



•1020 20 Yr Fixed	•1010 10 Yr Fixed	• 1051L 5/1 ARM
•1030 30 Yr Fixed	•1015 15 Yr Fixed	• 1071L 7/1 ARM
•1030MP 30 Yr Fixed FNMA only	•1015MP 15 Yr Fixed FNMA only	• 1010L 10/1 ARM

- Conventional Fixed Rate and Fixed Period ARMs
- 10, 15, 20 and 30-year term
- Fully amortizing
- Temporary Buydowns not currently available for any product.

**MAXIMUM LOAN AMOUNT**

General	Units	Cont. US		Alaska	Units	High Cost		ALASKA
	Continental					Continental US		
	1	\$424,100	\$636,150		1	\$636,150		\$954,225
	2	\$543,000	\$814,500		2	\$814,500		\$1,221,750
	3	\$656,350	\$984,525		3	\$984,525		\$1,475,775
	4	\$815,650	\$1,223,475		4	\$1,223,475		\$1,835,200

Some states may be subject to limited MI availability, or require higher FICOs, or LTV reductions; these states include but are not limited to AZ, CA, and NV.  
**FOR ALL SECOND HOMES:** 2nd homes must be distant from primary & suitable for year-round use.

**FIXED RATE PRODUCTS**

**Primary Residences**

FANNIE MAE							FREDDIE MAC					
DU 9.2 Approve Eligible							LP Accept					
Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score	Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score	
Purchase and Rate and Term Refinance							Purchase and Rate and Term Refinance					
1 unit	95% *	95%	95%	95%	620	1 unit	95%	95%	95%	95%	620	
2 unit	85%	85%	85%	85%	620	2-4 Unit	80%	80%	80%	80%	620	
3-4 Unit	75%	75%	75%	75%	620	N/A	N/A	N/A	N/A	N/A	N/A	
Cash Out Refinance							Cash Out Refinance					
1 unit	80%	80%	80%	80%	620	1 unit	80%	80%	80%	80%	620	
2-4 Unit	75%	75%	75%	75%	620	2-4 Unit	75%	75%	75%	75%	620	

**Second Homes**

DU 9.2 Approve Eligible							LP Accept					
Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score <sup>1</sup>	Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score	
Purchase and Rate and Term Refinance							Purchase and Rate and Term Refinance					
1 unit	90%	90%	90%	90%	620	1 unit	85%	85%	85%	85%	620	
Cash Out Refinance							Cash Out Refinance					
1 unit	75%	75%	75%	75%	620	1 unit	75%	75%	75%	75%	620	

**Investment Properties**

DU 9.2 Approve Eligible							LP Accept					
Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score <sup>1</sup>	Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score	
	Sec Fin	Sec Fin	Sec Fin	HCLTV			Sec Fin	Sec Fin	Sec Fin	HCLTV		
Purchase							Purchase					
1 unit	85%*	85%	85%	85%	720*/620 to 80% LTV	1 unit <sup>1</sup>	85%*	85%	85%	85%	720*	
2-4 Unit	75%	75%	75%	75%	620	2-4 Unit	75%	75%	75%	75%	620	
Rate and Term Refinance							Rate and Term Refinance					
1-4 Unit	75%	75%	75%	75%	620	1-4 Unit	75%	75%	75%	75%	620	
Cash Out Refinance							Cash Out Refinance					
1 unit	75%	75%	75%	75%	620	1 unit	75%	75%	75%	75%	620	
2-4 Unit	70%	70%	70%	70%	620	2-4 Unit	70%	70%	70%	70%	620	

**ADJUSTABLE RATE PRODUCTS**

**Primary Residences**

DU 9.2 Approve Eligible							LP Accept					
Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score	Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score	
	Sec Fin	Sec Fin	Sec Fin	HCLTV			Sec Fin	Sec Fin	Sec Fin	HCLTV		
Purchase and Rate & Term Refinance							Purchase and Rate & Term Refinance					
1 unit	90%	90%	90%	90%	620	1 unit	95%	95%	95%	95%	620	
2 unit	75%	75%	75%	75%	620	2-4 Unit	80%	80%	80%	80%	620	
3-4 Unit	65%	65%	65%	65%	620	N/A	N/A	N/A	N/A	N/A	N/A	
Cash Out Refinance							Cash Out Refinance					
1 unit	75%	75%	75%	75%	620	1 unit	80%	80%	80%	80%	620	
2-4 Unit	65%	65%	65%	65%	620	2-4 Unit	75%	75%	75%	75%	620	

**Second Homes**

DU 9.2 Approve Eligible							LP Accept					
Units	LTV W/O		LTV W/	CLTV W/	Max	Credit Score <sup>1</sup>	Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score
Purchase and Rate and Term Refinance							Purchase and Rate and Term Refinance					
1 unit	80%		80%	80%	80%	620	1 unit	85%	85%	85%	85%	620
Cash Out Refinance							Cash Out Refinance					
1 unit	65%		65%	65%	65%	620	1 unit	75%	75%	75%	75%	620
Investment Properties												
Units	LTV W/O		LTV W/	CLTV W/	Max	Credit Score <sup>1</sup>	Units	LTV W/O	LTV W/	CLTV W/	Max	Credit Score
DU 9.2 Approve Eligible							LP Accept					
Purchase							Purchase					
1 unit	75%		75%	75%	75%	620	1 unit <sup>1</sup>	80%	85%	85%	85%	620
2-4 Unit	65%		65%	65%	65%	620	2-4 Unit	75%	75%	75%	75%	620
Rate and Term Refinance							Rate and Term Refinance					
1-4 Unit	65%		65%	65%	65%	620	1-4 Unit	75%	75%	75%	75%	620
Cash Out Refinance							Cash Out Refinance					
1 unit	65%		65%	65%	65%	620	1 unit	75%	75%	75%	75%	620
2-4 Unit	60%		60%	60%	60%	620	2-4 Unit	70%	70%	70%	70%	620

\*Investment property purchases exceeding 80% LTV: max 41% ratio, 6 months reserves, limited to 1 loan per borrower & 720 FICO

\*97% available on a limited basis. Please see separate announcement dated 3-6-15

**TYPES OF FINANCING**

**Purchase / Rate and Term Refinance**

- CD required from any transaction within past 6 mos. If previous transaction combined first & non-purchase money subordinate financing into a new first, loan to be considered cash out. If new transaction combines a first & non-purchase money subordinate into a new first loan, it is considered cash out.
- Pay off of the existing first mortgage regardless of seasoning • Pay off existing subordinate liens that were used in whole to acquire the subject property
- Closing costs and prepaids may be included (except for non escrowed real estate taxes)
- Cash-out-limited to the lesser of 2% of the principal amount of the new loan or \$ 2000.
- Properties that have been listed for sale are eligible with the following restrictions:
- Property has been taken off the market on or before the application date AND is not currently listed AND borrower confirms the intent to occupy if a primary residence
- No ownership seasoning required; current value can be used.

**Cash-out Refinances•**

- Borrowers must have held title to the property for ≥ 6 months. Current value can be used.
- Properties listed for sale in the previous 6 months are eligible Max 70% CLTV, must be off the market prior to application date
- Six months seasoning since acquisition date or most recent refinance date is required (to application date of new mortgage)

**Delayed Financing Option-Borrowers who purchased the subject property within the past 6 months are eligible for a cash out refinance if all of the following requirements are met: ( measured from the date on which the property was purchased to the disbursement date of the new mortgage loan)**

- The original purchase transaction was an arms-length transaction.
- The original purchase transaction is documented by a Closing Disclosure confirming that no mortgage financing was used & preliminary title report to confirm no liens.
- The source of funds for the purchase transaction are documented: bank statements, personal loan documents or HELOC on another property.
- If the source to originally purchase was unsecured loan or HELOC on another property, new loan must payoff (or pay down, as applicable) loan used to purchase property.
- Cash out to recoup gift funds is not permitted. FNMA/FHLMC do not consider gift funds as the borrowers own vested funds.

• Loan amount can be no more than the actual documented amount of the borrowers initial investment plus the financing of closing costs, prepaids & points on the new loan.

- Subject to the maximum LTV/CLTV ratio's for the cash out transaction based on the current appraised value
- All other cash our refinance eligibility requirements must be met. Cash out pricing & Max LTV's applicable

• Non-arms length transactions include but are not limited to: family sales or transfers, corporate sales, borrowers employed in real estate or construction of subject property, transactions

(such as appraiser, settlement or title agent) who is involved in the lending process of the subject property.

- Eligible for 1 unit, 2nd home or investment property (unless new construction) and 1-4 unit owner occupied transactions subject to:
- Must be fully disclosed with Borrower written explanation of relationship, can't be in foreclosure or have NOD must have acceptable 12 month mortgage payment history

Can't be a flip less than 180 days or be delayed financing. Borrower can't have ever been on title to subject property, copies of cancelled checks for EM deposits required.

FULL income documentation required regardless of AUS (2 months bank statements, 2 years income documents) Field review required for 2nd home & investment property

*Loans with an acceptable continuity of obligation may be underwritten, priced, and delivered as either cash-out or limited cash-out refinance transactions*

- No wrap around terms • No Balloon payment in less than 5 years
- Must provide for regular monthly payments of at least interest only
- Seller Seconds are acceptable if at market rate (no more than 2% below FNMA posted yield)
- Community and or non-profit seconds are acceptable on purchase transactions only and must have the following characteristics (subject to exception pricing):
  - If LTV/CLTV is 80% or less or subject is a 1 unit (regardless of LTV) , no minimum borrower contribution required.
  - If LTV/CLTV greater than 80% & subject is 2-4 units, borrower must make 5% contribution from his/her own funds
    - Have fully amortizing level monthly payments
    - Have payments fully deferred over the entire term until the mortgage is paid off or the property is sold\*
    - Have deferred payments for some period before changing to fully amortizing level payments\*
    - Be forgiven completely, or over time, after an initial term of owner occupancy.
    - The Interest, if any shall be due prior to the maturity or payment in full of the first mortgage.
    - Negative amortization is not allowed. Interest cannot accrue during the period of payment deferral.

**SECONDARY FINANCING - Continued**

- a) If repayment of the loan is deferred  $\geq$  5 years, then the monthly payment should not be included in the monthly housing expense calculation
- b) If repayment of the loan is deferred  $<$  5 years, the monthly payment required at the end of the deferral period must be included in the monthly housing expense calculation.

**QUALIFYING GUIDELINES**

<b>Ratios:</b> DU Approved: Debt-To-Income (DTI) Ratios evaluated by DU max 50%		<b>Ratios:</b> LP Accept loans: Debt-To-Income (DTI) Ratio: 50%																																					
<b>Borrower Eligibility</b>																																							
7/1 & 10/1: Qualify at higher of fully indexed or note rate, 5/1 note rate + 2%		Qualifying Rate: Fixed & 7/1 & 10/1: Qualify at note rate. 5/1 note rate + 2%																																					
<b>Permanent Resident Aliens</b> <ul style="list-style-type: none"> <li>• Must be a legal resident of the U.S. as evidenced by social security number Acceptable VISA required</li> <li>• Borrower must be employed in the U.S.</li> <li>• Tax Identification Number (TIN) is not acceptable</li> </ul>		LP & DU acceptable visa classifications: A1, A2, A3, E1,E2, G1, G2, G3, G4, G5,H-1B & C, L1 Foreign Nationals - NOT PERMITTED																																					
<b>Foreign Nationals - NOT PERMITTED OR ALLOWED</b>																																							
<b>DU Approve loans:</b> Co-borrower does not have to occupy the subject property <ul style="list-style-type: none"> <li>• Occupant &amp; Non-Occupant income may be blended*</li> <li>• Max 95% LTV/CLTV</li> <li>• * DU must be created on or after 12-12-15</li> <li>• Follow normal FNMA requirement for borrowers funds</li> </ul>		<b>LP Accept loans:</b> Co-borrower does not have to occupy the subject property <ul style="list-style-type: none"> <li>• Occupant borrower is not required to have income.</li> <li>• Max 90% LTV/CLTV *LP may approve to 95% LTV on case by case basis Occupant borrower must make 5% investment from own funds if the LTV/CLTV is over 80% when non-occupant co-borrower exists</li> </ul>																																					
<ul style="list-style-type: none"> <li>• All loans must be submitted to DU Version 9.2 and receive an Approve/Eligible</li> <li>• The underwriter must meet all bankruptcy, foreclosure, short sale or preforeclosure requirements if known, regardless of whether it is in the AUS findings or not</li> <li>• May follow DU decision and documentation requirements for Approve/Eligible recommendations</li> </ul>		<ul style="list-style-type: none"> <li>• All loans must be submitted to LP and receive an Accept or Streamline Accept</li> <li>• The underwriter must meet all bankruptcy, foreclosure, short sale or preforeclosure requirements if known, regardless of whether it is in the AUS findings or not</li> <li>• May follow LP decision and documentation requirements</li> <li>• Refer to the credit section for credit requirements</li> </ul>																																					
Multiple Loans to the Same Borrower: <ul style="list-style-type: none"> <li>• Primary Residences No limit to other properties owned</li> <li>• Second Homes &amp; Investment Properties: Maximum 4 for DU, 6 for LP (See Multiple Properties Owned Option below for FNMA 5-10)</li> </ul>																																							
Multiple Loans to the Same Borrower: Essex will finance up to 6 properties (maximum 6 loans for any borrower) <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">DU Approve Eligible Only-1 Unit 2nd home and Investment Properties-Purchase, Limited and Cash Out Refinance &amp; Delayed financing exception</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>Purchase/ Limited Cash out/ Cash Out Refinance</td> <td>1 Unit</td> <td>Max 75% LTV/CLTV</td> <td>Minimum 720 Credit score if 7-10 owned *</td> <td></td> <td></td> </tr> <tr> <td>*Delayed Financing Cash out</td> <td>1 Unit</td> <td>Max 70% LTV/CLTV</td> <td>Minimum 720 credit score if 7-10 owned *</td> <td></td> <td></td> </tr> <tr> <td colspan="6">2-4 Unit - Investment Properties-Purchase/Limited Cash out/Cash Out Refinance &amp; Delayed financing exception</td> </tr> <tr> <td>Purchase/ Limited Cash out/ Cash Out Refinance</td> <td>2-4 Units</td> <td>Max 70% LTV/CLTV</td> <td>Minimum 720 Credit score if 7-10 owned *</td> <td></td> <td></td> </tr> <tr> <td>Delayed Financing* Cash Out Refinance</td> <td>2-4 Units</td> <td>Max 65% LTV/CLTV</td> <td>Minimum 720 Credit score if 7-10 owned *</td> <td></td> <td></td> </tr> </table> <ul style="list-style-type: none"> <li>• Note: Financed Properties are defined as 1-4 residential units</li> <li>• Ownership in commercial, multifamily (more than 4 dwelling units) real estate, vacant land or timeshares is not included in the limitation.</li> <li>• Joint or total Ownership in a property held by a Corp. S corp, LLC or partnership where financing is in the name of the corporation <b>is not</b> included in the limitation.</li> <li>• Joint or total Ownership in a property held by a Corp.. S Corp, LLC or partnership where the financing is in the name of the borrower <b>IS</b> included in the limitation.</li> <li>• Joint or total Ownership in a manufactured home &amp; the land titled as real estate <b>IS</b> included, manufactured home titled as chattel or personal property is not.</li> <li>• Reserves: 2% of the aggregate UPB (unpaid principal balance) if borrower has 1 to 4 financed properties</li> <li>• Reserves: 4% of the aggregate UPB if borrower has 5 to 6 financed properties. • Reserves: 6% of UPB if borrower has 7 to 10 financed properties (DU only)</li> </ul> New multiple loans must be underwritten simultaneously *Minimum 620 credit score for 1-6 owned				DU Approve Eligible Only-1 Unit 2nd home and Investment Properties-Purchase, Limited and Cash Out Refinance & Delayed financing exception						Purchase/ Limited Cash out/ Cash Out Refinance	1 Unit	Max 75% LTV/CLTV	Minimum 720 Credit score if 7-10 owned *			*Delayed Financing Cash out	1 Unit	Max 70% LTV/CLTV	Minimum 720 credit score if 7-10 owned *			2-4 Unit - Investment Properties-Purchase/Limited Cash out/Cash Out Refinance & Delayed financing exception						Purchase/ Limited Cash out/ Cash Out Refinance	2-4 Units	Max 70% LTV/CLTV	Minimum 720 Credit score if 7-10 owned *			Delayed Financing* Cash Out Refinance	2-4 Units	Max 65% LTV/CLTV	Minimum 720 Credit score if 7-10 owned *		
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<b>DU</b>		<b>LP</b>																																					
Credit score may not be lower than 620 <ul style="list-style-type: none"> <li>• Housing (Mortgage/Rental) Payment History (PITIA) is inclusive of all liens regardless of position, as well as all occupancy types.</li> <li>• Mortgage/Rental Delinquencies - Loans will be ineligible:                         <ul style="list-style-type: none"> <li>• With one or more mortgage/rental delinquency of 60,90,120,150, or more days reported within 12 mos. of the date of the credit report.</li> <li>• Short payoff related to a delinquent mortgage obligation within the last 7 yrs.</li> </ul> </li> <li>• Follow DU findings for disputed or Authorized User accounts.</li> </ul>		The credit score may not be lower than 620 Housing (Mortgage/Rental) Payment history is inclusive of all liens regardless of position, as well as all occupancy types. <ul style="list-style-type: none"> <li>• Mortgage/Rental Delinquencies - Loans will be ineligible:                         <ul style="list-style-type: none"> <li>• With one or more mortgage/rental delinquency of 60,90,120,150, or more days reported within 12 months of the date of the credit report.</li> </ul> </li> <li>• Authorized user accounts: LP accept cannot be met unless:                         <ul style="list-style-type: none"> <li>• Another borrower on this loan owns the tradeline(s) or</li> <li>• The tradeline(s) are owned by a spouse or</li> <li>• The borrower has been making the payments for the last 12 mos.</li> </ul> </li> <li>• Credit refresh required PTD if report is over 30 days at docs/funding</li> </ul>																																					
<b>FORECLOSURES, BANKRUPTCIES AND SHORT REFINANCES</b>																																							
<b>Derogatory Event</b>		<b>DU Waiting Period</b>	<b>LP Waiting Period</b>																																				
Bankruptcy Ch. 7 & 11		4 years	4 years																																				
Bankruptcy Ch. 13		2 years from discharge date 4 years from dismissal date	2 years from discharge date 4 years from dismissal date																																				
Multiple Bankruptcy		5 years if more than one filing within the past 7 years	5 years																																				
Foreclosure		7 years	7 years																																				
Deed-in-Lieu of Foreclosure, Preforeclosure Sale, and Short Sale *eff. Loan applications on or after		2 years: With documented extenuating circumstances * 4 years: No extenuating circumstances documented *Nonrecurring event beyond the borrowers control that results in sudden, significant & prolonged reduction in income or catastrophic increase in obligations	No overlays																																				

NOTE: The following applies to DU only. Modified/Restructured Mortgages on properties currently owned by borrowers not allowed on LP.

<b>TYPES OF DEBT</b>		
REVOLVING DEBT		DU allows payoff of revolving accounts without closing them. LP may allow revolving debt payoff subject to no evidence of periodic debt consolidation
INSTALLMENT		Accounts with 10 or less months of payment left at time the first credit report was pulled may be excluded. Accounts that have more than 10 months of payment left may not be "paid down" to 10 or less months in order to qualify. Accts w/ more than 10mos. of payment left at time of initial credit pull must be paid in full in order to not be held in ratios.
STUDENT LOANS		Payments must be verified and always held in the ratios (if no payment shown, 1% of balance or actual payment to fully amortize loan may be used.
CO-SIGNED OBLIGATIONS		<ul style="list-style-type: none"> <li>Contingent liabilities are debts the borrower is not currently required to pay but may be required to pay in the future (e.g. co-signed loans, court ordered payments, previous residence sold on assumption of Mortgage).</li> <li>The monthly payment on a co-signed loan may be excluded from long term debt only with evidence of timely payments being made by someone other than the borrowers. Copies of canceled checks for the last 12 months required.</li> </ul>
<b>LEASE PAYMENTS</b>		
Must always be held in the ratios regardless of the number of months remaining.		
<b>INCOME DOCUMENTATION</b>		
<ul style="list-style-type: none"> <li>Form 4506-T must be processed prior to closing. If self employed partnership, LLC or corporation, separate 4506T for each business required</li> <li>If ONLY W-2 income used to qualify &amp; borrower is not self-employed or family owned business, 4506T- W-2 only acceptable</li> </ul> Verbal Verification of Employment (Verbal VOE) <ul style="list-style-type: none"> <li>Required for all borrowers and all types of income with the exception of passive income.</li> <li>Salaried borrowers: the verbal VOE must be completed within 10 days prior to note date.</li> <li>Self-employed borrowers: the verbal VOE must be completed within 30 days prior to note date.</li> </ul>		
<b>BONUS/ OVERTIME</b>		
The borrower must have a two year history of receipt and proof of 3 years continuance to use as qualifying income. To document, obtain all of the following: <ol style="list-style-type: none"> <li>Most recent YTD paystub or salary voucher documenting at least one month of income.</li> <li>W-2s covering the most recent two years. (Follow AUS if less)</li> <li>Employer must verify the bonus and/or overtime is likely to continue</li> </ol>		
<b>COMMISSION</b>		
The borrower must have a 2 year history of receipt to use as qualifying income. Obtain all the following documentation: <ol style="list-style-type: none"> <li>Most recent YTD paystub or salary voucher documenting at least one month of income.</li> <li>W-2s and/or 1099s covering the most recent two years. (Follow AUS if less)</li> <li>Complete signed individual federal tax returns for the most recent 2 yrs. (IF LP always or DU when commission income is 25% or more of total borrower income)</li> </ol> 2106 Expenses considered: LP (always) & Du only if 25% or more) -2106 expenses on tax returns must be deducted from the borrower's gross commission income		
<b>PART TIME/2ND JOB</b>		
The borrower must have a two year history of receipt and be likely to continue for the next three years. To document, obtain all of the following: <ol style="list-style-type: none"> <li>Most recent YTD paystub or salary voucher documenting at least one month of income.</li> <li>W-2s covering the most recent two years (Follow AUS if less)</li> </ol>		
<b>SELF-EMPLOYMENT</b>		
All self-employed Borrowers are required to provide AUS required documentaion: <ul style="list-style-type: none"> <li>Copies of signed individual (and business if appropriate) federal tax returns, including all applicable schedules, for the previous 1-2 years</li> <li>Individual tax returns must be provided for self-employed borrowers even if self-employment income is not used to qualify.</li> </ul> If a business loss or declining income is reported on the borrower's individual federal tax returns, additional documentation may be required in order to validate the business and the income used for qualifying		
<b>EMPLOYMENT BY FAMILY/ INVOLVED PARTIES</b>		
If the borrower is employed by a relative, a closely held family business, the property seller, real estate agent, or any party to the real estate transaction, the following documentation must be obtained: <ul style="list-style-type: none"> <li>Borrower's signed and completed personal federal income tax returns for the most recent two-year period</li> <li>Fully completed, signed and dated Verification of Employment form (VOE)</li> <li>W-2's for the most recent two tax years</li> </ul> <ul style="list-style-type: none"> <li>Recent salary increases will not be considered if inconsistent with previous earnings</li> <li>Income will be averaged over 12-24 month period</li> </ul>		
<b>FOREIGN INCOME</b>		
<ul style="list-style-type: none"> <li>Acceptable only if income can be verified on U.S. personal tax returns.</li> <li>Foreign income should be paid in U.S. currency. However, income paid in foreign currency may be considered on a case-by-case basis if converted into U.S. currency</li> </ul>		

<b>TEMPORARY LEAVE INCOME</b>	
<p>Temporary leave is generally short in duration &amp; for reasons of maternity, parental or medical disability. Borrowers on temporary leave may or may not be paid during their absence. If a borrower will be on temporary leave at the time of closing &amp; the income is needed to qualify, the following must be obtained to determine allowable income:</p> <p>1. Borrowers employment &amp; income history must meet standard eligibility requirements. 2. Borrowers written confirmation of his or her intent to return to work. 3. VOE or written evidence from employer regarding the borrowers agreed-upon date of return to work. 4. No evidence or information from employer that the borrower does not have the right to return to work after leave period return to work after leave period. 5. Verify borrowers income in accordance with standard documentation practices and verify the amount and duration of the borrowers "temporaryleave income" and the amount of the "regular employment income" the borrower received prior to the temporary leave. If he borrower WILL return to work as of the first mortgage payment date, the borrowers regular employment income may be considered if the borrower WILL NOT return to work as of the 1st mortgage pymt date, the lesser of the temporary leave income &amp; regular employment income may be used.</p>	
<b>NOTES RECEIVABLE, INSTALLMENT SALES AND LAND CONTRACTS</b>	
<p><b>Secured</b></p> <ul style="list-style-type: none"> <li>Evidence of receipt for the last 12 months is required, in addition to a copy of the note verifying payment amount and remaining term of at least three years.</li> <li>A 12-month history of receipt must be verified with one of the following: <ul style="list-style-type: none"> <li>Bank deposit slips</li> <li>Canceled checks</li> <li>Tax returns</li> </ul> </li> <li>Income from a recently executed note (less than 12 months), indicating a minimum duration of at least 3 years from the date of application, may not be used as stable income</li> </ul>	<p><b>Unsecured</b></p> <ul style="list-style-type: none"> <li>Evidence of receipt for the last 12 months is required in addition to a copy of the note verifying payment amount and remaining term of at least three years. A 12-month history of receipt must be verified with one of the following: <ul style="list-style-type: none"> <li>Bank deposit slips</li> <li>Canceled checks</li> </ul> </li> </ul>
<b>OTHER INCOME</b>	
<p>The following are income types with finite periods of receipt. We require at least 3 years of continuance for this type of income, such as but not limited to the following and 6-12 months documented receipt per AUS :</p> <ul style="list-style-type: none"> <li>Child Support</li> <li>Royalty Income</li> <li>Trust Income</li> <li>Relocation compensation</li> <li>Public assistance income</li> <li>Alimony or separate maintenance payments</li> <li>Social Security survivor benefits for children</li> <li>Certain types of benefit income, such as worker's compensation</li> <li>Certain types of retirement income, i.e. annuities (excluding SS income)</li> </ul>	
<b>ASSETS AS A BASIS FOR MORTGAGE QUALIFICATION</b>	
<p>Not allowed. If the assets are not currently being used as a source of income, it may not be used to qualify the borrower.</p>	
<b>ASSETS</b>	
<b>SELLER CONTRIBUTIONS</b>	
<p>Basis for the limit is now based on CLTV ratio</p> <p><i>Primary Residence and Second Homes</i></p> <ul style="list-style-type: none"> <li>3% for CLTV <math>\geq</math> 90.01</li> <li>6% for CLTV 75.01% - 90.00%</li> <li>9% for CLTV <math>\leq</math> 75%</li> </ul> <p><i>Investment Properties: 2%</i></p>	<p>Basis for the limit is now based on CLTV ratio</p> <p><i>Primary Residence and Second Homes</i></p> <ul style="list-style-type: none"> <li>3% for CLTV <math>&gt;</math> 90% <math>\leq</math> 95%</li> <li>6% for CLTV <math>&gt;</math> 75% <math>\leq</math> 90%</li> <li>9% for CLTV <math>\leq</math> 75%</li> </ul> <p><i>Investment Properties: 2%</i></p>
<b>GIFTS</b>	
<p><i>Primary Residence and Second Homes</i></p> <p>80% or less 1-4 primary, 1 unit 2nd home: borrower funds not required. All gift acceptable.</p> <p>Greater than 80% - 1 unit primary: minimum contribution from borrower not required. All gift</p> <p>Greater than 80% - 2-4 primary: 5% minimum contribution from borrower required</p> <p>Gift funds may not be used for required reserves</p> <p><i>Investment Properties: gifts are not permitted</i></p>	<p><i>Primary Residence and Second Homes</i></p> <p>80% or less, borrower funds not required. All gift is acceptable.</p> <p>Greater than 80%, minimum 5% borrower contribution required on Second homes only</p> <p>Greater than 80%, minimum 5% borrower contribution not required on Owner occupied</p> <p>Gift funds may not be used for required reserves</p> <p><i>Investment Properties: gifts are not permitted</i></p>
<b>LIQUID ASSETS</b>	
<p>CHECKING, SAVINGS OR MONEY MARKET – Follow AUS standard documentation requirements</p> <p>STOCK, BONDS, MUTUAL FUNDS, U.S. GOVERNMENT SECURITIES AND PUBLICLY TRADED SECURITIES –</p> <p>A copy of the account statement for the most recent month/quarter is required; proof of liquidation is required provided that the existence of these accounts is fully documented. When the asset is needed to complete the transaction verify the borrowers ownership of the asset and the value of the assets at the time of sale or liquidation and the borrower's actual receipt of funds from the sale or liquidation.</p>	
<b>BUSINESS FUNDS</b>	
<b>DU</b>	<b>LP</b>
<p>If business funds are used for down payment, closing costs and/or reserves, the borrower must be the sole proprietor or 100% owner of the business or provide verification from the other owners that the borrower has access to the funds. The impact of the withdrawal must be based on the personal and/or business tax returns. The analysis must indicate that withdrawal of funds will not have a detrimental effect on the borrower's business.</p>	<p><b>Assets must be related to the business that is owned 100% by borrowers.</b> Since the Borrowers' withdrawal of assets may have a negative impact on the business' ability to continue operating, the impact of withdrawal must be considered in the analysis of the borrower's income. A cash flow analysis must be completed by the underwriter using the personal and business tax returns, and any additional documentation to determine no detrimental affect on the business will occur.</p>
<ul style="list-style-type: none"> <li>Equity from trading a Borrower's existing property is acceptable after the Borrower has made a 5% cash down payment. The amount of equity is determined by subtracting the outstanding Loan</li> <li>A separate written appraisal for the property that is being taken in trade is required. A search of the land records to verify ownership of the property and to document if there are any existing liens on the property is also required.</li> </ul>	
<b>FUNDS NOT ALLOWED</b>	
<ul style="list-style-type: none"> <li>Group Savings</li> <li>Savings Cash to Close</li> <li>Pooled Funds</li> <li>Individual Development Account</li> </ul>	<ul style="list-style-type: none"> <li>Sweat Equity</li> </ul>

**RESERVES**

<ul style="list-style-type: none"> <li>• Additional reserves may be required by DU based on risk.</li> <li>• <b>Primary Residence</b> <ul style="list-style-type: none"> <li>• Per DU findings</li> <li>• <b>Second Homes (all transaction types)</b> <ul style="list-style-type: none"> <li>• Per DU findings</li> </ul> </li> </ul> </li> <li>• <b>Investment Properties (all transaction types) Per DU findings</b> <ul style="list-style-type: none"> <li>• Per DU findings</li> </ul> </li> <li>• <b>Investment Properties or Second home 5-10 properties owned</b> <ul style="list-style-type: none"> <li>• Per DU findings</li> <li>See multiple properties section if borrowers own more than 4 financed properties</li> </ul> </li> <li>• Equity Refis – The cash out may not be used to meet the reserve requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Only reserves required by LP findings need to be verified</li> <li>• <b>Primary Residence</b> <ul style="list-style-type: none"> <li>• 2 – 4 units – 6 months PITIA required</li> <li>• <b>Second Homes (all transaction types)</b> 2 months PITIA for the subject property and 2 months for each additional 1-4 property owned</li> </ul> </li> <li>• <b>Investment Properties (all transaction types)</b> <ul style="list-style-type: none"> <li>• 6 mos. PITIA required on subject property and 2 months for each additional 1-4 property owned</li> </ul> </li> <li>• Equity Refis – The cash out may not be used to meet the reserve requirement</li> </ul>
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**DEPARTURE RESIDENCE**

Both DU and LP **NO** longer require 30% equity to consider rental income. Standard rental income guidelines apply

- Appraiser must provide current license and evidence of current E&O insurance.
- Appraisals must be ordered in compliance with HVCC and MDIA. Contact your A.E. for a list of Essex Approved HVCC compliant companies.
- Follow DU/LP recommendation
- Standard FNMA appraisal forms are required: 1004 (SFR) / 1073 (condo) / 1025 (units)
- Investment property appraisals are required to include FNMA forms 1007 & 216

**INELIGIBLE PROPERTY TYPES**

Two Unit Second Homes are not permitted

Manufactured homes, co-ops, not permitted

**HAZARD AND FLOOD INSURANCE**

Full hazard insurance policy to cover loan amount, guaranteed replacement cost, or cost-new per the appraisal. Maximum 5% deductible.  
Flood insurance requirements vary per state. See state-specific regulations.

**MORTGAGE INSURANCE**

Below guidelines supercede all other guidelines for loans with an LTV greater than 80%

- Mortgage Insurance: Required for all loans exceeding 80% LTV
- *Acceptable companies: Essent, Radian, Genworth*
  - LPMI (Lender Paid) MI allowed • Borrower Paid MI allowed
  - Financed premiums not allowed • Split Premium MI not allowed
- Required Coverage Amounts depend on the LTV and length of loan. See below chart.

LTV	< 20 year	> 20 years
80.01% - 85%	6%	12%
85.01% -90%	12%	25%
90.01% -95%	25%	30%

\* See MI Bulletin our website for all Restricted and Non-restricted Market Parameters.

- *Credit:* Minimum 620 FICO required, regardless of DU recommendation and/or LTV
- *Appraisal:* Full interior/exterior inspection (FNMA Form 1004/FHLMC Form 70), regardless of DU recommendation and/or LTV

**CONDOS AND PUDS**

Follow FNMA & FHLMC and AUS requirements

**POWER OF ATTORNEY**

Allowed on exception basis on purchase or rate & term refinances only. Requires a letter of explanation and specific POA in order to be considered.