qualifying.

- When the Borrower has less than a two-year history of receiving income, an analysis must be performed to justify the stability of the income used to qualify the Borrower.
- While the sources of income may vary, the Borrower should have a consistent level of income despite changes in the sources of income.

Earnings Trends

- Stable or increasing: Income amount should be averaged.
- Declining but stable: If the trend was declining but has since stabilized and there is no reason to believe that the borrower will not continue to be employed at the current level, the current, lower amount of variable income must be used.
- Declining: If trend is declining, the income is not eligible. Declining income is considered a 20% or more decrease year over year.

Debt to Income Ratio

Max 50% with FICO ≥ 660

Exception to 55% with FICO ≥ 660 and 5% reduction of max LTV

The Debt-to-Income ("DTI") ratio is calculated and reviewed for adherence to Fannie Mae guidelines and inclusion of all income and liability expenses.

Standard or Full Documentation

- 2 Years tax returns
- 2 years W2s, 30 days most recent paystubs with YTD, WVOE, etc. as per Agency Guidelines.

Alternative Income Documentation

Alt Doc Income Documentation Options:

- Asset Qualifier
- 12 or 24 Months Bank Statements (Personal or Business)
- 1099 only
- W2 only or WVOE
- CPA/Tax Professional prepared P&L
- 1 Year Tax Return

Asset Utilization Qualifier/Asset Depletion

Debt Ratio Calculation: Minimum Eligible Assets required is the lower of $1,000,000 or 150% of the loan balance. Qualifying income based on Total Assets Eligible for Depletion, less down

payment, less out of pocket closing costs, less required reserves, divided by 84.
Maximum DTI 43% without compensating factors.

Asset Utilization Qualifier Income Documentation

- All individuals listed on the asset account(s) must be on the Note and Mortgage.
- Assets, considered for this program must be verified with the most recent three (3) months of account statements
- Assets must be seasoned 120 days.

Assets Eligible for Qualifier

Assets must be liquid and available with no penalty; additional documentation may be requested to validate the origin of the funds.

- Assets must be from a U.S. Institution
- 100% of Checking, Savings and Money Market Accounts.
- 70% of Stocks, Bonds, and Mutual Funds
- 100% cash surrender value of life insurance/annuity
- 70% of Retirement Assets: Eligible if the borrower is of retirement age (at least 59 ½).
- 60% of Retirement Assets: Eligible if the borrower is not of retirement age.

Assets Ineligible for Qualifier

- Equity in Real Estate
- Privately traded or restricted/non-vested stocks
- Any asset that produces income already included in the income calculation.
- Any assets held in the name of a business.
- Any assets pledged or used to securitize another loan.

12- or 24-Month Bank Statements (Personal or Business)

Account statements should be within 45 days of closing (a maximum 30-day grace period is allowed at the beginning of each month to ensure prior month's statement availability). Documentation provided must, at minimum, validate the current month's beginning balance, total deposits, total withdrawals, and current month's ending balance. Assuming this required information is provided, all pages of the statement(s) may not be required. In any instance where not all pages are provided it is still required to source and document any unusually large deposits. A large deposit is defined as a single deposit that exceeds 3X the average deposit amount.All loans will be initially underwritten with 12 months bank statements. If the income exhibits a seasonality of income effect, whereby a two-year history would be a better representation of the borrower's income, then we would allow 24 months of bank statements.

For example, if the borrower receives most of their income/deposits in a particular quarter or six-month period as we may see in certain industries such as mining, construction, landscaping, etc., then the utilization of 24 months of bank statements is required to support the income as reliable.

Personal Bank Statements

Base requirements:

- Borrowers must be self-employed for at least 2 years. URLA must reflect a minimum of 2 year employment history.
- Business being used to source the income must be in existence of 2 years supported by one of the following:
  - CPA letter, or
  - Business License, or
  - Other reasonable evidence of business activity.
- Minimum 660 score
- Nonprofit Entity not eligible.
- Funds/Deposits in a Trust are ineligible.

Documentation Requirement:

- 12 or 24 months of consecutive Personal bank statements. Most recent to be dated within 90 days of the note.
  - Most recent 2 months business statements. If client runs their business only through their personal account, then see Business and Co-Mingled Bank Statement guides below.
- Verify borrower owns 25% of the business by providing one of the following:
  - CPA or Tax preparer letter, operating agreement or other reasonable documentation.

Calculation Method:

- Total qualifying deposits from all bank statements, less any inconsistent deposits, divided by the number of months of bank statements reviewed.
- 100% of the result is used as the % of ownership would be considered when the income deposit is made into the personal account.

- **The following items are to be EXCLUDED as eligible deposits:**
  - Transfers from other bank or asset accounts without inclusion of relevant statements.
  - Extraordinary asset sales
  - Any borrowed funds or grants (i.e., SBA loans, SBA PPP grants or any other similar COVID-19 related loans or grants).

- Tax refunds
- Gift funds

  (***Note:** the above list is not exhaustive and is subject to Underwriter review and discretion)

<u>Business and Co-Mingled Bank Statements</u>

Base requirements:

- Borrowers must be self-employed for at least 2 years. URLA must reflect a minimum of 2 year employment history.
- Business being used to source the income must be in existence of 2 years supported by one of the following:
  - CPA letter, or
  - Business License, or
  - Other reasonable evidence of business activity.
- Minimum 660 score
- Nonprofit Entity not eligible.
- Funds/Deposits in a Trust are ineligible.

A standard 50% expense factor will be applied to the total of eligible deposits from the co-mingled and business bank statements to determine qualifying income.

If the business operates more efficiently or typically has a materially different expense factor (Higer or Lower), then an expense factor from a CPA/EA/Tax Prepare letter or P&L may be used to determine qualifying income.
A co-mingled bank account is a personal account used by a borrow for both business and personal use. A separate business account is not required.

- The borrower must be the sole owner of the business.

Documentation Requirement:

- 12 or 24 months of consecutive BUSINESS bank statements. Most recent to be dated within 90 days of the note.
- Verify borrower owns 25% of the business by providing one of the following:
  - CPA or Tax preparer letter, operating agreement or other reasonable documentation.

Calculation Method:

- Total qualifying deposits from all bank statements, less any inconsistent deposits, multiplied by 50% (or alternate expense factor as established by previously discussed means), multiplied by the ownership percentage, divided by the number of bank statements.

- **<u>The following items are to be EXCLUDED as eligible deposits:</u>**
  - Transfers from other bank or asset accounts without inclusion of relevant statements.
  - Extraordinary asset sales
  - Any borrowed funds or grants (i.e., SBA loans, SBA PPP grants or any other similar COVID-19 related loans or grants).
  - Tax refunds
  - Gift funds
    (***Note:** the above list is not exhaustive and is subject to Underwriter review and discretion)

***Note** – all eligible deposits are also calculated based on the borrower's percentage of ownership when the borrower is not a 100% owner of the business.

<u>Expense Ratio:</u>

A standard 50% expense factor will be applied to the total of eligible deposits from the business bank statements. If the business operates more efficiently or typically has a materially different expense factor (higher or lower than the standard expense factor) the expense ratio will be determined by the industry classification of the business and the information provided on the Business Narrative Form or through attestation of expense ratio by a CPA, EA or licensed tax professional.

Underwriter guidance that may be applied when considering expense ratios other than 50% as described by the CPA, EA or Tax Preparer on the Business Narrative Form.

90% Expense Ratio (10% Profit Margin)

- A business with any of the following characteristics must use the 90% expense ratio:
  - Multiple commercial locations
  - More than 25 employees
  - Industry Classification of: Retail Trade, Wholesale Trade, Accommodation-Food Service, Agriculture-Forestry-Fishing-Hunting, Construction, Car Dealerships

70% Expense Ratio (30% Profit Margin)

- A business with any of the following characteristics must use the 70% expense ratio:
  - A single commercial location
  - More than 10 employees, but not more than 25 employees
  - Industry classification of: Manufacturing, Transportation-Warehousing, Utilities,

Community ALT-DOC

Mining-Quarrying-Oil & Gas Extraction, Other Services, Administration-Support-Waste Management-Remediation, Information

50% Expense Ratio (50% Profit Margin)

- A business with any of the following characteristics must use the 50% expense ratio:
  - Work from home or shared facility
  - 1 or more employees, but not more than 10 employees
  - Industry classification of: Real Estate-Rental and Leasing, Arts-Entertainment-Recreation, Professional-Scientific-Technical Services, Health Care-Social Assistance, Educational Services, Finance and Insurance

30% Expense Ratio (70% Profit Margin)

- A business with the following characteristics may use a 30% expense ratio supported by a tax preparer's letter of confirmation:
  - Work from home.
  - 1 primary employee, but may use contract labor based on job size.
  - Does not typically require inventory or materials to be held.

Additional information:

- Comingled accounts are not allowed for business bank statements.
- Income trend: Bank statements should show a stable or increasing trend. If the trend is declining and/or irregular (i.e. monthly deposit averages fluctuate more than 20%), additional documentation may be required such as all pages of the bank statement or up to an additional 12 months of statements.

Co-Borrower Options

- Full documentation from co-borrower who is not self-employed may be used to supplement qualifying income. Follow normal full documentation requirements from FNMA.

1099 Only

Permitted for individual(s) earning 100% commission or for independent contractors. 1099 provided must cover a complete calendar year.

- 1-year or 2-years of 1099s or 1099 transcript(s) permitted
- One of the following Business expense analysis methods:
  - 90% Net Margin (10% Expense Ratio)

  - 3rd Party prepared P&L (CPA, EA, accountant, tax preparer) with attestation of expense ratio.
- Qualifying income is the 12 or 24 monthly average from the total number of 1099's minus the expense factor from the method chosen above
- YTD earnings must be documented to support the ongoing receipt of income showing on the 1099s by:
  - Checks or a single check stub(s) with YTD totals if available, or
  - Bank statements (YTD)
    - The YTD earnings from the total of check stubs or the tally of deposits from bank statements must be within 10% or greater than prior year earnings.

4506C to be executed to validate 1099.

Co-Borrower Options

- Full documentation from co-borrower who is not self-employed may be used to supplement qualifying income. Follow normal full documentation requirements from FNMA.

Other Income Sources

- Rental Income

  Utilize 75% of the current lease income less the PITIA on a net basis. Do not include rental deposits as part of the bank statement income stream. Document receipt of rental income. Rental income may not be used to qualify on a vacant unit.
- Borrowers who have supplemental income sources may utilize them to qualify provided the history of receipt and continuance requirements meet normal FNMA requirements. The borrower utilizing bank statement income must still earn the majority of their income from self-employed activity. The acceptable supplemental income sources are limited to social security, pension, alimony, child support, asset distribution/utilization, and second job income.

W2 Only

Most recent W2, Verbal VOE AND current YTD pay stub OR WVOE.

- W2 wage earner or commission borrowers only. W2 from self-employment not permitted.
- Qualifying income is calculated by taking the total income reported from Box 5 of the most recent years' W2 and dividing by 12 or most current trending income.
- Borrower must be in the same job (same employer) during the qualification period.

- A complete, signed, and dated IRS 4506C is required for each borrower. The form(s) should be executed and W2 transcripts validating income included in the credit file. Any discrepancies between the two documents should be explained and if necessary additional documentation obtained to satisfactorily address.
- A Verbal VOE from each employer is required within 10 days of the Note date.
- 4506C to be executed to validate the W-2 reported income.

Written Verification of Employment

- FNMA 1005
    - Must be completed by Human Resources, Payroll Department or Officer of the Company
- Two (2) most recent months personal bank statements reflecting deposit(s) from employer on each statement. Must reflect deposits of at least 65% of gross wage/salary reflected on WVOE.
- 4506-C is required.
- Primary residence only
- 0x30x24 housing history
- Paystubs and Tax Returns not required.
- First Time Homebuyer restricted to max LTV 70%; no gift funds allowed.
- Borrower(s) employed by family members or related individuals are not eligible.
- Only eligible source of income is limited to wage/salary. Supplemental income sources such as rental income will be documented via standard documentation channel.
- An internet search of the business is required with documentation to be included in the credit file to support existence of the business.

CPA/EA Profit and Loss

Profit & Loss statement prepared by a Certified Public Accountant (CPA) or an IRS Enrolled Agent (EA) or Verified Tax Preparer. The statement does not need to be audited, only prepared by a professional. The credit file must contain documentation showing the CPA is currently licensed in their state or the EA is currently active (Screen shot of the IRS web site).

- 24 or 12-Month CPA or EA compiled P&L Statement o 24 or 12-month (P&L) prepared/compiled/reviewed and signed by a CPA (proof of CPA current state license required or EA (proof EA currently active on IRS web site) dated within 30-days of the loan application.

P&L completed by Tax Preparers (PTIN) may be considered case by case as reviewed by Underwriting Leadership:

- Must have verifiable PTIN number.
- Must work for a verifiable company whose business is primarily tax preparation or related financial fields.
- Must be registered with their state as required.

Community ALT-DOC

- Must have an online presence supporting their primary occupation is as a tax preparer.
- Optional – 2 most recent months of business bank statements to support the P&L provided.
- Optional – Tax Preparer recent continuing education certifications of completion.

All P&L loans must have a borrower completed Business Narrative form going forward (both ITIN and Non-ITIN).

- Borrowers should have an online presence supporting their business activity. Borrowers that lack an online presence or has limited clarity into how they generate business may be required to provide a detailed Letter of Explanation as to how their business operates and generates revenue. (Both ITIN and Non-ITIN).
- P&Ls may be sent directly to us via secure email or if provided by the broker, will be verified by the Junior Underwriter as to content and accuracy.
- All Tax Preparers will be contacted and P&L verified as prepared and provided by the Tax Preparer. Verification to be present as a verification in the loan file.

The 2-months of business bank statements may be required to support the sales reflected on the Profit and Loss Statement prepared by either a CPA or EA as determined by the underwriter and the overall risk associated with the loan The average deposits from the bank statements must be greater than, or no less than, 10% below the average monthly sales. In the event the 10% tolerance is not met, continuous bank statements may be added to the analysis until the tolerance is met. The qualifying income is the lower of (a) the net income from the P&L divided by 24 or 12, or (b) total deposits per bank statements, minus any inconsistent deposits, divided by the number of bank statements, or (c) the income disclosed on the initial 1003.

1 Year Tax Return

Most recent year filed tax returns to be utilized for income qualification, personal and business if applicable, signed and dated by the borrower(s).

- Self-employed borrowers only.

  The tax return being utilized cannot be more than 18 months old. Any borrower that applied for a current year tax return extension must provide a copy of the extension in the credit file along with the prior year tax return. Any funds owed to the IRS reflected on the extension provided must be paid in full.
- A YTD P&L is required to determine that income is stable if at least one calendar quarter has elapsed since the required tax filing date. YTD P&L income cannot be used to qualify, only to validate income is stable or has increased since last filing.
- At minimum the first 3 pages of the most recent filed return is required. If the 3 pages provided reflect any additional information that needs further clarification or documentation, then additional pages and/or schedules of the return may be required.

- Qualifying income is calculated by taking the income reported from the total income section (i.e., Box 9 on the first page of the 1040) of the most recent years' filed tax return and dividing by 12.
- A complete, signed, and dated IRS 4506C is required for each borrower and any business entity filing a separate return, the forms should be executed and transcripts validating income included in the credit file.
- Current business existence and operations must be re-verified prior to closing. Verify the existence of the business within 30 days of the Note date with one of the following:
  - a letter from a third party, such as a CPA, regulatory agency, or licensing bureau; or
  - by verifying a phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.

Additional Income types

Retirement, Social Security, Disability & VA Income

• Required Documentation
• Current awards letter addressed to the borrower dated within the last 12 months, or
• IRS form 1099, or
• W2 and/or Tax return, or
• Proof of receipt, valid if dated within 90 days of close.
• Retirement income distributed from a qualified retirement account must show proof of 36 months of continuance or continuance may be proven by a statement of the qualified retirement account showing a sum greater, or equal, to 36 months of the distribution being used in the income calculation after subtracting any loan transaction down payment, or other closing costs coming from the qualified retirement account.

o Income used to qualify the borrower will be the same as the amount. distributed from the retirement account.

o Distributions from the retirement account required prior to closing.

o Borrowers younger than 59 ½ years old at time of closing will have income distributions used to qualify the borrower reduced by 10%

• Income received from Social Security can be "grossed up" at 120% based on being non-taxable in nature.
• Social Security or Disability income for a spouse, minor child, or disabled person who is not a borrower may be used if: the Borrower is listed on the awards letter, or can show proof of SSI deposit, AND

o 3 or more years of continuance can be shown (disability is presumed to meet this requirement, unless disabled person is a minor child).

Non-Taxable Income

Non-taxable income must be evidenced as non-taxable in order to be grossed up. This income will be "grossed up" at 120%. Non-taxable income may include but is not limited to:

- Disability income
- Pension
- Social Security income
- Parsonage income

Housing or parsonage income may be considered qualifying income if there is documentation that the income has been received for the most recent 12 months and the allowance is likely to continue for the next three years. The housing allowance may be added to income but may not be used to offset the monthly housing payment.

Pension Income

- Required Documentation: Award or Pension Verification Letter

- This may be grossed-up if proof can be provided on most-recent tax return showing that the pension is non-taxable and that taxes are not deducted from monthly payment.

Notes Receivable

- Required Documentation
  - Copy of executed unexpired promissory note.
  - Proof of payment, valid if dated within 60 days of close, AND
  - Proof of 36 months continuance

- Other Requirements
  - Income used to qualify the borrower must be net of applicable expenses. Dwelling secured promissory notes which do not indicate which party is liable for taxes will have taxes removed from the payment as an expense. Dwelling secured promissory notes will not have a 25% vacancy factor applied.

  - Payments received which are greater than the contractual amount listed on the promissory note may be used to qualify the borrower if the payment does not reduce continuance to less than 36 months.

Child Support/Alimony

- Required Documentation
  - A full copy of the Divorce Decree or court document ordering the payment be made.
  - Proof that the last payment was received.

• Must be able to prove 3-year continuance.
• Child support requires proof of child's age for each child.

Foster Care Income

• Required Documentation
  o Verification of foster care income provided by letters from the organizations providing the income.
  o 12-month proof of receipt of income for foster-care services

Fully Documented Income

- 2 years documentation of income.
  - If S/E
    - 2 years tax returns.
    - P & L dated within 30 days of closing.
    - Proof business is operating.
  - If W2
    - Most recent 2 years W2s
    - Most recent 30 days of Paystubs or;
    - Written VOE dated within 30 days of closing.
- 2 years of employment history.
- Executed 4506c.

Rental Income

Rental Income (Subject Property)

Purchase

Fannie Mae form 1007/1025 or comparable rent schedule, if subject property.

- Existing Lease agreement, if transferred to the borrower. Lease may not contain any provisions that could affect the first lien position of the subject property.
- Newly executed Lease, if applicable, with security deposit check and associated deposit into borrower's account

Refinance

- Fannie Mae Form 1007/1025 or comparable rent schedule, if subject property.
- Existing lease agreements, if applicable with most proof of most recent 2 months' rent payments collected.

If using lease agreements or form 1007/1025, we must apply a 75% occupancy factor to the income calculation prior to using calculating net rental income/loss.

Property Eligibility

Appraisals

Appraisal Requirements

Full Interior / Exterior appraisal required. Fannie Mae/Freddie Mac Forms 1004/70, 1025/72, 1073/465 or 2090 must be used. The licensed appraiser is required to perform an interior inspection when completing the appraisal report.

- The Appraisal should be dated no more than 120 days prior to the Note Date. After a 120-day period, a new appraisal report is required.
- A Desk Review or Second appraisal is required on every transaction.

Second Appraisal

A Second Appraisal from a Community Savings approved AMC is required when any of the following conditions exist. When a second appraisal is provided, the transactions "Appraised Value" will be the lower of the two appraisals. The second appraisal must be from a different appraiser than the first appraisal.

- Loan amount exceeds $1,500,000.
- The transaction is a flip as defined in the Property Flipping section of this guide.
- As required under the Appraisal Review Products section of this guide
- If appraisal has material deficiencies

Appraisal Review Requirements

An appraisal review product is required on every appraisal required for the transaction. The options include the following:

- An enhanced desk review, or
- A field review or second appraisal from a Community Savings approved AMC is acceptable. The field review or 2nd appraisal may not be from the same appraisal company as the original report.

If the Appraisal Review Product reflects a value more than 20% below the appraised value or cannot provide a validation, the next option in the review waterfall must be followed. The next option would be either a field review or second appraisal, both must be from a different appraisal company and appraiser than the original appraisal. On transactions where the difference in appraised value is less than 20%, the acceptability of the appraisal is subject to UW Management review and discretion. The final appraised value is based on the lowest reported value amongst all the appraisal documents/reviews.

Transferred Appraisals

To transfer an appraisal, a transfer letter must be executed by the Seller (Lender) that ordered the appraisal and must be signed by an authorized member of the company. Appraisal transfer letters signed by loan officers or loan processors will not be acceptable. The letter must include the following:

- Prepared on Letterhead of the original Lender.
- Current Date
- Borrower Name
- Property Address
- Statement that the appraisal was prepared in compliance of Appraisal Independence Requirements
- Signed by an Authorized Representative

The following documents are required with a transfer:

- Executed Appraisal Transfer Letter
- First generation appraisal report (original copy and XML copy)
- Copy of the invoice submitted to the original lender.
- Proof that the original report was provided to the borrower.
- If appraisal is through a Nationally recognized Third-Party AMC, and CU is $\leq$ 2.5, no further action is required.
- If appraisal is through a Nationally recognized Third-Party AMC, and CU is > 2.5, an appraisal through CS is required.
- If the appraisal is not ordered through a Third-Party AMC, then a CS appraisal is required.

Minimum Square Footage

- Single Family Residence - minimum 700 square feet
- Condominiums – minimum 500 square feet
- 2-4 units – minimum 400 square feet per individual unit

Rural Property

A property is classified as rural if all the following conditions exists:

- The property is classified as rural by the appraiser.
- Two of the three comparable properties are more than 5-miles from the subject property.
- Less than 25% of the surrounding area is developed.

Personal Property

Any personal property transferred with a property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV.

Escrow Holdbacks

Escrow holdbacks are allowed case by case. Any repair or maintenance required by the appraiser must be completed prior to loan purchase.

Ineligible Property Types

- Vacant land or land development properties
- Properties not readily accessible by roads that meet local standards.
- Properties not suitable for year-round occupancy regardless of location
- Agricultural properties including farms, ranches, orchards.
- Manufactured, Mobile
- Co-op/timeshare
- Condo Cooperative share loans
- Boarding houses or bed/breakfast properties
- Properties with zoning violations
- Dome or geodesic homes
- Assisted living facilities.
- Homes on Indian reservations, Indian Leased Land
- Hawaii properties located in lava zones 1 and/or 2
- Houseboats
- Log homes
- Acreage > 10 acres
    - Properties up to 10 acres allowed for loan amounts > $2M.
    - Properties over 10 acres allowed for loan amounts < $2M subject to underwriter's discretion along with the following:
        - Common for the area, primarily residential in nature with "like" comparable sales
        - Acceptable appraisal and appraisal review
        - Cannot be used for agricultural or commercial purposes (i.e., farm, ranches, orchards)
        - MAX 80% LTV
- No truncating allowed.
- Properties used for the cultivation, distribution, manufacture, or sale of marijuana.

Mixed-Use Properties

Properties that have a business use in addition to their residential use are eligible provided that special eligibility criteria are met. These businesses can include, but are not limited to, properties with space set aside for daycare facilities, beauty or barber shops, or doctor's offices.

The following special eligibility criteria must be met:

- The property must be a one-unit dwelling that the borrower occupies as a principal residence.
- The borrower must be both the owner and operator of the business.
- The property must be primarily residential in nature.
- The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property.

The appraisal requirements for mixed-use properties must:

- Provide a detailed description of the mixed-use characteristics of the subject property.
- Indicate that the mixed use of the property is a legal, permissible use of the property under local zoning requirements.
- Report any adverse impact on marketability and market resistance to the commercial use of the property; and
- Report the market value of the property based on the residential characteristics, rather than of the business use or any special business-use modifications that were made.

Property Flipping

For properties purchased by the seller of the property within 6 months of the application date where the contract price exceeds the seller's acquisition price by the following:

- More than a 10% price increase if the seller acquired the property in the past 90 days.
- More than a 20% price increase if the seller acquired the property in the past 91-180 days.

The following additional requirements apply:

- Second appraisal required from an Approved AMC.
- Second appraisal must be dated prior to the loan consummation/note date.
- Property seller on the purchase contract must be the owner of record.
- Increases in value should be documented with commentary from the appraiser and recent comparable sales.
- Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, 12 months of receipts, invoices, lien waivers, etc.).

Title Vesting & Ownership

Ownership must be fee simple.

Title must be in the Borrower's name at time of application for refinance transactions and on closing date for all transactions.

Eligible forms of vesting are:

- Individuals
- Joint tenants
- Tenants in common
- Inter Vivos Revocable Trust

Ineligible forms of vesting are:

- Land trusts,
- Blind Trusts
- IRA.

Title vesting in an Inter Vivos Revocable Trust is permitted when the requirements set forth in this section are followed. The Fannie Mae requirements should be followed to the extent this section is silent.

The trust must be established by one or more natural persons, solely or jointly. The primary beneficiary of the trust must be the individual(s) establishing the trust. The trust must become effective during the lifetime of the person establishing the trust. If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.

The Trustee must include either:

- The individual establishing the trust (or at least one of the individuals, if two (2) or more)
- An institutional trustee that customarily performs trust functions in and authorized to act as trustee under the laws of, the applicable state.

The trustee must have the power to hold the title, and mortgage the property. This must be specified in the trust. One or more of the parties establishing the trust must use personal income or assets to qualify for the mortgage.

Community ALT-DOC

The following documentation is required:

- If the trust was created under California law, a full executed Certificate of Trust under Section 18100.5 of the California Probate Code.
- If the trust was created under the laws of a state other than California:
    - Attorney's Opinion Letter from the borrower's attorney or Certificate of Trust verifying all of the following:
        - The trust is revocable.
        - The borrower is the settler of the trust and the beneficiary of the trust.
        - The trust assets may be used as collateral for a loan.
        - The trustee is:
            - Duly qualified under applicable law to serve as the trustee.
            - The borrower
            - The settler
            - Fully authorized under the trust documents and applicable law to pledge, or otherwise encumber new assets.

Leasehold Properties

In areas where leasehold estates are commonly accepted and documented via the Appraisal, loans secured by leasehold estates are eligible for purchase. The mortgage must be secured by the property improvements and the borrower's leasehold interest in the land. The leasehold estate and any improvements must constitute real property, be subject to the mortgage lien, and be insured by the lender's title policy.

Documentation must be provided to confirm Leaseholds meet all FNMA eligibility requirements (i.e. term of lease to exceed maturity date of the loan transaction, product types).

Limitations on Financed Properties

- Max 20 financed properties
- Community Savings' exposure to a single borrower shall not exceed $10,000,000 in current UPB or ten (10) properties.

Disaster Areas

The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA web site at http://www.fema.gov/news/disasters.fema. In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as earthquakes, floods, tornadoes, or wildfires, additional due diligence should be used to determine if the disaster guidelines should be followed.

Guidelines for disaster areas should be followed for 90-days from the disaster period end date or the date of the event, whichever is later.

Appraisals Completed Prior to Disaster Event

An interior and exterior inspection of the subject property, performed by the original appraiser, if possible, is required.

- The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same.
- Inspection report must include photographs of the subject property and street view.
- Any damage must be repaired and re-inspected prior to purchase.

Appraisals Completed After Disaster Event

- Appraiser must comment on the adverse event and certify that there has been no change in the valuation.
- Any existing damage notated from the original report must be repaired and re-inspected prior to purchase.

Condominiums

Fannie Mae eligible projects are allowed.

FHA/VA approved projects are allowed.

Ineligible Projects

- A project subject to the rules and regulations of the U.S. Securities Exchange Commission.
- Timeshare or Projects that restrict the owner's ability to occupy the unit.
- New Condo conversion completed less than 2 years.
- Houseboat project.
- Manufactured home projects.
- Assisted living facilities or any project where unit owners' contract in advance for a lifetime commitment from the facility to care for them regardless of future health or housing needs.
- Any project in which a single entity owns more than 25% of the total number of units. Projects that have5-19 Units, one owner can own two units.
- Multi-family units where single deed has ownership of more than one or all of the units.
- Where more than 50% of total square footage in the project or in the building that the project is located in is used for non-residential purposes.
- A Common-interest apartment or a project in which individuals have an undivided interest in a residential apartment building and land and have the right of exclusive occupancy of a specific apartment unit in the building.
  - The project or building is often owned by several owners as tenants-in-common or by a homeowners' association

  - Fragmented or segmented ownership
  - Ownership is limited to a specific period on a recurring basis i.e. Timeshare
- Any project where the developer (or its affiliates) owns the Common and/or Limited Elements and leases the elements back to the HOA.
- Non-conforming zoning (cannot be rebuilt to current density).
- Project units sold with excessive Seller contributions that may affect the value of the subject property.
- Any project that requires Private Transfer Fees as a part of the transaction and that fee does not benefit association.
- Project in litigation, arbitration, mediation or other dispute regarding safety, soundness or habitability.
- Project with adverse environmental issue(s) involving safety, soundness or habitability.
- Projects that are not well managed or in poor physical or financial condition.

General Project Criteria

- Project has been created and exists in full compliance with applicable local jurisdiction, State and all other applicable laws and regulations.
- Project meets all FNMA Insurance requirements for property, liability, and fidelity coverage.
- Confirmation the project documents do not give a unit owner or any other party priority over the rights of the 1st mortgagee.

Fannie Mae Warrantable Condominium Projects

For projects that meet Fannie Mae requirements, follow review process as required by Fannie Mae.

If the loan does not meet the following criteria for a Fannie Mae Limited Review, a FNMA Full Review is required.

Limited Review Eligible Transactions-Attached Units in Established Condo Projects (For Projects Outside of Florida)	
Occupancy Type	**Maximum LTV/CLTV and HCLTV Ratios**
Primary	80%
Second Home |Investment	75%

Community ALT-DOC

Projects Eligible for Limited Review OR Review Waiver

Unit and Project Type	Project Review Methods
Attached Condo unit in an established project	Based on the LTV, CLTV, and HCLTV ratios, occupancy, and location (projects in Florida), these projects may be reviewed using a Limited Review. Projects not meeting the Limited Review criteria must be reviewed using a • Full Review (with or without CPM), • FHA (HRAP) Project Approval (with FNMA limited review questionnaire), or • Fannie Mae Review through the streamlined PERS process (for established condo projects)
Unit in a new or established two- to four-unit condo project	Project review is waived, with the exception of some basic requirements that apply.
Detached unit in a new or established condo project	Project review is waived, with the exception of some basic requirements that may apply.
Unit in a PUD project	Project review is waived, with the exception of some basic requirements that apply
Unit in a condo project approved by the FHA (HRAP)	FHA (HRAP) Project Approval (with FNMA limited review questionnaire)

FHA/VA Approved Condominium Projects

For projects with an active FHA or VA approval, the project can be reviewed using the FHA/VA Approved Projects Questionnaire to verify the project is still eligible for FHA/VA approval.

Non-Warrantable Condominium Projects

Stacking of risk is not allowed. Only one non-warrantable factor per project allowed.

Community Savings will not finance more than 20% of the units in any one project.

Investor concentration in project is allowed up to 60%. Unsold units owned by a builder/developer are not considered as investor owned.

A full review of the project is required. The following documents must be provided:

- A completed Community Savings HOA Questionnaire (Exhibit C) is required.
- Master property insurance, liability insurance and flood insurance if applicable
- HOA Budget
- Current balance sheet
- CC&Rs and Bylaw's (new construction and conversion only)

- Litigation docs, if applicable. (i.e., court documentation)
- Ground lease, if applicable.

*Refer to the non-Warrantable grid on the next page

Characteristic	Exception Considerations
Commercial Space	Subject property unit must be 100% residential. Project/building commercial percentage must be ≤ 50%. When commercial space exists, it must be "typical for market & have no negative impact on marketability." Commercial percentage is determined by the appraiser. No further assessment required. Commercial space in the building/project exceeding 50% will be reviewed on a single loan exception basis. Commercial entity cannot control the HOA.
New Projects	The project, or the subject's legal phase along with the other phases, must be complete. All common elements in the project or legal phase must be 100% completed. At least 25% of the units must be sold or under a bona-fide contract. Unsold units owned by a builder/developer are not considered as investor owned and can be included in the presale requirement.
Delinquent HOA Dues	No more than 20% of the total units in the project may be 60 days or more past due on the payment of condominium/association fees.
HOA Control	The developer may be in control of the condominium association provided the Master Agreement provides for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time period.
HOA Reserves	• 3-5% allocation of replacement reserves - annual budget required • < 3% allocation of replacement reserves - annual budget required & reserve study completed by a professional • Projects with excessive insufficient budgetary reserves are allowed on a case by case basis with a reserve study completed within the last 5 years by a professional (Engineer, Architect, CPA, General Contractor, or Property Manager w/ 3 years experience)
Litigation	Pending litigation will be considered on a case by case basis. Pending litigation is not allowed under any circumstance when the litigation involves structural items or items that impact marketability or safety of the project.

Community ALT-DOC

Exhibit A: Occupancy Certification

OCCUPANCY CERTIFICATION

Borrower:____
Co-borrower(s):____
Property Address: ____

I/We the undersigned certify that:

☐ **Primary Residence**: I/We will occupy the property as my/our principal residence within Sixty (60) days after the date of closing as stated in the Mortgage or Deed of Trust I/we executed. I/We will continue to occupy the property as my/our principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing.

☐ **Second Home**: I/We will occupy the Property as a second home (vacation, etc.) while maintaining a principal residence elsewhere.

☐ **Investment Property:** I/We will not occupy the property as a principal residence or second home. I/We will not occupy the property for more than 14 days in any calendar year. The property is an investment to be held or rented rather than for household or personal use.

INVESTMENT PROPERTY ONLY (the following **must** be completed on an investment property loan):

☐ I/We understand that consumer protection laws applicable to consumer loans will not apply to this loan, including the Truth in Lending Act (15.U.S.C. § 1601 *et seq.*), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 *et seq.*), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802-6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. § 5101 *et seq.*), and Homeowners Protection Act (12 U.S.C. § 5101 *et seq.*).

REFINANCE ONLY (the following **must** be completed on a refinance transaction):

☐ I/We the undersigned, certify that the property referenced above is **NOT** currently listed for sale or under contract to be listed for sale.

I/We the undersigned acquired this property on____,_________________.

I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to thirty (30) years in federal prison or a fine of up to $1,000,000, or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.

I/We understand that failure to comply with the requirements in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the Lender to exercise its remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

_______________________________________ _______________________________________
Borrower Date Borrower Date

_______________________________________ _______________________________________
Borrower Date Borrower Date

Exhibit B: Ability-to-Repay Borrower Confirmation

Important Ability-to-Repay Notice

Date: ________________________ Application No: ____________________________________

<u>This Important Ability-to-Repay Notice is being provided to each borrower prior to the signing of the loan documents, but after federal Truth in Lending disclosures have been provided.</u>

In reviewing your credit application, [ ] has considered and verified the following information as it relates to your ability to repay this loan according to its terms as required by applicable law: (1) your current and reasonably expected income and/or assets (other than the value of the dwelling and any attached real property); (2) your current employment status (to the extent that employment income is relied on to determine repayment ability); (3) the monthly payment for principal and interest on the loan; (4) the monthly payment on any simultaneous loan that [ ] knows or has reason to know will be made; (5) the monthly payment for mortgage-related obligations (*e.g.*, property taxes, certain insurance premiums, fees and special assessments for condominiums, and homeowners association, ground rent, and leasehold payments); (6) your current debt obligations, alimony, and child support; (7) your monthly debt-to-income ratio; and (8) your credit history.

Below and in the attached Application Form (Uniform Residential Loan Application on Fannie Mae Form 1003) is the information that [ ] has been used and considered in making this loan, as required by applicable law:

Employment and Income
Current Monthly Income:____________________Current Monthly Income from Assets:
____

<u>Housing Expenses</u>
Principal and Interest Payment___________________
Real Estate Taxes______________________________
Homeowner's Insurance________________________
Association Dues______________________________
Other____
Total Housing Payment_________________________

<u>Debts</u>
Installment and Revolving monthly debt payments____________________________
Other Obligations (including alimony and child support payments) _______________
Total Monthly Other Debts________________________

Community ALT-DOC

The information listed above and, in the Attachment, was provided by you in your application and interview, and/or in third-party records and other documents (such as credit reports and tax records). Based on its consideration of this information, [ ] has made a reasonable and good faith determination that you have the reasonable ability to repay this loan according to its terms.

[ ] wants to make sure that the information listed above is correct and complete. [ ] is in the business of making loans and collecting loan payments—it has no desire to make a loan that cannot be repaid under the terms of the agreement.

By your signature(s) below, you are confirming that:

1) You have read and understand this Important Ability-to-Repay Notice, and the information listed above is correct and complete;
2) Your current or reasonably expected income or assets (other than the value of the dwelling and any attached real property) is/are consistent with the information listed above;
3) Your current employment status is consistent with the information listed above and/or attached;
4) Your current housing expenses, debts, and other obligations (including alimony and child support payments) are consistent with the information listed above;
5) You have not applied for or opened any new credit accounts, defaulted on any credit accounts, filed for bankruptcy, or had any judgments entered against you by a court;
6) You have not experienced any other changes from the time you signed or otherwise completed the information listed above and in the attached Uniform Residential Loan Application (Form 1003) that would reduce your reasonable ability to repay this loan according to its terms.

Borrower(s):

______________________	__/__/____	______________________	__/__/____
(Signature)	Date	(Signature)	Date
______________________	__/__/____	______________________	__/__/____
(Signature)	Date	(Signature)	Date

Exhibit C: Condominium Project Questionnaire

CONDOMINIUM PROJECT QUESTIONNAIRE

Project Name:____Date:____________________
Project Street Address:______________________________________HOA Tax Payer ID:____________________
Unit Address:____Loan Number: ____________________
HOA Representative:_______________________________________Lender Name: ____________________

PART I: PROJECT INFORMATION

1. Please provide actual numbers and not percentages in the chart below.

Legal Phase #, Previous and Future Phases	# of Units per Phase	# of Buildings	# of Units Complete	# of Units for Sale	# of Units Sold or Under Contract	# of Owner Occupied and Second Homes*	# of Investor Units

* If unable to provide number of second homes, provide number of off-site addresses.

2. Please provide a breakdown of the total number of units in the Project below.

# of Owner Occupied Units		# of Investor Units		# of Units Sold from Developer	
# of Second Home Units		# of Units for Sale		# of Units in Entire Project	

3. Does the project have any of the characteristics listed below? ☐ Yes ☐ No If Yes, please check all that apply:

☐ Hotel/Motel Operations ☐ Maid Service ☐ Room Service ☐ Bellman
☐ On-Site Registration Desk ☐ Houseboat ☐ Key-Card Entry ☐ Mandatory Rental Pool
☐ Short Term/Daily Rentals ☐ Investment Security ☐ Cooperative ☐ Manufactured Housing
☐ Continuing Care Facility ☐ Live-Work Project ☐ Timeshare ☐ Multi Dwelling

4. What year was the Project built or converted? ____________
5. How many stories or floors does the Project have? ____________
6. What is the maximum number of units allowed in the Project? ____________
7. Are at least 90% of the total units sold and closed? ☐ Yes ☐ No
8. Are all units and common elements complete and not subject to any additional Phasing and/or additions? *If yes, when was the Project completed?* ☐ Yes ☐ No ____________
9. If Project is not complete, is the subject legal phase, or any prior legal phases in which units have been offered for sale, substantially complete and has a Certificate of Occupancy been issued? ☐ Yes ☐ No ____________
If no, when will the phase be completed? ____________

Date subject phase completed? ______________
Date last phase was completed? ______________
What remains to be completed for Project to be 100% complete? ______________

____

10. Is the Project a conversion of an existing building within the last three years? ☐ Yes ☐ No
If yes:
What year was the Project original built? ______________
What date was the conversion completed? ______________
Was the conversion a gut rehab? Gut rehab refers to the renovation of a Property down to the shell, with replacement of all HFAC and electronic components. ☐ Yes ☐ No
What was the original use of the building? ______________
NOTE: *If Project is a conversion completed less than four years ago, please submit a copy of the engineer/architect report, evidence of repairs completed, current Reserve Study (last 24 months), and evidence of working capital fund.*
11. Is any part of the Project used for commercial space? *If yes:* ☐ Yes ☐ No
What is the total square footage of the commercial space? ______________
What is the total square footage of the building? ______________
What floor(s) is the commercial space located on? ______________
How is the commercial space currently used? ______________
12. Is the Project part of a mixed-use building (contains both commercial and Residential space not part of the association)? *If yes:* ☐ Yes ☐ No
What is the total square footage of the commercial space? ______________
What is the total square footage of the building? ______________
What floor(s) is the commercial space located on? ______________
How is the commercial space currently used? ______________
13. Is the HOA or developer involved in any litigation and/or arbitration, including the Project being placed in receivership, bankruptcy, deed-in-lieu of foreclosure or Foreclosure? ☐ Yes ☐ No
If yes, please describe the details and provide documentation and Attorney letter relating to the litigation: ______________

____

14. Are there any pending or levied special assessments by the HOA? *If yes:* ☐ Yes ☐ No
What is the total amount of assessment? ______________
What is the assessment amount per unit? ______________
What is the term of the assessment? ______________
What is the current assessment balance? ______________
Has work been completed? ☐ Yes ☐ No
Describe the nature of the assessment:

____

15. Does the association have any knowledge of any adverse environmental factors Affecting the Project as a whole or any individual unit within the Project? *If yes, please provide an explanation:* ______________ ☐ Yes ☐ No

____

16. Is there more than one association within the Project, covered by a Master or umbrella association? *If yes, provide Master Association name:* ______________ ☐ Yes ☐ No
Provide amenities and/or recreational facilities available through Master Association:

____

17. Are there any common amenities and/or recreational facilities available or to be built in the future? *If yes, please provide the type(s):* ☐ Yes ☐ No
☐ Pool ☐ Clubhouse ☐ Tennis Court ☐ Playground
☐ Other (describe): ______
18. Are all common elements, amenities, and/or recreational facilities owned jointly by the unit Owners/HOA (including any Master Association)? *If no, please provide an explanation:* ☐ Yes ☐ No
______
19. Does HOA own all amenities and recreational facilities debt and lien free? ☐ Yes ☐ No
20. Do the unit owners in the Project have rights to the use of all common elements/amenities? ☐ Yes ☐ No
21. Does the HOA share any common amenities with other, unaffiliated projects? ☐ Yes ☐ No
22. Does the Project have any mandatory, upfront membership fees for the use of recreational amenities owned by an outside party? ☐ Yes ☐ No
23. Are any units in the Project with resale or deed restrictions? *If yes, please explain. Provide related agreements and number of units subject to restriction and unit numbers.* ☐ Yes ☐ No
______
24. Are all units owned fee simple? ☐ Yes ☐ No
25. Are any of the units owned in a leasehold? *If yes, provide copies of leasehold documents.* ☐ Yes ☐ No
26. Is the developer leasing or renting any of the units in the Project? *If yes, provide number of units leased/rented by developer:* ______
27. Is the developer responsible for assessments on unsold units? ☐ Yes ☐ No
28. If a unit is taken over in foreclosure, will the mortgagee be liable for more than six months of unpaid dues? ☐ Yes ☐ No
29. How many units are over 60 days delinquent on HOA dues or assessments? (including REO owned units)? ______
30. How many units are over 30 days delinquent (including units that are over 60 days delinquent) in payment of HOA dues or assessments (including REO owned units?) ______
31. Does any single entity (individual, investor or corporation) own more than 10% of the units in the Project? ☐ Yes ☐ No
32. Are two members of the HOA Board required to sign all checks written from the reserve account? ☐ Yes ☐ No
33. Does the HOA maintain two separate bank accounts for the operating and reserve accounts? ☐ Yes ☐ No
34. Does at least 10% of annual budget provide for funding of replacement reserves, capital expenditures, deferred maintenance, and insurance deductibles? ☐ Yes ☐ No
35. Is the Project professionally managed? *If yes, please provide:* ☐ Yes ☐ No
What is the length of the current management contract? ______
Does the management contract require a penalty for cancellation of at least 90 days? ☐ Yes ☐ No
36. Has the developer turned over Project control to unit owners? ☐ Yes ☐ No
If yes, when was it turned over? ______
If no, what is the anticipated date the Project will be turned over to the unit owners? ______
37. If/when the Project is turned over to the unit owners, does the developer retain any Ownership in the Project besides unsold units? ☐ Yes ☐ No
If yes, please provide what is owned by the developer and how it is used: ______
______

PART II: PREPARER INFORMATION

Preparer Name:____Phone: ____________________________
Title:____Email: ____________________________

When completed by HOA representative, this form will be utilized to help determine financing eligibility of a unit within the Project. Completion of this form does not create legal liability on the part of the preparer.

The undersigned hereby certifies that the above information is true and correct to the best of the preparer's knowledge and is presented on behalf of the Homeowners Association for the Project listed.

Signature of HOA Representative:____Date:_______________

PART III: REQUIRED DOCUMENTATION

New Projects:

- ☐ Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Wholesale Condominium questionnaire, or similar.
- ☐ FNMA Warranty of Project Presale signed by developer/builder as authorized representative (Form 1029).
- ☐ FNMA Warranty of Condominium Project Legal Documents (Form 1054) or comparable lender's warranty.
- ☐ FNMA Final Certification of Substantial Project Completion completed by developer. (Form 1081).
- ☐ Current Annual Budget.
- ☐ Current Balance Sheet (dated within the last 60 days).
- ☐ Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.
- ☐ Project legal documents: Declarations, By-Laws, and any Amendments.
- ☐ Schedule of outstanding loan information.
- ☐ Letter from construction lender stating financing is in good standing.
- ☐ Evidence there are no contractor liens outstanding.
- ☐ Project Marketing Analysis: sales and marketing plan.
- ☐ Photos of subject property and two comparable projects including site, improvements, facilities/amenities, and parking.
- ☐ PERS Preliminary Approval, if applicable.

Established Projects:

- ☐ Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Wholesale Condominium questionnaire, or similar.
- ☐ Established Project Certification.
- ☐ Current Annual Budget.
- ☐ Current Balance Sheet (dated with the last 60 days).
- ☐ Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.

Re-Certification of Projects:

- ☐ Fannie Mae Application for Project Approval (Form 1026) Project Certification, Change Wholesale Condominium questionnaire, or similar.
- ☐ Project Approval Certification Form.
- ☐ Current Annual Budget.
- ☐ Current Balance Sheet (dated with the last 60 days).
- ☐ Evidence of current HOA/Project Insurance in compliance with FNMA guidelines.
- ☐ Any amendments, supplements, etc. to Project legal documents.

Exhibit D: Developer/Builder Questionnaire

DEVELOPER/BUILDER QUESTIONNAIRE

Project Name: ______________________________
Legal Address:
____
_

Developer Company Name: ______________ President/Owner: ______________
Address: ______________ Phone: ______________
Website: ______________ Email: ______________

Builder Name: ______________ President/Owner: ______________
Address: ______________ Phone: ______________
Website: ______________ Email: ______________

Broker/Marketing Co. Name: ______________ Sales Manager: ______________

1. Is the marketing firm affiliated with the developer/builder? *If yes describe the relationship.* ☐ Yes ☐ No
____
2. Are sales or financing concessions offered as part of the marketing of units? *If yes, what concessions are being offered? Please provide sales and marketing plan.* ☐ Yes ☐ No
____

BUILDER/DEVELOPER CONSTRUCTION EXPERIENCE

3. Number of condo projects: ________
4. Number of units: ________
5. Unit types: ________
6. Does the developer have previous experience with conversion projects? ☐ Yes ☐ No
7. Number of units currently being rented by Builder/Developer: ________
8. Number of units currently being renovated/converted into condominiums: ________
9. What is the anticipated completion date of the units being renovated/converted? ________

PROJECTS COMPLETED

Project Name	Location	# of Units	Year Completed

BUILDER/DEVELOPER PRE-SALE CERTIFICATION

Status	Subject Phase	Completed Phases	Future Phases	TOTAL Project
# of units closed to borrower other than Builder/Developer				
# of units under contract/signed Purchase Agreement				
# of units under construction				
# of units available for sale # of units owned or intended as owner occupied # of units owned or intended as rental units				
# of units currently rented by Builder/Developer				
Total # of units				

10. Does the builder/developer plan to retain ownership of any units, common elements, or other Project facilities Other than during initial marketing period? *If yes, please provide an explanation of what is being retained and the reason:* ☐ Yes ☐ No

11. Are there any mechanic's liens, complaints or litigation filed against the property? *If yes, please provide an explanation and any supporting documentation*: ☐ Yes ☐ No

DEVELOPER/BUILDER REQUIRED DOCUMENTATION

- ☐ Current reserve study (within three years), or equivalent, evidencing current condition of the Project elements, what work is needed, remaining life, and estimate of cost to replace.
- ☐ FNMA Form 1081 Final Certification of Substantial Project Completion or Project Occupancy Certification.
- ☐ Rent roll/absorption.
- ☐ Schedule of outstanding loans.
- ☐ Letter from construction lender stating financing is in good standing or statement from Builder/Developer indicating no financing exists.
- ☐ Evidence of available fund to complete the Project, e.g., certificate, letter of credit, or verification of liquid assets.
- ☐ Project Marketing Analysis: Sales and Marketing Plan.
- ☐ Project status letter detailing what is being completed/improved, cost estimate, and estimated date of completion.

CERTIFICATION

Builder/Developer has completed the information above, including the occupancy grid (or has attached a list documenting same in excel format), and attests to its accuracy.

Builder/Developer Name (please print) Title

Builder/Developer Signature Date

Title 18 U.S.C. 1014, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any matter in the jurisdiction of any department or agency of the United States, shall be fined not more than $1,000,000 or imprisoned for not more than 30 years or both. In addition, violation of this or others may result in debarment and civil liability for damages suffered by the Department.

Exhibit E: Borrower Contact Consent Form

BORROWER CONTACT CONSENT FORM
(Information Optional)

To insure we have the correct contact information for servicing your loan, please provide the following information.

By signing I authorize my mortgage servicer (its transfers and/or assigns) to contact me regarding the servicing of my loan using the following contact information.

Mailing address for your mortgage statements and other correspondence:

☐ Same as the subject property
☐ Please use this mailing address instead:

____

____

____

Cell phone number:

☐ I choose not to provide a cell phone number.

I understand that by providing a cell phone number and by signing this form, I am giving the holder of my mortgage Note and its billing servicer permission to use the cell phone number to contact me regarding my loan.

Borrower:____

Co-Borrower: ____

Email address:

☐ I choose not to provide an email address.

I understand that by providing an email address, I am giving the holder of my mortgage Note and its billing servicer permission to use this email to contact me regarding my loan.

Borrower:______________________________@__________________________

Co-Borrower:____________________________@__________________________

Signature(s)

Borrower: ____
Date

Co-Borrower: ____
Date

Exhibit F: Condominium Project Warranty Certification

CONDOMINIUM PROJECT WARRANTY CERTIFICATION

Project Name: **Project Address:** **Phase:**	
Borrower Name:	
Subject Address:	
Lender Name:	
Loan Number:	

This certification represents and warrants that the above condominium project meets all eligibility requirements for sale as required by Fannie Mae.

The Lender representative certifies that they have completed a Full Condo Project review as outlined in the Fannie Mae guidelines section B4-2.2-02 Full Review including review of all required documentation for the project type.

Project Type: ☐ Established ☐ New ☐ 2-4 unit

Project Documents reviewed include:

- ☐ Condo Questionnaire
- ☐ Current Annual HOA/Project Budget
- ☐ Current Balance Sheet
- ☐ Evidence of Project Insurance
- ☐ Project Legal Documents as required by Project Type

Lender certifies that it has retained all supporting documentation used to complete the review for this Warranty Certification. The Lender Representative certifies that all appropriate documentation has been examined and that the Representative and Lender warrant that the Project meets all requirements set forth in the Fannie Mae guidelines for a Full Review.

____

Signature of Lender Representative Certifying Project

____

Name of Lender Representative (please print)

____

Title of Lender Representative

____

Date of Certification