



STANDARD CONVENTIONAL PRODUCT GUIDE DELEGATED CORRESPONDENT

PROGRAM OVERVIEW			
Programs that are offered through traditional underwriting, Fannie Mae's Desktop Underwriter (DU) and Freddie Mac's Loan Prospector (LP), are described in this section. This program overview contains information on both purchases and refinances.			
PROGRAM TERMS			
TERM	<ul style="list-style-type: none"> • 15/20/30 year terms available 		
LOAN TYPE	<ul style="list-style-type: none"> • Fixed Rate • 5 & 7 Year Arms Available 		
OCCUPANCY TYPE	<ul style="list-style-type: none"> • Primary Residence • Second Homes (no non-arms-length transactions) • Investment Properties (no non-arms-length transactions) 		
LOAN-TO-VALUE	<ul style="list-style-type: none"> • For the most recent FCM Credit Score/LTV Matrix please reference the link below: FCM Credit Score/LTV Matrix • Max cash at close on a rate/term is the lesser of 2% of the balance of the new mortgage or \$2,000 for DU and the greater of 1% or \$2000 for LP 		
95.01-97% LTV Requirements (NON-HomeReady, HomePossible)		97% Fannie	97% Freddie - HomeOne
	AUS Approval	DU Approval Required	LP Approval Required
	Eligible Transactions	Purchases and Limited Cash Out Refinances (LCOR)	Purchases and No-Cash Out Refinances
	Eligible Borrowers	At least one borrower must be a first-time homebuyer for purchase transactions	
	Occupancy Requirements	All borrowers must occupy the property. (No Co-Signors or Non-Occupying Co-Borrowers)	
	Rate and Terms	Fixed Rate Only 15 and 30 Year Terms	
	MI Coverage	Standard 35% MI Coverage Applies. Custom MI is not allowed.	
	Property Type	1 Unit SFR, Condo, PUD	
	Income Limits	No Income Limits	
	Maximum Loan Limits	Conforming Loan Limit (No High-Balance or Super-Conforming)	
	Homebuyer Education	Not Required	Required If all borrowers are FTHB
	LCOR Transactions	Must be an existing Fannie Mae securitized loan.	Must be an existing Freddie Mac securitized loan
MORTGAGE INSURANCE	<ul style="list-style-type: none"> • Acceptable MI Types: Borrower Paid Monthly MI, Lender Paid Single Premium MI, Split MI • Financed MI – Only allowed for Purchase or Rate/Term of a 1 unit (SFR, CONDO, PUD) Primary Residence ◊ Maximum Gross LTV including MI 		

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	<ul style="list-style-type: none"> • 97% ◊ Maximum DTI: as determined by AUS or MI certificate 																								
MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • Conforming Loan Limits: <ul style="list-style-type: none"> ◊ 1-unit: \$484,350 ◊ 2-unit: \$620,200 ◊ 3-unit: \$749,650 ◊ 4-unit: \$931,600 • For the most recent Conforming Loan Limits please reference: Fannie Mae Loan Limits 																								
MINIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • \$50,000 																								
ESCROWS	<ul style="list-style-type: none"> • Escrows for taxes and insurance are mandatory for loans with an LTV greater than 80%, subject to state law 																								
ARMS	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #4F81BD; color: white;"> <th>Program Code</th> <th>ARM Type</th> <th>Margins</th> <th>First Adjustment Cap</th> <th>Annual Cap after First Adjustment</th> <th>Lifetime Cap</th> <th>Qualifying Rate</th> <th>INDEX</th> </tr> </thead> <tbody> <tr> <td>C5/1ARM</td> <td>5 Year ARM</td> <td>2.25</td> <td>2</td> <td>2</td> <td>5</td> <td>Rate + 2%</td> <td>LIBOR</td> </tr> <tr> <td>C7/1ARM</td> <td>7 Year ARM</td> <td>2.25</td> <td>5</td> <td>2</td> <td>5</td> <td>Greater of FIR or Note Rate</td> <td>LIBOR</td> </tr> </tbody> </table> <p style="text-align: center;">FIR = Fully Indexed Rate = Index + Margin</p>	Program Code	ARM Type	Margins	First Adjustment Cap	Annual Cap after First Adjustment	Lifetime Cap	Qualifying Rate	INDEX	C5/1ARM	5 Year ARM	2.25	2	2	5	Rate + 2%	LIBOR	C7/1ARM	7 Year ARM	2.25	5	2	5	Greater of FIR or Note Rate	LIBOR
Program Code	ARM Type	Margins	First Adjustment Cap	Annual Cap after First Adjustment	Lifetime Cap	Qualifying Rate	INDEX																		
C5/1ARM	5 Year ARM	2.25	2	2	5	Rate + 2%	LIBOR																		
C7/1ARM	7 Year ARM	2.25	5	2	5	Greater of FIR or Note Rate	LIBOR																		
BORROWER ELIGIBILITY																									
GENERAL	<ul style="list-style-type: none"> • Valid social security number. (additional restrictions apply for Permanent and Non-Permanent Resident Aliens) • Power of Attorney not allowed on Investment Properties or Cash Out Refinances 																								
EMPLOYMENT & INCOME	<ul style="list-style-type: none"> • DTI Restrictions: <ul style="list-style-type: none"> ◊ Ratios are evaluated by AUS and the underwriter • 4506-T Requirements: A 4506T must be signed for each tax return type where income from that return was used in qualification. • Tax Transcripts: <ul style="list-style-type: none"> ◊ Are not required for those borrowers qualifying with W-2 income and 1099 fixed income (SS and Pensions). ◊ Income derived from Self Employment, Rental Income, Interest and Dividends, Trust Income etc. are required to be supported by tax transcripts matching each year of income used for qualifying. 																								

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CREDIT	
MINIMUM CREDIT SCORE	<ul style="list-style-type: none"> For the most recent FCM Credit Score/LTV Matrix please reference the link below: FCM Credit Score/LTV Matrix
CREDIT REPORT REQUIREMENTS	<ul style="list-style-type: none"> Maximum DTI: determined by AUS Manual underwrites are not allowed; AUS approval required Borrower must have at least one valid credit score. Fannie Mae: Transactions receiving an Approve/Eligible where a co-borrower has no score is eligible provided all other Fannie Mae requirements are met.
GENERAL CREDIT	<ul style="list-style-type: none"> Payoff of revolving accounts to qualify the borrower is allowed. Account closure is not required. HELOC payments: If the actual payment cannot be determined on a HELOC, a payment may be calculated using 1% of the outstanding balance. Alimony may be treated as a reduction in income OR a liability for DU, LP borrower's income must be reduced effective 7/6/19. Student Loans: DU follow agency guidance. For LP loans follow agency guidelines and the following exception: <p style="margin-left: 20px;">Student Loan – Medical Profession*</p> <p style="margin-left: 20px;">For the follow Medical designations, Student Loans that are deferred for a minimum of 12 months after the date of the note do not have to be included in the DTI:</p> <ul style="list-style-type: none"> • Medical Resident • Medical Doctor (MD) • Doctor of Dental Science (DDS) • Doctor of Dental Medicine (DMD) or be a dental surgeon specializing in oral and maxillofacial surgery • Doctor of Ophthalmology (MD) • Doctor of Optometry (OD) • Doctor of Podiatric Medicine (DPM) • Doctor of Osteopathic Medicine (DO) <p style="margin-left: 20px;">*When required, MI must be obtained from a participating MI Provider.</p> Fannie Mae: Non-mortgage debt payments with satisfactory payment history may be excluded with 12-month history of someone else paying the debt. For Mortgage debt, the payor must be obligated on the debt, provide 12 months cancelled checks and have a 12-month satisfactory payment history.
AGE OF CREDIT DOCS	<ul style="list-style-type: none"> All credit docs (credit report, income assets, etc.) must be dated within 120 days of the note date.
PROPERTY	
GEOGRAPHICAL RESTRICTIONS	<ul style="list-style-type: none"> No restrictions other than FCM's standard lending footprint.
ELIGIBLE PROPERTY TYPES	<ul style="list-style-type: none"> 1 to 4 unit Townhomes/PUDs Modular Homes Manufactured Homes

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	<ul style="list-style-type: none"> • Condominiums (additional conditions may apply to ensure condominium eligibility) <ul style="list-style-type: none"> ◊ Florida Condos with LTVS greater than 75% Primary/70% 2nd Home LTVs will require a Full Condo Review regardless of AUS Condo review recommendation.
<p>MANUFACTURED HOME REQUIREMENTS</p>	<p>Manufactured Homes are eligible for financing for conventional loan programs. The following list of restrictions and requirements are in addition to regular program underwriting requirements:</p> <ul style="list-style-type: none"> • Primary Residence Only • 30 Year Fixed Rate Only • No High Balance • Non-Occupant Co-Borrowers allowed at LTVs ≤ 80% • Purchase, Rate and Term and Cash out (65% LTV, max term 20 years) • Approve/Accept/Eligible only • If property is less than 1 year old, a structural engineer’s report meeting HUD guidelines must be provided. Reports must be dated within 12 months of note date. • Properties with an unexpired right of redemption are ineligible • Income and Age Based deed restrictions are ineligible. • Repair escrows are ineligible. • Non delegated underwriting only available for non-delegated business partners. <p>Property Requirements:</p> <ul style="list-style-type: none"> • Home must have been manufactured in 1994 or newer. • No singlewides • There is no specific acreage limit, however, generally the land-to-value should not exceed 30% of total value. • Appraiser must be able to verify that the subject has not been removed from original installation site. Verification of wheels, axles, tongue and running lights have been removed. • If the manufactured home is de-titled prior to underwriting, nothing further is required. • If the manufactured home is not de-titled, a copy of the original certificate of title will be required prior to closing; the de-title process will be required at closing. • New construction is eligible if the manufactured home will be sold as real estate (de-titled and classified as Real Estate by dealer/seller) and vested in fee simple ownership prior to closing and reflected as real property on title commitment.
<p>INELIGIBLE PROPERTY TYPES</p>	<ul style="list-style-type: none"> • Co-ops • Florida Investment Condos with LTVs greater than 80% • Properties with an Appraisal Rating of Q6 or C5/C6
<p>APPRAISAL REQUIREMENTS</p>	<ul style="list-style-type: none"> • Appraisals are valid for 120 days from the date of inspection to the Note date • Appraisal Forms: <ul style="list-style-type: none"> ◊ 1 unit primary & second home dwellings: Uniform Residential Appraisal Report (Fannie Mae Form 1004) ◊ 2-4 unit primary dwellings: Small Residential Income Property Appraisal Report (Fannie Mae Form 1025)

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	<ul style="list-style-type: none"> ◇ 1 unit investment dwellings when using rental income: Uniform Residential Appraisal Report/Operating Income Statement/Single Family Comparable Rent Schedule (Fannie Mae Form 1004 & 1007) ◇ 2-4 unit investment dwellings when using rental income: Small Residential Income Property Appraisal Report/Operating Income Statement/Single Family Comparable Rent Schedule (Fannie Mae Form 1025 & 1007) ◇ Condominium units: Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073) • Additional Investment Property Requirements: <ul style="list-style-type: none"> ◇ When the borrower owns more than one financed investment property the subject investment property must be secured by either a 15, 20, or 30 year fixed loan or a 7/1 ARM.
CONSTRUCTION TO PERM	<ul style="list-style-type: none"> • Seller must obtain prior approval from VP Correspondent Lending to submit single close CTP loans. • Minimum Loan Amount \$80,000 • Single Family Residence Only • Fixed Rate Only • DU Only • Cash Out is not allowed • Original AUS must be dated before the first Note date or loan will have to qualify as a manual underwrite • Must meet all other parameters listed in FNMA Selling Guide B-5-3-1 • FCM <u>DOES NOT</u> underwrite construction/permanent with modification loans
HIGH BALANCE (DU)/SUPER CONFORMING (LP)	
OVERVIEW	A program designed as an outlet for loan amounts greater than \$484,350 on properties located in markets eligible for high-cost loan limits. Please visit the County Loan Limits to determine if a market qualifies and the maximum limit for that particular market.
LOAN TERMS	<ul style="list-style-type: none"> • For the most recent FCM Credit Score/LTV Matrix please reference the link below: FCM Credit Score/LTV Matrix • 15/30 Year Fixed Only • Primary Residence, Second Home, Investment Properties • Maximum Loan Amount LP/Super Conforming Files: \$1M
CREDIT	<ul style="list-style-type: none"> • All borrower must have traditional credit. • No Manual Underwrites
PROPERTY ELIGIBILITY	<ul style="list-style-type: none"> • Must be in a qualifying market. Please see the County Loan Limits to determine property and loan amount eligibility.
APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> • Interior/Exterior Appraisal required on all loans • DU/High Balance Files: A field review is required for properties valued at \$1M or more with an LTV/CLTV or HCLTV ratio greater than 75%
HOMEReady MORTGAGE (DU)	
OVERVIEW	HomeReady mortgage may be originated for Purchases or Limited Cash Out Refinances. The guidelines below pertain to 1-unit residence, for specific guidelines regarding 2-4 units, please contact FCM underwriting. The following guidelines only apply to AUS approval, manual underwriting is not acceptable.
LOAN TERMS	<ul style="list-style-type: none"> • 30 Year Fixed

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ELIGIBLE PROPERTIES	<ul style="list-style-type: none"> • 1 Unit Single Family Residence • FNMA Warrantable Condos • Planned Unit Developments (attached and detached)
BORROWER ELIGIBILITY	<ul style="list-style-type: none"> • Non-Occupant Co Borrowers are permitted to a maximum LTV/CLTV of 95%
INCOME	<ul style="list-style-type: none"> • AUS will determine income eligibility.
MINIMUM BORROWER CONTRIBUTION	<ul style="list-style-type: none"> • Community Seconds are an acceptable source for down payment funds up to 105% LTV
ADDITIONAL TERMS	<ul style="list-style-type: none"> • Homeownership Education is required and must meet Fannie Mae requirements found here. • The occupying borrowers may not have an ownership interest in in more than two residential properties including the subject property, as of the note date. This is effective with loans closed on or after 05/15/2019. The additional reserves required for multiple financed properties are not applicable to HomeReady. DU will be updated to include the multiple financed property policy in a future release at which time this will be required for DU loan casefiles. • FNMA has changed the income limits for all HomeReady loans to not exceed 80% AMI or the property's location (including properties in low-income census tracts). This is effective July 20, 2019.
APPRAISAL REQUIREMENTS	<ul style="list-style-type: none"> • Interior/Exterior Appraisal required on all loans

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