
	<h1>EMM Platinum Jumbo</h1>			
Product Matrix				
Primary Residence				
Transaction Type	# of Units	Maximum LTV/CLTV	Minimum Credit Score	Reserves
Purchase & Rate/Term	1	60%	680 (Up to \$850,000)	6
	1	80%	720 (Loan amount > 1 million)	12
	1	80%	700 (Up to 1 million)	9
	2	65%	740 (Up to \$850,000)	12
Cash-Out Refinance	1	65%	740	9
	2	60%	740 (Up to \$850,000)	12
Second Home				
Transaction Type	# of Units	Maximum LTV/CLTV	Minimum Credit Score	Reserves
Purchase & Rate/Term	1	70%	740	18
Investment Property				
Transaction Type	# of Units	Maximum LTV/CLTV	Minimum Credit Score	Reserves
Purchase & Rate/Term	1	65%	740 (Up to \$1 million)	24
	2-4	65%	740 (Up to \$850,000)	24
Terms	• 30 Year Fixed only; Encompass Product Code = "Platinum Non-Conf Jumbo 30 Year Fixed"			
DTI	• 43.00%			
Interested Party Contributions	• Primary & Second Homes = 3%			
	• Investment Property = 2%			
Tax Transcripts	• Required on all loans			
Ineligible Product Types	• Higher Priced Mortgages (HPML) • Higher Priced Covered Transactions (HPCT) • High cost loans			
AUS	• A Fannie Mae DU must be run on all files with an Approve/Ineligible decision. “Approve/Ineligible” findings would be the result of any of the following: loan amount, LTV, cash out amounts allowable in accordance with these jumbo underwriting guidelines, and cash-out amounts resulting from non-purchase money second lien payoffs as a rate and term refinance. Full documentation is required. May not follow DU documentation waivers.			
Eligible Borrowers	• US Citizens • Permanent Resident Alien • Non-Permanent Resident Alien <ul style="list-style-type: none">- H1B and L1 Visas only.- Maximum 75% LTV/CLTV- Maximum 38% DTI- Primary residence only- Valid Social Security number- 2 full, uninterrupted years of employment in the United States			
Non-Occupant Co-Borrowers	• Not permitted			
Credit Report	• A minimum of 2 credit scores for all borrowers is required. The lowest mid-score will be used. If a borrower only has 2 scores, the lower of the two will be used.			
	• Rescored credit reports are ineligible.			
	Minimum Tradeline Requirements: <ul style="list-style-type: none">• Minimum of three (3) tradelines from traditional sources are required.<ul style="list-style-type: none">- One (1) tradeline must be open for twenty-four (24) months and active within the most recent six (6) months- Two (2) remaining tradelines must be rated for twelve (12) months and may be opened or closed• Tradelines for closed accounts must have a satisfactory payment history• A Tradeline for which a payment has never been made may not be used to satisfy the minimum tradeline requirement.• Authorized User accounts may not be considered unless the borrower can provide 12 month cancelled checks as proof of payment.			
Housing Payment History	Mortgage History: <ul style="list-style-type: none">• Borrower(s) with a mtg history in past 24 months must 0 X 30 Rental History: <ul style="list-style-type: none">• First time homebuyers must have a minimum 24 month rental history for at least 1 borrower• If renting from a private landlord, cancelled checks must be provided.• A minimum 12 month housing history required			

<p>Significant Derogatory Credit</p>	<p><u>Waiting periods for significant derogatory credit:</u></p> <ul style="list-style-type: none"> • Chapter 7, 11 or 13 Bankruptcy = 7 years since discharge • Foreclosure, Notice of Default (NOD) and short sale = 7 years since completion date • Short payoffs, loan modifications due to hardship = 7 years • Multiple events are not permitted <p><u>Reestablished Credit Requirements:</u></p> <ul style="list-style-type: none"> • The waiting period requirements must be met. • The has at least three traditional credit references with activity during the most recent 24 months period and no late payments in that time period. • Non-traditional credit is not permitted. <p><u>Collections, Charge-offs and past due accounts:</u></p> <ul style="list-style-type: none"> • All past due accounts must be brought current. • All collections and charge-offs must be paid if an individual collection or charge-off is equal to or greater than \$1,000 or if the cumulative total of collections and charge-offs per loan is equal to or greater than \$2,500. • Liens impacting title must be satisfied prior to closing. <p><u>IRS Tax Liens and payment plans:</u></p> <ul style="list-style-type: none"> • Payment plans on tax liens/liabilities are not permitted • Derogatory credit requires an explanation. <p><u>Disputed Tradelines:</u></p> <ul style="list-style-type: none"> • All disputed accounts should be handled in line with Agency guidelines. • All disputed accounts that belong to the borrower must be taken into consideration. • Disputed accounts with a zero balance and no late payments may be disregarded.
<p>Liabilities</p>	<p><u>Student Loans:</u></p> <ul style="list-style-type: none"> • If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used to qualify • If the credit report does not provide a monthly payment or shows \$0: <ul style="list-style-type: none"> - Use 1% of the outstanding loan balance, or - Use fully amortizing payment based on documented repayment terms. <p><u>30 Day Open Accounts:</u></p> <ul style="list-style-type: none"> • A payment of 5% of the current outstanding balance must be included in ratios <p><u>Debts Paid by Business:</u></p> <ul style="list-style-type: none"> • Account may have no history of delinquency • Evidence the obligation was paid out of company or business funds. • Tax returns or cash flow analysis to reflect the business making said payment. <p><u>Paying off Debt:</u> Installment and revolving debts may be paid off in order to qualify.</p> <ul style="list-style-type: none"> • Evidence the account has been paid in full. • Source of funds to pay off the debt must be documented. • Lease payments may not be paid down or paid off for qualifying purposes. • Revolving debt must be documented as paid in full in order for the monthly obligation to be removed from the qualifying DTI. • Installment debts with ten payments or fewer remaining do not need to be considered in the borrower's qualifying ratios provided the obligation does not impact the borrower's ability to pay the mortgage after closing and the borrower has sufficient additional cash reserves to cover the remaining balance of the installment debt. <p><u>Alimony / Child Support:</u> Alimony and Child Support are to be treated as a liability</p>
<p>First Time Homebuyer</p>	<ul style="list-style-type: none"> • Primary residence only. • 38% maximum DTI. • 740 minimum FICO. • Minimum 12 months' reserves • 24 months rental history with no late payments. • One-unit properties only. • Loan amounts exceeding \$1M are ineligible. • Gift funds not permitted <p>Any borrower who has not owned a residential property during the prior 3 years is considered a First Time Homebuyer. This does not apply when at least 1 borrower has owned a property within the past 3 years.</p>
<p>Multiple Financed Properties</p>	<ul style="list-style-type: none"> • Borrowers may own a total of four (4) financed 1-4 unit residential properties including the subject property • Each separate property (other than the subject property) requires an additional six months of PITIA reserves.

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Gifts	<ul style="list-style-type: none"> • Gift funds are eligible when a borrower has met a minimum of 5% contribution from their own funds. • Gift funds are not eligible to be used for reserves • Primary residence only • Single Family Purchase or Rate/Term only • Maximum 38 percent DTI for first-time home buyer program; maximum 40 percent DTI for all other loan programs. • Relative, spouse, domestic partner, fiancé or fiancée are all considered eligible donors. • Fully executed gift letter; proof of donor’s ability to provide the gift (e.g. bank statements), and evidence the borrower has received the gift funds is required. • Gifts of equity are ineligible
Asset Documentation	<ul style="list-style-type: none"> • All funds must be documented with a minimum of two months bank statements or most recent quarterly statement. • All funds from accounts opened for 90 calendar days or less, must be sourced if used for down payment, closing costs, or reserves. • Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs. Verification is required that large deposits did not result in any new undisclosed debt • If source of funds cannot be documented, it is acceptable to exclude a large deposit, so as not to consider these funds for qualifying. • Asset verification by a Fannie Mae approved third party provider is permitted in lieu of 2 months statements provided by the borrower. The asset verification must provide 60 days of account activity and include all items normally indicated on bank statements • Cash deposits are ineligible funds in a transaction and should be reduced from the amount of available funds • Borrowers using accounts in which their funds are co-mingled with a non-borrowing party or parties, have the burden of proving funds in those accounts are a result of their earnings/savings. In addition, the file must also contain appropriate authorization letters from all additional account owners.
Non-sufficient-fund (NSF)	<p>A history of (NSF) fees present a layer of risk that must be weighed against the borrower’s credit history and all of the other risk factors in the file. Letters of explanation is required.</p>
Business Assets	<ul style="list-style-type: none"> • Business assets are not eligible as reserves. • Business bank statements must not reflect any NSFs or overdrafts • Borrower must be 100% owner of the business • Evidence supporting the borrower has full access to their percentage of the funds. • A cash-flow analysis using 3 months bank statements or CPA letter stating the withdrawal of said funds will not negatively impact the business.
Ineligible Assets	<ul style="list-style-type: none"> • Anticipated Savings • Community Savings plans • Pooled funds • Gifts of equity • Non-Vested Stock Units/Stock Options • Cash on hand • Cryptocurrencies such as Bitcoins • Custodial accounts for minors • New Simultaneous Financing on Subject Property • Pension Funds
Retirement Accounts	<ul style="list-style-type: none"> • Retirement accounts are an eligible source of funds for closing, down payment and reserves. When accessing retirement funds for assets to close, evidence of liquidation and reduction of any applicable penalties must be fully documented. • Any existing loans secured by a retirement asset must be deducted from the discounted value of the vested balance. • If using funds from a retirement account for reserves, a discounted value of 70 percent of the vested balance must be used for qualifying based on market volatility. • Terms of withdrawal from the account program administrator should be provided when using the account for reserves.
Employment	<ul style="list-style-type: none"> • A stable two (2) year history of verifiable income must be documented • Employment gaps of more than 30 days within the most recent two (2) year period require a satisfactory letter of explanation and borrower must be employed with current employer for a minimum of six (6) months • Extended gaps of six (6) months or greater require a documented two (2) year work history prior to the absence and they have been in their current employment for a minimum of six months. • Part-time income can be used for qualification if the borrower has worked the part-time job uninterrupted for the past two (2) years • Future/project income is not eligible • Tax transcripts are required on all loans regardless of income/employment type.

Income

Salaried:

- Paystubs covering the most 30 days with year to date income
- 2 years W2's

Commission: (A borrower who receives 25% or more from commissions must have a minimum 2 year history of commission earnings and at least 18 months with current employer.)

- 2 years 1040's and W2's
- Current year-to-date paystub

Overtime & Bonus:

- Overtime and bonus income can be used to qualify the borrower if he/she has received this income for the past two years, and documentation submitted for the loan does not indicate this income will likely cease.
- The Seller must establish and document an earnings trend for overtime and bonus income. If either type of income shows a continual decline, the Seller must document in writing a sound rationalization for including the income when qualifying the borrower

Self-employment: Income from self-employment is considered stable, and effective, if the borrower has been self-employed for two or more years

- Most recent 2 years, signed and dated, personal returns
- "S" corporation, or partnership, signed copies of Federal business income tax returns for the last two years, with all applicable tax schedules; and
- Year-to-date profit and loss (P&L) statement and balance sheet

NOTE: Documentation is required regardless of whether the income is being considered for qualifying purposes.

- If the borrower's earnings trend for the previous two years is downward and the most recent tax return or P&L is less than the prior year's tax return, the borrower's most recent year's tax return or P&L must be used to calculate his/her income.

- The Seller must consider the business's financial strength by examining annual earnings. Annual earnings that are stable or increasing are acceptable, while businesses that show a significant decline in income over the analysis period are not acceptable

Retirement:

- If any retirement income will cease within the first three (3) years of the loan, the income may not be used
- Distribution of assets from an IRA, 401k or similar retirement asset must be sufficient to continue for a minimum of three (3) years. 70% of the value of the account(s) is to be used
 - Distributions cannot be set up or changed solely for loan qualification purposes
 - Distribution must have been set up at least six (6) months prior to note date if there is no prior history of receipt; or two (2) years history of receipt evidenced
- Document regular and continued receipt of income as verified by any of the following:
 - Letters from the organizations providing the income
 - Copies of retirement award letters
 - Copies of federal income tax returns signed and dated
 - Most recent IRS W-2 or 1099 forms
 - Proof of current receipt with two (2) months bank statements
- Two (2) years tax transcripts

Social Security:

- Social Security income must be verified by a Social Security Administration benefit verification letter. Benefits must not expire within the first three (3) years of the loan.
(If the Social Security Admin benefit letter does not indicate a defined expiration date within three years of loan origination, the income should be considered likely to continue)

Dividend & Interest Income:

- Personal tax returns – two (2) years with two (2) years transcripts
- Documented assets to support the continuation of the interest and dividend income
- Income must be averaged over a two year period

(If the interest-bearing asset will be liquidated as a source of the cash investment, the Seller must appropriately adjust the amount)


Employed by family business:


- Personal tax returns – two (2) years with two (2) years transcripts
- A signed copy of the corporate tax return showing ownership percentage

(Income must be amortized over 24 months.)

Alimony / Child Support:

- Div. decree or court ordered separation agreement. Income to continue for at least (3) years
- Evidence of receipt of full, regular and timely payments for the most recent twelve (12) months

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Income	<p><u>Trust Income:</u></p> <ul style="list-style-type: none"> • Irrevocable Trust Income <ul style="list-style-type: none"> - Guaranteed and regular payments must be documented to continue for the next three (3) years - Regular receipt of trust income for the most recent twelve (12) months must be documented • Copy of the trust agreement or trustee statement showing: <ul style="list-style-type: none"> - Total amount of borrower designated funds - Terms of payment - Duration of trust - Evidence that the trust is irrevocable • If trust assets are being used for down payment or closing costs, the file must contain documentation to indicate the withdrawal of the assets will not negatively affect income <p><u>Rental Income from Departing Primary Residence:</u></p> <p>If the borrower is converting their current primary residence to a rental property and using rental income to qualify or offset the payment, the following requirements must be met:</p> <ul style="list-style-type: none"> • Copy of current executed 12 month lease agreement to an unrelated arm's length third party and must be effective as of the first payment due date of the subject mortgage loan. • Copy of security deposit and evidence of deposit to borrower's account • Have sufficient equity in the vacated property. Borrower must have a LTV ratio of 70% or less, as determined by: <ul style="list-style-type: none"> - as determined either by a current (no more than six months old) Residential Appraisal (for Single-Family units on form Fannie Mae 1004/Freddie Mac 70 or for Condominium units on form Fannie Mae 1073/Freddie Mac 465).
	<p>Title to the subject property must be in the borrower's name at the time of application for a refinance transaction. Must meet continuity of obligation.</p> <p><u>Continuity Of Obligation:</u></p> <ul style="list-style-type: none"> • At least one borrower on the new loan must also be obligated on the current lien; or • Borrower has been on title to the subject property for the previous 12 months; occupied the subject property for the previous 12 months; and can demonstrate having made the payments in the previous 12 months. <p><u>Exceptions:</u></p> <ul style="list-style-type: none"> • The borrower on the new refinance was added to title at least twenty-four (24) months prior to the disbursement date of the new transaction • The borrower on the refinance inherited or was legally awarded the property by a court as in the case of a divorce, separation or dissolution of a domestic partnership <p><u>Value:</u></p> <p>When the subject property has been purchased in the past 12 months, the lesser of the current appraised value or the purchase price will be used to calculate the LTV/HCLTV. Ownership date is measured from the date of acquisition (or HUD or Closing Disclosure closing date) to the application date of the subject mortgage.</p> <p><u>Rate & Term Refinances:</u></p> <ul style="list-style-type: none"> • Paying off a mortgage loan secured by the subject property. • Paying off a first lien and purchase money subordinate lien (Seller must document that the entire subordinate lien was used to purchase the property). • Paying off a seasoned non-purchase money subordinate lien or first lien HELOC. <ul style="list-style-type: none"> - A seasoned non-purchase money subordinate lien or first lien HELOC is a mortgage that has been in place for a minimum of 12 months. Seasoning is based on the note date of the second lien to the application date of the subject Mortgage Loan. A seasoned equity line of credit is defined as not having cumulative draws greater than \$2,000 in the past 12 months. • Maximum cash back at closing is limited to 1% of the new loan amount <p><u>Cash-Out Refinances:</u></p> <ul style="list-style-type: none"> • Borrower must have taken title to the property more than 180 days from the Note date • Inherited properties require twelve (12) months ownership • Maximum cash back at closing is limited to \$250,000 • Properties listed for sale in the last six months are ineligible • Properties located in Texas are not eligible
Properties Listed for Sale	<ul style="list-style-type: none"> • Properties listed for sale at time of application are not eligible for refinance transactions • Properties listed for sale within past 12 months are not eligible for cash-out refinance • Properties listed within past 6 months are eligible as a Primary, Rate & term only. Documentation of cancelled listing and explanation for the cancellation is required.

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Appraisal Valuation Requirements	<p>A Collateral Desktop Analysis (CDA) with accompanying MLS sheets ordered from Clear Capital is required to support the value of the appraisal on all loans. (See separate instructions on how to order a Clear Capital CDA.</p> <ul style="list-style-type: none"> • If the CDA is \leq 10% of the appraised value the LTV would be based on the original appraised value. • If the CDA is lower by $>$ 10% of the appraised value the LTV than a third valuation report must be ordered. <p>Third Valuation (if applicable):</p> <ul style="list-style-type: none"> • Field Review— If a Desk Review was not within the allowable tolerance; a Field Review should be obtained and the original appraised value supported within the 10% tolerance. The LTV/HCLTV would be based on the original appraisal value. 										
Properties	<ul style="list-style-type: none"> • Appraisal Condition rating of C5/C6 or Quality rating of Q6: Not permitted <p>Eligible Property Types:</p> <ul style="list-style-type: none"> • Single Family Detached and Attached • PUD's • 2-4 Family • Condominium <ul style="list-style-type: none"> - Must be Fannie Mae warrantable. (CPM full Review required). A minimum 50% of the units in a new project or phase must be conveyed or under contract to purchasers who will occupy as a primary or second home. - PERS approval is not permitted - Florida condo's limited to 50% LTV on Investment transactions <p>Ineligible Property Types:</p> <table border="0"> <tr> <td>• Manufactured housing</td><td>• Cooperatives</td></tr> <tr> <td>• Mobile Homes</td><td>• Condotels and Timeshares</td></tr> <tr> <td>• Log Homes</td><td>• Unique homes</td></tr> <tr> <td>• Mixed Use Properties</td><td>• Properties with more than 15 acres</td></tr> <tr> <td>• Properties with deed restrictions</td><td></td></tr> </table>	• Manufactured housing	• Cooperatives	• Mobile Homes	• Condotels and Timeshares	• Log Homes	• Unique homes	• Mixed Use Properties	• Properties with more than 15 acres	• Properties with deed restrictions	
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Property Flips	<p>Properties owned by the seller less than 180 calendar days from the date of the purchase contract and the new sales price is higher than the price paid by the seller to acquire the property, the transaction would be ineligible.</p>										