

## Fannie Direct Overlay and Fact Sheet

<b>Fannie Direct Wholesale &amp; Non-Delegated Correspondent</b>	<b>Fixed</b> 18030—30 Year FRM 18030M – 30 Year FRM Manual 18015—15 Year FRM	<b>ARM</b> 18003/1 — 3/1 ARM 18005/1 — 5/1 ARM 18007/1 — 7/1 ARM 18010/1 — 10/1 ARM	<b>LPMI</b> 18030LPMI 18015LPMI	<b>Multiple Financed Properties</b> 18030MFP 18015MFP
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Any guideline not specifically covered in this document can be located in the Fannie Mae Selling Guide [Click Here](#)

Occupancy	Loan Type	Property Type	Min Fico	LTV/CLTV/HCLTV	DTI (Per AUS up to)	AUS Requirement
Owner Occupied	Purchase & Rate/Term	SFR, Condo*, PUD & Townhouse	620	97.00% FRM <sup>(1) (2)</sup> 95.00% ARM	50%	DU Approve/Eligible
		2 Unit		85% Fixed/ARM		
		3-4 Unit		75% Fixed/ARM		
	Cash Out Refinance	SFR, Condo*, PUD & Townhouse		80% Fixed/ARM		
2-4 Units		75% Fixed/ARM				
Second Home	Purchase & Rate/Term	SFR, Condo*, PUD & Townhouse		90% Fixed/ARM		
	Cash Out Refinance	SFR, Condo*, PUD & Townhouse		75% Fixed/ARM		
Investment	Purchase	SFR, Condo*, PUD & Townhouse		85% Fixed/ARM <sup>(3)</sup>		
		2-4 Units		75% Fixed/ARM		
	Rate/Term Refinance	1-4 Units, Condo*, PUD & Townhouse		75% Fixed/ARM		
	Cash Out Refinance	SFR, Condo*, PUD & Townhouse	75% Fixed/ARM			
		2-4 Units	70% Fixed/ARM			
<b>Minimum Loan Amount: \$50,000</b> <b>Maximum Loan Amount: FNMA Loan / County Limits</b>  (1) CLTV can be up to 105% if the subordinate lien is a Community Second Loan (2) 95.01-97% LTV/CLTV: Not Eligible for High Balance loan limits <b>or ARMS</b>						
*All condominiums must be FNMA Warrantable						

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Manufactured Housing			
DU Approve/Eligible Version 10.2 Eligibility Matrix – FRM Only			
Owner Occupied			
Purchase Limited Cash-Out Refinance	1 Unit	90% FRM/ARM	620
Cash-Out		65% Term ≤ 20 years	620
Second Home			
Purchase Limited Cash-Out Refinance	1 Unit	80% FRM/ARM	620

Manual Underwrite						
Owner Occupied						
Transaction	Property Type	Maximum LTV/CLTV/HCLTV	Maximum DTI ≤36%		Maximum DTI ≤45%	
			Credit Score / LTV	Minimum Reserves	Credit Score /LTV	Minimum Reserves
Purchase Limited Cash-Out Refinance	1 Unit (1)	FRM/ARM: 95%	FRM/ARM: 680 if > 75% FRM: 620 if ≤ 75% ARM: 640 if ≤ 75%	0	700 if > 75% 640 if ≤ 75%	0
			660 if > 75%	6	FRM: 680 if > 75% FRM: 620 if ≤ 75% ARM: 680 if > 75%	2
	2 Units	FRM/ARM: 85%	680 if > 75% 640 if ≤ 75%	6	700 if > 75% 660 if ≤ 75%	6
					680 if > 75% 640 if ≤ 75%	12

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Purchase Limited Cash-Out Refinance	3-4 Units	FRM/ARM: 75%	660	6	680	6
					660	12
Cash-Out Refinance	1 Unit (1)	FRM/ARM: 80%	680 if > 75%	0	700 if > 75%	0
			660 if ≤ 75%		680 if ≤ 75%	
	2-4 Units	FRM/ARM: 75%	660 if > 75%	6	680 if > 75%	2
			640 if ≤ 75%		660 if ≤ 75%	
<b>Second Home</b>						
Transaction	Property Type	Maximum LTV/CLTV/HCLTV	Maximum DTI ≤36%		Maximum DTI ≤45%	
			Credit Score / LTV	Minimum Reserves	Credit Score / LTV	Minimum Reserves
Purchase Limited Cash-Out Refinance	1 Unit (1)	FRM/ARM: 80%	680 if > 75%	2	700 if > 75%	2
			640 if ≤ 75%		660 if ≤ 75%	
Cash-Out Refinance	1 Unit (1)	FRM/ARM: 75%	680	2	680 if > 75%	12
					640 if ≤ 75%	
Cash-Out Refinance	1 Unit (1)	FRM/ARM: 75%	680	2	700	2
					680	12
<b>Investment Property</b>						
Transaction	Property Type	Maximum LTV/CLTV/HCLTV	Maximum DTI ≤36%		Maximum DTI ≤45%	
			Credit Score / LTV	Minimum Reserves	Credit Score / LTV	Minimum Reserves
Purchase	1 Unit (1)	FRM/ARM: 80%	680 if > 75%	6	700 if > 75%	6
			640 if ≤ 75%		680 if > 75%	
	2-4 Units	FRM/ARM: 75%	660	6	680 if > 75%	12
					640 if ≤ 75%	
					680	6
					660	12

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Limited Cash-Out Refinance	1 Unit (1)	FRM/ARM: 75%	660	6	680	6
					660	12
	2-4 Units	FRM/ARM: 75%	680	6	700	6
					680	12
Cash-Out Refinance	1 Unit (1)	FRM/ARM: 75%	700	6	720	6
					700	12
	2-4 Units	FRM/ARM: 70%	700	6	720	6
					700	12
(1) SFR, PUD, Condo and 1-Units Only—Manufactured Housing is not eligible for manual underwriting or as an Investment Property						

<b>AUS</b>	<ul style="list-style-type: none"> <li>• Desktop Underwriter (DU) "Approve/Eligible Only</li> <li>• Manual Underwriting Allowed—Refer to WBC Manual Underwriting Matrix for LTV/credit score/reserve requirements</li> </ul>
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>• Credit documents must be no more than <b>120</b> days old on the date the note is signed, including credit reports and employment, income and asset documents</li> <li>• Preliminary Title Policies must be no more than <b>120</b> days old on the date the note is signed</li> </ul>
<b>Appraisals</b>	<ul style="list-style-type: none"> <li>• Appraisal transfers are allowed</li> <li>• Property Inspection Waiver (PIW), eligible</li> <li>• Recertification of values in accordance with Fannie Mae guidelines are acceptable</li> <li>• High-Balance—Field review is required for properties valued at \$1,000,000 or more with LTV, CLTV or HCLTV above 75%</li> <li>• <b>Manufactured Home—(Internal) Desk Review ordered through Approved AMC on all transactions with LTV's exceeding 80%</b></li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• Follow DU Findings</li> <li>• Manual Underwriting – Refer to WBC Manual Underwriting Matrix</li> <li>• For additional reserve requirements, refer to 'Reserve Requirement' Section</li> </ul>
<b>Borrower Eligibility</b>	<p><u>Eligible Borrower</u></p> <ul style="list-style-type: none"> <li>• All borrowers must have a social security number</li> <li>• U.S. citizens</li> <li>• Permanent resident aliens, with proof of lawful permanent residence</li> <li>• Non-permanent resident alien:  <i>The following are acceptable visa classifications:</i>            A Series (A-1, A-2, A-3); E Series (E-1, E-2) Treaty Trader; G series (G-1, G-2, G-3, G-4, G-5); H-1, Temporary Worker; L-1, Intra-Company Transferee           <ul style="list-style-type: none"> <li>• TN, NAFTA visa I-797 documents can be utilized in lieu of a VISA if it meets the following criteria—I-797 evidences an approval for an acceptable VISA class</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>• Employment Authorization Documents are permitted as long as the meet the following criteria:</li> <li>• If the borrower has &lt;2 years within the US, a copy of a Passport used to enter the country and a copy of the I-94 issued by the USCIS are required.</li> <li>• If the borrower has &gt; 2 years within the US, a copy of the current and previous EAD cards are required.</li> <li>• Non-permanent residents must be employed in the U.S. if income is used to qualify</li> </ul> <p><u>Ineligible Borrower</u></p> <ul style="list-style-type: none"> <li>• Loans to non-citizens who have been granted political asylum</li> <li>• An individual classified under Diplomatic Immunity, Temporary Protected Status, Deferred Enforced</li> <li>• ITIN's</li> <li>• Foreign Nationals</li> </ul>		
<b>Condos</b>	<ul style="list-style-type: none"> <li>• Any project (condo, or PUD) for which the homeowners' association is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation must meet all requirements per FNMA guidelines.</li> </ul> <p>Refer to <a href="#">B4-2.1-03: Ineligible Projects (6/5/2018)</a></p>		
<b>Debt-to-Income (DTI)</b>	<ul style="list-style-type: none"> <li>• Follow DU or Fannie Mae Manual Underwriting guidelines</li> </ul>		
<b>Derogatory Credit</b>	<b>Derogatory Event</b>	<b>DU Waiting Period</b>	<b>With Extenuating Circumstance (1)</b>
	BK Chapter 7-11	4 years	2 years DU Approve/Eligible required
	BK Chapter 13	2 years from discharge date 4 years from dismissal date	2 years DU Approve/Eligible required
	Multiple BKs	5 years if more than one filing within the past 7 years	<b>Not eligible</b>
	Foreclosure (2)	7 Years	3 years DU Approve/Eligible required O/O Purch/Limited cash-out refinance;90% Max LTV
	Deed-in-lieu, Pre-foreclosure, Short Sale, Mortgage Debt Charge Off	4 years	2 years DU Approve/Eligible required
<p><b>(1) Second Level Review required by Corporate Underwriting or Operations Management</b></p> <p>(2) When both a bankruptcy and foreclosure are disclosed on the loan application, or when both appear on the credit report, the lender may apply the bankruptcy waiting period if the lender obtains the appropriate documentation to verify that the mortgage loan in question was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting period must be applied.</p>			

<b>Documentation</b>	<ul style="list-style-type: none"> <li>• Determined by AUS</li> <li>• Manual Underwrite—Full Documentation, NO DU waivers</li> </ul>
<b>Down Payment Assistance</b>	<ul style="list-style-type: none"> <li>• Employer Assistance <a href="#">FNMA B3-4.3-08 Employer Assistance DPA</a></li> <li>• Community Seconds <a href="#">FNMA B5-5.1-02 Community Seconds</a></li> </ul>
<b>Employment/Income Verification</b>	<ul style="list-style-type: none"> <li>• Follow DU for applicable documentation requirements</li> <li>• All “other” income sources—Refer to <a href="#">B3-3.1-09: FNMA Other Sources of Income (07/25/2017)</a></li> </ul> <p><b>Projected (future) Income</b></p> <ul style="list-style-type: none"> <li>• Owner Occupied, purchase ONLY</li> <li>• Contract for future employment must be included in at submission</li> <li>• Documented history of employment in the same field, regardless of DU findings-2 year minimum</li> <li>• Borrower’s offer or contract for future employment, must include income documentation; prior to closing WBC must obtain:             <ul style="list-style-type: none"> <li>○ VVOE</li> <li>○ Confirmation that borrower has started their position</li> </ul> </li> <li>• Paystub must be provided after closing, no later than 15 days, and must support income utilized to qualify</li> <li>• DU Only-Manual Underwriting not eligible</li> </ul>
<b>Escrow Holdbacks</b>	Not Eligible
<b>Escrow Waivers</b>	Per applicable state law
<b>Fico</b>	<p><b>Acceptable Credit:</b></p> <ul style="list-style-type: none"> <li>• No valid credit scores (see criteria for Non Traditional Credit Section below)</li> <li>• Only One (1) borrower has a valid credit score</li> </ul> <p><b>Non Traditional Credit Acceptable As Follows:</b></p> <p>Must Meet all criteria as outlined in FNMA Guidelines with any applicable subsections, See <a href="#">B3-5.4-01: Eligibility Requirements for Loans with Nontraditional Credit (12/19/2017)</a>. In Addition, borrowers utilizing nontraditional credit which are subject to documentation per FNMA Guidelines, must meet the following overlay requirements:</p> <ul style="list-style-type: none"> <li>• Purchase and Rate / Term Refinances Only</li> <li>• 1 unit SFR, Condo or PUD Principal Residence only</li> <li>• Maximum LTV is 70%</li> <li>• Maximum DTI is 36%</li> </ul>

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<b>Manufactured Housing</b>	<p>Must meet Fannie Mae’s definition of a manufactured home refer to <a href="#">B2-3-02: Special Property Eligibility and Underwriting Considerations: Factory-Built Housing (06/05/2018)</a></p> <p>WBC will follow Fannie Mae guidelines with the exception of the following overlays:</p> <ul style="list-style-type: none"> <li>• Investment properties—Not Eligible</li> <li>• Single Wide—Not Eligible</li> <li>• <b>Condo and PUD projects are not eligible unless the project is PERS Approved.</b></li> <li>• WBC will accept a verification letter from the Institute for Building and Technology and Safety (<a href="#">IBTS</a>) in lieu of the original HUD Certification Label.</li> <li>• Property must be attached to a permanent foundation system in accordance with the manufacturer’s requirements for anchoring, support, stability, and maintenance. WBC will not accept a property “subject to” the installation of the unit to a permanent foundation</li> <li>• <b>Manufactured homes that have an addition or have had a structural modification must meet FNMA requirements</b></li> <li>• <b>Maximum acres—20</b></li> </ul>
<b>Ineligible Programs</b>	<ul style="list-style-type: none"> <li>• Mortgage Credit Certificate (MCC)</li> <li>• Property Assessed Clean Energy (PACE)</li> <li>• Home Style® Renovation Mortgage</li> <li>• Community Solutions</li> <li>• Community Home Choice</li> <li>• Native American Conventional Lending Initiative (NACLI)</li> <li>• My Community Mortgage</li> </ul>
<b>Minimum Loan Amount</b>	<b>\$50,000</b>
<b>Mortgage Insurance</b>	Acceptable Mortgage Insurance Companies refer to Western Bancorp Selling Guide
<b>Multiple Financed Properties</b>	Refer to <a href="#">B2-2-03: FNMA Multiple Financed Properties for the Same Borrower</a> - <i>for additional credit score and reserve requirements</i>

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<b>Property Types</b>	<u>Eligible Properties:</u> <ul style="list-style-type: none"> <li>• Single Family</li> <li>• PUD</li> <li>• 2-4 Units</li> <li>• Condominium - Warrantable</li> <li>• Manufactured Housing (<i>refer to specific topic for additional restrictions and overlays</i>)</li> <li>• Recently converted 2-4 Unit condo projects (TIC Conversion)</li> <li>• Modular Home</li> <li>• Rural Properties (in accordance with Fannie Mae Guidelines, loans must be residential in nature)</li> <li>• Leaseholds</li> </ul>	<u>Ineligible Properties</u> <ul style="list-style-type: none"> <li>• Mobile Homes</li> <li>• Condominium Conversions that were converted within the last three years</li> <li>• Condotels/Hotel Condominiums or PUDs</li> <li>• Cooperatives</li> <li>• Timeshares</li> <li>• Geodesic Domes</li> <li>• Unimproved Land</li> <li>• Land Trust</li> <li>• Condition Rating of C5/C6 or a Quality Rating of Q6.</li> <li>• Property Assessed Clean Energy (PACE)</li> </ul>
<b>Resale Restrictions (BMR)</b>	<ul style="list-style-type: none"> <li>• Allowed— Refer to <a href="#">B5-5.3-01:FNMA Loans With Resale Restrictions: General Information (07/28/2015)</a></li> </ul>	
<b>Reserves</b>	<ul style="list-style-type: none"> <li>• DU Approve/Eligible- Subject property, owner occupied and non-owner/second home - Refer to <a href="#">FannieMae B3-4.1-01: Minimum Reserve Requirements</a></li> <li>• 7-10 Financed Properties—Refer to <a href="#">B2-2-03: Multiple Financed Properties for the Same Borrower</a></li> <li>• Multiple Financed Properties on a Manual Underwrite—Refer to <a href="#">B2-2-03: Multiple Financed Properties for the Same Borrower</a></li> <li>• Manual Underwrite—Refer to WBC Manual Underwriting Eligibility Matrix</li> </ul>	
<b>Tax Transcripts</b>	Follow FNMA Guidelines <a href="#">B3-3.1-06: Requirements and Uses of IRS Form 4506-T</a>	
<b>Trusts</b>	<a href="#">Refer to Western Bancorp’s Trust Guidelines and Checklist</a>	