FREMONT BANK

Gold Jumbo (QM)

Program Guidelines

Effective 1/2/2024

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Gold Jumbo Eligibility Matrix

Fixed Rate Products (15 and 30 year terms)

Primary Residence | Purchase, Rate and Term Refinance

Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount[1]
Purchase and Rate & Term Refinance	1	740	85%[2]	$1,000,000
		700	80%	$1,500,000
		720	75%	$2,000,000
		720	70%	$2,500,000
		680	70%	$1,000,000
		760	60%	$3,000,000
	2	700	65%	$1,000,000
		720	60%	$1,500,000

Primary Residence | Cash-Out Refinance

Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	720	70%	$1,000,000	$500,000
		700	65%	$1,000,000	
		720	65%	$1,500,000	
		720	60%	$2,000,000	
		720	50%	$2,500,000	$750,000
	2	720	60%	$1,000,000	$500,000

Second Home | Purchase, Rate and Term Refinance

Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount[1]
Purchase or Rate and Term Refinance	1	720	80%	$1,000,000
			70%	$1,500,000
			65%	$2,000,000

Second Home | Cash-Out Refinance

Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	720	60%	$1,500,000	$500,000

			50%	$2,000,000	$750,000
Investment[3] | Purchase | Rate and Term Refinance | Cash-Out Refinance					
Transaction Type	**Units**	**FICO**	**Maximum LTV/CLTV/HLCTV**	**Maximum Loan Amount**	**Maximum Cash-Out**
Purchase	1-4	740	70%	$1,500,000	N/A
Rate & Term Refi	1-4	740	70%	$1,500,000	N/A
Cash-Out Refi	1-4	740	60%	$1,500,000	$500,000

[1] First-Time Homebuyers are subject to a maximum loan amount of $1,500,000. See Eligible Borrower section for specific requirements for First-Time Homebuyers.

[2] The following requirements apply for transactions with LTVs greater than 80%:
- MI not required
- Secondary financing not allowed
- Maximum DTI 36%
- Non-permanent resident aliens not allowed
- Gift funds not allowed
- Escrow/impound accounts required for LTVs greater than 80% unless prohibited by applicable laws
- 15-year term not available for LTV/CLTVs over 80%

[3] The following requirements apply for Investment Property Purchase, Rate and Term Refinance and Cash-Out Refinance Transactions:
- Co-ops not allowed
- Gift funds not allowed
- Transaction must be arm's length
- Appraiser to provide rent comparable schedule
- First-Time Homebuyers not allowed
- 30-year fixed rate only

Gold Jumbo Loan Notes:
- Minimum loan amount is $1 over the current conforming loan limit. Exceptions may be granted on a case-by-case basis by Fremont Bank (at its sole determination) for loans with terms or characteristics that are outside of Gold Jumbo eligibility requirements. Approval of the exception must be granted prior to closing the loan.
- No Exceptions allowed on the 15-year product
- 15-year term will cap at 80% LTV/CLTV
- No Exceptions allowed on loan amounts above $2,500,000.

Gold Jumbo Underwriting Guidelines	
Eligible Products	**Fixed Rate:** 15, & 30-year term

15 Year Overlays	• Max 80% LTV/CLTV/HCLTV
	• Minimum Fico Score of 720
	• Only eligible for Primary Residences. No multi-units allowed
	• No Investment or Second Home properties allowed.
	• Maximum allowable cash back is $500,000
	• Maximum LTV/CLTV/HCLTV for Cash Out on Primary Residence is 65%
	• Maximum cash back at closing for Rate and Term Refinances is limited to $5,000
	• First Time Homebuyers (FTHB)
	  ○ Minimum Credit Score of 740
	  ○ Maximum Loan Amount of $1,250,000
	• Maximum DTI of 40%
	• Maximum age of appraisal is 120 days
	  ○ Recertifications for appraisals dated 120-180 days are not allowed
	• No Co-Ops Allowed
	• LTVs ranging from 75%-80% with CDA variance 5%-10%
	  ○ Field review required
	• Max loan amount of $2,500,000.
	
	NOTE: No Exceptions approved on any 15 YR Terms

Ineligible Products	• 5/1, 7/1, 10/1 ARM Fully Amortizing, 30-year term Products • Higher-Priced Mortgage Loans (HPML) • Non-Standard to Standard Refinance Transactions (ATR Exempt) • Higher-Priced Covered Transactions (HPCT QM-Rebuttable Presumption) • Balloons • Graduated Payments • Interest Only Products • Temporary Buy Downs • Loans with Prepayment Penalties • Convertible ARM's • 15-year term Investment cash-out • 15-year term 2nd home cash-out
Underwriting	• Manual underwrite is required, Fannie Mae Selling Guide is required subject to overlays listed in these program guidelines. • AUS findings are not considered; no documentation waivers are considered. • All loans must meet the Price-Based QM Safe Harbor definition: Safe Harbor=APR <1.50% above the applicable APOR • QM designation must be provided in the loan file; ○ QM designation is QM Safe Harbor – APOR (or similar name i.e. Price Based) • In all cases, the loan file must document the eight (8) ATR rules. • In some cases, exceptions to program eligibility may be acceptable when strong compensating factors exist to offset the risk. Prior exception approval

Gold Jumbo Underwriting Guidelines	
	required. • Short Form ALTA Title Policy is permitted in accordance with Fannie Mae Selling Guide
Eligible Borrowers	• First-Time Homebuyer is defined as a borrower who has not owned a home in the last three (3) years. For loans with more than one (1) borrower, where at least one (1) borrower has owned a home in the last three (3) years, first-time homebuyer requirements do not apply. ○ Maximum loan amount is $1,000,000. ○ Reserve requirements met for FTHB as specified in the Asset section ○ The maximum loan amount of $1,500,000 is allowed if the following requirements are met **and only apply for loan amounts over $1,000,000:** ▪ 720 Minimum FICO score ▪ No gift funds allowed ▪ Primary residence only ▪ Reserve requirements met for FTHB as specified in the Asset section ▪ Maximum 80% LTV/CLTV/HCLTV • US Citizens • Permanent Resident Aliens with evidence of lawful residency ○ Must be employed in the US for the past twenty-four (24) months. • Non-Permanent Resident Aliens with evidence of lawful residency are eligible with the following restrictions: ○ Primary residence only ○ Maximum LTV/CLTV/HCLTV 75% ○ No other financed properties in the US ○ Unexpired H1B, H2B, E1, L1 and G Series Visas only. G Series Visas must have no diplomatic immunity. ○ Credit tradeline requirements must be met, no exceptions. ○ Borrower must have a current twenty-four (24) month employment history in the US. • A permanent Resident Alien is a non-US citizen who is legally eligible to maintain permanent residency in the US and holds a Permanent Resident card. Document legal residency with one (1) of the following: ○ A valid and current Permanent Resident Alien card (form I-551) also known as a green card. ○ A passport stamped "processed for I-551, Temporary evidence of lawful admission for permanent residence. Valid until _____." Employment authorized. This evidences the holder has been approved for, but not issued, a Permanent Resident Alien card. • Inter Vivos Revocable Trust is a trust that an individual creates during their lifetime, becomes effective during their lifetime, and can be changed or canceled at any time for any reason, during their lifetime. Inter vivos revocable trusts is an eligible borrower for 1-2 unit owner-occupied primary residences, 1-unit second homes and 1-4 unit investment properties. The subject property can be a single-family residence, condominium, PUD, or Co-op if documentation and eligibility requirements are met. Title insurance

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	must provide full title insurance coverage without exception for the trust or trustees for the inter vivos trust in the state. Each trustee and each individual establishing the inter vivos revocable trust whose income and assets are used to qualify for the mortgage must separately execute the Note and any necessary addendum. To determine whether the trust meets all the criteria required by state and investor standards, one (1) of the following will be required: ○ An Attorney's opinion stating the trust meets all Secondary Marketing requirements as set forth by Freddie Mac (FHLMC) or Fannie Mae (FNMA), as applicable, and any applicable State Requirements ○ Certification from a title company evidencing compliance with all Secondary marketing requirements as set forth by FHLMC/FNMA and any applicable State requirements ○ Certification from an individual trustee evidencing compliance with all Secondary Marketing requirements as set forth by FHLMC/FNMA, and any applicable state requirements. Additional, the following requirements must be met: ▪ Submit copies of the first page, signature page, and the page(s) of the trust agreement that verifies the trustee and the trust is revocable. ▪ Certifications completed by an individual trustee must be notarized. ○ Trust certifications must confirm the following: ▪ The existence and date of the trust ▪ The settlors and the current trustees. ▪ The power of the trustees. ▪ Whether the trust is revocable; and, if revocable, who holds the right to revoke. ▪ The names and numbers, whether that is a Social Security number, or an IRS issued Tax Identification Number. ▪ How title of the trust assets should be taken, ▪ The statement that the trust has not been revoked, modified or amended in any manner. ○ The trust agreement must state the following: ▪ The trustee is authorized to borrow money for the purpose of purchase or refinance. ▪ The beneficiary does not need to grant written consent for the trust to borrow money. If consistent is required, consent has been granted in the writing for the purposes of the mortgage. ▪ There is no unusual risk or impairment to the lenders' rights. ▪ Holding title in the trust does not diminish the lenders' rights as creditor. • All borrowers must have a valid Social Security Number.

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<tr><td>Ineligible Borrowers</td><td>Foreign Nationals
Borrowers with diplomatic status
Life Estates
Non-Revocable Trusts
Guardianships
LLCs, Corporations or Partnerships
Land Trusts
Non-Occupant Co-Borrowers
Borrowers with any ownership in a business that is federally illegal, regardless if the income is not being considered for qualifying</td></tr>
<tr><td>Eligible Occupancy Types</td><td>Primary residences for 1-2 units
Second home residences for one (1) unit properties
Must be a reasonable distance away from borrower’s primary residence.
Must be occupied by the borrower for some portion of the year.
Must be suitable for year-round use.
Must not be subject to a rental agreement and borrower must have exclusive control over the property.
Any rental income received on the property cannot be used as qualifying income.
Investment properties for 1-4 units</td></tr>
<tr><td>Documentation</td><td>All loans must be manually underwritten and fully documented. No documentation waivers based on AUS recommendations permitted.
Income calculation worksheet or 1008 with income calculation. The Fannie Mae Form 1084, Freddie Mac Form 91 or equivalent is required for self-employment income analysis. Full income and asset verification is required.
All credit documents, including title commitment must be no older than ninety (90) days from the Note date.
QM designation must be provided in the loan file. For the Gold Jumbo program;
QM designation is QM Safe Harbor OR
QM designation is Exempt for investment property transactions when the transaction is exclusively for business purposes. (Refer to §1026.3(a) and the Official Interpretation to §1026.3(a))
Investment property transactions require an attestation from the borrower stating the property is used 100% of the time for business purposes and/or 100% of any cash out proceeds must be used for business purpose in order for the designation to be Exempt.
If the borrower does not use the property and/or cash out proceeds 100% of the time for business purposes, the loan is subject to QM and the designation would be QM Safe Harbor.
Note: Loans with application dates on or before 3/1/2021, regardless of lock date, must meet the maximum DTI of 43% and adhere to all Appendix Q documentation requirements.
Loan file must document the eight (8) Ability to Repay (ATR) rules identified in</td></tr>
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	Part 1026-Truth-in-Lending (Regulation Z). • If subject transaction is paying off a HELOC that is not included in the CLTV/HCLTV calculation, the loan file must contain evidence the HELOC has been closed. • If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral.
Debt-to-Income Ratio (DTI)	• Primary Residence: 45% for LTVs ≤80%, 36% for LTVs >80% ○ DTI > 45% ≤ 49.99% requires residual income calculation • Second Home: 40% • Investment Property: 38% • 15-year term: 40%
LTV/CLTV/HCLTV Calculation for Refinances	• If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value. The twelve (12) month time frame is defined as prior Note date to subject Note date. • If subject property is owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the original purchase price plus documented improvements made after the purchase of the property, or the appraised value. Documented improvements must be supported with receipts. The twelve (12) month time frame is defined as prior Note date to subject Note date.

Refinance Transactions	**Rate and Term Refinance:**
	• The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items.
	    ○ If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed $2000 in the most recent twelve (12) months.
	    ○ A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months.
	    ○ A seasoned equity line is defined as not having draws totaling over $2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history.
	    ○ Max cash back at closing is limited to 1% of the new loan amount.
	• Properties inherited less than twelve (12) months prior to application date can be considered for a Rate and Term refinance transaction if the following requirements are met:
	    ○ Must have clear title or copy of probate evidencing borrower was awarded the property.
	    ○ A copy of the will or probate document must be provided, along with the buy-out agreement signed by all beneficiaries.
	    ○ Borrower retains sole ownership of the property after the pay out of the other beneficiaries.
	    ○ Cash back to borrower not to exceed 1% of loan amount.

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Delayed Purchase Refinancing is allowed with the following requirements:

- Property was purchased by borrower for cash within six (6) months of the loan application.
- HUD-1/CD from purchase reflecting no financing obtained for the purchase of the property.
- Preliminary title reflects the borrower as the owner and no liens.
- Funds used to purchase the property are fully documented and sourced and must be the borrower's own funds (no gift funds or business funds).

- Funds drawn from a HELOC on another property owned by the borrower, funds borrowed against a margin account or funds from a 401(k) loan are acceptable if the following requirements are met:
  - The borrowed funds are fully documented
  - The borrowed funds are reflected on the Closing Disclosure (CD) as a payoff on the new refinance transaction
- LTV/CLTV/HCLTV for Rate and Term refinances must be met.
- If funds used to purchase the property were secured by a pledged asset or retirement account, it is not considered the borrower's own funds and the transaction would not be eligible for Delayed Financing. See cash-out section below for additional guidance.
- Investment properties are allowed if borrower is not a builder or in the construction industry and prior transaction was arm's length.

Cash-Out Refinance Requirements:

- Borrower must have owned the property for at least six (6) months. If the property is owned free and clear and six (6) month seasoning is not met, refer to Delayed Purchase Refinancing section above.
- Maximum cash-out limitations include the payoff of any unsecured debt, unseasoned liens and any cash in hand.
- Inherited properties may not be refinanced as a cash-out refinance prior to twelve (12) months ownership. See Rate and Term Refinances for requirements.
- Cash-out refinances where the borrower is paying off a loan from a pledged asset/retirement account loan, secured loan, unsecured family loan or replenishing business funds used to purchase the property, the following guidelines apply:
  - Cash-out limitation is waived if previous transaction was a purchase.
  - Seasoning requirement for cash-out is waived (borrower does not have to have owned for six (6) months prior to subject transaction).
  - Funds used to purchase the subject property must be documented and sourced.
  - HUD-1/CD for subject transaction must reflect payoff or pay down of pledged asset/retirement account loan, secured loan, unsecured family loan or business asset account. If cash-out proceeds exceed payoff of loans, excess cash must meet cash-out limitations.

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The purchase must have been arm’s length.
Investment properties are ineligible.
Continuity of Obligation:
When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:

The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements:
Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or
Is related to the borrower on the mortgage being refinanced.
The borrower on the new refinance transaction was added to title twenty-four (24) months or more prior to the disbursement date of the new refinance transaction.
The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership.
The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply:
Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer.
The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan.

NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.
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<tr><td>Secondary Financing</td><td>

Institutional Financing only. Seller subordinate financing not allowed.
Subordinate liens must be recorded and clearly subordinate to the first mortgage lien.
If there is or will be an outstanding balance at the time of closing, the monthly payment for the subordinate financing must be included in the calculation of the borrower’s debt-to-income ratio.
Full disclosure must be made of the existence of subordinate financing and the subordinate financing repayment terms. The following are acceptable subordinate financing types:
Mortgage terms with interest at market rate.
Mortgage with regular payments that cover at least the interest due, resulting in no negative amortization.
Employer subordinate financing is allowed with the following requirements:
Employer must have an Employee Financing Assistance Program in place.
Employer may require full repayment of the debt if the borrower’s employment ceases before the maturity date.
Financing may be structured in any of the following ways:

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	▪ Fully amortizing level monthly payments ▪ Deferred payments for some period before changing to fully amortizing payments ▪ Deferred payments over the entire term. ▪ Forgiveness of debt over time ▪ Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien. • LTV/CLTV/HCLTV guidelines must be met for loans with subordinate financing. **Secondary financing not allowed on LTVs >80% on Gold Jumbo.**
Construction-To-Permanent Financing	• The borrower must hold title to the lot, which may have been previously acquired or purchased as part of the transaction. • LTV/CLTV/HCLTV is determined based on the length of time the borrower has owned the lot. The time frame is defined as the date the lot was purchased to the Note date of the subject transaction. ○ For lots owned twelve (12) months or more, the appraised value can be used to calculate the LTV/CLTV/HCLTV. ○ For lots owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the current appraised value of the property or the total acquisition costs (documented construction costs plus documented purchase price of lot).
Credit	**Tradeline Requirements:** • Minimum three (3) tradelines are required. The following requirements apply: ○ One (1) tradeline must be open for twenty-four (24) months and active within the most recent six (6) months. ○ Two (2) remaining tradelines must be rated for twelve (12) months and may be opened or closed. **OR** • Minimum two (2) tradelines are acceptable if the borrower has a satisfactory mortgage rating for at least twelve (12) months (opened or closed) within the last twenty-four (24) months and one (1) additional open tradeline. • Each borrower contributing income for qualifying must meet the minimum tradeline requirements; however, borrowers not contributing income for qualifying purposes are not subject to minimum tradeline requirements. • Authorized user accounts are not allowed as an acceptable tradeline. • Non-traditional credit is not allowed as an acceptable tradeline. **Disputed Tradelines:** • 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. However, if a disputed account has a zero balance and no late payments, it can be disregarded.

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	Mortgage History Requirements:
	• If the borrower(s) has a mortgage in the most recent twenty-four (24) months, a mortgage rating must be obtained reflecting 0X30 in the last twenty-four (24) months. The mortgage rating may be on the credit report or a VOM. Applies to all borrowers on the loan.
	• If the mortgage holder is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory mortgage history is required.
	
	Rental History Requirements:
	• If the borrower(s) has a rental history in the most recent twelve (12) months, a VOR must be obtained reflecting 0X30 in the last twelve (12) months. Applies to all borrowers on the loan.
	• If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise if not related or a party to the transaction a satisfactory VOR can be provided.
	
	Derogatory Credit:
	• Bankruptcy, Chapter 7, 11, 13 – Seven (7) years since discharge / dismissal date
	• Foreclosure – Seven (7) years since completion date
	• Notice of Default – Seven (7) years
	• Short Sale/Deed-in-Lieu – Seven (7) years since completion / sale date
	• Mortgage accounts that were settled for less, negotiated or short payoffs – Seven (7) years since settlement date
	• Credit events seasoned more than 10 years do not need to be considered
	• Loan Modification –
	  o Lender initiated modification will not be considered a derogatory credit event if the modification did not include debt forgiveness and was not due to hardship as evidenced by supporting documentation. No seasoning requirement would apply.
	  o If the modification was due to hardship or included debt forgiveness – Seven (7) years since modification
	• A forbearance that results in a loan modification (moving payments to the end of the mortgage) is a credit even and will be considered "due to hardship."
	• Exceptions for credit events will be considered on a case-by-case basis between four (4) and seven (7) years with extenuating circumstances subject to the following:
	  o Extenuating circumstances are defined as non-recurring events that were beyond the borrower's control resulting in a sudden, significant and prolonged reduction in income or catastrophic increase in financial obligations.
	    ▪ Examples would include death or major illness of a spouse or child

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but would not include divorce or job loss.

- Documentation must be provided to support the claim of extenuating circumstances and confirm the nature of the event that led to the credit event and illustrate the borrower had no reasonable option other than to default on their obligations.
- 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 an exception basis.

- Multiple derogatory credit events not allowed. However, credit events seasoned more than 10 years do not need to be considered.
  - A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event.
  - A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event.
- Medical collections – allowed to remain outstanding if the balance is less than $10,000 in aggregate.

Past Mortgage Forbearances:

- Allowable six months after the end of the forbearance period, and only if the borrower made all the monthly payments during the forbearance and did not utilize the forbearance terms to skip any payments. Payoff statements and mortgage statements must not reflect any deferred principal balances or any indication of current forbearance.

Outstanding Judgments/Tax Liens/Charge-offs/Past-Due Accounts:

- Tax liens, judgments, charge-offs and past-due accounts must be satisfied or brought current prior to or at closing. Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past-due accounts.
- Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full.

Credit Inquiries:

- If the credit report indicates recent inquiries within the most recent 90 days of the credit report, the seller must confirm the borrower did not obtain additional credit that is not reflected in the credit report or mortgage application. In these instances, the borrower must explain the reason for the credit inquiry.
- If additional credit was obtained, a verification of that debt must be provided, and the borrower must be qualified with the monthly payment.
- Confirmation of no new debt may be in the form of a new credit report, pre-close credit report or gap credit report.

Credit Reports-Frozen Bureaus:

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Credit reports with bureaus identified as "frozen" are required to be unfrozen and a current credit report with all bureaus unfrozen is required.
Credit score refreshes are permissible, however the loan file must include documentation supporting the change in score along with meeting the sufficient assets required by the program guidelines.

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<tr><td>Liabilities</td><td>
Liability Requirements:

The monthly payment on revolving accounts with a balance must be included in the borrower's DTI, regardless of the number of months remaining. If the credit report does not reflect a payment and the actual payment cannot be determined, a minimum payment may be calculated using the greater of $10 or 5%.
If the credit report reflects an open-end or net thirty (30) day account, the balance owing must be subtracted from liquid assets.
Loans secured by financial assets (life insurance policies, 401(k), IRAs, CDs, etc.) do not require a payment to be included in the DTI if documentation is provided to show the borrower's financial asset as collateral for the loan.
For all student loans, whether deferred, in forbearance, or in repayment, a monthly payment must be included in the borrower's monthly debt obligation.

If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used in qualifying.
If the credit report does not provide a monthly payment or if it shows $0 as the monthly payment, the monthly payment may be one of the options below:

Loan payment indicated on student loan documentation verifying monthly payment is based on an income-driven plan.
For 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 fully amortizing payment using the documented loan repayment terms.

HELOCs with a current outstanding balance with no payment reflected on the credit report may have the payment documented with a current billing statement. HELOCs with a current $0 balance do not need a payment included in the DTI unless using for down payment or closing costs.
Lease payments, regardless of the number of payments remaining must be included in the DTI.
Alimony payments may be deducted from income rather than included as a liability in the DTI for divorces prior to 1/1/19. For borrowers with a divorce on or after 1/1/19, the alimony payment must be treated as a liability.
If the most recent tax return or tax extension indicate a borrower owes money to the IRS or State Tax Authority, evidence of sufficient assets to pay the debt must be documented if the amount due is within ninety (90) days of loan application date or if tax transcripts show an outstanding balance due.

Payment plan for the most recent tax year is allowed if the following requirements are met:

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	▪ Payment plan was set up at the time the taxes were due. Copy of the payment plan must be included in the loan file.
	▪ Payment is included in the DTI.
	▪ Satisfactory pay history based on terms of payment plan is provided.
	▪ Payment plan is only allowed for taxes due for the most recent tax year, prior years not allowed. For example, borrower files their 2019 return or extension in April 2020. A payment plan would be allowed for taxes due for 2019 tax year. Payment plans for 2018 or prior years would not be allowed.
	▪ Borrower does not have a prior history of tax liens.
	
	Contingent Liabilities:
	• **Co-Signed Loans:** The monthly payment on a co-signed loan may be excluded from the DTI if evidence of timely payments made by the primary obligor (other than the borrower) is provided for the most recent twelve (12) months and there are no late payments reporting on the account.
	• **Debts Paid by Others:** Follow Fannie Mae/Selling Guide
	• **Court Order:** If the obligation to make payments on a debt has been assigned to another person by court order, the payment may be excluded from the DTI if the following documents are provided.
	  ○ Copy of court order.
	  ○ For mortgage debt, a copy of the document transferring ownership of property.
	  ○ 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.
	• **Assumption with No Release of Liability:** The debt on a previous mortgage may be excluded from DTI with evidence the borrower no longer owns the property. The following requirements apply:
	  ○ Payment history showing the mortgage on the assumed property has been current during the previous twelve (12) months or
	  ○ The value on the property, as established by an appraisal or sales price on the HUD-1/CD results in an LTV of 75% or less.
	
	Departure Residence Pending Sale:
	To exclude the payment for a borrower's primary residence that is pending sale but will close after the subject transaction, the following requirements must be met:
	• A copy of an executed sales contract for the property pending sale and confirmation all contingencies have been cleared/satisfied. The pending sale transaction must be arm's length.
	• The closing date for the departure residence must be within thirty (30) days of the subject transaction Note date.
	• Six (6) months liquid reserves must be verified for the PITIA of the departure residence.

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Departure Residence Subject to Guaranteed Buy-out with Corporation Relocation:
To exclude the payment for a borrower's primary residence that is part of a Corporate Relocation the following requirements must be met:

- 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 party.
- Guaranteed buy-out by the third party must occur within four (4) months of the fully executed guaranteed buy-out agreement.
- Evidence of receipt of equity advance if funds will be used for down payment or closing costs.
- Verification of an additional six (6) months PITIA of the departure residence.

Assets

Asset Requirements:
Beyond the minimum reserve requirements and to fully document the borrowers' ability to meet their obligations, borrowers should disclose all liquid assets.

Eligible assets must be held in US account.
Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs. Lender is responsible for verifying large deposits did not result in any new undisclosed debt.

Asset verification by a Fannie Mae approved asset validation provider is allowed in lieu of 2 months statements provided by the borrower. The asset verification must provide 60 days of account activity and include all items normally indicated on bank statements.

Asset Type	% Eligible for Calculation of Funds	Additional Requirements
Checking/Savings/Money Market/CDs	100%	Two (2) months most recent statements.
Publicly Traded Stocks/Bonds/ Mutual Funds	100%	Two (2) months most recent statements. Non-vested stock is ineligible. Margin account and/or pledged asset balances must be deducted.
Retirement Accounts (401(k), IRAs etc.)	100% 100%	• Most recent statement(s) covering a two (2) month period. • Evidence of liquidation if using for down payment or closing costs. • Evidence of access to funds is required regardless of employment status. Retirement accounts that do not allow for any type of withdrawal are

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			ineligible for reserves.
	Cash Value of Life Insurance/Annuities	100% of value unless subject to penalties.	Most recent statement(s) covering a two (2) month period.
	1031 Exchange	Allowed on second home and investment purchases only. Reverse 1031 exchanges not allowed.	• HUD-1/CD for both properties. • Exchange agreement. • Sales contract for exchange property. • Verification of funds from the Exchange Intermediary.
	Business Funds	Allowed for down payment/closing costs and reserves with additional requirements met.	• Cash flow analysis required using most recent three (3) months business bank statements to determine no negative impact to business. • Business bank statements must not reflect any NSFs (non-sufficient funds) or overdrafts. • If borrower(s) ownership in the business is less than 100%, the following requirements must be met: ○ Borrower(s) must have majority ownership of 51% or greater. ○ The other owners of the business must provide an access letter to the business funds. ○ Borrower(s) % of ownership must be applied to the balance of business funds for use by borrow(s). • • **Business funds for reserves or a combination of personal/business funds for reserves will require the total amount of reserves to be 2X or double the regular requirement for the subject property and any additional financed REO.** • **If business funds are used for reserves, the max LTV is**

<table>
<tr><th colspan="4">Gold Jumbo Underwriting Guidelines</th></tr>
<tr><td rowspan="9"></td><td></td><td></td><td>reduced to 65%.</td></tr>
<tr><td>Gift Funds</td><td>Gift funds may be used once borrower has contributed 5% of their own funds.
Gift funds not allowed for reserves.
Gift funds not allowed on LTVs >80%.
Gift funds not allowed on investment properties.
Gift Funds not allowed to pay off debts to qualify</td><td>Donor must be family member, future spouse or domestic partner.
Executed gift letter with gift amount and source, donor’s name, address, phone number and relationship.
Seller must verify sufficient funds to cover the gift are either in the donor’s account or have been transferred to the borrower’s account.
Acceptable documentation includes the following:
Copy of donor’s check and borrower’s deposit slip.
Copy of donor’s withdrawal slip and borrower’s deposit slip.
Copy of donor’s check to the closing agent.
A settlement statement/CD showing receipt of the donor’s gift check.</td></tr>
<tr><td colspan="3">Reserve Requirements (# of Months of PITIA)</td></tr>
<tr><td>Occupancy</td><td>Loan Amount</td><td># of Months</td></tr>
<tr><td rowspan="5">Primary Residence</td><td>≤$1,000,000 with LTV ≤80%</td><td>6</td></tr>
<tr><td>≤$1,000,000 with LTV >80%</td><td>12</td></tr>
<tr><td>$1,000,001-$1,500,000</td><td>9</td></tr>
<tr><td>$1,500,001-$2,000,000</td><td>12</td></tr>
<tr><td>$2,000,001-$3,000,000~~2,500,000~~</td><td>24</td></tr>
</table>

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	Second Home	≤$1,000,000	12
		$1,000,001-$1,500,000	18
		$1,500,001-$2,000,000	24
	Investment Property	≤$1,000,000	18
		$1,000,001 - $1,500,000	24
	First-Time Homebuyer	≤$1,000,000 with LTV ≤80%	12
		≤$1,000,000 with LTV >80%	18
		$1,000,001-$1,500,000	15
	Additional 1-4 Unit Financed REO	Additional six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO. If eligible to be excluded from the count of multiple financed properties, reserves are not required. Max of four (4) financed properties may be owned.	
	Self-Employed Borrowers	• Additional three (3) months reserves required	
	****Borrowed funds (secured or unsecured) are not allowed for reserves.**		
Financing Concessions	• Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender or their affiliates and/or any other party with an interest in the real estate transaction. The following restrictions for interested party contributions apply: ○ May only be used for closing costs and prepaid expenses and may not be used for down payment or reserves. ○ Maximum interested party contributions must meet Fannie Mae requirements.		
Seller Concessions	• All seller concessions must be addressed in the sales contract, appraisal and HUD-1/CD. A seller concession is defined as any interested party contribution beyond the stated limits (as shown in the prior section, financing concessions) or any amounts not being used for closing costs or prepaid expenses. • If a seller concession is present, both the appraised value and the sales price must be reduced by the concession amount for the purposes of calculation LTV/CLTV/HCLTV.		
Personal Property	• Any personal property transferred with a property sale must be deemed to have zero transfer value as indicated by the sales contract and appraisal. • If any value is associated with the personal property, the sales price and the appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV.		
	Stable monthly income must meet the following requirements to be considered for qualifying:		

<table>
<tr><th colspan="2">Gold Jumbo Underwriting Guidelines</th></tr>
<tr><td>Income / Employment</td><td>

Stable – two (2) year history of receiving the income
Verifiable
High probability of continuing for at least three (3) years

When the borrower has less than a two (2) year history of receiving income, the lender must provide a written analysis to justify the determination that the income used to qualify the borrower is stable.
Declining Income: When the borrower has declining income, the most recent twelve (12) months should be used. In certain cases, an average of income for a longer period may be used when the decline is related to a one-time capital expenditure and proper documentation is provided. In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay. The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying.
Gaps in Employment: A minimum of two (2) years employment and income history is required to be documented.
Gaps more than thirty (30) days during the past two (2) years require a satisfactory letter of explanation
General Documentation Requirements:

Tax transcripts for personal tax returns for two (2) years are required when tax returns are used to document borrower's income or any loss and must match the documentation in the loan file.
No Record Found – In the case where taxes have been filled and the tax transcripts are not available from the IRS, the IRS response to the request must reflect "No Record Found." In these cases, an additional prior year's tax transcripts should be obtained and provided. Large increases in income that cannot be validated through a tax transcript may only be considered for qualifying on a case-by-case basis.
4506-C must be signed and completed for al borrowers. IRS will require the latest form completed in full.
Taxpayer consent form signed by All Borrowers
Income calculation worksheet or 1008 with income calculation. The Fannie Mae 1084, or Freddie Mac Form 91 or equivalent is required for self-employment analysis. The most recent Form 1084 or Form 91 should be used based on application date. Instructions per Form 1084 or Form 91 must be followed.
Copy of liquidity analysis must be included in the loan file if the income analysis includes income from boxes 1, 2 or 3 on the K-1 that is greater than distributions indicated on the K-1.
If a liquidity analysis is required and the borrower is using business funds for down payment or closing costs, the liquidity analysis must consider the reduction of those assets.
Paystubs must meet the following requirements:
Clearly identify the employee/borrower and the employer.

</td></tr>
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Gold Jumbo Underwriting Guidelines	
	○ Reflect the current pay period and year-to-date earnings. ○ Computer generated. ○ Paystubs issued electronically via email or internet, must show the URL address, date and time printed and identifying information. ○ Year-to-date pay with most recent pay period at the time of application and no earlier than 120 days prior to the Note date. • W-2 forms must be complete and be a copy provided by the employer. • Verification of Employment Requirements: Requirements below apply when income is positive and included in qualifying income: ○ Verbal Verification of Employment (VVOE) must be performed no more than 10 (10) business days prior to the Note date. The Verbal VOE should include the following information for the borrower: ▪ Date of contact ▪ Name and title of person contacting the employer ▪ Name of employer ▪ Start date of employment ▪ Employment status and job title ▪ Name, phone #, and title of contact person at employer ▪ Independent source used to obtain employer phone number ○ Verification of the existence of borrower's self-employment must be verified through a third-party source and no more than thirty (30) calendar days prior to the Note date. ▪ Third party verification can be from a CPA, regulatory agency or applicable licensing bureau. A borrower's website is not acceptable third-party source. ▪ Listing and address of the borrower's business ▪ Name and title of person completing the verification and date of verification. ○ Written Verification of Employment may be required for a borrower's income sourced from commissions, overtime and or other income when the income detail is not clearly documented on W-2 forms or paystubs. Written VOEs cannot be used as a sole source for verification of employment, paystubs and W-2s are still required. *Written VOEs cannot be used as a sole source of verification of employment, paystubs and W-2s are still required.* **Tax Returns must meet the following requirements when used for qualifying:** • Personal income tax returns (if applicable) must be complete with all schedules (W-2 forms, K-1s etc.) and must be signed and dated on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. • Business income tax returns (if applicable) must be complete with all schedules and must be signed. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. • For Tax Payer Identity Theft - If the 4506-C transcripts do not match the

Gold Jumbo Underwriting Guidelines	
	borrower's income and the borrower is victim of taxpayer identification theft, the following conditions must be met in order to validate the borrower's income: ○ Proof of identification theft as evidenced by one of the following: ▪ Proof ID theft was reported to and received by the IRS (IRS form 14039) ▪ Copy of notification from the IRS alerting the tax payer to possible identification theft. ○ In addition to one of the documents above, all applicable documents below must be provided. ▪ Tax Transcripts showing fraudulent information ▪ Record of Account form the IRS; the AGI should match the borrower's 1040s, however the details will not. • Validation of prior tax year's income (income for current year must be in the prior years. • Tax transcripts must be provided to support tax returns. **Unacceptable Sources of Income:** • Any unverified source • Deferred compensation • Temporary or one-time occurrence income • Rental income from primary residence – One (1) unit property or one (1) unit property with accessory unit • Rental income from a second home • Retained earnings • Education benefits • Trailing spouse income • Any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations. Federal law restricts the following activities and therefore the income from these sources are not allowed for qualifying: ○ Foreign shell banks ○ Medical marijuana dispensaries ○ Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law. ○ Businesses engaged in any type of internet gambling.
	Specific Income Documentation Requirements
	Non-Self Employment Documentation Requirements:
	Salaried Income
	• YTD paystub • W-2s or W-2 transcripts – two (2) years • VVOE

Gold Jumbo Underwriting Guidelines

Hourly and Part-Time Income

- YTD paystub
- W-2s or W-2 Transcripts – two (2) years
- VVOE
- Stable to increasing income should be averaged over a two (2) year period.

Commission Income

- YTD paystub
- Two (2) years W-2s or W-2 Transcripts
- VVOE
- Stable to increasing income should be averaged for the two (2) years.

Overtime and Bonus Income

- YTD paystub
- W-2s or W-2 transcripts –two (2) years
- VVOE
- Stable to increasing income should be averaged for the two (2) years.

Alimony/Child Support/Separate Maintenance

- Considered with a divorce decree, court ordered separation agreement, or other legal agreement provided income continues for at least three (3) years.
- If the income is the borrower's primary income source and there is a defined expiration date (even if beyond three (3) years) the income may not be acceptable for qualifying purposes.
- Evidence of receipt of full, regular and timely payments for the most recent six (6) months.

Asset Depletion

- Eligible assets must be held in US account
- Calculate the depletion of assets using a 3% rate of return over the life of the loan; the same as calculating a P & I payment for a mortgage.
    - For borrowers >59 ½, all post-closing retirement and liquid assets may be used in the calculation if the assets are fully vested and unrestricted.
    - For borrowers < 59 ½, all post-closing liquid (non-retirement) assets can be included in the calculation. Minimum liquid post-closing assets of $500,000 required to include asset depletion for qualifying income
    - Business funds are not allowed for income calculation

Gold Jumbo Underwriting Guidelines	
	Borrowers Employed by Family
	• YTD paystub • Two (2) years W-2s and • Two (2) years personal tax returns with two (2) years tax transcripts. • VVOE • Borrower's potential ownership in the business must be addressed.
	Capital Gains
	• Must be gains from similar assets for two (2) continuous years to be considered qualifying income. • If the trend results in a gain, it may be added as income. • If the trend results in a loss, the loss must be deducted from total income. • Personal tax returns – two (2) years with a consistent history of gains from similar assets. • Two (2) years tax transcripts to support tax returns. • Document assets similar to the assets reported as capital gains to support the continuation of the capital gain income.
	Disability Income – Long Term (Private policy or employer-sponsored policy)
	• Copy of the policy or benefits statement must be provided to determine current eligibility for disability payments, amount of payments, frequency of payments, and if there is an established termination date. • Termination date may not be within 3 years of Note date; please note reaching a specific age may trigger a termination date depending on the policy.
	Dividends and Interest Income
	• Personal tax returns – two (2) years with two (2) years tax transcripts. • Documented assets to support the continuation of the interest and dividend income.
	Foreign Income
	• YTD paystub • W-2 forms or the equivalent and personal tax returns reflecting the foreign earned income. Income must be reported on two (2) years US tax returns with two (2) years tax transcripts. • VVOE • All income must be converted to US Currency.
	K-1 Income/Loss on Schedule E
	• If the income is 0 or positive, stable and not used for qualifying, the K-1 is not required. • If less than 25% ownership with income used in qualifying: ○ Verification of Employment Requirements apply (see

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	Income/Employment General Documentation Requirements).
	  ○ Year-to-date income must be verified if the most recent K-1 is more than 90 days aged prior to Note date.
	• If 25% or greater ownership with income used in qualifying:
	  ○ Verification of Employment Requirements apply (see Income/Employment General Documentation Requirements).
	  ○ Partnership/S-Corp and Self-Employment requirements apply.
	
	• If the income is negative, the K-1s for the applicable years are required and loss from the most recent tax year should be applied. If ownership is 25% or greater, see self-employment requirements below.
	• Two (2) years tax transcripts.

	Non-Taxable Income (Child support, military rations / quarters, disability, foster care, etc.)
	• Documentation must be provided to support continuation for three (3) years. • Income may be grossed up by applicable tax amount. Tax returns must be provided to confirm income is non-taxable. • If the borrower is not required to file a federal tax return, gross-up to 25%.
	Note Income
	• Copy of the Note must document the amount, frequency and duration of the payment. • Evidence of receipt for the past twelve (12) months and evidence of the Note income must be reflected on personal tax returns. • Note income must have a three (3) year continuance.
	Projected Income

	• Allowed on a Purchase transaction, primary residence, one-unit property.
	• Borrower cannot be employed by family member and can be qualified using only fixed base income.
	• The employment offer or contract must identify employer and fully executed by employer and borrower.
	• The offer or contract must be non-contingent.
	  ○ If there are contingencies present, verification is required prior to closing that all conditions of employment are satisfied with verbal or written verification.
	• If the start date is no more than 30 days prior to the note date:
	  ○ Loan file must contain the employment offer or contract and a verbal verification that confirms active employment status.
	• If the start date is no more than 90 days after the note date:
	  ○ Loan file must include a contingent free employment offer or contract.

	Rental Income
	All properties (except departing primary residence) – Please follow Fannie Mae Rental Income guidelines:

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	• If the property is an investment property (subject or non-subject) and is a seasonal rental, vacation rental or short-term rental, the following requirements must be met: o Must have a history of at least one filed (1) year tax return reflecting the property on Schedule E • Personal tax returns – Two (2) years required o For properties listed on Schedule E, rental income should be calculated using net rental income + depreciation + interest + taxes + insurance + HOA divided by applicable months minus PITIA o If rental income is not available on the borrower's tax returns, net rental income should be calculated using gross rents X75% minus PITIA. o Two (2) years tax transcripts. • Net rental income may be added to the borrower's total monthly income. Net rental losses must be added to borrower's total monthly obligations. • If the subject property is the borrower's primary residence (one (1) unit property or one (1) unit property with an accessory unit) and generating rental income, the full PITIA should be included in the borrower's total monthly obligations. • If the subject property is the borrower's primary residence with two (2) units, rental income may be included for the unit not occupied by the borrower if the requirements for a lease agreement and/or tax returns above are met.
	Rental Income – Departing Primary Residence
	• If the borrower is converting their current primary residence to a rental property and using rental income to offset the payment the following requirements apply: o Follow Fannie Mae requirements. o Any positive rental income is disregarded for the income calculation and can only be used to offset the payment.
	Restricted Stock and Stock Options
	• May only be used as qualifying income if the income has been consistently received for two (2) years and is identified on the paystubs, W-2s as income and the vesting schedule indicates the income will continue for a minimum of two (2) years at a similar level as prior two (2) years. • A two (2) year average of prior income received from RSUs or stock options should be used to calculate the income, with the continuance based on the vesting schedule using a stock price based on the lower of the current stock price or the 52-week average for the most recent twelve (12) months reporting at the time of application. The income used for qualifying must be supported by future vesting based on the stock price used for qualifying and vesting schedule. • Additional awards must be similar to the qualifying income and awarded on a consistent basis. • There must be no indication the borrower will not continue to receive future awards consistent with historical awards received.

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	• Borrower must be currently employed by the employer issuing the RSUs/stock options for the RSUs/stock options to be considered in qualifying income. • Stock must be a publicly traded stock. • Vested restricted stock units and stock options cannot be used for reserves if using for income to qualify. **Note: RSU income is capped at 50% of qualifying income.**
	Retirement Income (Pension, Annuity, 401(k), IRA Distributions)

	• Existing distribution of assets from an IRA, 401(k) or similar retirement asset must be sufficient to continue for a minimum of three (3) years.
	  ○ Distribution must have been set up at least six (6) months prior to Note date if there is no prior history of receipt; two (2) year history of receipt evidenced.
	  ○ Distributions cannot be set up or changed solely for loan qualification purposes.
	• Document regular and continued receipt of income as verified by any of the following:
	  ○ Letters from the organizations providing the income.
	  ○ Copies of retirement award letters.
	  ○ Copies of federal income tax returns (signed and dated). In lieu of a signature, personal tax transcripts for the corresponding year may be provided.
	  ○ Most recent IRS W-2 or 1099 forms.
	  ○ Proof of current receipt with two (2) months bank statements.
	If any retirement income will cease within the first three (3) years of the loan, the income may not be used.

	Social Security Income
	• Social Security income must be verified by a Social Security Administration benefit verification letter. If benefits expire within the first three (3) years of the loan, the income may not be used. • Benefits (children or surviving spouse) with a defined expiration date must have a remaining term of at least three (3) years.
	Trust Income

	• Income from trusts may be used if guaranteed and regular payments will continue for at least three (3) years.
	• Regular receipt of trust income for the past twelve (12) or twenty-four (24) months must be documented.
	• Must adhere to Fannie Mae policy as tied to fixed or variable trust income payments.
	• Copy of trust agreement or trustee statement showing:
	  ○ Total amount of borrower designated trust funds
	  ○ Terms of payment

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	○ Duration of trust ○ Evidence the trust is irrevocable • If trust fund assets are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income.
	Self-Employment
	Self-Employed borrowers are defined as having 25% or greater ownership or receive 1099 statement to document income. The requirements below apply for Self-Employed borrowers. • Income calculations should be based on the Fannie Mae Form 1084 or Freddie Mac Form 91 or equivalent income calculation form. • Year-to-date is defined as the period ending as of the most recent tax return through the most recent quarter ending one (1) month prior to the Note date. For tax returns on extension the entire unfiled year is also required. • Year-to-date- financials (profit and loss statement) is not required if the income reporting is positive, not declining and not counted in qualifying income. For example – 2020 returns in file and Note date is 7/14/2021 would require 2021 YTD documentation through Q1 or through March 31, 2021. Note date of 8/14/2021 would require YTD documentation covering Q1 and Q2 or through June 30, 2021.
	Sole Proprietorship
	• Two (2) years personal tax returns, signed on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. • Two (2) years tax transcripts to support. • YTD profit and loss statement. • YTD balance sheet. Tax returns for prior year are not a substitute for balance sheet. • Stable to increasing income should be averaged for two (2) years. **NOTE**: YTD P&L and YTD Balance Sheet may be waived if the borrower is a 1099 paid borrower who does not actually own a business if all the following requirements are met: • Year-to-date income in the form of a written VOE or pay history is provided by the employer paying the 1099. YTD income must support prior year's income.
	Partnership/S-Corporation
	• Two (2) years personal tax returns, signed on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. • Two (2) years tax transcripts to support.

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	• Two (2) years K-1s reflecting ownership percentage if counting any income from this source in qualifying (K-1 income, W-2 income, capital gains or interest/dividends) or if Schedule E reflects a loss. • Two (2) years business tax returns (1065s or 1120s) signed if 25% or greater ownership. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. • Due date for business returns for Partnerships and S-Corporations is typically March 15 with an extension for six (6) months or typically September 15. After the extension date, the loan is not eligible without the filed tax return. • Business returns and YTD financials are not required if the income reporting is 0 or positive, not declining and not counted as qualifying income. • YTD profit and loss statement if 25% or greater ownership. • Stable to increasing income should be averaged for two (2) years.
	Corporation
	• Two (2) years personal tax returns, signed on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. • Two (2) years tax transcripts to support. • Two (2) years business returns (1120) signed if 25% or greater ownership. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date. • Business returns must reflect % of ownership for borrower. • YTD profit and loss statement if 25% or greater ownership. • Stable to increasing income should be averaged for two (2) years.
Multiple Financed Properties	• The borrower(s) may own a total of four (4) financed, 1-4 unit residential properties including the subject property and regardless of the occupancy type of the subject property. • All financed 1-4 unit residential properties require an additional six (6) months reserves for each property, unless the exclusions below apply. • 1-4 unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage. • Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation.
Properties Listed For Sale	• Properties currently listed for sale (at the time of application) are not eligible for refinance transactions. • Properties listed for sale within six (6) months of the application date are not acceptable for refinance transactions. • Cash-out refinances are not eligible if the property was listed for sale within twelve (12) months of the application date.
Eligible Properties	• 1-2 Unit Owner Occupied Properties • 1 Unit Second Homes • 1-4 Unit Investment Properties • Condominiums – Attached – Warrantable- Follow Fannie Mae Condo

	Gold Jumbo Underwriting Guidelines
	Warrantability requirements. ◦ Limited review allowed for attached units in established condominium projects: ▪ Eligible transactions as per Fannie Mae guidelines. ◦ CPM or PERS allowed ◦ Condominium documents to support condominium eligibility review must be no older than 120 days from Note date. • Cooperatives ◦ Must meet Fannie Mae project standards ◦ Underlying Blanket Mortgage – Any underlying/blanket mortgage for the project may be a balloon mortgage with a remaining term of less than three (3) years, but not less than six (6) months. If the balloon incorporates an adjustable rate feature, the current interest rate may not be subject to an interest rate adjustment prior to the maturity date. ◦ Investment properties not allowed • Modular homes • Planned Unit Developments (PUDs) • Properties with ≤20 Acres ◦ Properties >10 acres ≤20 acres must meet the following: ▪ No commercial use allowed ▪ No income producing attributes • 30-year fixed rate only for transactions over ten (10) acres. Acreage must meet 50(a)(6) & 50(f)(2) requirements for urban and rural properties. • Properties Subject to Existing Oil/Gas Leases must meet the following: ◦ Title endorsement providing coverage to the lender against damage to existing improvements resulting from the exercise of the right to use the surface of the land which is subject to an oil and/or gas lease. ◦ No active drilling. Appraiser to comment or current survey to show no active drilling. ◦ No lease recorded after the home construction date. Re-recording of a lease after the home was constructed is permitted. ◦ Must be connected to public water. **Declining Markets:** • Loans within a declining market as noted on the appraisal, third party valuation, or internal review of the appraisal will still be eligible with the addition of a 5% reduction to the Maximum LTV/CLTV/HCLTV based on the Programs Eligibility Grid. **NOTE**: Properties that fall outside these parameters can be considered on an exception basis. **Miscellaneous:** Properties with leased solar panels must meet Fannie Mae requirements. **Acceptable Forms of Ownership:**

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	• Fee Simple with title vesting as:
	  ○ Individual
	  ○ Joint Tenants
	  ○ Tenants in Common
	• Leaseholds must meet Fannie Mae requirements.
	• Deed/Resale Restrictions must meet Fannie Mae requirements.

Ineligible Properties	• 2-4 unit second home properties • 3-4 unit owner occupied properties • Condotels / Condo Hotels • Manufactured Homes/Mobile Homes • Mixed-Use Properties • Model Home Leasebacks • Non-Warrantable Condominiums • Properties with condition rating of C5/C6 • Properties with construction rating of Q6 • Properties located in Hawaii in lava zones 1 & 2 • Properties located in areas where a valid security interest in the property cannot be obtained • Properties >20 acres • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches or orchards
Non-Arm's Length Transactions	A non-arm's length transaction exists whenever the borrower has a personal or business relationship with parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party. The following non-arm's length transactions are eligible: • Family sales or transfers • Property seller acting as their own real estate agent • Relative of the property seller acting as the seller's real estate agent • Borrower acting as their own real estate agent • Relative of the borrower acting as the borrower's real estate agent • Borrower is the employee of the originating lender and the lender has an established employee loan program. Evidence of employee program to be included in loan file. • Originator is related to the borrower • Originator is a current subsidiary of the builder • Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord). Gifts from relatives that are interested parties to the transaction are not allowed, unless it is a gift of equity. Real estate agents may apply their commission towards closing costs and/or prepaids if the amounts are within the interested party

<table>
<tr><th colspan="2">Gold Jumbo Underwriting Guidelines</th></tr>
<tr><td></td><td>contribution limitations.

Investment property transactions must be arm's length.
Other non-arm's length transactions may be acceptable on an exception basis.</td></tr>
<tr><td>Disaster Policy</td><td>The FEMA Declared Disaster Area Policy applies to all areas eligible for individual and or Public Assistance due to a federal government disaster declaration.
Effective Date of Disaster Policy
The disaster-area policy becomes effective as of the incident period end date for the disaster/event. FEMA publishes the incident period along with the declaration date once the area is presidentially declared. For example, refer to the following dates to understand when property re-inspection requirements apply:
Disaster Incident period:
Begin Date: January 15
End Date: January 17
Disaster Declaration Date: February 2
Effective Date for disaster Procedures: January 17
Based on the dates noted in the above example, all appraisals preformed on or before January 17 would require the Appropriate re-inspection or review. Appraisals performed after January 17 would continue to require written certification by the appraiser that indicated whether the property was free from damage and whether the disaster had any effect on value or marketability. If there was damage, the extent of the damage needs to be addressed.

The disaster policy will be in effect for transactions during an ongoing disaster and transactions with the Note date that is within ninety (90) days of the end date of the disaster incident period. The disaster policy is also in effect for loans with a post-closing disaster and prior to date of purchase.

Appraisal and Re-Inspection Requirements
To ensure the property value has not been impacted by the disaster, a post-disaster property inspection is required. The inspection may be performed by the original appraiser, another licensed appraiser, or licensed property inspection company.
Appraisal performed on or before disaster incident end date
The property inspection must identify the following:
Property is free from damage and the disaster had no effect on value or marketability
If the re-inspection indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/442, Appraisal Update and/or Completion Report, or other post-disaster inspection report, with photos of interior, exterior, and neighborhood.
Standard Appraisal Performed After incident period End date for Disaster
Appraisal must include written certification by the appraiser that:</td></tr>
</table>

Gold Jumbo Underwriting Guidelines	
	○ Property is free from Damage and the disaster had not effect on value or marketability. ○ If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/443, Appraisal update and/or Completion Report, with photos of interior and exterior. Please not that FEMA makes updates to their states lists. Seller should closely monitor FEMA's online reference at http://www.fema.gov/news/disasters.fema.
Escrow Holdbacks	Not allowed unless the holdback has been disbursed and a certification of completion has been issued.

Appraisal Requirements	• Transferred appraisals are not allowed.
	• Appraisals must be completed for the subject transaction. Use of a prior appraisal, regardless of the date of the prior appraisal, is not allowed.
	• Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from the Note
	  ○ The appraiser must inspect the exterior of the property and provide a photo.
	  ○ Appraiser must review current market data to determine whether the property as declined in value since the date of original appraisal. If the value has declined since original appraisal, a new full appraisal is required.
	  ○ The appraisal Update (1004D) must be dated within 120 days of the Note date.
	  ○ Appraisal Recertifications are not allowed on 15 year term.
	• Investment properties must contain a rent comparable schedule.
	• Collateral Desktop Analysis (CDA) ordered from Clear Capital, or a Consolidated Collateral Analysis (CCA) ordered from Consolidated Analytics is required to support the value of the appraisal.
	  ○ If the CDA returns a value that is "Indeterminate" or if the CDA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met:
	    ▪ A Clear Capital BPO or Consolidated Analytics BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation or Consolidated Analytics Value Reconciliation of three Reports is required. The Value Reconciliation will be used for the appraised value of the property..
	    ▪ The Value Reconciliation will be used for the appraised value of the property. The Seller is responsible for ordering the BPO and Value Reconciliation through Clear Capital or Consolidated Analytics.
	    ▪ A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. The Seller is responsible for providing the field review or 2nd full appraisal.
	  ○ If two (2) full appraisals are provided, a CDA is not required.
	• Collateral Underwriter (CU) score can be used instead of a Collateral Desktop Analysis (CDA) if;

Gold Jumbo Underwriting Guidelines	
	- Term is fixed 30-year - LTV/CLTV/HCLTV ≤ 80% - Loan amount is ≤ $1,500,000 - Property is 1-unit - UCDP SSR must be included in the loan file with FNMA CU score of 2.5 or less - If a CDA has been pulled and the value is not supported with 10% tolerance, further value support is required by either a Value Reconciliation from Clear Capital, Field Review or a 2nd full appraisal is required.

- For 15-year transactions, a mandatory Field Review is required when CDA/CCA value variance is between 5% - 10% and transaction LTV is between 75% and 80%.
- For properties purchased by the seller of the property within ninety (90) days of the fully executed purchase contract the following requirements apply:
  - Second full appraisal is required.
  - Property seller on the purchase contract is the owner of record.
  - Increases in value should be documented with commentary from the appraiser and recent paired sales.

  The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu.

Appraisal requirements based on loan amount:

First Lien Amount	Appraisal Requirements
Purchase Transactions	
≤$2,000,000	1 Full Appraisal
>$2,000,000	2 Full Appraisals

First Lien Amount	Appraisal Requirements
Refinance Transactions	
≤$1,500,000	1 Full Appraisal
>$1,500,000	2 Full Appraisals

- When two (2) appraisals are required, the following applies:
  - Appraisals must be completed by two (2) independent companies.
  - The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion.
  - Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled.
  - If the two (2) appraisals are done "subject to" and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon.