

Purchase and Refinance Loan Programs Max LTV Matrix

Standard & High Balance Loan Amounts- Fixed Rate						
FICO Score	Purchase and R/T			Cash-Out		
	1 Unit/Condo			1 Unit/Condo		
	Own Occ	2nd Home	Investment	Own Occ	2nd Home	Investment
620+	97% ⁽¹⁾	n/a	n/a	n/a	n/a	n/a
620+	95%	90%	85% Purchase 75% R/T	80%	75%	75%
FICO Score	2 - 4 Units			2 - 4 Units		
	Own Occ	2nd Home	Investment	Own Occ	2nd Home	Investment
	620+	2 unit: 85% 3-4 Unit: 75%	Ineligible	75%	75%	Ineligible

1. For fixed rate loans with LTV/CLTV/HCLTV > 95%:

- For purchases at least 1 borrower must be a first-time homebuyer as defined by Fannie Mae. Non-occupant coborrowers not permitted.
- Gifts are allowed for down payment; however, gifts are not allowed for reserves.
- Standard loan amounts only (High balance not permitted).
- 35% MI Coverage required (Reduced MI not permitted)
- Maximum CLTV is 105% if the subordinate lien is an eligible Community Seconds loan
- Manufactured Homes not eligible.
- For Limited Cash Out Refinances, existing loan must be Fannie Mae owned: The lender must enter into DU and document that the existing loan being refinanced is owned (or securitized) by Fannie Mae.

Standard & High Balance Loan Amounts - ARM						
FICO Score	Purchase and R/T			Cash-Out		
	1 Unit/Condo			1 Unit/Condo		
	Own Occ	2nd Home	Investment	Own Occ	2nd Home	Investment
620+	95%	90%	85% Purchase 75% R/T	80%	75%	75%
FICO Score	2 - 4 Units			2 - 4 Units		
	Own Occ	2nd Home	Investment	Own Occ	2nd Home	Investment
	620+	2 unit: 85% 3-4 Unit: 75%	Ineligible	75%	75%	Ineligible

Program Details

Underwriting Method	All loans must be run through Fannie Mae Desktop Underwriter (DU). Findings must be Approve/Eligible. Manual Underwriting is not permitted.
Loan Amount	Minimum Loan Amount: \$40,000 Maximum Loan Amounts: https://www.fanniemae.com/singlefamily/loan-limits
Eligible Terms- Fixed	Fixed: 10, 15, 20, 25 and 30 year
Eligible Terms- ARM	<ul style="list-style-type: none"> • 3/1 & 5/1 ARM: Refer to ARM Matrix for Caps. Qualify at the Greater of the Fully Indexed Rate or Note Rate + 2%. • 7/1 ARM and 10/1 ARM: Refer to ARM Matrix for Caps. Qualify at the Greater of the Fully Indexed Rate or Note Rate. Lifetime Floor/Margin: 2.25%, Index: 1 Yr LIBOR (per WSJ)
Occupancy	Owner Occupied, Second Home and Investment properties are permitted
Eligible Transactions	Purchase, No Cash-out Refinance/Limited Cash-out Refinance (LCOR), and Cash-out Refinance.
Principal Curtailments/Reductions	Permitted; follow Principal Curtailment Matrix for parameters and guidance by program
Compliance - HPML/HPCT Eligibility	Refer to HPML & HPCT Policy
Cash-out Refinances	Loan is defined as cash out if the cash out amount exceeds the lesser of \$2,000 or 2% of the loan amount. Non-Purchase money seconds are considered cash out. CMG does permit Fannie Mae's Student Loan Cash-Out Refinance. Texas 50 (a)(6) Cash-out refinances are eligible. Refer to Texas Section 50(a)(6) requirements below under Programs.
Specialty Program - HARP	DU Refi Plus is allowed for fixed rate loans (ARMs not permitted) subject to the following: <ul style="list-style-type: none"> • No minimum credit score with AUS approval. • HPML is permitted on DU Refi Plus loans with max DTI of 45%, minimum credit score 620, fully amortizing, escrows/impounds required, 30 year max loan term.
Geographic Restrictions	Refer to Correspondent Seller's Guide. In addition, Texas transactions when converting a home equity loan (A6) to a non-home equity loans are not eligible.

Category	Guideline	Policy
Assets	Large Deposits	Purchase Money Transactions Only: Deposits >50% of the borrower's qualifying monthly income are considered large deposits and must be sourced. Please see CMG Guidelines for full details.
	Verification of Deposits	Not permitted as standalone documentation – must be accompanied by computer printout or other statements directly from the banking institution. However, Fannie Mae's Day 1 Certainty™ documentation relief is permitted.
	Custodial Accounts for Minors	<ul style="list-style-type: none"> • These accounts are not an allowable asset for down payment, closing costs or reserves • Accounts that are in a minors name where the borrower is only the custodian of the funds are not eligible to be used for a transaction in closing costs, reserves or down payment
	Gifts	Follow FNMA Guidance: <ul style="list-style-type: none"> • 1 Unit Primary Residences (including High Balance): no minimum borrower contribution is required • 2-4 Units, 2nd Homes: LTV's >80% require the borrower have a minimum 5% of their own funds in the transaction • Gifts are not permitted on Investment Properties
	Business Assets	Business Assets are allowed for downpayment; however, the borrower must be the 100% owner of the Business. The effect on borrower's business must be established by the underwriter.
Collateral	Property Types	1-4 Unit Family Dwellings, Townhomes, Row homes, FNMA Warrantable Condos (as noted in the Condominium section).
	Condominiums	Condominiums must be Fannie Mae Warrantable. <ul style="list-style-type: none"> • Acceptable condo approvals are PERS approval, Lender Full Review completed by delegated Correspondent, CPM Approval, Limited Review (DU). • Limited review not permitted on new projects nor investment properties. • FNMA Special Designation- FNMA approved condos with unexpired special designation codes will be permitted for primary residences and 2nd homes only. Investment properties are not permitted. Project must be eligible and reviewed with either a limited or full review based on the AUS findings. • Leasehold not permitted
	Condos-Florida	<ul style="list-style-type: none"> • Condos in litigation not permitted. • New and newly converted condo's require PERS approval (Section B4-2.2-12) • Limited review on Existing Condos- LTV max is 75% primary/70% Second Home - CLTV/HTLTV per agency max (Section B4-2.2-12)
	Appraisal Requirements	<ul style="list-style-type: none"> • The use of an exterior only appraisal or property inspection option is not allowed, regardless of DU Findings, full appraisal or PIW required on all transactions • Copy of the appraiser's licensee must be included in all funded loan files
	Re-use of Appraisal	Not permitted
	Deed Restricted Properties	All deed restricted properties must adhere to FNMA requirements (B5-5.3)
	Ineligible Property Types	<ul style="list-style-type: none"> • Co-ops • Condotels • Manufactured homes more than 20 years old (Not applicable to DU Refi Plus) • Hobby Farms (Permitted on Owner Occupied only; must be agency eligible) • Bed and Breakfast Properties • Properties with manufactured on site being used as storage • Properties not typical for the area and lacking comparables (i.e. geodesic homes, log cabins, etc.) • Properties not suitable for year-round occupancy (except as permitted in CMG Conventional Guidelines) <ul style="list-style-type: none"> • Second home where the borrower generates any significant rental income from renting subject out – insignificant income ok • Properties encumbered with private transfer fee covenants • Timeshares • Property Flip when Non-Arm's Length Transaction • Non-warrantable Condominiums • Manufactured Homes in the state of LA <p>Note: 3-4 Unit properties in the state of New York (NY) & New Jersey are eligible subject to CMG 100% pre-purchase QC audit.</p>
	Leased Solar Panels / PPA	Conventional Conforming DU loans with solar lease/PPA can be considered for purchase as long as all Fannie Mae requirements are met. The below continue to be ineligible: <ul style="list-style-type: none"> • Property Assessed Clean Energy (PACE) (payments included in tax assessment and must be paid off prior to property selling) • Home Energy Renovation Opportunity (HERO) (payments included in tax assessments) • Any Solar Energy/Panel TAX Assessment Program(s) (lease payments included in property tax assessments. Property taxes take precedent over mortgage lien positions) • Any Solar Energy/Panel Affecting First Lien Position
	Manufactured Homes	<ul style="list-style-type: none"> • Investment/NOO properties not permitted • Fixed Rate only • Both HUD Data Plate and HUD "Red Tag", or the Fannie Mae acceptable equivalent, must be present to be eligible for financing • Permitted only for the purchase/refinance of existing manufactured homes and land classified as a single piece of real property. Manufactured homes permanently attached in the 12 months preceding the loan application date are not eligible for either purchase or refinance transactions. Transactions in which the mortgage proceeds are used to finance the purchase of a new manufactured home, or a new manufactured home and the land, are not eligible. • Maximum age: 20 years (Not applicable to DU Refi Plus; DU Refi Plus must meet all FNMA eligibility criteria) See the Manufactured Home section in CMG Guidelines for additional details including LTV/CLTV restrictions.
	Properties Previously Listed for Sale	Rate/Term & Cash Out refi – listing must have been cancelled or expired prior to the disbursement date, and the borrower must confirm their intent to occupy the subject for Owner Occupied <p>In all instances, careful consideration should be given to the listing price and appraised value to be sure the value is supported.</p>
	Disaster Areas	<ul style="list-style-type: none"> • Any property in a disaster area list must adhere to Disaster Policy • No PIW's or alternative valuation processes permitted • Full inspection required
	Leasehold Estates	<ul style="list-style-type: none"> • Leasehold Estates are permitted on conventional conforming loans (Not allowed in conjunction with the following property types: Condos, Properties located on Indian Land). • CMG requires the payment to the leaseholder to be impounded when a standard escrow account is established. Refer to "Escrows".
	Mixed Use	Follow FNMA guidelines except the square footage of commercial part of the property cannot exceed 25% of the total square footage
Property Condition	Property condition of C5 or C6 are not eligible All repairs affecting safety, livability, or habitability must be completed prior to delivery.	

Category	Guideline	Policy
Credit	Minimum Credit Score	Minimum credit score is the greater of 620 or the minimum as described in the product matrix. All borrower must meet minimum credit score requirement.
	Non-Traditional Credit	Not permitted
	Credit Inquiries	All credit inquiries within 120 days of the credit report are required to be addressed by the customer
	Paying Down/Off Debt to Qualify	<ul style="list-style-type: none"> Revolving debt cannot be paid down to qualify. If a revolving debt is to be paid off but not closed, a monthly payment on the current outstanding balance should be considered in the borrower's DTI ratio. Revolving debt may be paid off to qualify at underwriter discretion subject to agency eligibility. For loans underwritten with DU, underwriter has discretion upon review the overall loan analysis to determine if a revolving debt is eligible to be paid off to qualify and if so, whether it must be closed prior to or at closing. DU Messaging can be disregarded in regards to closing the account per Fannie Mae Announcement SEL 2015-06 (until DU is updated).
	Primary Residence Pending Sale	Follow Fannie Mae Requirements: B3-6-06: Qualifying Impact of Other Real Estate Owned
	Mortgage History	Mortgage payment histories must be verified for any mortgages not reporting on the credit report. Any verified mortgage history that shows a 30 day late or greater in the last 24 months must be reported on the borrower's credit report and included in the AUS decision. As permitted by AUS findings, a VOM from an acceptable third party showing no 30 day or greater lates is acceptable at underwriter discretion for a mortgage not showing on the credit report (not directly considered in the AUS decision).
Income	Derogatory Credit	<ul style="list-style-type: none"> Follow DU findings as to any debt that should be paid All judgments and liens must be paid at or before closing For forgiveness of debt, modifications, bankruptcies, foreclosures, and short sales, follow standard FNMA waiting periods/guidelines, Section B3-5.3-07. CMG does not purchase loans requiring consideration and review of extenuating circumstances to determine eligibility.
	4506-T	<ul style="list-style-type: none"> A fully complete and signed 4506T for each borrower is required. Refer to CMG's Income Validation Policy for tax transcript requirements. Tax return transcripts cannot be used in place of the actual tax return documents for qualification
	Qualifying Ratios (DTI)	Per AUS. Note: DU will consider a non-occupant borrower's income as qualifying income for a principal residence with certain LTV ratio limitations. Refer to Fannie Mae Selling Guide section B2-2-04: Guarantors, Co-Signers, or Non-Occupant Borrowers
	Income Documentation	VOE as standalone documentation is not permitted- most recent paystub and most recent year W2 is required regardless of DU findings. However, Fannie Mae's Day 1 Certainty™ documentation relief is permitted.
	Employment Offers or Contracts	For DU Version 10.1 (and greater) loans involving a new job for the borrower that will begin after closing borrower may be eligible subject to all of the following requirements: <ul style="list-style-type: none"> The subject transaction is for the purchase of a 1-unit primary residence; borrower must have a minimum 640 qualifying credit score; maximum DTI is 50%; the Borrower's employment offer must be non-contingent and the non- contingent offer letter must be retained in the loan file; the Borrower's written acceptance of the employment offer must be retained in the loan file; the Expected/Projected income cannot be derived from a family-owned business; the Borrower must have cash reserves to support the mortgage payment and any other obligations during the employment gap plus and additional one month's reserves of PITIA; the time frame between the Note Date and the start of employment (the employment gap) must not exceed 60 days (Income must be guaranteed to begin within 60 Days of mortgage closing); the income is calculated in accordance with the standards for the type of income being received; a post-closing copy of the borrower's first paystub / proof of receipt of income must be obtained and verified to support income used to qualify and retained in the loan file. In all cases the borrower must only be qualified using only fixed base income. Note that DU Vwill issue a message related to these requirements when the years and months on the current job are "0" or blank.
	Income from Rental Properties	First Time Homebuyers presenting a strong financial picture must meet the following requirements to qualify with rental income (see CMG Guidelines for additional considerations): <ul style="list-style-type: none"> Have a strong established credit history – 3+ years of history with normal credit card and auto payment debt showing a clear ability to manage debt load Provide 12 months cancelled checks for housing history – no live with parents or family No gifts allowed 6 months reserves in addition to DU requirements Borrower must have a strong employment history with 2+ years of stable, strong employment/income
Mortgage Credit Certificates (MCC)	Mortgage Credit Certificates are not eligible to be used as income for purposes of qualifying the borrower unless all FNMA requirements are adhered to in addition to the below: <ul style="list-style-type: none"> Minimum fico to use MCC to qualify: 640 \$1200 residual income required 2 months reserves post-closing from borrower's own funds unless downpayment is coming from borrower's own funds In addition, originating lender to be fully responsible for the annual IRS reporting associated with the MCC issuance; CMG will not complete any required IRS reporting. 	
Annuity/Retirement/ Distribution Income	<ul style="list-style-type: none"> Any distribution that is being used to qualify must be established prior to the application date Copy of the distribution schedule must be provided Copy of at least one month's distribution check must be provided Assets being depleted due to distribution cannot be used for reserves 	
Self-employed Borrowers	<ul style="list-style-type: none"> Corporate tax returns are required for the time period being considered in the income calculation for any borrower who is more than 25% owner of an LLC, 1120S or 1120 corporation. This requirement may be waived if the borrower is paying all of the down payment from his/her own personal funds AND the borrower has been self-employed for at least 5 years AND the borrowers individual tax returns show an increase in self-employment income over the last two years. Business assets are permitted for cash to close and reserves if the borrower is 100% owner of the company and it is determined by the UW that the withdrawal of funds will not impact the borrower's business. A CPA letter verifying no impact to the business is acceptable; however, if no CPA letter is available the UW will review the tax returns of the business to determine any impact. Any significant withdrawal should be considered in relation to the overall strength of the borrower's company 	
Programs	Texas Section 50(a)(6)	Allowed subject to meeting all Texas State Law, CMG Overlays, and the following additional requirements: <ul style="list-style-type: none"> Maximum loan amount: \$453,100 Correspondent Lender is responsible to ensure loans and closing documents comply with agency and Texas Constitution requirements. Maximum 10 acres of land that is urban or suburban property - "Ag exempt" properties eligible subject to the property and transaction otherwise meeting Fannie Mae and Texas State Law requirements. Ineligible: Power of Attorney, Temp buydowns, Leaseholds, 2-4 units, Properties Vested in Trust, Escrow Holdbacks, Gifts Fees: Fees must comply with state requirements in addition to RESPA/ECOA. Borrower paid fees are limited to 2% of the principal balance. Loan application: Initial 1003 to be executed by MLO, borrower(s), all other parties on title, non-borrowing spouse. Final 1003 must be executed by borrower(s) and by MLO (or left blank by MLO). Note: Texas transactions when converting a home equity loan (A6) to a non-home equity loans are not eligible.
	Ineligible Programs	<ul style="list-style-type: none"> Interest Only loan programs Section 32 Temporary Buydowns Land trusts in the state of Illinois are not eligible Leaseholds secured by Indian/Tribal lands Homestyle/Homepath Renovations NY CEMA purchase transactions (CEMA refinances are eligible)

Category	Guideline	Policy
Borrower & Transaction Detail Overlays	At Interest Transactions	<p>Transactions where:</p> <ul style="list-style-type: none"> • Builder is acting as Realtor/Broker – permitted on primary residence only • Realtor/Broker is selling their own property – permitted on primary residence only • Loan originator is acting in another real-estate related role - not permitted. Loan Originator cannot have another real estate related position on any loan, regardless of the loan program.
	Conversion of Primary Residence	Agency requirements must be met.
	Delayed Financing	<ul style="list-style-type: none"> • Delayed financing is permitted subject to FNMA requirements (section B2-1.2-03) • The original purchase transaction must have been an arms-length transaction. If the seller was an LLC the owners of the LLC must be documented • The LTV/CLTV/HCLTV is based on the appraised value. The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points on the new mortgage loan (subject to the maximum LTV/CLTV/HCLTV ratios for the cash-out transaction based on the current appraised value).
	Down Payment Assistance Program	Down Payment Assistance programs are considered an Interested Party Contribution (IPC). IPC's are permitted.
	DU Warnings	If DU issues a warning for excessive DU runs, a written explanation must be provided by the originator.
	Escrows / Escrow Holdbacks	<p>Escrows: Tax and Insurance escrows are required on all loans greater than 80.00% loan to value (subject to state law); escrow waivers are allowed subject to a demonstrated ability by the borrower to manage lump sum tax and insurance payments. Effective on loans closed on or after January 1, 2016 that require flood insurance: the premiums related to the flood insurance must be escrowed - escrows for these premiums may not be waived, regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner's association or other group, no escrow is required. Note: CMG does not permit escrow for earthquake insurance.</p> <p>Escrow Holdbacks: Refer to Escrow Holdback Guideline Addendum</p>
	Ineligible Borrowers	Loans with title or interest held in various forms/legal entities such as Life Estates, Non-Revocable Trusts, Guardianships, LLC's, Corporations or Partnerships are not eligible
	Number of Financed Properties	<ul style="list-style-type: none"> • For Primary residences there is no limit to the number of properties financed/owned by the borrower. • For Second Homes and Investment Properties, the maximum number of financed properties is 10, however special consideration and LTV restrictions apply to borrowers with more than 4 financed properties which are not recognized in DU findings. See CMG Guidelines for full requirements. Note: CMG will align with the new requirements Fannie Mae released for 5-10 financed properties when the DU updates are finalized in June. Refer to CMG guidelines for current CMG requirements for 5-10 financed properties. <p>Note: These limitations apply to the borrower's ownership in one-to four unit properties or mortgage obligations on such properties and is cumulative for all borrowers.</p>
	Mortgage Insurance	<ul style="list-style-type: none"> • Mortgage Insurance from an approved provider is required on all loans over 80.00% loan to value. • Standard coverage only <p>Refer to Correspondent Seller's Guide for Eligible types of Mortgage Insurance Policies and Approved Mortgage Insurance Companies.</p>
	Multiple Borrowers/ # of Borrowers	There can be no more than 4 borrowers per loan
	Multiple Mortgages to the Same Borrower	<p>Maximum of 2 financed units in a single condo project or PUD for one borrower.</p> <p>Borrowers are limited to four (4) loans or one million dollars (\$1,000,000) total in loans funded/purchased by CMG. Jumbo loans are excluded from loan amount limit, but still count towards the aggregate total of loans with CMG.</p> <p>In addition, for Agency restrictions refer to Number of Financed Properties (above).</p>
	Non-Arms Length Transactions	Generally not allowed, but may be eligible on owner occupied purchase transactions with the full documentation of assets, income and appraisal – no waivers permitted. FNMA guidance must be followed and the transaction must be approved by Corporate Credit
	Non-Owner Occupied	<ul style="list-style-type: none"> • Non-arms length not permitted • No gifts permitted, including gifts of equity • See Income from Rental Properties for additional details and requirements
	Power of Attorney	Will be allowed subject to underwriter and title company approval. See CMG Guidelines for full requirements.
	Sales Incentive	The maximum allowable sales incentive (commission, finder's fee, etc.) is limited to 8% of the sales price
Subordinate Financing	New, Modified, and existing subordinate liens are permitted within the max CLTV tolerances noted in the Conventional matrix. A copy of the subordinating Note, Mortgage/Deed and Subordination Agreement is also required. See down payment assistance section for subordinating liens on purchase money transactions.	
Correspondent Seller Employee Loan	Correspondent seller employee loans require second signature from CMG Management.	
Recent Updates / 90 Day Lookback	<p>4/6/2018 Updated to align with the recent Texas state law changes for A6 as they pertain to ag exempt status.</p> <p>2/6/2018 Updated to clarify Fannie Mae's Day 1 Certainty™ documentation relief is permitted.</p> <p>1/2/2018 Updated max loan amount for Texas A6 refinances. Added note that Texas transactions when converting a home equity loan (A6) to a non-home equity loans are not eligible. Updated TXA6 fee limit to 2% to align with recent state law changes.</p> <p>12/13/2017 Corrected reference to Fannie Mae selling guide for properties with resale restrictions.</p>	

Information in this matrix is a summary only and is not a complete representation of CMG Financial (NMLS #1820) lending Policies. Information is accurate as of the date of publishing and is subject to change without notice. The overlays outlined in this matrix apply to agency loans submitted to DU. In addition to applying these CMG-specific overlays, all loans submitted to DU must comply with the DU Findings and Fannie Mae requirements. To verify our state license, please log onto the following website: www.nmlsconsumeraccess.org