



first community mortgage



# FCM-AMB Jumbo ARM's RW Guidelines

Effective 10/20/2025





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## FCM/AMB Jumbo RW Guideline

	Description	Jumbo
General	Product Type	5/6, 7/6, 10/6 ARMS Full Amortizing over 30 years
	Loan Amount	\$3,500,000 max; \$350,000 min
	Occupancy	Owner Occupied
	Max LTV/Min FICO	80% / 660
	Max DTI	45%
	Payment History	0x30x24
	Housing Event Seasoning	>=7+ Years
	Interest Only	Not Eligible
	Interest Only Restrictions	N/A
Borrower	First Time Homebuyer (FTHB)	Allowed
	Non-Occupant Co-Borrower	Allowed
	Permanent Residential Alien	Allowed, with proof of lawful permanent residence
	Non-Permanent Resident Alien	Allowed, with restrictions
Property	2 Units	Allowed
	3-4 Units	Allowed
	Non-Warrantable Condos	Not Eligible
	Rural Properties	Not Eligible
	Declining Markets	No restrictions
Reserve	<=\$1,000,000	6 Months of PITIA
	\$1,000,001 - \$1,500,000	9 Months PITIA
	\$1,500,001 - \$2,000,000	12 Months PITIA
	\$2,000,001 - \$3,500,000	18 Months PITIA
Cash-Out	Maximum Cash Out	Unlimited



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## FCM/AMB Jumbo RW Guideline

Primary Residence / Purchase, Rate and Term Refinance				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount
Purchase or Rate and Term Refinance	1	660	80%	\$2,000,000
		720	70%	\$2,500,000
		740	70%	\$3,000,000
		740	60%	\$3,500,000
	2	700	65%	\$1,500,000
		720	60%	\$2,000,000

Primary Residence / Cash-Out Refinance					
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	700	75%	\$1,000,000	Unlimited
		720	80%	\$1,500,000	
		720	65%	\$2,000,000	
	2	720	60%	\$1,500,000	Unlimited

Second Home / Purchase, Rate and Term Refinance				
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount
Purchase or Rate and Term Refinance	1	660	80%	\$2,000,000
		720	70%	\$2,500,000

Second Home / Cash-out Refinance					
Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	720	60%	\$1,500,000	Unlimited
			50%	\$2,000,000	



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## FCM/AMB Jumbo RW Guideline

### General

Mortgage Loans must be underwritten in accordance with this Guide. Sellers must originate and deliver Mortgage Loans in compliance with all applicable federal, state and local laws, without giving effect to any federal preemption ("Applicable Laws"), other than exemptions specifically provided for in the relevant Applicable Law.

### HIGHLIGHTS

#### Eligible Products/Terms

- ARM: 5/6, 7/6, 10/6 ARMS amortized over 30-year period

#### Loan Amounts

- Minimum Loan Amount \$350,000
- Maximum Loan Amount \$3,500,000

#### Mortgage Insurance

- N/A, max LTV is 80%

#### Occupancy

- Primary residence and Second homes– 1-4 Unit, PUD, Warrantable Condo and Townhomes

### UNDERWRITING GUIDELINES

Default to AUS findings and FNMA/FHLMC Selling Guide for any guideline not addressed in this guide

#### ARM Features

- Max 80% LTV/CLTV/HCLTV
- Minimum loan amount is \$350,000
- No Investment properties allowed
- Caps: 2/1/5 -5/6 ARM
- Caps: 5/1/5 allowed on 7/6, 10/6 ARM
- Index: SOFR (30 Day Average)
- Margin: 2.75
- Floor: 2.75
- No Conversion Option
- Assumable
- Qualifying Rate:
  - 5/6 ARM qualify with the greater of the fully indexed rate or the Note rate +2%.
  - 7/6, 10/6 ARM – qualify with greater of the fully indexed rate or the Note rate.

#### Ineligible Products

- High-Cost Loans (Federal (TILA 1026.32), State, Local)
- Higher-Priced Mortgage Loans (HPML) (TILA 1026.35)
- Non-Standard to Standard Refinance Transactions (ATR Exempt)
- Higher-Priced Covered Transactions (HPCT QM-Rebuttable Presumption) (TILA 1026.43(b)(4))
- Balloons



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## FCM/AMB Jumbo RW Guideline

- Graduated Payments
- Interest Only Products
- Temporary Buy Downs
- Loans with Prepayment Penalties
- Points and Fees exceeding 3%
- Loans with bridge or departure residence buyout financing by third party, ie: Knock, Homelight or Opendoor

### Underwriting

Follow FNMA/FHLMC Seller Guide and AUS Findings subject to overlays.

- The loan must meet the Price Based QM definition; Safe Harbor = APR less than 1.50% above the applicable APOR
- In all cases, the loan file must document the eight (8) ATR rules.
- Loans must be fully underwritten to one of the applicable Fannie Mae (chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020) or Freddie Mac (sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020) guidelines (Only one guideline can be applied per loan)
- FCM aligns with Fannie Mae as the default throughout this guideline, however both Fannie Mae DU and Freddie Mac LP are acceptable AUS programs to use.
- AUS findings with an Approve/Ineligible -or- Eligible due to loan amount, must be present in all closed loan files.

### Additional Overlays

- Minimum Credit Score is 660
- Maximum LTV/CLTV based on transaction type, occupancy, and credit score
- Maximum DTI (Refer to Debt to Income Ratio Section)
- Reserve Requirements – refer to Reserve Table
- Follow “Credit Event” Seasoning requirements

### Eligible Borrowers

- First-Time Homebuyer (FTHB) is defined as a borrower who has not owned a home in the last three (3) years. For loans with more than one (1) borrower, where at least one (1) borrower has owned a home in the last three (3) years, first-time homebuyer requirements do not apply.
  - For FTHB transactions with 80.01% LTV/CLTV or higher, the following overlays are required (>80% LTV not allowed at this time):
    - Maximum loan amount is \$1,500,000
    - 740 minimum FICO
    - No gift funds allowed
    - Primary residence only
    - Reserve requirements met for FTHB as specified in the Asset section
- US Citizens
- Permanent Resident Aliens with evidence of lawful residency
- Must be employed in the US for the past twenty-four (24) months.
- Non-Permanent Resident Aliens with evidence of lawful residency are eligible with the following restrictions:
  - Primary residence only.
  - Borrower must have a current twenty-four (24) month employment history in the US.



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## FCM/AMB Jumbo RW Guideline

- Unexpired Visas only. Borrowers should have a 24-month credit history based on AUS response.
- Maximum LTV/CLTV is 80%
- Inter Vivos Revocable Trust
- All borrowers must have a valid Social Security Number.
- Non-Occupant Co-Borrowers: May or may not have an ownership interest in the subject property as indicated on title.
  - Maximum LTV/CLTV of 80%

### Ineligible Borrowers

- Foreign Nationals
- DACA Borrowers
- ITIN Borrowers
- Borrowers with diplomatic status
- Life Estates
- Non-Revocable Trusts
- Guardianships
- LLCs, Corporations or Partnerships
- Land Trusts, except for Illinois Land Trust
- Borrowers with any ownership/employment in a business that is federally illegal, regardless if the income is not being considered for qualifying.

### Eligible Occupancy Types

- Follow FNMA/FHLMC Seller Guide and AUS Findings subject to overlays.

### Documentation

- Documentation waivers based on AUS recommendations permitted subject to overlays. No Property Inspection or Drive-By Appraisal Waivers allowed.
- Income calculation worksheet or 1008 with income calculation. Current Fannie Mae Form 1084, Freddie Mac Form 91 or equivalent is required for self-employment income analysis. Full income and asset verification is required.
- All credit documents, including title commitment, must be no older than 120 days from the Note date.
- All loans must meet the Price-Based QM Safe Harbor definition. Safe Harbor = APR less than 1.50% above the applicable APOR.
- QM Designation must be provided in the loan file:
  - QM designation is QM Safe Harbor- APOR (or similar name i.e. Price Based)
- Loan file must document the eight (8) Ability to Repay (ATR) rules identified in Part 1026- Truth-in-Lending (Regulation Z).
- If subject transaction is paying off a HELOC that is not included in the CLTV/ HCLTV calculation, the loan file must contain evidence the HELOC has been closed.
- If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral.

### Debt-to-Income Ratio (DTI)

- Max 45% ARMs

### LTV/CLTV/HCLTV Calculation for Refinances

- Follow FNMA/FHLMC Seller Guide and AUS Findings subject to overlays.



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## FCM/AMB Jumbo RW Guideline

### Refinance Transactions

#### Rate and Term Refinance & Cash-Out Refinance Requirements:

- Follow FNMA/FHLMC Seller Guide and AUS Findings subject to overlays.

#### Delayed Purchase Refinancing

- Follow FNMA/FHLMC Seller Guide and AUS Findings.
  - LTV/CLTV/HCLTV for Rate and Term refinances must be met. The loan is treated as a Rate and Term refinance except for primary residence transactions in Texas.

#### Continuity of Obligation:

When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met.

If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:

- The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements:
  - Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or
  - Is related to the borrower on the mortgage being refinanced.
- The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction.
- The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership.
- The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply:
  - Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer.
  - The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan.

NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.

### Secondary Financing

- Institutional Financing only. Seller subordinate financing not allowed.
- Subordinate liens must be recorded and clearly subordinate to the first mortgage lien.
- If there is or will be an outstanding balance at the time of closing, the monthly payment for the subordinate financing must be included in the calculation of the borrower's debt- to-income ratio.
- Full disclosure must be made of the existence of subordinate financing and the subordinate financing repayment terms. The following are acceptable subordinate financing types:
  - Mortgage terms with interest at market rate.
  - Mortgage with regular payments that cover at least the interest due, resulting in no negative amortization.
- Employer subordinate financing is allowed with the following requirements:
  - Employer must have an Employee Financing Assistance Program in place.
  - Employer may require full repayment of the debt if the borrower's employment ceases before the maturity date.
  - Financing may be structured in any of the following ways:
    - Fully amortizing level monthly payments





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## FCM/AMB Jumbo RW Guideline

- Deferred payments for some period before changing to fully amortizing payments
- Deferred payments over the entire term.
- Forgiveness of debt over time
- Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien.
- LTV/CLTV/HCLTV guidelines must be met for loans with subordinate financing.
- Secondary financing not allowed on LTVs > 80%

### Texas 50 (a) (6) & Texas (f) (2) Refinances

- Texas 50 (a) (6) & Texas 50 (f) (2) refinances (Texas Equity Loans) not allowed.

### Construction-To-Permanent Financing

- Follow FNMA/FHLMC Seller Guide and AUS Findings. One -Time Close Transactions not allowed.

### Credit

**Tradeline Requirements:** Follow FNMA/FHLMC Seller Guide and AUS Findings

- Authorized user accounts are not allowed as an acceptable tradeline.
- Non-traditional credit is not allowed as an acceptable tradeline.

### Disputed Tradelines:

- Follow FNMA/FHLMC Seller Guide and AUS Findings

### Rental History Requirements:

- If the borrower(s) is a First Time Homebuyer and has a rental history in the most recent twelve (12) months, a VOR must be obtained reflecting 0X30 in the last twelve (12) months. Applies to all borrowers on the loan.
- First-Time Homebuyer is defined as a borrower who has not owned a home in the last three
- (3) years. For loans with more than one (1) borrower, where at least one (1) borrower has owned a home in the last three (3) years, first-time homebuyer requirements do not apply.
- If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise, if not related or a party to the transaction a satisfactory VOR can be provided.

### Derogatory Credit:

- 0x30 for mortgage in past 24 months. Follow FNMA/FHLMC Seller Guide and AUS Findings.

### Follow FNMA/FHLMC Selling Guide and AUS findings for additional credit guidelines.

- **Bankruptcy:** Chapter 7, 11 or 13: Seven year waiting period from the discharge or dismissal date.
- **Foreclosure:** Seven year waiting period measured from the completion date of the foreclosure reported on the credit report or other foreclosure documents.
- **Deed-In-Lieu, Short Sale, Pre-foreclosure, and Charge-Off of a Mortgage Account:** Seven year waiting period is required from the completion date as reported on the credit report or other documents.

**Multiple Credit Events:** Not Allowed, however credit events more than 10 years seasoned do not need to be considered.





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## FCM/AMB Jumbo RW Guideline

### Past Mortgage Forbearances:

- Due to Covid, allowable six months after the end of the forbearance period, and only if the borrower made all the monthly payments during forbearance and did not utilize the forbearance terms to skip any payments. Payoff statements and mortgage statements must not reflect any deferred principal balances or any indication of current forbearance.

### Outstanding Judgments/Tax Liens/Charge-offs/Past-Due Accounts:

- Follow FNMA/FHLMC Seller Guide and AUS Findings

### Credit Inquiries:

- If the credit report indicates inquiries within the most recent 90 days of the credit report, the seller must confirm the borrower did not obtain additional credit that is not reflected in the credit report or mortgage application. In these instances, the borrower must explain the reason for the credit inquiry.
- If additional credit was obtained, a verification of that debt must be provided, and the borrower must be qualified with the monthly payment.
- Confirmation of no new debt may be in the form of a new credit report, pre-close credit report or gap credit report.

### Credit Reports-Frozen Bureaus:

- Credit reports with bureaus identified as "frozen" are required to be unfrozen and a current credit report with all bureaus unfrozen is required.

## Liabilities

### Liability Requirements:

- Follow FNMA/FHLMC Seller Guide and AUS Findings

### Contingent Liabilities:

- Follow FNMA/FHLMC Seller Guide and AUS Findings.

### Departure Residence Pending Sale:

- Follow FNMA/FHLMC Seller Guide and AUS Findings

### Departure Residence Subject to Guaranteed Buy-out with Corporation Relocation:

- Follow FNMA/FHLMC Seller Guide and AUS Findings

## Assets

Asset Requirements: Follow FNMA/FHLMC Seller Guide and AUS Findings

Beyond the minimum reserve requirements based on overlays and to fully document the borrowers' ability to meet their obligations, borrowers should disclose all liquid assets.

- Eligible assets must be held in a US account.
- Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs.
- Lender is responsible for verifying large deposits did not result in any new undisclosed debt.
- Asset verification by a Fannie Mae approved asset validation provider is allowed.
- Asset documentation is based on AUS requirements.



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## FCM/AMB Jumbo RW Guideline

Reserve Requirements (# of Months of PITIA)**		
Occupancy	Loan Amount	# of Months
Primary Residence	≤ \$1,000,000	6
	\$1,000,001 - \$1,500,000	9
	\$1,500,001 - \$2,000,000	12
	\$2,000,001 - \$3,500,000	18
Second Homes	≤ \$1,000,000	6
	> \$1,000,000	12
Additional 1-4 Unit Financed REO <ul style="list-style-type: none"> <li>• Additional three (3) -OR- six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO.</li> <li>• If eligible to be excluded from the count of multiple financed properties, reserves are not required</li> </ul> <p><i>See Multiple Financed Properties section for full reserves and requirements</i></p>		
<b>**Borrowed funds (secured or unsecured) are not allowed for reserves.</b>		

### Financing Concessions

- Follow FNMA/FHLMC Seller Guide and AUS Findings

### Seller Concessions

- Follow FNMA/FHLMC Seller Guide and AUS Findings

### Personal Property

- Follow FNMA/FHLMC Seller Guide and AUS Findings

### Income / Employment

Stable monthly income must meet the following requirements to be considered for qualifying:

- Stable – two (2) year history of receiving the income
- Verifiable
- High probability of continuing for at least three (3) years

*When the borrower has less than two (2) years history of receiving income, the lender must provide a written analysis to justify the determination that the income used to qualify the borrower is stable.*

**Declining Income:** When the borrower has declining income, the most recent twelve (12) months should be used.

In certain cases, an average of income for a longer period may be used when the decline is related to a one-time capital expenditure and property documentation is provided.

In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay. The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying.

**Gaps in Employment:** Refer to AUS findings.

### General Documentation Requirements:

- 4506-C / Form 8821 must be signed and completed for all borrowers. IRS will require the latest form completed in full.



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## FCM/AMB Jumbo RW Guideline

- Taxpayer consent form signed by all borrowers.
- Income calculation worksheet or 1008 with income calculation. The Fannie Mae 1084, or Freddie Mac Form 91 or equivalent is required for self-employment analysis. The most recent Form 1084 or Form 91 should be used based on application date. Instructions per Form 1084 or Form 91 must be followed.
  - Copy of liquidity analysis must be included in the loan file if the income analysis includes income from boxes 1, 2 or 3 on the K-1 that is greater than distributions indicated on the K-1.
  - If a liquidity analysis is required and the borrower is using business funds for down payment or closing costs, the liquidity analysis must consider the reduction of those assets.
- Paystubs must meet the following requirements:
  - Clearly identify the employee/borrower and the employer.
  - Reflect the current pay period and year-to-date earnings.
  - Computer generated.
  - Paystubs issued electronically via email or internet, must show the URL address, date and time printed and identifying information.
  - Year-to-date pay with most recent pay period at the time of application and no earlier than 120 days prior to the Note date.
- W-2 forms
- Verification of Employment Requirements:
 

Requirements below apply when income is positive and included in qualifying income:

  - Verbal Verification of Employment (VVOE) must be performed no more than ten (10) business days prior to the Note date.
  - The Verbal VOE should include the following information for the borrower:
    - Date of contact
    - Name and title of person contacting the employer
    - Name of employer
    - Start date of employment
    - Employment status and job title
    - Name, phone #, and title of contact person at employer
    - Independent source used to obtain employer phone number
  - Fannie Mae Verification of Employment alternatives allowed for non-self-employed borrowers.
  - Verification of the existence of borrower's self-employment must be verified through a third-party source and no more than 120 calendar days prior to the Note date.
    - Third party verification can be from a CPA, regulatory agency or applicable licensing bureau. A borrower's website is not acceptable third-party source.
    - Listing and address of the borrower's business
    - Name and title of person completing the verification and date of verification.
  - Written Verification of Employment may be required for a borrower's income sourced from commissions, overtime and or other income when the income detail is not clearly documented on W-2 forms or paystubs.

### Tax Returns must meet the following requirements when used for qualifying:

- Personal income tax returns (if applicable) must be complete with all schedules (W-2 forms, K-1s etc.) and must be signed and dated. In lieu of a signature, personal tax transcripts for the corresponding year may be provided.
- Business income tax returns (if applicable) must be complete with all schedules and must be signed and dated. In lieu of a signature, business transcripts for the corresponding year may be provided on or before the closing date.
- For unfiled tax returns for the prior year's tax return, please see the Program Eligibility Supplement.



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## FCM/AMB Jumbo RW Guideline

### Unacceptable Sources of Income:

- Any unverified source
- Deferred compensation
- Temporary or one-time occurrence income
- Rental income from primary residence – One (1) unit property or one (1) unit property with accessory unit
- Rental income from a second home
- Retained earnings
- Education benefits
- Trailing spouse income
- Any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations. Federal law restricts the following activities and therefore the income from these sources is not allowed for qualifying:
  - Foreign shell banks.
  - Medical marijuana dispensaries.
  - Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law.
  - Businesses engaged in any type of internet gambling.

### Follow FNMA/FHLMC Seller Guide and DU/LP Findings for the following income types:

- Alimony/Child Support/Separate Maintenance
- Asset Depletion
- Capital Gains
- Commission Income
- Disability Income – Long Term (Private policy or employer-sponsored policy)
- Dividends and Interest Income
- Foreign Income
- K-1 Income/Loss on Schedule E
- Non-Taxable Income (Child support, military rations / quarters, disability, foster care, etc.)
- Note Income
- Overtime and Bonus Income
- Part-Time Income
- Projected Income
- Rental Income
- Rental Income – Departing Primary Residence
- Retirement Income (Pension, Annuity, 401(k), IRA Distributions)
- Salaried/Hourly Income
- Social Security Income
- Temporary Leave Income

### Restricted Stock and Stock Options

- Allowed. Follow FNMA/FHLMC Seller Guide and DU/LP Findings

### Borrowers Employed by Family

- YTD paystub
- Two (2) years W-2s and
- Two (2) years personal tax returns with two (2) years tax transcripts.
- VVOE
- Borrower's potential ownership in the business must be addressed.



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## FCM/AMB Jumbo RW Guideline

### Trust Income

- Follow FNMA/FHLMC Seller Guide and AUS Findings
- Copy of trust agreement or trustee statement showing:
  - Total amount of borrower designated trust funds.
  - Terms of payment.
  - Duration of trust.
  - Evidence the trust is irrevocable.

### Self-Employment

#### Follow FNMA/FHLMC Seller Guide and AUS Findings

- Self-Employed borrowers are defined as having 25% or greater ownership or receive 1099 statement to document income.

#### The requirements below apply for Self-Employed borrowers.

- Income calculations should be based on the Fannie Mae Form 1084 or Freddie Mac Form 91 or equivalent income calculation form.
- Year-to-date financials (profit and loss statement) is not required if the income reporting is positive, not declining and not counted in qualifying income.

#### Two-year history is generally required.

- 12-24 months self-employment history may be considered as long as the borrowers most recent tax returns reflect income at the same or greater level in a field that provides the same products or services as the current business or in an occupation in which he or she had similar responsibilities to those in connection with the current business.
- 1-2 years signed 1040s and K-1's depending on AUS findings.
- Signature requirement may be waived if tax transcripts are obtained to support the 2 years of 1040s.
- If one year is required per AUS findings the following requirements apply:
  - Signed 1040s and Business Tax Returns for the most recent year.
  - Confirm the tax returns reflect at least 12 months of self-employment income.
- Verification of Self-Employment Income:
  - Verify the existence of the client's business within 120 calendar days prior to the note date.
- Year-To-Date Profit & Loss Statement:
  - Year-to-Date Profit & Loss is only required if self-employment income is the primary income source used to qualify.
  - Profit and Loss is not required for Secondary Self Employment.
  - Year-to-date is defined as the period ending as of the most recent tax return through the most recent quarter ending one (1) month prior to the Note date.
  - For tax returns on extension the entire unfiled year is also required
  - If the Year-to-Date profit & loss statements reflects a downward income trend the lower income reporting on the YTD Profit & Loss must be used for qualification.
  - May be either audited or unaudited. CPA prepared, or borrower prepared is acceptable.
  - YTD P&L is required for current year to date if Note date is on or after April 30<sup>th</sup>.
- YTD P&L may be omitted if the following criteria are met:
  - Two (2) years tax returns are provided, and no declining income is present.
  - If Note date is after April 15<sup>th</sup>, P&L may only be omitted if most recent tax year return is filed. If extension is filed, then YTD P&L for prior year is required and depending on Note date, current YTD P&L may also be required.
- Secondary Self-Employment Income:
  - Follow FNMA/FHLMC Seller Guide and AUS Findings
- Income from Self-Employed Co-Borrower:
  - Follow FNMA/FHLMC Seller Guide and AUS Findings



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## FCM/AMB Jumbo RW Guideline

### Follow FNMA/FHLMC Seller Guide and AUS Findings for the following Self-Employment income types:

- Corporation
- Partnership/S-Corporation
- Sole Proprietorship (Includes Schedule C and Schedule F)

### Multiple Financed Properties

- The borrower(s) may own a total of ten (10) financed, 1–4-unit residential properties including the subject property and regardless of the occupancy type of the subject property.
  - If the borrower owns up to four (4) financed properties:
    - Max financing for the subject transaction is allowed
    - Additional financed 1–4-unit residential properties require three (3) months reserves for each property
  - If the borrower owns between five (5) and ten (10) financed properties:
    - The subject transaction is limited to a maximum of 80% LTV/CLTV/HCLTV or program maximum (lower of the two)
    - Subject property requires the greater of six (6) months reserves or required reserves per guidelines as indicated in the Asset Section of this guide
    - Additional financed 1-4 unit residential properties require six (6) months reserves for each property
- The borrower may own an unlimited number of financed 1-4 unit residential properties when the subject transaction is a primary residence with the following requirements met:
  - The subject transaction is limited to a maximum of 80% LTV/CLTV/HCLTV or program maximum (lower of the two).
  - Additional financed 1-4 unit residential properties require six (6) months reserves for each property.
- 1-4 unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage.
- Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation

### Properties Listed For Sale

- Properties currently listed for sale (at the time of application) are not eligible for refinance transactions

### Eligible Properties

- 1-2 Unit Owner Occupied Properties
- 1 Unit Second Homes
- Condominiums – Attached – Warrantable- Follow AUS/Agency requirements.
  - Limited review allowed for attached units in established condominium projects:
    - Eligible transactions as per AUS/Agency requirements.
    - Projects located in Florida are not eligible for limited review.
  - CPM or PERS allowed
  - Full Review allowed. Warranty to AUS/Agency full review guidelines.
  - Projects with 2-4 units – Follow AUS/Agency requirements.
  - Condominium documents to support condominium eligibility review must be no older than 120 days from Note date.
- Condominiums – Detached (including site condominiums)
  - Follow AUS/Agency requirements.
- Modular homes





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## FCM/AMB Jumbo RW Guideline

- Planned Unit Developments (PUDs)
- Properties with ≤40 acres
  - Properties >10 acres ≤40 acres must meet the following:
    - No commercial use allowed
    - No income producing attributes

### Miscellaneous:

- Properties with leased solar panels must meet Fannie Mae requirements.

### Acceptable Forms of Ownership:

- Fee Simple with title vesting as:
  - Individual
  - Joint Tenants
  - Tenants in Common
- Deed/Resale Restrictions must meet Fannie Mae requirements.

### Ineligible Properties

- 2-4-unit second home properties
- 3-4-unit owner occupied properties
- Condotels / Condo Hotels
- Manufactured Homes/Mobile Homes
- Mixed-Use Properties
- Model Home Leasebacks
- Non-Warrantable Condominiums
- Properties with condition rating of C5/C6
- Properties with construction rating of Q6
- Properties located in Hawaii in lava zones 1 & 2
- Properties located in areas where a valid security interest in the property cannot be obtained
- Properties >40 acres
- Leasehold properties
- Solar panels that will include a formal Deed Restriction tied to borrower access to equipment.
- Co-Ops
- Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant
- Tenants-in-Common projects (TICs)
- Unique properties
- Working farms, ranches, or orchards

### Non-Arm's Length Transactions

A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party.

The following non-arm's length transactions are eligible:

- Family sales or transfers
- Property seller acting as their own real estate agent
- Relative of the property seller acting as the seller's real estate agent
- Borrower acting as their own real estate agent
- Relative of the borrower acting as the borrower's real estate agent





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- Borrower is the employee of the originating lender, and the lender has an established employee loan program. Evidence of employee program to be included in loan file.
- Originator is related to the borrower
- Originator is a current subsidiary of the builder
- Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord).

Gifts from relatives that are interested parties to the transaction are not allowed, unless it is a gift of equity.

Real estate agents may apply their commission towards closing costs and/or prepaids if the amounts are within the interested party contribution limitations.

### Disaster Policy

- Refer to FCM's Disaster Policy for requirements

### Escrow Holdbacks

- Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase

### Appraisal Requirements

- Transferred appraisals are not allowed.
- Appraisal Waivers also known as a PIW or Drive-By appraisals are not allowed.
- Appraisals must be completed for the subject transaction. Use of a prior appraisal, regardless of the date of the prior appraisal, is not allowed.
- Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from Note.
  - The appraiser must inspect the exterior of the property and provide a photo.
- Appraiser must review current market data to determine whether the property as declined in value since the date of original appraisal. If the value has declined since original appraisal, a new full appraisal is required.
- The appraisal Update (1004D) must be dated within 120 days of the Note date.
- Investment Properties must contain a rent comparable schedule.
- Collateral Underwriter (CU) or Loan Collateral Advisor (LCA) score in lieu of a CDA or CCA.
  - The use of the Collateral Underwriter (CU) score in lieu of a CDA is allowed with the following requirements:

- UCDP SSR included in loan file with a Fannie CU score of 2.5/or Loan Collateral Advisor (LCA) with a score of 2.5 -or- less

*Note:* (CU/LCA) score cannot be used if a CDA or CCA has been pulled and value is not supported within 10% tolerance, further value support is required by either a Value Reconciliation from Clear Capital, Field Review, or 2nd full appraisal

- Cannot interchange CU/LCA scores: Fannie Mae loans require CU score; Freddie Mac loans require LCA score.
- Collateral Desktop Analysis (CDA) ordered from Clear Capital or a Consolidated Collateral Analysis (CCA) from Consolidated Analytics is required to support the value of the appraisal if the CU score is not being applied. The Seller is responsible for ordering the CDA or CCA.
- If the CDA or CCA returns a value that is "Indeterminate" or if the CDA or CCA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met:
  - A Clear Capital BPO or Consolidated Analytics BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation or a Consolidated Analytics Value Reconciliation of three reports is required.





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## FCM/AMB Jumbo RW Guideline

- The Value Reconciliation will be used for the appraised value of the property. The Seller is responsible for ordering the BPO and Value Reconciliation through Clear Capital or Consolidated Analytics.
- A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property. The Seller is responsible for providing the field review or 2nd full appraisal.
- If two (2) full appraisals are provided, a CDA is not required.
- For properties purchased by the seller of the property within ninety (90) days of the fully executed purchase contract the following requirements apply:
  - Second full appraisal is required.
  - Property seller on the purchase contract is the owner of record.
  - Increases in value should be documented with commentary from the appraiser and recent paired sales.

*The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu.*

### Appraisal requirements based on loan amount:

First Lien	Appraisal Requirements
Purchase / Refinance Transactions	
≤ \$2,000,000	1 Full Appraisal
> \$2,000,000	2 Full Appraisals

- When two (2) appraisals are required, the following applies:
  - Appraisals must be completed by two (2) independent companies.
  - The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion.
  - Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled.
  - If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon.