

## FirstBank Correspondent Seller Guide

### FirstBank Non-Conforming

#### FirstBank Non-Conforming Fixed and ARM Products

##### Product Codes:

Fixed Rate	
360 Months	2502
180 Months	2501

ARMs – 30 Year Amortization	
5/1 ARM	2503
7/1 ARM	2504
10/1 ARM	2505

##### General Description:

Fixed Rate Fully Amortizing and ARM mortgage programs with Loan Amounts over Conforming Loan Limits

##### Fixed Rate Mortgages:

Loan terms for 180 months and 360 months.

##### Adjustable Rate Mortgages:

5/1, 7/1, and 10/1 ARMS on 30 year terms.

This description is intended to be only a general guide and is not all inclusive of the guidelines or underwriting conditions for this product offering. Items not addressed by applicable regulations of ATR/QM, and not addressed in this description, will default to Fannie Mae guidelines.

##### Occupancy:

Primary and Second Homes

##### Loan Amount:

MINIMUM Loan amount is \$1.00 OVER applicable conforming loan limits property type.

##### *Minimum Loan Amounts*

1 Unit = \$424,101

2 Units = \$543001

See “Primary Residence” and “Second Home” for specific maximum loan limits.

##### Minimum Credit Score:

680 Minimum score for all borrowers, and must meet minimum scoring and trade line requirements

NOTE: Min. score requirements are dependent on loan parameters; see “Primary Residence” and “Second Home” for specifics.

Ratios: Total Maximum Debt to Income = 43.00%

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All loans must meet all applicable regulations for ATR and QM per CFPB requirements, as applicable to non-conforming / non-agency loans.

Exceptions to guidelines are Not Allowed

### Appraisal:

- Uniform Residential Appraisal Report minimum requirements of a 1004 report or 1025 report as needed. Additional addendums and forms required as needed (Appraisal Update, Market Conditions, etc.)
- Purchase Transactions: Two Appraisals required for all loans > \$1,500,000.
- Refinance Transactions: Two Appraisals required for all loans > \$1,000,000.
- Appraiser must provide at least six comparable sales. Preferably all comparable sales should be closed sales. If the appraiser is unable to provide six comparable closed sales, the appraiser may use comparable listings or pending sales, but at a minimum 4 of the comparable sales must be closed sales.
- Interior photos required.
- Appraisals are valid for 120 days. New appraisal required after 120 days.
- For refinance transactions, properties that had been offered for sale must be delisted six months prior to application date. A copy of the canceled/expired listing should be placed in the file and a search of the current multiple listing service should be completed to verify that the property is not currently listed by a different agency
- A new appraisal is required for both purchase and refinances (appraisal update / recertification of value not permitted).

### ARM Data:

- 5/1, 7/1, 10/1 – Rate is fixed for the first Five (5), Seven (7) or Ten (10) years respectively to applicable product and then adjusts annually.
- INDEX: 1 Year LIBOR.
- MARGIN = 2.25 (subject to change as this is a pricing component)
- CAPS: 5/1 = 2/2/5      7/1 and 10/1 = 5/2/5
- The Loan is subject to the indicated Rate Cap Adjustment (up or down), but the Adjustment may never be greater than the Lifetime Adjustment over the Note Rate. The Loan Interest Rate can never adjust lower than the Margin.
- Conversion Feature is not available.

### Assumable:

Fixed Rate products are not assumable.

ARM products are assumable to a qualified borrower after the fixed term.

### Borrower Eligibility:

Mortgages are made to borrowers who are natural persons that have reached the age at which the mortgage note can be enforced in the jurisdiction where the property is located. There is no maximum age limit for a borrower. Each borrower must have a valid Social Security number.

Exceptions to the requirement that borrowers be natural persons are:

- Inter vivos revocable trusts. The entire living trust must be provided. Irrevocable Trusts are Not Allowed.

### First Time Homebuyers:

Primary Residence only.

### Non-Arm's Length Transactions:

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Allowed on a Primary Residence Transactions, only; a non-arm's length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and the buyer of the property (including newly constructed properties, if the borrower has a relationship or business affiliation including any ownership interest, or employment with the builder, developer, or seller of the property.

### Permanent Resident Aliens:

A copy of the Green Card is required for all permanent resident aliens whose income and/or assets are being used to qualify for a loan. A copy of the front and back of the card is required and must be included in the loan file.

- While the Green Card itself states "Do Not Duplicate" for the purpose of replacing the original card, U.S. Citizenship and Immigration Services (USCIS) allows photocopying of the Green Card.

### Non-Permanent Resident Aliens:

Not Allowed

### Foreign Nationals:

Not Allowed

### Limited Partnerships, General Partnerships, Corporations:

Not Allowed

### Non-Occupant Co-Borrowers:

Not Allowed

### Refinance Transactions:

Require a minimum of one borrower on the on new loan and title to be on the existing loan and title

### Buydown:

(Temporary) Not allowed

### Condominiums:

Condos MUST be warrantable per standard Agency guidelines.

Condo projects with less than 10 units must be typical for the area and the appraisal must show similar comparables

### Construction Perm:

One Time Closes / Conversions are Not Allowed.

Two Time Close / Refinance transactions are allowed

- The LTV is calculated by dividing the loan amount of the construction-to-permanent financing by the as-completed appraised value of the property (lot and improvements)
- Two Time Close Transactions are No Cash-Out Refinances

### Credit Considerations:

Minimum Credit Score for all borrowers = See "Primary Residence" and "Second Home" for minimum score requirements.

- Residential Mortgage Credit Report or tri-merged in file from all three repositories is required.
- Credit Report is good for 90 days
- A written explanation for all inquiries within 90 days is required
- Mortgage or Rental history must be 0x30 over prior 24 months

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- Subject property and/or current primary residence must have a mortgage/rental history of 0x30 in the most current 24 months as evidenced by a credit report, 24 months of cancelled checks, or an institutional VOM/VOR covering 24 months.
- For all other properties, the mortgage history must be no more than 1x30 in the last 24 months as evidenced by a credit report, 24 months of cancelled checks, or an institutional VOM/VOR covering 24 months.
- Borrowers owning their primary residence free and clear: For any time period where a mortgage payment was not required, proof that all property tax payments, hazard insurance premium payments, flood insurance premium payments, ground lease payments, and homeowners' assessments, as applicable, have been paid on must be included in the file. The monthly (or annual) payments must continue to be recognized as a monthly liability.
- The representative credit score for each borrower is the median of the three scores (or lesser of two, if only two scores are returned); the representative score for the loan is that of the borrower with the lowest representative score. Minimum of two (2) scores per borrower is required.
- Borrower(s) credit profile must include a minimum of 3 open trade lines and meet all of the following requirements:
  - One (1) account must be open and active for a minim of 24 months; AND
  - At least one trade line must be an installment \*OR\* mortgage account; AND
  - Remaining trade line must have a 12 month history reporting.
- No Authorized User Accounts will be used to satisfy minimum trade line or FICO requirements.
- If a borrower can't meet the minimum of 3 tradelines but has a minimum of 1 open tradeline with 12 months or more reporting, it could be considered without exception if the borrower meets the following criteria:
  - 8 or more tradelines reported with at least one being a mortgage tradeline and having a minimum of 7yrs of established credit history.
  - A written explanation for all inquiries within 90 days is required  
-> OR <-
  - Six (6) months ADDITIONAL reserves **\*\*AND\*\*** meets ONE of the following:
    - Debt Ratio  $\leq$  35.00%
    - LTV reduced by 10% from program allowances
    - Indicator Score  $\geq$ 740

Minimum trade line requirements apply to employed borrowers, utilizing income for qualifying purposes. Unemployed borrowers, or borrowers that are not using ANY income towards qualifying do not need to meet the minimum trade requirements as listed above. Minimum score requirements continue to be applicable.

Cash out may not be used to pay down debt to qualify for the loan.

Borrowers cannot pay off debt within 90 days of the credit report in order to qualify for the loan. Borrowers may not pay debts down to 10 payments or less to exclude payments from debt ratio calculations.

### Adverse Credit:

- Borrowers with a history of collection accounts should be required to pay off derogatory accounts
- Bankruptcy / Foreclosure / Short-Sale / Deed-in-Lieu/ Modifications: Not allowed within seven (7) years prior to application date. Time period is measured from completion of event to application date for new loan.
  - Modifications are allowed if they were lender initiated and documented proof the modification was not initiated nor due to a distressed situation.
- Judgments / Liens: Any judgment or lien impacting title must be paid in full

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- Collections / Charge-Offs: May NOT impact title; cumulative amounts exceeding \$1,000 (individually or aggregate) must be paid in full.
- Past Due Accounts: Must be brought current, and documented, PRIOR to closing.

### Down Payment / Source of Funds:

Borrower must disclose, and lender must verify, all assets. Eligible funds to close must be verified for all transaction types.

Gift letter is required for all LTVs. Gift Funds are allowed only after a minimum down payment of at least 5% has been made from the borrower's own funds; allowed on Primary Residence only. Loan must be an arm's length transaction. Gifts of Equity are Not Allowed. All Deposits / Gifts must be verified.

Documentation for a VOD consists of account statements for the most recent two months or quarterly statement. The source of any large deposits, excluding paychecks, must be verified. Large deposits in excess of 25% of monthly qualifying income OR ANY large deposit that is out of the ordinary MUST be explained and the source of funds documented.

Business Accounts: Business accounts are not eligible to help meet reserve requirements; the underwriter may consider business accounts for funds to close if the borrower is 100% owner of the business, and a letter from the business accountant is obtained to confirm that the withdrawal will not negatively impact the business.

Stocks/Bonds/Mutual Funds: 70% may be used for reserves.

Vested Retirement Account Funds: 60% may be considered for reserves.

If needed to close, verification that funds have been liquidated (if applicable) is required.

Down Payment Assistance, Grant Funds, Builder Profits, Pooled Funds, Foreign Assets, Cash Advance on Credit Card/Line, Signature Loan, Unsecured Financing, Personal Loans, Cash on Hand, Commission from Sale of Subject Property, Salary Advance, Sweat Equity, Reverse Mortgage, Pension Fund, Seller R/E Tax Credit, Employer Assistance Assets or Funds donated by the property seller, builder, real estate agent or any other party not related to the borrower to satisfy down payment requirements are Not Allowed

### Escrow Waiver:

Permitted on loans with LTV  $\leq$  80.00%, unless specifically outlined by state law.

### Homebuyers Counseling:

Not Applicable

### Income / Documents:

Lenders may not consider income for qualifying purposes if they have knowledge, or the documentation indicates the income is likely to terminate within the next three years. Lenders must continue to consider income trends and the consistency of the income used to qualify the Borrower.

All loans must meet all applicable regulations for ATR and QM. In order to meet QM and ATR requirements, income verifications over and above GSE standards apply.

Appendix Q to Part 1026 addresses income documentation requirements and may be located on the CFPB site at [www.consumerfinance.gov](http://www.consumerfinance.gov), search for Appendix Q. The link for Appendix Q effective 1/18/2014 is located [here](#).

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Please note – the most recent version of Appendix Q is applicable, any updates to Appendix Q may not be reflected by this hyperlink. Also, if there is a discrepancy between the items listed in this product description and Appendix Q, the most conservative approach should be applied.

A two-year history of receipt of income used to qualify the Borrower is required.

Gaps in Employment (per Appendix Q): The borrower's employment must be verified for the most recent two full years. Allowances can be made for seasonal employment, typical for the building trades and agriculture, if verified.

- The end dates/start dates of any job changes within the most recent two full years must be verified with paystubs, VOEs, or employment contracts to ensure that there are no gaps in employment history.
- Any gaps in employment over one month in the past two years must be satisfactorily explained in writing by the borrower.
- Multiple job gaps or frequent changes in employment in the past 24 months should be carefully reviewed to determine if the borrower's employment is stable and likely to continue.
- If the borrowers have been employed less than two years but were previously in school or in the military, a copy of the diploma or discharge papers must be obtained.
- If the borrower is re-entering the workforce, obtain documentation to support that the borrower has been at the current employment for a minimum of six months and documentation to show a previous work history

### AGE OF CREDIT DOCS:

The maximum age of credit documents is 90 days. Credit documents include credit reports and employment, income, and asset documentation. The age of the documents is measured from the date of the document to the date the note is signed.

### RENTAL INCOME:

Rental income from second homes is not permitted.

If the property was acquired subsequent to the most recent tax filing year, a signed lease agreement should be used to calculate qualifying rental income.

Rental income should be calculated using the 1040 tax return (Schedule E) information.

- In the event rental income is reporting for only 1 year, a 12 month average of the rental income can be used.
- If the rental property has been owned by the borrower for equal to or more than two years, the rental income should be calculated using 1040 tax return (Schedule E) information averaged for the last 24 months. If the rental income declined in the most recent tax return then a 12 month average of the prior year rental income should be used.
- Per Appendix Q, a current lease agreement is always required to verify that the property will continue to be rented.

### SALARIED /EMPLOYED BORROWERS:

- Most Recent Paystub including year-to-date earnings (covering minimum of 30 days)
- Two years W2's; or Traditional Written Verification of Employment and Income covering at least 2 years are required for employed borrowers.
- The lender must obtain a verbal VOE for all borrowers within 10 calendar days (prior) from the note date for employment income.

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### SELF EMPLOYED BORROWERS:

Self Employed Borrowers are any individuals who have a 25% or greater ownership interest in a business, including all borrowers filing a Schedule C (which includes sole proprietorship and/or W2 wage earners filing Schedule C), and including borrowers receiving a 1099. Lenders are required to obtain and analyze the Borrower's individual (and business if appropriate) federal tax returns for the last two year to determine the impact of a business loss on the income used to qualify *regardless of whether or not the income is used to qualify when the Borrower is self-employed*. All of the following is required:

- Two years of Federal Personal AND Business Tax returns are required, all pages and schedules.
- Year to Date Profit and Loss Statement (may be unaudited) AND Balance Sheet, including business not normally providing such information.
  - Must cover most recent quarter and ends 1 month prior to date of application.
  - Full profit and loss (P&L) statement and balance sheet for current year to date. The previous year P&L and Balance Sheet are also required if the previous year's income is not documented by validated personal and business income tax returns.
- The lender must obtain a verbal VOE for all borrowers within 30 calendar days (prior) from the note date for self-employment income. Verification MUST include the verification of the phone listing and address for the business AND must also verify the existence of a Self Employed Borrower's Business within 30 days of closing date from a 3rd party such as CPA, Regulatory Agency, or applicable Licensing Bureau. The name and title of the person that verified this information must be included.

### TAX EXEMPT INCOME:

Tax exempt income must be documents (such as, but not limited to, tax returns) in order to gross-up tax exempt income.

### TAX TRANSCRIPTS:

- IRS Form 4506T is required to be signed and executed during the origination process, and transcript documentation for the most recent two years must be provided in the closed loan file.
- For self-employed borrowers, this applies to both personal returns and business returns [for businesses where borrower has 25% or more ownership, or has wages reported on a Scheduled C (as defined above under Self Employment), and the income from the businesses is being used for qualification], or borrower(s) receive a 1099.
- Form 4506T must also be signed at closing.

### VERBAL VERIFICATION OF EMPLOYMENT:

Required for all borrowers and must be completed.

- Within 10 calendar days prior to the closing date for employment income
- The lender must obtain a verbal VOE for all borrowers within 30 calendar days (prior) from the note date for self-employment income. Verification MUST include the verification of the phone listing and address for the business AND must also verify the existence of a Self Employed Borrower's Business within 30 days of closing date from a 3rd party such as CPA, Regulatory Agency, or applicable Licensing Bureau. The name and title of the person that verified this information must be included.

### INCOME FROM CHILD SUPPORT, ALIMONY, SEPERATE MAINTENANCE, ETC.:

Require documentation showing the payor was obligated to make payments to the borrower for the most recent twelve (12) months and is obligated to make payments to the borrower for the next three (3) years.

ADDITIONAL INCOME REQUIREMENTS: Specific documentation requirements have been added for: commission, bonus, overtime, allowances for automobiles, military, second employment, seasonal employment, alimony, child care, etc.

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TRAILING SPOUSE INCOME:

Not Allowed

Interested Party Contributions:

Interested Party Contributions are allowable in accordance with FNMA standards. Amounts in excess of the limits set forth by FNMA or additional cash back to the borrower for any contributions that exceed the actual amount of closing costs are considered to be sales concessions and must be treated accordingly (deducted from sales price when calculating LTV)

Investment Property (Non-Owner Occupied):

Not Allowed

Loan Limits:

MINIMUM Loan amount is \$1.00 OVER applicable conforming loan limits property type.

Minimum Loan Amounts:

1 Unit = \$424,101

2 Units = \$543,001

See “Primary Residence” and “Second Home” for specific maximum loan limits.

Loan to Value:

Reduce by a minimum 5% to LTV / CLTV / HCLTV if marked as declining on by the appraisal.

See “Primary Residence” and “Second Home” for specific LTV/CLTV/HCLTV limits. Also see “Addendum” on the last page of this description for > 80% LTV options.

Mortgage Insurance:

Not Applicable

Primary Residence (Owner Occupied):

PRIMARY RESIDENCE		PURCHASE and NO CASH-OUT REFINANCE			
Property Type	Min Credit Score	Max DR%	LTV	CLTV/HCLTV	Max Loan Amount
1 Unit	700	43.00%	80%	80%	\$3,000,000
	680	35.00%	80%	80%	
	680	43.00%	70%	70%	
2 Units	740	43.00%	80%	80%	
	720	35.00%	80%	80%	
	720	43.00%	75%	75%	
	700	35.00%	75%	75%	

- LTV/CLTV is reduced by 5% on properties in declining markets as indicated by appraiser.
- No Cash-Out will be considered when cash to the borrower is < \$2,000
- The refinancing of non-purchase money closed end and HELOC 2nd liens will be considered a No Cash Out refinance if they are seasoned > 12 months AND the draws on the HELOC are not greater than \$2,000 within the last 12 months

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\*\* See addendum for LTV > 80.00 to 90.00%

PRIMARY RESIDENCE		CASH-OUT REFINANCE			
Property Type	Min Credit Score	Max DR%	LTV	CLTV/HCLTV	Max Loan Amount
1 Unit	700	43.00%	70%	70%	\$3,000,000
<ul style="list-style-type: none"> <li>For Cash-Out refinance transaction, the loan being paid off must be seasoned for at least six (6) months.</li> <li>Maximum Cash-Out \$500,000, regardless of LTV/CLTV and Loan Amount.</li> <li>Cash out includes the payoff of subordinate liens that were not original purchase money liens.</li> <li>LTV/CLTV/HCLTV is reduced by 5% on properties in declining markets as indicated by appraiser</li> </ul>					

### Property Locations:

Allowed in United States (including the District of Columbia)

*Exception:* Refinances of primary residence in Texas that are categorized as a Texas 50a(6) transaction are Not Allowed. Properties located in Hawaii Lava Zones 1 or 2 are Not Allowed.

### Property Types:

- Attached and Detached SFRs and PUDs allowed.
- Maximum of 20 acres allowed. (It is not acceptable to have a property appraised with only 20 acres in order to meet eligibility)
  - Acreages > 10 and ≤ 20 must be typical for area, maximum 35% land to value, and no income producing attributes.
  - Hobby farms are Not Allowed.
- 1-2 units allowed (see “Primary Residence” and “Second Home for specifics)
- Condominiums - See “Condominiums”
- Mobile Homes / Manufactured Homes and Modular Homes are Not Allowed
- Mixed use properties and Co-Ops are Not Allowed
- Properties with income producing attributes are Not Allowed
- Properties Purchased at Auction, Foreclosed Properties, Condotels, Log Homes, Unique Properties, or any property agriculture zoned are Not Allowed
- Purchasing a Short Sale Allowed with the following:
  - The transaction is arms-length involving a realtor and formal sales contract.
  - There is no relationship or identity of interest between buyer and seller.
  - Short sale approval letter from all existing mortgage lien holders accepting the discounted sales price on the subject property must be provided.
  - All liens are extinguished with the sales proceeds.
  - Any earnest money deposits must be verified with a bank statement or a print out from the bank at the time the earnest money check cleared the borrower’s account, regardless of amount.
  - The borrower/buyer is not involved in negotiations with the lien holder(s) to facilitate the short sale.

### Properties Listed for Sale:

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Property listed for sale at any time after the application date and prior to closing is ineligible. Properties listed for sale must be delisted (and documented) six months prior to application date for refinance transactions. A copy of the canceled/expired listing should be placed in the file and a search of the current multiple listing service should be completed to verify that the property is not currently listed by a different agency.

### Rates:

Qualifying Rate = unless other requirements are set forth by applicable law:

- 5/1 ARM must be qualified at the Note Rate + 2% never less than the fully indexed rate based on a fully amortizing principal and interest payment
- 7/1 and 10/1 ARM must be qualified at the Note Rate based on a fully amortizing principal and interest payment.

Fully-indexed rate = Index + Margin, rounded to the nearest 1/8th percent.

PITIA based on the full principal and interest payment at the note rate, in addition to the taxes, insurance and any association payments, amortized over the full repayment term.

### Ratios:

Maximum Debt to Income Ratio = 43.00%

- Borrower is qualified in addition to the taxes, insurance, and association dues/payments.
- If the subordinate financing on the subject property is a HELOC, the monthly payment must be calculated based on the current rate of the total line amount, even if the HELOC has a \$0 balance.
- Payment Shock not to exceed 250% for First Time Homebuyers and/or borrowers with less than five (5) years job history and/or consistent earned income. (If the borrower sold their home within the last 180 days, use the prior mortgage payment for purposes of payment shock calculation. A copy of the HUD1 / CD from the sale of that home is required.)

### Non Occupant Co-Borrowers:

Not Allowed

Cash out may not be used to pay down debt to qualify for the loan

Borrowers cannot pay off debt within 90 days of the credit report in order to qualify for the loan and may not pay debts down to 10 payments or less to exclude payments from debt ratio calculations.

Conversion to investment property, 2nd home or listed for sale, requires a minimum 30% equity in the departing residence evidenced by an HVE, at a minimum, if rental income is being utilized to qualify.

Departing properties with less than 30% documented equity: Six months reserves PITIA for the converted property are required in addition to standard reserves. Borrower must qualify with both payments. Rental income may not be used.

### Reserves:

Borrower must disclose, and lender must verify, ALL qualifying assets (funds to close and reserves). Eligible funds to close must be verified for all transaction types.

Gift Funds: Gift letter is required for all LTVs. Gift Funds are allowed only after a minimum down payment of at least 5% has been made from the borrower's own funds. Loan must be an arm's length transaction. Gifts of Equity are Not Allowed. All Deposits / Gifts must be verified.

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Documentation for a VOD consists of account statements for the most recent two months or quarterly statement. The source of any large deposits, excluding paychecks, must be verified.

Large deposits in excess of 25% of monthly qualifying income OR ANY large deposit that is out of the ordinary MUST be explained and the source of funds documented.

Conversion to investment property, 2nd home or listed for sale, requires a minimum 30% equity in the departing residence evidenced by an HVE, at a minimum, if rental income is being utilized to qualify.

→ Departing properties with less than 30% documented equity: Six months reserves PITIA for the converted property are required in addition to standard reserves. Borrower must qualify with both payments. Rental income may not be used.

### Business Accounts:

Business accounts are not eligible to help meet reserve requirements; the underwriter may consider business accounts for funds to close if the borrower is 100% owner of the business, and a letter from the business accountant is obtained to confirm that the withdrawal will not negatively impact the business or a cash flow analysis can be provided using 3 months business bank statements to determine no negative impact to business based on withdrawal of funds.

Stocks/Bonds/Mutual Funds: 70% may be used for reserves.

Vested Retirement Account Funds: 60% may be considered for reserves.

If needed to close, verification that funds have been liquidated (if applicable) is required.

*FIRST TIME HOMEBUYERS *		PRIMARY RESIDENCE	
Loan Amount		Reserves	
≤ \$1,000,000		12 Months Verified PITIA	
\$1,000,000 < \$1,500,000		18 Months Verified PITIA	
Primary Residence and Second Homes			
Loan Amount		Reserves	
≤ \$1,000,000		6 Months Verified PITIA	
\$1,000,001 ≤ \$1,500,000		9 Months Verified PITIA	
\$1,500,001 ≤ \$2,000,000		12 Months Verified PITIA	
\$2,000,001 ≤ \$3,000,000		24 Months Verified PITIA	
Borrower has multiple financed properties: 2 months PITIA for each additional property			
<i>PITIA = Principle, Interest, Taxes, Insurance, and Association dues</i>			

### Second Home:

SECOND HOME		PURCHASE and NO CASH-OUT REFINANCE			
Property Type	Min Credit Score	Max DR%	LTV	CLTV/HCLTV	Max Loan Amount

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1 Unit	720	43.00%	80%	80%	\$3,000,000
	700	35.00%	80%	80%	
	700	43.00%	75%	75%	
	680	35.00%	75%	75%	
	680	43.00%	70%	70%	
<ul style="list-style-type: none"> <li>• First Time Homebuyers are ineligible</li> <li>• LTV/CLTV is reduced by 5% on properties in declining markets as indicated by appraiser.</li> <li>• No Cash-Out will be considered when cash to the borrower is &lt; \$2,000</li> <li>• The refinancing of non-purchase money closed end and HELOC 2nd liens will be considered a No Cash Out refinance if they are seasoned &gt; 12 months and the draws on the HELOC are not greater than \$2,000 within the last 12 months</li> <li>• A property may be considered a Second Home when it meets ALL of the following:              Must be located a reasonable distance from the borrower(s) primary residence;              Must be suitable for year round occupancy;              Must be occupied by the borrower(s) for some portion of the year;              Borrower(s) must have exclusive control over the property.</li> </ul>					

### Subordinate Financing:

Subordination of Existing Financing is allowed, New Subordinate Financing Allowed, See “Primary Residence”, “Second Home” for CLTV/HCLTV limits

Secondary financing must be through an institutional lender and lien must be recorded and clearly subordinate to the first mortgage lien. (Seller financing is not allowed). Subordinate financing must allow prepayment at any time without penalty. All loans with subordinate financing must have copy of Note and Security Instrument for the second lien in the subject file.

If the subordinate financing on the subject property is a HELOC, the monthly payment must be calculated based on the current rate of the total line amount, even if the HELOC has a \$0 balance.

### Additional Criteria:

- The term of the loan cannot be less than 5 years, unless the financing fully amortizes prior to that time.
- The loan term must provide for regular payments of principal and interest, or interest only
- If the loan has a variable rate the total amount of secondary or subordinate financing must fully amortize during the term of the loan.
- For HELOC’s the repayment terms must provide for regular monthly payments that cover at least the interest due so that negative amortization will not occur.
- Subordinate financing provided by the borrower’s employer is allowed. The financing must meet all program guidelines except that the terms of the Note may not require full repayment if the borrower voluntarily or involuntarily terminated before the maturity date of the financing.

### Types of subordinate financing that are ineligible:

- The subordinate mortgage has wraparound terms, combining the indebtedness of the first mortgage with the subordinate mortgage.

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- The subordinate mortgage does not provide for either regular monthly payments of principal and interest, or interest only.
- The subordinate mortgage allows for negative amortization.

### Underwriting:

- Loans must be manually underwritten by FirstBank Mortgage Underwriting.
- All loans must meet all applicable regulations for ATR and QM.

Maximum Age of Credit Documents is 90 days. Credit documents include credit reports and employment, income, and asset documentation. The age of the documents is measured from the date of the document to the date the note is signed.

### Multiple Loans per Borrower:

FB will do a maximum of four (4) loans for any one borrower, regardless of product or investor utilized.

### Multiple Property Ownership:

The following guidelines apply to properties owned by all borrowers on the loan transaction. Joint ownership in residential 1-4 family real estate is considered the same as total ownership of an individual property and therefore is subject to the same restriction. Including the subject property, borrower(s) are limited to a maximum of five (5) mortgaged / obligated properties when the subject property is a Second Home.

### Title:

To be held as individual or *inter vivos* (living) trust. The entire living trust must be provided. Irrevocable Trusts are Not Allowed. Title may not be held in a business name.

### Power of Attorney:

Are allowed for Purchase and No Cash-Out Refinances Only and must be:

- Specific to the transaction. (Must outline the specific transaction, property address, etc. For a No Cash-Out Refinance it must also outline the maximum loan amount and what lender the loan is being executed with.)
- If in a jurisdiction in which the POA must be recorded with the Security Instrument, ensure it is recorded and the name(s) on the POA match the name(s) of the person(s) on the Security Instrument.
- POA must be notarized.
- The Attorney In Fact may not be a part of the transaction (IE: Lender, Lender Affiliate, or Employee of the Lender, nor the Title Company or Affiliate, nor any Realtor involved in the transaction).

For those on a Military Deployment, follow standard Fannie Mae guidelines.

### Properties Previously Listed for Sale:

For refinance transactions, properties that had been offered for sale must be delisted six months prior to application date. A copy of the canceled/expired listing should be placed in the file and a search of the current multiple listing service should be completed to verify that the property is not currently listed by a different agency.

### Repair Escrows:

Not Allowed

## **Addendum to: FirstBank Non-Conforming Fixed and ARM Product**

## FirstBank Correspondent Seller Guide

Topic: 80.01% – 85.00% Loan to Values and 85.01% - 90.00% Loan Values

General:

Fixed Rate Fully Amortizing Mortgage, ARM terms are Not Allowed

Fixed Loan Terms for 360 months

This addendum outlines additional requirements/guidelines for LTVs for 80.01 to 85.00% and 85.01% - 90.00% on Purchases of Single Family, Primary Residency.

Unless otherwise outlined, utilize FirstBank’s Non-Conforming Fixed and ARM Product guidelines

Loan to Value:

Property	Min Credit Score	Max DR%	LTV	CLTV / HCLTV	Max Loan Amt.
1 Unit	720	40.00%	80.01% - 85.00%	85.00%	\$1,000,000
1 Unit	740	40.00%	80.01% - 85.00%	85.00%	\$1,500,000
1 Unit	720	35.00%	85.01% - 90.00%	90.00%	\$1,000,000
1 Unit	740	35.00%	85.01% - 90.00%	90.00%	\$1,500,000

Occupancy:

Primary Residence, Single Family Only

Reserve Requirements:

When increasing to a LTV 80.01% and above, the following reserves are required:

- Loan Amount < \$1,000,000, 18 months of PITIA are required.
- Loan Amount \$1,000,000 - \$1,500,000, 24 months of PITIA are required

Terms:

Fixed Loan Terms for 360 months, no other loan terms are allowed

Transaction:

Purchase transactions ONLY.

*Two time close refinances are not eligible for >80% LTV offering*

### Article 7: NON-DELEGATED LOAN DELIVERY

#### Summary

This section outlines the general parameters for Non-Delegated loans that will be delivered to FIRSTBANK. The Seller must use mortgage loan documents that comply with the applicable mortgage loan program guidelines as well as applicable federal, state, and local laws/regulations.

#### Seller Eligibility and Compliance with Program

(Effective: 5/22/2017)

FirstBank – Correspondent Lending