

<p>Number of Financed Properties</p>	<ul style="list-style-type: none"> • Maximum of 4 financed properties. • Refer to the reserves chart below for borrowers with multiple financed properties. • The aggregate total of properties financed with N² including the loan amount on the subject property may not exceed \$3,000,000.
<p>Pre-payment Penalty</p>	<ul style="list-style-type: none"> • Not allowed.
<p>Occupancy</p>	<ul style="list-style-type: none"> • 1-4 unit Primary Residence <ul style="list-style-type: none"> - First time homebuyers limited to owner-occupied primary residences • 1 unit Second Home <ul style="list-style-type: none"> - Borrower may not own another second home or investment property in the same area as the subject. • 1 unit Investment
<p>Program Codes</p>	<ul style="list-style-type: none"> • Fixed: JPW30, JPW15 • ARM: JPW5/1, JPW7/1, JPW10/1
<p>Property Flipping Policy</p>	<ul style="list-style-type: none"> • See Conforming Fixed Rate.
<p>Property Types</p>	<p>Eligible Property Types:</p> <ul style="list-style-type: none"> • One Unit Single Family Residences (Attached and Detached) • PUDs (Attached and Detached) • Warrantable low and high rise condominiums. (Attached and Detached) Warranty must meet FNMA’s project review guidance. Loan level Project Eligibility Waivers are not allowed. Refer to Conventional Condominium guidelines. • 2-4 Unit Properties. • Properties with deed restrictions - Allowed if they meet Fannie Mae requirements • Townhomes • Leasehold Estates: <ul style="list-style-type: none"> - the borrower is the owner of a valid and subsisting interest as tenant under the lease and is not in default thereunder, - the lease is in full force and effect, and is unmodified, - all rents and other charges have been paid when due, - the lessor under the lease is not in default, - the execution, delivery, and performance of the Mortgage do not require the consent (other than the consents that have been obtained and are in full force and effect) under, and will not violate or cause a default under, the terms of the lease, - the lease is assignable or transferable, - the term of such lease does not terminate earlier than five years after the maturity date of the Mortgage Note, - the lease does not provide for termination of the lease in the event of the borrower’s default without written notice to the Mortgagee and a reasonable opportunity to cure the default, - the lease permits the mortgaging of the related Mortgaged Property and - the lease protects the Mortgagee’s interests in the event of a property condemnation. - the Mortgaged Property is located in a jurisdiction in which the use of leasehold estates for residential properties is an accepted practice.

	<p>Ineligible Property Types include, but are not limited to:</p> <ul style="list-style-type: none"> • Non-Warrantable Condos • Dome properties • Mixed use properties • Log Homes • Unique properties • Agricultural zoned • Properties with more than 20 acres (> 10 acres are allowed on a case by case basis) • Mobile homes • Manufactured homes • Co-ops • Unique properties • Houseboats • Geodesic domes • Hobby or working farms, ranches, orchards, and/or commercial operations • Property used for commercial purposes • Unimproved land • Residences lacking kitchen and full bathroom facilities • Hotel Condominiums (Condominium Hotel) Hotel or motel conversions, or conversions of other transient properties (i.e.; lodge, motor inn, etc.) • Properties in less than average condition • Properties sold at auction by the builder, developer, or construction lender are not eligible. • Previously approved condominium and Planned Unit Development (PUD) projects are often no longer acceptable if they have been sold at auction. • Foreclosed properties located in a state where a redemption period is allowed (allowed in some states for both Tax Sales and Judicial Foreclosures) until: The redemption period has expired AND the foreclosure sale had been confirmed AND clear and marketable • title can be obtained. • Factory built housing • Projects in current or pending litigation <p>Acreage</p> <ul style="list-style-type: none"> • 10 acres but < 20 acres are allowed on a case by case basis. • Maximum land value: <ul style="list-style-type: none"> - Rural properties – Not to exceed 35%. The land value would be based on total acreage. - Non-rural Properties – No maximum land value as long as the property conforms to the area. • Working farms, commercial operations, or any other income producing properties are not allowed. Income must be incidental and noncommercial in nature. Incidental income cannot be a large percentage of the borrower’s income or related to their main source of income. • The primary use of the property must be residential and zoning must allow for residential use. Some communities have enacted a zone comprised of
--	---

	<p>land located in an agricultural area but not suited to farming. An example of this type of zoning is A-3. Residential development is allowed in this zone, and while not limited to, is typically one home on one acre or less with sewer services or the minimum acres needed for on-lot sewage disposal. As the intended and allowable use of the land in this zone is residential and not agricultural, despite a prefix of agricultural in the zoning, properties are eligible as long as all other eligibility requirements are met.</p> <ul style="list-style-type: none"> • Properties on privately owned and maintained streets require a private road maintenance agreement, except for properties in California. If the property is located within a state, other than California, that has statutory provisions that define the responsibilities of property owners for the maintenance and repair of a private street, no separate agreement or covenant is required as long as the statutory provisions provided in the file. • The appraiser must consider all acres of the subject property and the comparable must be of similar size. • The property must be appraised and the final conclusion and estimate of value must be based on the actual acreage and lot size. • Multiple parcels
Ratios	<ul style="list-style-type: none"> • Max 43% DTI.
Recently Listed Properties	<ul style="list-style-type: none"> • Limited Cash-Out Transaction - The listing agreement must be canceled at least six months prior to the date the application is taken. A copy of the canceled/expired listing should be placed in the file and a search of the current multiple listing service should be completed to verify that the property is not currently listed by a different agency. • Cash-Out Transaction - The listing agreement must be canceled at least six months prior to the application date. A copy of the canceled/expired listing should be placed in the file and a search of the current multiple listing service should be completed to verify that the property is not currently listed by a different agency.
Reserves	<ul style="list-style-type: none"> • Refer to Reserves Chart.
Seasoned Loans	<ul style="list-style-type: none"> • See Conforming Fixed Rate.
Secondary Financing	<ul style="list-style-type: none"> • New and existing subordinate financing is allowed per Fannie Mae guidelines. • Payments on subordinate financing must be considered as part of the borrower's recurring monthly debt obligation. • If the subordinate financing on the subject property is a HELOC, the monthly payment must be calculated based on the current rate of the total line amount, even if the HELOC has a \$0 balance.
Seller Contributions	<ul style="list-style-type: none"> • 6% of the lesser of the sales price or appraised value
Temporary Buydowns	<ul style="list-style-type: none"> • Not Allowed.
State Restrictions	<ul style="list-style-type: none"> • See Conforming Fixed Rate.
Tax Transcripts	<ul style="list-style-type: none"> • All loans require IRS 1040 tax transcripts for the tax returns. • IRS Form 4506T is required to be signed and executed during the origination process, and transcript documentation for the most recent two years must be provided in the closed loan file. For self-employed borrowers, this applies to both personal returns and business returns (for businesses where borrower has 25% or more ownership). Transcripts and returns must match. • Form 4506T must also be signed at closing.

<p>Term</p>	<ul style="list-style-type: none"> • Fixed: 15 and 30 years • ARM: 30 years • Texas (a)(6) Fixed:30 years
<p>Transaction Types</p>	<p><u>Purchase</u></p> <ul style="list-style-type: none"> • Allowed. • New York CEMA purchase transactions are not allowed. • Rent-backs: Renting the property back to the seller after closing for a maximum of 30 days is allowed. <p><u>Limited Cash-Out/Rate & Term Refinance</u></p> <ul style="list-style-type: none"> • Payoff of a non-purchase money closed end and HELOC 2nd liens will be considered a rate/term refinance if they are seasoned > 12 months and the draw on the HELOC is not greater than \$2,000 within the last 12 months • Payoff of a home improvement junior lien that is seasoned less than year subject to the following restrictions: <ul style="list-style-type: none"> - A final inspection is required if the appraisal is made subject to completion of the improvements. - If completed, improvements must have been completed within the 12 months prior to the loan application, and the appraisal must note the improvements being made. - Closing costs, financing costs, and prepaids may be financed. • Delayed financing is allowed. May be underwritten and priced as a rate term refinance. <ul style="list-style-type: none"> - Maximum LTV is per the LTV Matrix. - Maximum loan amount is per the LTV Matrix. - Rate term cash back amount restriction does not apply. - All other Fannie Mae guidelines must be followed. • There is zero cash back allowed for rate term refinance transactions on primary/homestead residences in the state of Texas. • Cash back to the borrower in an amount no greater than \$2,000.00. • No seasoning of first mortgage. • Borrower owned the property for less than 12 months (measured from the HUD-1/ Closing Disclosure closing date to the application date of the new loan): The LTV is based on the lesser of the current appraised value or the sales price plus any documented improvement costs. • Refinancing a first lien that was previously a cash out refinance requires the loan to be seasoned for a minimum of 12 months in order to be considered a rate and term refinance. • New York CEMA refinance transactions are allowed. • Cash-Out Refinance • The mortgage amount may include the present first mortgage payoff, subordinate liens, closing costs, payoff of debt and additional cash to the borrower. • Borrower must have owned the property for a minimum of 6 months (date vested on title to note date). • Borrower owned the property for less than 12 months (measured from the HUD-1/Closing Disclosure closing date to the application date of the new loan): The LTV is based on the lesser of the current appraised value or the sales price plus any documented improvement costs. • Refer to the LTV Matrix for max cash out limits.

<p>Transaction Types</p>	<ul style="list-style-type: none"> • The maximum cash out limit is the aggregate amount between debt being paid off (including non-purchase money 2nds) and cash in hand. • New York CEMA refinance transactions are allowed. • Texas Agency cash-out refinance transactions are allowed. • Texas (a)(6) rate term and cash-out refinance transactions are allowed on primary residences with the following parameters: <ul style="list-style-type: none"> - 30 year fixed term only. - Maximum cash out amount permitted is \$250,000. - Delayed financing is allowed up to \$250,000. - Refer to the Jumbo Program Matrix for the applicable product code, reserve requirements, maximum LTV restrictions and minimum FICO restrictions. - Refer to the Texas (a)(6) Program Summary for additional guidelines
<p>Underwriting</p>	<ul style="list-style-type: none"> • Loans should be manually underwritten. AUS submission is not required. • These guides are to be used in conjunction with the Conventional Conforming Guidelines. Refer to the Conventional Conforming Program Summary for any subject not addressed in this Program Summary. • Cash out may not be used to pay down debt to qualify for the loan • Borrowers cannot pay down revolving debt within 90 days of the credit report in order to qualify for the loan nor pay down installment debt to 10 payments or less to exclude payment from DTI calculations. Revolving and installment debt can be excluded from calculations if the accounts are closed and proof is provided. • Conversion to investment property, 2nd home or listed for sale, requires a minimum 30% equity in the departing residence evidenced by an HVE, at a minimum, if rental income is being utilized to qualify. • Departing properties with less than 30% documented equity: Six months reserves PITIA for the converted property are required in addition to standard reserves. Borrower must qualify with both payments. Rental income may not be used. <p><u>Payment Shock Requirements:</u></p> <ul style="list-style-type: none"> • Payment shock not to exceed 250% for: <ul style="list-style-type: none"> - first time homebuyers - Borrowers with less than 5 years job history and or consistent earned income. (If the borrower sold their home within the last 180 days, use the prior mortgage payment for purposes of payment shock calculation. A copy of the HUD1 for the sale of the home is required.) • Calculation: $\text{Difference in payment/Existing PITIA} \times 100 = \text{Payment Shock \%}$ • Example: <ul style="list-style-type: none"> - Proposed PITIA is \$5000. - Existing PITIA is \$3000. - Payment differential is \$2000. - $\\$2000 \text{ (Payment differential)} / \\$3000 \text{ (Existing PITIA)} = 0.6667$ - $0.6667 * 100 = 66.667\% \text{ payment shock.}$

Appraisal Valuation Waterfall Chart:

Screening Criteria	Initial Review Type	CDA Recommends Field Review	Variance	<= 65.00%	65.01 - 75.00%	75.01 - 80.00%
1-Unit	CDA	No	No Variance	Approve	Approve	Approve
			> 0% and < 8%	Approve	Approve	Review and Approve CDA
			>= 8% and < 10%	Approve	Review and Approve CDA	Subsequent Field Review Required
			>= 10% or indeterminate	Subsequent Field Review Required	Subsequent Field Review Required	Subsequent Field Review Required
		Yes	No Variance	Approve	Approve	Approve
			> 0% and < 8%	Approve	Review and Approve CDA	Review and Approve CDA
			>= 8% and < 10%	Review and Approve CDA	Review and Approve CDA	Subsequent Field Review Required
			>= 10% or indeterminate	Subsequent Field Review Required	Subsequent Field Review Required	Subsequent Field Review Required
2 Unit	Field Review	N/A	N/A	Default to Field Review	Default to Field Review	Default to Field Review