

Primary Residence – Purchase and rate/term refinance

The LTV/CLTV matrix below is allowed with the following products:

- Fixed rate (15- to 30-year)
- ARMs (5-year, 7-year, and 10-year ARMs)

For Loans with LTVs greater than 80%, refer to **Section 825.50: Loans with LTVs Great then 80%**.

Loan Amount ¹ / combined loan amount ²	Market Class	Single family detached/attached, PUD, Co-op ³ , Detached condo	Attached Condo	2-unit	3- to 4-unit	Min. Loan Score
		Max. LTV/CLTV ⁴	Max. LTV/CLTV ⁴	Max. LTV/CLTV	Max. LTV/CLTV	
≤\$2,000,000	1	80%	80% with Loan Score ≥720 75% with Loan Score <720	75%	70%	700 – Fixed rate 720 – ARMs
	2	80%	80% with Loan Score ≥720 75% with Loan Score <720	75%	70%	
	2 Restricted	80% with Loan Score ≥740 75% with Loan Score <740	80% with Loan Score ≥740 75% with Loan Score <740	75% with Loan Score ≥740 70% with Loan Score <740	70% with Loan Score ≥740 65% with Loan Score <740	
	3	75%	75% with Loan Score ≥720 70% with Loan Score <720	70%	65%	
	4	70%	70% with Loan Score ≥720 65% with Loan Score <720	65%	60%	
>\$2,000,000 – \$2,500,000	1	75%	75% with Loan Score ≥720 70% with Loan Score <720	Not Permitted		
	2	75%	75% with Loan Score ≥720 70% with Loan Score <720			
	2 Restricted	75% with Loan Score ≥740 70% with Loan Score <740	75% with Loan Score ≥740 70% with Loan Score <740			
	3	70%	70% with Loan Score ≥720 65% with Loan Score <720			
	4	65%	65% with Loan Score ≥720 60% with Loan Score <720			

1. First loan amounts must be greater than the standard maximum contiguous U.S. one-, two-, or three- to four-unit conforming loan limit (as applicable). Loans must be submitted in whole dollar amounts.

2. Combined loan amount is the total of all loans and lines against the subject property and applies when secondary financing exists

3. Refer to **Section 825.12(c): Specific Property Types – Cooperatives** for eligible geographic locations.

4. Maximum 70% LTV/CLTV for condos (attached or detached) in Miami-Dade County (FL).

Primary residence – Purchase and rate/term refinance (continued)

Loan Amount ¹ / combined loan amount ²	Market Class	Single family detached/attached, PUD, Co-op ³ , Detached condo	Attached Condo	2- to 4-unit	Min. Loan Score
		Max. LTV/CLTV	Max. LTV/CLTV	Max. LTV/CLTV	
>\$2,500,000 – \$3,000,000	1	70%	70% with Loan Score ≥720 65% with Loan Score <720	Not Permitted	700 – Fixed rate 720 – ARMs
	2	70%	70% with Loan Score ≥720 65% with Loan Score <720		
	2 Restricted	70% with Loan Score ≥740 65% with Loan Score <740	70% with Loan Score ≥740 65% with Loan Score <740		
	3	65%	65% with Loan Score ≥720 60% with Loan Score <720		
	4	60%	60% with Loan Score ≥720 55% with Loan Score <720		

1. First loan amounts must be greater than the standard maximum contiguous U.S. one-, two-, or three- to four-unit conforming loan limit (as applicable). Loans must be submitted in whole dollar amounts.
2. Combined loan amount is the total of all loans and lines against the subject property and applies when secondary financing exists
3. Refer to **Section 825.12(c): Specific Property Types – Cooperatives** for eligible geographic locations.

Primary Residence – Cash-out refinance

The LTV/CLTV matrix below is allowed with the following products:

- Fixed rate (15- to 30-year)
- ARMs (5-year, 7-year, and 10-year ARMs)

Loan Amount ¹ / combined loan amount ²	Market Class	Single family detached/attached, PUD, Co-op ³ Condo	2- to 4-unit	Min. Loan Score
		Max. LTV/CLTV	Max. LTV/CLTV	
≤ \$1,500,000	1	70%	Not Permitted	720
	2	70%		
	2 Restricted	70% with Loan Score ≥760 65% with Loan Score <760		
	3	65%		
	4	60%		
>\$1,500,000 – \$2,000,000	1	65%		
	2	65%		
	2 Restricted	65% with Loan Score ≥760 60% with Loan Score <760		
	3	60%		
	4	55%		

1. First loan amounts are limited to:
 - \$2 million maximum loan amount
 - Must be greater than the standard maximum contiguous U.S. one-unit conforming loan limit
 - Must be submitted in whole dollar amounts
2. Combined loan amount is the total of all loans and lines against the subject property and applies when secondary financing exists.
3. Refer to **Section 825.12(c): Specific Property Types – Cooperatives** for eligible geographic locations.

Second home – Purchase and rate/term refinance

The LTV/CLTV matrix below is allowed with the following products:

- Fixed rate (15- to 30-year)
- ARMs (5-year, 7-year, and 10-year ARMs)

Loan Amount ¹ / combined loan amount ²	Market Class	Single family detached/attached, PUD, Co-op ³ , Detached condo	Attached condo	Min. Loan Score
		Max. LTV/CLTV ⁴	Max. LTV/CLTV ⁴	
≤ \$1,500,000	1	80%	80% with Loan Score ≥720 75% with Loan Score <720	700 – Fixed rate 720 – ARMs
	2	80%	80% with Loan Score ≥720 75% with Loan Score <720	
	2 Restricted	80% with Loan Score ≥740 75% with Loan Score <740	80% with Loan Score ≥740 75% with Loan Score <740	
	3	75%	75% with Loan Score ≥720 70% with Loan Score <720	
	4	70%	70% with Loan Score ≥720 65% with Loan Score <720	
>\$1,500,000 – \$2,000,000	1	75%	75% with Loan Score ≥720 70% with Loan Score <720	
	2	75%	75% with Loan Score ≥720 70% with Loan Score <720	
	2 Restricted	75% with Loan Score ≥740 70% with Loan Score <740	75% with Loan Score ≥740 70% with Loan Score <740	
	3	70%	70% with Loan Score ≥720 65% with Loan Score <720	
	4	65%	65% with Loan Score ≥720 60% with Loan Score <720	

1. First loan amounts are limited to:
 - \$2 million maximum loan amount
 - Must be greater than the standard maximum contiguous U.S. one-unit conforming loan limit
 - Must be submitted in whole dollar amounts
2. Combined loan amount is the total of all loans and lines against the subject property and applies when secondary financing exists.
3. Refer to **Section 825.12(c): Specific Property Types – Cooperatives** for eligible geographic locations.
4. Maximum 70% LTV/CLTV for condos (attached or detached) in Miami-Dade County (FL).

Second home – Cash-out refinance

The LTV/CLTV matrix below is allowed with the following products:

- Fixed rate (15- to 30-year)
- ARMs (5-year, 7-year, and 10-year ARMs)

Loan Amount ¹ / combined loan amount ²	Market Class	Single family detached/attached, PUD, Co-op ³ Condo	Min. Loan Score
		Max. LTV/CLTV	
≤ \$650,000	1	70%	720
	2	70%	
	2 Restricted	70% with Loan Score ≥760 65% with Loan Score <760	
	3	65%	
	4	60%	
>\$650,000 – \$1,500,000	1	65%	
	2	65%	
	2 Restricted	65% with Loan Score ≥760 60% with Loan Score <760	
	3	60%	
	4	55%	
>\$1,500,000 - \$2,000,000	1	60%	
	2	60%	
	2 Restricted	60% with Loan Score ≥760 55% with Loan Score <760	
	3	55%	
	4	50%	

1. First loan amounts are limited to:
 - \$2 million maximum loan amount
 - Must be greater than the standard maximum contiguous U.S. one-unit conforming loan limit
 - Must be submitted in whole dollar amounts
2. Combined loan amount is the total of all loans and lines against the subject property and applies when secondary financing exists.
3. Refer to **Section 825.12(c): Specific Property Types – Cooperatives** for eligible geographic locations.

Investment property – Purchase and rate/term refinance

The LTV/CLTV matrix below is allowed with the following products:

- Fixed rate (15- to 30-year)
- ARMs (5-year, 7-year, and 10-year ARMs)

Loan Amount ¹ / combined loan amount ²	Market Class	1 to 4-unit property PUD Condo ³	Min. Loan Score
		Max. LTV/CLTV	
≤ \$2,000,000	1	60%	740
	2		
	2 Restricted		
	3	Not permitted	
	4		

1. First loan amounts must be greater than the standard maximum contiguous U.S. one-, two-, or three- to four-unit conforming loan limit (as applicable). Loans must be submitted in whole dollar amounts.
 2. Combined loan amount is the total of all loans and lines against the subject property and applies when secondary financing exists.
 3. Condos (attached or detached) in Miami-Dade County (FL) are ineligible for purchase.

Investment property – Cash-out refinance

The LTV/CLTV matrix below is allowed with the following products:

- Fixed rate (15- to 30-year)
- ARMs (5-year, 7-year, and 10-year ARMs)

Loan Amount ¹ / combined loan amount ²	Market Class	Single family detached/ attached PUD Condo ³	Min. Loan Score
		Max. LTV/CLTV	
≤ \$2,000,000	1	60%	740
	2		
	2 Restricted		
	3	Not permitted	
	4		

1. First loan amounts must be greater than the standard maximum contiguous U.S. one-unit conforming loan limit (as applicable). Loans must be submitted in whole dollar amounts.
2. Combined loan amount is the total of all loans and lines against the subject property and applies when secondary financing exists.
3. Condos (attached or detached) in Miami-Dade County (FL) are ineligible for purchase.

UNDERWRITING GUIDELINES

<p>Additional Information</p>	<p>For additional underwriting guidelines see Product Development for complete Seller Guide.</p>								
<p>825.00: General Information</p>	<p>A separate approval is required by Investor for Sellers who wish to sell Non-Conforming Loans The information contained in this section represents Investor’s Non-Conforming underwriting guidelines. Conventional Non-Conforming Loans sold to Investor must be underwritten to the standards and guidelines stated in this section to ensure salability to our investors. Where policy is not stated, Sellers must refer first to Section 820: Conforming Underwriting Guidelines and then to the more restrictive of standard Fannie Mae or Freddie Mac guidelines.</p> <p>QUALITY REVIEW In addition to the current post-close Loan review, Investor will perform quality reviews on 100% of files submitted for purchase. A review of the credit documents will be completed to verify the risk decision is supported and Loan is in compliance with Non-Conforming guidelines. This review will be completed prior to Funding the Loan with Investor.</p> <ul style="list-style-type: none"> • Income and assets will be recalculated. • All data will be reviewed for accuracy and compliance. <p>Monthly reporting will be provided to Seller indicating review results and Loan performance.</p>								
<p>825.01: General Documentation Information</p>	<p>AGE OF DOCUMENTS Information used to make the credit decision must be current. All income*, asset, and appraisal documentation must be obtained and dated on or prior to the date printed on the Note in nonescrow states or notary date on the Security Instrument for escrow states. *Refer to Section 825.06(b): Income Analysis or 825.06(d): Self-Employed Income Analysis for verbal verification of employment timing requirements.</p> <table border="1" data-bbox="457 812 2026 950"> <thead> <tr> <th>Item</th> <th>Existing Property and New Construction</th> </tr> </thead> <tbody> <tr> <td>Credit documents 1</td> <td>120 days old</td> </tr> <tr> <td>Appraisal 1</td> <td>120 days old 2</td> </tr> <tr> <td>Homeowners Certification Review 3</td> <td>180 days old</td> </tr> </tbody> </table> <p>1. Age of documents for Loans secured by properties located in designated disaster areas is limited to 120 days. 2. If the appraisal is older than 120 days but is less than one year old at Closing:</p> <ul style="list-style-type: none"> • Obtain an appraisal update from the appraiser indicating that the property value has not declined since the original appraisal date. If the effective date of the appraisal exceeds one year or the value has declined, a new appraisal is required. • If the property is located in Market Classification 3 or 4, or is a condominium (attached/detached) located in Miami-Dade county, Florida, a field review (Fannie Mae Form 2000/2000A or Freddie Mac Form 1032/1072) obtained from an authorized appraisal management company (AMC) is required in addition to the appraisal update. Refer to Section 800.10: Appraisal/Valuation Policy for authorized AMCs and ordering requirements. <p>3. Investor Homeowners Association Certification Review (Form 25).</p> <p>DOCUMENTATION REQUIREMENTS Appraisal and Loan information consistency All discrepancies between the appraisal and Loan information must be addressed and corrected. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> • Address • Owner of record • Property transfer date 	Item	Existing Property and New Construction	Credit documents 1	120 days old	Appraisal 1	120 days old 2	Homeowners Certification Review 3	180 days old
Item	Existing Property and New Construction								
Credit documents 1	120 days old								
Appraisal 1	120 days old 2								
Homeowners Certification Review 3	180 days old								

- Legal description

Format requirements

Documentation provided must be legible originals or certified true and exact copies. The documentation must not contain any alterations, erasures, or redactions.

The Seller must stamp and sign the copies, certifying that they are true copies of the originals. The individual's signature must include at least his/her first initial and full surname.

Handwritten documentation is not allowed, except for the verbal verification of employment with the borrowers' employer.

Documents obtained from a foreign country

Documents obtained from a foreign country must meet all standard documentation requirements. All documents of foreign origin must be completed in English, or a translation must be attached to the document that warrants that the translation is complete and accurate. All foreign currency amounts must be converted to United States dollars at the time of translation.

Blanket certification form

- The Certification of Original Documents (Form 35) may be used in lieu of stamping the certification on every document page. The blanket certification form must be completed in its entirety identifying each document and the total number of each type of document, as well as the full name of the person making the certification, their title, and the date signed.
- For Prior Approval Loans, if additional documentation is obtained after submitting for Prior Approval underwriting, either an additional blanket certification form is required or each page must reflect a certification with at least the first initial and full surname of the individual signing.

Reverification authorization

The Investor Borrower's Consent for Credit Check/Financial Privacy Notice (Form 34) must be completed to permit subsequent reverification as required by quality control or investors.

Fax copies

Faxed copies, in lieu of original documents or certified copies, are acceptable subject to the following:

- Photocopies or faxes received by the Seller directly from the borrowers are acceptable.
- Copies or faxes of documents from a builder, real estate agent, property seller, or other third party are not acceptable.
- The document must identify borrower as employee or owner of the applicable account.
- Photocopies or faxes must clearly identify the employer or depository/investment firm's name and source of information.
- Faxes must contain a top banner that clearly identifies the employer or depository from which the fax was sent.
- Verification forms transmitted directly from the Seller to an employer, depository institution, or Mortgagee/landlord must be transmitted directly back to the Seller.

Internet documentation

Internet documents/downloads of credit reports as well as income, employment, and asset verification are acceptable subject to the following:

- The document must identify the borrower as the employee or owner of the applicable account.
- The document must identify the credit reporting agency, employer, or depository/investment firm's name
- If header, footer, or the banner portion of the printout of the downloaded web page(s) is present, it must reflect the appropriate firm.

Loan decisioning logic

Investor requires **Sellers** to clearly document the risks and compensating factors of the **Non-Conforming Correspondent Credit Underwrite (CCU)** Loans. Provide the underwriter’s decisioning logic that summarizes their risk evaluation to support their credit decision including:

- Cash and capital position: source of down payment, level of liquid reserves, retirement accounts, equity position in other real estate, sources of large deposits
- Capacity to repay: income sources, job changes, likelihood of continuance, potential impact of increases in housing resulting from ARM resets, consistency of earnings, history of earnings, level of cash flow, history of savings, level of debt-to-income (DTI), level of reserves
- Credit: length of credit history, pay history, depth of credit usage, credit issues, housing payment history, type of credit
- Character of the borrower: financial history of the borrower, borrower’s willingness to repay, internet information pertaining to the borrower or borrower’s business
- Collateral for the Loan: appraisal quality, marketability, unique characteristics, supported value, red flags
- Characteristics of the transaction: housing payment ratio, DTI ratio, LTV/CLTV, explanation of the borrower’s profile and ability to repay, risks, compensating factors
- Characteristics of the borrower: ability to repay, length of time with current employer, length of time in industry, economic trends impacting income stability, payment shock
- Income calculations: the file must contain documentation to evidence the income calculation.

It is acceptable for the Seller to document this on Fannie Mae’s Uniform Underwriting and Transmittal Summary (Form 1008), the CCU Decisioning Logic Form (Form 41) or equivalent.

Meeting policy alone does not make a Loan investment quality. The combination of multiple risk characteristics in a transaction creates risk that requires additional compensating factor(s).

Payroll earning statement

Payroll earnings statements (pay stubs) for the most recent pay period must:

- Be dated within 45 days of the loan application
- Be computer-generated or typewritten
- Clearly identify the borrower as employee
- Show the employer's name
- Show the gross earnings for both the pay period and year-to-date
- Show the pay period covered

Form W-2

IRS Form W-2 Wage and Tax Statement (W-2) must:

- Be complete
- Be computer-generated or typewritten
- Clearly identify the borrower as employee
- Show the employer's name

Form W-2 alternative documentation

IRS Wage and Income Transcript (W-2 Transcript) is acceptable in lieu of a W-2 when the W-2 is required to document income. The W-2 Transcript must:

- Be obtained directly from a tax transcript vendor or the IRS by the Seller
- Reflect all information that would be included on the actual W-2

Federal income tax returns

The following table describes which tax-related documentation must be obtained depending on the application date and disbursement date of the Loan. When tax returns are required to verify income, the Loan will be ineligible if the most recent two years of tax returns are on extension.

Application date	Disbursement date	Documentation required
October 151, [current year minus 1] to April 142, current year	October 151 [current year minus 1] to April 142, current year	The most recent two year’s federal income tax returns are required. The use of a Tax Extension (IRS Form 4868) is not permitted.
	April 151, current year to June 30, current year	The Seller must ask the borrower whether he/she has completed and filed his/her federal income tax returns with the IRS for the previous year. If the answer is yes, obtain copies of that return. If the answer is no, obtain copies of federal income tax returns for prior two years.
	July 1, current year to October 142, current year	Obtain the most recent two year’s federal income tax returns, or all of the following:
April 151, current year to October 142, current year	April 151, current year to December 31, current year	<ul style="list-style-type: none"> • A copy of IRS Form 4868 (Application for Automatic Extension of Time to File U.S. Individual Income Tax Return), and IRS Form 7004 (Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns), if applicable, filed with the IRS. <ul style="list-style-type: none"> ○ Review the total tax liability reported on IRS Form 4868, and IRS Form 7004, if applicable, and compare it with the borrower’s tax liability from the previous two years as a measure of income source stability and continuance. ○ An estimated tax liability that is inconsistent with previous years may make it necessary for the underwriter to require the current returns in order to proceed. • IRS Form 4506-C transcripts confirming “No Transcripts Available” for the applicable tax year • Returns for the prior two years.
	January 1, (current year plus 1) to April 142, (current year plus 1)	The most recent two year’s federal income tax returns are required. IRS Form 4868 is not permitted.

Note: For business tax returns, if the borrower’s business uses a fiscal year (a year ending on the last day of any month except December), the underwriter may adjust the dates in the above chart to determine what year(s) of business tax returns are required in relation to the application date/disbursement date of the new Loan.

1. Or the April/October filing dates for the year in question as published by the IRS
2. Or the day prior to the April/October filing dates for the year in question as published by the IRS

Tax return signature requirements

One of the following is required:

- Tax returns signed by the borrowers, regardless of date
- Tax returns with an IRS e-file Signature Attestation (Form 8879)
- Tax returns signed or stamped by the certified public accountant (CPA)
- Tax returns with a cover letter prepared by the CPA
- Tax returns with a preparer tax identification number (PTIN)

Refer to Exhibit 4 for the policy that applies to Loans with applications prior to March 1, 2021, and Loans that are not QMs based on APR to APOR spread (application must be prior to June 21, 2021). Refer to Newsflash C21-031, dated June 21, 2021, for details.

Verbal verification of employment

For salaried borrowers, including commission, bonus, and overtime, a verbal verification of employment (verbal VOE) must be from:

- The employers' human resources, payroll, or personnel department
- If employer does not have a human resources, payroll, or personnel department, the following is allowed to verify employment:
 - The borrower's supervisor or manager
 - An individual whose job responsibility authorizes them to release employment verification to third parties

A verbal VOE must be provided using the Verbal Verification of Employment Form (Exhibit 3) or similar form that contains the information below. The employers' telephone number must be independently verified.

- The contact must be documented in writing with borrowers' employer including:
 - Company name
 - Name, title, and phone number of the person in the employers' office who confirmed the information
 - Date of the contact
 - Name and title of the person who made the telephone call
 - Confirmation that borrowers are currently employed, including status of Active or On Leave
 - Dates of employment
 - Borrower's current position/title

For self-employed borrowers a verbal VOE must be provided by using the Exhibit 3 or similar form that contains the information below. The existence of the business must be verified using one or more of, but not limited to, the following sources:

- Secretary of State website
- Regulatory agency
- Contractor or professional organization
- CPA

- Other available resources

The verification must be documented in writing, and must include the following:

- Independently-verified source of the employment information
 - Yellow page ad
 - Business license
 - Internet website
 - Other available source
- Name and title of the person completing the verification of the borrower's employment

Written verification of employment

The written verification of employment (VOE) must include the following information (if applicable):

- Name and address of the employer
- Signature, printed name, title, and contact information of the employer representative who completed the verification, and the date completed
- Name of the borrower
- Date employment began
- Current position
- Gross base pay per pay period (such as, monthly, bi-weekly, hourly)
- Gross year-to-date (YTD) earnings with paid through date
- Earnings from the most recent two-years
- Breakdown of base pay, overtime, commissions, bonus, and tips for YTD and prior year(s) earnings
- If paid hourly, average hours worked per week

Third-party income verifications are acceptable in lieu of the Request for Verification of Employment form (Fannie Mae Form 1005), provided the verification contains all of the information that would be required on Form 1005.

Note: If the information provided by a third-party vendor comes directly from the employer's payroll system, it is not necessary to verify the employer representative.

Bank or brokerage statements

Account statements must cover a period of the most recent two months. If the statements are issued quarterly, borrowers must provide a statement from the most recent quarter.

The borrower's bank or brokerage statements must be computer-generated or typed and identify clearly:

- Depository institution
- Account holder(s)
- Account number – must include at least the last four digits
- Time period covered by the statement
- Deposit and withdrawal transactions
- Ending account balance

When the date of the borrower's most recent bank or brokerage statement is more than 45 days (90 days for quarterly statements) earlier than the date of the borrower's application, the borrower must supply a supplemental statement that shows a machine-printed account number, balance, and date. Any bank-generated forms, such as deposit or withdrawal slips or bank machine inquiries, are acceptable.

The sources of funds must be verified in accordance with provisions as stated in Section 825.07: Assets.

Verification of deposit

The Request for Verification of Deposit (VOD, Fannie Mae Form 1006) must be requested and sent directly from the depository institution. Form 1006 must be fully completed, signed and dated and include the present balance, average balance for the last two months, and the date the account was opened.

Credit reports

Refer to Section 825.08(a): Credit Report.

Verification of mortgage

Borrowers' current or previous mortgage is verified with any of the following:

- A credit reference from a credit reporting agency covering at least the previous 12 months' activity. If 12 months' activity is not covered, one of the other sources must be used to verify the borrower's payment history.
- Borrowers' canceled checks (front and back) for the last 12 months. The checks must:
 - Be legible
 - Identify the mortgage servicer (or mortgage holder) as the payee
 - Indicate that the mortgage servicer or holder endorsed the check for deposit and the date of that endorsement
- A standard verification of mortgage or loan payment history from the mortgage servicer (must be a bona fide lending institution). If this is obtained, the verification must:
 - Be computer-generated or typed
 - Identify the issuing company (lender or servicing agent)
 - Clearly identify the borrower and Mortgagee
 - Show the total mortgage payment due
 - Show the due date of each payment
 - Show a 12-month history of the dates when payments were applied
 - Show the current outstanding principal balance
 - Identify the present status of the mortgage (such as, current, 30-days delinquent)

Verification of rent

Refer to Section 825.08(b): Credit Evaluation.