

## Conventional Underwriting Overlays

BORROWER	GUIDELINE OVERLAYS *F denotes overlay on JMAC DIRECT PROGRAM AS WELL
<i>Ineligible Borrowers</i>	Loans where <b>borrower</b> is Broker of Record are not eligible. They must be processed and submitted by a different Brokerage. *F Unrelated borrowers with no history of living together not eligible. *F
<i>Maximum Borrowers</i>	There can be no more than four (4) borrowers per loan. *F
<i>Non-Occupant Co-Borrower</i>	Owner Occupied only- <b>Purchase</b> - transactions with non-occupant co-borrower, non-occupant must be an immediate family member and <b>max LTV/CLTV is 95%</b> . <b>R/T Refinance -Max LTV/CLTV is 95%</b> if the non-occupant co-borrower is not on the original note, they must be an immediate family member with minimum fico of 660. <b>Refinance cash-out -Max LTV/CLTV is 80%</b> , if the non-occupant co-borrower is not on the original note, they must be an immediate family member with minimum fico of 660 and borrower(s) must be able to cover a minimum of 50% of PITIA. <b>LTV/CLTV exceeding 80% (Purchase Transaction)</b> occupant borrower(s) must make first 5% down -payment from their own funds and occupant borrower(s) must have useable income.
<i>Continuity of Obligation</i>	<p><b>Refinance Rate/Term:</b> Borrower must be living in the property and must be added to title PTD.</p> <p><b>Refinance Cash Out-</b> Cash out seasoning applies. Borrower must have purchased or acquired the property a minimum of 6 months prior to the date of the loan application. In addition, borrower must have been living in property and making the payment for a minimum of 6 months.</p> <p><b>The borrower has recently inherited or was legally awarded the property (divorce, separation);</b> Borrower must be on title Prior to loan submission.</p> <p>The loan being refinanced and the title to the property are in the name of the natural person or a limited liability company (LLC) as long as the borrower was a 25% or &gt; member of the LLC prior to the transfer. Borrower must be on title PTD.</p> <p>Note: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.</p> <p><b>Note: Continuity of Obligation still applies to all loans approved thru FHLMC/LP.</b> *F</p>
	GUIDELINE OVERLAYS
<i>DU Recommendation</i>	DU Approve/Eligible or LP Accept are required for all loans-No Manual Underwrites *F
<i>Minimum Loan Amount</i>	\$75,000. *F
<i>Non-Arms- Length Transactions</i>	<b>1 unit property only.</b> Not permitted when property being sold is a Pre-foreclosure or Short Sale. Cannot be for bail-out purpose. Mortgage rating on subject property required to reflect paid as agreed. Allowed on second home and non-owner up to 80% on the JMAC Direct program only *F
CREDIT	GUIDELINE OVERLAYS
<i>Deed-in-Lieu/Short Sale</i>	Minimum waiting period is 48 months up to 90%, or (**2 years) with extenuating circumstances clearly evident and documented. (**) Allowable under JMAC direct program only. *F
INCOME/EMPLOYMENT	GUIDELINE OVERLAYS
<i>Tax Returns</i>	Tax transcripts are not allowed to take the place of tax returns.

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<i>Interest Income</i>	Document a two-year history, verified by copies of borrowers signed 1040's, and copies of recent account statements to verify continuance. Assets used for down-payment, closing costs or reserves may not be used in interest calculation. Interest income derived from borrower's personal checking accounts, or from business (i.e. K-1's) not allowed. *F
<i>Rental Income</i>	Borrower who lives rent free, or pays rent in cash with no previous mortgage history will not be allowed to use rental income to qualify if they are purchasing an investment property <b>unless</b> borrower has 12 months PITI in reserves- allowable on 1 unit property only. *F
PROPERTY	GUIDELINE OVERLAYS
<i>Deed Restriction</i>	Properties with Deed Restrictions (Resale-Restrictions) are ineligible, age restricted ok. *F
<i>HERO/PACE LOANS</i>	<ul style="list-style-type: none"> <li>If the borrower is applying to purchase a home or to refinance an existing loan where the property is subject to a <b>HERO/ PACE</b> loan, the following options are available: <ul style="list-style-type: none"> <li>The <b>PACE</b> loan must be paid in full prior to or at closing. If paid by the borrower, funds used for payoff must be verified.</li> <li>The <b>PACE</b> loan may be paid in full as part of a cash-out refinance transaction, if there is sufficient equity.</li> <li><b>Note:</b> <b>PACE</b> loans are not permitted to remain in place, regardless of whether they take priority over a mortgage, or to be paid in full as part of a rate/term refinance transaction. *F</li> </ul> </li> </ul>
<i>Studio/Loft</i>	Studio/Loft w/o separate bedroom is not allowed.
<i>Manufactured Homes</i>	Ineligible *F
<i>COOPS/Leasehold</i>	Ineligible/Leasehold <b>Condos</b> ineligible. *F
<i>Minimum Sq Footage</i>	600 square feet on SFR, and Condo, PUD
<i>Lot Size</i>	Maximum <b>20</b> acres. *F
<i>Mixed-Use</i>	Mixed-use properties not allowed. *F
<i>Agriculture Zoning</i>	Case by Case - commercial use of property not allowed. *F
<i>Condo Type</i>	New condo and condo conversion within the past 3 years not allowed. *F
<i>Number of properties owned</i>	Maximum number of properties owned limited to 15 regardless of whether financed or not. *F
MISC. POLICIES	GUIDELINE OVERLAYS
<i>R.E Commission</i>	Excessive Commissions: Any aggregate real estate sales commission greater than 8% of the sales price of the subject property is considered an excessive real estate commission. The portion of the aggregate commission greater than 8% must be deducted from the sales price for underwriting purpose. *F
<i>Power of Attorney</i>	A POA is not allowable on transactions for non-occupant co-borrowers added to an owner - occupied transaction for qualification purposes. *F

**\*F-denotes overlay on JMAC DIRECT PROGRAM AS WELL**