

Essential VOE



Eligibility Matrix

All Occupancy			Maximum LTV/CLTV		
Minimum FICO		Max. Loan Amount	Purchase	Rate/Term Refinance	Cash-Out Refinance
720	\$2,500,000		80	75	70
	\$3,000,000		75	70	70
700	\$2,000,000		80	75	70
	\$2,500,000		75	70	65
	\$3,000,000		75	70	65
680	\$2,000,000		80	75	70
	\$2,500,000		75	70	65
	\$3,000,000		70	65	65
660	\$1,500,000		80	75	70
	\$2,000,000		75	70	65
	\$2,500,000		70	65	65
Housing History Restrictions				Declining Market	
Housing History		1x30x12	0x60x24	Max Loan Amount	\$2,000,000
Max LTV/CLTV	Purchase	80	75		
	Refinances	75	65	Max LTV/CLTV	Reduce 5%
Minimum FICO		680			

Program Guidelines

Loan Terms	- Fixed: 40, 30 and 15 years - ARM: 5/6 and 7/6 (Index: 30 days SOFR Avg, Margin: 5.0%, Cap: 2/1/5 for 5/6 ARM, 5/1/5 for 7/6 ARM)			
Loan Amount	- Minimum: \$150,000 - Maximum: Per above matrix			
DTI	Max 50.00%			
Underwriting Method	Manual underwriting only. For topics not addressed in this guideline, follow FNMA's current single-family guideline.			
Interest Only	Min FICO 680, Min loan terms 30 years.			
	Product	Term	I/O Term	Amortization Term
	5/6 ARM I/O	360	120	240
	5/6 ARM I/O	480	120	360
	7/6 ARM I/O	360	120	240
	7/6 ARM I/O	480	120	360
	30 yr Fixed I/O	360	120	240
	40 yr Fixed I/O	480	120	360
Qualifying Payment	- ARM: Higher of note rate or fully indexed rate (index + margin) - Interest only - Fixed: Fully amortizing payments after expiration of the interest only period. - ARM: Fully amortizing payments after expiration of the interest only period, using higher of note rate or fully indexed rate.			

Updated date: 6/30/2025

Essential VOE

Occupancy	• Primary residence: At least one borrower must occupy the property as their principal residence. • Second Home - Must not be located within the same neighborhood or city of primary residence. - Is restricted to one-unit dwelling. - Must not be rental property or a timeshare arrangement. • Investment property
Loan Purpose	Purchase, Rate/term, and Cash-out
Age of Credit Documents	90 days from closing
Number of Financed Properties	No limit, but aggregated amount cannot exceed \$5MM.
Properties	• Eligible Property types: SFR, PUD, Condominium, 2-4 units • Acreage limit is 20 or less. • Minimum square footage: SFR 700 sqft, Condo 500 sqft, Multi-family: 400 sqft per unit. • Properties with solar panels, or an accessory unit must meet the Fannie Mae guidelines. • Ineligible: C5/C6 rating, Q6 rating, Rural, Agricultural features (vineyards, farms, ranches, orchards, etc.), Zoning violations or illegal use, Properties on Native American Land, Mixed use, Manufactured, Mobile, Co-op, Leasehold, Commercial, PACE properties, Dome or geodesic homes, Houseboats, bed/breakfast, boarding house, single-room occupancy, assisted living/healthcare and etc.
Appraisal	• One full appraisal required for all loans <= \$2,000,000 • Two full appraisals required for all loans > \$2,000,000. LTV is calculated based on the lower value. • Transfer appraisal is allowed. • The effective date of the appraisal report must be dated within 120 days of the note date. If the effective date of the appraisal report is more than 120 days from the note date, the appraiser must acknowledge that the value of the subject property has not declined since the effective date of the original appraisal. The update must be completed on FNMA Form 1004D/FHLMC Form 442 and must be dated within 120 days prior to the note date.
Condominiums	Regardless of Fannie Mae CPM status, below requirements apply. • Condo full review form is required, unless the project consists of entirely detached (site) units or 2-4 units. • Must have a minimum of 1 bedroom. • Investor concentration up to 60%. • Commercial space up to 50%. • Sing-entity ownership up to 20%. • No more than 20% of total units may be 60 days or more past due on the assessments. • Project documents not evidencing unit owner or any other party priority over the rights of the first mortgagee. • Projects involved in litigation are acceptable provided the lawsuit(s) are not structural in nature which impact the subject unit and do not affect the marketability of the project units and potential damages do not exceed 25% of HOA reserves or documentation from the insurance carrier or attorney representing the insurance carrier that the insurance carrier has agreed to conduct defense and the HOA insurance policy is sufficient to cover the litigation expense. • Projects with significant deferred maintenance regarding safety are not eligible. • Must not be timeshare, houseboat, manufactured, assisted living facilities, multi-family unites where a single deed conveys ownership of more than one unit, project that requires private transfer fees as part of the transaction, or a fragmented ownership. • Florida condo restrictions - An inspection is required for projects of 3 stories or greater, and over 30 years old (25 years old if the property is within 3 miles of the coast). - Projects with an unacceptable or no inspection are ineligible.

Essential VOE

New or newly converted Condominiums	• 50% of the total units in the project or subject's phase must be sold and conveyed to the units' owners AND at least 50% of the units must be owner occupied. • Project or subject's legal phase must be complete. • All common elements in the project or legal phase must be 100% complete.
Eligible Borrowers	• US Citizens • Permanent Aliens – Only a valid Greed Card with a minimum of 120 days remaining at the time of funding is required to be documented. • Non-Permanent Resident Aliens - An individual 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. - Visa types allowed: E-1, E-2, E-3 EB-5, G-1 through G-5, H-1B, L- 1, NATO, O-1, R-1, TN NAFTA - Visa must be current. If the visa will expire within six (6) months following the closing date, additional documentation is required: 1) evidence that the proper extension steps have been followed per the US Citizenship and Immigration Services (USCIS) website, along with proof of payment receipt and proof that the extension was done in the timeframe required by USCIS. - If borrower has EAD card, a valid EAD card with minimum 90 days remaining at time of closing is required. EAD card with 30-89 days remaining requires evidence of application for extension. EAD card with less than 30 days remining without renewed status is not eligible. • Non-Occupant Co-Borrowers not allowed. • Co-Signers: An occupant co-borrower (who is obligated on the note) who does not have an ownership interest (not an owner of record on title) is permitted.
OFAC SDN	SDN search required for all loans and must include borrower, guarantor, property seller, and settlement agent as the transaction participants.
First Time Home Buyer	Other than housing payment history requirements below, no other restrictions apply.
Housing Payment History	12 months history must be verified. Late payment history is permitted as per matrix. • Must be paid current as of 45 days of the loan application date. • When a credit report includes the payment history of mortgage account, additional verification is not required. • When any mortgage account is not listed on the credit report, VOM or equivalent is needed such as - 12 months cancelled checks, ACH payments, bank transfer/wire, electronic payments, OR - 12 months mortgage statements, OR - 12 months loan payment history from creditor/servicer, plus proof of borrower's payment for the most recent 6 months. • First-Time Homebuyer: Rental history must be evidenced by a Verification of Rent (VOR from either management company or private) or canceled checks for the past 12 months. • Borrower(s) that do not have the required housing payment history is still eligible to qualify for a purchase transaction of a primary residence, as long as they are living rent free with a Relative and provide a Letter of explanation (LOE) executed by such Relative confirming that there is/was no monthly obligation. • In the case the borrower's current primary housing history is less than 12 months, additional payment history from previous mortgage/rent must be supplemented to satisfy full 12 months history.
Fraud Report	All parties to the transaction must be included in the fraud report performed by an automated fraud and data check vendor solution.
Credit Scores	All borrowers must have a minimum of (2) FICO scores on a tri-merged credit report and sufficient credit experience.
Minimum Tradeline	• When the primary borrower has 3 credit scores, the minimum tradeline requirement is waived. • 3 Tradelines with 12 months rating (may be open or closed) OR 2 Tradelines with 24 months rating (may be open or closed). • Non-traditional credit/payment histories are NOT acceptable, except for VOR that can be used as a tradeline.

Essential VOE

Minimum Tradeline (Continued)	• Credit report tradeline that lists a borrower as an authorized user cannot be considered in the minimum tradelines requirement. • Authorized user accounts can be excluded from the DTI ratio.
Credit Inquiries	• The report must list all credit inquiries made in the previous 90 days. LOE is required to address all credit inquiries made within 90 days from the credit report date. • If new credit was extended, the borrowers must provide documentation on the current balance and payment. New payment terms are to be included in the DTI ratio.
Gap Credit Report	• Soft pull credit report is required no more than 10 days prior to loan closing. Any new debt must be included in determining the DTI ratio. • The full credit report pulled 10 days prior to loan closing can be considered as the gap credit report required.
Bankruptcy	Must have seasoned for 3 years
Foreclosure	Must have seasoned for 4 years
Short Sale, Deed-In-Lieu	Must have seasoned for 3 years
Loan Modification	• Eligible when the loan modification has been seasoned for at least 24 months. • All payments must have been made on time throughout the duration of the modification.
Judgments, Liens, Charge-offs and Collections	• All open judgements, garnishments, and all outstanding liens must be paid off prior to or at closing. • Charge offs and collections greater than \$250 for each account or \$2,000 in total needs to be paid unless they are included in DTI (if the payment amount is unknown, 5% of balance is used), or borrower(s) has sufficient reserves in addition to the minimum reserve required. • Medical collections are exempt from the above requirement.
Employment History	Min. 2 years at the same job.
Income Documentation	• Written VOE (FNMA Form 1005) completed by the employer. • Borrower cannot be employed by relatives - NO EXCEPTIONS.
Eligible Other Incomes	• Bonus or Overtime - Written VOE (Form 1005) completed in full by the employer verifying the most recent two-year income history. - Borrowers must have two years' consistent employment with the same employer or in the same industry. - Calculation: 2-year average. • Commission: If the commission income represents less than 25% of the borrower's total annual employment income, obtain the following documents: - Written VOE (Form 1005) completed in full by the employer verifying most recent two-year income history. - Borrowers must have two years of consistent employment with the same employer or in the same industry. - Calculation: 2-year average of the income. • Tips - Minimum 24-month total history (multiple employers). - Written VOE (Form 1005) completed in full by the employer verifying most recent two-year income history. - Borrowers must have two years of consistent employment with the same employer or in the same industry. - Calculation: Develop a 2-year average of the income. • Secondary Employment (Second Job) - Minimum 24-month total history (multiple employers) - Written VOE (Form 1005) completed in full by the employer verifying most recent two-year income history. - Borrowers must have two years of consistent employment with the same employer or in the same industry. - Calculation: Develop a 2-year average of the income.

Essential VOE

Eligible Other Incomes (Continued)	• Part-Time - Minimum 24-month total history (multiple employers). - Written VOE (Form 1005) completed in full by employer verifying most recent two years. • Auto Allowances - Written VOE (Form 1005) completed in full by the employer verifying the most recent two-year income history. - Calculation: 2-year average. • Housing or Parsonage Allowance - Written Verification of Employment, letter from employer, or paystubs reflecting the amount of the housing or parsonage allowance. - Terms under which the housing or parsonage allowance is paid. - Proof of receipt of housing allowance for the most recent 12 months. - The housing allowance may not be used to offset the monthly housing payment. • Rental - Property other than subject property: Fully executed lease agreement. Rent income to be used at 75% of gross rent. - Subject Property - Purchase: Use 75% of market rent from an appraisal rent schedule - Refinance: Use the lessor of 75% of rent from a fully executed lease agreement or an appraisal market rent analysis • Social Security - Copy of the award letter or Social Security Benefit Statement AND - Most recent bank statement reflecting proof of current receipt. - Calculation: Use current amount from documentation • Disability - If amount and duration are not disclosed in the awards letter, a copy of the disability policy may be required. - If the benefits have a defined expiration date (not long-term disability), verify that the remaining term is at least 3 years from the date of the mortgage application. - Calculation: If higher short-term disability payment will fall to lower long-term payment during the next 3 years, use the lower long-term payment for qualifying purposes. Otherwise use the current payment. - If disability income will not continue for 3 years, it cannot be included in income. • Retirement, Government Annuity and Pension - Copies of retirement award letters or current statements, and - Copies of borrower's 2 most recent bank statements showing deposits - Calculation: Use the current amount • Alimony or Child Support - A copy of the final court approved Divorce Decree (separation agreement or other written agreement/court decree) containing the amount and duration. The income must continue for a minimum of 3 years (check for limitations on duration such as the ages of children) - Evidence of regular receipt for the last 6 months (inconsistent or sporadic payments may not be included as income) - Calculation: Utilize the current payment amount
4506-C	Not Required
Verbal VOE	• 10 days prior to disbursement date • The phone number that the borrower provided as their employer's number must be independently confirmed by using the telephone book, directory assistance, Superpages.com, Yellowbook.com or similar public listing.
Assets	• Most recent one (1) month bank statement or VOD required; A single deposit that exceeds 100% of the total monthly qualifying income is to be sourced for purchase transactions only. • VOD should be dated within 90 days of loan application date.

Essential VOE

Min. Borrower Contribution	None
Gift Funds	• 100% gift funds allowed. • Must meet FNMA guidelines for acceptable donors. • If the donor provides gift funds from business account, the donor must provide CPA letter confirming their ownership % and no negative impact to the donor's business. The donor must be at least 50% owner of the business, and the other owner(s) must attest that the donor is entitled to the business funds.
Gift of Equity	• Gift of equity allowed for primary residence only. • 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 the existing mortgage securing the subject property, confirming the Family Sale is not a foreclosure bailout.
Eligible Other Assets	• Foreign assets being used for down payment and closing costs must be held in a U.S. account prior to closing. - The sale of the foreign assets and conversion of foreign currency must be fully documented and verified. - The borrower's source of funds for the down payment and/or closing costs must comply with the Office of Foreign Assets Control (OFAC). • Life Insurance (Cash Value) - Net proceeds from a cash value or from the surrender of a life insurance policy may be considered for downpayment, closing cost and reserves. - The most recent statements must be provided. - If the funds are needed for the down payment or closing cost, proof of liquidation and receipt of the funds by the borrower must be documented. - When the cash value of the life insurance is being used for reserves, the cash value must be documented but liquidation is not required. • Stocks/Bond/Mutual Funds: - 100% funds may be considered for downpayment, closing cost and reserves. - If the value of the asset is at least 20% more than the amount of funds needed for the down payment and closing costs, no documentation of the borrower's actual receipt of funds realized from the sale or liquidation is required. Otherwise, Evidence of the borrower's actual receipt of funds realized from the sale or liquidation must be documented. - When Stocks/Bond/Mutual Funds are used for reserves, the proof of liquidation is not required. • Vested Retirement Account - 100% funds may be considered for down payment, closing cost and reserves. - The most recent retirement account statement must be provided and must identify the borrower's vested amount and the terms. - Terms of withdrawal may be required. - When funds from retirement accounts are used for reserves, the funds to be withdrawn from the account(s) is not required.
Reserves	• Primary residence & 2nd Home: - Loan amount $\leq$ \$1,000,000 & LTV $\leq$ 75%: No reserves - Loan amount $\geq$ \$1,000,000 or LTV $>$ 75%: 4 months Principal & Interest payment • Investment Property: - Loan amount $\leq$ \$1,000,000: 6 months Principal & Interest payment - Loan amount $>$ \$1,000,000 and $\leq$ \$2,000,000: 9 months Principal & Interest payment - Loan amount $>$ \$2,000,000: 12 months Principal & Interest payment • Reserves are required for subject property only. No additional reserves required for each financed property (other than subject). • Gift funds can be used towards the reserves for all transactions and occupancies. • Cash Out Net Proceed can be used to satisfy the reserve requirement.
Purchase (Non-arm's length sale)	• Non-arm's length transactions are allowed on all occupancy for existing property types.

Essential VOE

Purchase (Non-arm's length sale) (Continued)	- Newly constructed properties are only allowed on primary residences. - Non-arm's length transactions are not permitted on Delayed Financing. - Renter(s) purchasing from the landlord. 12 months of cancelled checks to prove timely payments are required. - A verification of rent (VOR) is not acceptable. - When the property seller is a corporation, partnership, or any other business entity, it must be ensured that the borrower is not the owner of the business entity selling the property. - Employer-to-employee sales or transfers are not allowed - 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 (verification of the Seller's mortgage [VOM]). - Commission earned by buyer/borrower cannot be used for down payment or reserves.
Flip Transactions	- A property is considered a "flip" if either of the following are true: - The price in the borrower's purchase agreement exceeds the property Seller's acquisition price by more than 10% if the property Seller acquired the property 90 or fewer days prior to the date of the borrower's purchase agreement, OR - The price in the borrower's purchase agreement exceeds the property Seller's acquisition price by more than 20% if the property Seller acquired the property 91-180 days prior to the date of the borrower's purchase agreement. - The acquisition date is the day the seller became the legal owner. The purchase date is the day the borrower and the seller sign the home purchase agreement. Start with the day after the acquisition date and count up to and including the purchase date. - If the property is a "flip" as defined above, the following additional requirements apply: - A second appraisal must be obtained. - If the loan is subject to Regulation Z, a copy of the second appraisal must be provided to the borrower in compliance with the federal HPML requirements. - The second appraisal must be dated prior to the loan consummation/note date. - The 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 the actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) must be provided, if applicable.
Max. IPC Limit	- Primary residence & 2nd Home: 6 % - Investment property: 3% - Contribution exceeding above limit is considered as sales concessions, and is deducted from the sales price to determine LTV.
Rate/Term Refinance	- Pay off an existing first mortgage loan and any subordinate loan used to acquire the property. - Pay off 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. (For business purpose transactions, any draw over the life of the loan may not have been used for personal use. Business purpose transactions will require a fraud history schedule, along with an attestation from the borrower, in the credit file, that none of the advances were used for personal/consumer use) - Buy out a co-owner pursuant to an agreement. - Pay off an installment land contract executed more than 12 months from the loan application date. - If subject property was listed for sale within the 6 months prior to the loan application date, a signed statement from the borrower indicating their intent to retain the property is required. - Other Considerations:

Essential VOE

Rate/Term Refinance (Continued)	- Cash back in an amount not to exceed the lesser of 2% of the new loan amount or \$5,000 can be included in the transaction. - If the subject property was acquired more than six months from application date, the appraised value will be used to determine LTV/CLTV. - If the property was acquired less than or equal to six months from the application date, the lesser of the current appraisal value or previous purchase price plus documented improvements (if any) will be used to determine LTV/CLTV. The purchase settlement statement and any invoices for materials/labor will be required. - Refinance of a previous loan that provided cash out, as measured from the previous note date to the new note date, and is seasoned less than 12 months, will be considered a cash out refinance.
Cash-Out Refinance	• Cash out seasoning is defined as the time difference between application date of the new loan and the property acquisition date. • A minimum borrower seasoning requirement of six (6) months is required for a transaction to be eligible for cash out. • For properties owned 12 months or longer, the LTV/CLV is based upon the appraised value. • If the cash-out seasoning is less than 12 months but greater than 6 months, the transaction property value is limited to the lower of the current appraised value or the property's purchase price plus documented improvements. • Properties listed for sale in the past six (6) months are not eligible. • Not eligible if there has been prior cash-out transaction in the past 6 months. • Cash out seasoning of six (6) months or less is allowed with the following restrictions: - It must be 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. • Delayed purchase financing is eligible when a property was purchased by a borrower for cash within 180 days of the loan application. - The original purchase transaction was an arms-length transaction. - The source of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property). - The maximum LTV/CLTV ratio for the transaction is based upon the lower of the current appraised value or the property's purchase price plus documented improvements. - The preliminary title search or report must confirm that there are no existing liens on the subject property. - The transaction is considered cash-out; cash-out pricing adjustors apply. - The new loan amount can be no more than the actual documented amount of the borrower's initial investment subject to the maximum LTV/CLTV for cash-out transactions.
Max. Cash back to borrower	Unlimited
Texas Cash Out	Must meet FNMA guideline
Subordinate Financing	Not Allowed
Prepayment Penalty	• Applies to Investment property only. • Prepayment periods up to 5-Years eligible. • Penalties not allowed on loans vested to individuals in NJ. • Six months of interest - The prepayment charge will be equal to 6 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The charge applies to loans that pay off due to sale or refinance, or curtailments that exceed 20% of the original principal balance in a given 12-month time period. • 3%, 4%, or 5% fixed percentage - The prepayment charge will be equal to a fixed percentage and applied to any curtailment or the entire outstanding principal balance during the prepay period. The charge applies to loans that are paid off due to sale or refinance. • Declining structures that do not exceed 5% and do not drop below 3% in the first 3 years. For example: (5%/4%/3%/3%/3%) or

Essential VOE



Prepayment Penalty (Continued)	• (5%/4%/3%/2%/1%) - The prepayment charge will be equal to the percentage in effect and applied to any curtailment or the entire outstanding principal balance during the prepay period. The charge applies to loans that are paid off due to sale or refinance. • The prepayment penalty can be disclosed within the body of the Note or in a separate rider.
Payment Shock	Not Applicable
Property Insurance	Follow Fannie Mae.
Escrow Waiver	Eligible for Non-HPML files
Closing In Trust	Must meet FNMA guideline
Power of Attorney	Not allowed for Investment & Cash-Out
For Non-Subject Title Only Properties	Only the mortgage payment may be omitted from the borrower's DTI if the following documents are provided. - Mortgage note showing only the third-party responsibility. - 12 months verification of mortgage. - Homeowners insurance, property tax, and HOA dues (if applicable) need to be included in borrowers DTI when qualifying.