

UHM Overlays for FNMA Delivery

EXCLUSIONS:	 No Expanded Approval (See DU Release) 						
	■ No Co-Ops						
	 Condominium concentration may not exceed 15% for UHM loans in any 						
	one association/development.						
Ability to Repay/Qualified	QM SAFE HARBOR REQUIREMENTS:						
Mortgages (ATR/QM):							
	 Conventional Approve/Eligible can exceed 43% provided the loans fits 						
	all cost tolerances and ATR guidelines						
	No Conventional Manually underwritten loans permitted						
	QM REBUTTABLE PRESUMPTION REQUIREMENTS (Exceeding HPML/HPCL):						
	Conventional Approve/Eligible Only						
	No Refer/Eligible or Manually Underwritten Loans						
	Residual Income Test/Reserve Requirements Required:						
	Qualifying Primary Residence						
	 >= \$2,500.00 Residual Income, AUS to determine reserves if applicable 						
	o >= \$800.00 to \$2,499.00 Residual Income, The greater of three						
	months (3) or AUS required Reserves Required						
	< \$800.00 Residual Income, Not Permitted, Automatic Denial						
	Qualifying Second Home						
	 >= \$2,500.00 Residual Income, Acceptable 						
	 <\$2,500 Residual Income, Not Permitted, Automatic Denial 						
	Investment Properties with Cash-Out financing						
	 >= \$2,500.00 Residual Income, Acceptable 						
	 < \$2,500 Residual Income, Not Permitted, Automatic Denial 						
	 Note: Investment Properties are traditionally exempt. 						
	Investment Properties with Cash-Out are only exempt if the						
	cash-out funds are utilized to purchase another investment						
	property or to rehabilitate the current home. For all other						
	purposes, Cash-Out Refinances of Investment Properties fall within QM requirements.						
CORRESPONDENT/WHOLESALE MINIMUM LOAN AMOUNT:	• \$50,000.00 (due to ATR/QM Qualifications)						

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Verbal VOE within 7 days of closing

OVERLAY:

- All files with Extenuating Circumstances require an Underwriting second signature.
- Non-Sufficient Funds (NSF), Rule of Two:
 - A combination of >=2 NSF's (non-sufficient funds) on bank statements combined with a DTI >=43% requires an acceptable letter of explanation (LOX) and an Underwriting second signature
 - Late payments (excluding medical collections) after a Chapter 7 BK and within 4 years require two compensating factors (to be added to the Risk Committee/Team Leaders 2 out of 3 rule first combination area). Please review GNMA Overlays, FHA section for rule guidance.
- Projected Income, Employment Offers and Contracts
 - Purchase Primary Single-Family only
 - A Non-Contingent Employment Contract or verification from employer listed contingencies are removed is required
 - The higher of AUS required reserves or 3 Month PITI Reserves required
 - Borrower must start the new job and income must be validated with a pay stub dated within 60 days of closing. Income does not have to be a full cycle but must be able to validate the income utilized in qualifying. Note: On an exception basis, UHM may permit within 31-90 days of closing with approval by Jill Ross and/or Al Blank.
- HomeReady Product
 - No ARMS, Fixed Rate Only
 - No Renovation
 - o No Buy-Downs
 - No Manual Underwriting
- Fannie Mae No Credit Score Borrowers (new offering from DU 10.0) Overlays:
 - Must have an Approve/Eligible Finding
 - o Requires approval from Essent Guaranty only
 - Requires funding through Comerica with advance communication to Secondary and Funding
 - All remaining standard conditions (single-family principal residence only, no manufactured housing, purchase or limited cash-out, fixed rate mortgage, LTV<=90%, DTI <39%, two current non-traditional credit references one of which must be housing over 12 months old and paid as agreed)
- Maximum Number of loans per borrower(s) no more than 4 loans

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total with UHM, but maximum investment properties is 2. Example,
Borrower can have 1- primary, 1- 2 nd home and 2- investment
properties. If a Borrower does not have a 2 nd home, they could have 1-
primary and 2-investment properties.

- Note: This overlay is not to be confused with the maximum number of financed properties a Borrower maintains when financing with UHM.
- If more than one (1) Housing/Mortgage late payment in the past 12 months, a Risk Committee Review is required.
- Move Down borrowers 2nd signature required.
- High Balance Loans permitted for primary residences with an Approve/Eligible and a 2nd underwriting signature.
- DU Refi Plus Unlimited LTV/CLTV with a minimum credit score of 680.
 Credit scores of 620 679 LTV/CLTV limited to 105%.
- Investment Properties: Maximum agency LTV with MI non-delegated (top coverage required)
- Property Condition: Subject property to be in average, or better condition. No Fair or C-5
- Utilities: Utilities are not required to be activated at the time of the inspection; UHM requires hold-harmless agreement at closing.
- Loans with Private Mortgage Insurance that include Borrowers with credit scores <=660 in addition to an LTV >85% require a non-delegated review by the Mortgage Insurance Company (applies to all applicable loans including FNMA 97 and FNMA MCM).
- Manufactured Homes: Require 640 middle score, maximum LTV 90%, a Structure Certification and evidence of Surrender of Title (see state requirements in Manufactured Home Guidance Exhibit). Land Contract conversions are not permitted.
- Manufactured Homes built before June 15, 1976 are not permitted.
- FNMA 97% LTV (MCM and Non-MCM); Reserves must be from Borrower's own funds if required by the AUS.
- FNMA 97% LTV (MCM and Non-MCM); Require Approve/Eligible Findings, Manual Underwriting not permitted.