

## Conventional Jumbo Loan Program

The Conventional Jumbo Loan program can be used to provide financing options for Primary Residences with jumbo loan amounts in excess of Conventional High-Balance limits.

### Summary

Product Types	30-year Fixed; 15-year Fixed 5/1 ARM <sup>1</sup> ; 7/1 ARM <sup>2</sup>
Minimum Loan Amount	Must exceed Conforming Standard and High Balance Limit for State/County which can be found at <a href="https://entp.hud.gov/idapp/html/hicostlook.cfm">https://entp.hud.gov/idapp/html/hicostlook.cfm</a> .

<sup>1</sup> 5/1 ARM qualifies at the greater of the fully indexed rate or Note rate +2%.

<sup>2</sup> 7/1 ARM qualifies at the greater of the fully indexed rate or Note rate.

### Primary Residence Purchase or Rate/Term Refinances<sup>3</sup> Only

Minimum FICO	Max Debt Ratio <sup>4</sup>	Max LTV <sup>5</sup>	Max CLTV	Max Loan Amount <sup>6</sup>
720	45%	80%	80%	\$1,500,000
700	45%	80%	80%	\$1,000,000

<sup>3</sup> Non-purchase money 2nd liens must be paid off prior to close and not allowed to be paid through loan transaction

<sup>4</sup> Pay downs to 10 months remaining payments are not allowed

<sup>5</sup> See Declining Market Requirements for Max LTV/CLTV reductions.

<sup>6</sup> Loan amounts > \$850K requires two independent full appraisals.

### Declining Market Requirements

Prior to loan submission, send the subject property's zip code to [jumbo@nationsdirectmortgage.com](mailto:jumbo@nationsdirectmortgage.com) and the Market Designation will be emailed back.

- A Market: No reduction.

Note: If the Appraiser notes in the appraisal report the subject property is located in a submarket which is declining, the A market must be downgraded to a B market reducing the LTV/CLTV by 5%.

- B Market: Reduce Max LTV/CLTV by 5%
- C Market: Reduce Max LTV/CLTV by 10%
- D Market: Reduce Max LTV/CLTV by 15%

### Market Upgrade of 5% LTV/CLTV permitted based on credit guidelines below:

Minimum 720 FICO  
Maximum DTI 35%  
Two Full Appraisals

**Credit Requirements**

Bankruptcy	<p>A minimum seven years must have elapsed since the date of discharge or dismissal of bankruptcy:</p> <ul style="list-style-type: none"> <li>• Chapter 7 bankruptcy is measured from discharge date</li> <li>• Chapter 13 bankruptcy is measured from discharge date</li> </ul> <p>If a mortgage is included and discharged in the bankruptcy, it should be treated as a forbearance, therefore, a foreclosure</p>
Consumer Credit Counseling	<p>Borrowers in Consumer Credit Counseling within previous 24 months not eligible.</p>
Credit Report	<p>All Loans require a Credit Score based on the following 3 non-derogatory trade lines</p> <ul style="list-style-type: none"> <li>• 3 trade lines, each rated for at least 12 months</li> <li>• 1 trade line with a credit limit of at least \$5,000</li> <li>• Authorized User accounts may not be used to satisfy the trade line requirements</li> <li>• At least one active trade line (non-derogatory) in the past six months. An active trade line is defined by the date of last activity on the account and not a current open balance. A non-derogatory trade line is currently less than 90 days delinquent and non-collection</li> <li>• Minimum 2 year traditional credit history</li> <li>• Pay downs to 10 months remaining payments are not allowed.</li> </ul>
Foreclosure / Deed in Lieu / Short Sale / Restructured Loans	<p>A minimum seven years must have elapsed since the date of foreclosure completion.</p> <p>If the existing loan being paid off is a restructured loan or short payoff, the loan is not eligible for a Rate/Term Refinance transaction.</p> <p>If the Borrower has had a prior restructured loan or short pay off, the new loan is eligible for financing subject to compliance with all foreclosure guidelines.</p> <p>Short payoffs/principal curtailments, restructured loans, principle conversions to soft subordinate financing or unsecured loans ineligible. Payoff demands cannot include any fees associated w/foreclosure and/or forbearance.</p>
Major Adverse Accounts	<p>Includes collection accounts, charge-off accounts, judgments, liens, delinquent property taxes, repossessions, garnishments, and non-mortgage accounts currently 90 days or more delinquent.</p> <ul style="list-style-type: none"> <li>• Any reported in the past 24 months are not allowed.</li> <li>• For accounts reporting older than 24 months, all State, IRS, and property tax liens (subject property and other properties), regardless of seasoning, are required to be paid whether or not they currently affect title. No payment plans or subordination is allowed.</li> </ul>
Mortgage Rating	<p>0 x 30 mortgage/rental Delinquency in past 12 months (“rent free” not eligible) No 60+ mortgage/rental Delinquency in past 24 months</p> <p>For First Time Homebuyers, verification of 12 months rental payments is required. The loan file must contain 12 months cancelled checks or bank statements to evidence eligibility for mortgage/housing history for the loan program under which the loan is submitted. Written Verification of rent via the credit report is not permitted. Direct written verification of rent is acceptable in lieu of cancelled checks when the landlord is a large professional management company.</p>

### Property Requirements

Appraisal	NDM will place the order for appraisals. Loan amounts > \$850K require two independent full appraisals.
Property and Occupancy	<p><b>Eligible:</b></p> <ul style="list-style-type: none"> <li>• Detached PUD's</li> <li>• SFR</li> <li>• Site Condominiums with the following requirements:             <ol style="list-style-type: none"> <li>a. Hazard coverage for a single family detached dwelling if the unit consists of the entire structure and site and air space and insured on 100% replacement cost</li> <li>b. Conventional Condominium/PUD Warranty form</li> <li>c. Conventional Homeowners' Association Questionnaire for Limited Review</li> </ol> </li> </ul> <p><b>Not Eligible:</b></p> <ul style="list-style-type: none"> <li>• Board &amp; Care homes</li> <li>• Condominiums</li> <li>• Condotels</li> <li>• Co-ops</li> <li>• Earth-berm homes</li> <li>• Land contracts; not allowed.</li> <li>• Leaseholds</li> <li>• Manufactured Housing (modular, panelized, and prefabricated)</li> <li>• Mixed-use properties</li> <li>• Multiple Lots</li> <li>• Properties greater than 10 acres</li> <li>• Properties sold at auction by the builder, developer or construction lender</li> <li>• Properties with deed restrictions</li> <li>• Properties with less than 600sq feet living area</li> <li>• PUDs with pending litigation</li> <li>• Rural Properties</li> <li>• Unique properties</li> <li>• Vacant land</li> <li>• Working farm/ranches</li> </ul>
Property Requirements (Additional)	<ul style="list-style-type: none"> <li>• Unpermitted additions not allowed.</li> <li>• Refinance prohibited when subject listed at time of initial application – must submit proof taken off market prior to initial application date and MLS search for property listing required. Listing agreement must be cancelled at least one day prior to the date of the application.</li> <li>• Non-Arms Length Transactions (“NALTS”) not eligible.</li> <li>• Interested Party Transaction not eligible.</li> </ul>
States	Currently available in Arizona, California, Colorado, Hawaii, Michigan, Montana, Nevada, Oregon, Texas (Purchase Only) Washington

### General Requirements

Assets	All down payment must be borrower own funds -- gifts and/or secondary financing not allowed. Asset verification is required. Copy of all funds used to close must be in the file at time of closing and must be from verified source.
Automated Underwriting	Desktop Underwriter <u>required</u> with “Approve/Eligible” or “Approve/Ineligible” responses only.
Borrowers	<p><b>Eligible</b></p> <ul style="list-style-type: none"> <li>• US Citizens, Permanent Resident Aliens with valid registration and valid social security number</li> <li>• Loans made to individual persons only</li> <li>• Maximum number of borrowers for any transaction is 4.</li> </ul> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>• Borrowers who are related to or employed by the submitting broker, regardless of job function.</li> <li>• Borrowers related to or have an ownership interest in the builder, property seller and/or any other party on title, including but not limited to registered agents, sales agents, partners or employees.</li> <li>• Trusts, corporations, LLC's, and other non-individual entities</li> </ul>

**General Requirements (continued)**

Gifts	Not allowed.
Impounds	Escrow waiver is allowed.
Income Documents	<p>The following are the minimum requirements:</p> <ul style="list-style-type: none"> <li>• W-2 Forms (most recent 2 years)</li> <li>• Tax Returns-most recent 2 years, verified by 4506-T.</li> <li>• Recent Pay Check (dated within last 30 days)</li> </ul> <p><b>Ineligible Income Sources:</b></p> <ul style="list-style-type: none"> <li>• Any unverified source of income</li> <li>• Income derived from sources outside the United States</li> <li>• Income determined to be temporary or one-time in nature</li> <li>• Mortgage credit certificates</li> <li>• Rental income received from the borrower's single family primary residence or second home</li> <li>• Retained earnings in a company</li> <li>• VA education benefits</li> <li>• Rents from Departing residence</li> </ul> <p><b>Employment Gaps</b> The stability of employment and income and its likelihood of continuance should be factored into the underwriting decision when there are gaps of employment. Written letters of explanations for employment gaps over 60 days in the last two years must be provided</p> <p><b>Reentering the Workforce</b> Borrower's who are re-entering the workforce with less than a two-year employment and income history may have stable qualifying income if the Borrower has been at their current employer for a minimum of six months and there is evidence of a previous employment history. Known economic conditions, such as plant closings, furloughs, company bankruptcies, etc. that may affect the borrower's income, must be taken into consideration. Borrowers in a state with an active furlough policy must qualify with the reduced income. Full pay may be used if there is evidence from the employer or third party documentation that the furlough will end within the next 60 days and there is no discussion to extend the furlough.</p>
Interested Party Contributions	3% Maximum
Max Financed Properties	Maximum 20% concentration in any one project or subdivision Up to 4 financed properties (including the subject property) and a maximum of \$2 million exposure to any one investor/servicer.
Mortgage Insurance	Not required.
Refinances	<p>Rate and Term Refinance transactions only – cash out not allowed. Cash out not to exceed the lesser of 1% of the principal amount of the new loan or \$2,000.</p> <p>Non-purchase money 2nd liens must be paid off prior to close and not allowed to be paid through loan transaction.</p> <p>No seasoning of first mortgage required, however:</p> <ul style="list-style-type: none"> <li>• If owned less than 12 months, LTV must be based on lower of appraised value or original sales price plus the cost of any documented improvements. If the value has increased greater than 15%, photographs of improvements are required.</li> <li>• If owned more than 12 months, LTV is based on current appraised value. HUD-1 or Deed must be provided to verify ownership</li> </ul> <p>Properties listed for sale in the last 6 months (on or before the application date) are not eligible for refinancing.</p>

**General Requirements (continued)**

Reserves	<ul style="list-style-type: none"> <li>• Minimum 6 months liquid reserves</li> <li>• Max 6 months of reserves permitted from 401K/SEP account at 70% of full vested amount.</li> </ul> <p>If Loan Amount exceeds \$1 million or DTI &gt;= 35% then additional reserve requirement applies:</p> <ul style="list-style-type: none"> <li>• Minimum 12 months reserves and exclusive of cash out funds, business assets (other than Schedule C)</li> </ul> <p><b><u>First Time Homebuyers</u></b></p> <ul style="list-style-type: none"> <li>• Require 12 months reserves</li> </ul> <p><b><u>Retirement Account Funds</u></b></p> <ul style="list-style-type: none"> <li>• Borrowers of retirement age (generally 59 1/2): Subtract 30 percent from the vested amount less any outstanding loans</li> <li>• Borrowers not of retirement age: Subtract 50 percent from the vested amount less any outstanding loans</li> </ul> <p><b><u>Ineligible sources for reserves include</u></b></p> <ul style="list-style-type: none"> <li>• Business Assets (other than schedule C)</li> <li>• Cashout Proceeds</li> <li>• Bridge Loans</li> <li>• Loans secured by other assets</li> <li>• Proceeds from the sale of non-real estate assets</li> </ul> <p>Note: Reserves must come from borrower's own funds. Must be verified PITI (inclusive of HOA fees, if applicable) reserves remaining after closing, exclusive of closing costs, cash out received, and proceeds from home equity transactions.</p>
Subordinate Financing	Not allowed.

Note: If not explicitly mentioned above, standard Fannie Mae guidelines apply.