



## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

Revision: **June 5, 2018** (Product Information Center, 949-390-2684, [www.jmacclending.com](http://www.jmacclending.com))

| Primary Residence and Second Home<br>Purchase. Rate/Term and Cash-Out Transaction |                     |                                    |              |         |                                      |              |         |
|---|---------------------|------------------------------------|--------------|---------|--------------------------------------|--------------|---------|
| Occupancy   | Property Types      | Purchase and R&T CLTV <sup>1</sup> | Credit Score | Max DTI | Cash-Out Refinance CLTV <sup>1</sup> | Credit Score | Max DTI |
| Primary Residence   | 1-Unit <sup>2</sup> | 95%                                | 680          | 35%     | 80%                                  | 680          | 45%     |
|   |                     | 90%                                | 680          | 45%     | 80%                                  | 680          | 45%     |
|   |                     | 85%                                | 680          | 45%     | 80%                                  | 680          | 45%     |
|   | 2 Units             | 85%                                | 680          | 45%     | 80%                                  | 680          | 45%     |
|   | 3-4 Units           | 75%                                | 680          | 45%     | 75%                                  | 680          | 45%     |
| Second Homes  | 1-Unit <sup>2</sup> | 85%                                | 680          | 45%     | 75%                                  | 680          | 45%     |

<sup>1</sup> CLTV cannot exceed the lesser of the maximum per the first and second lien guidelines.

<sup>2</sup> 1-Unit property type is composed of SFR, PUDs and Warrantable Condos.

#### Additional Restrictions

|  |  |
|--|--|
| Max Combined Loan Amount                 | \$3.0mm with Credit scores > or = to 720; \$2.0mm with Credit Scores < 720 |
| Max Combined Loan Amount, CLTV 90.01-95% | \$1.5mm  |
| Max Loan Balance                         | \$500,000  |
| Min Loan Balance                         | \$20,000   |

#### \*95% Purchase/ R&T

- The below only applies when CLTV is 90.01 – 95% for Purchase and Rate and term.
- Maximum 35% DTI
- Primary Residence only. Single-family, PUDs, and Warrantable Condos Only
- Non Occupied Co-Borrowers not allowed

| First Time Homebuyer Guideline Overlays   | Texas Equity Loans   |
|---|--|
| <ul style="list-style-type: none"> <li>• Primary Residence Only. SFR, PUDs and warrantable Condos Only</li> </ul> | <ul style="list-style-type: none"> <li>• Not eligible</li> </ul> |



## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

| General Guidelines   |  |
|----------------------|--|
| Product Overview     | <ul style="list-style-type: none"> <li>• Closed-End, fixed rate, fully amortizing loan.</li> <li>• 10, 15, 20, and 30 Year terms available.</li> <li>• No temporary buydowns.</li> </ul>   |
| Underwriting         | <ul style="list-style-type: none"> <li>• Fannie Mae DU (DU) required must have Approve/Eligible</li> <li>• Manual underwrite not allowed.</li> <li>• For underwriting guidelines not addressed, refer to Fannie Mae Seller Guide current in effect as of the loan application date.</li> </ul>   |
| Occupancy Type       | <ul style="list-style-type: none"> <li>• Primary Residence and Second Home Only</li> </ul> <p><b>Note:</b> Children purchasing a home for aged parents will not be considered a primary residence or second home and are not eligible for this program.</p>  |
| Borrower Eligibility | <ul style="list-style-type: none"> <li>• Eligible Borrowers: <ul style="list-style-type: none"> <li>○ U.S. Citizens</li> <li>○ First-time homebuyers are eligible</li> <li>○ Permanent Resident Aliens</li> <li>○ Intervivos Revocable Trusts</li> </ul> </li> <li>• Ineligible Borrowers: <ul style="list-style-type: none"> <li>○ Foreign Nationals.</li> <li>○ Non-permanent resident aliens</li> </ul> </li> </ul> <p><b>NOTE:</b> JMAC limits the number of Borrowers per loan to four (4).</p>   |
| Transaction Types    | <ul style="list-style-type: none"> <li>• Purchase, Rate/Term and Cash-Out Refinance excludes Land Contracts, Contract for Deed and Construction Financing.</li> <li>• Permanent End financing of an existing Construction is eligible</li> </ul>   |
| Loan Purpose         | <p><b>Purchase:</b></p> <ul style="list-style-type: none"> <li>• Must close simultaneous with a Fannie Mae Eligible JMAC first lien.</li> </ul> <p><b>Rate / Term Refinance:</b></p> <ul style="list-style-type: none"> <li>• Must close simultaneous with a Fannie Mae Eligible JMAC first lien.</li> <li>• If Borrower receives more cash back than allowed on a rate/term refinance, the loan will be considered as a cash-out transaction.</li> </ul> <p><b>Cash-Out Refinance:</b></p> <ul style="list-style-type: none"> <li>• Must close concurrently with a Fannie Mae eligible JMAC first lien.</li> </ul> <p><b>Note:</b> Regardless of how Fannie Mae treats the first lien transaction, if any of the proceeds are for debt consolidation, debt payoff, or cash-out then the loan will be considered as cash-out refinance.</p> <p><b>Note:</b> Stand Alone Seconds not allowed.</p> |

## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

|  |   |
|--|---|
| <b>Cash-Out Refinances – Ownership Seasoning and Establishing CLTV</b> | <ul style="list-style-type: none"> <li>Minimum 6 months ownership seasoning required for cash-out refinance transactions.</li> <li>Delayed Financing is allowed per FNMA guidelines</li> <li>No Limit to Cash borrower can receive at closing on standard Cash Out Transactions</li> </ul>  |
| <b>Qualifying Payment on First Lien</b>                                | <p>Fixed Rate Full Amortization:</p> <ul style="list-style-type: none"> <li>Qualify using the fully amortized fixed payment.</li> </ul> <p>ARM Full Amortization:</p> <ul style="list-style-type: none"> <li>For ARMS with an initial fixed rate period of five years or less, qualify at the greater of the note rate plus 2% or the fully indexed rate.</li> <li>For ARMS with an initial fixed rate period of greater than five years, qualify at the greater of the note rate or fully indexed rate.</li> </ul> |
| <b>Qualifying Payment on Second Lien</b>                               | <ul style="list-style-type: none"> <li>Qualify using the fully amortized fixed payment.</li> </ul>  |
| <b>Eligible First Lien Products</b>                                    | <p>The second lien must close simultaneously with a concurrent conventional Fannie Mae eligible JMAC first lien.</p> <p><u>Ineligible First Liens:</u></p> <ul style="list-style-type: none"> <li>Any first lien that is not Fannie Mae eligible (first lien must receive DU Approve/Eligible findings)</li> <li>Fannie Mae HomeReady</li> </ul>  |
| <b>Agency Program Restrictions</b>                                     | <ul style="list-style-type: none"> <li>Any negotiated criteria/variances with Fannie Mae are not eligible.</li> <li>Fannie Mae unique eligibility and underwriting consideration programs are not allowed including but not limited to: Homestyle, HARP, DU Refi Plus and Home Ready.</li> </ul>  |
| <b>Agency Extenuating Circumstances</b>                                | <ul style="list-style-type: none"> <li>Extenuating Circumstances guidelines for derogatory credit and flexibility are not eligible (cannot instruct DU to disregard information on credit report to receive an Approve/Eligible).</li> </ul>  |
| <b>Ineligible Income</b>   | <ul style="list-style-type: none"> <li>Ownership in a business that is federally illegal</li> <li>Restricted Stock units (RSUs)</li> <li>Future Income</li> <li>Foreign Income</li> </ul>   |
| <b>Application Date used for Credit Grade</b>                          | <ul style="list-style-type: none"> <li>The Borrower's initial application date will be used to determine the seasoning for prior bankruptcy, loss mitigation, foreclosure events, etc.</li> </ul>   |

## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

|                                       |   |
|---------------------------------------|---|
| <b>Minimum Tradeline Requirements</b> | <ul style="list-style-type: none"> <li>A Borrower(s) without an established credit history is ineligible. A valid and usable score is one that is generated based upon credit history and patterns that accurately reflect the Borrower's history. It should contain at least: <ul style="list-style-type: none"> <li>Three established open and active tradelines reporting on the credit report. <ul style="list-style-type: none"> <li>One report for a minimum of 24 months</li> <li>All active in the last 12 months (defined as last activity within 12 months of credit report date).</li> <li>One with a minimum \$2,500 high credit balance.</li> </ul> </li> </ul> </li> <li>Or</li> <li>Minimum four years of established credit history as follows: <ul style="list-style-type: none"> <li>Eight or more tradelines reported.</li> <li>At least one active in the last 12 months. This is defined as last activity within 24 months of the credit report date.</li> <li>At least one of these tradelines must be a mortgage tradeline (can be counted as the active tradeline).</li> </ul> </li> </ul>  |
| <b>Borrower Credit Eligibility</b>    | <ul style="list-style-type: none"> <li>All borrowers must have a credit score.</li> <li>Borrower eligibility requirements apply to all properties currently or previously owned by the borrower. Examples include mortgage housing histories, loss mitigation and foreclosure, etc.</li> <li>Inclusive of all liens regardless of lien position.</li> </ul> <p>Mortgage Housing/History:</p> <ul style="list-style-type: none"> <li>0X30 in the past 12 months.</li> <li><b>Borrowers without a primary mortgage or rent history in the last 12 months are ineligible.</b> This includes situations where the borrower may have received a "rent holiday", payments lapsed due to divorce/separation, or other instances where the most recent 12-month housing history is not consecutive and complete.</li> <li>At least one borrower(s) must have a fully documented, recent, consecutive 12-month primary housing history.</li> <li>Evidence that the primary residence is owned free and clear (e.g., copy of title or credit report). The mortgage/housing history will be treated as 0x30x12 for credit grade determination</li> </ul> <p>In addition:<br/>Mortgage/housing payment history on any property, regardless of the occupancy or lien status, is considered mortgage/housing history for grading purposes.<br/>A copy of the title or credit report must document the free and clear status.</p> <p><b>Bankruptcy History:</b></p> <ul style="list-style-type: none"> <li>Chapter 7: 4 years from discharge date to application date.</li> <li>Chapter 13 and Chapter 11 personal: 2 years from discharge date to application date.</li> <li>Bankruptcy dismissal dates are treated the same as discharge dates.</li> <li>Borrowers with multiple bankruptcies are not eligible.</li> </ul> |

## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

|                                |  |
|--------------------------------|--|
|                                | <ul style="list-style-type: none"> <li>○ The following <b>are not</b> considered as multiple bankruptcies: <ul style="list-style-type: none"> <li>▪ When a Chapter 13 rolls into a Chapter 7 bankruptcy.</li> <li>▪ When individual Borrowers each have filed separate bankruptcies.</li> <li>▪ Bankruptcies discharged greater than 15 years ago</li> </ul> </li> <li>○ If a Foreclosure is included in the Bankruptcy, each event is treated separately for grade determination.</li> </ul> <p><b>Loss Mitigation:</b></p> <ul style="list-style-type: none"> <li>• 4 years prior to the application date</li> <li>• Prior loss mitigation includes Deed-in-lieu, Pre-Foreclosure, Short Sale, NOD, Short Refinance, Charge off and Modification</li> </ul> <p><b>Foreclosure History:</b></p> <ul style="list-style-type: none"> <li>• 7 years from completion date to application date.</li> <li>• If a foreclosure is included in the Bankruptcy, each event is treated separately for grade determination.</li> </ul> <p><b>Adverse Credit:</b></p> <ul style="list-style-type: none"> <li>• All delinquent credit that will impact title, including delinquent taxes, judgements, charge-off accounts, tax liens and mechanic's liens must be paid off prior to or at closing.</li> <li>• Tax repayment plans must be paid off prior to or at closing.</li> </ul> |
| <b>Business Assets</b>         | <ul style="list-style-type: none"> <li>• Allowed-Follow FNMA guidelines</li> </ul>   |
| <b>Foreign Assets</b>          | <ul style="list-style-type: none"> <li>• Allowed</li> </ul>  |
| <b>Borrower Required Funds</b> | <ul style="list-style-type: none"> <li>• Borrower must have 5% down payment from their own funds</li> <li>• Gift Funds allowed after the borrowers initial 5% investment from their own funds.</li> <li>• Reserves are per FNMA AUS Findings</li> </ul>  |
| <b>4506t Requirements</b>      | <ul style="list-style-type: none"> <li>• Required per DU income type used for qualifying</li> <li>• If most recent year's tax transcript for the income used to qualify is not available for a self-employed borrower who has filed taxes, the income may be verified by one of the following: <ul style="list-style-type: none"> <li>○ Officially stamped returns by the IRS.</li> <li>○ Evidence that the return was electronically received. Return must reflect refund or amount owed to IRS.</li> </ul> </li> </ul>   |
| <b>Property Types</b>          | <p><b><u>Eligible Property Types:</u></b></p> <ul style="list-style-type: none"> <li>• SFR (attached and detached)</li> <li>• PUDs (attached and detached)</li> <li>• 2-4 Units</li> <li>• FNMA Warrantable Condos (Low, Mid, and High-Rise) <ul style="list-style-type: none"> <li>○ HOA Certification form required</li> </ul> </li> </ul>   |

## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

#### Ineligible Property Types:

- Mixed use properties; including, but not limited to:
  - Properties that have been modified to accommodate home business, such as catering, in-home day care, animal boarding facilities, or auto repair
- Properties located in declining markets (as determined by the appraisal, CDA, Enhanced BPO, ClearVal, or other third-party valuation performed on the subject property).
- Properties that are currently listed for sale, or that have been listed for sale in the past six months are ineligible for refinance transactions.
- Unimproved land
- Rural zoned
- Agricultural and agriculturally zoned including properties such as working farms or ranches.
- Properties with more than 20 acres.
- Properties located on Indian/Native American Tribal land.
- Bed and breakfast properties.
- Properties not suitable for year-round occupancy regardless of location.
- Boarding houses & Group homes.
- Properties not readily accessible by roads that meet local standards.
- Factory-built housing: includes Mobile, Manufactured, and Modular homes.
- Condo-hotels.
- Condo conversion less than 3 years from completion.
- Co-operatives.
- Time share units/projects.
- Motel conversions.
- Non-warrantable condos.
- 2-4 Unit Condominiums
- Properties located in a retirement or senior community with age restrictions.
- Properties with any type litigation.
- Property that do not have full utilities installed to meet all local health and safety standards including, but not limited to:
  - A continuing supply of potable water.
  - A public sewer or certified septic system.
  - Public electricity.
  - Natural or LP gas.
- Properties that are not habitable or are not 100% complete
- Properties appraised "subject to" without a Completion Certificate (Form 1004D).
- Properties with square footage < 700 feet (eligible with 2 acceptable comparable that are within 100 square feet of subject).
- Unique housing types: includes Earth, Geodesic, and Log homes.
- Property condition ratings of C5 and C6.
- Properties zoned commercial, industrial, or business (where highest and best use is commercial, industrial, or business)

## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

|                                      |   |
|--------------------------------------|---|
|                                      | <ul style="list-style-type: none"> <li>Any property with health &amp; safety, habitability or structural issues.</li> <li>Multi-family &gt; 4 units.</li> <li>Properties in Hawaiian lava zones, 1 &amp; 2 as determined by the U.S. Geological Survey Hawaiian Volcano Observatory.</li> </ul>   |
| <b>Flipped Properties</b>            | <ul style="list-style-type: none"> <li>A flip transaction is when the property is being resold within 180 days of the acquisition by the current seller.</li> <li>Flip transactions are not permitted unless the following conditions are met: <ul style="list-style-type: none"> <li>Property obtained through inheritance;</li> <li>Property that is part of a settlement in a divorce agreement;</li> <li>Property that is part of an employer relocation program;</li> <li>Property acquired by the lender or servicer as a result of foreclosure or deed in lieu of foreclosure;</li> <li>Properties that have been substantially improved by bona fide and verified renovations since the property was acquired by the property Seller in which any increase in sales price over the property seller's acquisition costs is representative of the market.</li> </ul> </li> </ul>  |
| <b>Principal Curtailments</b>        | <ul style="list-style-type: none"> <li>Allowed up to the lesser of 2% or \$2,000.</li> <li>Cannot be used to cure tolerance violations</li> </ul>   |
| <b>Non-Arm's Length Transactions</b> | <p><b>Not allowed-</b></p> <ul style="list-style-type: none"> <li><b>Gift of Equity or inherited property transactions are allowed. Follow FNMA Guidelines</b></li> <li><b>Family members representing borrowers are allowed. See next page for restrictions</b></li> <li>A non-arm's length transaction is a transaction between family members, co-workers, friends or anyone associated with the transaction such as the listing agent, mortgage lender or broker.</li> <li>Non-Arms' length transactions are not eligible for purchase except for inherited properties. Examples of non-arm's length transactions include but are not limited to: <ul style="list-style-type: none"> <li><b>Relatives:</b> Relatives are defined as individuals related by blood, marriage, adoption, or legal guardianship. Transactions between an individual and their spouse, parent, sibling, grandparent, aunt, uncle, cousin, stepparent or stepchild, regardless of whether the relationship is by blood, adoption, marriage, or legal guardianship are considered non-arm's length. The definition also includes domestic partners and fiancées. <ul style="list-style-type: none"> <li>A purchase and sale transaction between relatives, including the estate of a deceased family member unless the transaction is a probate sale.</li> <li>A financing transaction between relatives, such as the processing or origination of a Loan for a relative by an employee of the Seller.</li> <li>Parents purchasing and financing a property for a child who then wants to refinance to pay-off the parents.</li> </ul> </li> <li><b>Employer/Employee</b> <ul style="list-style-type: none"> <li>A purchase and sale transaction between an employer and an employee.</li> <li>A financing transaction between an employer and an employee, including a Loan originated by the Seller for the Seller's employee, contractor, or principal.</li> </ul> </li> <li><b>Landlord/Tenant</b> <ul style="list-style-type: none"> <li>A purchase and sale transaction between a landlord and tenant, including lease option purchase options.</li> </ul> </li> </ul> </li> </ul> |

## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

|                                 |  |
|---------------------------------|--|
|                                 | <ul style="list-style-type: none"> <li>▪ A Financing transaction between a landlord and tenant, such as the processing or origination of a loan for a tenant when the landlord is an employee of the Seller.</li> <li>○ <b>Home Builders</b> <ul style="list-style-type: none"> <li>▪ Purchase transactions where the Borrower is the owner of/or is employed by the homebuilder who has constructed the subject property.</li> <li>▪ Transactions where the principals of construction companies are involved in the sale and financing of the subject property, with the exception of qualifying builder owned lending operation transaction.</li> </ul> </li> <li>○ <b>Real Estate Brokers/Agents:</b> When a relative is representing the borrower (family member) in a transaction that is not on the open market. <ul style="list-style-type: none"> <li>▪ I.E. For sale by Owner</li> <li>▪ Relative cannot be both the realtor and loan officer for the borrower if property is listed on the open market</li> <li>▪ Cannot give any credit of commission toward closing costs</li> </ul> </li> </ul> <p><b>Note:</b> A transaction where the Borrower acts as his/her own real estate agent (buyer's agent) in the purchase of a property will be considered arm's length.</p> <ul style="list-style-type: none"> <li>○ <b>Third Party Service Vendors:</b> A transaction where the Borrower is also a principal of a third-party vendor, such as a settlement agent, escrow company, title company, appraisal company, or credit reporting company providing such service for the subject Loan.</li> <li>○ <b>Seller Employees</b> <ul style="list-style-type: none"> <li>▪ A Borrower who is employed by the Seller of the Loan (i.e. no employee loans).</li> </ul> </li> <li>○ <b>Owner Financed</b> <ul style="list-style-type: none"> <li>▪ The payoff of a loan currently financed by the seller of the property.</li> </ul> </li> </ul> |
| <b>Continuity of Obligation</b> | <p>For refinance transactions, there must be a continuity of obligation.<br/>Continuity of obligation is met when any one of the following exists:</p> <p>For properties with an existing lien:</p> <ul style="list-style-type: none"> <li>○ At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.</li> <li>○ If additional borrowers are added who are not currently on the title, the transaction is limited to a rate/term refinance. Cash-out is not allowed.</li> <li>○ At least one borrower has been on the title for at least 12 months.</li> <li>○ There is a relationship with the current borrower – spouse, domestic partner, or fiancé only.</li> <li>○ The loan being refinanced and the title to the property are in the name of a Limited Liability Company (LLC) or acceptable trust. The borrower must have been (prior to the transfer) or is currently a member of the LLC or trust. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirements.</li> <li>○ The borrower has recently inherited or was legally awarded the property through divorce, separation or dissolution of a domestic partnership.</li> </ul> <p>For properties that are owned free and clear:</p> <ul style="list-style-type: none"> <li>○ All Borrower(s) have been on title for a minimum of 6 months.</li> <li>○ Property purchased by borrower: <ul style="list-style-type: none"> <li>○ If the borrower's purchase date is within 6 to 12 months prior to application date and there is no lien, the LTV/CLTV must be based on the lesser of the original sales price or the current appraised value.</li> </ul> </li> </ul>   |



## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

|   |   |
|---|---|
|   | <ul style="list-style-type: none"> <li>○ If the borrower's purchase date is more than 12 months prior to application date and there is no lien, the LTV/CLTV may be based on the current appraised value.</li> </ul> <p>Property was not purchase by borrower (e.g. borrower was granted the property):</p> <ul style="list-style-type: none"> <li>○ If the borrower has been on title for at least 6 months the appraised value can be used to calculate LTV/CLTV and the LTV/CLTV maximum is 50% or the program maximum whichever is less.</li> </ul> <p>Borrower must meet all other program guidelines including the mortgage housing history.</p> <p>Note: The transfer of ownership from an LLC or corporation to an individual does not meet the continuity of obligation requirement.</p> |
| <b>Maximum Loans to One Borrower</b>                                  | <ul style="list-style-type: none"> <li>• The aggregate dollar amount of all loans may not exceed \$4Million.</li> <li>• Maximum loans to a borrower within a several block Radius is 2</li> </ul>   |
| <b>E-Signatures</b>   | <p>The following documents are not allowed to be electronically delivered or signed:</p> <ul style="list-style-type: none"> <li>○ Final/Closing Documents</li> <li>○ Notarized Documents</li> <li>○ Documents executed with an eSignature after a Power of Attorney is in effect</li> <li>○ Initial Disclosures executed with an eSignature prior to a Power of Attorney being in effect is allowed</li> </ul>  |
| <b>Multiple Financed Properties</b>                                   | Refer to Fannie Mae guidelines  |
| <b>Concessions / Seller Contributions</b>                             | <p>Concurrent Transactions: Must comply to the restrictions on the 1<sup>st</sup> TD</p> <p>Owner Occupied Purchase</p> <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>  |
| <b>Properties Currently listed for sale/Listed in Past six months</b> | <p>Properties that are listed for sale at the time of application are not eligible. Refinance transactions on properties that have been listed within six months of the application date are acceptable with the following:</p> <p><b>Rate/Term &amp; Cash Out Refinances:</b></p> <ul style="list-style-type: none"> <li>○ Documentation to show cancellation of listing on or before the application date</li> <li>○ Letter of explanation from the borrower detailing the reason for cancelling the list</li> </ul>  |
| <b>Title Insurance</b>  | <ul style="list-style-type: none"> <li>• Title insurance required.</li> <li>• A Full ALTA title policy with Expanded Coverage is required that insures both the First Lien and Second Lien positions.</li> </ul>  |

## Closed-End Second Lien

### Concurrent Closing with JMAC FNMA First Lien Only

#### Appraisal Valuation Summary

|  |  |   |   |   |
|--|--|---|---|---|
| <b>Appraisal Requirements</b>          | <p>Full Appraisal if Combined Loan Amount <math>\leq</math> \$1.5 M</p> <p>2 Full Appraisals<sup>1</sup> if Combined Loan Amount is <math>&gt;</math> \$1.5mm</p>  | Condominiums require HOA Certification Form | <b>NOTE: Property flipping requires two (2) appraisals.</b>         | <p><b>Transferred Appraisal are allowed for Conforming Loan Limits Only</b></p> <p><b>FHA/VA Appraisals are not eligible</b></p>  |
| <b>Clear Capital Required Products</b> | <p>Collateral Desktop Analysis (CDA)<sup>2</sup>,</p> <p>CU Score of 2.5 or less (if the CU score is greater than 2.5, a CDA is required)<sup>4</sup></p>  |   | <b>NOTE: If CDA note value is declining, the loan is ineligible</b> |   |
| <b>Clear Capital Escalation</b>        | <p>If the CDA returns a value that is <math>\leq</math> 10% of the Appraised Value<sup>3</sup> or the purchase price, the lower of the Appraised Value or Purchase Price can be used to establish the LTV/CLTV.</p> <p>If the CDA returns a value that is "Indeterminate" or <math>&gt;</math> 10% of the Appraised Value<sup>3</sup>, a Clear Capital Broker Price Opinion (BPO) and Clear Capital Value Reconciliation of Three Reports must be ordered. The reconciled value determined by Clear Capital will be used to determine LTV/CLTV. <b><u>** Broker/Borrower to pay if required **</u></b></p> <p>If the Clear Capital CDA returns a value that is greater than the Appraised Value<sup>3</sup>, the Appraised Value<sup>4</sup> will be used to determine LTV/CLTV.</p> |   |   | <p><b>Additional Costs and Turn Times</b></p> <p><b>Turn Time and BPO/Reconciliation of 3 Reports Costs:</b></p> <p>4 day - \$250<br/>3 day - \$215<br/>5 day - \$190<br/>6 day- \$190<br/>7 day- \$174</p> <p><b>NOTE: Turn time starts on the following day from the initial request.</b></p> |

1. Full Appraisal" refers to a Uniform Residential Appraisal Report (URAR), FNMA Form 1004 and FHLMC Form 70.

2. The CDA will be completed on the lower of the two appraisals.

3. The "Appraised Value" is the value determined from the original appraisal(s) obtained by the Seller.

4. The CU can be run off the appraised value entered in DU. If a 2nd appraisal is required, then we will use the lower of the 2 appraised values for LTV/CLTV calculation.