FNMA

Conforming and High Balance

Loan Purpose	Units	Max LTV/CLTV	FICO [1]
Primary Residence			
Purchase or Limited Cash-Out	1	Fixed 97 [2, 3, 4]	620 or AUS
	Manufactured	95	
	2	85	
	3-4	75	
Cash-Out	1	80	
	Manufactured Term <20 years	65	
	2-4	75	
Second Homes			
Purchase or Limited Cash-Out	1	90	620 or AUS
	Manufactured	90	
Cash-Out	1	75	
Investment Property			
Purchase	1	85	620 or AUS
	2-4	75	
Limited Cash-Out	1-4	75	
Cash-Out	1	75	
	2-4	70	

2023 Maximum Loan Limits

Property Type	Conforming Loan Limits	High Balance Loan Limits
1 Unit	$726,200	$1,089,300
2 Unit	$929,850	$1,394,775
3 Unit	$1,123,900	$1,685,850
4 Unit	$1,396,800	$2,095,200

Mortgage Insurance

	Loan Term	
LTV	25, 30 YR, MFH, ARMs	10, 15, 20 yr
80.01-85	12	6
85.01-90	25	12
95.01-97	35	35

[1] Minimum eligibility FICO when more than 1 borrower is present is based on the average mid scores. Average calculated eligibility score must be > 620.
*Note: Loan pricing and MI pricing will be determined by the lowest mid score rather than the eligibility score.
[2] Please refer to 95.01 -97% LTV requirement section for qualification.
[3] 105% CLTV Ratio allowed only if the loan is part of a Community Second transaction
[4] High Balane or transactions with non-occupant co-borrowers are limited to 95% LTV/CLTV.

Quick Reference	
Temporary Interest Rate Buydown	Allowed subject to the following: • 2/1 buydown allowed. Max total interest rate reduction of 2%, max increase per year of 1% • Maximum 3 years to reach standard note rate • Minimum 660 FICO • Owner Occupied and Second Home only • Purchase and Rate/Term Refinance only • Fixed rate and ARMs • Manufactured Homes are ineligible • Must qualify at the standard note rate without benefit of the buydown • When the source of the buydown funds is an interested party to the property sale or purchase transaction, FNMA’s interested-party contribution limits apply. • Must meet all other applicable FNMA requirements, including but not limited to qualification, documentation of buydown, and funding of buydown.

95.01% to 97% LTV Requirements	
95.01-97% LTV	Must meet the following: • Must be Fixed Rate up to 30 years • 1 unit Primary Residence only. Manufactured not allowed. • Purchase ◦ at least one borrower must be a first-time home buyer, as indicated on 1003 declarations reflecting "No" to ownership interest in a property in the last three years. ◦ if all borrowers are first-time homebuyers, homeownership education is required. • Limited Cash-Out Must document that the existing loan being refinanced is owned by FNMA.
Loan Purpose	
Loan Purpose: Rate & Term Refinance	• **Limited Cash-Out/Rate & Term Refinance** o RT to buy out owner's interest: Written agreement must be legible and signed/dated prior to or at application. All other FNMA requirements must be met. o **31 days seasoning** required from prior **Note date to new loan application date** if the loan being paid off was done as a **Cash-Out transaction within 30 days of existing note** o Proceeds can be used to pay off Non-delinquent real estate taxes o Proceeds can be used to pay off a first mortgage lien o Proceeds can be used to pay off any junior liens related to the purchase of the subject property o For two-closing construction-to-permanent loans, to pay off an existing construction loan and documented construction cost overruns that were incurred outside of the interim construction financing. (These construction cost overruns must be paid directly to the builder at closing.) o Pay related closing costs and prepaid items o Disburse cash out to the Borrower in an amount not to exceed 2% of the new Mortgage or $2,000, whichever is less.

Loan Purpose: Cash-Out	• The transaction must be used to pay off existing mortgage loans by obtaining a new first mortgage secured by the same property, or be a new mortgage on a property that does not have a mortgage lien against it (the borrower owns the property free and clear at the time of refinance). • If an existing first mortgage is being paid off through the transaction, it must be **at least 12 months** old at the time of refinance, as measured by the **note date of the existing loan to the note date of the new loan**. This requirement does not apply: o to any existing subordinate liens being paid off through the transaction, or o when buying out a co-owner pursuant to a legal agreement. • At least one borrower must have been on title for at least for six months prior to the disbursement date of the new loan. • If the DTI ratio exceeds 45%, six months reserves is required. • Properties that were listed for sale must have been taken off the market on or before the disbursement date of the new mortgage loan. • Proceeds can be used to pay off delinquent taxes
Credit Requirements	
Age of Documents	• For new and existing construction, credit documents must be no more than 4 months old on the date the note is signed, including credit reports and employment, income and asset documents • 90 days Title All items are measured from Note Date
Average Eligibility Score for Multiple Borrowers	• DU's average median credit score will only be used in the eligibility assessment for standard FNMA Programs. RefiNow loans are excluded. • Average eligibility is calculated by adding the mid scores for all borrowers and dividing the resulting total of the mid scores by the number of borrowers • Average calculated eligibility score must be great than or equal to 620 • Loan pricing and MI pricing will be determine by the lowest mid score rather than the eligibility score
Borrower Eligibility	Eligible Borrowers: Must have legal residency and valid Social Security Number • US Citizens, Permanent Residents and Non Permanent Resident Aliens • DACA recipients are eligible with proof of legal status, including but not limited to a valid Employment Authorization Document card. • Inter-Vivos Revocable Trusts Ineligible Borrowers: • Foreign Nationals • Limited and General Partnerships • Irrevocable Trusts • ITIN borrowers
Contingent Liabilities	Debts Paid by Others • Non-Mortgage Debt - 12months canceled checks or bank statements from the other party making the payments that document a 12 month payment history with no delinquency. The party does not have to be obligated to the non-mortgage debt.
	• Mortgage debt - may be excluded if the party making the payments is obligated on the mortgage debt, No delinquencies in the most recent 12 months and the borrower is not using rental income from the applicable property to qualify
Credit Refresh / Soft Pull	Required within 10 calendar days of Note date. Any additional inquiries found on soft pull must be addressed by borrower.

Credit Requirements Continued	
Debt Paid By Borrower's Business	The account payment does not need to be considered as part of the borrower's DTI ratio if: • The account in question does not have a history of delinquency, • The business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months of canceled company checks), and • Tax returns show that cash flow analysis of the business took payment of the obligation into consideration.
Derogatory Credit	Per DU
DTI	Per DU
Federal Income Tax Installment Agreements	The debt may include the monthly payment amount in liabilities (in lieu of requiring payment in full) if: • There is no indication that a Notice of Federal Tax Lien has been filed against the borrower in the county in which the subject property is located. • The lender obtains the following documentation: o an approved IRS installment agreement with the terms of repayment, including the monthly payment amount and total amount due; and o evidence the borrower is current on the payments associated with the tax installment plan. Acceptable evidence includes the most recent payment reminder from the IRS, reflecting the last payment amount and date and the next payment amount owed and due date. At least one payment must have been made prior to closing.
Homebuyer Education	• To meet the homeownership education requirements, borrowers must complete an online education program that is aligned with the National Industry Standards(NIS) for Homeownership Education and Counseling or with HUD Housing Counseling program, or provided by a HUD-approved Counseling agency. • FNMA's Framework Homeownership program continues to be an acceptable option.
Non-Occupant CoBorrower	If the income of Non-Occupant borrower is being used to qualify, the max LTV may not exceed 95%.
Open-End or 30 day Accounts	• Does not require to be included in the DTI. Must verify borrower funds to cover the account balance. The verified funds must be in addition to any funds required for closing costs and reserves. • If the borrower paid off the account balance prior to closing, provide proof of payoff in lieu of verifying funds to cover the account balance. • For transactions that do not require the verification of reserves, the balance of 30–day charge accounts in the Reserves Required to be Verified amount in DU will be reduced by any cash out the borrower will receive through the transaction.
Refinance of Payment Deferral due to COVID-19	Rate & Term: Refinance of an existing loan with payment deferral(s) due to COVID-19 as a 2nd lien is allowed. It does not have to be treated as a Cash-Out transaction. The payment deferral or 2nd lien must only be due to a deferral of the 1st lien.
Student Loan Calculation	•If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment, determine the qualifying monthly payment using one of the options below. • If the borrower is on an income-driven payment plan, obtain student loan documentation to verify the actual monthly payment is $0 to qualify the borrower with a $0 payment. • For deferred loans or loans in forbearance, the lender may calculate o a payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or o a fully amortizing payment using the documented loan repayment terms.

<table>
<tr><th colspan="4">Income / Assets</th></tr>
<tr><td>Amended Tax Returns Overlay</td><td colspan="3">• Amended tax return must be filed before loan application date. An income increase of 20% or more from the original return will not be allowed or subject to management approval.</td></tr>
<tr><td>Assets</td><td colspan="3">Per DU. Source any single large deposits that exceeds 50% of the total monthly qualifying income for Purchase transactions.</td></tr>
<tr><td>Rental Income</td><td colspan="3">Follow FNMA Selling Guide.</td></tr>
<tr><td rowspan="5">Rental Income for 2-4 unit Principal or 1-4 unit Subject</td><td colspan="3">The below chart is used to determine the amount of rental income from subject property that can be used for qualifying purposes when the borrower is purchasing or refinancing a 2-4 unit principal residence or 1-4 unit investment property</td></tr>
<tr><td></td><td>If the borrower…</td><td>Then for qualifying purposes…</td></tr>
<tr><td></td><td>• currently owns a principal residence (or has a current housing expense), and
• has at least a one-year history of receiving rental income or documented property management experience</td><td>• there is no restriction on the amount of rental income that can be used.</td></tr>
<tr><td></td><td>• currently owns a principal residence (or has a current housing expense), and
• has less than one-year history of receiving</td><td>• for a principal residence, rental income in an amount not exceeding PITIA of the subject can be added to the borrower’s gross income, or
• for an investment property, rental income can only be used to offset the PITIA of the subject property</td></tr>
<tr><td></td><td>• does not own a principal residence, and
• does not have a current housing expense</td><td>• rental income from the subject property cannot be used.</td></tr>
<tr><td>Reserves</td><td colspan="3">• Per AUS
• If the borrower owns other financed properties, additional reserves must be calculated and documented for financed properties other than the subject property and the borrower’s principal residence. The other financed properties reserves amount must be determined by applying a specific percentage to the aggregate of the outstanding unpaid principal balance (UPB) for mortgages and HELOCs on these other financed properties. The percentages are based on the number of financed properties:
o 2% of the aggregate UPB if the borrower has one to four financed properties,
o 4% of the aggregate UPB if the borrower has five to six financed properties, or
o 6% of the aggregate UPB if the borrower has seven to ten financed properties (DU only).
• The aggregate UPB calculation does not include the mortgages and HELOCs that are on the subject property, the borrower’s principal residence, properties that are sold or pending sale, and accounts that will be paid by closing (or omitted in DU on the online loan application).</td></tr>
<tr><td>Tax Transcripts</td><td colspan="3">• All loans require a signed 4506-C form. Additional 4506-C form is required to be signed by Borrower's LLC, S-Corp or Corporation Name and EIN
• Tax Transcripts are required for:
o Self-employed borrowers
o Borrower employed by family member
o Using rental income to qualify per tax returns
o Relationship between the parties</td></tr>
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<table>
<tr><th colspan="2">Property</th></tr>
<tr><td>Appraisal Requirements</td><td>• Transferred Appraisal Accepted
• FNMA SSR score on Appraisal must be 4.9 or below. A FNMA SSR score of 5 is not acceptable.
• Appraisal Waiver accepted per DU except for the following:
o Two- to four-unit properties;
o Leasehold properties;
o Community land trusts or other properties with resale restrictions, which include loans using the Affordable LTV feature;
o Manufactured homes
o Transactions using gifts of equity;
o Texas Section 50(a)(6) loans.
o Using rental income from the subject property to qualify the borrower</td></tr>
<tr><td>Condominiums</td><td>• See B4-2 Project Standards in FNMA's Seller Guide or https://www.fanniemae.com/singlefamily/project-eligibility for complete details on condos.
• FNMA to FNMA rate and term refinances up to 80% LTV may be eligible for a waiver of the project eligibility review.
o Documentation confirming refinanced loan was owned by Fannie Mae is required.
o Condo type V required.
o See B4-2.1-02 Waiver of Project Review for additional information.
• Limited Review allowed in accordance with Fannie Mae Guidelines, including NOO up to 75% LTV/CLTV/HCLTV
• Projects in which the HOA is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project are ineligible.
• Projects with pending litigation that involves minor matters with no impact on the safety, structural soundness, habitability, or functional use of the project, may be eligible if the litigation meets Fannie Mae's requirements for minor matters. See FNMA Selling Guide Section B4-2.1-03 for details.</td></tr>
<tr><td>Limited Condo Review Eligibility</td><td>Maximum LTV/CLTV Ratios Eligible for Limited Review. Full Condo Review Required for LTV over the maximum listed below.
<table>
<tr><th>Occupancy Type</th><th>Projects Not located in Florida</th><th>Projects located in Florida</th></tr>
<tr><td>Primary Residence</td><td>90%</td><td>75/90</td></tr>
<tr><td>Second Home</td><td>75%</td><td>70/75</td></tr>
<tr><td>Investment Property</td><td>75%</td><td>70/75</td></tr>
</table></td></tr>
<tr><td>Escrow Accounts / Impounds</td><td>Required if LTV is > 90% in CA or > 80% in all other states.</td></tr>
<tr><td>DPA</td><td>• Allowed per FNMA guidelines.</td></tr>
<tr><td>Escrow Holdbacks</td><td>Not Allowed</td></tr>
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Property Continued	
Ineligible Properties	• No Land Trusts, Indian Leased Land, Vacant land • Property Condition rating C6 and/or Quality condition Q6 • Non-Warrantable Condo, Condo-tels, Co-Ops, Manufactured Condos • Commercial Property, Boarding houses, Bed and Breakfast • Working Farms • One Time Close Construction to Perm Loans • See FNMA Selling Guide for complete list
Manufactured Homes	• Primary Residence and Second Home Only • Fixed Rate, Fee Simple Only • Property must not be located in a deed restricted area including restrictions for age and income • HUD Data Plates (Paper Certification located on the interior of the property) or IBTS Verification • Built on or after June 15, 1976 • Built on a permanent chassis in compliance with the applicable Manufactured Homes (HUD Codes) in effect as of the date the Manufactured Home was constructed. • Must be at least 12 feet wide (single-wide not allowed) and have a minimum of 600 square feet of gross living area. • Must be legally classified as real property; it must be a 1-unit dwelling that is permanently affixed to a permanent foundation • Manufactured Condos not allowed • Flood insurance required for properties in flood zone • Manufactured home must be on original site, relocated homes are not permitted • HUD Certification Labels (metal plates attached) or IBTS Verification if not attached to the property • New Construction will require a Structural Engineer's report to show that the property is designed to be used as a dwelling with permanent foundation and meets HUD requirements • Additions to the property are not permitted if the addition was to add GLA or if there were structural changes to the home (additions such as decks and green rooms without structural changes to the property may be accepted) • Borrower must own the land on which the home is located • Affidavit of Affixture (or its equivalent) to evidence property is classified and taxed as real property
Manufactured Homes Refinance	Limited Cash-out Refinance: The maximum LTV ratio (and CLTV ratio, if applicable) for a limited cash-out refinance transaction for a loan secured by a manufactured home and land will be based on the lower of: • the current appraised value of the manufactured home and land; or • if the manufactured home was owned by the borrower for less than 12 months on the loan application date and: o if the home and land are secured by separate liens, the lowest price at which the home was previously sold during that 12-month period plus the lower of the current appraised value of the land, or the lowest sales price at which the land was sold during that 12-month period (if there was such a sale); o if the home and land are secured by a single lien, the lowest price at which the home and land were previously sold during that 12-month period.
	Cash Out: • The property must be a multi-width manufactured home. • The borrower must have owned both the manufactured home and land for at least 12 months preceding the date of the loan application. The LTV, CLTV, and HCLTV ratios will be based on the current appraised value of the manufactured home and land.
Max Financed Properties	• Subject is Primary - Unlimited financed properties • Subject is 2nd Home and Investment - 10 Financed Properties including subject property

Property Continued	
Properties Listed for Sale / Listing History	Cash Out and Rate/Term Transactions: Property must be taken off the market prior to application date and borrowers must confirm the intent to occupy for (primary residence)
State Restrictions	Please see our approved License States
Texas R/T and Cash Out	• Max Loan Amount $647,200 • Max 80% LTV/CLTV, 1 unit Principal residences and claimed as Borrower's homestead • Copy of the current mortgage or Note is required to determine previous terms are not subject to Texas 50 (a)(6). • 12 month seasoning required. • Max 10 acres • Maximum 2% fee limitation for all closing costs, fees and charges A Texas (a)(6) loan may not close until: o 12 days after the borrower submits the loan application or all borrower sign the 12 day notice, whichever is later o 1 day after the borrowers receives a copy of the Initial Closing Disclosure o 12 months seasoning of the existing Texas (a)(6) loan
Texas 50(a)(4)	The TX (a)(6) loan being refinanced must be seasoned at least 12 months • No Cash out allowed • Max 80% LTV/CLTV • Borrower/s affidavit acknowledging the refinance of their Texas (a)(6) loan to a no-cashout Texas(a)(4) refinance loan provided no later than 3 business days after the date of application is received AND at least 12 days before loan closing.