

## Guidelines – Correspondent

Loan Program:

**30-Year Fixed Fannie Mae**  
**20-Year Fixed Fannie Mae**  
**15-Year Fixed Fannie Mae**

**(630)**  
**(620)**  
**(615)**

LTV Limits:

PURCHASE MORTGAGES						
Occupancy	Property Type <sup>②</sup>	Max LTV	Max TLTV	Max HLTVM	Loan Limits <sup>①</sup>	FICO Score <sup>③</sup>
Primary Residence	1 Unit	> 80 ≤ 95%	95%	95%	\$453,100	620
		≤ 80%	95%	95%	\$453,100	NA
	2 Unit	80%	80%	80%	\$580,150	
	3 - 4 Units	Ineligible				
Second Home	1 Unit	80%	80%	80%	\$453,100	NA
	2-4 Unit	Ineligible				
Investment & Non-Owner Occupied	1 – 4 Units	Ineligible				

- ① All conforming loan amounts must receive a DU<sup>®</sup> Approve. Loans receiving a Refer with Caution recommendation are ineligible.
- ② Refer to the condominium section for limitations on condominiums.
- ③ Loans requiring Mortgage insurance must exceed the minimum FICO Score listed.

“LIMITED CASH-OUT” REFINANCE MORTGAGES						
Occupancy	Property Type <sup>②</sup>	Max LTV	Max TLTV	Max HLTVM	Loan Limits	FICO Score
Primary Residence	1 Unit	80%	95%	95%	\$453,100	NA
	2 Unit	80%	80%	80%	\$580,150	
	3 - 4 Units	Ineligible				
Second Home	1 Unit	80%	80%	80%	\$453,100	NA
	2-4 Unit	Ineligible				
Investment & Non-Owner Occupied	1 – 4 Units	Ineligible				

CASH-OUT REFINANCE MORTGAGES (Less than 5 Financed Properties)						
Occupancy	Property Type <sup>②</sup>	Max LTV	Max TLTV	Max HLTVM	Loan Limits	FICO Score
Primary Residence	1 Unit	80%	80%	80%	\$453,100	NA
	2 Unit	75%	75%	75%	\$580,150	
	3 – 4 Units	Ineligible				
Second Home	1 Unit	75%	75%	75%	\$453,100	NA
	2-4 Unit	Ineligible				
Investment & Non-Owner Occupied	1 – 4 Units	Ineligible				

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### Underwriting Guidelines:

**Fannie Mae Desktop Underwriter® Approve/Eligible Rating Only.**

**Dollar Bank is a sponsoring lender on Fannie Mae’s Desktop Underwriter®. All conforming fixed rate loans must be assigned to Dollar Bank when submitting the file for underwriting.**

**Eligible Properties:**

- Single family, attached/detached
- 1-2 unit property
- Second Homes
- Warrantable Condos: Refer to condominium section below for unit / development characteristics, FICO Score requirement and limitations on LTV and TLTV.
- PUDs

3 – 4 Unit Properties, Investment Properties and Manufactured Homes are not permitted.

**Condominium Guidelines:**

Maximum loan amount permitted is the agency conforming maximum, which is currently \$453,100.

Condominium properties must meet the criteria for Fannie Mae’s **limited review**. Refer to Section B4-2.2 of the Fannie Mae Seller Guide to determine eligibility. Each correspondent/wholesale client is responsible for making these representations and warrants.

Condominium projects only meeting criteria for Fannie Mae’s full review are ineligible for sale to Dollar Bank.

Condominium projects in which the entire development has between 2 to 4 units are ineligible for sale to Dollar Bank.

		Limited Review	
Property Type		<ul style="list-style-type: none"> <li>• Primary Residence</li> <li>• Second Home</li> </ul>	
Project Review Type		Established Condominium <ul style="list-style-type: none"> <li>• At least 90% of the total units in the project have been conveyed to the unit purchasers</li> <li>• The project is 100% complete, including all units and common elements.</li> <li>• The project is not subject to additional phasing or annexation</li> <li>• Control of the homeowners association has been turned over to the unit owners.</li> </ul>	
Warrantability		<b>Correspondent Clients</b> (Clients that utilize their own funds or warehouse line to fund the loan).	<b>Broker Clients</b> (Clients in which Dollar Bank Table Funds the loan).
		Client must warrant that the condominium development meets the requirements for a FNMA limited review. A certificate or affidavit from a third party source or and underwriting level person for each client warranting project eligibility must be in each loan file.	All condominiums must meet the FNMA limited review requirements and a certificate from InterIsland Mortgage Corp. must be in each file demonstrating warrantability. To establish an account with InterIsland Mortgage Corp, phone 941-748-3087.

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**Condominium Guidelines (cont):**

Occupancy Type	Maximum LTV / TLTV / HLT/TV
Primary Residence	80% Purchase 80% Limited Cash Out Refinance 70% Cash Out Refinance
Second Home	70% Purchase 70% Limited Cash Out Refinance 60% Cash Out Refinance
Investment Property	Ineligible

**Seller Contributions:**

- May be used toward prepaids and/or closing costs.
- Seller Contributions are based on the lesser of property's sale price or appraised value.

Occupancy	Seller Contribution	LTV / TLTV
Primary Residence	6%	>75% & <=90%
	9%	<=75%
Second Home	Not Permitted	
Investment & Non-Owner Occupied	Ineligible Purpose	

**Appraisals:**

Each lender that sells loans to Dollar Bank must ensure that its origination appraisal practices conform to the requirements of Fannie Mae, Freddie Mac and comply with the revision to Regulation Z, the Appraisal Rule (published in the Federal Register on October 28, 2010) and the revised Interagency Appraisal and Evaluation Guidelines (published in the Federal Register on December 10, 2010) that were added as part of the Dodd-Frank Financial Reform Legislation.

**Warehouse or Self-Funding Clients:**

**Limitation on the use of a single appraisal company.** We will require the use of multiple appraisal companies. You may not submit loans appraised by any single appraisal company that exceeds 30% of your total production of loans submitted to Dollar Bank for underwriting. This will be closely monitored. When the amount exceeds 30%, the loan will be pended and a request for a new appraisal utilizing a different appraisal company will be made.

**Table Funded Clients:**

All lenders will be required to use the Appraisal Management Company directed by Dollar Bank to obtain an appraisal.

Loan Type	Appraisal
All loans including construction	One Full Appraisal

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### Down Payment Requirements and Gifts/Grants:

- Gifts/grants from an allowable Fannie Mae source are allowed on primary residences and second homes. Gifts may fund all or part of the down payment, closing costs, or financial reserves subject to minimum borrower requirements below.
- Acceptable Donors:
  - A relative, defined as the borrower’s spouse, child or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption or legal guardianship or a fiancé or domestic partner.
  - The donor may not have any affiliation with the builder, developer, real estate agent or any other interested party to the transaction.

LTV/CLTV/HTLTV	Property Type	Minimum Borrower Contribution Requirement
≤80%	1-4 Unit Primary Residence or Second Home	A minimum contribution from the borrower’s own funds is not required. All funds needed to complete the transaction can come from an allowable gift.
>80%	1 Unit Primary Residence	

### Subordinate Financing:

Loan to Value	LTV Calculation with Subordinate Financing
Total LTV (CLTV) Includes the sum of:	<ul style="list-style-type: none"> <li>• Unpaid principal balance of the first mortgage</li> <li>• Unpaid principal balances of all traditional subordinate financing, if any</li> <li>• Drawn-upon balance of a home equity line of credit from which the borrower has withdrawn funds.</li> </ul>
Home Equity Total LTV (HCLTV)	<ul style="list-style-type: none"> <li>• Includes the Un-drawn balance of a home equity line of credit</li> </ul>

### Private Mortgage Insurers

Upon approval of your lock-in, Dollar Bank will assign the mortgage insurance company we will accept as insurer on your loan by writing the mortgage insurance company’s name on the confirmation lock-in form. The correspondent will still obtain the mortgage insurance coverage.

### Mortgage Insurance Coverage:

LTV	21 - 30 Year Terms
80.01 - 85%	12
85.01 - 90%	25

### Mortgage Insurance Overlays:

Purchase loans only permitted for loans that require Mortgage Insurance.

LTV	Delegated Underwriting with MI Company	MI Company Underwrites the File	
Minimum Credit Score	650	620	
Max. DTI	Per DU <sup>®</sup>	Per DU <sup>®</sup>	
Min. Tradelines regardless of DU <sup>®</sup>	3 tradelines reported for the past 12 months	3 tradelines reported for the past 12 months	
Reserve Requirements	Per DU <sup>®</sup> Response	2 Months	Primary Purchase 1 Unit Primary Purchase

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**Mortgage Insurance Overlays:**

Purchase loans only permitted for loans that require Mortgage Insurance.

Properties Resold within 6 Months	Ineligible	Eligible
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**Debt Ratio:**

Loans ≤\$453,100	DTI Restriction
>80% LTV	Dictated by MI Guidelines
≤80% LTV	No restrictions with Approve/Eligible DU <sup>®</sup> findings

**FICO:**

Refer to purpose, LTV and loan amount matrices

**Reserves:**

Loans ≤ \$453,100	Reserves
Primary Residence	Dictated by Desktop Underwriter <sup>®</sup> Guidelines
Second Homes	Second homes – when subject property – 6 months PITI and on all other properties the following is required:  * Other financed properties <ol style="list-style-type: none"> <li>1. 2% of the aggregate UPB of total financed properties less than 4 properties</li> <li>2. 4% of the aggregate UPB of total financed Properties less than 4 to 6</li> <li>3. 6% of the aggregate UPB of total financed Properties greater than 6 to 10</li> </ol> * Can't have more than 10 financed properties
Investor & Non Owner Occupied	Ineligible Purpose

**Amortization Term:**

21 to 30 years	Fixed 30 FNMA (Product 630)
16 to 20 years	Fixed 20 FNMA (Product 620)
10 to 15 years	Fixed 15 FNMA (Product 615)

**Credit Underwriting:**

**Conforming Loan Amounts**

- Desktop Underwriter<sup>®</sup> must return a risk class of Approve/Eligible for this product.
- Loan cannot be manually underwritten.

**Escrow Waiver:**

<b>The waiver of an escrow/impound account must be approved by the Underwriting Department. (Please see rate sheet for the corresponding adjustment.)</b>	
Primary Residence	<ul style="list-style-type: none"> <li>• Maximum CLTV of 80%</li> </ul>
Second Home	<ul style="list-style-type: none"> <li>• Must verify reserves regardless of transaction type</li> </ul>
Investment Property / Non-Owner Occupied	<ul style="list-style-type: none"> <li>• Ineligible Purpose</li> </ul>

**Refinance Characteristics:**

Description	No Cash-Out Refinance	Cash-Out Refinance	
Maximum Cash Back	2% or \$2,000, whichever is less	Loans not requiring MI	No limit.
		Loans requiring MI	Not permitted.

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**Refinance  
Characteristics:**

Description	No Cash-Out Refinance	Cash-Out Refinance
Items that can be financed with new loan	Closing costs, financing costs and prepays.	Closing costs, financing costs and prepays.
Seasoning of Existing Mortgage	<ul style="list-style-type: none"> <li>Transaction must pay off an existing lien on the subject property</li> <li>Only subordinate liens used to purchase the property may be paid off with the new mortgage</li> <li>Property can't be currently listed for sale. It must be taken off of the market and borrowers must confirm their intent to occupy the subject property</li> <li>Cash back can't exceed the lesser of 2% or \$2,000.</li> </ul> <p>Payoff of a Refinance Mortgage: Refinances of liens that received cash-out and are less than 6 months prior to the date of application will be treated as cash out refinances and priced accordingly.</p>	<ul style="list-style-type: none"> <li>Transaction must pay off existing liens or be a new mortgage on a property with no liens showing on title</li> <li>Properties that were listed for sale must have been taken off the market on or before the disbursement date of the new mortgage loan.</li> <li>The property must have been purchased at least 6 months prior to the disbursement date of the new mortgage. This can be waived for a borrower who inherits or was legally awarded (by divorce, separation or dissolution of a domestic partnership) the subject property or if all of the delayed financing requirements defined below are met.</li> </ul> <p>Delayed financing requirements to be met are as follows if less than 6 months ownership:</p> <ul style="list-style-type: none"> <li>Original purchase was an arms length transaction</li> <li>Receipt of the settlement statement or title report verifying no mortgage on the property</li> <li>The source of funds used to purchase the property are documented</li> <li>If the source of funds was an unsecured loan or a loan secured by another asset, the new settlement statement must reflect that all cash out proceeds be used to pay off or pay down the loan used to purchase the property</li> <li>The new loan amount can be no more than the actual documented amount in purchasing the property plus the closing costs, prepaid fees and points on the new loan.</li> </ul> <p style="text-align: center;">Cash-out refinance must comply with the applicable LTV/TLTV/HTLV and all other requirements.</p>
Payoff of Subordinate/Junior Liens with Proceeds of New Loan	If the junior lien was used in its entirety to acquire the subject property and it can be documented in the mortgage file, it can be paid off from proceeds of the new loan.	Can be paid off from proceeds of new loan, regardless of seasoning

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**Refinance Characteristics:**

Description	No Cash-Out Refinance	Cash-Out Refinance
Remaining Subordinate/J unior Liens	Must be subordinated and Secondary Financing Requirements must be met.	Must be subordinated and Secondary Financing Requirements must be met.

**Property recently listed for sale:**

- Property currently listed for sale: Ineligible for Limited Cash Out or Cash-Out Refinance
- Property listed for sale are eligible for Limited Cash Out Refinance Only
- Properties listed for sale within six months of application are limited to cash out up to 70% LTV/CLTV/HCLTV.

**Eligible Borrower Types:**

- U.S. Citizens
- Permanent Resident Aliens
- Non-permanent Resident Aliens
- Non-Occupant Co-Borrowers are not permitted

**Limitations on Borrowers**

Primary Residence: No Limitations  
 Second Home: No more than 4 financed properties. Borrowers owning 4 properties or less must have 2 months PITI reserves for each property owned.  
 Borrowers owning 5 or more properties must have 6 months reserves for each property owned in addition to the requirements needed in the reserve requirements section for the subject property.  
 Investment Properties: ineligible.

**Income:**

Must be verified according to Fannie Mae Guidelines. Manual Underwrite requires full documentation.

**Documents:**

Note: FNMA 32xx. (State specific documents must be used where applicable.)  
**MERS documents are Permitted.** Dollar Bank will accept loans with the security instrument naming MERS as the Original Mortgagee (MOM) and Nominee for the Lender, its successors and assigns. The security instrument is required to be registered on the MERS System as a MOM loan and the Mortgage Identification Number (MIN) that is generated to be listed on the security instrument.  
 If the security instrument instead names the Correspondent Lender as the Mortgagee, we will either accept an Assignment that assigns the loan from the Correspondent Lender to Dollar Bank or an Assignment that assigns the loan from the Correspondent Lender to MERS with the Mortgage Identification Number (MIN) listed. Loans that are assigned to MERS must be registered in the MERS System as a Non-MOM loan.  
 Once the loan has been purchased by Dollar Bank, the **Investor** and **Servicer** are required to be transferred in the MERS System to Dollar Bank using our MERS Organization ID **1013683**. When the transfer is complete, please send an email to [correspondentlending@dollarbank.com](mailto:correspondentlending@dollarbank.com) with the batch number so we may confirm the transfer.