

Owner-Occupied Primary Residence						
Transaction Type	Units	LTV/CLTV ^{2,6}	Maximum Loan Amount ^{1,2,5}	Credit Score ³	Maximum DTI ⁴	Required Reserves
Purchase Only (Wage earner/W-2 borrowers only) ⁸	1	89.99% SFR	\$1,000,000	700	> 85% - 89.99% LTV: 40%	12 months
		85% Condo			80.01% - 85% LTV: 43%	
		89.99% SFR	\$1,500,000	720	> 85% - 89.99% LTV: 40%	
		85% Condo			80.01% - 85% LTV: 43%	
Purchase and Rate/Term Refinance	1-4 ⁶	80% ⁶	\$1,000,000	660	43%	1-unit: 6 months 2-4 units: 12 months
	1-4 ⁶	80% ⁶	\$2,000,000 ^{1,2}	680	43%	12 months
	1-4 ⁶	75% ⁶	\$2,500,000 ^{1,2}	720	43%	12 months
Cash-Out ⁷	1-4 ⁶	80% ⁶	\$1,000,000	680	43%	1-unit: 6 months 2-4 units: 12 months
	1-4 ⁶	80% ⁶	\$1,500,000	720	43%	12 months
	1-4 ⁶	75% ⁶	\$2,000,000 ¹	740	43%	12 months

Footnotes:

1. Loan amount > \$2,000,000 are eligible on a case-by-case basis subject to Homebridge management approval
2. First time homebuyers (FTHB): Maximum 80% LTV and maximum loan amount \$1,500,000. Refer to the [Borrowers - Eligible](#) topic for complete first time homebuyer requirements
3. Minimum FICO is based on lowest middle score of all borrowers on the loan
4. There are **no exceptions** to the maximum DTI.
5. **Minimum** loan amount is \$548,251 for 1-unit properties \$1.00 more than the current conforming/high cost 2021 limit set by the [Federal Housing Finance Agency \(FHFA\)](#) for the applicable number of units (i.e. 2-units: \$702,001; 3-units: \$848,501; 4-units: \$1,054,501)
6. **2-4 unit properties require a 5% reduction from the stated LTV/CLTV**
7. Maximum cash-out \$350,000 with > 50% LTV/CLTV; ≤ 50% LTV/CLTV maximum cash-out \$500,000
8. **Transactions > 80% LTV/CLTV subject to the following:**
 - 1-unit purchase transactions **only**
 - 85.01% - 89.99% LTV/CLTV: **SFR only**; no condos
 - 80.01% - 85% LTV/CLTV: SFR or condo
 - **All** borrowers on the transaction must be wage earner/W-2 borrowers; self-employed borrowers/co-borrowers and FTHBs **are not eligible**
 - LTV/CLTV 85.01% - 89.99% **maximum 40% DTI**

If submitting under the **Jumbo AUS** option refer to the [Jumbo AUS](#) primary residence, second home, and investment matrices, as applicable, for loan amount/LTV/credit score requirements



Jumbo/Jumbo AUS Program Guidelines

Second Home						
Transaction Type	Units	LTV/CLTV	Maximum Loan Amount ^{1,4}	Credit Score ²	Maximum DTI ³	Required Reserves
Purchase and Rate/Term Refinance	1	80%	\$1,000,000	680	43%	12 months
	1	80%	\$1,500,000	700	43%	12 months
	1	75%	\$2,000,000 ¹	720	43%	12 months
Cash-Out ^{5,6}	1	70% ⁶	\$1,500,000	700	43%	12 months
	1	70% ⁶	\$2,000,000 ¹	720	43%	18 months
Investment ⁷						
Transaction Type	Units ⁷	LTV/CLTV ⁷	Maximum Loan Amount ^{1,4}	Credit Score ²	Maximum DTI ³	Required Reserves
Purchase and Rate/Term Refinance	1-4	75% ⁷	\$1,000,000	700	43%	12 months
	1-4	70% ⁷	\$1,500,000	700	43%	12 months
	1-4	70% ⁷	\$2,000,000 ¹	720	43%	12 months
Cash-Out ⁵	1-4	60% ⁷	\$1,500,000	700 ⁶	43%	12 months

Footnotes:

1. Loan amount > \$2,000,000 are eligible on a case-by-case basis subject to Homebridge management approval
2. Minimum FICO is based on lowest middle score of all borrowers on the loan
3. There are **no exceptions** to the maximum DTI
4. **Minimum** loan amount is \$548,251 for 1-unit properties \$1.00 more than the current conforming/high cost 2021 limit set by the [Federal Housing Finance Agency \(FHFA\)](#) for the applicable number of units (i.e. 2-units: \$702,001; 3-units: \$848,501; 4-units: \$1,054,501)
5. Maximum cash-out \$350,000 with > 50% LTV/CLTV; ≤ 50% LTV/CLTV maximum cash-out \$500,000.
6. Cash-out transactions secured by a condominium are limited to a minimum 720 credit score and a maximum 60% LTV
7. Investment transactions are subject to the following:
 - First time home buyers **ineligible**
 - Non-permanent resident alien **ineligible**
 - Must be an arm's length transaction
 - Gift funds not allowed
 - Appraiser must provide comparable rent schedule
 - If using rental income to qualify, a copy of the executed lease agreement is required
 - Florida condominiums limited to a maximum 50% LTV/CLTV/HCLTV
 - **2-4 unit properties a 5% reduction to the maximum LTV/CLTV required**

If submitting under the **Jumbo AUS** option refer to the [Jumbo AUS](#) primary residence, second home, and investment matrices, as applicable, for loan amount/LTV/credit score requirements

Jumbo/Jumbo AUS Program Guidelines

Jumbo AUS

Owner-Occupied Primary Residence						
Transaction Type	Units	LTV/CLTV ⁶	Maximum Loan Amount ³	Credit Score ⁶	Maximum DTI	Required Reserves
Purchase Only ⁵ (wage earner/W-2 borrowers only) (SFR/PUD)	1	89.99% ⁵	\$1,000,000 ³	700 ¹	45% ²	Greater of: • 6 months, OR • Per DU/LPA
			\$1,500,000 ³	720 ¹		
Purchase and Rate/Term Refinance (SFR, PUD, condo)	1	85% ⁵	\$1,500,000 ³	680 ¹	45% ²	Loan amount < \$1M: • Per DU/LPA Loan amount ≥ \$1M: The greater of: • 3 months, OR • Per DU/LPA
	1	80%	\$1,500,000 ³	660 ^{1, 6}		
	2-4	75%	\$1,500,000 ³	660 ¹		
	1	80%	\$2,000,000 ^{3, 6}	700 ¹		
	2-4	75%	\$2,000,000 ³	700 ¹		
Cash-Out ⁴ (SFR, PUD, condo)	1	80%	\$1,000,000 ³	680 ¹	45% ²	Loan amount < \$1M: • Per DU/LPA Loan amount ≥ \$1M: The greater of: • 3 months, OR • Per DU/LPA
	2-4	75%	\$1,000,000 ³	680 ¹		
	1	75%	\$1,500,000 ³	700 ¹		
	2-4	70%	\$1,500,000 ³	700 ¹		
	1	70%	\$2,000,000 ³	700 ¹		
	2-4	65%	\$2,000,000 ³	700 ¹		

Footnotes:

1. Minimum credit score is based on lowest middle score of all borrowers on the loan
2. There are **no exceptions** to the maximum DTI
3. Minimum loan amount is \$1 more than the **county limit** for the applicable number of units where the property is located (i.e. \$1 more than the conforming or high cost county limit, as applicable, where the property is located) Refer to the [Federal Housing Finance Agency \(FHFA\)](#) for county limits
4. Maximum cash-out \$250,000 with > 50% LTV/CLTV; ≤ 50% LTV/CLTV maximum cash-out \$500,000
5. Transactions > 80% LTV eligible as follows:
 - All borrowers must be wage earner/W-2 borrowers; **self-employed and FTTHB not eligible**
 - 85.01% to 89.99% LTV **purchase** transactions and SFR/PUD **only**
 - 80.01% to 85% LTV purchase or rate/term refinance and SFR/PUD/condo eligible
6. First time homebuyers limited to ≤ 80% LTV and maximum loan amount of \$1,500,000. Refer to the [AUS - Jumbo Limited Doc](#) topic for complete requirements

See next page for Jumbo AUS second home and investment property matrix

Jumbo/Jumbo AUS Program Guidelines

Jumbo AUS (cont.)

Second Home						
Transaction Type	Units	LTV/CLTV	Maximum Loan Amount	Credit Score	Maximum DTI	Required Reserves
Purchase and Rate/Term Refinance (SFR, PUD, Condo)	1	80%	\$1,500,000 ³	680 ¹	45% ²	Loan amount < \$1M: • Per DU/LPA Loan amount ≥ \$1M: The greater of: • 3 months, OR • Per DU/LPA
		75%	\$2,000,000 ³	700 ¹		
Cash-Out ⁴ (SFR, PUD)	1	75%	\$1,000,000 ³	700 ¹	45% ²	
		70%	\$1,500,000 ³	720 ¹		
Cash-Out ⁴ (Condo)	1	65%	\$1,500,000 ³	720 ¹		

Footnotes:

1. Minimum credit score is based on lowest middle score of all borrowers on the loan
2. There are **no exceptions** to the maximum DTI
3. Minimum loan amount is \$1 more than the **county limit** for the applicable number of units where the property is located (i.e. \$1 more than the conforming or high cost county limit, as applicable, where the property is located) Refer to the [Federal Housing Finance Agency \(FHFA\)](#) for county limits
4. Maximum cash-out \$250,000 with > 50% LTV/CLTV; ≤ 50% LTV/CLTV maximum cash-out \$500,000

Investment ⁵						
Transaction Type	Units	LTV/CLTV	Maximum Loan Amount	Credit Score	Maximum DTI	Required Reserves
Purchase and Rate/Term Refinance (SFR, PUD, condo)	1	75%	\$1,500,000 ³	700 ¹	45% ²	Loan amount < \$1M: • Per DU/LPA Loan amount ≥ \$1M: The greater of: • 3 months, OR • Per DU/LPA
	2-4	70%	\$1,500,000 ³	700 ¹		
	1	70%	\$2,000,000 ³	700 ¹		
	2-4	65%	\$2,000,000 ³	700 ¹		
Cash-Out ⁴ (SFR, PUD)	1	60%	\$1,500,000 ³	700 ¹	45% ²	The greater of: • 3 months, OR • Per DU/LPA
Cash-Out ⁴ (Condo)	1	60%	\$1,500,000 ³	720 ¹		
Cash-Out ⁴	2-4	55%	\$1,500,000 ³	700 ¹		

Footnotes:

1. Minimum credit score is based on lowest middle score of all borrowers on the loan.
2. There are **no exceptions** to the maximum DTI
3. Minimum loan amount is \$1 more than the **county limit** for the applicable number of units where the property is located (i.e. \$1 more than the conforming or high cost county limit, as applicable, where the property is located) Refer to the [Federal Housing Finance Agency \(FHFA\)](#) for county limits
4. Maximum cash-out \$250,000 with > 50% LTV/CLTV; ≤ 50% LTV/CLTV maximum cash-out \$500,000
5. The following applies:
 - First time home buyers ineligible
 - Non-permanent resident alien ineligible
 - Transaction must be arm's length; non-arm's length **ineligible**
 - Gift funds ineligible
 - Appraiser must provide comparable rent schedule
 - If using rental income, an executed lease agreement must be provided

Refer to the [AUS - Jumbo](#) topic in these guidelines for complete requirements

Jumbo/Jumbo AUS Program Guidelines

Topic	Guideline
<p>COVID-19 Temporary Flexibilities and Requirements</p>	<p>The COVID-19 policies detailed below apply to Jumbo transactions</p> <p><u>Self-Employed Borrowers</u></p> <p>In addition to the self-employed requirements detailed in these guides the following applies:</p> <p>Additional Documentation Requirements</p> <p>Borrower to provide one of the following:</p> <ul style="list-style-type: none"> • Audited YTD P&L: <ul style="list-style-type: none"> - Must be prepared and signed by a licensed accounting firm; borrower prepared is not allowed even if borrower is an accountant or works for accounting firm - The borrower must sign and date the P&L - P&L must cover the most recent month preceding the loan application date, and - The P&L must be dated ≤ 60 calendar days prior to the Note date <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • Unaudited YTD P&L: <ul style="list-style-type: none"> - The P&L may be prepared by the borrower or a financial professional and be signed and dated by the borrower - P&L must cover the most recent month preceding the loan application date, - The P&L must be dated ≤ 60 calendar days prior to the Note date, AND - Three (3) months business bank statements <ul style="list-style-type: none"> - Bank statements cannot be older than the last three (3) months represented on the YTD P&L (e.g. P&L dated through October 31st, bank statements provided must be from August, September, and October) - Personal bank statements are only acceptable when the borrower does not have a business bank account subject to: <ul style="list-style-type: none"> ▪ All deposits must be specifically identified, to determine which were personal and which were business related ▪ A reasonability test applies. Personal bank statements are only acceptable for smaller businesses; larger businesses with significant income on business tax returns are not eligible to use personal bank statements - Businesses claiming to operate on a cash basis where business or personal bank statements reflect minimal deposits will be subject to additional review and/or documentation and Homebridge management approval - The Note date must be ≤ 60 calendar days from the end of the most recent bank statement

Jumbo/Jumbo AUS Program Guidelines

COVID-19 Temporary Flexibilities and Requirements (cont.)

Income Analysis Requirements

The income analysis requirement is determined by the type of P&L provided

- **Audited P&L provided:** If an audited YTD P&L, prepared and signed by a licensed accounting firm, was provided no further validation of the is required
- **Unaudited P&L provided:** If a YTD unaudited P&L was provided, the P&L must be validated by comparing it to the bank statements:
 - The revenue, expenses, and net income on the P&L must be reasonable consistent with the deposits and expenses listed on the bank statements. Homebridge will consider a 10% variance reasonable
 - If the information on the bank statements and the P&L **are consistent, the P&L is considered validated**
 - If the information is not consistent, additional documentation will be required to validate the unaudited P&L (e.g. month-to-month or quarterly trending reports with additional bank statements)
 - If the additional documentation cannot be provided, or it does not resolve the discrepancy, **the self-employed income cannot be used**
 - If the information is not consistent due to the cyclical or seasonal nature of the business, the income still may be eligible if the cyclical/seasonal nature of the business is established and the income is likely to continue without being negatively impacted by COVID-19 closures, stay-at-home orders, etc. For example, additional business bank statements from the same months of the prior year may be provided to establish typical revenue/expenses during the pre-pandemic time frame

Establishing Income Stability

The following applies once the P&L has been validated:

- The validated P&L is compared to the qualifying income (qualifying income is determined by standard self-employment income guidelines) to determine the stability of the business and income. Requirements vary based on the results of the comparison
- **Income level has NOT declined:** The qualifying income is calculated using standard Fannie Mae self-employed income requirements. The P&L (audited or unaudited) is **not** considered
- **Income level HAS declined:** Additional documentation is required when the income level has declined to determine if it is now stable. The following is required:
 - A letter of explanation (LOE) provided by the borrower and/or their accountant/CPA is required. The LOE must specifically address:
 - The decline in income, and
 - Why they believe the decline has stabilized, and
 - That the net income is not expected to further decline
 - If the LOE validates the income is now stable, **no more than the current level of monthly income can be used for qualifying**
 - If the LOE **does not** validate the income is now stable, **the income cannot be used for qualifying**

Jumbo/Jumbo AUS Program Guidelines

Overview	Fannie Mae guidelines apply to topics not addressed in these guidelines
4506-C	<ul style="list-style-type: none"> • Completed and signed 4506-C required prior to loan closing for both personal and business tax returns (if applicable) for all borrowers whose income was used for qualifying • NOTE: Form 4506-C, dated September 2020, is required (attestation box must be checked) • The 4506-C must be processed and tax transcripts (both personal and business, if applicable) obtained for all borrowers to validate all income used for qualifying for each year requested • 4506-C results must be validated against the income documentation in the loan file • In the event tax returns were filed but the transcripts are not available from the IRS the results must reflect “No Record Found” An additional prior year’s tax transcripts must be obtained. Large increases in income that cannot be validated through a tax transcript may only be considered for qualifying on a case-by-case basis. • Broker provided processed 4506-C results are not eligible
Ability to Repay	<ul style="list-style-type: none"> • All loans must meet Ability to Repay (ATR) requirements. The following criteria must be considered when determining if the borrower has sufficient income and assets to repay the loan. <ul style="list-style-type: none"> - Current or reasonable expected income or assets, - Current employment status, - Monthly payment on the covered transaction, - Monthly payment on any simultaneous loan, - Monthly payment for mortgage-related obligations, - Current debt obligations, alimony and child support, - Credit history, and - Debt-to-income ratio • The loan file must include documentation of the borrower’s ability to repay
Age of Documents	<ul style="list-style-type: none"> • The credit report must be dated \leq 90 days from the Note date • All income and asset documentation must be dated \leq 60 days from the Note date • Appraisal documents must be dated \leq 120 days from the Note date • Title commitment must be dated \leq 60 days from the Note date

Jumbo/Jumbo AUS Program Guidelines

Appraisals

- Appraisal requirements are as follows:

Purchase Transactions	
First Lien Loan Amount	Appraisal Requirement
≤ \$2,000,000	One (1) full appraisal
Refinance Transactions	
First Lien Loan Amount	Appraisal Requirement
≤ \$1,500,000	One (1) full appraisal
> \$1,500,000	Two (2) full appraisals

- Two Appraisals Required:** When two full appraisals are required the following applies:
 - Appraisals must be completed by two independent appraisal companies. The same AMC may be utilized but the appraisals must be provided from two different appraisal companies.
 - The LTV will be determined by the lower of the two appraised values.
 - The underwriter is responsible to review both appraisals and address any inconsistencies between the two reports and all discrepancies must be reconciled.
- CDA Requirements:** A Collateral Desktop Analysis (CDA) is required for **each** appraisal (including when two appraisals are required).
 - CDA for One Appraisal Transaction:**
 - If the CDA indicates the value is acceptable no further action required
 - If the CDA indicates the value is "Indeterminate" **or** the tolerance is > 10% a field review or second appraisal will be required; the lower of the values will be used
 - CDA for Two Appraisal Transaction:**
 - If the CDA indicates the value is acceptable no further action required
 - If the CDA indicates the value is "Indeterminate" **or** the tolerance is > 10% a field review or an additional full appraisal will be required; the lower of the values will be used
- Properties purchased by the seller of the property within 90 days of the fully executed purchase contract are subject to the following additional requirements:
 - Two (2) appraisals required, and
 - Property seller on the purchase contract must be the owner of record,
 - Increases in value should be fully documented by the appraiser and supported with recent paired sales.
- Properties with values significantly in excess of the predominant value of the subject property's market are subject to Homebridge management review and approval.
- Appraisals must be Uniform Appraisal Data (UAD) and be compliant with USPAP, FIRREA, HVCC and meet Fannie Mae's Appraiser Independence Requirements (AIR).
- A Fannie Mae Market Conditions Addendum (1004MC) and a Fannie Mae Submission Summary Report is required on all appraisals.
- If an applicable law, regulation or Homebridge policy requires more than one (1) appraisal be obtained, the single most accurate appraisal must be used for underwriting and submission to the Uniform Collateral Data Portal (UCDP).
- A full appraisal must provide legible interior and exterior photos.
 - The exterior photos must contain photos of the front, back and street scene of the subject property as well as the front of all comparable sales.
 - The interior photos, at minimum, must include:
 - Kitchen, (free-standing stove/range or refrigerator not required)
 - Main living area,
 - All bathrooms,
 - Examples of physical deterioration, if present,
 - Examples of any recent updates, if present (i.e. remodel, renovation, restoration)

Jumbo/Jumbo AUS Program Guidelines

Appraisals (cont.)

- A minimum of 3 closed comparable sales that cannot be > 6 months old at time of underwriting review. One additional comparable sale > 6 months but ≤ 12 months old may be provided (in addition to the 3 comparables not > 6 months old) along with a CDA that supports the property value of the appraisal.
- The source of the closed comparable sales used in the appraisal must be from one of the following or a desk review will be required:
 - A Multiple Listing Service ([MLS](#)), or
 - MRIS (www.mris.com), or
 - Midwest Real Estate Dated (MRED) (www.mredllc.com), or
 - North Texas Real Estate Information Systems, Inc. (NTREIS) at (www.ntreis.net), or
 - San Antonio Board of Realtors (www.sabor.com), or
 - GeoData at www.geodataplus.com , or
 - Comps Inc. at www.compsny.com.
- NOTE: Comparables from a public independent source are only eligible in the states of Maine, New Hampshire, and Vermont.
- Comparable sales used for new construction properties are subject to the following:
 - If all three of the comparable sales used to support the value of the subject property were obtained from one of the above sources (public source eligible in Vermont and Maine only) no further action is required.
 - If the comparable sales are not all obtained from a MLS, MRIS, MRED, NTREIS, or from an independent source (Vermont and Maine only), the appraiser must comment that the subject property development is being marketed in an “open” or “public” environment (i.e. newspaper advertisements, bill board signs, website, etc.).
 - Additionally, the following applies:
 - One of the comparable sales must be outside the project the subject property is located in and be from an MLS, MRIS, MRED, NTREIS, SABOR, GeoData, or Comps Inc. or public source (public source Maine/New Hampshire/Vermont only).
 - Two of the comparable sales must be from sources other than the subject property builder.
- NOTE: The appraiser is always allowed to provide more than three comparable sales in order to support the property value.
- The appraisal must identify and address properties located within a declining market.
- Modular/Prefabricated homes: The appraiser must address the marketability of the property
- The appraisal must contain a comparable rent schedule on transactions involving investment properties
- Land value subject to Fannie Mae guidelines. The appraiser must comment if typical for the area and current use is highest and best use
- Maximum 20 acres
 - Properties > 10 acres up to 20 acres the following applies:
 - Maximum land value 35%, no exceptions
 - The property cannot have any income producing attributes
 - A 10% LTV/CLTV reduction is required
- Homebridge requires properties to be, at minimum, in average condition. Additionally, the following applies:
 - A conventional heat source with the ability to maintain a temperature of 50° in areas of the property where there is plumbing.
 - Any broken glass that is a health hazard must be removed and the opening closed.
- Appraisal transfers are ineligible
- A new appraisal will be required when the appraisal is dated more than 120 days from the funding date. **A re-certification is not allowed.**
- Properties located in a FEMA Disaster Declaration area will be subject to additional appraisal review. If repairs required the repairs must be completed prior to the Note date

Jumbo/Jumbo AUS Program Guidelines

<p>Appraisal Management Companies (AMC)</p>	<p>Appraisal must be ordered from one of the following Homebridge approved AMCs:</p> <ul style="list-style-type: none"> • ACT Appraisal Management: ACT Appraisal • AMC Settlement Services: AMC Settlement Services • Axis Management Solutions: Axis • Class Valuation (formerly Class Appraisal): Class Valuation • Golden State AMC: Golden State AMC • Mortgage Management Consulting (MMC): MMC • Nationwide Appraisal Network: Nationwide Appraisal Network • Nationwide Property & Appraisal Services: Nationwide Property & Appraisal Services • Xome (formerly Assurant): Xome
<p>Assets</p>	<p>Full asset documentation is required. Borrowers must disclose all liquid assets, in addition to the minimums required, and all assets must be verified as detailed below.</p> <ul style="list-style-type: none"> • Cash on hand is an ineligible source of assets • Cryptocurrency is ineligible for funds to close and/or to satisfy reserve requirements <p>Checking and Savings Accounts</p> <ul style="list-style-type: none"> • The two (2) most recent, consecutive months' statements for both checking and savings accounts. A VOD is not acceptable in lieu of bank statements. • Large deposits inconsistent with monthly income or other deposits must be verified. <p>Marketable Securities/Stock Accounts</p> <ul style="list-style-type: none"> • The two (2) most recent, consecutive months' stock securities account statements are required. • 70% of the vested balance stock accounts can be considered in the calculation of assets available for closing and reserves. <p>NOTE: Non-vested stock accounts are not eligible for down payment or reserves</p> <p>Retirement Accounts</p> <ul style="list-style-type: none"> • The most recent account statement covering for a minimum of a two (2) month period • Evidence of liquidation is required when funds are used for down payment or closing costs. • If borrower is < 59 ½ years old, 60% of the vested value of retirement accounts may be used to satisfy reserve requirements. Any outstanding loans must be deducted from the vested value. • If borrower is > 59 ½ years old, 70% of the vested value of the retirement account may be used to satisfy reserve requirements. Any outstanding loans must be deducted from the vested value. • Retirement accounts that do not allow for any type of withdrawal are ineligible to use for reserves. <p>Business Funds</p> <p>Business funds may be used for down payment and closing costs subject to the following:</p> <ul style="list-style-type: none"> • A cash flow analysis using three (3) months business bank statements to determine the withdrawal of the funds will not have a negative impact on the business is required, and • Business bank statements cannot reflect any non-sufficient funds or overdrafts, and • Borrower must have access to the funds, and • The borrower must be the sole proprietor or 100% owner of the business (or all borrowers combined own 100% of the business), and • A CPA letter, or other reliable third party-verification is required to confirm no negative impact to the business • Business funds are ineligible to satisfy reserve requirements <p>Foreign Assets</p> <p>Funds from foreign assets are ineligible.</p> <p>Cash Value of Life Insurance/Annuities</p> <ul style="list-style-type: none"> • 100% of the value is eligible unless subject to penalties • The most recent account statement, covering a minimum of a two (2) month period is required

Jumbo/Jumbo AUS Program Guidelines

Assets (cont.)	<p>1031 Exchange</p> <p>Proceeds from a 1031 exchange escrow are eligible as funds to close on investment transactions subject to the following:</p> <ul style="list-style-type: none"> • 1031 exchange must comply with IRS requirements • The sold property and subject property must be “like-kind” <p>NOTE: 2-4 unit properties where one unit is occupied by the borrower are not eligible</p> <p>Taxes Owed or Tax Extension</p> <p>If the most recent tax return or a tax extension indicate a borrower owes money to the IRS or applicable state tax authority, evidence of sufficient assets to pay the debt must be documented if the amount due is within 90 days of loan application</p>
Assumptions	Not allowed
AUS	Manual underwriting is required (see exception below)
AUS – Jumbo Limited Documentation Option	<p>Transactions that meet the criteria below are eligible to be submitted to DU or LPA and the DU/LPA findings may be followed to document income and assets subject to the following: Any topic not addressed below, standard Fannie Mae/Freddie Mac, as applicable, requirements apply</p> <p>Refer to the Jumbo AUS matrices for LTV, credit score, and loan amount information</p> <ul style="list-style-type: none"> • Acceptable AUS Findings: DU Approve/Ineligible or LPA Accept/Ineligible (ineligible finding must be for loan amount only): <ul style="list-style-type: none"> - Income and asset documentation is per DU/LPA findings • Maximum \$2,000,000 loan amount • Minimum loan amount is \$1 more than the county limit for the applicable number of units where the property is located (i.e. \$1 more than the conforming or high cost county limit, as applicable, where the property is located). Refer to the Federal Housing Finance Agency (FHFA) for county limits • 1-4 unit primary residence, 1-unit second home, and 1-4 unit investment property • Eligible property types: SFR, PUD, and condos • Maximum 89.99% LTV/CLTV • > 80% LTV/CLTV is limited to wage earner/W-2 borrowers only (all borrowers); self-employed borrowers are not eligible > 80% LTV/CLTV • Minimum credit score (based on lowest middle score of all borrowers) <ul style="list-style-type: none"> - Primary residence: 660 - Second home: 680 - Investment: 700 • Maximum DTI 45%, regardless of AUS Findings, no exceptions • Reserve requirements as follows: <ul style="list-style-type: none"> - LTV is > 80%: The greater of: <ul style="list-style-type: none"> - Six (6) months PITIA, or - Per DU/LPA findings - LTV is ≤ 80%: <ul style="list-style-type: none"> - Loan amount < \$1,000,000: Per DU/LPA findings - Loan amount ≥ \$1,000,000: The greater of: <ul style="list-style-type: none"> o 3 months PITIA, or o Per DU/LPA findings • Appraisal requirements for both purchase and refinance transactions are as follows: <ul style="list-style-type: none"> - Loan amount ≤ \$1,500,000: One full appraisal that meets DU/LPA requirements and one of the following: <ul style="list-style-type: none"> - A CDA that is within a 10% tolerance of the appraised value, OR - A Fannie Mae CU score ≤ 2.5, OR - A Freddie Mac LCA score ≤ 2.5 - Loan amount > \$1,500,000: Two full appraisals required <p>NOTE: An appraisal waiver/ACE offer is not eligible; an appraisal is required</p> <p>(cont. on next page)</p>

Jumbo/Jumbo AUS Program Guidelines

<p>AUS – Jumbo Limited Documentation Option</p>	<ul style="list-style-type: none"> • First Time Homebuyers (borrowers who have not owned a property in the past 3 years). First time homebuyers are eligible subject to the following: <ul style="list-style-type: none"> - If multiple borrowers are on the loan and any the borrowers are FTHBs (as defined above), the FTHB restrictions detailed below apply: - Maximum loan amount \$1,500,000 - Maximum 80% LTV - Primary residence only - Minimum 720 credit score - Maximum 45% DTI - No gift funds - Reserve requirements: <ul style="list-style-type: none"> - Loan amount < \$1,000,000: Per AUS findings - Loan Amount ≥ \$1,000,000: Greater of 3 months or AUS findings • Construction-to-perm and NY CEMA transactions are not eligible • If business assets are being used for closing costs, a letter from a CPA, tax attorney, etc. is required to document the use of funds will not adversely affect the business • Business obligations that are payable in less than one year are not required to be deducted from the business cash flow if there is evidence these obligations roll over regularly and/or the business has sufficient liquid assets to cover them • Loan must meet QM requirements for safe harbor protection • The Note rate cannot exceed the prime rate plus 1.50%
<p>Available Markets</p>	<ul style="list-style-type: none"> • All 50 states, including the District of Columbia • Guam, Puerto Rico and the Virgin Islands are ineligible
<p>Borrowers – Eligible</p>	<ul style="list-style-type: none"> • All borrowers are required to have a social security number; ITIN/Tax ID is not eligible • U.S. citizens • Permanent Resident Aliens – Eligible subject to the following: <ul style="list-style-type: none"> - Must provide documentation to verify they are legally present in the U.S. <ul style="list-style-type: none"> - A valid and current Permanent Resident Alien card (Form I-551) aka Green Card, <li style="text-align: center;">OR - A passport stamped “Processed for I-551, temporary evidence of lawful admission for permanent residence. Valid until ____ Employment authorized” - Must be employed in the U.S. for the previous two (2) years • Inter Vivos Revocable Trust - Eligible subject to the following: <ul style="list-style-type: none"> - 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) who established 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(s) must include the individual establishing the trust (or at least one of the individuals, if there are two or more), <p>NOTE: Institutional trustees are ineligible.</p> <ul style="list-style-type: none"> - The trustee must have the power to mortgage the security property for the purpose of securing a loan to the party (or parties) who are the borrower(s) under the mortgage or Note - The mortgage must be underwritten as if the individual establishing the trust (or at least one of the individuals, if there are two or more) were the borrower (or co-borrower, if there are additional individuals whose income or assets will be used to qualify for the mortgage) - All trust documents, including the trust agreement, must be provided

(cont. on next page)

Jumbo/Jumbo AUS Program Guidelines

<p>Borrowers – Eligible</p>	<ul style="list-style-type: none"> • Non-Permanent Resident Aliens – Eligible subject to the following restrictions: <ul style="list-style-type: none"> - Primary residence only - Maximum 75% LTV/CLTV - Cannot have any other financed property in the U.S. - Unexpired H-1B, H-2B, E1, L1 and G Series visas only. G Series visas with diplomatic immunity are ineligible - Credit tradeline requirements detailed in this guideline must be met, no exceptions, and - Borrower must have a documented two (2) employment and income history including, but not limited to: <ul style="list-style-type: none"> - Two (2) years of U.S. tax returns, - A history of visa renewals, and - There can be no reason to believe that the employment will not continue - Income verification and validation requirements must be met, no exceptions • First Time Homebuyers (borrowers who have not owned a property in the past 3 years). First time homebuyers are eligible subject to the following: <ul style="list-style-type: none"> - If multiple borrowers are on the loan and any the borrowers are FTHBs (as defined above), the FTHB restrictions detailed below apply: - Maximum loan amount \$1,500,000 - Maximum 80% LTV - Primary residence only - Minimum 720 - Maximum 43% DTI - No gift funds - Minimum 12 months PITIA reserves required • Non-Borrowing/Non-Purchasing Spouse <ul style="list-style-type: none"> - Generally has no ownership interest in the property and is not liable for the debt - In community property/marital rights states the non-borrowing spouse does have an interest in the property and is required to execute the security instrument and all applicable documents as determined by applicable state law - The mortgage lien must always be superior to the non-borrowing spouse <p>Community Property States: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas Washington, and Wisconsin</p>
<p>Borrowers – Ineligible</p>	<ul style="list-style-type: none"> • Foreign Nationals • Non-occupant co-borrowers • Land Trusts • Limited partnerships, general partnerships, corporations and LLCs • Borrowers with diplomatic immunity • Borrowers without a social security number or a number that cannot be validated with the SSA. An ITIN/Tax ID is not eligible • DACA status borrowers • Borrowers with non-traditional credit • Life Estates • Non-revocable trusts • Guardianships • First time homebuyer purchasing second home or investment • Borrowers with any ownership in a business that is federally illegal, regardless of whether or not the income is used for qualifying • Borrowers previously convicted of mortgage fraud • Borrowers who are party to a lawsuit

Jumbo/Jumbo AUS Program Guidelines

<p>Borrower - Ownership Interest</p>	<ul style="list-style-type: none"> • Title must be in the borrower's name at time of application for refinance transactions and at the time of closing for all transactions. • Borrowers may hold title as follows: <ul style="list-style-type: none"> - Fee Simple with vesting as: <ul style="list-style-type: none"> - Individual, or - Joint tenants, or - Tenants in common
<p>Construction-to-Perm</p>	<p>The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a borrower for the purpose of replacing interim construction financing that the borrower has obtained to fund the construction of a new residence and is eligible subject to the following:</p> <ul style="list-style-type: none"> - The borrower must hold title to the lot, which may have been previously acquired or purchased as part of the transaction - Rate/term and cash-out transactions: <ul style="list-style-type: none"> - Lots owned \geq 12 months the LTV/CLTV is based on the current appraised value - Lots owned $<$ 12 months the LTV/CLTV is based on the lesser of: <ul style="list-style-type: none"> - The current appraised value, or - The total acquisition costs (sum of construction costs and purchase price of lot) <p>NOTE: Timeframe for ownership is measured from the date the lot was purchased to the Note date of the subject transaction.</p>
<p>Contingent Liabilities</p>	<ul style="list-style-type: none"> • Business Debt <ul style="list-style-type: none"> - Business debt that appears on a self-employed borrower's personal credit report requires documentation that the debt is paid from company funds and considered in the cash flow analysis for the borrower's business. - Business debt does not need to be considered as part of the borrower's individual recurring monthly debt when: <ul style="list-style-type: none"> - The account does not have a history of delinquency, and - Documentation is provided that the debt was paid from the borrower's business funds (e.g. 12 months cancelled business checks), and - The cash-flow analysis of the business took payment of the obligation into consideration. - If documentation of payment from the business funds cannot be provided, or there is history of delinquency on the account, or the debt is not included in the business cash flow the debt must be considered as part of the borrower's individual recurring debt obligation. • Co-Signed Debt <ul style="list-style-type: none"> - Co-signed debt is not required to be included in the borrower's DTI calculation if all of the following applies: <ul style="list-style-type: none"> - Documentation is provided that the borrower is not primarily responsible for payment of the debt, and - The credit report indicates no late payments on the account, and - 12 months most recent consecutive cancelled checks are provided documenting the primary party obligated on the debt has been making the payments (the checks cannot be from an account co-owned with the borrower). - Co-signed debt must be included in the borrower's DTI calculation if: <ul style="list-style-type: none"> - It cannot be properly documented that the primary party obligated on the loan is making the payments, or - A 12 month pay history, by the primary party, cannot be established, or - The credit report indicates there have been late payments on the debt, or - Another party is making the payments but the borrower is the only party responsible for the debt.

Jumbo/Jumbo AUS Program Guidelines

<p>Contingent Liabilities (cont.)</p>	<ul style="list-style-type: none"> • Assumption with No Release of Liability <ul style="list-style-type: none"> - The debt on a previous mortgage may be excluded from the DTI subject to the following: <ul style="list-style-type: none"> - Evidence is provided the borrower no longer owns the property, and - The payment history is provided showing the mortgage on the assumed property has been current during the previous 12 months, OR - The LTV is \leq 75% as established by an appraisal or sales price on the CD
<p>Conversion of Principal Residence to Second Home, Investment or Pending Sale</p>	<ul style="list-style-type: none"> • Departing Residence Pending Sale: <ul style="list-style-type: none"> - If the borrower is purchasing a new primary residence, and the current primary residence is pending sale and the transaction will not close prior to the new transaction, the following is required to exclude the departure residence PITIA from qualifying: <ul style="list-style-type: none"> - A copy of an executed sales contract for the property pending sale (transaction must be arm's length), and - Confirmation that all contingencies have been cleared, and - The closing date for the departure residence must be within 30 days of the subject transaction Note date, and - The borrower must meet reserve requirements for subject property and have 6 months PITIA in reserves for vacating/departing property. • Departure Residence Subject to Guaranteed Buy-Out with Corporation Relocation: <ul style="list-style-type: none"> - The borrower's payment on their primary residence that is part of a corporate relocation may be excluded when all of the following requirements are met: <ul style="list-style-type: none"> - Copy of the executed buy-out agreement verifying the borrower has no additional financial responsibility toward the departing residence once the property has been transferred to the third (3rd) party, and - Guaranteed buy-out by the third (3rd) party must occur within 4 months of the fully executed guaranteed buy-out agreement, and - Evidence of receipt of equity advance if funds will be used for down payment or closing costs, and - The borrower must meet reserve requirements for the subject property and have an additional 6 months PITIA in reserves for the vacating/departing property. • Conversion to Second Home: <ul style="list-style-type: none"> - The borrower is qualified using the PITIA payments for both properties - The borrower must meet the reserve requirements for the subject property and have 6 months PITIA reserves for vacating/departing property • Conversion to Investment: <ul style="list-style-type: none"> - 75% of the rental income, may be used in the underwriting analysis when the current residence has documented equity of at least 30% - Equity must be documented with either: <ul style="list-style-type: none"> - A full or exterior-only appraisal dated within 6 months of the Note date, or - Evidence of the original sales price and the current unpaid principal balance - The borrower must also provide: <ul style="list-style-type: none"> - A fully executed lease agreement, - Security deposit from the new tenant, - A copy of the bank statement showing the deposited security funds, and - Applicable reserve requirements for the subject property and 6 months PITIA for vacating property must be met.

Jumbo/Jumbo AUS Program Guidelines

<p>Credit History</p>	<ul style="list-style-type: none"> • Minimum 3 tradelines that meet the following requirements: <ul style="list-style-type: none"> - One must be open for 24 months and active within the most recent 6 months, and - The 2 remaining tradelines must be rated for 12 months and may be open or closed, OR • Minimum 2 tradelines are acceptable if the borrower has a satisfactory mortgage rating for at least 12 months (open or closed) within the last 24 months, and one (1) additional open tradeline • Each borrower contributing income for qualifying must meet the minimum tradeline requirements; borrowers not contributing qualifying income are not subject to tradeline requirements. • The following cannot be used to satisfy tradeline requirements: <ul style="list-style-type: none"> - Authorized user tradelines - Non-traditional credit - Disputed accounts
<p>Credit - Installment/Revolving</p>	<ul style="list-style-type: none"> • Installment Debt <ul style="list-style-type: none"> - Installment debt is considered as a recurring monthly debt obligation and included in the borrower's long-term debt when there is ≥ 10 months payments remaining. - Installment debt with < 10 months remaining will be considered as a recurring monthly debt obligation if it significantly affects the borrower's ability to meet their credit obligations. - Car lease payments must be included in the monthly debt obligation regardless of the number of remaining payments. - Installment debt cannot be paid down to qualify. - Installment debt can be paid off for qualification. If the account is paid off the following applies: <ul style="list-style-type: none"> - Documentation that the account was closed must be provided and verified prior to loan disbursement. - The payoff must be shown on the Closing Disclosure - All accounts must be current at closing • Revolving Debt <ul style="list-style-type: none"> - Revolving debt is considered part of the borrower's recurring monthly debt. Revolving debt includes credit cards and personal lines of credit (equity lines, secured by real estate, are included in the housing expense). - Revolving debt is subject to the following: <ul style="list-style-type: none"> - If the monthly payment is not included on the credit report, the greater of \$10 or 5% of the outstanding balance is used to determine the monthly payment - Payoff or pay down of debt solely to qualify the borrower is carefully evaluated and will be considered in the overall loan analysis by the underwriter. - The following applies to accounts that are paid off: <ul style="list-style-type: none"> - Revolving accounts that will be paid off must be closed to exclude from the DTI <ul style="list-style-type: none"> - Documentation that the account was closed must be provided and verified prior to loan disbursement - If the account is paid off prior to closing, documentation that the debt was paid in full and the source of funds must be provided and verified, or - If the account is to be paid off at closing, the payoff amount must be shown on the Closing Disclosure

Jumbo/Jumbo AUS Program Guidelines

**Credit -
Installment/Revolving
(cont.)**

- **Open 30-Day Charge Accounts**
 - If the credit report reflects an open-end or 30-day account, the balance owed must be subtracted from the borrower's liquid assets.
- **Student Loans – Deferred/Forbearance/Repayment**
 - All student loans, whether deferred, in forbearance, or in repayment, a monthly payment must be included in the borrower's DTI:
 - If a monthly payment is included on the credit report, the payment on the credit report is used
 - If the credit report does not provide a monthly payment, **or** if it shows the payment is \$0, the following applies:
 - Income-driven plans: The loan payment indicated on the student loan documentation verifying the monthly payment, **OR**
 - Deferred loans or loans in forbearance:
 - 1% of the outstanding loan balance (even if this amount is lower than the actual fully amortizing payment) **OR**
 - A full amortizing payment using the documented loan repayment terms
- **Child Support/Separate Maintenance Payments**
 - Child support or separate maintenance payments that are required to be paid due to a divorce decree, separation agreement or other legal document must be included in the borrower's monthly debt obligations if they will continue for > 10 months.
 - Voluntary payments are **not required** to be considered in the DTI calculation.
- **Alimony Payments**
 - **Divorce Finalized prior to 1/1/19:** Alimony payments may be deducted from the borrower's income **or** included in the DTI calculation.
 - **Divorce Finalized on or after 1/1/19:** Alimony payments must be included in the DTI calculation
- **Taxes Owed or Tax Extension**
 - If the most recent tax return or a tax extension indicate a borrower owes money to the IRS or applicable state tax authority, evidence of sufficient assets to pay the debt must be documented if the amount due is within 90 days of loan application

Jumbo/Jumbo AUS Program Guidelines

<p>Credit Report/Scores</p>	<ul style="list-style-type: none"> • Minimum credit score per matrices on page one and two. • An individual borrower's representative credit score is determined as follows: <ul style="list-style-type: none"> - If there are three (3) valid scores, the middle score is used. If two of the three scores are a duplicate, the duplicate score is used. - If there are two (2) valid scores, the lower of the two is used <p>The representative score for the loan is the lowest representative score for all borrowers.</p> • Homebridge will accept a credit report, in the broker's name, from any Fannie Mae acceptable credit vendor. • A tri-merged credit report is required for all borrowers. • Credit reports showing as "frozen" with a credit bureau will require the freeze to be removed and a new credit report, with all bureaus "unfrozen", is required. • The borrower(s) must address, in writing, all credit inquiries indicated on the credit report within the previous 120 days and indicate the reason for and result of the inquiry (i.e. was new credit obtained or not). If new credit was obtained, a verification of that debt must be provided and the borrower must be qualified with the monthly payment. <p>Examples:</p> <ul style="list-style-type: none"> - <i>Acceptable Response:</i> Chase, Wells & Bank of America credit pulled while searching for a mortgage on property located at 123 Main Street; no credit was obtained. - <i>Unacceptable Response:</i> "We did not accept any credit for the inquiries listed on our credit report: or "We did not accept any credit from Chase, Wells & Bank of America" (neither response specifically addresses both the inquiry and disposition). <ul style="list-style-type: none"> • If additional debt was obtained or discovered or the borrower's income is reduced after the underwriting decision was made the following applies: <ul style="list-style-type: none"> - The additional debt(s) and reduced income must be applied and determined if the loan still qualifies, - If there is new subordinate debt on the subject property, the loan must be re-underwritten, and - The final loan application signed by the borrower(s) must include all income and debt verified, disclosed or identified • The credit report cannot be more than 60 days old at funding. • Court Ordered Assignment of Debt <ul style="list-style-type: none"> - Debt that has been assigned by order of the court is not required to be included in the borrower's DTI calculations if the following is provided: <ul style="list-style-type: none"> - Copy of the court order, and - Mortgage debt requires a copy of the document transferring ownership of property, and - If transfer of ownership has not taken place, any late payments associated with the repayment of the debt owing on the mortgage property should be considered when reviewing the borrower's credit profile.
<p>Deed / Resale Restrictions</p>	<p>Properties with subject to deed/resale restrictions are ineligible (including age related restriction)</p>

Jumbo/Jumbo AUS Program Guidelines

Derogatory Credit	<p>Multiple Derogatory Credit Events Not allowed</p> <p>Bankruptcy (7, 11, and 13)</p> <ul style="list-style-type: none"> • Seven (7) year waiting period measured from discharge/dismissal date to disbursement date of new loan <p>Foreclosure</p> <ul style="list-style-type: none"> • Seven (7) year waiting period measured from completion date to disbursement date of new loan <p>Deed-in-Lieu/Pre-Foreclosure/Short Sale/Short Pay-off</p> <ul style="list-style-type: none"> • Seven (7) years since completion/sale date <p>Mortgage Accounts Settled for Less/Negotiated Payoffs/Short-Payoff</p> <ul style="list-style-type: none"> • Seven (7) years from settlement date <p>Restructured/Modified Loans</p> <ul style="list-style-type: none"> • A lender initiated modification is not considered a derogatory event if the modification was unrelated to hardship and there is no debt forgiveness as evidenced by supporting documentation. A seasoning requirement does not apply. • If the modification was due to hardship or included debt forgiveness there is a seven (7) year waiting period measured from the modification date <ul style="list-style-type: none"> - A forbearance that results in a loan modification (moving payments to the end of the mortgage) is a credit event and will be considered due to hardship • 0x30 in 24 months are required on the loan since modification <p>Prior Mortgage Forbearance Eligible six (6) months after the end of the forbearance (measured by end date of forbearance plan to Note date of new loan) if the borrower made all monthly payments during forbearance and did not use the forbearance terms to skip any payments</p> <p>Assignment of Debt If the defaulted debt was assigned to an ex-spouse and the default occurred after the borrower was relieved of the obligation, the event may be considered on a case-by-case</p> <p>Collection Accounts (Medical AND Non-Medical)</p> <ul style="list-style-type: none"> • 1-4 Unit Owner-Occupied Primary Residence and 1-unit Second home <ul style="list-style-type: none"> - If the cumulative total of all collection accounts (medical and non-medical) is > \$5,000, the accounts must be paid in full prior to or at closing - Collection accounts (medical and non-medical) with a cumulative total of ≤ \$5,000 may remain open • Collection Accounts 1-4 Unit Investment Property <ul style="list-style-type: none"> - Medical Collections: May remain open when the cumulative total of all accounts are ≤ \$5,000 - Non-Medical Collection Accounts: Individual accounts greater than or equal to \$250.00 or, if the combined balance of all accounts is greater than \$1000.00, the accounts must be paid in full prior to or at closing. <p>Judgments/Tax Liens/Charge-offs/Past-due Accounts</p> <ul style="list-style-type: none"> • Open tax liens, judgments, and charge-offs appearing on the Public Records section of the credit report must be paid off and past-due accounts must be brought current or paid in full prior to or at closing • Documentation of sufficient funds to satisfy these obligations must be obtained. • Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past due accounts • Borrowers who are party to a lawsuit are not eligible NOTE: Payment plans on previous year tax liens/liabilities are not allowed; they must be paid in full
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Jumbo/Jumbo AUS Program Guidelines

<p>Derogatory Credit (cont.)</p>	<p>Consumer Credit Counseling Borrowers who have participated in CC are eligible if they meet all other credit requirements (minimum credit score, no mortgage lates, no short sales, no modifications, etc.)</p> <p>Disputed Accounts</p> <ul style="list-style-type: none"> • All disputed tradelines must be included in the DTI if the account belongs to the borrower unless documentation can be provided that authenticates the dispute. • Derogatory accounts must be considered in analyzing the borrower’s willingness to repay unless the disputed account has a zero balance and no late payments; then it can be disregarded • Disputed accounts may not be used to meet tradeline requirements <p>Delinquent Child Support: Delinquent child support must be paid current or in a payment plan. On a case-by-case basis this requirement may be waived subject to underwriter review.</p>
<p>DTI</p>	<ul style="list-style-type: none"> • Purchase Transactions > 80% LTV/CLTV: <ul style="list-style-type: none"> - 85.01% - 89.99% LTV 40% - 80.01% - 85% LTV: 43% • Purchase and Rate/Term Refinance Transactions ≤ 80%: Maximum DTI 43% • Cash-Out Transactions (regardless of LTV): Maximum DTI 43% • Refer to the Jumbo AUS topic for Jumbo AUS DTI requirement <p>NOTE: There are no exceptions to the maximum DTI</p> <ul style="list-style-type: none"> • The DTI is based on the total of existing monthly liabilities plus any planned future liabilities based on credit inquiries or as disclosed by the borrower and then divided by the calculated gross monthly income. • Liabilities must include housing, revolving and installment debt, real estate loans, rent, child support, and any other consistent and recurring debt. • If the borrower owns other properties documentation must be provided to confirm the PITI, HOA dues, lease payments and any other property-related expenses. • Balloon payment Note that will come due within one year of loan closing must be considered in the borrower’s liability

Jumbo/Jumbo AUS Program Guidelines

<p>Employment</p>	<ul style="list-style-type: none"> • A two (2) year employment and income history is required for both wage earner and self-employed borrowers. • Gaps in employment > 1 month during the past 2 years require a satisfactory letter of explanation and the borrower must be employed with their current employer for a minimum of 6 months to include as qualifying income. NOTE: Extended gaps of employment (≥ 6 months) require a documented 2 year work history prior to the gap • A verbal verification of employment (VVOE) is required within 5 business days prior to the funding date for salaried borrowers and within 5 business days prior to the funding date for self-employed borrowers. • The VVOE for wage earners should contain the following information: <ul style="list-style-type: none"> - Date of contact, - Borrower's date of employment, - Name of employer - Name, phone number and title of the person contacted at the employer - The name and person contacting the employer, and - The method and source used to obtain the phone number NOTE: The VVOE for wage earners must cover two full years of employment including any prior employment if the borrower has changed employers in the previous two years. • The VVOE for self-employed borrowers (individuals who have a 25% or greater ownership interest in a business) the following applies: <ul style="list-style-type: none"> - Verification of the existence of the borrower's business from a third party source, such as a CPA, regulatory agency, or applicable licensing bureau. NOTE: The borrower's website is not an acceptable 3rd party verification source. - Provide the listing and address of the borrower's business using a telephone book, internet, or directory assistance - Name and title of the person completing the verification. • Wage earners require a current paystub, covering a minimum of 30 days, with YTD income. The paystub must be computer generated and clearly identify the borrower as the employee. • Paystubs issued electronically via email or downloaded from the internet must show all of the following: <ul style="list-style-type: none"> - The URL address, - Date and time printed, and - Identifying information on place of origin and/or author of the documentation. NOTE: A fully completed VVOE is only acceptable as a supplement to the VVOE to further explain the type of income earned (e.g. breakdown of base, OT, bonus, commission, etc.) • Most recent W-2s are required for wage earners and must be employer generated copies.
<p>Escrow Holdbacks</p>	<p>Not allowed</p>
<p>Escrow/Impound Account</p>	<p>Recommended but not required</p>
<p>Financed Properties</p>	<ul style="list-style-type: none"> • Maximum four (4) financed 1-4 unit residential properties including subject (financed commercial properties and multi-family properties 5+ units are excluded) • Borrowers who own more than four financed (4) properties (including the subject property) are not eligible. • 1-4 unit properties held in the name of an LLC or other corporation can be excluded from the number of properties owned calculation if the borrower is not personally obligated on the mortgage. • Documentation to confirm the PITIA, HOA, lease payment, and any additional property related expenses must be provided • Six (6) months PITIA on each additional financed property (in addition to subject property requirements). Six months PITIA calculated based on the PITIA of the additional property • Homebridge limits its exposure to a maximum of 4 loans per borrower.

Jumbo/Jumbo AUS Program Guidelines

<p>Gift Funds</p>	<p>Gift funds are eligible subject to the following:</p> <ul style="list-style-type: none"> • On purchase transactions, gift funds may be used once the 5% borrower own funds requirement is met • Gift funds are eligible for down payment (after borrower own funds requirement met) and closing costs <p>NOTE: Gift funds may not be used to satisfy reserve requirements.</p> <ul style="list-style-type: none"> • The donor must be an immediate family member, future spouse, or domestic partner living with the borrower • A gift letter is required that includes the following donor information: <ul style="list-style-type: none"> - Name, - Address, - Telephone, and - Relationship to the borrower. • Proof of donor's funds and transfer/evidence of receipt by borrower must be documented. Acceptable documentation includes: <ul style="list-style-type: none"> - A copy of the donor's check and borrower's deposit slip, or - A copy of the donor's check to the closing agent - A settlement statement/CD showing receipt of the donor's gift check • Foreign funds are ineligible as gift funds • Gifts from relatives that are interested parties to the transaction are not allowed. Real estate agents may apply their commission towards closings costs and/or prepaids as long as the amount is within the interested party contribution limits <p>Gift funds are ineligible on the following:</p> <ul style="list-style-type: none"> • Investment transactions, and • First time homebuyer transactions
<p>Gift of Equity</p>	<p>Ineligible</p>
<p>HELOC</p>	<ul style="list-style-type: none"> • The payment on the amount of the line currently being used must be included in the DTI calculation. If the payment is not reflected on the credit report the payment must be documented with a billing statement • HELOCs with a zero balance, no payment calculation is required unless the HELOC funds will be used for down payment or closing costs • The applicable CLTV/HCLTV cannot be exceeded. The CLTV/HCLTV must be determined based on the full amount of the HELOC regardless of whether or not funds have been drawn on the HELOC • If the subject transaction is paying off a HELOC that is not included in the CLTV/HCLTV calculation, documentation the HELOC has been closed is required

Jumbo/Jumbo AUS Program Guidelines

Income	<ul style="list-style-type: none"> • A minimum of two (2) years employment and income history is required. The underwriter is required to provide a written analysis and justification for using income that has less than a two (2) year history of receipt. • Stable monthly income is the borrower's verified gross monthly income from all acceptable and verifiable sources and there must be a reasonable expectation it will continue for a minimum of three (3) years. • Full income verification is required. • An income analysis form (Fannie Mae Form 1084 Cash Flow Analysis or its equivalent) is required detailing income calculations. Income analysis for borrowers with multiple employers, businesses or income sources must show income/loss details separately, not in aggregate. • Wage earner borrowers: <ul style="list-style-type: none"> - At minimum, a current paystub, covering a minimum of 30 days, with YTD earnings and the most recent two (2) years W-2 forms or tax returns are required • Self-employed borrowers: <ul style="list-style-type: none"> - Copy of the most recent 2-years signed federal individual and business tax returns with all schedules - A YTD P&L and balance sheet are required on all self-employed businesses, regardless if income was used to qualify - Third party verification of the business is required for all self-employed borrowers • When tax returns are used for qualifying the following applies: <ul style="list-style-type: none"> - Personal tax returns must include all schedules (W-2 forms, K-1s, etc.) and be signed and dated on or before closing. - Business tax returns (if applicable) must be signed and dated on or before closing and include all schedules. Transcripts are not acceptable in lieu of tax returns/all schedules <p>Refer to the Income Documentation Requirements topic and to the COVID-19 Temporary Flexibilities and Requirements topic for complete documentation and income analysis/ income stability requirements for self-employed borrowers</p> <ul style="list-style-type: none"> • When the borrowers have unfiled prior years' tax returns the following applies: <ul style="list-style-type: none"> - Between Jan 1st and the tax filing date (typically April 15th) the borrower must provide: <ul style="list-style-type: none"> - IRS Form 1099 and the W-2 from the previous year <p>NOTE: If the loan is closing in January and the borrower has not received their W-2 the prior year's year-end paystub may be provided. Borrowers using 1099s, evidence of receipt of 1099 income must be provided.</p> - Between the tax filing date and the extension expiration date (October 15th), borrowers must provide (as applicable): <ul style="list-style-type: none"> - Copy of the filed extension, - Evidence of payment of any taxes owed as identified on the tax return, - W-2 forms, - Form 1099, - Year-end signed profit and loss for the prior year, and - Current signed profit and loss for prior year, - Self-employed borrowers must also provide balance sheet for the prior calendar year. • Other sources of income are eligible for qualifying the borrower as long as it is considered stable and there is a reasonable expectation it will continue for a minimum of three (3) years. • Income must be fully documented and must be averaged for the time period covered. <p>Declining Income</p> <ul style="list-style-type: none"> • If declining income has occurred, the most recent 12 months should be used. Declining income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and borrower's ability to repay. Declining income requires management review and approval. <p>NOTE: If the decline is related to a one-time capital expenditure, a longer period of time for the averaging of income on a case-by-case basis. Documentation of the expenditure must be provided.</p>
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Jumbo/Jumbo AUS Program Guidelines

Income (cont.)	Income Documentation Requirements												
	<table border="1"> <thead> <tr> <th style="background-color: #ADD8E6;">Income Type</th> <th style="background-color: #ADD8E6;">Documentation Requirements</th> </tr> </thead> <tbody> <tr> <td>Employment Income – Salaried</td> <td> <p>An earnings trend must be established and documented. Large increases in salary over the prior two (2) years must be explained and documented.</p> <p>The following documentation is required:</p> <ul style="list-style-type: none"> • W-2 forms or personal tax returns, including all schedules, for prior two years • Year-to-date paystub up through and including the most current pay period at the time of application. Cannot be dated earlier than 60 days prior to the Note date • If the borrower receives overtime pay, it must be shown on the YTD paystub. </td> </tr> <tr> <td>Employment Income – Hourly & Variable</td> <td> <p>An earnings trend must be established and documented. Stable to increasing income should be averaged over a minimum two (2) year period.</p> <p>Declining income must be explained by the employer and borrower. The underwriter must provide a written analysis and explanation if declining income is used to qualify the borrower.</p> <p>The following documentation is required:</p> <ul style="list-style-type: none"> • W-2 forms or personal tax returns, including all schedules, for prior two (2) years • Year-to-date paystub up through and including the most current pay period at the time of application. </td> </tr> <tr> <td>Employment Income – Part-time</td> <td> <p>A two (2) year uninterrupted history working part-time at the job is required. Borrower must confirm plans to continue the part-time work.</p> <p>If the part-time income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used.</p> <p>The following documentation is required:</p> <ul style="list-style-type: none"> • W-2 forms for prior two (2) years. • Year-to-date paystub that includes the most current pay period at the time of application </td> </tr> <tr> <td>Employment Income – Employed by Family Member</td> <td> <ul style="list-style-type: none"> • YTD paystub, and • Two (2) years W-2s and • Two (2) years personal tax returns (all schedules), and • VVOE • Underwriter must address borrower’s potential ownership interest </td> </tr> <tr> <td>Employment Income – Commission</td> <td> <p>Commission income must be averaged over the previous two (2) years.</p> <p>If the commission income shows a continual decline, the underwriter must provide written sound rationalization for using the income to qualify or income cannot be used.</p> <ul style="list-style-type: none"> • W-2 forms for prior two years if commissions are less than 25% of the total income. • Tax returns, including all schedules, and W-2 forms from the previous two years if commissions are \geq 25% of the total income. • Unreimbursed business expenses (form 2106) must be subtracted from income. • Year-to-date paystub up through and including the most current pay period at the time of application. Paystub cannot be dated earlier than 60 days prior to Note date </td> </tr> </tbody> </table>	Income Type	Documentation Requirements	Employment Income – Salaried	<p>An earnings trend must be established and documented. Large increases in salary over the prior two (2) years must be explained and documented.</p> <p>The following documentation is required:</p> <ul style="list-style-type: none"> • W-2 forms or personal tax returns, including all schedules, for prior two years • Year-to-date paystub up through and including the most current pay period at the time of application. Cannot be dated earlier than 60 days prior to the Note date • If the borrower receives overtime pay, it must be shown on the YTD paystub. 	Employment Income – Hourly & Variable	<p>An earnings trend must be established and documented. Stable to increasing income should be averaged over a minimum two (2) year period.</p> <p>Declining income must be explained by the employer and borrower. The underwriter must provide a written analysis and explanation if declining income is used to qualify the borrower.</p> <p>The following documentation is required:</p> <ul style="list-style-type: none"> • W-2 forms or personal tax returns, including all schedules, for prior two (2) years • Year-to-date paystub up through and including the most current pay period at the time of application. 	Employment Income – Part-time	<p>A two (2) year uninterrupted history working part-time at the job is required. 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Paystub cannot be dated earlier than 60 days prior to Note date
Income Type	Documentation Requirements												
Employment Income – Salaried	<p>An earnings trend must be established and documented. Large increases in salary over the prior two (2) years must be explained and documented.</p> <p>The following documentation is required:</p> <ul style="list-style-type: none"> • W-2 forms or personal tax returns, including all schedules, for prior two years • Year-to-date paystub up through and including the most current pay period at the time of application. Cannot be dated earlier than 60 days prior to the Note date • If the borrower receives overtime pay, it must be shown on the YTD paystub. 												
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Jumbo/Jumbo AUS Program Guidelines

Income (cont.)	Income Type	Documentation Requirements
	Employment Income – Overtime & Bonus	<p>An earnings trend for bonus and overtime must be established and documented. A period of more than two (2) years must be used in calculating the average overtime and bonus income if the income varies significantly from year to year. If either type of income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used.</p> <ul style="list-style-type: none"> • W-2 forms or personal tax returns, including all schedules, for prior two years. • YTD paystub up through and including the most current pay period at the time of application. Paystub cannot be dated earlier than 60 days prior to the Note date
	Employment Income – 2106 Expenses	<p>Employee business expenses must be deducted from the adjusted gross income</p>
	Self-Employment Income	<p>Self-employed borrowers are individuals who have 25% or greater ownership interest or receive a 1099 statement to document income. 1099 borrowers are considered self-employed.</p> <ul style="list-style-type: none"> • YTD paystub required for self-employed borrowers if they pay themselves wage income • YTD P&L and balance sheet required for all self-employed entities, regardless if income used to qualify • Income statements must be from the most recent 90 days and cannot be more than 60 days old from the Note date • Transcripts are not allowed in lieu of signed/dated tax returns
	Self-Employment – Sole Proprietorship	<ul style="list-style-type: none"> • YTD profit and loss (P&L) with an end date within 90 days of funding for each business; must include current quarter. • Balance sheet with an ending date within 90 days from the funding date for each business. • If the borrower filed an extension for the prior year then the prior year P&L and the prior year balance sheet (January through December) for each business is also required. • Personal tax returns, including all schedules, signed on or before the closing date, for prior two years are required • Stable to increasing income is averaged for (2) years
	Self-Employment - Partnerships (General/Limited) Limited Liability Companies (LLC) “S” Corps	<ul style="list-style-type: none"> • Year-to-date profit and loss (P&L) and balance sheet with an end date within 90 days of funding for each business if ≥ 25% ownership. Must include current quarter. • If the borrower filed an extension for the prior year then the prior year P&L and the prior year balance sheet (January through December) for each business is also required. • Personal tax returns, including all schedules, signed on or before the closing date, for prior two (2) years are required • K-1s for prior two years, showing ownership percentage. K-1s are not required if the source is reporting positive income and the income is not used for qualification. If K-1s show an income loss, they are required, regardless if the income is used for qualifying purposes. If using capital gains, interest/dividend, or W-2 income K-1s are required. • Business tax returns (1065/1120), including all schedules, for the prior two years are required if the borrower has a 25% or greater ownership interest. • K-1s not required if reporting positive income (on the K-1), and the income is not used for qualification purposes. • Stable to increasing income is averaged for two (2) years

Jumbo/Jumbo AUS Program Guidelines

Income (cont.)	Income Type	Documentation Requirements
	Self-Employment - Corporation	<ul style="list-style-type: none"> Personal tax returns, including all schedules, signed on or before the closing date, for prior two years are required. Business returns (1120), signed if $\geq 25\%$ ownership for prior two years. Business returns must reflect percentage of ownership YTD P&L and balance sheet if $\geq 25\%$ ownership Stable to increasing income is averaged for two (2) years

Jumbo/Jumbo AUS Program Guidelines

Income (cont.)	Income Type	Documentation Requirements
	Rental Income – All Properties	<ul style="list-style-type: none"> • When using rental income to qualify the borrower, the current signed lease agreement for each rental property, including commercial properties listed in Part 1 of Schedule E of the 1040's. Leases required even if identified on Schedule E. The income must be consistent with the current leases or a letter of explanation from the borrower is required. NOTE: If the rental payment indicated on the lease agreement is less than the rental income reported on the tax returns, justification for using the income reported on the tax returns must be provided to warrant the use of the higher income. If no justification, the amount indicated on the lease agreement, less expenses, should be considered for rental income/loss. • Personal tax returns, including all schedules, for prior two years are required. • For properties listed on Schedule E of the borrower's tax returns, net rental income should be calculated as "rents received minus total expenses plus depreciation plus interest plus taxes plus insurance plus HOA (if applicable) divided by applicable months minus current PITI". A 24 month average is used to qualify unless income is declining. In the event of declining income, the most recent 12 month average is used to qualify. <ul style="list-style-type: none"> - If the subject property is the borrower's primary residence (1-unit property/1- unit with accessory unit) and generating rental income, the full PITI must be included in the borrower's total monthly obligations (rental income ineligible) - If the subject property is the borrower's primary residence with 2-4units the rental income received from the unit not occupied by the borrower may be used for qualifying subject to meeting documentation requirements. <ul style="list-style-type: none"> - If the borrower purchased the rental property subsequent to the most recent tax filing year a copy of the signed lease agreement, and a copy of the receipt for the security deposit, including copies of the borrower's bank statements showing the deposit, is required. When using a lease agreement, only 75% of the gross rents, minus the verified PITIA payment, may be used for qualifying - Net rental income must be added to the borrower's total monthly income. Net rental losses must be added to the borrower's total monthly obligations. • Commercial properties which report income or loss on Schedule E of the 1040's: <ul style="list-style-type: none"> - Net rental income should be calculated as "rents received minus total expenses plus depreciation plus interest plus taxes plus insurance plus HOA (if applicable) divided by applicable months minus current PITI" - PITIA must be documented - Lease required if income is used (positive or negative cash flow)

Jumbo/Jumbo AUS Program Guidelines

Income (cont.)	Income Type	Documentation Requirements
	<p>Rental Income - Departing Principal Residence</p> <p>(Refer to the Conversion of Principal Residence topic for additional information regarding pending sale and conversion to second home)</p>	<p>When a borrower vacates a principal residence in favor of another principal residence, 75% of the rental income, may be used in the underwriting analysis when the current residence has a minimum of 30% equity</p> <p>Equity must be documented with:</p> <ul style="list-style-type: none"> • A full appraisal or exterior only appraisal dated within 6 months of the Note date, OR • Evidence of the original sales price and the current unpaid principal balance. • The borrower must also provide: <ul style="list-style-type: none"> - A fully executed lease agreement, - Security deposit from the new tenant, - A copy of the bank statement showing the deposited security funds, and • Applicable reserve requirements for the subject property and 6 months PITIA for vacating property must be met.
	<p>Retirement Income (Pension, Annuity, IRA Distributions)</p>	<p>Existing distribution of assets from an IRA, 401K or similar retirement asset account must be sufficient to sustain income continuance for a minimum of three (3) years. If any retirement income will cease with the first 3 years of the loan, the income is ineligible.</p> <ul style="list-style-type: none"> • Verification of the assets is required, and • Distribution must have been set-up at least six (6) months prior to the Note date if there is no prior history of receipt, OR • Two (2) year history of receipt documented. <p>NOTE: Distributions cannot be set up, or changed, solely for loan qualification purposes</p> <p>Document regular and continued receipt with any of the following:</p> <ul style="list-style-type: none"> • Letters from the organization providing the income, or • Copies of retirement award letters, or • Copies of federal income tax returns (signed and dated on or before the closing date). or • Most recent IRS W-2 or 1099 forms, or • Proof of current receipt with 2 months bank statements.
	<p>Social Security Income</p>	<ul style="list-style-type: none"> • Surviving spouse/children benefits with a defined expiration date must have a remaining term of at least three (3) years. • Social Security income must be verified by a Social Security Administration benefit verification letter (sometimes called a "proof of income letter," "budget letter," "benefits letter," or "proof of award letter"). If any benefits expire within the first three (3) full years of the loan, the income source may not be used in qualifying.

Jumbo/Jumbo AUS Program Guidelines

Income (cont.)	Income Type	Documentation Requirements
	Alimony, Separate Maintenance & Child Support	<ul style="list-style-type: none"> Eligible with a divorce decree, court ordered separation agreement, court decree, or other legal agreement provided that income will continue for at least three (3) years. <p>NOTE: If the income is the borrower's primary income source and there is a defined expiration date (even if expiration date exceeds 3 years), the income may not be acceptable for qualifying purposes.</p> <ul style="list-style-type: none"> Documentation evidencing that the borrower has been receiving full, regular, and timely payments for the past 12 months. Refer to the Non-Taxable Income topic for guidance on child support income
	Capital Gains/Loss	<p>Capital gains for like assets may be considered as effective income if the gains are from similar assets for three (3) continuous years. The earnings trend or loss must be considered in the overall analysis of this income type. If the trend results in a gain, it may be added as effective income. If the trend consistently shows a loss, it must be deducted from the total income. If the earnings trend reflects a carryover of a one-time capital loss, the one-time loss is not considered a "trend" and is not required to be included in the analysis</p> <ul style="list-style-type: none"> Tax returns for the prior three (3) years, including Schedule D to document receipt, are required. Gains must be consistent amounts from consistent sources. Documentation of assets similar to the assets reported as capital gains to support the continuation of the capital gain income is required
	Dividend/Interest Income	<p>Interest and dividend income may be used for qualifying with documentation that supports a two (2) year history of receipt.</p> <ul style="list-style-type: none"> Prior two (2) year's tax returns required, and Proof of asset(s) to support the continuation of interest and dividend income.
	Trailing Spouse/Co-Borrowers	Ineligible
	Projected Income	Generally not eligible. On a case-by-case basis projected income may be considered if the borrower has a non-revocable contract and employment will start within 60 days of loan closing. Homebridge management review and approval required
	Note Income	<p>Income from a Note is eligible subject to the following:</p> <ul style="list-style-type: none"> A copy of the Note must document the amount, frequency and duration of payments Documentation substantiating regular receipt of Note income for the past 12 months and the income is expected to continue for a minimum of three (3) years is require. <p>Evidence of Note income must be reflected on tax returns.</p>

Jumbo/Jumbo AUS Program Guidelines

Income (cont.)

Income Type	Documentation Requirements
Trust Income	<p>Income from trusts may be used if guaranteed and regular payments will continue for a minimum of three (3) years.</p> <ul style="list-style-type: none"> • Regular receipt of trust income for the past 12 months must be documented. • A copy of the Trust Agreement or Trustee Statement indicating the following: <ul style="list-style-type: none"> - Total amount of borrower-designated trust funds, - Terms of payment, - Duration of trust, and - Trust is irrevocable • If trust fund assets are being used for down payment or closing costs, documentation must be provided to indicate withdrawal of the assets will not negatively affect the trust income.
Foreign Income	<p>Foreign income is eligible subject to the following:</p> <ul style="list-style-type: none"> • W-2 forms (or equivalent), and • Personal tax returns, including all schedules, for prior two (2) years to document receipt, • Year-to-date most recent pay stub. • All income must be converted to U.S. currency.
Non-Taxable Income (Child Support, Disability, Foster Care, Military, etc.)	<ul style="list-style-type: none"> • Eligible if documented income will continue for a minimum of three (3) years. • Tax returns must confirm that income is non-taxable • The amount of continuing tax savings attributed to the income not subject to federal taxes may be added to the borrower's gross income. The percentage of non-taxable income that may be added cannot exceed the appropriate tax rate for the income amount. Additional allowances for dependents are not allowed. Required documentation: <ul style="list-style-type: none"> - The amount of income grossed-up for any non-taxable income source must be documented and supported, - The same tax rate the borrower used to calculate their income tax from the prior year should be used <p>NOTE: If the borrower is not required to file a tax return, 25% is used as the tax rate.</p>

- The following types of income are **ineligible** for qualifying purposes:
 - Income from sources that cannot be verified,
 - Income that is temporary or a one-time occurrence,
 - Rental income received from the borrower's primary residence, primary residence with an accessory unit, or second home,
 - Retained earnings,
 - Education benefits
 - Asset depletion
 - Stock options and restricted stock units
 - Deferred compensation
 - Income that is not legal in accordance with applicable federal, state, and local laws and regulations (e.g. foreign shell banks, marijuana dispensaries and/or any activity related to growing, selling or supplying marijuana, internet gambling, etc.)

Jumbo/Jumbo AUS Program Guidelines

Inspections	<ul style="list-style-type: none"> Septic inspections are only required when the appraiser indicates there is evidence the septic system be failing. Termite inspections are only required when the purchase contract requires one, or the appraiser indicates there is evidence of active infestation. Well inspections are only required when state or local regulations require, or if there is indication the well may be contaminated. 												
Interested Party Contributions	<p>Interested Party Contributions</p> <ul style="list-style-type: none"> Interested party contributions (IPC) 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. IPC's may only be used for closing costs and prepaid items. IPC's cannot be used to make the borrower's down payment, reserve requirements or to meet the minimum borrower contribution requirement. Interested party contributions are limited as follows: <table border="1" data-bbox="529 684 1435 844"> <thead> <tr> <th>Occupancy Type</th> <th>LTV/CLTV</th> <th>Maximum Allowable Contribution</th> </tr> </thead> <tbody> <tr> <td>Primary Residence or Second Home</td> <td>> 80%</td> <td>3%</td> </tr> <tr> <td></td> <td>≤ 80%</td> <td>6%</td> </tr> <tr> <td>Investment</td> <td>All</td> <td>2%</td> </tr> </tbody> </table> <p>Seller Concessions</p> <ul style="list-style-type: none"> Seller concessions are defined as any interested party contribution beyond the limits stated above or any amounts not being used for closing costs or prepaid expenses (e.g. fund for repairs not completed prior to closing) If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount when calculating the LTV/CLTV All seller concessions must be addressed in the sales contract, appraisal, and CD <p>Personal Property</p> <ul style="list-style-type: none"> Any personal property transferred with the sale must indicate zero transfer value on 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. 	Occupancy Type	LTV/CLTV	Maximum Allowable Contribution	Primary Residence or Second Home	> 80%	3%		≤ 80%	6%	Investment	All	2%
Occupancy Type	LTV/CLTV	Maximum Allowable Contribution											
Primary Residence or Second Home	> 80%	3%											
	≤ 80%	6%											
Investment	All	2%											
LDP/GSA and Mortgage Fraud	<ul style="list-style-type: none"> <u>LDP / GSA</u> All of the following parties to the transaction, as applicable, must be checked against HUD's Limited Denial of Participation list and the General Service Administration's Excluded Parties List System. <ul style="list-style-type: none"> - Borrower(s), - Seller, - Real Estate Listing and Selling Agent(s), - Appraiser, - AMC, - Broker, - Loan Officer, - Loan Processor, - Underwriter, - Closing Agent, and - Title Company Any transaction where any of the interested parties to the transaction have been convicted of mortgage fraud will require review and approval by Homebridge management. 												
Mortgage Insurance	Not required												

Jumbo/Jumbo AUS Program Guidelines

<p>Mortgage/Rental History</p>	<p>Mortgage History Requirements</p> <ul style="list-style-type: none"> • 0x30 in the previous 24 months (no exceptions). Applies to all borrowers on the loan. A • Mortgage must be current for the month closing. <p>Rental History Requirements</p> <ul style="list-style-type: none"> • 0x30 in the previous 24 months (no exceptions). Applies to all borrowers on the loan. A VOR must be obtained. A VOR is not acceptable when: <ul style="list-style-type: none"> - The landlord is a party to the transaction or a relative of the borrower. Cancelled checks or bank statements to verify satisfactory rent history will be required in lieu of a VOR.
<p>Non-Arm's Length or Identity of Interest Transactions</p>	<p>A non-arm's length transaction is a purchase transaction where there is a relationship or business affiliation between the buyer and seller of the property. Non-arm's transactions are ineligible with the exceptions noted below.</p> <p>Eligible non-arm's lengths transactions include:</p> <ul style="list-style-type: none"> • Family sales or transfers, • Property sellers representing themselves as the agent in the real estate transaction • Relative of the property seller acting as the seller's real estate agent • Buyers/borrowers representing themselves as the agent in the real estate transaction • Relative of the buyer/borrower acting as the borrower/buyer's real estate agent • The borrower is the employee of the originating lender and the lender has an established employee loan program. • Originator is related to the borrower • Renter buying from landlord with 24 months cancelled checks to verify satisfactory pay history. <p>Gifts from relatives that are interested parties to the transaction are not allowed. Real estate agents may apply their commission towards closings costs and/or prepaids as long as the amount is within the interested party contribution limits</p> <p>NOTE: Investment property transactions must be arm's length, no exceptions</p>
<p>Occupancy</p>	<p>Owner-Occupied Primary Residence</p> <ul style="list-style-type: none"> • 1-4 units <p>Second Home</p> <ul style="list-style-type: none"> • 1-unit Refer to the Properties - Second Home topic for requirements <p>Investment/Non-Owner Occupied</p> <ul style="list-style-type: none"> • 1-4 units Refer to the Properties - Investment topic for requirements
<p>Power of Attorney</p>	<p>A Power of Attorney (POA) is allowed on a case-by-case basis on purchase and rate/term refinance transactions subject to all of the following:</p> <ul style="list-style-type: none"> • Must be specific to the transaction • Attorney-in-fact must be a relative (as defined by Fannie Mae), a fiancé, fiancée, or domestic partner of the borrower. • The person(s) granting the POA must match the name on the security instrument • Must include the borrower name, property address and loan amount • The POA must be fully executed, notarized, and valid at the time loan documents are signed • The borrower must sign the application and disclosures • Homebridge to review and approve prior to loan closing • The POA must be recorded along with the mortgage. • Not permitted for cash out refinances
<p>Prepayment Penalty</p>	<p>Not permitted</p>
<p>Products</p>	<ul style="list-style-type: none"> • 30 year fully amortizing fixed rate only • Qualified at the Note rate

Jumbo/Jumbo AUS Program Guidelines

<p>Properties – Eligible</p>	<ul style="list-style-type: none"> • 1-4 unit owner-occupied (attached/detached) • 1-unit second home (refer to the Properties - Second Home topic for requirements) • 1-4 unit investment property (refer to the Properties - Investment topic for requirements) • PUDs (attached/detached). Detached SFRs in a PUD project will require the HOA master policy • Condominiums (attached), Fannie Mae warrantable only; non-warrantable ineligible. Project review subject to the following: <ul style="list-style-type: none"> - Limited Review eligible for established projects that meet Fannie Mae requirements NOTE: Limited Review is not eligible for established projects in Florida; Full Review required - New projects and established projects that do not meet Fannie Mae requirements require a Full Review - Projects comprised of 2-4 units; review/warranty not required • Site condos (aka detached condos). Fannie Mae requirements apply. Condo review/warranty not required • Modular/prefabricated • Properties with leased solar panels are eligible subject to Fannie Mae guidelines <ul style="list-style-type: none"> - If the solar panel system includes a Uniform Commercial Code (UCC) filing and/or creates an easement on title the property is ineligible
<p>Properties - Ineligible</p>	<ul style="list-style-type: none"> • Limited Review condominiums in the state of Florida (Full Review required) • Non-warrantable condominiums • New or newly converted condominium projects without a PERS approval or CPM acceptance • New or newly converted condominium projects in Florida with a PERS approval • Property < 750 square feet with the exception of New York city which cannot be < 450 square feet • Cooperative projects • Manufactured/mobile homes. Manufactured housing is defined as any dwelling built on a permanent chassis. Manufactured homes are ineligible even if the towing hitch, wheels and axles have been removed. • Condo Hotels (projects managed or operated as hotel/motel, hotel/motel conversions) • Condominium conversion • Mixed use • Model home leasebacks • Properties located in Hawaii Lava Zones 1 & 2 • Properties subject to oil/gas leases • Leaseholds • Log homes • Hobby farms • Properties subject to deed/re-sale restrictions • Unique properties • Unimproved land • Timeshare units • Properties > 20 acres • Residential property zoned commercial • Agricultural-type properties/zoning e.g. farms, orchards, ranches • Hobby farms • Commercial property • Properties located in areas where a valid security interest in the property cannot be obtained • Properties with a condition rating of C5/C6 • Properties with a construction/quality rating of Q6

Jumbo/Jumbo AUS Program Guidelines

<p>Properties - Investment</p>	<p>Eligible subject to the following:</p> <ul style="list-style-type: none"> • Purchase and rate/term refinance only • 1-4 units • Gift funds ineligible • Transaction must be arm's length • Appraiser must provide a comparable rent schedule • If using rental income, an executed lease agreement is required • Florida condo maximum 50% LTV/CLTV/HCLTV • First time homebuyers not allowed
<p>Properties – Second Home</p>	<p>Second home transactions are eligible subject to the following:</p> <ul style="list-style-type: none"> • Must be suitable for year round use, • Must be occupied by the borrower for some portion of the year • Must be a reasonable distance from the borrower's primary residence, • Cannot be subject to any agreement that gives a management company control over the occupancy; the borrower must have exclusive control over the property, • Any rental income received from the property cannot be used as qualifying income • First time homebuyers not allowed
<p>Property with an Accessory Unit</p>	<p>Legal Accessory Unit Eligible on 1- unit single family properties only provided the following requirements are met:</p> <ul style="list-style-type: none"> • The appraisal must indicate the improvements are typical for the market, and • A minimum of one (1) comparable sale with the same use is required, and • The appraiser must describe the unit and analyze any effect the accessory unit has on the value or marketability of the subject property, and • The unit includes a fully functioning kitchen and bathroom, and • The borrower must qualify for the mortgage without considering any rental income for the legal accessory unit. <p>Illegal Accessory Unit If it is determined that the accessory unit does not comply with zoning the property is ineligible</p>
<p>Property Flips</p>	<p>Properties purchased by the seller of the property within 90 days of the fully executed purchase contract are subject to the following additional requirements:</p> <ul style="list-style-type: none"> • Two (2) appraisals required, and • Property seller on the purchase contract must be the owner of record, • Increases in value should be fully documented by the appraiser and supported with recent paired sales. <p>NOTE: The above requirements do not apply if the property seller is a bank that received the property as a result of a foreclosure or deed-in-lieu.</p>

Jumbo/Jumbo AUS Program Guidelines

Refinance Transactions	<p>Rate/term Refinance Transactions</p> <ul style="list-style-type: none"> • Properties that were listed for sale in the 6 months prior to and as of the application date are ineligible for a rate/term refinance • A rate/term refinance is limited to the payoff of the present first lien, any seasoned non-first lien, and closing costs and prepays. <ul style="list-style-type: none"> - A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place 12 months. - If the first mortgage is a HELOC, evidence it was purchase money HELOC or evidence it is a seasoned HELOC that has been in place for 12 months and total draws in the most recent 12 months were not > \$2,000. Withdrawal activity must be documented with a transaction history for the HELOC. • Cash-back to the borrower on a rate/term refinance limited to the lesser of <ul style="list-style-type: none"> - 2% of the principal balance of the new loan amount, or - \$2,000 <p>Rate/Term LTV/CLTV Determination</p> <ul style="list-style-type: none"> • If ≥ 12 months seasoning, measured from Note date to Note date, the LTV/CLTV/HCLTV is based on the current appraised value. • If < 12 months seasoning, measured from Note date to Note date, the LTV/CLTV is based on the lesser of: <ul style="list-style-type: none"> - The original purchase price plus documented improvements (receipts required) made after the purchase of the property, or - The appraised value • Released subordinate liens must be paid off and closed to exclude from the CLTV calculation <p>Inherited Properties</p> <ul style="list-style-type: none"> • Properties inherited < 12 months prior to application are eligible for a rate/term refinance subject to the following: <ul style="list-style-type: none"> - Must have clear title or copy of probate evidencing the borrower was awarded the property, and - A copy of the will or probate document must be provided, along with the buy-out agreement signed by all beneficiaries, and - Borrower retains sole ownership of the property after the pay out of the other beneficiaries, and - Cash-back to the borrower cannot exceed the lesser of <ul style="list-style-type: none"> - 2% of the principal balance of the new loan amount, or - \$2,000
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Jumbo/Jumbo AUS Program Guidelines

Refinance Transactions (cont.)

Cash-Out Transactions

- Cash-out transactions require the borrower to have owned the property for a minimum of six (6) months prior to the application date unless the requirements under the [Delayed Financing](#) topic are met.
- **Properties that were listed for sale in the 12 months prior to the application date are ineligible for a cash-out refinance**
- Investment property **ineligible** for cash-out
- Cash-out transactions may include the unpaid principal balance of the existing first mortgage plus closing costs, points, the amount to pay-off any outstanding subordinate mortgage lien(s) of any age and additional cash that the borrower may use for any purpose.
- Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts
- Maximum cash-out is limited to the amount indicated on the [Cash-Out](#) matrix on page 1. The maximum cash-out limitations include the payoff of any unsecured debt, unseasoned liens and any cash in hand.
- Properties inherited < 12 months from the application date are **ineligible** for cash-out; 12 months ownership is required.
- The refinance of mortgage loans that involve the refinance of subordinate liens not used in whole to purchase the subject property. This includes home improvement loans, HELOC and second mortgage loans obtained for taking equity out of the property, even if a portion of the subordinate lien was used to purchase the property. However, if such subordinate lien has been outstanding for more than 2 years and there has not been a draw on the subordinate lien in the past 12 months then the new loan will not be considered a cash-out refinance.

Cash-Out LTV/CLTV Determination

- If ≥ 12 months seasoning, measured from Note date to Note date, the LTV/CLTV/HCLTV is based on the current appraised value.
- If < 12 months seasoning (but ≥ 6 months), measured from Note date to Note date, the LTV/CLTV is based on the **lesser of**:
 - The original purchase price plus documented improvements (receipts required) made after the purchase of the property, **or**
 - The appraised value

Reminder: Cash-out ineligible if loan seasoned < 6 months.

Payoff of Pledged Asset

- Cash-out refinance transaction where the borrower is paying off a loan from a pledged asset or retirement account loan, are subject to the following:
 - Cash-out limitation is waived if previous transaction was a purchase,
 - The purchase must have been arm's length,
 - Six (6) month seasoning requirement for cash-out is waived,
 - Funds used to purchase the property must be documented and sourced,
 - CD must reflect payoff or pay down of pledged asset loan or retirement account loan. If cash-out proceeds exceed payoff of loans, the excess cash is subject to applicable cash-out limits,
 - Investment properties are ineligible.

All Refinance Transactions

Subordinate Lien

- Released subordinate liens must be paid off and closed to exclude from the CLTV/HCLTV calculation on both rate/term and cash-out refinance transactions.

Continuity of Obligation

- A continuity of obligation is required on refinance transactions. Continuity of obligation is met when at least one borrower on the existing mortgage is also a borrower on the new refinance transaction and is measured from the date of the event (such as transfer of title) to the disbursement date of the new refinance transaction.

NOTE: Continuity of obligation does **not** apply to properties owned free and clear (i.e. no mortgage lien) due to the borrower purchasing the property with all cash or the prior mortgage that the borrower was obligated on has been paid in full.

(continued on next page)

Jumbo/Jumbo AUS Program Guidelines

Refinance Transactions (cont.)

- Exemptions to the above continuity of obligation requirements are:
 - The borrower was added to the title 24 months or more prior to the disbursement date of the new refinance transaction, or
 - The borrower has been on title for at least 12 months but is not obligated on the existing mortgage and one of the following applies:
 - Has been residing in the property for at least 12 months,
 - Has paid the mortgage for the last 12 months, or
 - Can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor
 - The borrower has been added to title through a transfer from a trust or a limited liability company (LLC) as long as the borrower was a beneficiary/creator of the trust or a 25% or more owner of the LLC/partnership prior to the transfer and the transferring entity and/or borrower has had consecutive ownership (on title) for at least the most recent 6 months prior to the transfer.

NOTE: Transfer of ownership from a corporation to an individual does **not** meet the continuity of obligation requirement
 - The borrower recently inherited, or was legally awarded, the property (divorce, separation, or dissolution of a domestic partnership). There is **no waiting period** in these instances.

If the continuity of obligation requirement does not exist, **or** one of the exemptions outlined above do not apply, the loan is **ineligible**.

Delayed Financing

Delayed financing is the refinance of a property the borrower purchased for all cash within 180 days of the application date for the refinance transaction. The following applies:

- Transaction is considered a cash-out refinance
- The LTV/CLTV is calculated based on **the lesser of**:
 - The purchase price, or
 - The appraised value;
- Allowed on both primary residence, second home, and investment properties
- Investment properties eligible as long as the borrower is not a builder or in the construction industry **and** the prior transaction was arm's length
- The preliminary title reflects the borrower as the owner and no liens
- Closing Disclosure from the original purchase is required to document that the total funds used to close the original purchase transactions were the borrower's own funds (no borrowed, gift, or shared funds – see exception below)
- The following types of borrowed funds are acceptable:
 - Funds drawn from a HELOC on another property owned by the borrower, **or**
 - Funds borrowed against a margin account, **or**
 - Funds from a 401(k) loan

The borrowed funds must be fully documented **and** must be reflected on the CD as a payoff on the new refinance transaction
- If funds from a pledged asset or retirement account were used to purchase the property delayed financing is **not** eligible.

Financing Real Estate Taxes – the following applies when real estate taxes are financed:

- **Limited Cash-out Refinance:** A loan is **ineligible** as a limited cash-out refinance and must be considered a cash-out transaction when:
 - The borrower finances the payment of real estate taxes for the subject property in the loan amount but does not establish an escrow account, or
 - The borrower finances the payment of real estate taxes that are more than 60 days delinquent for the subject property in the loan amount.

NOTE: If considered cash-out, only eligible on primary residence
- **Cash-out Refinance:**
 A loan with financed real estate taxes that are more than 60 days delinquent is eligible as long as an escrow account is established. If an escrow account is **not** established the loan is **ineligible**.

Jumbo/Jumbo AUS Program Guidelines

Reserves	Borrowers should disclose all liquid assets (not just those required to satisfy reserve requirements) and those assets should be verified. Cash-out cannot be used to satisfy reserve requirements.		
	Reserve Requirements for the Subject Property - Standard Jumbo:		
			Required Reserves*
	Occupancy	Loan Amount	Purchase and Rate/Term Refi
	Primary Residence Purchase Only LTV/CLTV > 80% - 89.99%	≤ \$1,500,000	12 months PITIA (Rate/term N/A)
	Primary Residence LTV/CLTV ≤ 80%	≤ \$1,000,000	1-unit: 6 months PITIA 2-4 units: 12 months PITIA
		\$1,000,001 - \$2,500,000	12 months PITIA
	First Time Homebuyer Primary Residence	≤ \$1,500,000 (all states)	12 months PITIA (Rate/term N/A)
			Required Reserves*
	Occupancy	Loan Amount	Purchase and Rate/Term Refi
	Second Home	≤ \$1,500,000	12 months PITIA
		\$1,500,001 - \$2,000,000	12 months PITIA
			Required Reserves*
	Occupancy	Loan Amount	Purchase and Rate/Term Refi
	Investment	≤ \$2,000,000	12 months PITIA
<ul style="list-style-type: none"> • Business funds cannot be used for reserve requirements • Minimum required reserves from non-retirement accounts: <ul style="list-style-type: none"> - Primary Residence: 3 months PITIA - Second Home and Investment: 6 months PITIA • *Additional Financed Properties: The following additional reserve requirements apply if borrower owns <u>additional financed properties</u>: <ul style="list-style-type: none"> - If the borrower has additional financed properties (other than the subject property) six (6) months PITIA is required for each additional financed property in addition to the applicable reserve requirement stated above for the subject property. Six (6) months PITIA calculated based on the PITIA of the additional property - Refer to the Financed Properties topic for allowable number of financed properties 			
Reserve Requirements for the Subject Property - Jumbo AUS			
<ul style="list-style-type: none"> • Refer to the Jumbo AUS topic for subject property requirements • Additional financed properties: The guidance under the Additional Financed Properties topic above applies 			
Seller Contributions	Refer to the Interested Party Contributions topic for seller contribution limits		

Jumbo/Jumbo AUS Program Guidelines

<p>Subordinate Financing</p>	<p>Eligible as follows:</p> <ul style="list-style-type: none"> • Institutional financing only up to the maximum LTV/CLTV/HCLTV allowed. Seller subordinate financing is not allowed • Subordinate liens must be recorded and clearly subordinate to the first mortgage lien. • Full disclosure must be made on the existence of subordinate financing and the repayment terms • When the subordinate financing is a HELOC the CLTV/HCLTV must be determined using the full amount of the HELOC, regardless of whether or not funds have been drawn • The following types of subordinate financing are eligible: <ul style="list-style-type: none"> - Mortgage with regular payments that cover at least the interest due so that negative amortization does not occur, - Mortgage terms that require interest at a market rate
<p>Temporary Buydowns</p>	<p>Not allowed</p>
<p>Transactions – Eligible</p>	<ul style="list-style-type: none"> • Purchase • Limited cash-out refinance (rate/term). New York CEMA transactions are eligible subject to meeting Fannie Mae guidelines • Cash-out refinance (owner-occupied only). Texas 50(a)(6) aka Texas Equity transactions ineligible <p>Amended/Renegotiated Purchase Agreements Amended/renewed purchase agreements are acceptable subject to the following:</p> <ul style="list-style-type: none"> • If the purchase agreement was renegotiated after the completion of the appraisal, the LTV is based on the lower of the original purchase price or the appraised value unless: <ul style="list-style-type: none"> - The renegotiation was only for seller paid closing costs and/or prepaids where the seller paid closing costs/prepaids are common and customary for the area and are supported by the comparable sales, or - The purchase contract was amended for a new construction property due to improvements made that improve the value of the property. An updated appraisal will be required to validate the value of the improvements • If the sales price was increased after the original appraisal was completed the amended purchase agreement is not eligible if: <ul style="list-style-type: none"> - The appraised value is higher than the originally contracted sales price that was provided to the appraiser, and - The new purchase agreement and/or addendum to the purchase agreement is date after the appraisal, and - The only change to the purchase agreement was the sales price
<p>Transactions – Ineligible</p>	<ul style="list-style-type: none"> • Interest-only • Loans with a prepayment penalty • Higher priced mortgage loan • High cost mortgage loan • Texas Section 50(a)(6) aka Texas Equity • Negative amortization • Convertible ARMs • Temporary Buydowns • Balloon payments • Graduated payments • Non-traditional credit • Transactions involving a property subject to deed/re-sale restrictions • Transactions where the property securing the loan is subject to a private transfer fee covenant created on or after Feb. 8, 2011 and the fee collected does not directly benefit the property. • Properties with a condition rating of C5/C6 or a construction/quality rating of Q6 • Rate/term refinance of a property listed for sale in the six (6) months prior to loan application • Cash-out refinance of a property listed for sale in the 12 months prior to loan application • Transactions with a non-occupant co-borrower • Transaction with CA HERO program subordinate financing