

# Conforming High Balance Fixed

\*\* For High Cost Area Only as determined by the Federal Housing Finance Agency (FHFA) \*\*

Full Documentation				
UNITS		LTV	CLTV	FICO
<b>Purchase (DU Only)</b>				
Owner Occupied (O/O)	1 unit	80%	80%	700
	2 unit	75%	75%	660
Second Home (2nd)	1 unit	75%	75%	740
Non-Owner (N/O/O)	1-2 units	65%	65%	740
<b>Rate-Term Refinance (DU Only)</b>				
Owner Occupied (O/O)	1 unit	80%	80%	700
	2 units	75%	75%	660
Second Home (2nd)	1 unit	75%	75%	740
Non-Owner (N/O/O)	1-2 units	65%	65%	740
<b>Cash-Out Refinance (DU Only)</b>				
Owner Occupied (O/O)	1 unit	60%	60%	740
<b>** THERE IS NO LIMIT ON CASH-OUT AMOUNT**</b>				
VOE Doc - Owner Occupied Only				
UNITS		LTV	CLTV	FICO
<b>Purchase &amp; R/T Refinance (DU Only)</b>				
Owner Occupied (O/O)	1 unit	80%	80%	720
	2 units	75%	75%	660
		75%	75%	740
<b>Cash-Out Refinance (DU Only)</b>				
Owner Occupied	1 unit	60%	60%	740

- The Loan amount must be above the Conforming Loan Limits(\$417K for 1 unit), but not above the High Balance Loan Limits below.

High balance Loan Amount Caps		
	Contiguous States	Alaska & Hawaii
1 unit/Condo/PUD	\$729,750*	\$938,250*
2 Unit	\$934,200*	\$1,201,150*

- \* For each transaction you must go to the HUD website to determine if your property is eligible for the higher loan limits.

<https://commlend.efanniemae.com/LoanLimitGeocoder/pages/Login.aspx>

Alternative Formats: <http://www.fhfa.gov/Default.aspx?Page=185>

Note that loan limits are subject to change without notice and must adhere to the published limits at the time of closing.

- Flipped Properties - Less than 90 days allowed. See Pg 5 for details.

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General Guideline	
<b>LOAN TERMS</b>	<ul style="list-style-type: none"> <li>Full Doc - 15, 30 year Fixed (HF00-15 / HF00-30)</li> <li>VOE - 15, 30 year Fixed (VHF-15, VHF-30)</li> </ul>
<b>MINIMUM LOAN AMOUNT</b>	<ul style="list-style-type: none"> <li>\$417,001</li> </ul>
<b>ACCEPTABLE PROPERTY TYPES</b>	<ul style="list-style-type: none"> <li>SFR, PUDs, Condominiums</li> <li>2 units</li> </ul>
<b>INELIGIBLE PROPERTY</b>	<ul style="list-style-type: none"> <li>Co-ops</li> <li>Modular / Manufactured homes</li> <li>Mixed use properties (income producing properties, farming, ranches, etc)</li> <li>Timeshare, houseboat, segmented ownership project</li> <li>Construction-to-Permanent Loans</li> <li>Condotel and non-warrantable condos</li> <li>Deed restricted properties</li> <li>Hawaii properties located in lava zone 1 or 2</li> </ul>
<b>OCCUPANCY</b>	<ul style="list-style-type: none"> <li>Principal residence</li> <li>Second home</li> <li>Investment property</li> </ul>
<b>UNDERWRITING METHOD</b>	<ul style="list-style-type: none"> <li>DU Only (Manual UW not allowed)</li> </ul>
<b>AGE OF CREDIT DOCUMENTS</b>	<ul style="list-style-type: none"> <li>Credit documents cannot be older than <u>60 days</u> from the funding date. Credit documents include credit report, employment, income and asset documentation (Appraisal &amp; Prelim are good for 90 days)</li> </ul>
<b>CREDIT</b>	<ul style="list-style-type: none"> <li>All Borrowers must have minimum of 2 FICO scores on the credit report.</li> <li>Mortgage/Rental history - Per DU Findings</li> <li>Derogatory Credit/Late Payments: Require an acceptable written explanation from borrower(s).</li> </ul>
<b>TRADELINES</b>	<ul style="list-style-type: none"> <li><u>DU Approve/Eligible</u>: The underwriter must compare information from the credit report for the loan with the data used by DU to evaluate the loan to ensure the DU recommendation was based on complete and accurate credit information.</li> <li><b>DU approval is based on <u>authorized user account trade line(s)</u></b>: <ul style="list-style-type: none"> <li>- Must have a Min. 3 Tradelines (1 open &amp; 2 can be closed) rated for 12 mos, regardless of DU approval.</li> </ul> </li> </ul>
<b>BANKRUPTCY</b>	<ul style="list-style-type: none"> <li><u>BK CH 7 or CH 11</u> - 4 years from discharge or dismissal date.</li> <li><u>Chapter 13</u> - 2 years from the discharge date or 4 years from the dismissal date.</li> <li><u>Multiple Bankruptcy Filings within 7 yrs</u> - 5 years from most recent discharge or dismissal date.</li> </ul>
<b>FORECLOSURE</b>	<ul style="list-style-type: none"> <li><b>7 yrs from completion Date</b></li> </ul>
<b>DEED-IN-LIEU OF FORECLOSURE, PRE-FORECLOSURE, OR SHORT SALE</b>	<ul style="list-style-type: none"> <li><b>2 years from completion or settlement date</b></li> </ul>
<b>INCOME</b>	<p><u>Paystubs</u>: provide most recent 30 day period with YTD earnings</p> <p><u>Tip Income</u>:</p> <ul style="list-style-type: none"> <li>Tip income may be used if the borrower has received it for the last 2 years and the employer indicates that the tip income will in all probability continue.</li> <li>Both Tax Returns and Written VOE are required for underwriter to determine the amount of tip income that may be considered in qualifying the borrower.</li> </ul> <p><u>Verbal VOE</u>: Verbal Verification of employment is required for all borrowers.</p> <ul style="list-style-type: none"> <li>salaried and commission income - verbal VOE within 10 days prior to note date.</li> <li>Self-employed income - verbal VOE within 30 days prior to note date.</li> </ul> <ul style="list-style-type: none"> <li><u>4506-T</u> <ul style="list-style-type: none"> <li>Require signed 4506-T Form from all borrowers at both application and closing.</li> </ul> </li> </ul>
<b>EMPLOYMENT HISTORY</b>	<ul style="list-style-type: none"> <li>An employment gap exceeding 30 days requires written explanation.</li> </ul>
<b>MAX DTI RATIO</b>	<ul style="list-style-type: none"> <li>LTV ≤ 80% - Follow DU findings.</li> </ul>

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General Guideline	
<b>ASSET</b>	<p><b><u>Determining the value of the asset when used for reserves:</u></b></p> <ul style="list-style-type: none"> <li>• Stocks, Bonds, and mutual funds: <b>70%</b> of the value may be used as reserves.</li> <li>• Retirement Accounts: <b>60%</b> of the vested value may be used (reduced from 70%)</li> <li>• Bank statements or VODs must be provided.</li> <li>• <b>Business Funds:</b> <ul style="list-style-type: none"> <li>▪ Allowed on Full Doc Only.</li> <li>▪ Must be <u>Owner Occupied</u>.</li> <li>▪ <u>Business Type must be under Sole Proprietorship</u>. Corporation / LLC on a case by case with 100% Ownership only.</li> <li>▪ Used for <u>Down Payment</u> and/or <u>Closing Costs</u> Only (Business funds <u>cannot</u> be used for meeting reserve requirements)</li> <li>▪ Provide CPA Letter explaining use of business funds does not negatively affect the business.</li> </ul> </li> </ul>
<b>RESERVES</b>	<p>For all Purchase and Refinance transactions:</p> <ul style="list-style-type: none"> <li>• Primary residence, 1 unit: 2 months PITI or as allowed per AUS,</li> <li>• Primary residence, 2 unit: 2 months PITI,</li> <li>• <u>2ND Home</u> - 2 mos PITI plus an additional <u>2 mos reserves</u> on every other financed 2nd home &amp; NOO</li> <li>• <u>Investment</u> - 6 mos PITI plus an additional <u>2 mos reserves</u> on every other financed 2nd home &amp; NOO</li> </ul>
<b>INTERESTED PARTY CONTRIBUTION</b>	<p><b>Maximum Allowable Contribution from seller, builder, real estate agent, broker, or affiliate who may benefit from the sale of the property.</b></p> <ul style="list-style-type: none"> <li>▪ LTV ≤ 75% - 9%</li> <li>▪ LTV 75.01-80% - 6%</li> <li>▪ Maximum 2% for investment properties, regardless of LTV/CLTV</li> </ul>
<b>CONDOMINIUM PROJECT</b>	<ul style="list-style-type: none"> <li>▪ Occupancy Rate: At least <u>51%</u></li> <li>▪ Delinquencies: No more than <u>15%</u> of total units.</li> <li>▪ No single entity may own more than 10% of total units.</li> <li>▪ No more than 20% commercial/non-residential usage in a project.</li> <li>▪ Pending / current litigation is NOT acceptable.</li> <li>▪ PMC reserves the right to limit its exposure to <u>20%</u> in any 1 condominium project (Or 1 unit maximum in 2-4 unit condominium project)</li> </ul> <p><b><u>Additional Requirements for New Projects or Condo conversions:</u></b></p> <ul style="list-style-type: none"> <li>▪ Occupancy Rate: At least <u>70%</u></li> <li>▪ 70% Presale Requirement - At least <u>70%</u> of the total units must have been sold or in escrow. Additionally, PMC requires at least <u>20%</u> out of the 70% Pre-sold units to have CLOSED escrow.</li> </ul>
<b>PROPERTIES LISTED FOR SALE</b>	<ul style="list-style-type: none"> <li>▪ Properties that were listed for sale within the past 180 days are eligible for rate/term or cash-out refinance, however cash-out refinances are limited to 70% maximum LTV. Properties listed for sale must have been taken off the market on or before the loan application date.</li> </ul>
<b>CURRENT PRINCIPAL RESIDENCE IS PENDING SALE AND WILL NOT BE CLOSED PRIOR TO NEW TRANSACTION</b>	<ul style="list-style-type: none"> <li>• Both the current and the proposed mortgage payments must be used to qualify the borrower for the new transaction. In addition, the following reserve requirements must be met:             <ul style="list-style-type: none"> <li>▪ &lt; 30% equity in existing primary residence - <u>6 mo PITI</u> reserves for both properties</li> <li>▪ ≥ 30% equity in existing primary residence (as evidenced by an appraisal report or AVM) - <u>2 mo PITI</u> reserves for both properties.</li> </ul> </li> <li>• <u>Exception:</u> The current primary residence's PITI is not required to be used in qualifying the borrower providing that the minimum reserves stated above are met and the following additional documentation is provided:             <ol style="list-style-type: none"> <li>1. A fully executed sales contract for the current residence, and</li> <li>2. Confirmation that any financing contingencies have been cleared.</li> </ol> </li> </ul>
<b>CONVERSION TO 2ND HOME</b>	<ul style="list-style-type: none"> <li>▪ Both the current and the proposed PITI must be used to qualify and;</li> <li>▪ Require 6 mo PITI reserves for both properties. Lender may consider 2 months for both properties if there is documented ≥ 30% equity in existing property (appraisal or AVM)</li> </ul>

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General Underwriters Notes							
<b>CONVERSION TO INVESTMENT PROPERTY</b>	<ul style="list-style-type: none"> <li>▪ Up to 75 percent of the rental income to be used to offset the mortgage in qualifying, documented <math>\geq 30\%</math> equity in the existing property (derived from an appraisal or AVM) - 2 mo PITI for both properties.</li> <li>▪ The rental income must be documented with:                             <ul style="list-style-type: none"> <li>▪ a copy of the fully executed lease agreement; and</li> <li>▪ the receipt of a security deposit from the tenant and deposit into the borrower's account.</li> </ul> </li> <li>▪ If the 30 percent equity in the property cannot be documented,                             <ul style="list-style-type: none"> <li>▪ Rental income may not be used to offset the mortgage payment.</li> <li>▪ Both the current and the proposed mortgage must be used to qualify; and</li> <li>▪ <u>6 mo PITI</u> for both properties is required.</li> </ul> </li> </ul>						
<b>CASH-OUT REFINANCE - SEASONING REQUIREMENT</b>	<ul style="list-style-type: none"> <li>▪ <b>6 Month Title Seasoning</b> <ul style="list-style-type: none"> <li>- If the property was purchased by the borrower within the 6 months preceding the application for new financing, the borrower is ineligible for a cash-out refinance.</li> </ul> </li> <li>▪ <b>LTV Calculation for Cash-Out Refinance</b> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #333; color: white;"> <th style="padding: 5px;">Purchase Date</th> <th style="padding: 5px;">LTV Calculation</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px; text-align: center;">within 6 - 12 months</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> <li>• Lesser of the Sales Price or the current value</li> </ul> </td> </tr> <tr> <td style="padding: 5px; text-align: center;">More than 12 months</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> <li>• Use the current appraised value</li> </ul> </td> </tr> </tbody> </table> </li> </ul>	Purchase Date	LTV Calculation	within 6 - 12 months	<ul style="list-style-type: none"> <li>• Lesser of the Sales Price or the current value</li> </ul>	More than 12 months	<ul style="list-style-type: none"> <li>• Use the current appraised value</li> </ul>
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<b>RATE &amp; TERM REFINANCE - SEASONING REQUIREMENT</b>	<ul style="list-style-type: none"> <li>▪ <b>No Seasoning required.</b> <ul style="list-style-type: none"> <li>- If the first mortgage being paid off with this transaction was used to payoff any subordinate financing that was not used to acquire the property, and that mortgage has not been seasoned for at least 6 months prior to the date of the loan application, the loan is ineligible for Rate&amp;Term Refinance.</li> </ul> </li> <li>▪ <b>LTV Calculation for Rate &amp; Term Refinance</b> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #333; color: white;"> <th style="padding: 5px;">Purchase Date</th> <th style="padding: 5px;">LTV Calculation</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px; text-align: center;">within 12 months</td> <td style="padding: 5px;"> <ul style="list-style-type: none"> <li>• Use the current appraised value</li> <li>• If LTV &gt; 70%, a <u>2nd Full appraisal</u> is required to support the current value (If Purchase price is lower than current value)</li> </ul> </td> </tr> </tbody> </table> </li> </ul>	Purchase Date	LTV Calculation	within 12 months	<ul style="list-style-type: none"> <li>• Use the current appraised value</li> <li>• If LTV &gt; 70%, a <u>2nd Full appraisal</u> is required to support the current value (If Purchase price is lower than current value)</li> </ul>		
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<b>CONTINUITY OF OBLIGATION</b>	<ul style="list-style-type: none"> <li>▪ For refinance transactions where there is an outstanding lien against the property, acceptable continuity of obligation must be met by meeting any of the following:                             <ul style="list-style-type: none"> <li>▪ There is at least one borrower obligated on the new loan who was also a borrower on the existing loan being refinanced.</li> <li>▪ The borrower has been on title for the last 12 months, and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor.</li> </ul> </li> <li>▪ <b>NOTE: Transfer of ownership from a corporation to an individual does not meet the acceptable continuity definition.</b></li> <li>▪ If the borrower is currently on title but is unable to demonstrate an acceptable continuity of obligation or there is not currently an outstanding lien on the subject property, the loan must be underwritten and priced as a Cash Out Refinance and is subject to the following restrictions:                             <ul style="list-style-type: none"> <li>▪ No outstanding lien:</li> <li>▪ If the property was purchased within the 6 to 12 month period prior to the application date for the new financing, the LTV ratios will be based on the lesser of the original sales price/acquisition cost (documented by HUD-1) or the current appraised value</li> <li>▪ If the property was purchased more than 12 months prior to the application date for new financing, the current appraised value may be used to calculate the LTV ratios.</li> <li>▪ Outstanding liens with no continuity of obligation:                                     <ul style="list-style-type: none"> <li>▪ If the borrower has been on title for at least 6 months but continuity of obligation does not exist, the maximum LTV ratios will be limited to 50% based on the current appraised value.</li> </ul> </li> </ul> </li> <li>▪ If no existing loan on the property, the new refinance must be treated as a cash-out refinance.</li> </ul>						

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<b>APPRAISAL</b>	<ul style="list-style-type: none"> <li>• Appraisal with interior and exterior inspection is required (form 1004 or 1073, as applicable)</li> <li>• For properties with value \$1,000,000 or greater, Field Review (Form 2000) is required if the LTV, CLTV, or HCLTV is &gt; 75%.</li> <li>• <u>Condo requirements</u>: Additional two comparables must be from projects outside of the subject project.</li> <li>• APPRAISAL FORMS                             <ul style="list-style-type: none"> <li>▪ Form 1004 - SFRs and PUDs</li> <li>▪ Form 1073 - Condominiums</li> <li>▪ Form 1025 - 2-4 unit properties (If rental income used, Form 216 is required)</li> <li>▪ Form 1007 and Form 216 (Operating Income Survey)                                     <ul style="list-style-type: none"> <li>- Only if required by DU.</li> <li>- If the borrower is being qualified with the entire payment (PITI), Form 216 &amp; 1007 is <u>not</u> required.</li> </ul> </li> <li>▪ Form 1004MC (Market Condition Addendum) is required on all appraisals.</li> <li>▪ Form 1004D (Appraisal Update and/or Completion Report)</li> </ul> </li> </ul>
<b>FLIPPED PROPERTIES</b>	<ul style="list-style-type: none"> <li>• Less than 90 day resale is allowed (From seller's closing date to PMC submission)</li> <li>• &lt; 90 DAYS: If the value has increased more than 25%, a <u>2nd FULL Appraisal</u> is required.</li> </ul>
<b>MAXIMUM NUMBER OF FINANCED PROPERTIES</b>	<ul style="list-style-type: none"> <li>▪ Maximum 4 financed properties, including subject property (including joint or total ownership)</li> </ul>
<b>ELIGIBLE STATES</b>	<ul style="list-style-type: none"> <li>▪ CA, HI, IL, NV, TX (Purchase Only), WA, CO</li> </ul>
<b>FUNDING INTO THE MONTH</b>	<ul style="list-style-type: none"> <li>▪ Allowed until the 5th calendar day of the following month.</li> </ul>