

SELECT Bank Statements



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
	\$3,000,000	740	75	75	N/A
		700	70	70	N/A
Second Home	\$2,000,000	700	80	80	75
		680	75	75	70
	\$2,500,000	700	75	75	65
	\$3,000,000	700	70	70	N/A
Investment	\$1,500,000	700	80	80	75
		680	75	75	70
	\$2,000,000	720	80	80	75
		700	75	75	75
		680	75	75	70
	\$2,500,000	700	75	75	65
	\$3,000,000	700	70	70	N/A
	Interest Only	Condo & 2-4 Units	Rural Properties		Non-permanent Resident
Min FICO 700	FICO < 720: Max LTV 75%	Primary residence only, No Cash-Out, Max LTV 70%		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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Standard Max 50.00%. DTI > 43% requires minimum FICO 700. Non-Occupant Co-borrower: Max 43%, and the occupying borrower DTI must have DTI <= 60%. First-time-home-buyer (FTHB): Max 43%. Borrower living rent-free: Max 43%.
Payment Shock	<ul style="list-style-type: none"> DTI > 43%: 200% DTI <= 43%: 350% Payment shock does not apply for borrower who owned their current home free&clear, or have been living rent free.
Underwriting Method	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> US Citizen Permanent Resident with one the following acceptable evidence: <ul style="list-style-type: none"> 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.

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Eligible Borrowers (Continued)	<ul style="list-style-type: none"> - 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. <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> • Allowed for all occupancies. • Borrowers living rent-free requires exception request prior to submission. Please contact lockdesk before loan registration. • Max DTI 43%. • Interest Only not permitted. • If one borrower is FTHB and the other is not, no restrictions apply.
Non-Occupant Co-borrower	<ul style="list-style-type: none"> • Allowed for Primary residence Purchase and Rate/term refinance only. • Max DTI 43% jointly. • Occupying borrower must have a DTI <= 60%. • Must be an immediate relative. • Transaction must be arm's length.
Properties	<ul style="list-style-type: none"> • Eligible Property types: SFR, PUD, Warrantable Condominium, 2-4 units • Minimum GLA <ul style="list-style-type: none"> - SFR or PUD: 700 sqft - Condo: 500 sqft - 2-4 Unit: Each unit must be no less than 400 sqft and average must be greater than 500 sqft. • Acreage of 10 or less <ul style="list-style-type: none"> - Rural property Max LTV 70%. - Property is rural based on CFPB address search: https://www.consumerfinance.gov/rural-or-underserved-tool/#rural-or-underserved • Ineligible: Leasehold Estates, Non-warrantable condo, 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.), Legal non-conforming (grandfathered use), etc.
Accessory Dwelling Unit (ADU)	<ul style="list-style-type: none"> • Appraisal must show the ADU is legal and zoning compliant. • AUS market rent analysis must be included in the appraisal report. • Limited to 1 unit. Multiple ADUs are not permitted. • ADU must be included in hazard insurance, flood insurance (if applicable), and title coverage.
Condo Insurance	<ul style="list-style-type: none"> • Unless master policy coverage includes walls-in including improvements and betterments, HO6 policy must have a coverage of minimum 20% of the appraised value as dwelling coverage.
Appraisal	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

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Credit/Tradelines (Continued)	<ul style="list-style-type: none"> • Minimum tradeline requirements: <ul style="list-style-type: none"> - At least 3 tradelines are required <ul style="list-style-type: none"> ○ Minimum of 1 active credit line ○ Minimum of 1 tradeline with 24 months history (open or closed) ○ Minimum 2 tradelines with 12 months history (open or closed) - Tradelines used for qualification must not show any derogatory history in the past 24 months. - Rental history may be used as a tradeline, if validated through bank records.
Judgments, Liens, Charge-offs and Collections	<ul style="list-style-type: none"> • Any liens attached to title must be paid prior to or at closing. • All government liens (Federal, State, Local) must be resolved. • All combined judgments, liens, charge-offs per the credit report >\$3000 must be paid in full or in a satisfactory status (borrower must provide evidence of being current on a payment plan for a minimum of 6 months prior to close). • All judgments, tax liens or other material liens >\$10,000 identified on the background check within the last 2 years, must have proof of satisfaction. • Any judgments, liens, collections, or charge-offs that exceed the statute of limitations can be excluded (proof of state specific SOL is required to exclude material deficiency).
Derogatory Credit Events	<ul style="list-style-type: none"> • 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. • 120-day delinquencies due to natural disaster or deferrals are not considered credit events, provided with the supporting documentation. • Borrowers with multiple bankruptcies in the last 7 years are ineligible. • The seasoning is measured as below: <ul style="list-style-type: none"> - Bankruptcy: Begins on the date of dismissal or discharge to the application date. - Foreclosure, Notice of Default, Short Sale, Deed in Lieu, or delinquency: Begins on the date of resolution to the application date. - Modification: Begins on the date of modification completed to the application date.
Debts	<ul style="list-style-type: none"> • Follow FNMA • For a new build property where the property is subject to a new tax assessment, the estimated tax payment is calculated with 1.5% of the purchase price.
Asset	<ul style="list-style-type: none"> • 1 month bank statement is required. • Large deposit (defined at > 50% of monthly qualifying income) must be sourced and documented. • Gift is allowed for primary residence purchase transaction only. • Joint account with non-borrower is permitted only when the non-borrowing account holder is a spouse or partner of the borrower. An access letter including their relationship is required. • Business account where the borrower is not 100% owner are ineligible. • 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 eligible for reserves with 2 months bank statements and a currency conversion. Funds must be from non-OFAC countries.
Minimum Borrower Contribution	<ul style="list-style-type: none"> • Primary residence: 5% of the sales price must be from borrower's own funds. • Second home & Investment: All funds must be borrower's own. No gift is allowed.
Reserves	<ul style="list-style-type: none"> • Varies depending on the Loan amount, calculated as months x subject PITI(A) <ul style="list-style-type: none"> - <= \$1,500,000: 6 months - \$1,500,001 - \$2,500,000: 9 months - > \$2,500,000: 12 months • 2 months additional reserves per each financed property. • For IO loans, reserves are based on IO payment amount. • Cash out proceeds may be used to satisfy. • Gift cannot be used. • Proceeds from 1031 exchange cannot be used. • Vested retirement accounts are discounted at 70% of the value.
Employment history	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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

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Income documentation (Bank statements)	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> - 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 <ul style="list-style-type: none"> ○ 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	<p>Supplemental income such as SSI, W2 wages can be used.</p>
Rental Income	<ul style="list-style-type: none"> • 75% of the lease amount may be used. • Copy of the fully executed lease agreement for rental properties with 2 months of rental receipt proof (such as most recent 2 months bank statements, or cancelled checks). If bank statements are provided, the deposits must be to a separate bank account that is used for qualifying income. • For subject investment rental property, rental income will be determined by Appraisal 1007 or lease agreement whichever is less. • All leases must be third party leases with no members of the borrower's family members leasing or occupying the property. • Each leased property must be used for residential purposes • Rent must be market for the area. • No individual room leases, Single Room Occupancy (SRO), or boarder leases permitted • No commercial use allowed. • No purchase or sale-leaseback options are permitted. • No cash-for-deeds. • No leases with a term longer than three years. • Leases must have an initial term of at least 12 months. • Borrowers to provide an affidavit that tenants have not requested forbearance or have been more than 30 days late within the past 12 months.
Purchase	<ul style="list-style-type: none"> • Non-arm's length restrictions is not permitted. • Flip transaction <ul style="list-style-type: none"> - 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)	<p>6%</p>
R/T Refinance	<ul style="list-style-type: none"> • Cash back not to exceed the lesser of 2% of the new loan amount or \$2,000. • Refinancing a cashout mortgage that was originated within the previous 12 months will be considered a cashout transaction. • Current appraised value is used for LTV calculation.
Cash-out	<ul style="list-style-type: none"> • Max cash-in-hand <ul style="list-style-type: none"> - 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:

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Cash-out (Continued)	<ul style="list-style-type: none"> - Borrower acquired the subject property through an inheritance, or was legally awarded the property through divorce, separation, or dissolution of a domestic partnership - 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. • Refinancing a cashout mortgage that was originated within the previous months will be considered a cashout transaction. • Property listed for sale within 6 months from the application date is ineligible. • Value used for LTV <ul style="list-style-type: none"> - Owned 12-months or longer: Appraised Value. - Owned less than 12-months: Lower of the current appraised value or the purchase price.
Delayed Financing	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • 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.