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I. Introduction

The following document describes the general Credit Policy for JMAC Lending, Inc. (JMAC). The information contained in this document is meant to provide an understanding of JMAC's standard operating procedure and policies regarding the origination of mortgage loan transactions. JMAC reserves the right to amend or modify this document as necessary.

II. Credit Reports

Government and Conventional Loans

- A. JMAC will use broker's credit report if broker provides AUS findings released to JMAC with credit already issued through the AUS.
- B. If AUS findings are not provided at time of submission, JMAC will order a new credit report for use in the credit file and to run AUS.
- C. Age of Credit Reports:
 - All Conventional Loans- 120 days
 - All Government Loans- 120 days
- D. If JMAC pulls credit, and the score drops, there are two options:
 - i. If the qualifying score on JMAC's credit report has dropped only due to new inquiries, the broker may request that JMAC utilize the brokers initial credit report (report must be dated prior to the loan submission date). The broker must then release their AUS (with their credit report reissued) to JMAC lending. NOTE: If any additional debt was obtained, balance/payment has increased, or new derogatory credit appears on JMAC's credit, JMAC's credit report must be utilized.
 - ii. If the broker does not wish to proceed with option i above, the loan may be resubmitted with a new credit report.

Jumbo and Non-Agency Loans

- JMAC will use the broker's credit report if the broker and the credit report is within 30 days of submission. Please note that on our Laguna Non Delegated loans, the investor will pull a CREDCO/Equifax credit report if a CREDCO/Equifax credit report is not in the file at time of underwriting. They will use our/broker's credit report for pricing and eligibility, as long as, nothing materially changed on the credit report.
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- Rapid Rescore for the sole purpose of increasing the borrower's credit score due to movement/changes in liabilities is not permitted under any circumstance. Rapid Rescore may be used to correct reporting errors, remove disputes, or update disputed accounts only. No Exceptions to this Policy.
- Age of Credit Report:
 - Newport- 60 Days
 - All other Jumbo/Non-Agency Products- 90 Days

All Loans

Soft credit pull is required at time of CTC.

- Age of Soft Pull cannot exceed 15 Calendar days.

III. Use of AUS for Government Transactions

- A. DU is the preferred AUS for FHA and VA loans.
- B. LP may be used in certain cases when necessary for VA transactions only, any LPA Specific documentation waiver may not be used. Full documentation per VA Handbook Ch. 4(with an AUS) is always required.
- C. GUS is the only acceptable AUS for USDA loans. DU or LP may not be used.

IV. Use of AUS for Conventional Transactions

- A. DU is run on all transactions unless Broker has specifically requested we run LP due to program parameters.
- B. Manual underwriting is not allowed on conventional/high balance transactions. An approve/eligible or LP-Accept must be received in order to proceed.
- C. It is allowable to switch engines to procure an approval in certain situations. For example, for use of higher LTVs/CLTVs; for purpose of not having to resolve disputed accounts; for use of less reserves; and, in some cases, to allow for higher ratios.
- D. Jumbo and Non-Agency: AUS not permitted; all loans manually underwritten except Manhattan which require an Approve/ineligible finding. The ineligibility can only be for the loan amount exceeding Agency limits.

V. Upfront Premiums

- A. The VA Funding Fee (FF), FHA Upfront Mortgage Insurance Premium (UFMIP), and USDA Upfront Guarantee Fee (GF) can either be financed into the loan or paid in cash. The FF, UFMIP, and GF cannot be split: it must be 100% financed or 100% paid in cash.
- B. If paid in cash (not financed), the FF/UFMIP/GF can be paid from any acceptable source of funds or credits or combination of such. Acceptable sources include fully documented borrower assets per VA/FHA/USDA guidelines, seller/interested third party credits up to allowable limitations, or premium pricing (rebate).

VI. Adding or Removing Borrowers

- A. Borrowers may be added to any transaction per program guidelines without a full resubmission of the loan. A Change of Circumstance, signed 1003 with any applicable addenda, and disclosures for the new applicant are required upon request. Please note that for all jumbo/ Non-Conforming products, adding a borrower would require the initial loan to be cancelled. Broker may choose to resubmit a new loan with the new borrower.

- B. Removing a borrower requires a complete resubmission of the loan. Regulatory compliance requires that a decision be issued for all borrowers on a loan. Removal of a borrower requires a Notice of Adverse Action to be issued.

VII. Transferred Appraisals

- A. Not permitted on any Jumbo or Non-Agency transaction.
- B. Only permitted on Fixed Rate transactions for all Conforming Conventional products.
- C. Permitted for FHA, and VA.
- D. Permitted for USDA per requirements in HB 1-3555 Chapter 12.5 B. A transfer letter from the ordering lender is required.

VIII. Jumbo and Non-Agency Specific

- A. Desk or Field Review required based on program guidelines.
- B. QC/Investor 2nd signature is required.