first community mortgage

EQUAL HOUSING LENDER
FCM NMLS ID 629700

a MORTGAGE Boutique
a division of First Community Mortgage

Home Opportunity Loan-LS ITIN Guidelines

Program Codes
HOLLSNDCFD15
HOLLSNDCFD30
HOLLSNDC76FDARM
HOLLSNDCAD15
HOLLSNDCAD30
HOLLSNDC76ADARM

first community mortgage

HOL LS -ITIN
Matrix

LTV/CLTV MATRIX FULL DOC/12 MONTH BANK STATEMENT					
PRIMARY RESIDENCE-1-Unit, SFR, Condo, PUD			**Non-Owner Occupied, 2nd Home, 2-Unit & 3-4 Unit**		
FICO	Max LTV	Max Loan Amount	FICO	Max LTV	Max Loan Amount
660+	80%	$1,000,000	700+	≤ 80%	$1,500,000
680+	80.01-85%	$1,000,000			
680+	≤ 80%	$1,500,000			

Minimum Loan Amount	$125,000	**Minimum Loan Amount**	$125,000
Non-Owner Occupied	Max 80% LTV	**Non-Owner Occupied**	Max 80% LTV
Non-Warrantable Condo	Max 75% LTV	**Non-Warrantable Condo**	Max 75% LTV
Cash Out- 5% Reduction	80% Max LTV	**Cash Out- 5% Reduction**	75% Max LTV
Housing History	0x30x12	**Housing History**	1x30x12
Credit Event-	36 Months (12 on BK 13 w/pay history)	**Credit Event**	24 Months (Settled on BK 13 w/pay history)
Max DTI	50%	**Max DTI**	50%
Reserves	≤ 75% LTV No Reserves >75% 3 Months > 80% 6 Months	**Reserves**	>80% 6 Months
Non-Owner OCC	≤ 70% LTV No Reserves > 70% 3 Months	**Non-Owner OCC**	≤ 70% LTV No Reserves >70% 3 Months

Both A+ and A	
Cash in Hand Limit (Based on LTV)	LTV ≤ 70% & ≥ 700 FICO: $1.5M max cash in hand
	LTV ≤ 65% < 700 FICO: $1M max cash in hand
	LTV > 65% - ≤ 70% LTV & < 700 FICO: $500K max cash in hand
	>70% LTV: $500K max cash in hand (Free & Clear ineligible)
	Vacant Properties $750K max cash in hand
	Free & Clear: Must follow FICO requirements, 70% max LTV
ARM Fully Amortized	7/6 SOFR (5/1/5 Cap Structure)
Seasoning	≥ 12 months ownership for Cash-Out ≥ 6 months ownership for Rate/Term

Texas Cash-Out Max 80% LTV (Owner-Occ, per TX 50(2)(6))

Declining Markets: Areas designated declining value on the appraisal will take a 5% reduction in LTV from qual program max, only when > 70% LTV

Debt Consolidation: Follows R/T Refi 80% max LTV, Owner Occupied only (Max 5K Cash)

Min Square footage: SFR: 600 Sq ft, Condo: 500 Sq ft, 2-4 Units: 400 Sq ft each

Residual Income: $1,250/mo + 250 1st + 125 others

Purpose

Purchase

- Proceeds from the transaction are used to finance the acquisition of the subject property
- LTV/CLTV based upon the lessor of the sales price or appraised value

Rate/Term Refinance

- Proceeds from the transaction are used to pay off an existing first mortgage loan and any subordinate loan used to acquire the property
- Any subordinate loan not used in the acquisition of the subject property provided one of the following apply:
    - Closed end loan, at least 12 months of seasoning has occurred
    - HELOC, at least 12 months of seasoning has occurred and total draws over the past 12 months are less than $2,000
- Buying out a co-owner pursuant to an agreement
    - Property must have been owned by current owners for the last 6 months. No recent changes in property or entity (LLC, Partnership or Corporation) ownership allowed
- Paying off an installment land contract executed more than 12 months from the loan application date
- Cash back in an amount not to exceed the lesser of 2% of the new loan amount or $5,000 can be included in the transaction
- LTV/CLTV based upon the appraised value

Cash-Out Owner Occupied & Second Home

- A refinance that does not meet the definition of a rate/term transaction
- Meets ownership seasoning requirements of ≥ 6 months
- Prior cash-out transactions over 6 months seasoning are allowed
- Seasoning waived if the lender documents the borrower occupied the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership)
- If the property was owned prior to closing by a Limited Liability Corporation (LLC) that is majority-owned or controlled by the borrower(s), the time it was held by the LLC may be counted toward meeting the borrower's six (6) month ownership requirement [in order to close, ownership must be transferred out of the LLC and into the name of the individual borrower(s)]
- Free and clear properties must verify housing for six (6) months with proof ITIA has been paid on time by borrower
- The payoff of delinquent real estate taxes (60 days or more past due) is considered cash out
- All cash-out transactions must be of benefit to the borrower
- Net Cash-Out (Cash-In-Hand) proceeds can be used for required reserves
- Power of Attorney (POA) is not allowed
- Loans not eligible for cash-out:
    - Properties listed for sale in the past six (6)-months
    - A prior cash out transaction in the past six (6) months (except for the below exception)
        - A draw on a HELOC in the past 6 months will be considered cash out for this 6 month seasoning requirement

        - Eligible only for 24 Months full doc transactions, with a max DTI of 43% with borrower's reserves of at least six (6) months PITIA (cash out cannot be used as reserves); enhanced appraisal review required
- Refer to the Matrix for cash-out limits and other restrictions

Cash-Out Seasoning

- Defined as the difference between the Note date of the new loan and prior financing Note date. In lieu of having the Note, the date may be based on when the loan was recorded. If the loan meets seasoning requirements the appraised value will be used to calculate the qualifying LTV/CLTV.
- Properties must be owned for at least six (6) months to be eligible for cash-out programs, except for the abovementioned for inheritance or divorce/separation or Seasoning Waiver
- An additional occupying borrower may be added under the following circumstances:
    - At least one occupying borrower already on title over six (6) months remains on title and on the new loan transaction
    - The added borrower has been occupying the property for six (6) or more months
- Sole occupying borrower may be added and qualified as the sole borrower under the following circumstances:
    - Verification of occupancy for six (6) or more months, and
    - Verification the borrower has made the mortgage payments directly to the mortgage company (must cover the time on title, minimum of six (6) months, maximum per program guidelines
        - If the home is free & clear, verification the borrower has paid the property taxes directly to the taxing authority is required
        - Must cover the time on title, minimum of six (6) months, maximum per program guidelines
        - If no taxes were due/paid within the prior six (6) months, the loan is ineligible
        - Taxes cannot be paid within 30 days prior to the application date
        - There cannot be any outstanding delinquent taxes

Cash-Out Investment & Business Purpose Non-TRID

- A refinance that does not meet the definition of a rate/term transaction
- A mortgage secured by a property owned free and clear is considered cash-out
- The payoff of delinquent real estate taxes (60 days or more past due) is considered cash out
- All cash-out transactions should be of benefit to the borrower
- The borrower(s) must indicate the purpose of the cash-out proceeds. Cash-out proceeds must be for business purposes (Cash-out proceeds for personal use permitted with Full Income Documentation or Bank Statement Income Documentation and must meet TRID and ATR Attestation.)
- Net Cash-Out (Cash-In-Hand) proceeds can be used for required reserves
- Power of Attorney (POA) is not allowed
- Loans not eligible for cash-out:
    - Properties listed for sale in the past six months unless requirements in section 1.19 meet (required pre-payment penalty)
    - A prior cash-out transaction in the past six months (except for the below exception)
        - A draw on a HELOC in the past 6 months will be considered cash out for this 6 month seasoning requirement

        - Eligible only for 24 Months full doc transactions, with a max DTI of 43% with borrower's reserves of at least 6 Months PITIA (cash out cannot be used as reserves); enhanced appraisal review required
- Refer to the Matrix for cash-out limits

Cash-Out Seasoning

- Defined as the difference between the Note date of the new loan and prior financing Note date. In lieu of having the Note, the date may be based on when the loan was recorded. If the seasoning requirements are met the appraised value will used to calculate the qualifying LTV/CLTV.
- Properties must be owned for over six months to be eligible for Cash-Out loan programs, except for the abovementioned for inheritance or divorce/separation
- Additional borrower(s) may be added under the following circumstances:
    - At least one borrower already on title over 6 months, remains on title, and on the new loan transaction
- New sole occupying borrower(s) may be added and qualified as the sole borrower(s) under the following circumstances:
    - New Sole borrower has been on title for six or more months, and
    - Verification the borrower(s) has/have made mortgage payments directly to the mortgage company (must cover the time on title, minimum of 6 months, maximum of program guidelines)
        - If the home is free and clear, verification the borrower(s) has/have paid the property taxes directly to the taxing authority
        - Must cover the time on title, minimum of 6 months, maximum of program guidelines
        - If no taxes were due/paid within the prior six months, the loan is ineligible (it cannot be paid within 30 days prior to the application date and cannot have any outstanding delinquent taxes)

Debt Consolidation Program-Owner Occupied

- A cash-out transaction meeting the below requirements follows the Rate/Term LTVs on the Matrix
- Mortgage and non-mortgage debts (including delinquent taxes) are paid off and total monthly revolving and installment debt payments are lowered by at least 10%
- Closing costs are recouped within 60 months
- Cash in hand may not exceed $5,000 or 2% of the loan balance, whichever is lower
- The closing documents must reflect the paid off debts
- Reserves reduced to 1 month PITIA when all above requirements are met
- Investment & Business Purpose Non-TRID Loans Ineligible

Delayed Financing-Owner Occupied & Second Home

- Borrowers who purchased the subject property within the last six (6) months (measured from the date purchased to the disbursement date of the new mortgage loan) are eligible for a cash-out refinance if all the following requirements are met (Refer to FNMA B2.1.3.03 DELAYED FINANCING EXCEPTION)
- Requirements for Delayed Financing
- The Original Purchase Transaction was an arm's-length transaction

- Borrower(s) must meet Fannie Mae's borrower eligibility requirements as described in B.2.2.01 GENERAL BORROWER Eligibility Requirements of the FNMA Seller Guide
- The original purchase transaction is documented by a settlement statement, which confirms no mortgage financing was used to obtain the subject property (a recorded Trustee's Deed or similar alternative confirming the amount paid by the Grantee to the Trustee may be substituted for a settlement statement if a settlement statement was not provided to the purchaser at the time of sale)
  - Preliminary title search or report must confirm there are no existing liens on the subject property
- Sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or HELOC on another property)
- If source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the settlement statement for the refinance transaction must reflect that all cash-out proceeds are used to pay off or pay down, as applicable, the loan used to purchase the property
  - Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculations for the refinance transaction
  - Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan
- The new loan amount cannot be more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage (subject to the maximum LTV/CLTV/HCLTV ratios for the cash-out transaction based on the current appraised value)
- All other cash-out refinance eligibility requirements are met (cash-out pricing is applicable; Refer to the matrix for cash in hand restrictions)
- Delayed Financing NOT available for Foreign National borrowers and Foreign National loan programs

Delayed Financing-Investment & Business Purpose Non-TRID Loans

- Borrowers who purchased the subject property within the last six (6) months (measured from the date on which purchased to the disbursement date of the new mortgage loan) are eligible for a cash-out refinance if all of the following requirements are met. (Refer to FNMA B2-1.3-03 Delayed Financing Exception.)
- Requirements for Delayed Financing

The Original Purchase Transaction was an arm's-length transaction

- For this refinance transaction, the borrower(s) must meet Fannie Mae's borrower eligibility requirements as described in B2-2-01, GENERAL BORROWER ELIGIBILITY REQUIREMENTS of the FNMA seller guide
- The original purchase transaction is documented by a settle statement, which confirms that no mortgage financing was used to obtain the subject property
- A recorded trustee's deed (or similar alternative) confirming the amount paid by the grantee to trustee may be substituted for a settlement statement if a settlement statement was not provided to the purchaser at time of sale The Preliminary title search or report must confirm that there are no existing liens on the subject property
- The sources of funds for the purchase transaction are documented (such as bank statements, personal loan documents, or a HELOC on another property)
- If the source of funds used to acquire the property was an unsecured loan or a loan secured by an asset other than the subject property (such as a HELOC secured by another property), the settlement statement

for the refinance transaction must reflect that all cash-out proceeds be used to pay off or pay down, as applicable, the loan used to purchase the property
    - Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction
    - Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan
- The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan (subject to the maximum LTV, CLTV, and HCLTV ratios for the cash-out transaction based on the current appraised value)
- All other cash-out refinance eligibility requirements are met. Cash-out pricing is applicable. Refer the Matrix for cash in hand restrictions
- Delayed Financing NOT available for Foreign National borrowers and Foreign National loan programs

Interested Party Contributions

- Interested party contributions (IPC) may only be used for closing costs and prepaid expenses (Financing Concessions) and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements. If IPCs are present, both the appraised value and sales price must be reduced by the concession amount that exceeds the limits referenced below. IPC includes funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the Real-Estate transaction held to the following.

Escrows and Impounds

Owner Occupied Primary Residence / Second Home

- Impound accounts must be established for all Loans greater than 90% LTV(CA) & 80% LTV (all other states). Impounds are required on all HPML (higher priced mortgage loans) loans and may never be waived, regardless of LTV.

Investment Properties or Non-TRID Business Purpose Loans

- Impound accounts are optional on Investment properties and not required

Borrower Statement of Occupancy

- TRID (Non-Business Purpose)
    - Borrower must acknowledge the intended purpose of the subject property ("Primary Residence" or "Second Home" or "Investment Property") by completing and signing an occupancy certification form
- Non-TRID (Business Purpose)
    - Borrower must acknowledge that the loan is a business purpose loan by completing and signing the appropriate sections of the "Borrower Certification of Business Purpose"

Properties Listed For Sale

TRID (Non-Business Purpose)

- Rate and Term Refinance
  - The property must be delisted at least one day prior to application date
- Cash-out Refinance
  - The property must be delisted for at least 180 days (6 Months), measured from the listing expiration date to the new loan application date

Non-TRID (Business Purpose)

- Rate and Term Refinance:
  - The property must be delisted at least one day prior to application date
- Cash-out Refinance (One of the Following)
  - The property must be delisted for at least 180 days (6 Months), measured from the listing expiration date to the new loan application date
  - Properties delisted less than 180 days are allowed with the following requirements:
    - Property must be leased with current lease
      - Fully executed lease and receipt of security deposit into borrower's account to be provided
    - Three (3) months reserves required, cash-out proceeds cannot be used as reserves
    - Minimum one year prepayment penalty required
    - Property must be delisted at least thirty days prior to the application date
    - Value is based on the lower of the lowest list price (within the last 180 days) or appraised value. Increased value due to documented major renovations completed in the last 180 days will be reviewed on an exception basis.
    - Maximum LTV is the lower of 70% or program requirement
- Assumability
  - Adjustable-Rate Notes may be assumable based upon the Note. In general, Fannie Mae Notes contain an assumable clause. If the Note shows an assumable clause, the verbiage in the Note and Closing Disclosure must match.
  - Fixed-Rate Notes are not assumable

Mixed Use Properties

- Owner Occupied & Second Home Occupancy
  - Mixed use properties are allowed per Fannie Mae Guidelines.
    - (Examples: Business use in addition to residential use, such as property with space set aside for a day care facility, a beauty or barber shop, or a doctor's office):
      - The property must be a one-unit dwelling that the borrower occupies as a principal residence or 2nd Home
      - The borrower must be both the owner and the operator of the business
      - The property must be primarily residential in nature
      - The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property
    - The property must meet appraisal requirements for mixed use properties under Fannie Mae Section B4-1.4-07. Appraisal must indicate:
      - A detailed description of the mixed-use characteristics of the subject property

- That the mixed use of the property is a legal, permissible use of the property under the local zoning requirements
- Any adverse impact on marketability and market resistance to the commercial use of the property
- Market value of the property based on the residential characteristics, rather than of the business use or any special business-use modifications that were made

Investment Mixed Use Properties

- Not allowed; However, Sober Living Homes are allowed as to a recent California Supreme Court Decisions and Legal Opinions multiple Attorneys General. State law reinforces federal law prohibiting housing discrimination against persons with disabilities, including alcoholics and addicts in recovery. Under The Fair Housing Act (1988), The American with Disabilities Act (1990), Fair Employment and Housing Act (1959), Government Code 65008 (a), (b) and (d)(2), and under the Code of Federal Regulations §100.201, it requires the states to abide by Federal Regulations and allows for the placement of these individuals in community settings rather than institutions. This section defines "handicapped" status protected by FHA, Fannie Mae, and ADA to include recovering alcoholics and addicts and prohibits mortgage lenders from discriminating from homeowner's that run such facilities. We, therefore, will allow for the financing of single and multi-family properties with the following restrictions:
  - 1007 market rents will be used for qualifying purposes (lease agreements between multiple parties will not be considered or used)
  - No modifications to the home unless allowed under the ADA are allowed

Texas Transactions

Owner Occupied

- Texas Purchase Loan
  - Power of Attorney is not permitted
  - All transactions must require a valid survey
- Rate/Term Loan
  - Defined as the borrower receiving no cash in hand at closing – All brokers/MLOs eligible to originate rate/term transactions provided the loan meets standard eligibility criteria, all the necessary disclosures are provided to the borrower(s), existing loans meet the seasoning requirements, and recession time-periods are followed per the Texas Constitution

Credit

- Borrower must meet standard tradeline requirements. Borrowers who do not meet the standard tradeline requirements may be eligible when satisfying the reduced tradeline requirements listed below
- Borrowers with no Housing History or living rent-free are not allowed if FTHB, a free and clear home is not considered living rent free or no housing history. If borrower recently sold their home and waiting to buy new home, not considered living rent free or no housing history
- Tradelines must be reporting based on the ITIN issued by the IRS; if any social security numbers or other numbers are reflected on the credit report, the underwriter must ensure the tradelines are reported under the ITIN or the ITIN was issued before the first tradeline was established or tradelines used to qualify were established from the date of issuance or renewal date of the ITIN
    - If tradelines reported are verified per the credit report under the ITIN (no SSN shows on the credit report) no further action is required
    - If original ITIN issuance letter from IRS can be obtained and is dated prior to any tradelines on credit, credit will be considered acceptable with no further action
    - If a renewal letter from the IRS can be obtained and it is dated prior to any tradelines used to meet tradeline qualification requirements, credit will be considered acceptable with no further action
    - If original or renewal letter cannot be provided or tradelines cannot be verified as reported under the ITIN, additional documentation must be obtained to show ITIN issuance pre-dates the oldest tradeline on the credit report
        - Example such as but not limited to: Original tax year filing with ITIN and tax transcript for that year (full doc loans only); or
        - Credit report stripped of any tradelines associated with the erroneous SSN(s)
    - Married Borrowers do no need to individually meet tradeline requirements; their combined credit will be considered when evaluating acceptable tradelines
- If the borrower does not have the required active tradelines reporting, they may use up to 2 non-traditional credit tradelines to meet the minimum tradeline requirement in addition to at least 1 traditional (must have minimum of 1 traditional tradeline before using non-traditional)
- Non-traditional credit references include but are not limited to:
    - Auto and renter's insurance
    - Child Care from a reputable and known entity (KinderCare, etc.)
    - Installment loan payments not listed on credit report
    - Lease payments for durable goods (i.e. auto)
    - Local store payments (department, furniture, appliances)
    - Non-payroll deducted medical and life insurance
    - Rent-to-own contract (e.g. Rent-A-Center)
    - School tuition
    - Utilities (electricity, water, gas, phone, cable)
    - VOR/VOM reported on credit or, received directly from an institutional management company/servicing company that can be verified via third party sources; if none exist, then 24 months of consecutive cancelled checks/money orders is an acceptable alternative

Credit Reports and Credit Score

- Fannie Mae guidelines should be utilized for processing and documenting all required credit reports and determining borrower's credit eligibility and credit score selection. The following exception is allowed:
  - Minimum of one (1) borrower with two (2) credit scores (all three (3) repositories must be attempted)
  - Must use the lower of the two (2) credit scores or median of the three (3) credit scores generated unless one of the following occurs:
    - For multiple borrowers:
      - Full Doc and Alt Doc income document types: Use the Decision Score for the primary wage; all borrowers must have a minimum Credit Score of 660

Loan Integrity & Fraud Check

- Data integrity is crucial to quality loan file delivery and mitigation of fraud risk. All loans should be submitted to an automated fraud and data check tool (i.e. Fraud Guard, DataVerify, etc.). A copy of the findings report should be provided in the loan file along with any documentation resolving any deficiencies or red flags noted.

Credit Inquiries

- Any credit inquiries on the borrower's credit report in the last 90 days must have documentation signed by the borrower explaining the inquiry and attestation of no new credit was established. If new credit was established borrowers must provide documentation on the current balance and payment and qualify accordingly. It is recommended the underwriter do additional diligence as necessary to ensure there is no undisclosed debt.

Housing History

- Mortgage/rental history is required for most programs. If a borrower's mortgage or rental history is not reported on the credit report, alternative documentation showing the most recent 12-month history (VORs and VOMs from servicing/mortgage companies and companies/management companies, etc., cancelled checks, mortgage/rental statements including payment history, etc.) should be provided. See matrix for LTV restrictions for accepting private party VORs. All loans held and/or serviced by the submitting broker, lender or banker that will be paid off through our transaction will require 12 months canceled checks. Bank statements in lieu of canceled checks may be allowed at the underwriter's discretion.
- Housing late payments exceeding 1x60x24 require a letter of explanation from the borrower. The situation causing the delinquency must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved.
- Owner occupied properties: On owner occupied properties where the mortgage rating is in the name of the non-borrowing spouse and both are residing in the home together, the mortgage rating will be required and deemed acceptable for housing history requirements.
- Second home and investment properties: Ratings in the name of non-borrowing spouse are not acceptable unless a joint account has been used to make the payments.
- Borrowers who live rent-free are not allowed if the initial 1003 reflects any rent amount listed. Borrowers who cannot validate and verify that they live rent-free are not allowed.

- Borrowers who can validate and verify that they live rent-free or borrowers without a complete 12 month housing history are allowed with the following restrictions:
    - Full documentation and bank statement
        - Primary Residence only
- 5% minimum borrower contribution
- Any available portion of a 12-month housing history must be paid as agreed
- Borrower(s) who own their primary residence free and clear are not considered living rent free
- Borrower(s) who sold a primary residence within the past 6 months and are currently residing rent free until subject transaction closes, are not considered to be living rent free and a Gap Housing history is not required

Allowable Age of Credit Documents

- Underwriting and borrower credit documents may not be more than 90 days seasoned at the Note Date. The credit report should be dated no more than 120 days prior to the Note Date.
- The Appraisal should be dated no more than 120 days prior to the Note Date. After a 120-day period, a re-certification of value is acceptable up to 180-days. After 180-days, a new appraisal report is required

Consumer Credit

Consumer Credit History

- Any delinquent account must either be brought current or paid off at closing.
- All mortgage accounts must be current at application and remain paid as agreed through closing.

Timeshares

- Timeshare obligations will be treated as a consumer installment loan

Consumer Credit Charge-Offs And Collections

- Accounts with a cumulative balance greater than $5,000 must be paid in full prior to or at closing unless they exceed state statute of limitations for debt collection
- Medical collections may remain open with a max cumulative balance of $15,000
- A 2nd mortgage or junior lien that has been charged off is subject to foreclosure seasoning periods for grade determination based upon the charge off date
- Collections and charge-offs that have expired under the state statute of limitations on debts may be excluded. Evidence of expiration must be documented
- Charge-offs and collections not excluded by the above bullet points must be paid or may stay open if using one or a combination of both of the following:
- Payments for open charge-offs or collections are included in the DTI (Subject to program DTI restrictions)
    - If there is no payment, use 5% of the balance
- Reserves are sufficient to cover the balance of the charge-offs or collections and meet reserve requirements

Consumer Credit Counseling Services

- Borrowers currently participating in Fannie Mae approved credit counseling services are acceptable if most recent 12 months paid as agreed, and the CCCS administrator provides a letter allowing borrower to seek new mortgage financing

Judgment Or Liens

- All open judgments, garnishments, and all outstanding liens must be paid off prior to or at loan closing.

Delinquent Income Tax

- All delinquent tax (federal, state, local) must be paid off prior to or at loan closing. Tax liens and delinquent tax debt that has not become a lien, that does not impact title (open liens reflected on credit report will impact title and must be paid off) may remain open provided the following are met:
- The file must contain a copy of the repayment agreement
- A minimum of 2-payments were made under the plan with all payments made on time
- If a lien: The balance of the lien must be included when determining the maximum CLTV for the program
- If a lien: Refinance transactions require a subordination agreement from the taxing authority

For Purchase Money Transactions

- A copy of the repayment agreement is obtained
- A minimum of 2 months elapsed on the plan and evidence of timely payments for the most recent 2 months is provided
- The maximum payment required under the plan is included in the debt-to-income ratio
- The title company must provide written confirmation confirming (a) the title company is aware of the outstanding tax lien with no exception to final title policy, and (b) subordination agreement from IRS, when necessary
- Maximum DTI of 50%
- Evidence of two timely payments is not required if two months have not elapsed since entering into the repayment agreement, the balance owed is for the current tax filing year and is less than or equal to 5% of the property value
- If a lien: The balance of the lien must be included when determining the maximum CLTV for the program
- If a lien: Refinance transactions require a subordination agreement from the taxing authority

Bankruptcy History

- Recent bankruptcies are allowed, all bankruptcies (except for a Chapter 13, see below) must be settled at time of application. Evidence of bankruptcy resolution is required. The length of time is measured from the discharge/dismissal date to the Note date.
- Bankruptcies resolved in the last 24 months require a letter of explanation from the borrower. The situation causing the bankruptcy must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved. If multiple bankruptcies exist in this time frame each must be addressed in the explanation
- FCM allows recently settled BKs, depending on credit grade, that require either no prior BK 13 pay history or require 24 months satisfactory BK 13 pay history (if full term of BK is less than 24 months, a pay history for the full term is required). (Refer to Matrix for additional information.)

- A cash-out refinance may be used to settle the remaining balance of a Chapter 13 repayment plan if all of the following requirements are met:
    - A minimum of 12-months of payments have been made under the bankruptcy plan
    - The most recent 12-months of payment plans have been made on time

Foreclosure Seasoning

- Foreclosures completed in the last 24 months require a letter of explanation from the borrower. The situation causing the foreclosure must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved. If multiple foreclosures exist in this time frame each must be addressed in the explanation. The length of time is measured from the settlement date to the Note date. In the case of a foreclosure which was included in Bankruptcy, the seasoning timeline will start from the earlier of a) the date of discharge of bankruptcy and b) the foreclosure completion date. Re-established credit of at least 2 tradelines paid as agreed for 12 months is required or the foreclosure date will be used. Active foreclosures are not allowed.

Short Sale / Deed In Lieu Seasoning

- Short Sales and Deed-in-Lieu of Foreclosures completed in the last 24 months require a letter of explanation from the borrower. The situation causing the Short Sale / Deed-In-Lieu must be adequately documented as resolved. The new housing payment must be considered when determining if the situation is adequately resolved. If multiple Short Sales and/or Deed-In-Lieu exist in this time frame each must be addressed in the explanation. The length of time is measured from the settlement date to the Note date. For the Credit Grades of B, and C, where the housing event can be settled, the delinquency proceeding the housing event can be ignored.
- In the case of a short sale/deed-in-lieu which was included in Bankruptcy, the seasoning timeline will start from the earlier of a) the date of discharge of bankruptcy and b) the short sale/deed-in-lieu completion date. Re-established credit of at least 2 tradelines paid as agreed for 12 months is required or the completion date will be used. Short Sale or Deed-In-Lieu currently in process are not allowed.

Forbearance Or Modification

Non Covid Forbearance

- Forbearance or loan modifications are treated as a short sale / deed-in-lieu for grading and pricing purposes. For the Credit Grades of B, and C, where the housing event can be settled, the delinquency proceeding the housing event can be ignored. Servicing retention related interest rate modifications are excluded from the seasoning requirement. A letter or explanation from the borrower addressing the situation that made forbearance or modification necessary must be provided. The current housing payment history along with the new housing payment must be considered when determining if the situation is adequately resolved.

Covid Forbearance

- Forbearance must be prior to 2022. All forbearance entered from the beginning of 2022 to present will be considered a non COVID forbearance.

Forbearance (Entered Prior to 2022)

- Borrowers who are currently or have been in forbearance, are acceptable in certain cases:
- The borrower(s) must provide a copy of the forbearance agreement and documentation of which method was used to bring the loan current
- Borrower (s) must be current on all mortgages for all properties owned through the month of closing
- Borrower(s) must document that they have been removed from forbearance on any mortgage loan, including our subject and any other properties
- If the borrower(s) brought the loan current through re-instatement (payment in full of the deferred amount), the loan will be deemed eligible for a maximum credit grade of A+. Mortgage ratings need to reflect forbearance and not mortgage lates for it to be considered a true COVID forbearance' any other forbearance follow the guides
- If the re-instatement was completed after the application date on our subject, the source of funds must be documented.

Covid-19 Borrower Certification:

- We have implemented a new certification form where borrowers must attest to ability to repay prior to funding all Full Doc and Bank Statement Loans. This is required to be executed by all borrowers on a transaction. Funding will not commence otherwise. Funders will be required to review all answers. Any negative answers will require the funding be held and the loan go back to underwriting.

Tradelines And Grade Determination

- Refer to ITIN section

Obligations Not Appearing On Credit Report

Housing And Mortgage Related Obligations

- Housing and mortgage-related obligations include property taxes, premiums and similar charges that are required by the creditor (i.e., mortgage insurance), ground rent, and leasehold payments. All properties owned by the borrower must be fully documented in this regard. These obligations must be verified using reasonably reliable records such as taxing authority or local government records, homeowner's association billing statements, information obtained from a valid and legally executed contract.

Current Debt Obligations, Alimony, And Child Support

- A lender may use a credit report to verify a borrower's current debt obligations, unless the lender has reason to know that the information on the report is inaccurate or disputed. Obligations that do not appear on the credit report, such as alimony and child support, must be documented through other methods according to Fannie Mae guidelines.

Debts Paid By Others

- Certain debts can be excluded from the borrower's recurring monthly obligations ratio:
- When a borrower is obligated on a non-mortgage debt—but is not the party who is actually repaying the debt—the lender may exclude the monthly payment from the borrower's recurring monthly obligations

- This policy applies whether or not the other party is obligated on the debt but is not applicable if the other party is an interested party to the subject transaction (such as the seller or realtor)
- Non-mortgage debts include installment loans, student loans, revolving accounts, lease payments, alimony, child support, and separate maintenance. See below for treatment of payments due under a federal income tax installment agreement

- When a borrower is obligated on a mortgage debt - but is not the party who is actually repaying the debt, the lender may exclude the full monthly housing expense (PITIA) from the borrower's recurring monthly obligations if:
  - the party making the payments is obligated on the mortgage debt,
  - there are no delinquencies in the most recent 12 months, and
  - the borrower is not using rental income from the applicable property to qualify
- In order to exclude non-mortgage or mortgage debts from the borrower's DTI ratio, the lender must obtain the most recent 12 months' canceled checks (or bank statements) from the other party making the payments that document a 12-month payment history with no delinquent payments
- When a borrower is obligated on a mortgage debt, regardless of whether or not the other party is making the monthly mortgage payments, the referenced property must be included in the count of financed properties (if applicable per Fannie Mae B2-2-03, Multiple Financed Properties for the Same Borrower

Payment Shock

- Payment shock should not exceed 300% of the borrower's current housing payment unless DTI is less than or equal to 50%. If payment shock exceeds this limit the underwriter must provide justification of borrower's ability to handle the increased payment. If the loan purpose is debt consolidation, and the net tangible benefit test is met, a payment shock calculation is not required. NOTE: Refer to additional payment shock restrictions in the First Time Homebuyers section of this guide.
- Payment Shock = (Proposed Housing Payment /Present Housing Payment) * 100
- Borrowers living rent-free use $1 for qualification.

Additional Credit Criteria

Owner Occupied & Second Home

- Inquiries – Recent inquiries within 90 days of the credit report date must be explained by the borrower
- New debt/liabilities – A verification of all new debt/liabilities must be provided, and borrower should be qualified with the additional monthly payment

Investment & Business Purpose Non-TRID Loans

- Inquiries – Recent inquiries within 90 days of the credit report date must be explained by the borrower

New Debt/Liabilities

- A verification of all new debt/liabilities must be provided, and borrower must be qualified with the additional monthly payment.

Disputed Accounts

- When the credit report contains tradelines disputed by the borrower and if the disputed account balance is $1,000 or less, the payment can be included in the total debt calculation and the account can remain in dispute
  - Total aggregate balance of accounts in dispute remaining unresolved cannot exceed $3,000
- If the account that is in dispute is currently delinquent, a Charge Off or Collection, the requirement to pay off the account is at underwriter's discretion

Credit Grade Upgrade Policy

- The following table measures loan characteristics and compensating factors and allows automatic credit upgrades in certain cases. Borrowers who receive a cumulative score of six (6) points or greater will qualify for an automatic upgrade. This program is not available for borrowers whose original credit grade is A+ or C, and this program will not upgrade a loan to Select. The maximum upgrade is A+.
- For example: A borrower whose original credit grade is B and who scores 6+ points per the table below can be upgraded to an A.
- Cash out proceeds cannot be used in the Credit Grade Upgrade point system, only borrower's own assets.

COMPENSATING CREDIT TABLE

The Borrower in this example has a credit grade of B, a 725 credit score, a DTI of 29, an LTV of 65% and her residual income is $4,500

Upgrade Area	Measurement	Points to Add	Per Example
Assets-Reserves	12 Months	1	0
	24 Months	2	
	36 Months	3	
Credit Score	Higher than 720	1	1
	Higher than 750	2	
	Higher than 780	3	
Income-DTI	Under 40%	1	2
	Under 30%	2	
	Under 20%	3	
Residual Income	≥ $4,000	1	1
	≥ $6000	2	
	≥ $10,000	3	
Value-LTV/CLTV	≥ 75%	1	2
	≥ 65%	2	
	≥ 55%	3	
		Total Points	6

Departure Residence

- A departure property is defined as the owner-occupied residence the borrower resided in prior to the purchase of the current owner-occupied residence. Seventy-five percent (75%) of the market rents may be used to offset the PITIA or TIA (if the property is owned free and clear) payment of this property and is determined by form 1007 Market Rent Survey completed by a licensed appraiser. Surplus rents in excess of the PITIA or ITIA payment may be used as income.

- One hundred percent (100%) of the rents may be used to offset the PITIA payment of the property if documented by both of the following:
    - Copy of executed rental agreement; and
    - Proof of receipt of security deposit.
- Investment & Business Purpose Non-TRID Loans are ineligible

Income

- 12-month Full Documentation or 12-month Bank Statements only (24 months full do or bank statements if required by the Underwriter); NOTE P&L Statement with 3 Months Bank Statements, W-2 Only, VOE Only, and 1099 Only loans are not allowed
- Personal tax returns are required and must reflect the ITIN on all ITIN loans unless Self Employed Bank Statement loan
    - Recently amended returns are not accepted if they include a higher income than the original 1003, but will be accepted if the sole purpose were to add the ITIN
- Paystubs or W-2s should not be submitted unless they show the ITIN; a written VOE may be used instead
- Seasonal employment is an unacceptable source of income due to ITIN borrowers being ineligible for unemployment during off-season periods
- Bank statement loans require a copy of either the Issuance letter or the Renewal letter
- Required Photo Identification (must provide at least two of the following to validate identity):
    - Consular ID Card (even if expired)
    - Non-U.S. Driver License
    - Passport from Country of Origin (even if expired)
    - State issued ID
    - U.S. Driver License
    - U.S. Visa (even if expired)

General Income Analysis

- The following apply to all Income Documentation Options unless otherwise stated in the specific section of the guidelines

Income Worksheet

- Unless business purpose then the loan file must include an Income worksheet detailing income calculation. Income analysis for borrowers with multiple businesses must show income/ (loss) details separately, not in aggregate.

Employment/Income Verification

- Most recent one (1) or two (2) years income documentation is required for all income/documentation types unless otherwise noted
- If any borrower is no longer employed in the position disclosed on the URLA at the time of funding, FCM will not allow to fund

Stability Of Income

- Stable monthly income is the Borrower's verified gross monthly income which can be reasonably expected to continue for at least the next three years. FCM must determine that both the source and the amount of the income are stable
- A two-year employment history is required for the income to be considered stable and used for qualifying
- When the Borrower has less than a two- year history of receiving income, underwriter must provide written analysis tojustify the stability of the income used to qualify the Borrower

- While the sources of income may vary, the Borrower should have a consistent level of income despite changes in the sources of income.

Earnings Trends

- When analyzing borrower earnings, year over year earnings trends must be incorporated into the borrower's income calculation.
- YTD income amount must be compared to prior years' earnings where applicable.
    - Stable or increasing: Income amount should be averaged
    - Declining but stable: If the trend was declining, but has since stabilized and there is no reason to believe that the borrower will not continue to be employed at the current level, the current, lower amount of variable income must be used
    - Declining: If trend is declining, the income is not eligible

Debt To Income Ratio

- The Debt-to-Income (DTI) ratio is calculated and reviewed for adherence to Fannie Mae guidelines and inclusion of all income and liability expenses.

Residual Income

- Residual Income is the amount of monthly income remaining once a borrower has paid all monthly debt obligations. Residual Income = Gross Monthly Income minus total monthly debt. **Documentation Options**
- Various forms of documentation are acceptable depending on the borrower's income type. Income should be calculated and documented to Fannie Mae guidelines unless otherwise specified within FCM guidelines. Fannie Mae guidelines prevail regarding sources and types of income as well as ineligible income. A Fannie Mae Form 1084 or equivalent income worksheet should be included and delivered as part of the credit file.

Doc Type Summary	Full Doc 12 Months
Min FICO	Refer to Matrix
Max LTV/CLTV	Refer to Matrix
Income Documentation	1 year W-2s or Tax Return
Transcripts Required	Yes
Employment	W-2 or Self-Employed

4506-C

- When the IRS Form 4506-C is required to be executed, the form must be signed by the borrower and the transcript obtained and provided in the credit file. If the transcript request is returned with a code 10 or the borrower is a victim of taxpayer identification theft, the following requirements must be met to validate income:
    - Copy of the IRS rejection with a code of "Unable to Process" or "Limitation"
    - Record of Account from the IRS - Adjusted Gross Income and Taxable Income should match the borrower's 1040s

- Validation of prior tax year's income (income for current year must be in line with prior years)
- In the current year filing time for taxes, FCM will follow FNMA for other acceptable verification of taxes when "No Record Found" results are returned; this includes verified e-filing and proof of payment for taxes or proof of refund to borrower, letter from employer or tax professional verifying the W-2 has been filed with the IRS, etc.

Full Income Documentation

Full Income Documentation is available to borrowers who meet the requirements listed below. This documentation option is available to borrowers who have experienced recent credit events and allows for higher LTVs for borrowers with clean payment histories.

Full Income Documentation (12-Months)

- When tax returns are required, as in the case of investment property ownership, the most recent year should be provided:
  - The definition of most recent is the last return scheduled to have been filed with the IRS
  - Any Borrower that applied for a tax return extension must provide a copy of the extension in the credit file along with the prior-year tax return
- Wage or Salaried Borrowers:
  - A completed Request for Verification of Employment (Form 1005 or Form 1005(S)), or the borrower's recent paystub (reflecting 30 days of pay and YTD earnings) and IRS W-2 form for the most recent tax year
  - A verbal VOE from each employer within 10-days of the Note date
  - A completed, signed, and dated IRS Form 4506-C is required for each borrower; if tax returns are present in the credit file, the transcript for the return will be required
- Self Employed Borrowers:
  - Most recent year of tax returns, personal and business if applicable (including all schedules), signed and dated by each borrower; if tax transcripts verify information on Tax Returns, Tax Returns do not have to be signed and dated by the borrower(s)
  - A YTD P&L (borrower prepared acceptable, borrower required to sign the P&L) and, if a gap exists between the tax return ending date and start of the YTD P&L, a gap year P&L is required; P&Ls are for qualifying positive income only, thus if negative income was reflected from a business and negative income was used in the income calculations, a P&L is not required for that negative income and/or business
  - A complete, signed, and dated IRS Form 4506-C is required for each borrower and any business entity filing a separate return:
    - The form should be executed, and the transcripts included in the credit file
    - The tax returns and transcripts should be compared; any discrepancies should be explained and, if necessary additional documentation obtained to address satisfactorily
    - If the 1040 transcripts reflect the K-1 income and it matches the K-1s given and the K-1 income on Schedule E of the 1040s, then business transcripts do not need to be requested, unless using income, such as depreciation, from 1120s or 1065 returns then transcripts for business returns will be required
    - If Transcripts are not required, a signed and dated 4506-C form is not required

  - Verify the existence of the business, for positive income used in income qualifying, within 60-days of the Note date and ensure the business is active with the following:
    - Phone listing and/or business address using directory assistance or internet search
    - For self-employed independent contractors, use either a letter from a third-party company currently utilizing their service(s) or a business license procured through the internet reflecting active and not expired
    - If a business reflects negative income and that negative income was used in the qualifying income, business verification is not required
  - Underwriter must consider the financial strength of a self-employed borrower's business

Other Sources of Income

- The following sources of income must be verified using Fannie Mae requirements. Bonus, and Overtime are permitted with Full Income (12 Months) documentation and generally calculated over the 12-mont period and are not considered an exception, (FNMA considers an exception).
  - Annuity
  - Auto allowance
  - Bonus
  - Capital Gains
  - Child Support and Alimony
  - Commission
  - Disability (with proof of 3-year continuance)
  - Foreign income is income earned by a borrower who is employed by a foreign corporation or a foreign government and is paid in foreign currency; follow FNMA Guidelines for foreign income
  - Housing Income
  - Interest and Dividends
  - Investment
  - Military or government assistance
  - Overtime
  - Part-time/Variable (uninterrupted and stable for past two years)*
  - Rental Income: should be documented through Schedule E of the borrower's tax returns; if the property has not previously been rented, then income will be calculated based on the lower of the lease agreement or 1007 times 75% for single unit property:
    - The most recent two months' rent must be verified and documented as received in the most recent two months before funding
    - Rental Income from Boarders or– In order for this income to be considered, the following requirements must be met:
      - There must be at least a 12-month history of receiving rental income from boarder or accessory unit
      - Full Doc transactions only – Tax returns, as well as tax transcripts, are required
  - Retirement /or Social Security
  - Trust
    - Copy of the trust agreement or trustee's statement required to confirm amount, frequency and duration of payments
      - Trust must document at least a three (3) year continuance of income

        - One (1) month history of receipt required
    - If trust income is the borrower's sole source of income, additional assets may be required at underwriter's discretion
    - Document trust account funds, both of the following must be obtained:
        - Written documentation of the value of the trust account from either the trust manager or the trustee; and
        - The conditions under which the borrower has access to the funds and the effect, if any, that the withdrawal of funds will have on trust income used in qualifying the borrower for the mortgage
- For Part-time employment, a minimum two (2) year history is generally required; however, a shorter period of no less than twelve (12) months may be considered case-by-case if positive factors are present to offset shorter history

Assets

Documentation Options

- Various forms of documentation are acceptable depending on borrower asset type. Assets and reserves should be calculated and documented to Fannie Mae guidelines unless otherwise specified in FCM guidelines. Fannie Mae guidelines prevail where this guide is silent regarding sources and types of assets as well as asset types not eligible to be included.

Reserves

The loan programs include minimum reserves as outlined on the Product Matrix

- Additional Reserves - Each financed property in addition to the subject property, will increase the applicable reserve requirement by two (2) months PITIA on the subject property to a maximum requirement of 12 months (Additional reserves based upon the PITIA of the subject property); On all income documentation loans, full doc and bank statements, when reserves are required.
- Reserves must be sourced and documented per section 7.5 of these guidelines
- Reserves for a loan with an Interest Only feature based upon the interest only payment
- Reserves for an ARM loan without an Interest Only feature based upon the initial PITIA
- Proceeds from a cash out refinance can be used to meet the reserve requirements
- Owner Occupied & Second Home ONLY:
  - Reserve requirements are waived for Rate-and-Term Refinance transactions when the transaction results in a reduction to the monthly principal and interest payment of 5% or greater AND housing history is 1x30x12 or better (no housing history, unless the property is free and clear, is not allowed); waiver not eligible for DTI greater than 50%
  - For an interest only loan the reduction is based on the interest only payment
- Proceeds from 1031 Exchange cannot be used to meet reserve requirements
- Gift funds may NOT be used to meet reserves requirements

Down Payment Sourcing

- Down payment funds should be documented for 60 days per the Fannie Mae Verification of Deposits and Assets guidelines with the documentation included in the loan file. FCM will require that the borrower state the source of the down payment and provide verification. If the underwriter determines that the source of the down payment is another extension of secured credit, the underwriter must then consider that loan as simultaneous secondary financing. Refer to the Secondary Financing" section. If the source of the down payment is unsecured credit, the monthly payment will need to be added to qualifying DTI and meet program requirements

Gift Funds/Gift of Equity

- When gift funds or gift of equity are used for all or part of the down payment, they are acceptable in either scenario:
  - 100% of gift funds with 10% LTV reduction
    OR
  - 5% down payment has been made by the borrower from their own resources

- Fannie Mae guidelines should be used for donor relationship to borrower(s), documentation, proof of funds, and evidence of receipt. In addition to FNMA acceptable donor relationships (except a distant relative, such as a cousin), a close friend or distant relative with a clearly defined and documented interest in the borrower, or a distant relative that can prove blood relation, would then be acceptable B3-4.3-04, Personal Gifts
- Gift funds may NOT be used to meet reserve requirements

Asset Documentation

- In addition to documenting the minimum reserve requirements, all borrowers must disclose, and Underwriters must verify all other liquid assets.

Documentation Requirements

- Account Statements should cover most recent 60-day period
- If account has other names in addition to the borrower(s), a 100% access letter and an LOE is required (this pertains to personal and business accounts; if a borrower owns a business 100%, no access letter is required, even if there are other names on the business account)
- Investments in Stocks/Bonds/Mutual Funds/Annuities/ certificates of deposit/money market funds/ and Trust Accounts for which the borrower is a direct beneficiary - 100% of these accounts can be considered in the calculation of assets for closing and reserves
- Vested Retirement Account funds – 100% may be considered for reserves (refer to Fannie Mae B3-4.3-03)
- Vested Retirement Account funds – 60% may be considered for closing costs and down payment
- Non-vested or restricted stock accounts are not eligible for use as down payment or reserves
- Asset Utilization: Any assets that are depleted and used as income are not eligible for use as reserves
- When bank statements are used, large deposits must be evaluated; large deposits are defined as any single deposit that represents more than 75% of the monthly average deposit balance, and they must be sourced based upon the Down Payment Sourcing section of this Guide
    - An example of how to identify a large deposit:
        - Month 1 deposits
            - $1,000
            - $1,500
        - Month 2 deposits
            - $2,500
            - $5,000
    - Total deposits equal $10,000 or a monthly average of $5,000
    - 75% of the monthly average is $3,750
    - The $5,000 deposit from month 2 needs to be sourced Assets held in foreign accounts may be used as a source of funds to close and to meet applicable reserve requirements. These funds must be transferred to a U.S. domiciled account in the borrower's name at least three (3) prior to closing.
- Documenting Assets Held in Foreign Accounts:
    - Assets must be verified in U.S. Dollar equivalency at the current exchange rate via either www.xe.com or the Wall Street Journal conversion table

- A copy of the two (2) most recent statements of that account are required; if the funds are not seasoned a minimum of sixty (60) days, a letter of explanation is required along with the information to comprise a sixty (60) day chain of funds

Sole Proprietor Assets/Business Funds

- Business funds may be used for down payment, closing costs, and for the purposes of calculating reserves; the borrower must be listed as sole owner of the account, and the account needs to be verified per requirements in the Down Payment Sourcing section of this Guide (If account has other names in addition to the borrower(s), a 100% access letter and an LOE are required.)
  - If Business funds are used, the borrower may use a maximum of their percentage of ownership as qualifying assets.
  - FCM must determine that the withdrawal of funds will not have a negative impact on the business by one of the following methods based upon the income documentation
  - Full Income Documentation (May use one of the following methods)
    - FCM must perform a business cash flow analysis to confirm that the withdrawal of funds for this transaction will not have a negative impact on the business; FCM will utilize Fannie Mae Form 1084 or a similar cash flow analysis form to show the business can support the withdrawal of the funds, or
    - The balance sheet (borrower or tax professional/CPA/Accounting-Bookkeeping Firm supervised by a Certified Accountant prepared) for the business must reflect positive working capital, OR
      - Working capital is the difference between the current assets and current liabilities
      - The result of working capital represents the maximum amount of business funds available to use towards down payment, closing cost and reserves, or
    - CPA/Tax Professional/Accounting-Bookkeeping Firm supervised by a Certified Accountant Letter, signed and dated within 60 days of Note date, stating that the use of business funds would not have a negative impact on the business
  - Self-Employed – 12 or 24 Month Business Bank (May use one of the following methods)
    - Business Expense Coverage: Using the most recent business bank statement(s) used for income documentation, perform the following calculation:

      Statement(s) Ending Balance
      - Transaction Down Payment
      - Transaction Closing Costs
      - Program Required Reserves
      +Fund Available from Personal Account(s)
      Funds Available for Business Expense Coverage
    - Funds Available for Business Expense Coverage must be a positive number and reflect a minimum of 2 months of average expenses as reflected on the P&L; or as determined by using the expense factor
      - The balance sheet (borrower or tax professional/CPA prepared) for the business must reflect positive working capital. (Working capital is the difference between the current assets minus current liabilities; the result represents the maximum amount of business funds available to use towards down payment, closing cost, and reserves), or

- No balance sheet option: The Balance Sheet requirement can be waived by reducing the amount of available assets by 50%, or σ CPA/Tax Professional/Accounting-Bookkeeping Firm supervised by a Certified Accountant Letter, signed and dated within 60 days of Note date, stating that the use of business funds would not have a negative impact on the business

Interested Party Contribution IPC

Owner OCC/2nd Home: LTV ≤ 80% Max 6%

Investment Property All LTV's Max 3%

Appraisal

Appraisal Requirements

- Full Interior/ Exterior appraisal required. Fannie Mae/Freddie Mac Forms 1004/70, 1025/72, 1073/465 or 2090 must be used. The appraisal must be ordered through an Appraisal Management Company that complies with Appraiser Independence Requirements (AIR) or, for approved lenders, through their AIR compliant appraiser panel management process. See your Correspondent Sales Team for panel management approval requirements. The licensed appraiser must complete an interior inspection of the subject property.
    - The Appraisal should be dated no more than 120 days prior to the Note Date. After a 120-day period, a re-certification of value is acceptable up to 180-days. After 180-days, a new appraisal report is required.
    - Not eligible for approval:
        - Properties for which the appraisal indicates condition ratings of C5 or C6 or a quality rating of Q6, each as determined under the Uniform Appraisal Dataset (UAD) guidelines
            - FCM will consider if issue has been corrected prior to loan funding with proper documentation
    - All properties must:
        - Be improved real property
        - Be accessible and available for year-around residential use
        - Represent the highest and best use of the property
        - Not contain any health and safety issues

Second Appraisal

- Second Appraisal is required when:
    - Loan amount exceeds $1,500,000
        - Appraisal must be ordered through an AIR compliant Appraisal Management Company (AMC)
        - ARR (Appraisal Risk Review) is required on the lower valued appraisal regardless of the SSR score
    - The transaction is a flip as defined in the Property Flipping section of this guide
    - As required under the Appraisal Review Products section of this guide
    - Where more than one appraisal is required at least one appraisal must be ordered from an AIR compliant Appraisal Management Company (AMC)
- When a second appraisal is required, the “Appraised Value” will be the lower of the two appraisals. The second appraisal must be from a different Appraisal Management Company (AMC)/appraiser than the first appraisal.
- Underwriter has discretion to accept differences between the two appraisals, as each appraiser may appraise a property differently, for example one appraiser may call a room an office when the other appraiser may call the same room a bedroom or one appraisal may state that there is 1000 sq ft. and the other appraiser measured out 980 sq ft. The Underwriter needs to assure that the qualifying value used to calculate the final LTV/CLTV is supported.

Transfer of Appraisal

- To transfer an appraisal, a transfer letter must be executed by the Lender that ordered the appraisal and must be signed by an authorized member of the company. The letter should include the following:
    - Prepared on the Letterhead of the original Lender
    - Current Date
    - Borrower Name
    - Property Address
    - Statement that the appraisal was prepared in compliance of Appraisal Independence Requirements
    - Signed by an Authorized Representative
    - Where more than one appraisal is required at least one appraisal must be ordered from an AIR compliant Appraisal Management Company (AMC)

Appraisal Review Requirements

Appraisal Review Products

- An appraisal review product is required on every loan file for loan amounts ≤ $1,500,000 unless the SSR Report shows a Fannie Mae Collateral Underwriter Score of 2.5 or less. Refer to Second Appraisal for loan amounts > $1,500,000 appraisal review product requirements. The options for review products include the following:
    - Submission Summary Report (SSR)
        - Not available for multi-unit properties
- Collateral Underwriter
    - The appraisal report must be submitted to the UCDP Application and SSR reports should be generated
    - Scoring:
        - If a CU score is present (will not show for units) and it is at 2.5 or below we may proceed without an enhanced desk review product unless required by underwriting
        - If the CU score is above 2.5 there is no score or the property is a 2-4 Unit, an enhanced desk review is required
    - Enhanced Desk Review
        - Enhanced desk review products:
            - ARR (Appraisal Risk Review) from ProTeck/Stewart
            - CCA (Consolidated Collateral Analysis) from Consolidated Analytics
            - CDA from Collateral Desktop Analysis from Clear Capital
        - A field review, drive by appraisal (Form number 2055) or second appraisal from an AIR compliant AMC is acceptable
        - The field review or 2nd appraisal may not be from the same company or appraiser as the original report
        - If the Appraisal Review Product reflects a value more than 10% below the appraised value or cannot provide a validation, the next option in the review waterfall must be followed:
        - The next option is either a field review or second appraisal, and both must be from a different appraisal company and appraiser than the original appraisal; or
        - If Variance is between 10.01% to 15%, using the lower value without an additional report, is acceptable

- An appraisal review is not required when a second appraisal is obtained as required per the guidelines unless requested by underwriting.

Accessory Dwelling Units

- An Accessory Dwelling Unit (ADU) is generally an additional living area independent of the primary dwelling that may have been added to, created within, or detached from the primary dwelling. ADUs must be subordinate in size to the subject property, must be on the same parcel and may be either site constructed or modular. When giving value if modular, the dwelling must be on a permanent foundation.
- When reporting the living area of an ADU, it should not be included with the Gross Living Area calculation of the primary dwelling. It should be reported and adjusted for on a separate line in the grid, unless the ADU is contained within or part of the primary dwelling with interior access and above grade. If a standalone structure does not meet the ADU minimum requirements, it should be treated as any other ancillary structure and included as a separate line item in the sales comparison approach then adjusted based on its contributory value to the subject property.
- Whether a property is defined as a one-unit property with an ADU or a two- to four-unit property will be based on the characteristics of the property, which may include, but are not limited to, the existence of separate utility meter(s), a unique postal address, and whether the unit can be legally rented. The appraiser must determine compliance with this definition as part of the analysis in the Highest and Best Use section of the appraisal. When there is an ADU, the appraisal report must include a description of the ADU and analysis of any effect it has on the value or marketability of the subject property. The appraisal report must demonstrate that the improvements are acceptable for the market. An aged-settled sale will qualify as a comparable, and an active listing or under contract sale will qualify as a supplemental exhibit to show marketability.
- Examples of ADUs Include (but are not limited to)
  - Living area over a garage
  - Living area in a basement, it must have outside access
  - Small addition to the primary dwelling with outside access
  - A modular home (legally classified as real property)
- Zoning for an ADU:
- If it is determined that the property contains an ADU that is not allowed under zoning (where an ADU is not allowed under any circumstance), the property is eligible under the following additional conditions:
  - The lender/borrower confirms that the existence will not jeopardize any future property insurance claim that might need to be filed for the property
  - The illegal use conforms to the subject neighborhood and to the market
  - The property is appraised based upon its current use
  - The appraisal report states that the improvements represent a use that does not comply with zoning ("illegal" use)
  - The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least two comparable sales with the same non-compliant zoning use. Aged, settled sale(s) with the same non-compliant zoning use are acceptable if recent sales are not available. At a minimum, the appraisal report must include a total of three settled sales.
- Calculating Income from ADU:
  - See Income Section for income qualifying on ADU Income.

Rural Property

- A property could be classified as rural if the following conditions exist:
  - The property is classified as rural by the appraiser
  - Two of the three comparable properties are more than 5-miles from the subject property
  - Less than 25% of the surrounding area is developed
- The Underwriter has the discretion to determine if the subject property is a rural property by scrutinizing some of these following characteristics:
  - Property is located on a gravel road
  - The majority of comparable properties are more than 5 miles from the subject property
  - Less than 25% of the surrounding area is developed
  - Distance to schools and amenities is greater than 25 miles
  - Surrounding area is Forest
  - Surrounding area is Agricultural
  - Does not have adequate utilities available in service
  - Property located in remote, isolated area

Acreage Limitations

- Maximum 25 acres
- Truncating not allowed

Property Flipping

- Unless exempt, obtaining an additional appraisal by a separate appraiser is required if:
  - The seller acquired the property 90 or fewer days prior to the date of the consumer's agreement to acquire the property and the price in the consumer's agreement exceeds the seller's acquisition price by more than 10 percent;
    or
  - The seller acquired the property 91 to 180 days prior to the date of the consumer's agreement to acquire the property and the price in the consumer's agreement exceeds the seller's acquisition price by more than 20 percent
  - For properties purchased by the seller that meet the above, a second appraisal from an AIR compliant AMC is required. The second appraisal must be provided to the borrower in accordance with either ECOA or HPML requirements, whichever apply.
- Second appraisal must be dated prior to the closing date
- Property seller on the purchase contract must be the owner of record
- Increases in value should be documented with commentary from the appraiser and recent comparable sales
- Sufficient documentation to validate actual cost to construct or renovate (e.g., purchase contracts, plans and specifications, receipts, invoices, lien waivers, etc.) may be required by the underwriter if the appraisal is deemed deficient

Disaster Areas

- The following guidelines apply to properties located in FEMA declared disaster areas, as identified by reviewing the FEMA web site at https://www.fema.gov/disaster/declarations. In addition, when there is knowledge of an adverse event occurring near and around the subject property location, such as earthquakes, floods, tornadoes, or wildfires, additional due diligence should be used to determine if the disaster guidelines should be followed

Appraisals Completed Prior to Disaster

- An interior and exterior inspection of the subject property is required.
  - The appraiser should provide a statement indicating if the subject property is free from any damage, is in the same condition from the previous inspection, and the marketability and value remain the same
  - Inspection report must include photographs of the subject property and street view
  - Any damage must be repaired and re-inspected prior to purchase

Appraisals Completed After Disaster Event

- Appraiser must comment on the adverse event and certify that there has been no change in valuation
- Any existing damage notated from the original report must be repaired and re-inspected prior to purchase

Disaster Event

- Loan is ineligible for closing until an inspection is obtained using one of the following options:
  - A Post Disaster Inspection report
  - The appraiser may perform an inspection (Fannie Mae Form 1004D) and comment on the event and certify that there has been no change to the value
- Guidelines for disaster areas should be followed for 90-days from the disaster period end date or the date of the event, whichever is later

Property Insurance

Coverage Requirements

- Property insurance for loans must protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement. The coverage must provide for claims to be settled on a replacement cost basis. Extended coverage must include, at a minimum, wind, civil commotion (including riots), smoke, hail, and damages caused by aircraft, vehicle, or explosion.
- Policies that limit or exclude from coverage (in whole or in part) windstorm, hurricane, hail damages, or any other perils that normally are included under an extended coverage endorsement are not acceptable.
- Borrowers may not obtain property insurance policies that include such limitations or exclusions unless they are able to obtain a separate policy or endorsement from another commercial insurer that provides adequate coverage for the limited or excluded peril or from an insurance pool that the state has established to cover the limitations or exclusions.
- Additional insurance requirements apply to properties with solar panels that are leased from or owned by a third party under a power purchase agreement or other similar arrangement. Please refer to Fannie Mae Selling Guide B7-03-02 for more detailed information.
- The insurance coverage must reflect one of the following:

- 100% of the insurable value of the improvements, as established by the property insurer; or
- Determining the Amount of Required Property Insurance

The following table describes how to calculate the amount of required property insurance coverage:

STEP	DESCRIPTION
1	Compare the insurable value of the improvements as established by the property insurer to the unpaid principal balance of the mortgage loan.
1A	If the insurable value of the improvements is less than the unpaid principal balance, the insurable value is the amount of coverage required.
1B	If the unpaid principal balance of the mortgage loan is less than the insurable value of the improvements, go to Step 2.
2	Calculate 80% of the insurable value of the improvements.
2A	If the result of this calculation is equal to or less than the unpaid principal balance of the mortgage, the unpaid principal balance is the amount of coverage required.
2B	If the result of this calculation is greater than the unpaid principal balance of the mortgage, this calculated figure is the amount of coverage required.

Eligibility/Requirements

Eligibility

- The ITIN loan program is for borrowers living in the US, who have never been issued a US Social Security number.
- Loan file must contain a copy of the original ITIN letter issued by IRS
- Credit report must be pulled utilizing borrower's ITIN number issued by the IRS
- Vested to natural persons only
- Non-married borrowers must document that they have lived together for the last two years
- Must own Primary Residence for at least 12 months to be eligible for a Cash-Out Refinance or at least 6 months for a Rate & Term Refinance
- Non-Occupant Co-Borrowers are not allowed on an ITIN program
- Two Government issued photo IDs are required

Visa Types Allowed

- A Series (A-1, A-2, A-3): these visas are given to officials of foreign governments, immediate family members and support staff; only those without diplomatic immunity, as verified on the Visa, are allowed
- E-1 Treaty Trader and E-2 Treaty Investor: this visa is essentially the same as an H-1 or L-1; the title refers to the foreign country's status with the United States
- E-3: these visas are given to Australian nationals employed in a specialty occupation
- G Series (G-1, G-2, G-3, G-4, G-5): these visas are given to employees of international organizations that are located in the United States; some examples include the United Nations, Red Cross, World Bank, UNICEF, and the International Monetary Fund (verification the applicant does not have diplomatic immunity must be obtained from the applicant's employer and/or by the viewing the applicant's passport)
- H-1 Temporary Worker (includes H-1B): this is the most common visa given to foreign citizens who are temporarily working in the United States
- H-4: these visas are given to dependents (spouse and unmarried children under 21 years of age) of a qualified H1 visa holder; when income is being used to qualify, a current (unexpired) Employment Authorization Document (EAD) issued USCIS is also required
- K-1, K-3, K-4: These visas are given to a foreign-citizen fiancé of a US citizen and family members of a foreign-citizen fiancé of a US citizen
- L-1 Series (L-1A, L-1B): Intra-Company Transferee: an L-1 visa is given to professional employees whose company's main office is in a foreign country
- L-2, L-3: these visas are given to dependents (spouse and unmarried children under 21 years of age) of a qualified L1 visa holder; when income is being used to qualify, a current (unexpired) EAD issued by USCIS is also required. O-1A: individuals with an extraordinary ability in the sciences, education, business, or athletics (not including the arts, motion pictures or television industry)
- O-1B: individuals with an extraordinary ability in the arts or extraordinary achievement in motion picture or television industry
- O-2: individuals who will accompany an O-1 artist or athlete to assist in a specific event or performance
- O-3: Spouse or child of a qualified O-1 or O-2 visa holder
- P-1A: Visa given to internationally recognized athletes in the US competing in the respective sport

- P-1B: Visa given to internationally recognized artists that perform as members of an entertainment group that has been established for at least one year and internationally recognized
- P-4: Spouse or child of a qualified P-1A or P-1B visa holder
- SQ: Special immigrant visas given to Afghan or Iraqi nationals who worked for or on behalf of the US
- T-1, T-2, T-3, T-4: These visas are given to victims and spouses, children or parents of victims of human trafficking
- T-5, T-51: These visas are given to foreign citizens that have wealth and want to live in the US for investing in the country's economy
- T-52, T-53: Spouse or child of a qualified T-51 visa holder
- TN, NAFTA visa: used by Canadian or Mexican citizens for professional or business purposes
- TC, NAFTA visa: used by Canadian citizens for professional or business purposes
- U-1, U-2, U-3, U-4: Visas given to victims or family members of victims of criminal activity
- V-1, V-2, V-3: These visas are given to spouses or children of a legal permanent resident who have been waiting for at least 3 years for the approval of a petition for lawful permanent resident status

Employment Authorization Document (EAD)

- A current (unexpired) EAD issued by USCIS may be provided in lieu of a visa. Refer to Exhibit K for a list of eligible EADs. Any EAD category not listed would generally be ineligible. If the EAD expired within six (6) months, one of the following must also be provided:
    - Documentation of one previous EAD renewal
    - If there are no prior EAD renewals, documentation from USCIS confirming the likelihood of renewal

C-33 Work Permit/DACA

- Allowed
- All standards for determining stable monthly income, adequate credit history and sufficient liquid assets must be applied in the same manner to each borrower including borrowers who are nonpermanent resident aliens. US credit requirements must be met and are treated the same as a Permanent Resident Alien and U.S. Citizen

Condominiums

- All projects deemed Warrantable must meet the appropriate standards set in Fannie Mae B4-2.1 General Information on Project Standards, and all applicable subpoints (except for warrantable overlays below). Any projects not deemed Fannie Mae Warrantable can be considered under FCM Mortgage's Non-Warrantable project

Ineligible Projects

- Assisted living facilities or any project where unit owners contract in advance for a lifetime commitment from the facility to care for them regardless of future health or housing needs
- Common-interest Apartment
    - Project in which individuals have an undivided interest in a residential apartment building and land and have the right of exclusive occupancy of a specific apartment unit in the building
    - The project or building is often owned by several owners as tenants in common or by a homeowners' association

- Condo Conversion completed less than two years
- Hotel or motel conversions regardless of length of time since conversion
- Fragmented or segmented ownership
  - Ownership is limited to a specific period on a recurring basis i.e. timeshare
- Houseboat project
- Manufactured Home project
- Multi-family units where single deed has ownership of more than one or all of the units
- Non-conforming zoning (cannot be rebuilt to current density)
- Project in litigation, arbitration, mediation, or other dispute regarding safety, soundness, or habitability
- Project in which a single entity owns more than 25% of the total number of units; for projects that have 5-19 units, one owner is allowed to own two units
- Project that is not well maintained or in poor physical or financial condition
  - Excessive special assessments, low reserves, neglected repairs
- Project that is subject to the rules and regulations of the U.S. Securities Exchange Commission
- Project that requires Private Transfer Fees as a part of the transaction and that fee does not benefit the association
- Project units sold with excessive seller contributions that may affect the value of the subject property
- Project with adverse environmental issue(s) involving safety, soundness, or habitability
- Project where more than 50% of total square footage in the project, or in the building that the project is located in, is used for non-residential purposes
- Project where the developer (or its affiliates) owns the common and/or limited elements and leases the elements back to the HOA
- Timeshare or project that restricts the owner's ability to occupy the unit

General Project Criteria

- Project Reviews
  - Follow Fannie Mae guidelines
- Comparable Property Selection
  - When the appraisal(s) use one or more comparable sales of units conveyed from the condo developer to private parties (or entities not controlled by the developer) then the appraiser must include additional comparables from competing condominium projects AND any unit owner resales of comparable units in the subject property project
  - When the appraisal(s) use only sales reflecting unit owner resales of comparable units in the subject property then all sales comparables may come from the subject property project
- Two to Four Unit Condo
  - Projects will not require a project review provided the following are met:
    - The project is not a Condotel, houseboat, or timeshare or segmented ownership project
    - The priority of common expense assessments applies. The maximum number of months of common expense assessments allowed is 12 as shown in the condo cert or the CC&Rs
    - The standard insurance requirements apply
- Project has been created and exists in full compliance with applicable local jurisdiction, State and all other applicable laws and regulations
- Project meets all Fannie Mae Insurance requirements for property liability and fidelity coverage

- Borrower must carry H06 coverage for replacement of such items as flooring, wall covering, cabinets, fixtures, built-ins, and any improvements made to the unit unless "walls in" coverage with betterments and improvements is included in the Master Insurance policy
- Underwriter to confirm Project documents do not give a unit owner or any other party priority over the rights of the 1st mortgagee

Condos in Florida

- For loans secured by a condominium unit in the state of Florida, if the project is three (3) stories or more in height and is over 30 years old (or 25 if within 3 miles of the coast), a structural inspection is required per Florida statute 533.889
  - For projects not in compliance with this statue, financing is not eligible
  - For projects meeting compliance, financing is eligible with a 5% LTV reduction
- High Rise Condos must adhere to the following additional overlays:
  - Sales comparables from within the neighborhood must support and reflect the same positive and negative location characteristics
  - High Rise projects are only eligible with one of the following:
    - Existing Fannie Mae PERS or HUD Review Approval Process (HRAP) full project approval OR
    - Internal approval subject to project meeting Full Condo Review standards (Full Review HOA Cert, Budget/Balance Sheet, CC&Rs required at all LTVs.)

Site Condos

- Site Condos meeting the FNMA definition are eligible (and follow guides as a single family dwelling)
- Condo reviews are waived (appraisal needs to support single family residence)

Single Owner/ Investor Entity Concentration

- Maximum of 25% of project owned by any Single Owner / Investor Entity
- Maximum of 2 units owned by any Single Owner / Investor Entity if the project has fewer than 10 units

New Projects

- A Project is considered New if any of the following apply: project is not fully completed or is subject to additional phasing or annexation, Fewer than 90 percent of the total number of units in the project have been conveyed to owners other than the developer, or control of the homeowner's association has not been turned over to the unit owners.
- Projects that have a Fannie Mae PERS approval (or show as Fannie Mae approved in CPM) for the subject property Building, Phase or Unit can close per matrix recommendations and can be priced as "Warrantable".
- Projects that are at least 50% sold/closed, but not yet 90% sold/closed (established) can be closed under the following "Non-Warrantable" terms:
  - Up to 70% max LTV if ALL Amenities and ALL buildings/phases are 100% completed (except for buyer preference items)
  - Up to 60% max LTV if ALL Amenities and Subject Property phase is 100% completed (except for buyer preference items)

- All units closed under this policy must have an unconditional Certificate of Occupancy (or local equivalent)

NEW CONDOMINIUM PROJECTS THAT MEET ALL THE FOLLOWING REQUIREMENTS ARE ELIGIBLE

- Assessments: Developer must be responsible for assessments on unsold units built but not yet closed
- Budget: A minimum of 10% of the association's annual budget must provide for funding of replacement reserves for capital expenditures and deferred maintenance
  - Budget must reflect adequate funding for insurance deductible
- Commercial Space of up to 35% of building space is allowed when pre-sale exceeds 70%, otherwise limited to 25%; Commercial entity cannot control HOA
- Delinquent Assessments: Delinquent assessments greater than 60 days cannot exceed 15% of the total number of units
- Occupancy: A minimum of 50% of the total number of units in the project are conveyed or under contract to purchaser other than developer or successor as Primary or second home OR a minimum of 50% of the units in subject phase plus all prior legal phases must have been conveyed or under contract as Primary or Second Home
- Subject Legal Phase and any prior legal phases where units have been offered for sale are substantially complete, meaning that a certificate of occupancy or its equivalent has been issued and all units in the subject unit building are complete

Required Documentation for New Project Approval

- Completed Condo Project Questionnaire and Developer/Builder Questionnaire, or similar
- Current Annual Budget
- Current Balance sheet (dated within the last 60 days)
- Evidence of current HOA/Project Insurance in compliance with Fannie Mae guidelines
- Project legal documents: Declarations, Bylaws and any Amendments

Established Projects

- Established Projects, as defined by Fannie Mae, which meet all the following requirements are eligible for purchase.
  - OCCUPANCY:
    - There is no non-owner-occupancy requirement if the subject unit will be Owner Occupied
    - If property will be used as an Investment property, a minimum of 50% of the total number of units (Fannie Mae Warrantable) or 30% of the total number of units (FCM Criteria) in the Project must be conveyed to owners who occupy their unit as a Primary Residence or Second Home
      - The Project may not have delinquencies greater than 15%
      - The Project Reserve Fund must represent a minimum of 100% of Project's annual budget and
      - Appraisal must support rental market
    - If project does not meet the above requirements non-owner occupied limited to 49%
  - BUDGET AND RESERVE FUND BALANCE (A minimum Reserve Fund balance of 30% of annual budget must be in place)

        - A minimum of 10% of the association's annual budget should provide for funding of replacement reserves for capital expenditures and deferred maintenance; if not, a lower percentage of annual income may be considered if the appraisal notes no major repairs and Reserve Fund balance supports a lower allocation as follows:
            - 7% to 9.99% requires a Reserve Fund balance of 50% of annual budget
            - 5% to 6.99% requires a Reserve Fund balance of 75% of annual budget
            - 3% to 4.99% requires a Reserve Fund balance of 100% of annual budget. Refer to the non-warrantable section in regard to the 3% exception
    - DELINQUENT ASSESSMENTS
        - Delinquent assessments greater than 60 days may not exceed 15% of the total number of units in the project
        - 60-day delinquency up to 20% may be allowed as non-warrantable if HOA Reserve Fund represents 120% of its annual budgeted income
    - Commercial space limited to 50% of building space
        - Commercial entity cannot control HOA

Required Documentation for Established Full Project Approval (> 90% LTV Primary and > 75% LTV NOO & Second Home) Established Project Certification:

- Current Annual Budget
- Current Balance sheet (dated within the last 60 days)
- Evidence of current HOA/Project Insurance in compliance with Fannie Mae guidelines

Required Documentation for Established Limited Project Approval (≤ 90% LTV Primary and ≤ 75% LTV NOO & Second Home):

- Established Project Certification
- Evidence of current HOA/Project Insurance in compliance with Fannie Mae guidelines

NOTE: Limited Review HOA Certifications that identify special assessments for property repairs, budget issues or litigation on property defects or structural repair items will require full project approval documentation

Non-Warrantable Condominium Projects

- Refer Matrix for Max LTV/CLTV, Max Loan Amounts, FICO, Grades, LTVs, and other restrictions.
- Commercial Space up to 50% (see restrictions on new projects)
- Investor Concentration up to 50% in an Established project
- Reserve Requirements down to below 3% in an established Project (Refer to restrictions under Established Projects)
- The following are examples of what could be considered also non-warrantable:
    - If CPM shows project as "Unavailable"
    - If project has not been pre-approved by FNMA
    - If project is only approved by FHA (HUD) or VA

NOTE: Stacking of risk is not allowed (Only 1 Non-Warrantable factor per project)

Ineligible Property Types

- Agricultural properties, including farms, ranches, and orchards

  - Properties zoned agricultural/residential are eligible as long as not being used as agricultural
- Assisted living facilities with medical services or other types of assisted care facilities
- Boarding House or Bed & Breakfast
- Commercial Properties
- Co-op/Timeshare Hotels
- Cooperative Share
- Dome or Geodesic Homes
- Fractional Ownership
- Hawaii properties located in lava zones 1 and/or 2
- Homes on Native American Land (Reservations)
- Hotel or motel conversions (or conversions of other similar transient properties)
- Houseboats
- Log homes
- Manufactured or Mobile Homes
- Projects with registration services that offer rentals of units on a daily, weekly, or monthly basis
- Properties not readily accessible by roads that meet local standards
- Properties not suitable for year-round occupancy regardless of location
- Properties with zoning violations
- Vacant land or land development properties

Property Limitations

- A-Frame homes considered with upper management review
- Log facade homes considered with like comparables and upper management review

Underwriting

- The Underwriter is required to perform a manual underwrite of the credit file and document the file based upon the criteria contained in this manual. Where this document is silent, please refer to Fannie Mae definitions, documentation, and underwriting guidelines.

Secondary Financing

- Secondary financing must be institutional. Underwriters must employ reasonable underwriting judgment to determine whether the borrower has applied for another credit transaction secured by the same dwelling. Existing secondary financing must be subordinated and recorded or refinanced. HELOC CLTV must be calculated at the maximum available line amount unless the borrower can provide documentation the line of credit is past its draw period
- Seller Carry Backs are not allowed

Title Vesting & Ownership

Owner Occupied and Second Home

- Ownership must be fee simple, except as noted in the Leasehold Properties section.
- On a refinance, at time of application, both the application and the preliminary title report must reflect at least one of either the borrower(s) or entity that plans to take title at closing. If a new spouse is being added, it can be done at the time of closing.
- If the property is vested in the name of the entity (Corporation, LLC, or Partnership), the borrower must be 100% owner of the entity if vesting is changing to borrower's name through the loan transaction. Only investment property loans can be vested in a Corporation or LLC. Not available for leasehold condominiums.
- Acceptable Forms of Vesting
  - Individuals
  - Inter-Vivos Revocable Trust
  - Joint tenants
  - Tenants in common
- Land trusts and IRAs are not eligible

Investment Properties

- Ownership must be fee simple, except as noted in the Leasehold Properties section.
- On a refinance, at time of application, both the application and the preliminary title report must reflect at least one of either the borrower(s) or entity which plans to take title at closing. If a new spouse is being added, it can be done at the time of closing.
- If the property is vested in the name of the entity (LLC, Corporation or Partnership), borrower must be 100% owner of the entity if vesting is changing to borrower's name through the loan transaction
- Acceptable Forms of Vesting
  - Individuals
  - Inter Vivos Revocable Trust
  - Joint tenants

- Tenants in common

Limited Liability Company, Partnership, Corporations/s Corporation

- LLCs, Partnerships, Corporations, and S Corporations are each referred to as an Entity.
- Requirements for Vesting In an Entity
  - Purpose and activities are limited to ownership and management of real property
  - Non-TRID Business Purpose Loans Only
  - Entity must be domiciled in the United States
  - Any business structure is limited to a maximum of 4 owners or members
  - All members, partners, or shareholders of the Entity, as the case may be, (each, a "Member," and up to a maximum of 4 members per Entity) must provide personal guarantees (Exhibit C) of the obligations of the Entity in a form satisfactory to FCM
- Each Entity Member providing a personal guarantee must complete a Form 1003 or similar credit application indicating clearly that such document is being provided in the capacity of guarantor. The application of each Member and such person's credit score and creditworthiness will also be used to determine qualification and pricing
- No brokers or lenders shall suggest or encourage the formation of an Entity for the purpose of obtaining a mortgage loan. Such structures shall be initiated and arranged by the Members of the Entity
- Each Member/Officer of the Entity must receive notice of the loan and its terms prior to closing (initial disclosures or equivalent)
- The following Entity documentation must be provided:
  - Corporation
    - Certificate/Articles of Incorporation (filed)
    - Bylaws
    - Tax Identification Number
    - Borrowing Resolution/Corporate Resolution granting authority of signer to enter the loan obligation
  - Limited Liability Company (LLC)
    - Entity Articles of Organization, Partnership, and Operating Agreements, if any
    - Tax Identification Number
    - Certificate of Authorization for the person executing all documents on behalf of the Entity
    - Borrowing Certificate
  - Partnership
    - Partnership Agreement
    - Partnership Certificate, if filed
    - Tax Identification Number
    - Limited partner consents (where required by partnership agreement)
- Documents must be completed and signed as follows:
  - Signed as an individual by all members of the Entity:
    - Loan Application (1003)
      - Completed for each Individual
      - Section labeled "Title will be held in what Name(s)" should be completed with only the Corporation/LLC/Partnership name.
      - Signed by Individuals

        - Disclosures (GFE, TIL, Notice of Intent to Proceed, Servicing Disclosure, etc.)
            - Completed and signed by Individual(s)
        - HUD-1
            - Completed and signed by Individual(s) Other Closing Documents (Final TIL, Borrower Certification of Business Purpose, etc.)
            - Completed and signed by Authorized Member(s)
        - Personal Guarantee
            - Completed and signed by Individual(s)
    - Signed (at least) by Authorized Signer for the Entity
        - Note, Deed of Trust/Mortgage, and all Riders
        - HUD-1

Inter Vivos Revocable Trust

- An Inter Vivos revocable trust is permitted when the trust has an ownership interest in the subject property for all transaction types. The following requirements should be followed. Not all requirements may be addressed here; Fannie Mae requirements should be followed where these guides are silent.
- The trust must be established by one or more natural persons, solely or jointly. The primary beneficiary of the trust must be the individual(s) establishing the trust. The trust must become effective during the lifetime of the person establishing the trust. If the trust is established jointly, there may be more than one primary beneficiary as long as the income or assets of at least one of the individuals establishing the trust will be used to qualify for the mortgage.
- The trustee must include either:
    - The individual establishing the trust (or at least one of the individuals, if 2 or more); or
    - An institutional trustee that customarily performs trust functions in and is authorized to act as trustee under the laws of the applicable state.
- The trustee must have the power to hold the title and mortgage the property. This must be specified in the trust. One or more of the parties establishing the trust must use personal income or assets to qualify for the mortgage.
- The following documentation is required:
    - The trust was validly created and is duly existing under applicable law
    - Attorney's Opinion Letter from the borrower's attorney or Certificate of Trust verifying all the following:
        - The trust is revocable,
        - The borrower is the settler of the trust and the beneficiary of the trust,
        - The trust assets may be used as collateral for a loan,
        - The trustee is:
            - Duly qualified under applicable law to serve as trustee,
            - The borrower,
            - The settler,
            - Fully authorized under the trust documents and applicable law to pledge, or otherwise encumber the trust assets
- In lieu of the above, a complete copy of the trust documents certified by the borrower to be accurate, or a copy of the abstract or summary for jurisdictions that require a lender to review and rely on an abstract or summary of trust documents instead of the trust agreements can be provided in the loan file. The Attorney

needs to also verify that the trust has not been revoked, modified, or amended in any manner that would cause the representations to be incorrect.

- If the property is located in the following states, a trust certification is acceptable

Alabama	Kansas	New Hampshire	South Dakota
Arizona	Maine	New Mexico	Tennessee
Arkansas	Michigan	North Carolina	Texas
California	Minnesota	Ohio	Utah
Delaware	Missouri	Oregon	Vermont
Idaho	Nebraska	Pennsylvania	Virginia
Iowa	Nevada	South Carolina	

Leasehold Properties

- In areas where leasehold properties are commonly accepted and documented via the Appraisal, loans secured by leasehold properties are eligible. The mortgage must be secured by the property improvements and the borrower's leasehold interest in the land. The leasehold properties and any improvements must constitute real property, be subject to the mortgage lien, and be insured by the lender's title policy. Leasehold not available on condominiums.
- Leaseholds must meet all Fannie Mae eligibility requirements (i.e. the term of the lease)

Restrictions

- SFR only
- Not allowed on Indian Leased Land

Limitations on Financed Properties

Owner Occupied & Second Home

- FCM allows up to 20 financed properties including the subject property. All properties should be covered and included in the DTI calculations (commercial real estate excluded from DTI calculations)
- FCM's exposure to a single borrower shall not exceed $5,000,000 (not to exceed $10,000,000 in high-cost areas) in current UPB or six (6) properties
- All financed properties, other than the subject property, require an additional two (2) months PITIA in reserves for each property. Reserves are based upon the PITIA of the subject property (ITIA for Interest-Only loans)
    - Total reserve requirement is not to exceed twelve (12) months
- Refer to the matrix for additional reserve requirements

Investment & Business Purpose Non-TRID Loans

- No limit to the number of financed properties per borrower
- FCM's exposure to a single borrower shall not exceed $5,000,000 (not to exceed $10,000,000 in high-cost areas) in current UPB or six (6) properties
- All financed properties, other than the subject property, require an additional two (2) months PITIA in reserves for each property

  - Reserves are based upon the PITIA of the subject property (ITIA for Interest-Only loans); total reserve requirement is not to exceed twelve (12) months. Refer to matrix for additional reserve requirements

Interested Party Transaction

- A Conflict-of-Interest Transaction occurs when the borrower has an affiliation or relationship with the Mortgage Broker, Loan Officer, Real Estate Broker or Agent, or any other interested party to the transaction.
- In the case of the Mortgage Broker, Loan Officer, or Real Estate Broker/Agent extra due diligence must be exercised. For example the seller's real estate agent for the subject property may not act as the loan officer for the borrower(s) purchasing the same subject property. An examination of the relationship among the Mortgage Broker, Title/Escrow Companies, Appraiser and any other party to the transaction must be closely examined. A Letter of Explanation regarding the relationship between the parties may be required

Eligible Non-Arm's Length and Interested Party Transactions

- This list of eligible non-arm's length and interested party transactions is for example purposes only and may not include all eligible scenarios. Underwriter must use prudent decision making and close scrutiny when approving loans with these or similar circumstances.
  - Buyer(s)/Borrower(s) representing themselves as agent in real estate transaction
    - Commission earned by buyer/borrower may be used for down payment, closing costs, or monthly PITIA reserves
- Seller(s) representing themselves as agent in real estate transaction
- Mortgage Broker/Lender Owner completing their own real estate transaction:
    - Any compensation charged (LPC or BPC will be considered cash out and therefore ineligible) however, a reasonable processing fee may be charged
    - A different LO must have taken the 1003 application
  - Employee of mortgage Broker/Lender loan:
    - Any compensation charged (LPC or BPC will be considered cash out) however, a reasonable processing fee may be charged
    - A different LO must have taken the 1003 application
  - Renter(s) purchasing from Landlord:
    - 12 months cancelled checks or bank statements to prove timely payments required
    - A private party VOR is not acceptable
    - A VOR obtained from a property management company is acceptable
    - Purchase between family members
    - Gift of Equity requires a gift letter, and the equity gift credit is to be shown on the CD Must provide a 12-month mortgage history on existing mortgage securing subject property confirming Family Sale is not a foreclosure bailout
- Employer to employee sales
  - Must provide a 12-month mortgage history on existing mortgage securing subject property confirming the sale is not a foreclosure bailout
  - Full Doc loans only with valid transcripts
  - If borrower was not on job long enough to obtain at least one year of transcripts, loan will only be eligible if VOE is reporting through the Work Number or similar verification service.

- Family Sales. A family sale is not intended to be a bail out of a family member who has had difficulties making their mortgage payment.
    - Must provide a 12-month mortgage history on existing mortgage securing subject property confirming the sale is not a foreclosure bailout

Non-Arm's Length and Interested Party Restrictions

- Borrower to provide cancelled check verifying the earnest money deposit
- Gift of Equity: Maximum LTV/CLTV – Refer to Matrix
- Not available on Select Credit Grade
- For Sale by Owner (FSBO) transactions must be carefully scrutinized
- Property trades between buyer and seller not allowed

Compliance/General

Ability To Repay/ Qualified Mortgage Rule

- TRID (Non-Business Purpose)
    - Follows the General QM Final Rule (price-based) for all applications taken on or after July 1, 2021. These standards apply to both safe harbor and rebuttable presumption designations of QM. Allows loans that fall under safe harbor, rebuttable presumption and general ATR
- Non-TRID (Business Purpose)
    - Business Purpose Loans are exempt from ATR/QM Restrictions & Rules

State And Federal High-Cost Loans

- Not allowed

Prepayment Penalty

- Owner Occupied, Second Homes and Investment Properties Where Cash-Out Is Used For Consumer Purpose
    - Prepayment penalties are not allowed
- Investment Properties Business Purpose
    - Where permitted by applicable states, laws and regulations, a prepayment charge can be structured to be assessed for between 6 months and up to five (5) years following the execution date of the note. The following prepayment structures may be utilized; either six (6) months of interest, a fixed percentage (3%, 4%, or 5%) for the term of the penalty, or declining structures that do not exceed 5% and do not drop below 3% in the first three years. (Refer to rate sheet for further detail). The prepayment penalty can be disclosed within the body of the note or in a separate rider
        - Six Months Interest
            - The prepayment charge will be equal to 6 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance
            - The charge applies to loans that payoff due to sale or refinance, or curtailments that exceed 20% of original principal balance in a given 12-month time period.
        - 3%, 4%, or 5% fixed percentage
            - The prepayment charge will be equal to the fixed percentage and applied to the outstanding principal balance The charge applies to loans that payoff due to sale or refinance
        - Declining structures that do not exceed 5% and do not drop below 3% in the first three years
            - For example (5%/4%/3%/3%/3%) or (5%/4%/3%/2%/1%) The prepayment charge will be equal to the percentage in effect and applied to the outstanding principal balance. The charge applies to loans that payoff due to sale or refinance.
        - Refer to rate sheet for state specific details

Housing Counseling

- All borrowers who are paying off an existing reverse mortgage with a new first (forward) mortgage must complete a homeownership education course provided by a HUD-approved agency. Proof of course completion is required prior to closing.

Hemp Farming Act of 2018

- The Hemp Farming Act of 2018 was passed on December 20, 2018 and enacted into law. The law has removed hemp (defined as cannabis with less than 0.3% THC) from schedule 1 controlled substances and makes it an ordinary agricultural commodity.
- The Act has allowed hemp farmers to Refer to USDA and all forms of Government financing for their homes and farms
- The Act has availed hemp farmers and allowed for water rights, federal agricultural grants, and makes the national banking system accessible to farmers and others involved with this industry
- The Act allows for the production of recognized crops, allows for the marketing and sale of the crops, agronomy research, and crop insurance
- FCM will treat any borrowers in hemp production, marketing, and employment that meets federal requirements as eligible for all loan products.
- Cannabis/Marijuana businesses are ineligible for financing due to federal restrictions

Non-Arm's Length and Interested Party Transactions

- A non-arm's length transaction occurs when the borrower has a direct relationship or business affiliation with subject property Builder, Developer, or Seller. Examples of non-arm's length transactions include family sales, property in an estate, employer/employee sales and flip transactions.
- When the property seller is a corporation, partnership or any other business entity it must be ensured that the borrower is not an owner of the business entity selling the property.
- A non-arm's length transaction is not intended to bail out a family member who has had difficulties making their mortgage payment. A thorough review of the title report in these cases is required as well as the payment history pattern (VOM on the Seller's mortgage)

NON-QM VISA & EAD ELIGIBILITY MATRIX

Effective 12.1.23

The Visa & Employment Authorization (EAD) Eligibility matrix is a list of eligible Visas and EADs for Non-QM loans with Non-Permanent Resident Alien borrowers. Any Visa or EAD category not listed would generally be ineligible.

Visa Category Code	Visa/Admission Category	Description	Valid EAD Card Required	Eligible[1]
A-1, A-2	Non-immigrant	Diplomat	N	Y
A-1, A-2	Non-immigrant	Diplomat spouse	C01	Y
A-3	Non-immigrant	Employee of A-1 or A-2	C17	Y
B-1,B-2	Non-immigrant	Business visitor	N	N
B-11, B-16	Family based	Unmarried son or daughter of US citizen	C09	N
B-12, B-17	Family based	Child of B-11 or B-16	C09	N
B31, B-32, B-33	Family based	Married son or daughter of US citizen (B-31), spouse of B-31 or child of B-31	C09	N
BC-1	Employment based	Broadcaster in the US employed by the International Broadcasting Bureau of the Broadcasting Board of Governors	N	N
BC-2, BC-3	Employment based	Spouse, child of BC-1	Y	N
BCC	Non-immigrant	Border Crossing Card	N	N
C-1, C-2, C-3, C-4, C-5	Non-immigrant	Transiting the U.S.	N	N
C-21, C-22, C-23, C-24, C-25	Family based	Spouse or child of permanent resident	C09	N
C-26	Non-immigrant	Spouse or child of H type	N	N
C-31, C-32, C-33	Family based	Spouse or child of US citizen	C09	N
C-5, C-51	Employment based	Employment creation	N	N
C-52, C-53	Employment based	Spouse or child of C-5 or C-51	C09	N
CR-1, CR-2, CR-5	Family based	Spouse or child of US citizen	C09	N
CX-1, CX-2, CX-3	Family based	Spouse, child or stepchild of lawful permanent resident	C09	N
D	Non-immigrant	Crew member	N	N
DV-1, DV-2, DV-3	Diversity	Diversity immigrant, spouse, child	N	N
E-1,2 or spouse of E-1,2 (the spouse does not get a different number for this category)	Employment based	Treaty/Trade investor or spouse	A17 (only needed for spouse of E-1, E-2)	Y
E-3	Employment based	Specialty occupation- Australia	N	Y

Visa Category Code	Visa/Admission Category	Description	Valid EAD Card Required	Eligible[1]
E-11	Employment based	Person with extraordinary ability in the sciences, arts, education, business or athletics	N	N
E-12	Employment based	Outstanding professor or researcher	N	N
E-13	Employment based	Multinational executive or manager	N	N
E-14, E-15	Employment based	Spouse or child of E-11, E-12 or E-13	C09	N
E-21	Employment based	Professional holding advanced degree or alien of exceptional ability	N	N
E-22, E-23	Employment based	Spouse or child of E-21	C09	N
E-31	Employment based	Skilled worker	N	N
E-32	Employment based	Professional holding baccalaureate degree	N	N
E-34, E-35	Employment based	Spouse or child of E-31 or E-32	C09	N
EW-3	Employment based	Other worker	N	N
EW-4	Employment based	Spouse or child of EW-3	C09	N
F-2A, F-2B, F-3, F-4, F-11, F-12, F-21, F-22, F-23, F-24, F-25, F-31, F-33, F-41, F-42, F-43	Family based	Family members of permanent residents or US citizens	C09	N
F1	Non-immigrant	Student	C03	N
FX-1, FX-2, FX-3	Family based	Spouse or child of permanent resident or FX-1	Y	N
G-1, G-2, G-3, G-4	Employment based	Employees of international organizations and NATO; spouses and children	Y-spouses and children: C04	Y
G-5	Non-immigrant	Non-immigrant domestic workers	C17	Y
H1-B	Employment based	Foreign nationals working in the US in a specialty occupation	N	Y
H-2A, H-2B	Non-immigrant	Temporary workers	N	N
H-3	Non-immigrant	Temporary training	N	N
H-4	Non-immigrant	Spouse or child of H1-B	C09	Y
I-51	Employment based	Investor in pilot program	N	N
I-52, I-53	Employment based	Spouse or child of I-51	C09	N
IH-3, IH-4	Family based	Child adopted or to be adopted by US citizen	C09	N
IR-1, IR-2, IR-3, IR-4, IR-5	Family based	Spouse, child or child to be adopted of US citizen	C09	N
J	Non-immigrant	Cultural exchange visitor	C05	N
K-1, K-3, K-4	Family based	Fiancée of US citizen	A09	Y
L-1A, L-1B	Employment based	Intracompany transferees	N	Y
L-2, L-3	Employment based	Spouse or child of L-1	A18	Y

Visa Category Code	Visa/Admission Category	Description	Valid EAD Card Required	Eligible[1]
SK-3	Employment based	Unmarried child of an international organization employee	C09	N
SK-4	Employment based	Surviving spouse of deceased international organization employee	C09	N
SN-1	Employment based	Retired NATO-6 civilian	N	N
SN-2, SN-3	Employment based	Spouse of child of NATO-6 civilian employee	C09	N
SN-4	Employment based	Surviving spouse of deceased NATO-6 civilian employee	C09	N
SQ	Employment based	Iraqi/Afghans who work on behalf of the US government	N	Y
SR-1	Employment based	Religious workers	N	N
SR2, SR3	Employment based	Spouse or child of SR-1	C09	N
T-1, T-2, T-3, T-4	Subject to extreme cruelty	Victim or spouse or child or parents of victim of human trafficking	A16 OR C25	Y
T-5, T-51	Employment based	Employment creation	N	Y
T-52, T-53	Employment based	Spouse or child of T-51	C09	Y
TN NAFTA, TC NAFTA	Employment based	Canadian or Mexican citizens working in the US	N	Y
TD NAFTA	Employment based	Spouse or child of TN	N	Y
U-1, U-2, U-3, U-4	Subject to extreme cruelty	Victim or family member of victim of criminal activity	A19 OR A20	Y
V-1, V-2, V-3	Family based	Married to or a child of a legal permanent resident and you have been waiting at least 3 yrs. for the approval of a petition for lawful permanent resident status	A15	Y

[1] Must be spouse or child of P1A or P-1B, spouse or child of P-2 or P-3 are ineligible

EAD Category Code	Visa/Admission Category	Description	Automatic Extension	Eligible[1]
A02	Non-immigrant	Lawful temporary resident pursuant to sections 245a or 210 of the INA (temp. agricultural worker)	N	N
A03	Refugee	Refugee	Y	Y
A04	Cuban or Haitian entrant	Cuban or Haitian entrant paroled as a refugee	N	N
A05	Asylum granted	Asylum granted	Y	Y
A06	Non-immigrant	K-1, non-immigrant fiancé of US citizen or K-2 child of K-1	N	Y
A07	Non-immigrant	N-8 parent of international organization employee granted permanent residence or N-9 dependent child of international organization employee granted permanent residence	Y	N

Category Code	Category		Extension	Eligible[1]
A08	Non-immigrant	Citizens of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau admitted as a non- immigrant	Y	N
A09	Non-immigrant	K-3 non-immigrant spouse of US citizen or K-4 child of K-3	N	Y
A10	Non-immigrant	Granted withholding of Deportation or Removal	Y	N
A11	Non-immigrant	Deferred Enforced Departure (DED)	N	N
A12	Non-immigrant	Temporary Protected Status (TPS) granted under 8 CFR 244.12	Y	N
A13	Non-immigrant	IMMACT Family Unity beneficiary	N	N
A14	Non-immigrant	LIFE Act Family Unity beneficiary	N	N
A15	Non-immigrant	V-1 spouse of lawful permanent resident or V-2 minor unmarried child of lawful permanent resident or V-3 minor unmarried child of V-1 or V-2	N	Y
A16	Non-immigrant	T-1 non-immigrant (victims of a severe form of trafficking)	N	Y
A17	Non-immigrant	Spouse of principal E non-immigrant with an unexpired I-94 showing E (included in E-1S, E-2S, E-3S) non-immigrant status	Y	Y
A18	Non-immigrant	Spouse of principal L-1 non-immigrant with an unexpired I-94 showing L-2 (including L-2S) non-immigrant status	Y	Y
A19	Non-immigrant	U-1 non-immigrant (victims of certain criminal activity)	N	Y
A20	Non-immigrant	U-2 spouse of U-1 aliens or U-3 children of U-1 aliens (16 or under) or U-5 unmarried sibling under age 18 of UJ-1 alien under the age 21	N	Y
C01	Non-immigrant	Dependent of A-1 or A-2 foreign government official	N	Y
C02	Non-immigrant	Dependent of TECRO (Taipei Economic and Cultural Representative Office) E-11 non-immigrant)	N	N
C03A	Non-immigrant	Pre-completion of OPT F-1 students	N	N
C03B	Non-immigrant	Post-completion of OPT F-1 students	N	N
C03C	Non-immigrant	24 month extension for Science, Technology, Engineering or Mathematics (STEM) OPT students	N	N
C03(ii)	Non-immigrant	F-1 student offered off-campus employment under the sponsorship of Qualifying International Organization	N	N
C03(iii)	Non-immigrant	F-1 student seeking off-campus employment due to severe economic hardship	N	N
C04	Non-immigrant	Spouse or unmarried dependent child of G-1, G-3 or G-4 non-immigrant (Representative of International Organization and their dependents)	N	Y

Visa Category Code	Visa/Admission Category	Description	Valid EAD Card Required	Eligible[1]
M-1, M-2, M-3	Non-immigrant	student seeking practical training after completing studies	C06	N
N-8, N-9	Non-immigrant	Parent or child of int'l org. employee granted permanent residence	A07	N
NATO- 1, NATO-2, NATO-3, NATO-4, NATO-5, NATO-6	Non-immigrant	NATO members, staffs and families for temporary stay	C07	N
O-1A, O-1B	Employment based	Extraordinary ability in science, education, the arts, business or athletics	N	Y
O-2	Employment based	Assistant to O-1	N	Y
O-3	Employment based	Spouse or child of O-1 or O-2	N	Y
P-1A	Employment based	Internationally recognized athlete	N	Y
P-1B	Employment based	Internationally recognized artist	N	Y
P-2	Employment based	Performer (artist)- reciprocal exchange program	N	N
P-3	Employment based	Entertainer (artist) - culturally unique program	N	N
P-4[1]	Employment based	Spouse or child of P1A, P-1B, P-2, or P-3	C09	Y
Q	Non-immigrant	Cultural exchange program	N	N
R-5, R-51	Employment based	Investor in pilot program	N	N
R-52, R-53	Employment based	Spouse or child of R-51	C09	N
SD-1	Employment based	Religious workers	N	N
SD-2, SD-3	Employment based	Spouse or child of SD-1	C09	N
SE-1	Employment based	Employees or former employees of the US Gov't abroad	N	N
SE-2, SE-3	Employment based	Spouse or child of SE-1	C09	N
SF-1	Employment based	Former employees of the Panama Canal Company or Canal Zone Gov't	N	N
SF-2	Employment based	Spouse or child of SF-1	C09	N
SG-1	Employment based	Former employees of the US gov't in the Panama Canal Zone	N	N
SG-2	Employment based	Spouse or child of SG-1	Y	N
SH-1	Employment based	Certain former employees of the Panama Canal Company or Canal Zone gov't on 4/1/79	N	N
SH-2	Employment based	Spouse or child of SH-1	C09	N
SI	Employment based	Interpreters	N	N
SJ-1	Employment based	Foreign medical graduate	N	N
SJ-2	Employment based	Spouse or child of SJ-1	C09	N
SK-1	Employment based	Retired international organization employee	N	N
SK-2	Employment based	Spouse of SK-1	C09	N

Category Code	Category		Extension	Eligible[1]
A08	Non-immigrant	Citizens of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau admitted as a non- immigrant	Y	N
A09	Non-immigrant	K-3 non-immigrant spouse of US citizen or K-4 child of K-3	N	Y
A10	Non-immigrant	Granted withholding of Deportation or Removal	Y	N
A11	Non-immigrant	Deferred Enforced Departure (DED)	N	N
A12	Non-immigrant	Temporary Protected Status (TPS) granted under 8 CFR 244.12	Y	N
A13	Non-immigrant	IMMACT Family Unity beneficiary	N	N
A14	Non-immigrant	LIFE Act Family Unity beneficiary	N	N
A15	Non-immigrant	V-1 spouse of lawful permanent resident or V-2 minor unmarried child of lawful permanent resident or V-3 minor unmarried child of V-1 or V-2	N	Y
A16	Non-immigrant	T-1 non-immigrant (victims of a severe form of trafficking)	N	Y
A17	Non-immigrant	Spouse of principal E non-immigrant with an unexpired I-94 showing E (included in E-1S, E-2S, E-3S) non-immigrant status	Y	Y
A18	Non-immigrant	Spouse of principal L-1 non-immigrant with an unexpired I-94 showing L-2 (including L-2S) non-immigrant status	Y	Y
A19	Non-immigrant	U-1 non-immigrant (victims of certain criminal activity)	N	Y
A20	Non-immigrant	U-2 spouse of U-1 aliens or U-3 children of U-1 aliens (16 or under) or U-5 unmarried sibling under age 18 of UJ-1 alien under the age 21	N	Y
C01	Non-immigrant	Dependent of A-1 or A-2 foreign government official	N	Y
C02	Non-immigrant	Dependent of TECRO (Taipei Economic and Cultural Representative Office) E-11 non-immigrant)	N	N
C03A	Non-immigrant	Pre-completion of OPT F-1 students	N	N
C03B	Non-immigrant	Post-completion of OPT F-1 students	N	N
C03C	Non-immigrant	24 month extension for Science, Technology, Engineering or Mathematics (STEM) OPT students	N	N
C03(ii)	Non-immigrant	F-1 student offered off-campus employment under the sponsorship of Qualifying International Organization	N	N
C03(iii)	Non-immigrant	F-1 student seeking off-campus employment due to severe economic hardship	N	N
C04	Non-immigrant	Spouse or unmarried dependent child of G-1, G-3 or G-4 non-immigrant (Representative of International Organization and their dependents)	N	Y

EAD Category Code	Visa/Admission Category	Description	Automatic Extension	Eligible[1]
C05	Non-immigrant	J-2 spouse or minor child of a J-1 exchange visitor	N	N
C06	Non-immigrant	M-1 student seeking practical training after completing studies	N	N
C07	Non-immigrant	Dependent of NATO-1 through NATO-7 non-immigrant	N	N
C08	Non-immigrant	Asylum applicant, status pending	Y	N
C09	Non-immigrant	Pending adjustment of status under Section 245 of the Act	Y	Y
C10	Non-immigrant	Nicaraguan Adjustment & Central American Relief act	Y	N
C11	Non-immigrant	Alien paroled into the US for emergency, temporary reason	N	N
C12	Non-immigrant	Spouse of an E2 commonwealth of the Northern Mariana Islands investor, eligible for employment. In the CNMI only.	N	N
C14	Non-immigrant	Alien granted deferred action	N	N
C16	Non-immigrant	Registry applicant based on continuous residence since Jan 1, 1972	Y	N
C17(ii)	Non-immigrant	B-1 non-immigrant who is the personal or domestic servant of a non-immigrant employer	N	Y
C17(iii)	Non-immigrant	B-1 non-immigrant employed by a foreign airline	N	Y
C18	Non-immigrant	Alien with final order of deportation/supervision	N	N
C19	Non-immigrant	Temporary Protected status applicant under 8 CFR 244.5	Y	N
C20	Non-immigrant	Alien who filed legalization application for agricultural workers	Y	N
C22	Non-immigrant	Alien who filed legalization application under INA 245a	Y	N
C24	Non-immigrant	LIFE legalization applicant	Y	N
C25	Non-immigrant	T-2 spouse of T-1, the victim of trafficking or T-3 child or T-1 or T-4 parent of T-1 (if T-1 is < age 21)	N	Y
C26	Non-immigrant	Spouse of certain H-1B principal non-immigrants with an unexpired I-94 showing H-4 non-immigrant status	Y	N
C27	Non-immigrant	Abused spouse of an A non-immigrant	N	N
C28	Non-immigrant	Abused spouse of an E-3 non-immigrant	N	N
C29	Non-immigrant	Abused spouse of an G non-immigrant	N	N
C30	Non-immigrant	Abused spouse of an H non-immigrant	N	N
C31	Non-immigrant	Principal beneficiary or qualified child of approved VAWA self petition or Qualified child of a beneficiary of an approved VAWA self-petition	Y	Y

EAD Category Code	Visa/Admission Category	Description	Automatic Extension	Eligible[1]
C33	DACA	An alien who has been granted Deferred Action for childhood arrivals (DACA)	N	Y
C35	Non-immigrant	Principal beneficiary of an approved employment based immigrant petition facing compelling circumstances	N	N
C36	Non-immigrant	Spouse of unmarried child of a principal beneficiary of an approved employment based immigrant petition facing compelling circumstances	N	N