



JMAC LENDING

## Conforming and High Balance Guideline Freddie Mac

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Purchase & Rate/Term Refinances Fixed and ARMS					
	Fico Score	Max LTV w/o sec. fin.	Max LTV w/sec fin.	Max TLTV w/sec. fin.	Max HTLTV w/sec. fin
1 - Unit Primary Residence	620	95%	95%	95%	95%
2 Unit Primary Residence	620	85%	85%	85%	85%
3-4 Unit Primary Residence	620	80%	80%	80%	80%
Second Home	620	90%	90%	90%	90%
1 Unit Purchase Investment	620	85%	85%	85%	85%
1 Unit R&T Investment	620	*85%	*85%	*85%	*85%
2-4 Unit Purchase Investment	620	75%	75%	75%	75%
2-4 Unit R&T Investment	620	75%	75%	75%	75%

(\*) On investment transaction, the high balance loan amount maximum LTV offered is at 80%. For Conforming, LTV greater than 80% is only allowed on FIXED programs.

Cash Out Fixed and ARMS					
	Fico Score	Max LTV w/o sec. fin.	Max LTV w/sec fin.	Max TLTV w/sec. fin.	Max HTLTV w/sec. fin
1 - Unit Primary Residence	620	80%	80%	80%	80%
2-4 Unit Primary Residence	620	75%	75%	75%	75%
Second Home	620	75%	75%	75%	75%
1 Unit Investment	620	75%	75%	75%	75%
2-4 Unit Investment	620	70%	70%	70%	70%



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### High Balance Loan Matrix

	General Guidelines
ATR and QM	All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.
High Cost	Not Eligible
HPML	<p>Eligible:</p> <ul style="list-style-type: none"> <li>-Minimum 620 score</li> <li>-Full Appraisal required regardless of AUS findings</li> </ul> <p>Ineligible:</p> <ul style="list-style-type: none"> <li>-ARMS with fixed interest rates &lt; 7 years</li> <li>-LTV/CLTV &gt; 100%</li> </ul> <p>NOTE:</p> <ul style="list-style-type: none"> <li>- Non Owner Transactions are exempt from HPML guidelines</li> <li>- If the property is considered a flip and it's been less than 180 days from Seller's Acquisition Date to Contract date, a 2<sup>nd</sup> full appraisal will be required if the appreciation is <math>\geq 10\%</math> in the past 90 days or <math>\geq 20\%</math> in the past 91-180 days (Seller Acquisition date to Contract date)</li> <li>- Borrower is not eligible to pay for the 2<sup>nd</sup> appraisal when required</li> </ul>
ARM Information	<p>For 5/1 ARM: <u>Index</u>: 1 YR Libor <u>Caps</u>: 2% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor</u>: Margin <u>Margin</u>: 2.25%</p> <p>For 7/1 ARM: <u>Index</u>: 1 YR Libor <u>Caps</u>: 5% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor</u>: Margin <u>Margin</u>: 2.25%</p> <p>For 10/1 ARM: <u>Index</u>: 1 YR Libor <u>Caps</u>: 5% initial adjust. 2% per adjust. ,thereafter, 5% Life <u>Floor</u>: Margin <u>Margin</u>: 2.25%</p>
Rate at Adjustment	<p><b>On 5/1 ARM</b>, the initial note rate is in effect for 60 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Rate plus 2%, and is subject to Life Cap of 5% plus Initial Rate if Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment.</p> <p><b>On 7/1 ARM</b>, the initial note rate is in effect for 84 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Rate plus 5%, and is subject to Life Cap of 5% plus Initial Rate if Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment.</p> <p><b>On 10/1 ARM</b>, the initial note rate is in effect for 120 months; the first interest adjustment is calculated by the lower of Index plus Margin or Initial Rate plus 5%, and is subject to Life Cap of 5% plus Initial Rate if Index plus Margin is greater. Thereafter, a 2% annual adjustment cap begins with the second adjustment.</p>
Products	<p>Conforming Fixed Rate (10,15,20,25 and 30-Year); High Balance (15 and 30-Year only)</p> <p>Fixed period LIBOR ARMs with 30 year term (5/1, 7/1, 10/1).</p>
Borrower Qualification	<p><u>Fixed Rate</u>: Borrower is qualified at the Note rate.</p> <p><u>7/1 and 10/1 ARMS</u>: Qualify at the greater of the Note rate or the fully indexed rate.</p> <p><u>5/1 ARMS</u>: Qualify at the higher of the note rate + 2% or the fully indexed rate.</p>



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Maximum Loan Amount	Minimum Conforming Loan Amount is \$75,000.00					
	Units		Continental Us		Hawaii	
			Conforming Maximum Loan Amount 2019		High Balance Maximum Loan Amount 2019	
	One		\$484,350		\$726,525	
	Two		\$620,200		\$930,300	
	Three		\$749,650		\$1,124,475	
	Four		\$931,600		\$1,397,400	
Underwriting Method	Loans must receive a LPA "Accept/Eligible "					
Prepayment Penalty	None					
Occupancy	Primary Residence, Second home, and Investment Properties					
Eligible Borrowers	US Citizens; Permanent Resident Aliens; Non-Permanent Resident Aliens allowed with required VISAs); Revocable Trust; Must have valid Social Security Number; Maximum of 4 borrowers per loan application are allowed					
Acceptable Visa Types	<div><div><div><div><div></div><div>A-1 thru A-3 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable</div></div><div><div></div><div>E-1 thru E-3 Visas</div></div><div><div></div><div>G-1 thru G-5 Visas- Note: Borrowers with these Visa types who have diplomatic immunity are not acceptable</div></div><div><div></div><div>H-1, H-1B and H-1C Visa’s</div></div><div><div></div><div>H-4 Visa- These visas are given to dependents (spouse and unmarried children under 21 years of age) of a qualified H-1 visa holder. When income is being used to qualify, a current (unexpired) EAD issued by USCIS is also required.</div></div><div><div></div><div>L-1 Visa</div></div><div><div></div><div>L-2 Visa- These visas are given to dependents (spouse and unmarried children under 21 years of age) of a qualified L-1 visa holder. When income is being used to qualify, a current (unexpired) EAD issued by USCIS is also required.</div></div><div><div></div><div>O-1A Visa- Note: Borrowers with this Visa type cannot work in the Arts, Motion Picture or Television industry</div></div><div><div></div><div>O-1B Visa- Note: This Visa type is for those excluded from eligibility on a O-1A visa as listed above</div></div><div><div></div><div>O-2 Individuals who will accompany an O-1, artist or athlete, to assist in a specific event or performance</div></div><div><div></div><div>TN, NAFTA Visa -Used by Canadian or Mexican citizens for professional or business purposes</div></div><div><div></div><div>TC, NAFTA Visa- Used by Canadian citizens for professional or business purposes</div></div></div><div><div><div></div><div>Note: An unexpired Employment Authorization Document(EAD) may be used in lieu of a Visa</div></div><div><div><div></div><div>If EAD will expire within one year, the following must be provided</div><div><div></div><div>One previous EAD Renewal or if there are no prior EAD renewals, the likelihood of renewal must be determined based on the information provided by USCIS</div></div></div></div></div></div></div>					



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	<ul style="list-style-type: none"> <li>• If Visa from the eligible list above is expired, the borrower may still be considered if the below can be met. <ul style="list-style-type: none"> <li>○ Confirmation that the borrower has submitted an application for extension of the visa or an application for a green card. Documentation includes, but is not limited to: <ul style="list-style-type: none"> <li>▪ USCIS Form I-797- issued when application or petition is approved</li> <li>▪ USCIC Form I-797C or I-797E- Cannot state application has been declined</li> <li>▪ USCIS Form I-539 or equivalent or copy of USCIS Form I-485 or equivalent plus electronic verification of receipt from the USCIS website</li> <li>▪ If sponsored by employer, the employer may verify that they are sponsoring the visa renewal</li> </ul> </li> </ul> </li> </ul>
Property Types	<ul style="list-style-type: none"> <li>• Condo, PUD, SFR, 2-4 Units, Age restrictions. <b>Ineligible Properties</b>, Deed Restrictions other than Age, manufactured homes, co-ops, condo hotels, leasehold condos, mixed-used live/work, no gut rehab)</li> <li>• Condo complex with 4 or less units require that at least 3 out of 4 are owner occupied properties.</li> <li>• Condo conversion within the past 3 years not allowed.</li> <li>• New Condo allowed if it's Agency Approved.</li> <li>• New Condo Projects in Florida are eligible only if currently approved via FNMA PERS approved process.</li> <li>• Owner occupancy requirement for condos is no longer applicable for owner occupied and second home. On all investment properties, 50% owner-occupancy required.</li> </ul>
Texas Refinance	<p><b>Texas 50(a)(6)</b></p> <ul style="list-style-type: none"> <li>• 12 months Seasoning required on existing mortgage</li> <li>• Not allowed on student loan cash-out refinance feature code (SFC) 841.</li> <li>• Subordinate financing is not allowed on a Texas(a)6) loan</li> <li>• Maximum LTV is 80%</li> <li>• Full Appraisal is required</li> <li>• Maximum acreage capped at 10.</li> <li>• 12 Day Refinance disclosure (must be signed within 12 days of the execution of the loan application)</li> </ul> <p><b>Texas 50(f)(2)</b></p> <ul style="list-style-type: none"> <li>• 12 months Seasoning required on existing mortgage</li> <li>• No Cash in Hand</li> <li>• Maximum LTV is 80%</li> <li>• Full Appraisal is required</li> <li>• Maximum acreage capped at 10</li> <li>• 12 Day Refinance Disclosure (must be signed within 12 days of the execution of the loan application)</li> <li>• Refinance Home Equity Disclosure (must be signed within 3 days of the execution of the loan application)</li> </ul>



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	<ul style="list-style-type: none"> <li>Affidavit executed by owner and/or spouse, when applicable</li> </ul> <p><b>NOTE:</b></p> <ul style="list-style-type: none"> <li>Texas law counts all days as business days, excluding Saturdays and Holidays</li> <li>Loan cannot close until 12 days after the execution of the 12- day refinance disclosure</li> </ul>
<b>Qualifying Ratios</b>	<b>Maximum qualifying ratio: 50%</b> (Subject to AUS approval)
<b>Cash back to borrower</b>	<b>The greater of 1% of the Loan Amount or \$2,000</b>
<b>Credit</b>	<ul style="list-style-type: none"> <li>Minimum credit score(s): Minimum required per LTV/CLTV grid</li> <li>LPA Approval General Credit Guidelines <u>Mortgage lates</u>: LPA findings. <u>Chapter 7 or 11 Bankruptcy</u>: 4 years have elapsed since the discharge or dismissal date to the Note date <u>Chapter 13 Bankruptcy</u>: 2 years have elapsed since discharge date to the Note date; 4 years have elapsed since dismissal date to the Note Date <u>Short Sale, "Settled for Less", Deed-in-lieu of foreclosure, Pre-foreclosure</u>: with AUS approval- 4 years waiting period from recording date to the Note Date. 2 years waiting period (base on Credit Report Date) is acceptable if reason was due to extenuating circumstances as per agency guidelines. Extenuating circumstances must be explained with adequate supporting documentation <u>Foreclosure</u>: 7 years waiting period is required from completion date to the Note date</li> <li>Borrower with multiple BK filings within the last seven (7) years: five (5) years waiting period since the most recent discharged / dismissal date.</li> <li>If the foreclosure is within the bankruptcy then the seasoning requirements follow bankruptcy guidelines.</li> </ul>
<b>Income Documentation</b>	<p>Requirements subject to AUS findings</p> <p><b>Future Employment Requirements:</b></p> <ul style="list-style-type: none"> <li>Purchase and Rate &amp; Term Refinance Transactions Only</li> <li>Primary Residence Only</li> <li>Max LTV/CLTV 90%</li> <li>Salary income only (hourly earnings are not permitted)</li> <li>Employment start date must be within 90 days of the note date</li> <li>Income must be for a new primary employment or future salary increase from current employer</li> <li>1 Unit SFR, Condo and PUD only</li> <li>Employer cannot be a family member or interested party to the real estate transaction</li> </ul>



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	<p>Required Documentation:</p> <ul style="list-style-type: none"><li>• Copy of Employment offer letter or employment contract<ul style="list-style-type: none"><li>○ Contract must be fully executed and accepted by the borrower and employer</li><li>○ Clearly state the employer and borrower</li><li>○ Is non-contingent or verification from employer that all contingencies have been cleared</li><li>○ Include the terms of employment, including employment start date and annual income based on salaried income only</li><li>○ For future salary increases from current employer, employment letter or contract must indicate that the increase is fully approved and explicitly granted to borrower</li></ul></li><li>• An additional four months PITIA above the requirements stated by the AUS findings is required</li><li>• A pre-closing verification verifying the terms of the employment letter, contract or future salary increase have not changed will be completed by JMAC Lending within ten calendar days of the note date</li></ul> <p>NOTE:</p> <ul style="list-style-type: none"><li>• Paystub is not required</li></ul>
Income Verification	<ul style="list-style-type: none"><li>• 4506T required on all loans</li><li>• Tax transcripts are not allowed to take the place of tax returns</li></ul>
Non-Traditional Credit	<ul style="list-style-type: none"><li>• <b>Restrictions when no borrower has a credit score:</b><ul style="list-style-type: none"><li>○ Must have LPA approval</li><li>○ The transaction must be a purchase or limited cash-out refinance</li><li>○ Primary one (1) unit with all borrowers occupying subject</li><li>○ The loan amount must meet the general loan limits not high balance limits</li><li>○ The loan must be a fixed-rate mortgage</li><li>○ The Maximum LTV/CLTV, and HCLTV ratio cannot exceed 80%.</li><li>○ Maximum DTI subject to LPA.</li><li>○ Reserve may be required as determined by LPA.</li></ul></li><li>• <b>Restrictions when at least one borrower has no credit score:</b><ul style="list-style-type: none"><li>○ Must have LPA approval</li><li>○ Primary 1 unit with all borrowers occupying subject</li><li>○ At least one borrower must have at least one credit score</li><li>○ The transaction must be a purchase or limited cash-out refinance</li><li>○ The loan amount must meet the general loan limits not high balance limits</li><li>○ The Maximum LTV/CLTV, and HCLTV ratio does not exceed 95%</li></ul></li></ul>



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- If the borrower(s) with a credit score is contributing more than 50% of the qualifying income, then non-traditional credit history is not required for each borrower without a credit score else it required.
- If the borrower with a credit score is contributing 50% or less of the qualifying income, two (2) nontraditional credit history for each borrower without a credit score is required.
- Maximum DTI subject to LPA.
- Reserve may be required as determined by LPA.

### Nontraditional Documentation Requirements

- Each borrower must have at least two payment references in the United States comprised of Noncredit Payment Reference and/or Tradelines not appearing on the credit report. If two or more Borrowers have the same payment reference, then the payment reference may count for each of those Borrowers.  
Additionally:
  - Each payment reference must have existed for at least the most recent 12 months
  - At least one Borrower must have a **housing payment history** as one of the payment references; and:
    - In the event more than one Borrower has a housing payment history, then at such housing payment histories for the most recent 12 months (or length of housing payment history if less than 12 months) must be verified
    - All housing payment histories must have no 30-day or greater Delinquencies in the most 12 months
  - For all payment references **other than housing**:
    - Only one payment reference may have no 30-day or greater Delinquencies in the most recent 12 months
    - All payment references must have no 60-day or greater Delinquencies in the most recent 12 months
  - Each payment reference must:
    - Meet the requirements for written verifications, refer to FHLMC Guide Section 5102.3
    - Meet the age of documentation requirements, refer to FHLMC Guide Section 5102.4
    - Be documented in accordance, refer to FHLMC Guide Section 5202.2(b)
- Each Borrower must have no collections (other than medical), judgments or tax liens filed in the most recent 24 months
- When the credit reputation for all Borrowers is established using only Noncredit Payment References, then at least one Borrower must participate in a homeownership education program before the Note Date, or the Effective Date of Permanent Financing for Construction Conversion and Renovation Mortgage.

**Only borrower paid mortgage insurance (BPMI) mortgage insurance are allowed when using non-traditional credit.**



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### Leasehold Requirements

*(Please refer to Chapter 5704.1 of FHLMC guidelines for a complete list of guidelines)*

- Must not be impaired by any merger of title between the lessor and lessee
- If a sublease is included within the leasehold estate, the documents must provide that a default under the leasehold estate will not by such default result in the termination of the sublease.
- **The term of the leasehold must extend beyond our loan term by no less than 5 years unless it can be documented that title will vest as Fee Simple at an earlier date. IE Leasehold expires and automatically converts to Fee Simple.**
- Lease must provide that the leasehold can be assigned, transferred, mortgaged and sublet unlimited without restrictions or on payment of a reasonable fee and delivery of reasonable documentation to the lessor. The lessor cannot require a credit review or require any qualifying criteria to any assignee, transferee, mortgagee or sub-lessee. The lease must provide that in addition to the obligation to pay lease rents, the borrower will pay taxes, insurance, utilities and homeowners' association dues (if applicable), related to the land in addition to those he or she is paying on the improvements
- The lease must be valid, in good standing, and in full force and effect in all respects.
- The lease must not include any default provisions that could give rise to forfeiture or termination of the lease, except for nonpayment of the lease rents.
- The lease must include provisions to protect the mortgagee's interests in the event of a property condemnation.
- The lease must provide lenders with the right to receive a minimum of 30 days' notice of any default by the borrower, and the option to either cure the default or take over the borrower's rights under the lease.
- The lease must be current on all payments and assessments nor can the borrower be in default or have any claims of default under any provision of the lease.
- Leasehold may not contain any deed or resell restrictions. (Age Restrictions are acceptable)
- **Cannot be held in a Community Land Trust**
- **Indian Leased Land is not eligible**
- **Hawaiian Home Lands are not eligible**
- **Leaseholds are not eligible on Texas(a)6 loans**
- **A full appraisal is required regardless of AUS findings**
- **Loan must meet all FHMLC guidelines.**

### Documentation Requirements:

- Copy of the full lease agreement including any sub lease agreement(s)





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<b>Down Payments, Reserves &amp; Source of Funds</b>	<p>Gift Funds</p> <ul style="list-style-type: none"> <li>• Primary Residence: Allows the entire down payment and closing costs from gift funds from immediate family for One Unit Properties</li> <li>• Second Home and Owner Occupied 2-4 Units is allowed but 5% must be from borrower own funds.</li> <li>• Gift of Equity allowed on owner occupied and second home purchase.</li> <li>• Investment Properties: Gifts funds and gifts of equity are not permitted.</li> </ul> <p>Reserves are determined by AUS; the following are generally required:</p> <ul style="list-style-type: none"> <li>• Additional reserves may be required by AUS based on risk.</li> <li>• Primary Residence with 2-4 unit's properties needs 6 months PITI</li> <li>• Subject Investment Properties needs 6 months PITI (<i>refer to multiple financed properties for additional reserve requirements</i>)</li> <li>• Subject Second home transactions also require 2 months PITI reserves for each additional second home and/or investment property (<i>refer to multiple financed properties for additional reserve requirements</i>).</li> </ul> <p>NOTE: VOD's are acceptable subject to QC, which may delay loan process.</p>
<b>Financing Concessions</b>	<p>Seller Contributions: Basis for the limit is now based on CLTV ratio</p> <ul style="list-style-type: none"> <li>• Primary Residence and Second Home <ul style="list-style-type: none"> <li>○ 3%: LTV &gt; 90%</li> <li>○ 6%: LTV 75.01 -90%</li> <li>○ 9%: LTV &lt; 75%</li> </ul> </li> <li>• Investment Properties <ul style="list-style-type: none"> <li>○ 2%: All LTV/CLTVs</li> </ul> </li> </ul> <p>NOTE: maximum financing concessions are based on the LTV ratio when there is no secondary financing and TLTV ratio wen secondary financing is present. Contributions in excess of the above limitations are considered sales concessions.</p> <ul style="list-style-type: none"> <li>• Sales concessions are deducted from the purchase price and LTV is calculated using the lower of the reduced purchase price or appraised value.</li> <li>• Interested part contributions used to reimburse the borrower for payment of short sale fees must be considered and treated as a sales concession.</li> </ul>
<b>Assets</b>	<p>Allowable Assets for down payment and closing:</p> <ul style="list-style-type: none"> <li>• Checking</li> <li>• Saving</li> <li>• 401K, Stock, Bonds and Mutual Funds- 100% of vested balance minus any outstanding loans, may be used</li> <li>• Life Insurance – 100% of cash value</li> </ul>



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	<ul style="list-style-type: none"><li>• Business funds can be used for down payment, closing costs and reserves:<ul style="list-style-type: none"><li>○ The amount of business assets that can be used must correspond to the borrower's percentage of ownership in the business. (Note: Underwriter will need to complete a cash flow analysis.)</li><li>○ If using more than 75% of business funds, a CPA letter is required to state the withdrawal of the business funds will not negatively impact the business.</li></ul></li></ul>
<b>Cash Out Transaction</b>	The property must have been purchased by the borrower at least six months prior to the Note Date.
<b>Student Loan</b>	<ul style="list-style-type: none"><li>• If the monthly payment amount is greater than zero, use the monthly amount reported on credit or other file documentation, or</li><li>• If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding balance, as reported on the credit report</li></ul>
<b>Rental Income</b>	<ul style="list-style-type: none"><li>• If utilizing a lease for rental income calculations, the lease must have an original term of one year or rents cannot be used.<ul style="list-style-type: none"><li>○ If current lease had an original term of one year and had a clause that allows the lease to be automatically converted to a month to month, that also is acceptable</li><li>○ Exception- If purchasing a home and there is an existing lease, if the original lease had a term of one year and automatically converted to month to month, that's fine, if the lease is transferred to our borrowers.</li></ul></li><li>• If using rents on a departing residence or on a purchase of a new Investment home, a minimum of one year landlord history is required.<ul style="list-style-type: none"><li>○ If the borrowers do not have at least one year history, the below must be followed<ul style="list-style-type: none"><li>▪ The rental income can only be used to offset the PITIA for the property in question</li><li>▪ No positive rental income can be utilized for qualifying purposes</li></ul></li></ul></li><li>• One Year tax returns are allowed for rental income calculations (LPA must state this)<ul style="list-style-type: none"><li>○ Income must be annualized regardless of how long property has been owned however</li></ul></li><li>• Whenever a lease is available on a new purchase, the existing lease must be used for qualifying purposes<ul style="list-style-type: none"><li>○ If no lease, then we will use 75% of the market rents from the appraisal</li></ul></li><li>• When purchasing a new Investment home, the borrower(s) must own a primary residence</li></ul>



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Multiple Financed Properties	<b>Minimum required reserves</b>	
	The verified reserves must equal or exceed the following reserves requirements in (a) below. Certain Mortgages also require additional reserves as described in (b) below. The requirements apply to LPA Mortgages and determined by LPA	
	<b>(a) Required reserves</b>	
	<b>Subject property</b>	<b>Required reserves</b>
	Primary Residence - 1-unit	None
	Primary Residence - 2- to 4-unit	Six months for the subject property
	Second home	Two months for the subject property
	Investment Property	Six months for the subject property



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	<b>(b) Additional required reserves</b> Second home and Investment Property Mortgages require reserves in addition to the required reserves in (a) above:	
	<b>Number of Financed Properties 1-6</b>	<b>Additional required reserves</b>
	When each Borrower individually, and all Borrowers collectively, are obligated on <b>one to six</b> financed properties, including the subject property and the Borrower's Primary Residence	<ul style="list-style-type: none"> <li><b>Two</b> months of the monthly payment amount on each additional second home and/or 1- to 4-unit Investment Property that is financed and on which the Borrower is obligated</li> </ul>
	<b>Number of Financed Properties 7-10</b>	<b>Additional required reserves</b>
	When each Borrower individually, and all Borrowers collectively, are obligated on <b>seven to 10</b> financed properties, including the subject property and the Borrower's Primary Residence	<ul style="list-style-type: none"> <li><b>Eight</b> months of the monthly payment amount on each additional second home and/or 1- to 4-unit Investment Property that is financed and on which the Borrower is obligated</li> </ul>
<b>Non-Occupant Co-Borrower</b>	Allowed subject to agency guidelines	
<b>Maximum Number of Financed Properties</b>	<ul style="list-style-type: none"> <li>Up to 10 financed properties including the owner-occupied property</li> <li>Minimum Credit score of 720 when borrower(s) own more than six financed properties</li> </ul> <p><b>NOTE:</b> The max number of properties a borrower can own is 15 includes free/clear.</p>	
<b>Recently Listed Properties</b>	Properties that were listed for sale must have been taken off the market at least one day before the Note date	
<b>Delayed Financing</b>	Allowed subject to agency guidelines	



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<b>Limited Review for Condos</b>	<ul style="list-style-type: none"> <li>Refer to Agency guideline for reduced LTV's for restricted states such as Florida.</li> <li>If a condo is in litigation and litigation is approved, it's always subject to full review regardless of AUS findings.</li> </ul> <p><b>Limited Review Parameters</b></p> <p><b>Maximum LTV/CLTV/HCLTV:</b> The maximum LTV/CLTV/HCLTV is dependent upon the method by which the loan is evaluated and decision as well as where the property is geographically located <b>Approve/Eligible Loans</b></p> <ul style="list-style-type: none"> <li>Primary Residence: 90%/90%/90% (<b>75% / 75% / 75% for Florida properties</b>)</li> <li>Second Home: ≤75% / 75% / 75% (<b>70% / 70% / 70% for Florida properties</b>)</li> <li>Investor: Not Permitted</li> </ul>
<b>Conversion of Principal Residence to Investment Property</b>	<p>Current Executed Lease Agreement is required. Lender will review and use rental income reflected on lease agreement provided rental income reflected on lease is deemed acceptable and in line with market rents. On loans where ratios are pushed, or underwriter research indicates rents are out of line, a 1007/comparable rental survey will be required.</p>
<b>Appraisal Waiver</b>	<p>Property Inspection Waiver are allowed subject to AUS for the following:</p> <ul style="list-style-type: none"> <li>Must be secured by a 1-unit primary residence or second home;</li> <li>Must have an LTV/CLTV ratio less than or equal to 80%; and</li> <li>Must be a rate/term refinance</li> </ul> <p>The following requires a full appraisal regardless of the AUS findings:</p> <ul style="list-style-type: none"> <li>Non-ARMS length transactions</li> <li>Purchases of REO Properties</li> <li>Texas Equity 50(a)(6) &amp; 50(f)(2) transactions</li> <li>Mortgages with an estimate of value or purchase price greater than \$1,000,000.</li> <li>2-4 Unit Primary and all Investment Properties</li> <li>LTV of 80% or greater</li> <li>Leasehold properties</li> <li>Properties in an area recently impacted by a disaster</li> <li>A contaminated site or hazardous substance exists affecting the property or the neighborhood in which the property is located</li> </ul> <p>Note: Collateral Waiver is good for 120 days only</p>



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<b>Appraisal Requirements</b>	<ul style="list-style-type: none"> <li>Full appraisal required on all loans (1004 or equivalent) accompanied by 1004MC.</li> <li>When the subject property is an attached condominium, the appraiser must provide at least one comparable sales from outside the subject property and outside the influence of the developer, builder or property seller</li> </ul>
<b>Transferred Appraisal</b>	Not Allowed
<b>Non-Arm's Length Transactions</b>	<p>Allowed with the following requirements:</p> <ul style="list-style-type: none"> <li>Property cannot be a pre-foreclosure or short sale</li> <li>Max LTV of 80% for second home and investment properties transaction.</li> <li>Gift funds not allowed</li> </ul>
<b>Third Party Originator</b>	Loans where borrower is the broker of record are eligible to originate under their company; however, the borrower cannot be the loan officer or processor on the loan.
<b>HERO/PACE Loans</b>	<p>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:</p> <ul style="list-style-type: none"> <li>The PACE 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 PACE loan may be paid in full as part of a cash-out refinance transaction, if there is sufficient equity.</li> </ul> <p><b>Note:</b> PACE 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</p>
<b>Subject – New Subordinating Financing</b>	<ul style="list-style-type: none"> <li>No negative amortization allowed <ul style="list-style-type: none"> <li>Minimum payment due must equal the accrued monthly interest</li> <li><b>Seller carried back 2<sup>nd</sup>:</b> <ul style="list-style-type: none"> <li>Rate cannot be lower than 2% of the rate of the 1<sup>st</sup> TD <ul style="list-style-type: none"> <li>IE- 1<sup>st</sup> TD is at 5%; lowest rate on 2<sup>nd</sup> is 3%</li> </ul> </li> <li>Payment must be fully amortized</li> <li>Maximum CLTV is 95%</li> <li>Borrower's must make a 5% minimum down payment</li> </ul> </li> </ul> </li> <li>Balloon payments less than 5 years from the 1<sup>st</sup> liens note date are not eligible</li> <li>With the exception of a HELOC, the payment stream must remain constant for a minimum of 12 months at a time</li> <li>Employer secondary financing may be structured in any of the following ways: <ul style="list-style-type: none"> <li>Fully amortized payments</li> <li>Deferred payments for some period before changing to fully amortized level payments</li> <li>Deferred payments over the entire term of the loan</li> <li>Forgiveness of the debt over time</li> <li>May not include provision requiring repayment upon termination</li> </ul> </li> </ul>



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	<ul style="list-style-type: none"> <li>• HELOCs <ul style="list-style-type: none"> <li>◦ When calculating the CLTV- use current balance</li> <li>◦ When calculating the TCLTV- use the full line amount</li> </ul> </li> <li>• Subordinate financing is not allowed on a Texas(a) 6 loan</li> <li>• Must allow for prepayment without restriction</li> </ul> <p><b>New Subordination Documentation Requirements</b></p> <ul style="list-style-type: none"> <li>• Copy of Note/HELOC Agreement- for both existing and new secondary financing</li> <li>• Loan approval from new secondary financing</li> </ul> <p>If modified, provide copy of modification agreement for the secondary financing.</p> <p><b>Existing Subordination Requirements</b></p> <ul style="list-style-type: none"> <li>• A minimum interest payment is required</li> <li>• For existing secondary financing remaining in place, a fully executed subordination agreement must be provided</li> <li>• If the existing HELOC is beyond its draw period- the UPB must still be utilized for the CLTV and the total line must be utilized for the TCLTV</li> <li>• <b>If HELOC has been permanently modified- use the outstanding UPB to calculate the CLTV as well as the TCLTV when the outstanding balance is higher than the modified line amount; if the UPB is lower than the modified line amount, use the modified line amount to calculate the CLTV and TCLTV</b></li> </ul>
<b>Power of Attorney</b>	<p>Allowed but excludes the following type of transactions:</p> <ul style="list-style-type: none"> <li>• Cash-Out transactions</li> <li>• Transactions with non-occupant co-borrowers for qualification purpose.</li> </ul>
<b>Financing Concessions</b>	<ul style="list-style-type: none"> <li>• Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> <li>◦ 9% of value with LTV/TLTV ratios less than or equal to 75%</li> <li>◦ 6% of value with LTV/TLTV ratios greater than 75% up to and including 90%</li> <li>◦ 3% of value with LTV/TLTV ratios greater than 90% up to and including 97% <ul style="list-style-type: none"> <li>▪ The maximum financing concession for investment properties is 2% regardless of the LTV ratio</li> </ul> </li> </ul> </li> <li>• Value is the lesser of appraised value or purchase price</li> </ul> <p>Property Seller cannot pay for future HOA dues</p>
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>• Required for LTV &gt; 80%</li> <li>• BPML premium allowed on all programs subject to AUS findings. (<i>Effective 3/1/2018</i>) <ul style="list-style-type: none"> <li>◦ DTI above 45% requires a 700 minimum credit score</li> </ul> </li> </ul>



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	<ul style="list-style-type: none"><li>○ Radian or Essent must be utilized for DTI above 45% and when Fico Score &lt; 700.</li><li>• LPMI premium allowed on programs subject to AUS Findings. <i>(Effective 3/1/2018)</i><ul style="list-style-type: none"><li>○ DTI above 45% requires a 700 minimum credit score.</li><li>○ DTI above 45% and LTV &gt; 95% exclude Radian as an MI option.</li><li>○ High balance loan amount requires a 660 minimum credit score and DTI &lt;= 45%.</li></ul></li></ul> <p>Maximum DTI and Fico Score is subject to current mortgage insurance guidelines and AUS findings.</p>
<b>Escrow Holdbacks</b>	Not Allowed