



# Conventional Matrix – Fixed Rate

revised 3/18/2020

This matrix is a tool that is meant to be used in conjunction with Fannie Mae and Freddie Mac Seller Guides.

Please reference the Selling Guides for guideline details:

## Fannie Mae

<https://www.fanniemae.com/content/guide/selling/index.html>

## Freddie Mac

<http://www.freddie.com/singlefamily/guide/?tog=current>

## Maximum Loan Amounts

CONFORMING MAXIMUM LOAN AMOUNTS	
UNITS	CONTINENTAL US
1	\$510,400
2	\$653,550
3	\$789,950
4	\$981,700

All LTV's subject to change per FNMA & FHLMC Seller Guide.

## Matrix 1

Standard Eligibility Requirements Conforming Loan Amounts <+ \$484,350

### Primary Residence, Second Home and Investment

Transaction Type (1,2,3)	Occupancy	Units	Restrictions	Maximum LTV/CLTV/HCLTV (2,4)	Minimum Credit Score	Cash Out
Purchase & Limited Cash Out Refinance (LCOR)	Primary Residence	1	Fully Amortizing	97/97/97%(8)	620	Ineligible
		2	Fully Amortizing	85/85/85%	620	Ineligible
		3 – 4	Fully Amortizing	FNMA: 75/75/75% FHLMC: 80/80/80%	620	Ineligible
	Manufactured Home	1	Fully Amortizing	95%/95%/95%	620	Ineligible
	Second Home	1	Fully Amortizing	FNMA: 90/90/90% FHLMC: 90/90/90%	620	Ineligible
	Investment	1	Fully Amortizing	85/85/85%	620	Ineligible
			Fully Amortizing	75/75/75%	620	Ineligible
2-4		Fully Amortizing	75/75/75%	620	Ineligible	
Cash Out Refinance (15,6)	Primary Residence	1	Fully Amortizing	80/80/80%	620	\$150,000
		2-4	Fully Amortizing	75/75/75%	620	\$150,000
	Second Home	1	Fully Amortizing	75/75/75%	620	\$150,000
	Manufactured Home	1	Fully Amortizing	65%/65%/65%	620	\$150,000
	Investment	1	Fully Amortizing	75/75/75%	620	\$150,000
		2-4	Fully Amortizing	70/70/70%	620	\$150,000

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## Matrix 2

Conforming Loan Amounts

*No Cash Out Refinance Mortgages Currently Owned By Freddie Mac*

Transaction Type	Occupancy	Units*	Amortization and Property Restrictions	Maximum LTV/CLTV/HCLTV	Minimum Credit Score
<b>Purchase * Limited Cash Out Refinance (LCOR)</b>	Primary	1 – 2	Refinance Rate/Term Only	95%	620
		3 – 4		80%	620
	Second Home	1		95%	620
	Investment	1		85%	620
		2-4		75%	620

**\*All LTV's subject to change per FHLMC & FNMA Seller guides.**

### Product Description

- Fixed Rate 10,15,20,25 & 30 years – Conforming and super conforming loan amounts
- Fully Amortizing

## Eligibility Requirements

<b>97% LTV</b>	FNMA Standard 97% Home Possible Advantage – FHLMC Home Ready – FNMA HomeOne Mortgage – FHLMC  Visit <a href="http://www.fsbtpo.com">www.fsbtpo.com</a> for a matrix specific to the 97% LTV programs  Please refer to FNMA & FHLMC Seller guide for guidelines and restrictions
<b>Documentation</b>	Document as determined by DU Findings or LP Findings, Freddie Mac Selling Guide or FNMA Selling Guide or agency announcements.  <u>Appraisal Waiver</u> Appraisal waivers as noted within the AUS findings will be accepted with confirmation from the Loan Officer that the borrower will accept the waiver and does not wish to proceed with a full appraisal. The note from the borrower is to be uploaded to the file for FSB Underwriters to reference.  Please note that Appraisal Waiver's will not be applicable to: Non -Arm's length transactions Purchases of REO properties Texas Equity Section 50(a)(6) Mortgages

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	<p>Mortgages with an estimate of value or purchase price greater than \$1,000,000</p> <p>Additionally, FSB may not accept the appraisal waiver offer if the Broker/Seller is aware of adverse physical property conditions identified in the sales contract, property inspection or disclosures from the Borrower that warrant an appraisal being obtained.</p> <p><b><u>LP Required Property - These property types must use LP findings only!</u></b></p> <p>Condo Manufactured Homes HPML Loans – required to have escrow accounts</p> <p><b><u>Revocable Trusts:</u></b> FSB does not close in trust on any loan. The Trust may be removed at closing and the loan allowed to close in the borrower’s name.</p> <p><i>Note on Documentation: Please do not highlight with colored highlighter and copy or scan document. The documents are difficult to read for our underwriters and staff.</i></p>
<b>Ineligible Programs</b>	<p>FNMA – Homestyle Energy, Renovation and Constructions products, Bi-Weekly payments &amp; Community Land Trusts</p> <p>FHLMC – Affordable Merit, Energy Conservation, Bi-weekly payments, renovation mortgages, construction products</p>
<b>Locations/Restrictions Limitations</b>	<p>Eligible states are as follows: <b>All states except</b> for NY, MA, VT, CT, ME, RI, NH, NJ, VA, AK, HI – Delegated Only, Washington D.C.</p> <p>Additional Transactions as follows</p> <ul style="list-style-type: none"> <li>➢ Texas Cash Out 50(a)(6) is ineligible</li> <li>➢ State specific regulatory requirements supersede all underwriting guidelines set forth by FSB</li> </ul> <p>FSB will allow all loan types per FNMA &amp; FHLMC products offered for secondary market loans.</p>
<b>Property Type</b>	<p>Refer to FNMA &amp; FHLMC guidelines</p> <p><b><u>Manufactured homes must run LP.</u></b> All Wholesale &amp; Correspondent Accounts may email <a href="mailto:mtgsupportcenter@flanaganstatebank.com">mtgsupportcenter@flanaganstatebank.com</a> for assistance with running LP. Please have a file uploaded in Mortgagebot and send Mortgage Support the credit report with re-issue password information to run the LP Findings for this property type. Mortgage Support will run the findings and send them to the submitting LO along with uploading them to the file.</p>
<b>Manual Underwriting</b>	Ineligible
<b>No Score Borrowers</b>	<p>FSB will accept loans that include a No Score Borrower. The following requirements will be applicable:</p> <ul style="list-style-type: none"> <li>• LP or DU may be the AUS.</li> <li>• The AUS chosen must provide an approve/eligible (DU) or accept (LP). Manual underwriting is not allowed.</li> <li>• The property must be a one-unit</li> </ul>

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	<ul style="list-style-type: none"> <li>• Purchase or Rate/Term only – cash out is not allowed</li> <li>• Principal Residence only</li> <li>• All Borrowers must occupy the property as their primary residence. Non-Owner occupant borrowers are not allowed</li> <li>• The loan amount must not exceed conventional loan limits. High Balance loans are not eligible</li> <li>• Fixed rate mortgage only. ARMS are not allowed</li> <li>• Maximum LTV for DU is 90% and LP is 95%</li> <li>• Manufactured home is not eligible for financing when a No Score borrower is on the loan</li> <li>• Non-traditional credit must be provided for the no score Borrower. Please email <a href="mailto:mtgsupportcenter@flanaganstatebank.com">mtgsupportcenter@flanaganstatebank.com</a> for LP or DU requirements.</li> <li>• DTI will be assessed by AUS</li> <li>• If both borrowers have a No Score and the AUS provides and A/E or Accept, both borrowers must establish non-traditional tradelines per the Agency guidelines. And, at least one Borrower must participate in a homeownership education program prior to final approval of the loan by underwriting.</li> </ul> <p>When working on a No Score Borrower, please contact Mortgage Support full prequal. Prequal letter is required from Mortgage Support to submit to underwriting</p>
<b>Power of Attorney</b>	<p>This section references the use of Power of Attorney for the borrower(s) only. POA's to be used for the seller must be approved through the Title Company.</p> <p>POA's must be reviewed by management on all loans using this feature. Please email POA for review to <a href="mailto:mtgsupportcenter@flanaganstatebank.com">mtgsupportcenter@flanaganstatebank.com</a> prior to CTC.</p> <p>POA will not be allowed on any Cash Out Loan</p>
<b>Escrow Accounts</b>	<p>Escrows may be waived if LTV is 80% or less. A waiver fee of .25 bps will apply.</p> <p><b>Flood Insurance</b>        If a property is located in a flood zone and flood insurance is required, waiving of escrows will be limited to property insurance and property taxes only. Flood insurance may not be included in the waiver.</p>
<b>Underwriting</b>	<p>FHLMC Guideline        Freddie now allows income to be assessed as follows when a borrower is both a wage earner and a self-employed borrower.</p> <ul style="list-style-type: none"> <li>• If the borrower has both income types, the Lender is not required to obtain any additional documentation or evaluate the loss/income from the self-employment</li> </ul> <p>This will only hold true if the following apply:</p> <ul style="list-style-type: none"> <li>• The borrower's main source of income is the wage earner position</li> <li>• The self-employment loss or income does not exceed 10% of the gross W-2 wages the borrower is earning for the current year.</li> <li>• The borrower's W-2 income is from a different company other than their self-employment company/business</li> </ul> <p>Management will review these situations and determine if further risk may be noted on the file.</p>

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<b>Escrow Repair Holdbacks</b>	Allowed only with management approval.
<b>Seller Guides</b>	<p>FNMA Seller Guide:  <a href="https://www.fanniemae.com/content/guide/selling/index.html">https://www.fanniemae.com/content/guide/selling/index.html</a></p> <p>FHLMC Seller Guide:  <a href="http://www.freddiemac.com/singlefamily/guide/?tog=current">http://www.freddiemac.com/singlefamily/guide/?tog=current</a></p> <p>All Conventional loans will follow agency guidelines, findings and announcements.</p>
<b>PMI (Private Mortgage Insurance)</b>	<p>PMI is required on all conventional loans with LTV above 80%.</p> <p>PMI can be priced directly in our LOS system by using the Services menu and choosing Order MI. The screen will walk you through the choices available to get a quote. Upload the quote to Imageflow to notify the Underwriter of your MI figures</p> <p><u>We provide quotes from:</u>          MGIC          ARCH          Genworth</p> <p><b>Investment property</b>          Investment property LTV is allowed up to 85%. PMI will be required and it is important to note that depending on the product, the PMI will not come off at the usual 78 – 80% LTV. FNMA will require the PMI to stay on to 70% LTV on a SFR and FHLMC will require it to 65% LTV on a SFR.</p>
<b>Gift Funds</b>	<p>Gift funds are allowed on both FHLMC &amp; FNMA products provided that:</p> <ul style="list-style-type: none"> <li>• The funds are from a related person, and</li> <li>• The funds to not have to be repaid</li> </ul> <p>Relative includes:</p> <ul style="list-style-type: none"> <li>• The borrower’s spouse, child or dependent</li> <li>• An individual related to the Borrower by blood, marriage or adoption</li> <li>• A guardian of the borrower</li> <li>• A person for whom the borrower is a guardian</li> <li>• The borrower’s fiancée</li> <li>• The borrower’s domestic partner</li> </ul> <p>Documentation Required</p> <ul style="list-style-type: none"> <li>• Provide a gift letter signed by the donor.             <ul style="list-style-type: none"> <li>Gift letter must include:                 <ul style="list-style-type: none"> <li>○ Donor’s name and how related</li> <li>○ Donors mailing address &amp; phone number</li> <li>○ State the amount of the gift funds or gift of equity</li> <li>○ Establish that the gift funds or gift of equity are a gift that does not have to be repaid</li> </ul> </li> </ul> </li> <li>• the borrower must provide evidence of the transfer of funds from the donor to the borrower. This may be a copy of the donor’s cancelled check. Cash deposits will not be acceptable for proof of transfer. If the funds are deposited with other funds, additional documentation may be required to confirm the transfer.</li> </ul>

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<p><b>Underwriting</b></p>	<p><b><u>Proof of Free &amp; Clear Property</u></b>          FSB will accept HOI that shows a policy that does not include a mortgagee clause as confirmation the property does not have a mortgage lien. If the documentation of the file (tax returns, credit, etc) does not support this information, the underwriter will require a lien search to be provided.</p> <p><b><u>Non-Permanent Resident Alien</u></b></p> <p>FSB will accept Non-Permanent Resident Aliens for consideration on Conventional loan financing if the following are applicable to the situation:</p> <ul style="list-style-type: none"> <li>• Evidence must be provided that shows a current/valid visa (Front and Back of card needed)</li> <li>• Evidence must be provided that the visa has been renewed at least once if the visa is a 2 – 3-year term or 3 renewals if a 1-year term. If the Visa is a 5-year term, confirmation from borrower and employer that the current situation will continue past the term of the employment will be requested</li> <li>• Confirmation from employer or sponsor of continuation of visa renewal and employer continuation will be required</li> <li>• The Visa may be one of the following (subject to change as the US updates or changes their issuing of visas):</li> </ul> <ul style="list-style-type: none"> <li>• A Series (A-1, A-2, A-3): these <b>visas</b> are given to officials of <b>foreign</b> governments, immediate family members and support staff. Only those without diplomatic immunity, as verified on the <b>visa</b>, are allowed.</li> <li>• E-1 Treaty Trader and E-2 Treaty Investor: this <b>visa</b> is essentially the same as an H-1 or L-1; the title refers to the <b>foreign</b> country's status with the United States.</li> <li>• E-3: these <b>visas</b> are given to Australian nationals employed in a specialty occupation.</li> <li>• G Series (G-1, G-2, G-3, G-4, G-5): these <b>visas</b> are given to employees of international organizations that are located in the United States. Some examples include the United Nations, Red Cross, World Bank, UNICEF and the International Monetary Fund. Verification that the applicant does not have diplomatic immunity must be obtained from the applicant's employer and/or by the viewing the applicant's passport.</li> <li>• H-1 Temporary Worker (includes H-1B): this is the most common <b>visa</b> given to <b>foreign citizens</b> who are temporarily working in the United States.</li> <li>• H-4: these <b>visas</b> are given to dependents (spouse and unmarried children under 21 years of age) of a qualified H-1 <b>visa</b> holder. When income is being used to qualify, a current (unexpired) Employment Authorization Document (EAD) issued USCIS is also required.</li> <li>• L-1 Intra-Company Transferee: an L-1 <b>visa</b> is given to professional employees whose company's main office is in a <b>foreign</b> country.</li> <li>• L-2: these <b>visas</b> are given to dependents (spouse and unmarried children under 21 years of age) of a qualified L-1 <b>visa</b> holder. When income is being used to qualify, a current (unexpired) EAD issued by USCIS is also required.</li> </ul>
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- O-1A: individuals with an extraordinary ability in the sciences, education, business, or athletics (not including the arts, motion pictures or television industry).
- O-1B: individuals with an extraordinary ability in the arts or extraordinary achievement in motion picture or television industry.
- O-2: individuals who will accompany an O-1, artist or athlete, to assist in a specific event or performance.
- TN, NAFTA **visa**: used by Canadian or Mexican **citizens** for professional or business purposes.
- TC, NAFTA **visa**: used by Canadian **citizens** for professional or business purposes.
- A Visa that is expiring within 6 months of funding may be considered if:
  - Visa classification is one of the eligible visas in the list
  - Confirmation that the borrower has submitted an application for extension or renewal of the visa, or an application for a permanent status (green card)
    - Note: not all visa types are eligible for renewal within 6 months of the expirations date. Visa types that cannot be renewed within 6 months of the expiration date may be acceptable as long as the date printed on the Note is before the visa holder can apply for renewal.
- NP Resident Alien must have a minimum of 2 years residence in the US prior to application
- Minimum 2-year history of employment in the US is required along with 2 years US tax returns to support this information
- A NP Resident Alien with a No Score credit will not be eligible
- NP Resident Alien must have a Social Security Number. An ITIN is not eligible.
- If a NP Resident Alien is borrower with a US Citizen or a Permanent Resident Alien this is considered a lower risk situation
- All standards for determining stable monthly income, adequate credit history and sufficient liquid assets must be applied in the same manner to each borrower, including borrowers who are non-permanent resident aliens.
- Financing will be limited to Primary Residence or Second Home only. Investment property is not eligible.

This policy may be updated as needed pending changes made by the US Government and Fannie Mae or Freddie Mac policies.

### **Tax Transcripts**

Will be required on all borrowers that are not W2 wage earners.

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