

PURCHASE & RATE/TERM REFINANCE - FIXED RATE								
Occupancy		Max Loan Amount	Maximum LTV/CLTV, HCLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/Rental History	Reserves
Primary	1 Unit	\$726,200	95.01 - 97%*	620	AUS Approved Eligible - Up to 50% Maximum DTI	Refer to minimum cash investments	Evaluated by AUS	Refer to minimum reserves section for requirements
			95%	620				
Primary	2 Units	\$929,850	85%	620				
Primary	3 Units	\$1,123,900	75%	620				
Primary	4 Units	\$1,396,800	75%	620				

Alaska & Hawaii \$822,375

\*For LTVs 95.01 – 97% the following guidelines apply.

1. All Borrowers must occupy the property (non-occupant co-Borrowers not permitted for LTV ratios of 95.01 - 97%)
2. High Balance loans are not permitted for LTV/CLTV/HCLTV from 95.01 to 97%

MANUFACTURED HOMES			
Occupancy		Loan Purpose	Max LTV/CLTV/HCLTV
Primary	1 Unit	Purchase & Rate/Term Refinance	95%

CONVENTIONAL Underwriting Guidelines Requirements (Loan MUST be submitted through AUS)	
COLLATERAL	
Appraisal	Transferred or ported appraisals are permitted with proof the appraisals comply with Appraisal Independence Requirements (AIR). Re-use of an appraisal report is not permitted. HPML loans may require second appraisal. If the appraisal report is marked "subject-to" a final inspection 1004D will always be required, processor certifications will not be accepted in lieu of.
General	Property condition C5 or below is not eligible. Final condition rating must be C4 or better.
Manufactured Housing	Max 95% LTV. Single wide is limited to principal residence purchase and rate/term only.
Appraisal Waiver	Permitted. Follow FNMA Appraisal Waiver requirements. Not eligible for manufactured homes, 2-4 unit properties, TX Home Equity 50(a)(6) or 50(a)(6) Conversion, values of \$1M or greater, leaseholds, properties with resale restrictions, when satisfying construction financing, using rental income from the subject property to qualify, gifts of equity, or an appraisal has been obtained within 120 days of the note date.



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### COLLATERAL, continued

<b>Ineligible Properties</b>	Co-ops, On-frame modular construction, Boarding houses, Bed and Breakfast properties, properties that are not suitable for year-round occupancy regardless of location, Agricultural properties, such as farms or ranches, properties that are not readily accessible by roads that meet local standards, vacant land or land development properties, properties serviced by hauledwater, properties encumbered with Property Assessed Clean Energy (PACE) or Home Energy Renovation Opportunity (HERO) obligations, State-approved medical marijuana producing properties, properties with more than one dwelling unit where one or more of the units (includes accessory dwelling units) is a manufactured home, properties with water sourced by a river, properties located on Tribal Lands which include section 184, Hawaiian Properties located in Lava Zones 1 and 2. See complete ineligible property list in EPMCONV guidelines. (2 to 4 unit principal residence no condos allowed).
<b>Maximum Number of Financed Properties</b>	There is maximum limit of two financed properties (including the subject property) for HomeReady mortgage loans.
<b>Resale/Deed Restrictions</b>	Fannie Mae will purchase mortgages that are subject to one or more of the following types of resale restrictions (although some restrictions are likely to occur only in combination with others): income limits, age-related requirements (senior communities must comply with applicable laws), purchasers must be employed by the subsidy provider, principal residence requirements, properties that are group homes or that are principally used to serve disabled residents, and resale price limits. EPM accepts age-restricted properties. <b>Manufactured homes with age restrictions are not eligible unless they are located in a PERS-approved project.</b> Refer to the guidelines for eligible transaction types, products, occupancy, and properties.

### TYPES OF FINANCING

<b>Loan Purpose</b>	Purchase or Limited Cash-out Refinance; Homeownership Education may be required on Purchase transactions. 2nd Homes or investment properties are not eligible, must be primary residence only. All Borrowers must occupy the property.
<b>Down Payment Assistance</b>	Down payment assistance is allowed with EPM's approval of the agency providing the funds

### CREDIT

<b>Judgments/Liens</b>	Outstanding judgments and liens must be paid at or prior to loan closing. All outstanding debt owed to a state or the IRS for income or property tax must be paid off, at or prior to Closing, regardless of whether or not the debt has become an actual lien. All state and IRS tax liens on the subject property and other properties are required to be paid whether or not they currently affect title. No payment plans or subordination is allowed. Documentation of the satisfaction of these liabilities, along with verification of funds sufficient to satisfy these obligations must be obtained.
<b>Federal Income Tax Installment Agreements</b>	The monthly payment amount may be included as part of the Borrower's monthly debt obligations (in lieu of requiring payment in full) if no Federal Tax Lien has been filed against the Borrower. Refer to Conventional FNMA guidelines for additional requirements.
<b>Non-Occupant Co-Borrowers</b>	The non-occupant Borrower income flexibility allows a parent, or anyone else willing and financially able, to be a Borrower on the loan. Non-occupant Borrowers are permitted (to max 95% LTV in DU); Income considered as part of qualifying income and subject to income limits.



### INCOME

<b>Borrower Income Limits</b>	Income eligibility: HomeReady loans may not exceed 80% AMI for the property's location. (This includes properties in low income census tracts.) In determining whether a mortgage is eligible under the Borrower income limits, the lender must count the income from all of the Borrowers who will be listed on the mortgage note, to the extent that the income is considered in evaluating creditworthiness for the mortgage loan. For Income limits, see the link: <a href="https://homeready-eligibility.fanniemae.com/homeready/">https://homeready-eligibility.fanniemae.com/homeready/</a> .
<b>Unacceptable Types of Income</b>	Income based on trailing spouse income; Draw income; VA education benefits; Illegal income; Taxable income not listed on tax returns, any income that cannot be documented and/or verified; Passive income from partnerships and S corporations; Income that is not stable; and Grants.
<b>Residual Income</b>	Residual Income is required on HPML loans only.
<b>Non-Taxable Income</b>	Must verify and document source of income is non-taxable. Documentation includes award letters, policy agreements, account statements or any other documents that address the non-taxable status of the income. All disclosed, non-taxable income must be grossed-up even if not being used for qualification.
<b>Rental Income from Other Real Estate Owned</b>	Most recent signed federal income tax return required. Can use 12-month average from Schedule E for calculation. The full amount of the mortgage payment (PITIA) must be included in the Borrower's total monthly obligations when calculating the DTI ratio.
<b>Tax Return Transcripts</b>	When federal income tax information is used to document income for qualifying purposes, the lender may obtain transcripts of the applicable federal income tax documents directly from the IRS (or designee) by using IRS Form 4506-C. For example, the lender may obtain Tax Return Transcripts for Form 1040, 1040A or 1040EZ.
<b>Other Income</b>	1-unit Primary Residence only (not permitted for 2-4 Unit) - Boarder income (relatives or non-relatives): Up to 30% of qualifying income; documentation for at least 9 of the most recent 12 months (averaged over 12 months) and documentation of shared residency for the past 12 months. 1-Unit: Accessory dwelling units: Rental income may be considered in qualifying the Borrower per rental income guidelines. 2-4 Unit: Rental income may be used as qualifying income per rental income guidelines.
<b>Future Income</b>	Future earnings that exceed 20% of the Borrower(s) current income cannot be used for qualifying. Any recent pay increases that exceed 20% of the Borrower(s) current income must be documented with a current paystub and proof of deposit into the Borrower(s) bank account.

### ASSETS

<b>Gift Equity</b>	A gift or a gift of equity from a related person that does not have to be repaid is an eligible source.
<b>Borrower Contribution toward Down Payment</b>	Primary <80% LTV= None Primary >80% LTV = None Primary 2-4 Unit = \$0 for LTV/CLTV/HCLTV of 80% or less, 3% for LTV/CLTV/HCLTV > 80%
<b>Verification of Deposits</b>	Not permitted as standalone documentation – must be accompanied by computer printout or other statements directly from the banking institution.
<b>Business Assets</b>	Business Assets are allowed for down-payment; however, the Borrower must be the 100% owner of the Business. The effect on Borrower's business must be established by the underwriter.
<b>Custodial Accounts for Minors</b>	These accounts are not an allowable asset for down payment, closing costs or reserves. Accounts that are in a minor's 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.



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### GENERAL

<b>Desktop Underwriter</b>	<ul style="list-style-type: none"> <li>Based on the census tract and Borrower income, DU will notify users when a loan casefile appears to be eligible for HomeReady, but the lender has not underwritten the loan casefile as HomeReady. Resubmit the loan casefile as a HomeReady loan to obtain the appropriate HomeReady messaging. The Additional Data screen field will allow the lender to enter census tract information if DU is unable to geocode the property address.</li> <li>DU recommendation of Approve/Eligible required. DU will determine qualifying ratios and reserves.</li> <li>May be eligible in DU if at least one Borrower has traditional credit and contributes more than 50% of qualifying income.</li> <li>DU will notify users when a loan casefile appears to be eligible for HomeReady, but the lender has not underwritten the loan casefile as HomeReady. Resubmit the loan casefile as a HomeReady loan to obtain the appropriate HomeReady messaging.</li> </ul>
<b>Debt Ratios</b>	Per AUS findings, must receive Approve/Eligible.
<b>Age of Documents</b>	Must be <120 days old at time of closing. Appraisal must be <120 days old.
<b>Loan Terms Available</b>	10, 15, 20, & 30 Year Fixed
<b>Borrower Eligibility</b>	Permanent and Non-Permanent Resident Aliens allowed with supporting documentation. Foreign Nationals or Borrowers with Diplomatic Immunity are not eligible. 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.
<b>Escrows</b>	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. 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.
<b>Homeownership Education</b>	<p>At least one Borrower must complete homebuyer education when all Borrowers are first-time homebuyers, regardless of the LTV. Borrowers may:</p> <ul style="list-style-type: none"> <li>Complete the Framework homeownership education course (no fee) prior to closing at <a href="https://educate.frameworkhomeownership.org/">https://educate.frameworkhomeownership.org/</a>; or</li> <li>Receive housing advising from a HUD-approved nonprofit housing counseling agency, as evidenced by a signed Certificate of Completion of Pre-purchase Housing Counseling (Form 1017) prior to the Borrower signing a purchase contract.</li> <li>Homeownership education certificate or Form 1017 must be retained in the mortgage file.</li> </ul> <p>Framework's online education may not be appropriate for all potential home buyers. The presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (e.g., in-person classroom education, telephone conference call, etc.). In these situations, consumers should be directed to Framework's toll-free customer service line 1-855-659-2267, from which they can be directed to a HUD-approved counseling agency that can meet their needs. The counseling agency that handles the referral must provide a Certificate of Completion, and the lender must retain a copy of the certificate in the loan file.</p>
<b>Ineligible Programs</b>	Refi Plus, Homestyle/Homepath Renovations, HomeStyle Energy, Adjustable Rate and Interest Only Loan Programs
<b>Short Payoffs</b>	Ineligible. FNMA will NOT accept a refinance transaction where the loan EPM is paying off was a Short Payoff.



### GENERAL, continued

Metropolitan Statistical Areas (MSAs)	Go to <a href="https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx">https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx</a> to obtain the MSA# on the property. Update E360 MORNETPlus Community Lending screen as follows: 1) Check the Community Lending checkbox, 2) Enter the MSA#into the Metropolitan Statistical Area or County field, and 3) Select ""08 Home Ready"" from the dropdown list in the Fannie Mae's Community Lending Product field.																																			
Mortgage Insurance (MI)	MI may be financed up to the maximum LTV for the transaction, including the financed MI. (Minimum MI Coverage Option may be used with additional LLPA; the HomeReady LLPA waiver or cap does not apply). Refer to Mortgage Insurance Requirements below. EPM requires full files to be sent to one of our approved Mortgage Insurance providers to obtain the mortgage insurance certificate.																																			
Lender Paid Mortgage Insurance (LPMI)	EPM allows lender-purchased mortgage insurance (LPMI) coverage. <ul style="list-style-type: none"><li>• MI certificate must be obtained prior to clear to close.</li><li>• Full credit file needs to be submitted to MI Company.</li><li>• Lender Paid Disclosure Form must be provided to the Borrower.</li><li>• EPM must deliver the loan with Special Feature Code (SFC) 019.</li><li>• Lump-sum (single) premium plan that provides coverage for the life-of-the loan is required</li><li>• Mortgage insurance coverage must remain in effect until the mortgage is paid in full</li><li>• Use Program Codes C30FLPMI (Conforming) and H30FLPMI (High Balance)</li></ul>																																			
Mortgage Insurance Coverage Requirements	<p>The table below provides the mortgage insurance coverage requirements for HomeReady first-lien mortgages.EPM requires standard coverage for the transaction type.</p> <table><tr><th colspan="5">LTV Range</th></tr><tr><th>Transaction Type</th><th>80.01 – 85.00%</th><th>85.01-90.00%</th><th>90.01-95.00%</th><th>95.01-97.00%</th></tr><tr><td colspan="5">All property types other the standard manufactured homes</td></tr><tr><td>Fixed-rate, term ≤ 20 years</td><td>6%</td><td>12%</td><td>25%</td><td>25%</td></tr><tr><td>Fixed-rate, term &gt; 20 years</td><td>12%</td><td>25%</td><td>25%</td><td>25%</td></tr><tr><td colspan="5">Standard manufactured homes</td></tr><tr><td>Fixed-rate, any term</td><td>12%</td><td>25%</td><td>25%</td><td>Not Applicable</td></tr></table>	LTV Range					Transaction Type	80.01 – 85.00%	85.01-90.00%	90.01-95.00%	95.01-97.00%	All property types other the standard manufactured homes					Fixed-rate, term ≤ 20 years	6%	12%	25%	25%	Fixed-rate, term > 20 years	12%	25%	25%	25%	Standard manufactured homes					Fixed-rate, any term	12%	25%	25%	Not Applicable
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