

Eligibility Matrix

Occupancy	Max Loan Amount	Min FICO	Purchase	Rate/Term Refinance	Cash-Out Refinance
Primary Residence	\$2,000,000	700	80	80	75
		680	75	75	70
	\$2,500,000	740	80	80	65
		700	75	75	65
		680	65	65	60
	\$3,000,000	740	75	75	60
		720	70	70	60
		700	70	70	N/A
	Second Home	\$2,000,000	700	80	80
680			75	75	70
\$2,500,000		700	75	75	65
		680	60	60	N/A
\$3,000,000		740	70	70	60
		720	70	70	50
		700	70	70	N/A
Investment		\$1,500,000	700	80	80
	\$2,000,000	720	80	80	75
		700	75	75	75
		680	75	75	70
	\$2,500,000	700	75	75	65
		680	60	60	N/A
	\$3,000,000	740	70	70	60
		720	70	70	50
		700	70	70	N/A
	Interest Only	Condo & 2-4 Units		Rural Properties	
Min FICO 700	FICO < 720: Max LTV 75%		Primary residence only, No Cash-Out		Max LTV 75%
Non-Occupant Co-borrower			DTI > 43%		Declining Market
Primary residence only, No Cash-Out, Max DTI 43%			Min FICO 700		Reduce max LTV by 5% from above
Borrower living rent-free					
Max DTI 43%, 1 unit property only					

*For cash-out refinance, please refer to the cash-in-hand (cash back to the borrower) limitation.

Program Guidelines

Loan Terms	30 Year Fixed, 30 Year Fixed with I/O, 40 Year Fixed with I/O
Interest Only	30 years: I/O Term is 120 months, 240 months amortization 40 years: I/O Term is 120 months, 360 months amortization - Interest only loans must qualify based on the amortizing payment (payments after 10 year interest only period). - Minimum FICO 700 required. - Not eligible for First-time-home-buyer (FTHB).
DTI	- Standard Max 50.00%. - DTI > 43% requires minimum FICO 700. - Non-Occupant Co-borrower: Max 43%. - First-time-home-buyer (FTHB): Max 43%. - Borrower living rent-free: Max 43%.
Payment Shock	Not required.
Underwriting Method	- Manual underwriting only. - For topics not addressed here, refer to Fannie Mae’s Selling guide.
Min Loan Amount	\$150,000
Occupancy	Primary, Second Home, and Investment
Loan Purpose	Purchase, Rate/term, and Cash-out
Income Documentation	12-months or 24-months Bank Statements
Age of Documents	90 days from closing
Number of Financed Properties	No limit, however, max exposure to the SELECT program is up to the lessor of 20 loans or \$5,000,000.

Eligible Borrowers	• US Citizen • Permanent Resident with one the following acceptable evidence: - Green Card (I-551) issued for 10 years that has not expired. If the expiration date is within 6 months, a completed I-90 form stamped received by the USCIS is required. - Conditional Green Card (I-551) issued for 2 years, as long as it is accompanied by Form I-751, stamped received by USCIS requesting removal of the conditions. - Alien Registration Receipt Card (I-551) that does not have an expiration date. - Un-expired foreign passport that contains a non-expired stamp (valid for a minimum of 3 years) reading “Processed for I-551 Temporary evidence of lawful admission for permanent residence. Valid Until [mm-dd-yy]. Employment authorized”. • Non-Permanent residency borrower must be eligible to work in the U.S. - Acceptable Visa types are E-1, E-2, E-3, G-1 through G-5, H-1, L-1, L-2 NATO, O-1, R-1, TN NAFTA. - Copies of the borrower’s passport and unexpired visa must be obtained. Acceptable alternative documentation to verify visa classification is an I-797 form (Notice of Action) with valid extension dates and an I-94 form (Arrival/Departure Record). Any individual whose passport reflects a country eligible for admittance to the U.S. under the Electronic System for Travel Authorization (ESTA) program must provide a copy of a currently approved “Travel Authorization” in place of the allowed Visa types. - A valid employment authorization document (EAD) must be obtained if the visa is not sponsored by the borrower’s current employer (<u>EAD C33 and C08 are not eligible</u>). If the visa will expire within 6 months of loan application, it is acceptable to obtain a letter from the employer documenting the borrower’s continued employment and continued visa renewal sponsorship (employer on the loan application must be the same as on the unexpired visa). - If a non-U.S. citizen is borrowing with a U.S. citizen, it does not eliminate visa or other residency requirements. Individuals in possession of spouse or family member visas are to qualify as co-borrowers only. A valid EAD must be provided to use income for qualification. • Ineligible borrowers: Foreign nationals, Land Trusts, ITIN only, Irrevocable or Blind Trusts, Diplomats, DACA (EAD C33) or Asylum (EAD A05 or C08), Borrowers with illegal income sources including cannabis, Borrower subject to OFAC exclusions, Parties to a pending lawsuit, Borrowers with felonies in the last 10 years, Borrowers < 18 years old.
First Time Home Buyer	• Allowed for all occupancies. • Max DTI 43%. • Interest Only not permitted. • If one borrower is FTHB and the other is not, no restrictions apply.
Non-Occupant Co-borrower	• Allowed for Primary residence Purchase and Rate/term refinance only. • Max DTI 43%
Properties	• Eligible Property types: SFR, PUD, Condominium, 2-4 units • Acreage of 20 or less - Property is rural based on CFPB address search: https://www.consumerfinance.gov/rural-or-underserved-tool/#rural-or-underserved • Ineligible: Leasehold Estates, Condotels, Manufactured/Modular/Mobile homes, Co-Op, 5+ unit properties, Properties not in compliance with zoning regulations, C5/C6 property condition or condemned properties, Mixed-use, Commercial use properties (assisted living, bed and breakfast, etc.)
Accessory Dwelling Unit (ADU)	Follow Fannie Mae
Condo Insurance	Follow Fannie Mae
Appraisal	• Age of report: 120 days from closing. 1004D is required between 120-180 days of appraisal completion. • 2nd appraisal needed for loan amount > \$2,000,000 or Flip transaction (refer to flip transaction details). The LTV is calculated with the lower of two appraisals. • For investment property transaction, form 1007 is required regardless subject rental income is being used or not for qualification. • CDA is required for all loans, except when 2 appraisals are obtained. • Transfer appraisal is acceptable.
Housing History	• Borrowers living rent-free is limited to DTI 43%. • 0x30x12 is required for all housing payments. • Rent to be validated through a VOR, 12 months of cancelled check or rental statements. • Mortgage to be validated through the borrower’s credit report, VOM or cancelled checks.
Credit/Tradelines	• Inquiries dated within 90 days from the report date must be explained. • One frozen bureau is acceptable. Each borrower must have minimum 2 scores. • Any undisclosed debt reported on the credit refresh must be added to the final DTI ratio. • Each Borrower’s credit profile must include a minimum of two (2) trade lines within the last twenty-four (24) months that show a twelve (12) month history, or a combined credit profile between Borrower and co-Borrower with a minimum of three (3) tradelines • Tradeline activity is not required; can be opened or closed. • Examples of unacceptable tradelines include loans in a deferment period, collection or charged-off accounts, accounts discharged through bankruptcy and authorized user accounts.

Credit/Tradelines (Continued)	Borrower(s) not using income to qualify are not required to meet the minimum tradeline requirements listed above.			
Judgments, Liens, Charge-offs and Collections	- All Judgments or liens affecting title must be paid - Non-title charge-offs and collections within three (3) years and exceeding \$5000 (individually or aggregate) must be paid unless - The payment amounts are included in DTI. If the payment amount is unknown, 5% of the balance is used for monthly payments - Borrower(s) has sufficient reserves to cover the balance in addition to the minimum reserves required in the guideline - Medical collections less than \$15,000 are not required to be paid - All past due accounts must be brought current prior to closing			
Derogatory Credit Events	4 years seasoning required. - Credit events include Bankruptcy, Foreclosure, Short Sale, Deed in Lieu, Modifications due to Default, prior 120-day delinquencies, or notice of default. - Seasoning lookback is from the date of discharge / dismissal or property resolution (completion date), as of the note date - Modification look back commences at inception (when loan was permanently modified)			
Debts	Follow Fannie Mae			
Asset	1 month bank statement is required. - Large deposit source is not required. - Gift is allowed for all occupancies, however, gift of equity is permitted for primary residence only. - Business account are acceptable if all of the following is met - The borrower owns at least 25% of the business - All non-borrowing owners must provide a signed letter confirming borrower’s access to the funds - Balance must be multiplied by the ownership percentage - CPA letter must confirm withdrawal of funds will not have negative impact on the business 1031 exchange funds are eligible for down payment and closing costs, but not reserves. - Foreign assets must be transferred to a US domiciled account in the borrower’s name within 30 days prior to closing. Foreign assets are acceptable with 1 months bank statements and a currency conversion. Funds must be from non-OFAC countries.			
Gift Funds	- Allowed for all occupancies. - Can be used for down payment, closing costs, and reserves. 100% gift allowed for LTV < 75% - For LTV 75%-80%, minimum borrower contribution is 5%.			
Minimum Borrower Contribution	- LTV < 75%: None - LTV 75%-80%: 5% of the sales price.			
Reserves	Primary Residence & 2nd Home	Loan Amount	LTV	Reserve (months x PITIA)
		<=\$1,000,000	<=70%	Not required
			> 70%	6 months
		\$1,000,001-\$2,000,000	All LTV	6 months
		\$2,000,001-\$3,000,000	All LTV	9 months
	Investment	<=\$2,000,000	All LTV	6 months
		\$2,000,001-\$3,000,000	All LTV	9 months
	- For IO loans, reserves are based on IO payment amount. - Cash out proceeds may be used to satisfy. - Gift can be used. - Proceeds from 1031 exchange cannot be used. - Vested retirement accounts are discounted at 70% of the value.			
Employment history	- Borrower must be self-employed for at least 2 years with 25% or greater ownership of the business. A minimum of 2 years business history must be evidenced by one the following: - CPA letter; or - Business license; or 24 months bank statements reflecting activity - Existence of the business needs to be verified within 10 days from the note date with one the following: 3rd party verification from licensed tax preparer, regulatory agency or applicable licensing bureau, or - Internet screenshot displaying the phone listing and address of the business. - A business bank statement dated within 10 days of the note date for income used in qualification			

SELECT Bank Statements



Income documentation (Bank statements)	• A business narrative is required. • 12 or 24-months business bank statements with the most recent statement dated within 60 days from closing. • A co-mingled bank statement (personal account used for both business and personal use) is considered business bank statements. The borrower must be the sole owner of the business (or 100% combined with the spouse). • Personal bank statements are allowed for C-Corp owners but rarely used. Contact Underwriting department for your scenario. • Borrower’s ownership % must be verified by either CPA letter, Tax preparer letter, operating agreement or equivalent. • Multiple bank accounts are allowed. • Borrowers with more than 3 businesses must qualify through personal bank statements.
Bank statement analysis	• Inconsistent large deposits (exceeding 50% of the average monthly deposit) should be sourced or excluded from the calculation. • Deposits from an alternative payment processing application (i.e. Venmo, Square) are eligible. • Income calculation: Use the lower of 1003 disclosed income or income from the bank statement analysis below. - Total deposits from all bank statements, less any inconsistent deposits, multiplied by the expense factor, multiplied by the ownership %, divided by the number of bank statements reviewed. - Expense factor ○ 1) Standard 50% ○ 2) Third party prepared/signed business expense statement (minimum 15% expense ratio applies) including business name, expense percentage over the 12 or 24 months period. CPA/EA/PTIN/CTEC must attest they are independent of borrower’s business, unrelated to the borrower, have filed their most recent tax returns, and created the expense ratio letter based on their review of working papers provided by the borrower. • Non-Sufficient Funds (NSF) or overdraft protection fees: 3 occurrences are allowed in the most recent 12-month period. Letter of Explanation (LOE) is required for any NSFs.
Supplemental Income	Supplemental income can be combined with other income sources that are documented as Full Doc but not associated with self-employment – for example: Spouse’s employed income as wage earner.
Rental Income	• Rental income from subject property - Purchase: 75% of market rent on the 1007 - Refinance: The lessor of 75% of current rent or the market rent on 1007. Lease agreement is not required. • Rental income from Non-subject properties • 75% of the fully executed lease agreement
Purchase	• Non-arm’s length restrictions is not permitted. • Flip transaction - Transaction is ‘flip’ when borrower’s purchase price exceeds seller’s acquisition price by more than 10% if the seller acquired the property 365 or fewer days prior to purchase agreement. - Transaction must be arm’s length. - No pattern of flip transactions in the past 12 months prior to seller’s acquisition (exception of transactions involving builders, divorce, foreclosure, or any governmental agency). - Property must have been listed openly. - The second appraisal report is required on transactions where the property appreciated 10% or more in the past 90 days or 20% or more in the past 180 days.
Interested Party Contribution (IPC)	6%
R/T Refinance	• Cash back not to exceed the greater of 2% of the new loan amount or \$5,000. • The seasoned non-first lien mortgage is (1) a purchase money mortgage or (2) a closed end mortgage or HELOC mortgage not having any draws greater than \$5,000 in the past twelve (12) months can be paid off. Withdrawal activity must be documented with a transaction history from the HELOC. • Refinance of a previous Cash-Out seasoned < 6 months will be considered Cash-Out refinance. • Properties that have been listed for sale by the Borrower within the past six (6) months from the note date are eligible with the signed statement from the Borrower that they intent to retain the property • The rate / term refinance of a construction loan is eligible with the following conditions: - If the lot was acquired twelve (12) or more months before applying for the subject loan, the LTV /CLTV is based on the current appraised value of the property • If the lot was acquired less than twelve (12) months before applying for the construction financing, the LTV / CLTV is based on the lesser of (i) the current appraised value of the property and (ii) the total acquisition costs
Cash-out	• Max cash-in-hand - LTV > 70%: \$500,000 - LTV <= 70%: Unlimited - Above limit does not apply to the delayed financing. • Title seasoning of 6 months (between the acquisition date to the new note date) is required with the following exception: - Borrower acquired the subject property through an inheritance, or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership

Cash-out (Continued)	- Delayed financing - If the property is held in the entity and our borrower(s) represent at least 50% ownership, the time title held in the entity can be counted in the seasoning determination. • Property listed for sale within 6 months from the application date is not eligible. • Value used for LTV - Owned 12-months or longer: Appraised Value. - Owned less than 12-months: Lower of the current appraised value or the purchase price.
Delayed Financing	• The original purchase transaction was an arms-length transaction. • The source of funds for the purchase transaction are documented. • LTV/CLTV is based upon the current appraised value, supported by 2nd appraisal or CDA (must be less than -10% variance) • The preliminary title report must confirm no existing liens. • Loan amount cannot be more than the borrower’s initial investment subject to matrix.
Impound Accounts	Impound is not required unless the loan falls under HPML.
Title Vesting and Ownership	Follow FNMA.
Power of Attorney	Follow FNMA.
Subordinate Financing	• Permitted per max CLTV. • The subordinate lien note must be reviewed, and must not have any balloon or negative amortization features. • If a HELOC is being subordinated, the CLTV will be based on the HELOC’s total credit line amount, not current balance.
Prepayment Penalty (Investment property only)	• 3 years, 2 years, 1 year and no PPP options available. • The charge is equal to 6-months of interest on the amount of the prepayment that exceeds 20% of the original loan amount in a given 12-month time period.