



UHM Overlays for FHLMC Delivery

EXCLUSIONS:

- No A-Minus/Caution
- No ARM Products
- No Projected Income Loans (FNMA only)
- No Co-Ops
- Condominium concentration may not exceed 15% for UHM loans in any one association/development.

Ability to Repay/Qualified Mortgages (ATR/QM):

QM SAFE HARBOR REQUIREMENTS:

- Conventional Accept 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 Accept Only
- No Caution or Manually Underwritten Loans
- Residual Income Test/Reserve Requirements Required:
 - ❖ Qualifying Primary Residence
 - \geq \$2,500.00 Residual Income, AUS to determine reserves if applicable
 - \geq \$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
 - \geq \$2,500.00 Residual Income, Acceptable
 - $<$ \$2,500 Residual Income, Not Permitted, Automatic Denial
 - ❖ Investment Properties with Cash-Out financing
 - \geq \$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.



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<p>CORRESPONDENT/WHOLESALE MINIMUM LOAN AMOUNT:</p>	<ul style="list-style-type: none"> • \$50,000.00 (due to ATR/QM Qualifications)
<p>PROCEDURES:</p> <p>OVERLAY:</p>	<ul style="list-style-type: none"> ▪ Verbal VOE within 7 days of closing ▪ All files with Extenuating Circumstances require an Underwriting second signature. ▪ Non-Sufficient Funds (NSF), Rule of Two: <ul style="list-style-type: none"> ○ A combination of ≥ 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. ▪ Maximum Number of loans per borrower(s) – no more than 4 loans total with UHM, but maximum investment properties is 2. Example, Borrower can have 1- primary, 1- 2nd home and 2- investment properties. If a Borrower does not have a 2nd home, they could have 1- primary and 2-investment properties. ▪ 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. ▪ Condominiums: Require a Condo Questionnaire regardless of review type (full or streamline) ▪ Super Conforming (High Balance Loans) permitted for primary residences with an Accept and a 2nd underwriting signature. ▪ Freddie Open Access – Unlimited LTV/HTLTV with a minimum credit score of 680. Credit scores of 620 – 679 LTV/HTLTV limited to 105%. Freddie Open Access - 2nd underwriting signature required. ▪ Freddie Mac Home Possible and Home Possible Advantage 97% LTV Released 3/23/15 (overlay summary): <ul style="list-style-type: none"> ○ Reserves: Must be from Borrower's own funds if required by the AUS. ○ Underwriting: Require Accept, Manual Underwriting not permitted. ▪ No Manufactured Homes with Home Possible Program(s) ▪ No Construction or Renovation ▪ No ARMS, Fixed Rate Products Only ▪ No Financed BPMI



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- No Buy Downs
- Freddie Mac No Credit Score Borrowers, 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<=95%, DTI per AUS, two current non-traditional credit references one of which must be housing over 12 months old and paid as agreed)
 - [Requirements Link](#)
- 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 FHLMC Home Possible when released in 2015).
- 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.