





## UHM Overlays for FNMA Delivery

### PROCEDURES:

### OVERLAY:

- Verbal VOE within 7 days of closing
- All files with Extenuating Circumstances require an Underwriting second signature.
- Non-Sufficient Funds (NSF), Rule of Two:
  - A combination of  $\geq 2$  NSF's (non-sufficient funds) on bank statements combined with a DTI  $\geq 43\%$  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
  - 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
  - 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  $\leq 90\%$ , 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<sup>nd</sup> home and 2- investment properties. If a Borrower does not have a 2<sup>nd</sup> 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 – 2<sup>nd</sup> signature required.
- High Balance Loans permitted for primary residences with an Approve/Eligible and a 2<sup>nd</sup> 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.