



Conventional and Government Program Overlays

OVERLAYS	
All Programs	
Appraisals	<ul style="list-style-type: none"> Transferred appraisal are OK All appraisals must be ordered through an AMC The broker cannot be the Lender/Client
Borrower Eligibility	<ul style="list-style-type: none"> All borrower must have at least 1 credit score All borrowers must have a social security number, ITINs are not allowed
Broker/Borrower/LO	<ul style="list-style-type: none"> Borrowers who work for the submitting broker must be approved by management Borrowers acting as their own LO must be 2nd signed by UW management
Financed Properties	Limited to a maximum of 4 loans to one borrower and up to \$1.5MM.
Ineligible Properties	<ul style="list-style-type: none"> Commercial Properties including, but not limited to, bed and breakfasts, assisted living, boarding houses, working farms, and ranches Non-traditional home types and mixed-use properties Co-ops Timeshares Hotel condominiums Properties encumbered with a private transfer fee No single-wide manufactured homes
Minimum Loan Amount	<ul style="list-style-type: none"> \$50,000
Power of Attorney	<ul style="list-style-type: none"> Allowed for active-duty military personnel, military contractors, extenuating circumstances, and documented medical conditions.
Repair Escrows	<ul style="list-style-type: none"> Not allowed
Tax Transcript	<ul style="list-style-type: none"> W2 transcripts for wage earners is OK when required
Texas 50(a)(6) & 50(f)	<ul style="list-style-type: none"> Allowed on Fannie Mae and Freddie Mac only; Fixed Rate only.
CONVENTIONAL PROGRAM OVERLAYS	
Fannie Mae Conforming and High Balance	
AUS Decision	<ul style="list-style-type: none"> DU Approve/Eligible No Manual Underwrites (AUS Refer)
S/E Borrower	<ul style="list-style-type: none"> Borrower filed extension, a P&L for prior year must be provided. YTD P&L only for loan apps dated >120 days after the end of the business tax year.
Manufactured Housing	<ul style="list-style-type: none"> ARMs not permitted (including on MH Advantage). Ineligible: Singlewide, Condo, Leasehold, and properties located in a 100-year flood zone.
Mortgage Insurance	Acceptable MI Types: <ul style="list-style-type: none"> Borrower Paid Monthly Borrower Paid Single Premium Financed: Gross LTV cannot exceed the Lender's program maximum Lender Paid Single Premium
HomeReady	
Product	<ul style="list-style-type: none"> ARMs and 25-year terms not permitted.
AUS Decision	<ul style="list-style-type: none"> DU Approve/Eligible. No Manual Underwrites (AUS Refer)
Manufactured Housing	<ul style="list-style-type: none"> ARMs not permitted (including on MH Advantage). Ineligible: Singlewide, Condo, Leasehold, and properties located in a 100-year flood zone.
Freddie Mac	



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AUS Decision	<ul style="list-style-type: none"> LPA Accept/Eligible. Manual Underwrite ineligible.
Repair Escrows	<ul style="list-style-type: none"> Not allowed
Manufactured Housing	<ul style="list-style-type: none"> ARMs not permitted. Ineligible: Singlewide, Condo, Leasehold, and properties located in a 100-year flood zone.
Mortgage Insurance	Acceptable MI Types: <ul style="list-style-type: none"> Borrower Paid Monthly Borrower Paid Single Premium Lender Paid Single Premium No financed or split PMI
Home Possible	
Product	<ul style="list-style-type: none"> ARMs and 25-year terms not permitted.

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Government Program Overlays

FHA Standard

Appraisals	<ul style="list-style-type: none"> Transferred appraisal are OK All appraisals must be ordered through an AMC The broker cannot be the Lender/Client
Credit Score	<ul style="list-style-type: none"> Min 550 credit score Min 550 for Streamlines No FICO co-borrowers - OK
Investment Properties	<ul style="list-style-type: none"> Streamline only
Manufactured Housing	<ul style="list-style-type: none"> Ineligible: Singlewide, Condo, and Leasehold
theNada 2 nd	<ul style="list-style-type: none"> Minimum loan amount of \$5,000 in South Carolina
Streamline & Cash Out Seasoning	<p>Prior to case number assignment:</p> <ul style="list-style-type: none"> Six (6) consecutive monthly payments must be made on the subject property being refinanced Six (6) months must have passed since the first payment due date of the subject property Minimum of 210 days must have passed since the closing date of the subject property.

VA Standard

AUS Decision	<ul style="list-style-type: none"> Manual underwrites OK -Max DTI of 50% Manual DTIs over 41/41 require compensating factors.
Credit Score	<ul style="list-style-type: none"> Minimum 580 credit score. 1 FICO score is OK
Cash Out	<ul style="list-style-type: none"> Max 100% LTV/CLTV
Property Listed for Sale (Refinance)	<ul style="list-style-type: none"> If the property was listed for sale within the prior 12 months but is not currently listed for sale: Cash-out only eligible if the listing is expired/canceled or withdrawn 180 days prior to the application date. The appraised value should be at least 10% below the lowest listing price. If the appraised value is not at least 10% less than the lowest list price, the underwriter must address the variance satisfactorily. The borrower must provide written confirmation of their intent to occupy property as their primary residence.
Manufactured Housing	<ul style="list-style-type: none"> Fixed Rate Only Ineligible: Singlewide, Condo, Leasehold, and properties located in a 100-year flood zone Minimum 640 Credit Score
Maximum Loan Amount	<ul style="list-style-type: none"> \$1,500,000 for all states 700 FICO required for all loan amounts over \$1,000,000
Short Sale	<ul style="list-style-type: none"> 2-4 unit properties subject to a Short Sale Agreement must have been listed on the MLS for a minimum of 30 days prior to the execution of the sales contract. Properties designated as an "Exclusive Listing" are ineligible.
Cash Out Net Tangible Benefit	<p>Effective for all VA Cash-Out refinances with loan application taken on or after February 15, 2019, at least one of the following must be met:</p> <ul style="list-style-type: none"> The new loan eliminates monthly mortgage insurance; or Loan term of the new loan is less than the loan term of the loan being refinanced; or Interest rate of the new loan is less than the interest rate of the loan being refinanced. (Note: If the loan being refinanced had an adjustable interest rate or was modified, the current interest rate must be used when determining if this requirement has been met.); or The monthly (principal and interest) payment of the new loan is less than the monthly (principal and interest) payment of the loan being refinanced; or The Veteran's monthly residual income is higher as a result of the new loan. The new loan is used to pay off the Veteran's interim construction loan; or The new loan LTV is equal to or less than 90 percent of the reasonable value of the home, i.e. LTV ≤ 90%; or Refinance of an adjustable-rate mortgage to a fixed-rate mortgage. <p>For Cash-Out refinances with loan amount not exceeding the previous loan payoff amount, the recoupment period of all fees, closing costs, expenses (other than taxes, escrow, insurance, and fees paid under chapter 37 (e.g. VA Funding Fee)), must not exceed 36 months from the date of loan closing.</p>

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Government Program Overlays	
IRRRL & Cash Out Seasoning	<p>Except as noted below, all VA IRRRL and Cash-Out refinance loans, including payoff of a construction loan, the note date of the new refinance loan must be on or after the later of:</p> <ul style="list-style-type: none"> • The date that is 210 days after the first payment due date of the loan being refinanced, and • The date on which the sixth monthly payment is made on the loan being refinanced. <p>VA loans Refinancing Non-Mortgage Debts secured by the subject property such as tax or mechanic liens are not subject to the seasoning requirements stated above.</p> <p>VA loans refinancing mortgages without scheduled monthly payments such as reverse mortgages, are not subject to the seasoning requirements.</p> <p>Permanent Financing Construction Loans may or may not be subject to the Seasoning Requirements depending on the circumstances;</p> <ul style="list-style-type: none"> • In cases where the permanent financing is guaranteed under VA's Loan Guaranty Program as a Refinance transaction, the seasoning requirement must be met • If the loan is structured and guaranteed as a Purchase transaction, the loan is not subject to the seasoning requirements stated above. • Similar to VA loans refinancing mortgages without scheduled monthly payments, certain permanent financing construction loans may be exempt from the seasoning requirements when the construction loan that is being refinanced, by its own terms, doesn't provide for a minimum of six-monthly payments.
IRRRL	
Appraisal	<p>An AVM is required on all VA IRRRLs for determination of LTV ratios, unless</p> <ul style="list-style-type: none"> • The subject property was purchased within the most recent 12 months, original purchase price may be used for determination of LTV ratios, or • If no AVM is used the LTV will be based on the current outstanding loan balance. <p>* Note: Refer to VA IRRRL Net Tangible Benefit section for LTV determination</p>
Credit Score	<ul style="list-style-type: none"> • 580 Minimum FICO
Occupancy	<ul style="list-style-type: none"> • 1-4 unit owner-occupied primary residence (2-4 unit ineligible on high balance). • 1 unit second home (ineligible on high balance). • 1-4 unit investment (ineligible on high balance).
Fee Recoupment	<ul style="list-style-type: none"> • For an IRRRL that results in a lower monthly principal and interest payment, all fees except taxes, amounts held in escrow, and fees paid under chapter 8 of the VA lenders Handbook must be recouped by the savings from the lower monthly payments within 36 months of the note date. • For an IRRRL that results in the same or higher monthly principal and interest payment, the Veteran must incur no fees, closing costs, or expenses other than taxes, amounts held in escrow, and fees paid under chapter 8 of the VA lenders Handbook.
Loan Type	<ul style="list-style-type: none"> • 15 & 30 year fixed rate mortgages only
LTV/CLTV	<ul style="list-style-type: none"> • Maximum 125% LTV/Unlimited CLTV
Maximum Loan Amount	<ul style="list-style-type: none"> • \$1,500,000 in all states
Mortgage History	<ul style="list-style-type: none"> • 0 x 30 in previous 12 months
Net Tangible Benefit	<ul style="list-style-type: none"> • For refinances in which the original loan being refinanced and the new refinance loan both have a fixed mortgage interest rate, the interest rate must be reduced by a minimum of 0.50%. • The lower interest rate may not be produced solely from discount points unless: <ul style="list-style-type: none"> ○ Such points are paid at closing, and ○ Such points are not added to the principal loan amount, unless: <ul style="list-style-type: none"> ▪ The discount point is less than or equal to one discount point when LTV ratio is less than or equal to 100%. ▪ The discount point is less than or equal to two discount point when LTV ratio is less than or equal to 90%



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	<ul style="list-style-type: none"> ▪ A Drive by or full interior/exterior appraisal, or an AVM is required when discount points are added to the principal balance of the loan.
Government Program Overlays	
USDA	
AUS Decision	<ul style="list-style-type: none"> • A GUS Accept/Eligible or Refer Finding required on purchase and non-streamlined refinance transactions. USDA requires manual underwrite for a Refer. USDA requires full file documentation and documented mitigating circumstances/compensating factors are approved loans receiving a "Refer" from GUS.
Credit Score	<ul style="list-style-type: none"> • Min 620 credit score