

## CORRESPONDENT DELEGATED UNDERWRITING CONFORMING FANNIE MAE GUIDELINES WITH OVERLAYS

Note: Subject properties located in Essex County, NJ and Baltimore City, MD are temporarily ineligible  
(Subject properties in Baltimore County, MD remain eligible)

| PRODUCT OFFERINGS          |                                                                                                                      |
|----------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>Fixed Rate Products</b> | <ul style="list-style-type: none"> <li>10, 15, 20, 25, 30 year fixed</li> <li>Nonstandard terms available</li> </ul> |

| TOPIC                          | OVERLAY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>BASIC GUIDELINES</b>        | Overlays in this matrix apply to FNMA (Fannie Mae) loans. Refer to <a href="#">FNMA Selling Guide</a> for additional guidance. Information in this matrix is subject to change without notice.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Amended Tax Returns            | <p>Accepted for the following amendment reasons:</p> <ul style="list-style-type: none"> <li>Amended for clerical items only (i.e., modifying a prior ITIN number to a newly issued SSN)</li> <li>Amended for income-related items, under the following conditions: <ul style="list-style-type: none"> <li>Amended at least sixty (60) days before mortgage application taken</li> <li>Amendment shows on transcripts (stamped returns not acceptable)</li> <li>Documentation supplied to support the increase, including but not limited to: <ul style="list-style-type: none"> <li>1099 or W2 showing missed/updated income</li> <li>Canceled Checks or Bank Statements showing missed/updated rental income</li> </ul> </li> </ul> </li> </ul> |
| Appraisal                      | <ul style="list-style-type: none"> <li>Eligible Appraisal Alternatives <ul style="list-style-type: none"> <li>PIW/Value Acceptance</li> </ul> </li> <li>Ineligible Appraisal Alternatives <ul style="list-style-type: none"> <li>Value Acceptance + Property Data</li> <li>Hybrid Appraisals</li> <li>1004D Alternatives</li> </ul> </li> <li>Transferred appraisals allowed with restrictions as outlined in LSM <a href="#">Seller Guide Section 7.3.5.</a></li> </ul>                                                                                                                                                                                                                                                                         |
| Condominiums                   | <ul style="list-style-type: none"> <li>Must meet standard FNMA condo eligibility requirements</li> <li>CVAS waiver is not allowed</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Electronic Signatures/eSigning | <ul style="list-style-type: none"> <li>eSigning is allowed for most documents</li> <li>eSigning is <u>not</u> allowed for: <ul style="list-style-type: none"> <li>Note/Note Rider(s)</li> <li>Notice of Right to Cancel</li> <li>Security Instrument/Security Instrument Rider(s)</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Escrow Holdback                | Not allowed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ineligible Programs – FNMA    | <ul style="list-style-type: none"> <li>Community Land Trust</li> <li>High-LTV Refinance</li> <li>HomePath</li> <li>HomeReady with Reduce Mortgage Insurance Option (HomeReady with standard mortgage insurance coverage is eligible)</li> <li>HomeStyle</li> <li>HomeStyle Renovation</li> <li>Land Trusts</li> <li>Native American Conventional Lending Initiative (NACLI)</li> <li>Cooperative (Co-Op)</li> <li>Native American Leased Land</li> <li>Single-Closing Construction Transaction</li> </ul>                                                                                                                                                          |
| Manufactured Home             | <ul style="list-style-type: none"> <li>Not eligible in condo, co-op, or PUD project</li> <li>Seller assumes indemnification obligations per <a href="#">FNMA Selling Guide Section A2-1-03, Indemnification for Losses</a></li> <li>Single-wide manufactured home ineligible</li> </ul>                                                                                                                                                                                                                                                                                                                                                                            |
| Mortgage Insurance (MI)       | <ul style="list-style-type: none"> <li>Eligible: <ul style="list-style-type: none"> <li>Monthly Borrower Paid MI</li> <li>Single Premium</li> <li>Split Premium</li> </ul> </li> <li>Ineligible: <ul style="list-style-type: none"> <li>Financed MI</li> <li>Reduced MI</li> <li>Monthly Lender Paid MI</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                     |
| Non-Permanent Resident Aliens | <p>These borrowers accepted under the following conditions:</p> <ul style="list-style-type: none"> <li>Evidence of an unexpired visa under one of these eligible visa classes: <ul style="list-style-type: none"> <li>A Series (A-1, A-2, A-3)</li> <li>E Series (E-1, E-2, E-3) <ul style="list-style-type: none"> <li>NOTE: E-2 ineligible with Investor CNMI</li> </ul> </li> <li>G Series (G-1, G-2, G-3, G-4, G-5)</li> <li>H-1, H-4 (when income used for H-4 borrower, current EAD also required)</li> <li>L-1, L-2 (when income used for L-2 borrower, current EAD also required)</li> <li>O-1A, O-1B, O-2</li> <li>TN (NAFTA visa)</li> </ul> </li> </ul> |

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| TOPIC                        | OVERLAY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                              | <ul style="list-style-type: none"> <li>Borrowers with an expired visa are eligible subject to the following: <ul style="list-style-type: none"> <li>The expired visa is one of the eligible classes listed above</li> <li>Documentation verifying an application for extension or permanent status has been submitted to the USCIS</li> </ul> </li> <li>Borrowers with only a current Employment Authorization Document (EAD) are subject to the following: <ul style="list-style-type: none"> <li>EAD card must be current (unexpired)</li> <li>If the EAD card is to expire within one year of Note date the underwriter should address the likelihood of income/employment continuance (i.e., previous EAD renewals, USCIS documentation, etc.)</li> </ul> </li> <li>All borrowers must have a valid Social Security Number (SSN)</li> <li>DACA recipients with Category C33 work status under deferred action</li> <li>Borrowers with diplomatic immunity are ineligible</li> </ul>                                                                                                                                                                                                                                                                                                                                        |
| Power of Attorney (POA)      | A POA may not be eSigned and must be specific to the transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Social Security Number (SSN) | All borrowers must have a valid SSN                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Tax Transcripts              | <ul style="list-style-type: none"> <li>Transcripts are required for all tax returns used in the underwriting decision; this includes both personal and business returns, where applicable <ul style="list-style-type: none"> <li><b>Note:</b> Transcripts will not be required for loans with W2 only income, 1099 only income, or other income not documented with tax returns, unless otherwise required by applicable program requirements.</li> </ul> </li> <li>If the most recent year's tax returns have been filed, but not processed by the IRS, the following alternative documentation is allowed: <ul style="list-style-type: none"> <li>Copy of eFiled tax returns with proof of payment for taxes owed or proof of deposit for refunds due to borrower</li> <li>Letter from CPA who filed taxes stating the Adjusted Gross Income and copy of tax returns with proof of payment for taxes owed or proof of deposit for refunds due to borrower</li> <li>IRS stamped tax returns with proof of payment for taxes owed or proof of deposit for refunds due to borrower</li> <li>Borrower's copy of transcripts pulled directly from the IRS website</li> <li><b>Note:</b> A copy of the "Where's My Refund" screen from IRS site can be provided in lieu of proof of deposit for tax refund.</li> </ul> </li> </ul> |

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|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Temporary Buydowns  | <ul style="list-style-type: none"> <li>• 30-Year Fixed Rate</li> <li>• Allowed in conjunction with FNMA HomeReady program</li> <li>• Borrower must qualify off Note rate</li> <li>• Buydown Options <ul style="list-style-type: none"> <li>○ 2-1</li> <li>○ 1-0</li> </ul> </li> <li>• Primary Residence and Second Homes</li> <li>• Purchase</li> <li>• Seller, Lender, or Interested Party Paid (Borrower-paid not allowed)</li> </ul> |
| Underwriting Method | Manual Underwriting not allowed. All loans must receive AUS approval: FNMA DU Approve/Eligible                                                                                                                                                                                                                                                                                                                                           |