

# FNMA High Balance Fixed Rate



WHOLESALE

See full Product Guide for complete information.

Revised 9-20-21

**Given the current situation associated with COVID-19, refer to Credit Policy 20-07 for temporary guidance related to certain credit, income and collateral requirements.**

| Loan Amounts and LTV                              |                 |                                       |
|---------------------------------------------------|-----------------|---------------------------------------|
| Transaction Type                                  | Number of Units | Maximum LTV, CLTV, HCLTV <sup>1</sup> |
| <b>Principle Residence</b>                        |                 |                                       |
| Purchase, Limited Cash-Out Refinance <sup>2</sup> | 1 Unit          | 95%                                   |
|                                                   | 2 Unit          | 85%                                   |
|                                                   | 3-4 Units       | 75%                                   |
| Cash-Out Refinance                                | 1 Unit          | 80%                                   |
|                                                   | 2-4 Units       | 75%                                   |
| <b>Second Homes</b>                               |                 |                                       |
| Purchase, Limited Cash-Out Refinance              | 1 Unit          | 90%                                   |
| Cash-Out Refinance                                | 1 Unit          | 75%                                   |
| <b>Investment Property</b>                        |                 |                                       |
| Purchase                                          | 1 Unit          | 85%                                   |
|                                                   | 2-4 Units       | 75%                                   |
| Limited Cash-Out Refinance                        | 1-4 Units       | 75%                                   |
| Cash-Out Refinance                                | 1 Unit          | 75%                                   |
|                                                   | 2-4 Units       | 70%                                   |

<sup>1</sup>Small Business Administration (SBA) loans secured by the subject property must be treated as subordinate financing and included in the calculation of the CLTV and HCLTV ratios.

<sup>2</sup>Maximum 105% CLTV with an eligible Community Second.

• Some transactions may not be eligible for MI. Please refer to the MI provider guidelines.

• Refer to Credit Policy Announcements 15-09 and 18-20 for LTV requirements for Condos with limited reviews

• Follow Fannie Mae minimum borrower contribution guidelines per Fannie Seller Guide Section B3-4.3-04

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Amortization</b>          | <ul style="list-style-type: none"> <li>• 15, 20, 25, 30 Year</li> <li>• Odd terms down to 96 months (Capital Market exceptions may be considered down to 85 months)</li> </ul>                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Secondary Financing</b>   | <ul style="list-style-type: none"> <li>• Secondary financing on loans over 80% LTV must meet MI Provider guidelines</li> <li>• Standard secondary financing, including HELOCs, for a Mortgage with a CLTV/HCLV ratios up to 95% is permitted</li> <li>• Community Seconds are permitted up to 105% CLTV</li> </ul>                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Eligible Properties</b>   | <ul style="list-style-type: none"> <li>• 1-4 Units</li> <li>• Warrantable Condo, PUD, Townhouse</li> <li>• Co-Op (See full product guide for complete details)</li> </ul>                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Ineligible Properties</b> | <ul style="list-style-type: none"> <li>• Manufactured Housing</li> <li>• Non-warrantable Condo</li> <li>• Timeshare</li> <li>• Mixed Use</li> <li>• Mobile Home</li> <li>• Condo/PUD Hotel</li> <li>• Commercial Property</li> <li>• Working Farms</li> </ul>                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• Properties with Resale Deed Restrictions (other than Age Restricted)</li> <li>• Properties located in Lava Zones 1 &amp; 2</li> <li>• Properties that are listed for sale at the time of disbursement</li> <li>• Properties that have been assumed</li> <li>• Life Estates</li> <li>• Land Trust and Community Land Trust (including Illinois Land Trusts)</li> </ul> |
| <b>Occupancy</b>             | <p><b>FMC has a maximum of four FMC financed properties for one individual</b></p> <p><b>Primary Residence</b></p> <ul style="list-style-type: none"> <li>• 1-4 Unit</li> <li>• Transactions that include non-arm's length and/or identity of interest characteristics must follow Credit Policy requirements</li> </ul> <p><b>Condos</b></p> <ul style="list-style-type: none"> <li>• Must be FNMA approved/warrantable</li> <li>• California condos may need earthquake insurance</li> </ul> | <p><b>Secondary/Vacation</b></p> <ul style="list-style-type: none"> <li>• 1 Unit only, must be suitable for year-around use</li> <li>• Rental income is permitted, but rental income may not be used for qualifying purposes</li> <li>• Transactions that include non-arm's length and/or identity of interest characteristics are not eligible for new construction.</li> </ul>                               |

| Occupancy                                      | <p><b>Investment Property</b></p> <ul style="list-style-type: none"> <li>• 1-4 Unit</li> <li>• Transactions that include non-arm's length and/or identity of interest characteristics are not eligible for new construction properties.</li> <li>• Rent loss insurance is not required</li> </ul> <p><b>PUDs</b></p> <ul style="list-style-type: none"> <li>• FNMA warrantable PUDs, townhouses</li> <li>• The project must comply with all applicable state and local laws</li> <li>• The HOA must own the common elements and unit owners must have right to their use.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |              |                  |              |              |              |                                               |    |     |     |                                                |     |     |     |
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| Refinance Transactions                         | <p><b>Rate Term Refinance</b></p> <ul style="list-style-type: none"> <li>• <b>Borrower must have ownership of the subject property and be vested on title prior to the application date.</b></li> <li>• For limited cash out refinance to include the payoff of a subordinate mortgage, the subordinate mortgage must have been used in whole to acquire the subject property.</li> <li>• A limited cash out may receive the lesser of 2% of the loan amount or \$2,000.00 in cash back at closing</li> <li>• A transaction is not eligible as a limited cash out refinance if the Borrower completed a cash out refinance transaction with a Note Date 30 days or less prior to the application date of a new refinance secured by the same property.</li> <li>• Properties listed for sale must be taken off the market on or before the disbursement date of the new mortgage.</li> <li>• <b>Properties located in Texas, the first mortgage being refinanced cannot be a 50(a)(6), a/k/a Texas home equity loan</b></li> </ul> <p><b>Cash-Out Refinance</b></p> <ul style="list-style-type: none"> <li>• The property must have been purchased (or acquired) by the borrower at least six months prior to the disbursement date of the new mortgage loan. <i>See full product guide for exceptions.</i></li> <li>• If the property was purchased within 6 months preceding the date of the loan disbursement, the borrower is ineligible for a cash-out refinance transaction unless the purchase transaction meets the delayed financing requirements.</li> <li>• Cash out transactions are not eligible for primary residences located in the state of Texas</li> </ul> <p><b>Student Loan Cash Out</b></p> <ul style="list-style-type: none"> <li>• At least one student loan must be paid off in full. Loan proceeds must be paid directly to the student loan servicer at closing.</li> <li>• Borrower(s) may receive the lesser of 2% of the loan amount or \$2,000 in cash back at closing.</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |              |                  |              |              |              |                                               |    |     |     |                                                |     |     |     |
| Underwriting                                   | <p><b>Automated Underwriting</b></p> <ul style="list-style-type: none"> <li>• All loans are required to be submitted to DU. <b>Manual underwriting is not permitted.</b></li> <li>• Hourly, Salary and Commission Income Borrowers: A verbal VOE must be obtained within 10 business days prior to note date.</li> </ul> <p><b>Co-Mortgagors</b></p> <ul style="list-style-type: none"> <li>• Non-occupant co-borrowers are permitted</li> <li>• DU will consider the income, assets, liabilities and credit of a non-occupant co-borrower.</li> </ul> <p><b>Ratios</b></p> <ul style="list-style-type: none"> <li>• Maximum DTI as determined by DU</li> <li>• DU must reflect all payments, regardless of the number of months remaining, except for installment loans with less than 10 months.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><b>Deferred Installment Debt (Student Loans)</b></p> <ul style="list-style-type: none"> <li>• For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the monthly payment must be included in the borrower's recurring monthly debt obligation when qualifying the borrower.</li> </ul> <p><b>Credit Profile</b></p> <ul style="list-style-type: none"> <li>• Minimum risk score of 620 unless a higher score is required for a DU Approve/Eligible recommendation</li> <li>• For loan profiles with multiple Borrowers, DU will access the credit profile using an average median credit score when determining if a loan casefile meets the minimum 620 credit score requirement. <ul style="list-style-type: none"> <li>- First, DU will determine each Borrower's representative credit score (middle of 3, lower of 2);</li> <li>- Then DU will average the representative credit scores for all of the Borrowers on the loan to determine if the minimum 620 credit score requirement is met.</li> </ul> </li> <li>• All borrowers must have a credit score</li> </ul> |              |                  |              |              |              |                                               |    |     |     |                                                |     |     |     |
| MI Coverage Requirements                       | <ul style="list-style-type: none"> <li>• MI is required for all loans with an LTV &gt; 80%</li> </ul> <table border="1" data-bbox="293 1640 1560 1745"> <thead> <tr> <th>Transaction Type</th> <th>80.01-85.00%</th> <th>85.01-90.00%</th> <th>90.01-95.00%</th> </tr> </thead> <tbody> <tr> <td>Standard Coverage, Fixed rate term ≤ 20 years</td> <td>6%</td> <td>12%</td> <td>25%</td> </tr> <tr> <td>Standard Coverage, Fixed rate term, &gt; 20 years</td> <td>12%</td> <td>25%</td> <td>30%</td> </tr> </tbody> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |              | Transaction Type | 80.01-85.00% | 85.01-90.00% | 90.01-95.00% | Standard Coverage, Fixed rate term ≤ 20 years | 6% | 12% | 25% | Standard Coverage, Fixed rate term, > 20 years | 12% | 25% | 30% |
| Transaction Type                               | 80.01-85.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 85.01-90.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 90.01-95.00% |                  |              |              |              |                                               |    |     |     |                                                |     |     |     |
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