



Silvergate Funding, Inc.

Silvergate Funding, Inc (“SFI”)

IN FOCUS BULLETIN

2014-05

April 17, 2014

Week of April 14 – Hours of Operation

The financial markets close early on Thursday and are closed on Friday April 18. SFI Secondary Marketing will accept Rate Locks until 11 AM PT, on Thursday, April 17 and will not accept Rate Locks on Friday, April 18.

SFI will be open during normal business hours for all other activities on Thursday and Friday.

On-Line Rate Lock Functionality

SFI now accepts Rate Locks and Loan Registrations on-line. Please go www.silvergatefunding.com and click on the “Rate/Registration” tab on the upper right hand side of the webpage to be directed to Rate Lock and Registrations functionality.

SFI requires a Fannie Mae DU, 3.2 file to be submitted with all Rate Locks, from which the system will extract the data. The only manual data entry needed with the 3.2 file upload process is the middle credit score and expected DU response.

Manual Rate Locks and Registrations will be available until April 30, at which time all transactions must go through the website.

Please contact SFI Secondary Marketing at (858) 622-9728 or price@silvergatefunding.com to get credentials and/or schedule training.

Scenario Requests

Scenario requests should be submitted to: scenario@silvergatefunding.com, with the subject line reading: *Scenario – Product Type – Borrower Name*. Expected turn time is 24 to 48 hours.

Additional Portfolio 5-1 ARM Product Pricing Options

New interest rate options are now available on the Silvergate Funding Portfolio 5-1 ARM Product. Please review the Rate Sheet on Monday, April 21 for current prices and rates. Pricing will be available for rates between 4.625% and 4.875%.

Changes to Conforming Guidelines

- Reduction in Maximum LTV/CLTV on Second Home Purchase transactions from 90% to 85%.
- Reduction in Maximum LTV/CLTV on Second Home Rate & Term Refinance transactions from 90% to 85%.
- Reduction in Maximum LTV/CLTV on Non-Owner Occupied Rate & Term Refinance transactions from 80% to 75%.

Updated Guidelines attached with changes noted.





Silvergate Funding, Inc.

Changes to Super Conforming Guidelines

- Reduction in Maximum LTV/CLTV on Non Owner Occupied Rate & Term Refinance transactions from 80% to 75%.

Updated Guidelines attached with changes noted.

Changes to Jumbo Non-Conforming Guidelines

- Increase in Minimum FICO score on Primary Cash-Out Refinance transactions for loans amounts between \$1,000,001 and \$1,500,000 from 700 to 720.
- Increase in Minimum FICO score on Second Home Cash-Out Refinance transactions for loans amounts between \$1,000,001 and \$1,500,000 from 700 to 720.
- Maximum pricing reduced from 102.25 to 101.875.
- Loan Level Price Adjustments for Jumbo ARMs with DTI's greater than 40.00 and less than 43.00% have been eliminated.
- Loan Level Price Adjustments for Jumbo Fixed Rate Loans with DTI between 70.01 and 75.00% has been reduced from .25 to .125.
- Loan Level Price Adjustments for Jumbo Fixed Rate Loans with DTI between 75.01 and 80.00% has been reduced from .375 to .125.
- Fee for Escrow Waiver in California has increased from .15 to .25.

Updated Guidelines attached with changes noted.

Please contact:

Alan Peviani, Director of Sales and Marketing (apeviani@silvergatefunding.com), (858) 795-7396

Thank you for doing business with SFI.





Silvergate Funding, Inc. Non-Conforming Jumbo Product Guidelines

Effective Date: 4/17/2014

Product Descriptions	5-1 Jumbo ARM	7-1 Jumbo ARM	10-1 Jumbo ARM	15 Yr. Fixed Rate	30 Yr. Fixed Rate
Product Code	505	507	510	515	530
Term	30 Years	30 Years	30 Years	15 Years	30 Years
Amortization	Full	Full	Full	Full	Full
Prepayment Penalty	None	None	None	None	None
Temporary Buy-Downs	No	No	No	No	No
Conversion/Assumption	No	No	No	No	No
Qualification Rate	Start Rate plus Cap	Note Rate	Note Rate	Note Rate	Note Rate
Index	1 Year LIBOR	1 Year LIBOR	1 Year LIBOR	N/A	N/A
Margin	2.50%	2.50%	2.50%	N/A	N/A
Margin #2	2.25% (.25% price hit)	N/A	N/A	N/A	N/A
Minimum Interest Rate (Floor)	Margin	Margin	Margin	N/A	N/A
First Annual Maximum Adjustment	2%	5%	5%	N/A	N/A
Maximum Annual Adjustment	2%	2%	2%	N/A	N/A
Maximum Lifetime Adjustment	5%	5%	5%	N/A	N/A
Maximum Interest Rate (Cap)	Initial Interest Rate +5%	Initial Interest Rate +5%	Initial Interest Rate +5%	N/A	N/A
First Change Date	60th payment due date	84th payment due date	120th payment due date	N/A	N/A
Index Determination Date	45 days before Annual Adjustment	45 days before Annual Adjustment	45 days before Annual Adjustment	N/A	N/A

PRIMARY RESIDENCE – PURCHASE AND RATE/TERM REFINANCE

Property Type	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV (1)	Minimum Credit Score	Reserves (Months)	Maximum DTI (2)	Maximum Cash-Out
1-Unit Warrantable Condo PUD	\$417,001	\$1,000,000	80%	720	6	43%	N/A
	\$417,001	\$1,000,000	75%	700	6		
	\$1,000,001	\$1,500,000	80%	740	12		
	\$1,000,001	\$1,500,000	75%	720	12		
	\$1,500,001	\$2,000,000	65%	720	18		
2-Unit	\$533,851	\$1,000,000	70%	700	12	40%	
	\$1,000,001	\$1,500,000	65%	700	12		
	\$1,000,001	\$2,000,000	50%	720	18		
	\$1,500,001	\$2,000,000	50%	720	18		

(1) Max LTV/CLTV reduced by 5% if Appraisal states in Neighborhood Section Housing Trends/1004MC Median Comparable Sale Price property values declining
 (2) Loan Level Price Adjustment exists for DTI between 40.01% and 43% if guideline DTI is 43%

PRIMARY RESIDENCE – CASH OUT REFINANCE

Property Type	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV (1)	Minimum Credit Score	Reserves (Months)	Maximum DTI (2)	Maximum Cash-Out
1-Unit Warrantable Condo PUD	\$417,001	\$1,000,000	75%	700	9	43%	\$300,000
	\$1,000,001	\$1,500,000	70%	720	12		
	\$1,500,001	\$2,000,000	55%	720	18		
	\$533,851	\$1,000,000	70%	700	12		
	\$1,000,001	\$1,500,000	65%	700	12		
2-Unit	\$1,000,001	\$1,500,000	65%	700	12	40%	
	\$1,500,001	\$2,000,000	50%	720	18		

(1) Max LTV/CLTV reduced by 5% if Appraisal states in Neighborhood Section Housing Trends/1004MC Median Comparable Sale Price property values declining
 (2) Loan Level Price Adjustment exists for DTI between 40.01% and 43% if guideline DTI is 43%

SECOND HOME – PURCHASE AND RATE/TERM REFINANCE

Property Type	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV (1)	Minimum Credit Score	Reserves (Months)	Maximum DTI (2)	Maximum Cash-Out
1-Unit Warrantable Condo PUD	\$417,001	\$1,000,000	75%	720	9	43%	N/A
	\$1,000,001	\$1,500,000	70%		12		
	\$1,500,001	\$2,000,000	65%		18		
	\$1,500,001	\$2,000,000	65%		18		

(1) Max LTV/CLTV reduced by 5% if Appraisal states in Neighborhood Section Housing Trends/1004MC Median Comparable Sale Price property values declining
 (2) Loan Level Price Adjustment exists for DTI between 40.01% and 43% if guideline DTI is 43%

SECOND HOME – CASH OUT

Property Type	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV (1)	Minimum Credit Score	Reserves (Months)	Maximum DTI	Maximum Cash-Out
1-Unit Warrantable Condo PUD	\$417,001	\$1,000,000	70%	720	9	40%	\$300,000
	\$1,000,001	\$1,500,000	65%		12		
	\$1,500,001	\$2,000,000	50%		18		
	\$1,500,001	\$2,000,000	50%		18		

(1) Max LTV/CLTV reduced by 5% if Appraisal states in Neighborhood Section Housing Trends/1004MC Median Comparable Sale Price property values declining

HIGH COST AND HIGHER PRICED LOANS

High Cost and Higher Priced Mortgage Loans as defined by applicable federal, state, local and secondary market regulations are not permitted.

ELIGIBLE PROPERTIES

Primary Residence (1-Unit): Detached and Attached Single Family; Fannie Mae Eligible Condominiums and PUDs.
Primary (2-Unit) Owner-Occupied Only: 2-Unit Purchase and Refinance transactions
Second Homes (1-Unit): Detached and Attached Single Family; Fannie Mae Eligible Condominiums and PUDs.
 Eligible Condos and Planned Unit Developments (PUDs) must meet Fannie Mae Limited Project Review criteria.

INELIGIBLE PROPERTY TYPES

3-4 unit properties.
 Leaseholds and Properties with encroachments.
 Manufactured Homes, Mobile Homes, Log homes, Timeshares, or Geodesic Domes.
 Mixed use properties and Unimproved Land.
 Property currently in litigation.
 Working farm and Ranches
 Properties with < 750 Sq. feet of living area.
 Properties with greater than 10 acres.
 Commercial Enterprise (e.g.: Hotel, Bed and Breakfast, Boarding House, CondoTel) and Properties held in a business' name.
 Zoning violations including residential properties zoned commercial.
 Non arm's length transaction defined as a pre-existing relationship between the buyer and seller.

ELIGIBLE BORROWERS (ALL BORROWERS MUST HAVE A VALID SOCIAL SECURITY NUMBER)

U.S. Citizen
 Irrevocable Trust.
 Inter Vivos Revocable Trust (revocable at any time by the Trustor).
 Permanent Resident Aliens with proof of lawful permanent residence plus 24 months United States employment history.

MAXIMUM FINANCED PROPERTIES

Maximum of four (4) financed properties for all occupancies per loan.
 Borrowers with more than two financed properties are required to document at least 18 months reserves.

APPRAISAL REQUIREMENTS

Loan Amount	Appraisal Requirement
Up to \$1,500,000	One Full URAR - All appraisals subject to the Silvergate appraisal review process.
\$1,500,001 to \$2,000,000	Two Full URARs - All appraisals subject to the Silvergate appraisal review process.
All properties For Sale By Owner (FSBO)	Two Full URARs - All appraisals subject to the Silvergate appraisal review process.

Appraisal Standards
 All appraisers must hold at least the minimum required state license and a copy of the license must be submitted with the appraisal.
 Appraisals must be completed in compliance with FIRREA/USPAP and all applicable regulatory requirements.
 1004MC required.
 On purchase transactions the appraiser must review the sales contract.

PROJECT WARRANTY STANDARDS
Condominiums must be warrantable. Refer to Fannie Mae guidelines for the requirements of warrantability. Silvergate will not purchase non-warrantable condominiums.
MORTGAGE INSURANCE
Insured LTVs (over 80%) are not eligible for this program.
UNDERWRITING GUIDELINES
DU findings required although this product is manually underwritten. If a topic is not specifically addressed, Fannie Mae Selling Guide policies apply. All loans must satisfy stable monthly income, ratios, assets, reserves and acceptable credit reputation guidelines.
SALARIED INCOME REQUIREMENTS
4506-T signed at application and closing, is required for all transactions. Most recent YTD paystubs covering at least 30-days and two (2) years W 2's. Two years personal tax returns when the borrower has twenty-five percent or more (>=25%) ownership interest in the business. Most recent two years (2) tax transcripts are required for each borrower whose income is utilized as a source of repayment. Verbal verification of employment required for all borrowers, within five (5) business days prior to closing for salaried borrowers and thirty (30) calendar days prior to closing for self-employed.
SELF-EMPLOYED INCOME REQUIREMENTS
Minimum 3-year history of self-employment in the same business (declining income trends are generally not acceptable). Most recent three-years (3) IRS Tax Return Transcript. Most recent two-years (2) business tax returns with all schedules. Most recent two-years (2) IRS Form 1040 with all schedules. To ensure the credit file can document and verify a sustainable and consistent (or increasing) business earnings trend to qualify the applicant(s) If most recent IRS 1040 Form is older than 90-days, statement of P&L covering the period between the end of the most recent tax return year through present required.
PASSIVE INCOME REQUIREMENTS
A minimum two-year (2) history of receiving passive income from the same source is required. Verification of existence of current portfolio generating passive income to support continuance for three or more (>=3) years. Most recent two-years (2) IRS Form 1040 with all schedules. Most recent two-years (2) IRS Tax Return Transcript.
RENTAL INCOME REQUIREMENTS (INCOME PROPERTY)
Borrower must qualify using the sum of the full PITTI on all properties with no negative equity (verified by Zillow/Trulia web searches or an AVM); OR Borrower must show prior rental history with IRS Schedule E (Form 1040) for at least two years, and have 10%+ market equity on all ORE (Other Real Estate) in order to use and calculate rental income. Verified equity position on REO should be dated within 60 days of the Note.
ASSET BASED INCOME (ASSET AMORTIZATION REQUIREMENTS)
Asset amortization is a calculation used to generate a monthly income stream from a borrower's personal assets. The eligible borrower should be of retirement age (≥ 59½) to use this income & not be full-time employed. Asset based incomes can be combined with other income, Social Security, Pension or other investment income.
Eligibility Requirements
Max. 70% LTV/CLTV for Primary Residence & Second Homes Only. Borrower and Co-borrower must be individual or co-owners of all asset accts with no other account holders listed on the documentation. The sum of eligible assets as defined are net of any discounts & minus any funds used for closing and/or minimum reserves required for the program. Other reported earnings from Capital Gains or INT/DIV already considered & averaged as "effective income" cannot be included or double counted.
Eligible Asset Types
Considered assets must be comprised of the following readily marketable assets which must be available to the borrower with no penalty & is limited as follows: <i>Bank Deposits</i> – Checking, Saving, Money Market accounts – 100%. <i>Publicly traded stocks & bonds, and mutual funds</i> – 65% (stock options not allowed). <i>Retirement Accounts: 401(K)plans or IRA, SEP or KEOGH accounts</i> – 65% (can only be used if distribution is not already set up).
ACCEPTABLE SOURCE OF FUNDS
All funds for reserves must come from borrowers own demonstrated savings. All large deposits must be documented and sourced. Borrower's receipt of down-payment funds must be verified. Business funds are not eligible.
Gift Funds
The borrower is required to meet a 5% minimum down payment from his or her own personal funds for all purchase transactions. All borrower funds must be documented with two most recent months' asset statements or VOD covering a minimum of 60 consecutive days. Primary residence purchase money transaction only. Minimum down payment is 20% (max 80% LTV): First 5% of down payment must come from borrower's own personal funds. Once the first 5% of the buyer's own funds are verified, a gift can be used for the remaining down payment and closing costs. Gift funds are not allowed to meet reserve requirements. Gift funds can be applied towards closing costs/pre-paids above minimum required investment.
Interested Party Contributions
The property seller or any interested party (builder, developer, lender, real estate agent or any of their affiliates) can pay closing costs, prepaid items and escrows. All contributions are based on the CLTV of each loan. For Primary and Second Homes with LTV greater than or equal to 80% can be up to 6%.
HOUSING PAYMENT HISTORY
If not contained within the credit report, the following documentation must be provided by a third party: VOM - 24 month minimum mortgage payment history is required to reflect no late payments in the last 24 months. VOR - 12 month minimum rental payment history is required to reflect no late payments in the last 12 months.
MINIMUM CREDIT STANDARDS AND ADVERSE CREDIT POLICY
Minimum Credit Standards
A minimum of 3 trade lines open for at least 24 months is required. At least 2 of the trade lines must show activity within the past 12 months; At least 1 trade line must be a mortgage for non-first time homebuyers, and for first time homebuyers, 1 trade line must be an installment line. First time homebuyers must have a satisfactory VOR for at least 24 months. Credit history must be established for at least 5 years, and be consistent with the borrower(s) occupation and financial activity. Fewer than 3 trade lines open for at least 24 months may be considered if: Credit history is established for at least 10 years, and no fewer than 10 trade lines are reported, one of which is a mortgage. At least 1 trade line is open and shows activity within the past 12 months.
Adverse Credit Policy
In addition to the minimum credit standards and score requirements, the following adverse credit standards apply: No public records within the last 24 months. No bankruptcies or foreclosures, short sales, deed in lieu of and modification within the last 7 years. No significant derogatory ratings on any trade line activity within the last 36 months (including installment or revolving accounts).
AGE OF CREDIT PACKAGE
Credit package documentation maximum age is 90 days to the Note date.
NOTES & RIDERS
Fixed Rate: Multistate Fixed Rate Note #3200 (or state specific as required) ARM: Note 3528 & Rider 3187

Refer to SFI [In Focus Bulletins](#) for changes relating to guideline amendments.
This information is subject to change at any time without notice. Please contact your SFI Account Manager for full details.
This information is for use by mortgage professionals and should not be shared with borrowers.





Silvergate Funding, Inc.
Conforming and Super Conforming Product Guidelines
 Effective Date: 4-17-2014

Conforming Product Matrix					
Product Descriptions	5-1 ARM	7-1 ARM	10-1 ARM	15 Yr. Fixed Rate	30 Yr. Fixed Rate
Product Code	105	107	110	115	130
Term	30 Years	30 Years	30 Years	15 Years	30 Years
Qualification Rate	Note Rate plus Margin	Note Rate	Note Rate	Note Rate	Note Rate
Index	1 Year LIBOR	1 Year LIBOR	1 Year LIBOR	N/A	N/A
Margin	2.25%	2.25%	2.25%	N/A	N/A
Minimum Interest Rate (Floor)	Margin	Margin	Margin	N/A	N/A
First Annual Maximum Adjustment	2%	5%	5%	N/A	N/A
Maximum Annual Adjustment	2%	2%	2%	N/A	N/A
Maximum Lifetime Adjustment	5%	5%	5%	N/A	N/A
Maximum Interest Rate (Cap)	Initial Interest Rate +5%	Initial Interest Rate +5%	Initial Interest Rate +5%	N/A	N/A

PRIMARY RESIDENCE – PURCHASE AND RATE/TERM REFINANCE					
Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	95%	95%	\$50,000	\$417,000	620
2 Unit	80%	80%			640
3-4 Unit	75%	75%			640

All loans above 80% LTV require mortgage insurance coverage

PRIMARY RESIDENCE – CASH OUT REFINANCE					
Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	80%	80%	\$50,000	\$417,000	640
2 Unit	75%	75%			660
3-4 Unit	75%	75%			660

SECOND HOME – PURCHASE AND RATE/TERM REFINANCE					
Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	85%	85%	\$50,000	\$417,000	620

All loans above 80% LTV require mortgage insurance coverage

SECOND HOME – CASH OUT REFINANCE					
Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	75%	75%	\$50,000	\$417,000	660

NON-OWNER OCCUPIED – PURCHASE					
Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	80%	80%	\$50,000	\$417,000	660
2- Unit	75%	75%			

NON-OWNER OCCUPIED – RATE/TERM REFINANCE					
Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	75%	75%	\$50,000	\$417,000	660
2- Unit					

NON-OWNER OCCUPIED – CASH-OUT REFINANCE					
Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	75%	75%	\$50,000	\$417,000	680
2 Unit					

Super Conforming Product Matrix

Product Descriptions	5-1 ARM	7-1 ARM	10-1 ARM	15 Yr. Fixed Rate	30 Yr. Fixed Rate
Product Code	305	307	310	315	330
Term	30 Years	30 Years	30 Years	15 Years	30 Years
Qualification Rate	Note Rate plus Margin	Note Rate	Note Rate	Note Rate	Note Rate
Index	1 Year LIBOR	1 Year LIBOR	1 Year LIBOR	N/A	N/A
Margin	2.25%	2.25%	2.25%	N/A	N/A
Minimum Interest Rate (Floor)	Margin	Margin	Margin	N/A	N/A
First Annual Maximum Adjustment	2%	5%	5%	N/A	N/A
Maximum Annual Adjustment	2%	2%	2%	N/A	N/A
Maximum Lifetime Adjustment	5%	5%	5%	N/A	N/A
Maximum Interest Rate (Cap)	Initial Interest Rate +5%	Initial Interest Rate +5%	Initial Interest Rate +5%	N/A	N/A

PRIMARY RESIDENCE – PURCHASE AND RATE/TERM REFINANCE

Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	90%	90%	\$417,001 or Conforming Maximum whichever is higher	Agency defined County Maximum or \$1,000,000, whichever is lower	680
1 Unit Warrantable Condominium PUD	80%	90%			640
2 Unit	75%	75%			660
3-4 Unit	70%	70%			660

All loans above 80% LTV require mortgage insurance coverage

PRIMARY RESIDENCE – CASH OUT REFINANCE

Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	75%	75%	\$417,001 or Conforming Maximum whichever is higher	Agency defined County Maximum or \$1,000,000, whichever is lower	660
2 Unit	65%	65%			680
3-4 Unit	65%	65%			680

SECOND HOME – PURCHASE AND RATE/TERM REFINANCE

Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	80%	80%	\$417,001 or Conforming Maximum whichever is higher	Agency defined County Maximum or \$1,000,000, whichever is lower	660

SECOND HOME – CASH OUT REFINANCE

Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	65%	65%	\$417,001 or Conforming Maximum whichever is higher	Agency defined County Maximum or \$1,000,000, whichever is lower	660

NON-OWNER OCCUPIED – PURCHASE

Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	80%	80%	\$417,001 or Conforming Maximum whichever is higher	Agency defined County Maximum or \$1,000,000, whichever is lower	660
2 Unit	70%	70%			

NON-OWNER OCCUPIED – RATE/TERM REFINANCE

Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	75%	75%	\$417,001 or Conforming Maximum whichever is higher	Agency defined County Maximum or \$1,000,000, whichever is lower	660
2 Unit	70%	70%			

NON-OWNER OCCUPIED – CASH-OUT REFINANCE

Property Type	Maximum LTV	Maximum CLTV/HCLTV	Minimum Loan Amount	Maximum Loan Amount	Minimum Credit Score
1 Unit Warrantable Condominium PUD	65%	65%	\$417,001 or Conforming Maximum whichever is higher	Agency defined County Maximum or \$1,000,000, whichever is lower	660
2 Unit					

Underwriting Guidelines

PROGRAM ELIGIBILITY

AUTOMATED UNDERWRITING SYSTEM (AUS) AND DEBT TO INCOME (DTI) RATIO REQUIREMENTS

All Products	Fannie Mae AUS: Desktop Underwriter (DU) AUS findings	Approve/Eligible
	Freddie Mac AUS: Loan Prospector (LP) AUS findings	Accept Eligible
	Fannie Mae/DU Approve Eligible findings with a DTI maximum:	50% or AUS specified, whichever is less
	Freddie Mac/LP Accept Eligible findings with a DTI maximum	50% or AUS specified, whichever is less

No Manually underwritten loans.

Minimum Credit Score

Refer to the product eligibility grids above.

Qualifying Rate

Note Rate.

Reserves

Determined by AUS.

Seasoning

Borrower must have owned subject property for at least 6 months prior to the Note date of a new cash out refinance.

Appraisals

Full appraisals and Uniform Collateral Data Protocol (UCDP) required for all loans.

No AVM's, Property Inspection Waivers (PIW), Broker Price Opinions (BPOs) or Forms 2055 and 2075 - **REGARDLESS of AUS conditions.**

If property has been "flipped" in the last 180 days, a second appraisal is required.

If property valuation has increased by 10% in the last 180 days, a second appraisal is required.

Maximum Financed Properties

Borrower may not own more than ten (10) 1-4 unit financed properties (including primary residence) if the loan is secured by a primary residence.

Borrower may not own more than four (4) 1-4 unit financed properties (including primary residence) if the loan is secured by second home or investment property.

Maximum Loan Exposure to a Borrower

A borrower's aggregate exposure to SFI cannot exceed \$1,000,000 or 4 financed properties (including primary residence), whichever is less.

Income Requirements

4506-T must be executed, and tax transcripts must be provided for the prior two tax years.

Self employed borrowers must include two years of business tax returns.

Subordinate Financing

Only institutional financing up to the maximum LTV/CLTV/HCLTV is eligible.

Subordinate liens must be recorded and clearly subordinate to the first mortgage lien.

Full disclosure must be made on the existence of subordinate financing and the repayment terms.

Acceptable subordinate financing types:

Mortgages with regular payments that cover the interest due so negative amortization does not occur.

Mortgage terms that require interest at a market rate.

Seller subordinate financing not eligible.

BORROWER ELIGIBILITY

All Products

Individual

Co-Borrowers

Permanent Resident Aliens

Trusts – Inter Vivos Revocable Trusts, Irrevocable Trusts & Qualified Residence

ELIGIBLE BORROWERS

U.S. Citizens.

Resident aliens are eligible if they can provide evidence of lawful residency and meet all of the same credit standards as U.S. Citizens;

Must have a valid Greencard, and evidence of continuous employment in the U.S. for at least the last 12 months.

Income must be likely to continue for at least 3 years.

INELIGIBLE BORROWERS

Non-resident aliens (foreign nationals).

Non-occupant co-borrowers.

Limited partnerships, general partners or corporations.

Non-arms-length transactions.

Any transaction where there is a relationship or business affiliation between the buyer, seller, loan agent or originator is considered non-arms length.

Non-arms length transactions are not eligible for financing under this product. Non-arms length transactions also include, but are not limited to:

Applicants related by blood or marriage to the seller.

Owners, employees or family members of originating entity.

Builder/developers.

Renters buying from landlord.

Trading properties with a seller.

ELIGIBLE AND NON-ELIGIBLE PROPERTY TYPES	
Eligible Property Types	1 to 4 unit properties. Freddie Mac and Fannie Mae eligible condominiums. Leaseholds. Planned unit developments (PUDs). Maximum 20 acres.
Ineligible Property Types	DU Refi Plus. My Community Products. Manufactured homes. Cooperative properties. Modular homes. Condo-hotel units. Unwarranted condominiums. Working farms/ranches. Unique properties (geodesic domes). Log homes.

INCOME ANALYSIS WORKSHEET

The income of each borrower obligated on the mortgage, and whose income is relied upon in determining the ability to repay, must be analyzed to determine if income level reasonably may be expected to continue.

The loan file must include a worksheet from the Seller demonstrating the income calculation methodology and debt considered to qualify each loan in the underwriter's determination of qualifying income along with applicable payment and debt resulting in a debt to income ratio of less than or equal to 50%. accordance with the new Ability to Repay/Qualified Mortgage rules. No specific form is required, however, the worksheet must clearly document

POINTS AND FEES WORKSHEET

Maximum Points and Fees

Limit upfront points and fees to no more than three percent with adjustments to facilitate smaller loans.

To evidence compliance with QM points and fees, each loan file must include a clear itemization of fees and application of all credits that indicate paid by/to. No specific form is required.

"Smaller Loans" - Fees for Loan Amounts less than \$100,000

\$99,999 to \$60,000 - Maximum fees equal to or less than \$3,000.

\$50,000 to \$59,999 - Maximum fee equal to 5% of total loan amount.

SECTION 32 – HIGH-COST LOANS

High-cost loans (Section 32) as defined by applicable federal, state, local and/or secondary market regulations are not permitted.

HIGHER PRICED MORTGAGE LOANS (HPML)

Higher Priced Mortgage Loans as defined by applicable federal, state, local and secondary market regulations are not permitted.

FUNDS TO CLOSE / DOWNPAYMENTS / RESERVES/AUS OVERRIDE

Primary Residence (single family, PUD, condo, & townhomes)

Reserves should be considered in the underwriting process and must be verified and documented in the amount required by the applicable LP or DU approval for owner-occupied 1-unit properties.

For LTV's between 80.01 to 95%, a minimum of 5% must be from borrowers own funds.

Primary Residence (2-4 Units)

Borrower(s) must have 6 months PITI in reserves regardless of AUS reserve requirements and whether rental income is used to qualify the borrower(s).

Second Homes

Require entire down payment from borrower's own funds.

Borrower(s) must have 2 months PITI in reserves for subject property regardless if AUS approval requires less reserves.

In addition, borrower(s) must have additional 2 months PITI in reserves for each additional financed second home and/or 1-4 unit Investment Property in which borrower(s) have an ownership interest OR on which the borrower is obligated.

Non Owner Occupied Properties (Subject Property):

Borrower(s) must have 6 months PITI reserves regardless of rental income used to qualify the borrower(s) & regardless if AUS requires less reserves.

In addition, Borrower(s) must have additional 2 months PITI in reserves for each other financed second home and 1-4 unit Investment Property in which the Borrower(s) have an ownership interest OR on which the Borrower is obligated.

Gift funds are not allowed on investment property.

Borrower(s) must have 6 months PITI in reserves for the new Primary residence and 6 months PITI in reserves for the current Primary residence while pending sale is being converted.

Required reserves can be reduced to 2 months PITI for each of the new primary residence and current Primary residence pending sale being converted if all of the following requirements are met:

Value of property pending sale/being converted is supported by a new appraisal with at least an exterior-only inspection that meets Freddie Mac requirements and is dated no more than 60 days prior to Note date or effective date of permanent financing if new primary residence is a newly constructed home.

LTV/TLTV/HTLTV for pending sales / being converted is less than or equal to 70%.

INTERESTED PARTY CONTRIBUTION LIMITS

CLTV	Up to 75%	75.01% - 90%	90.01% - 95%	BORROWER FUNDS
Primary Residences	Maximum 9%	Maximum 6%	Maximum 3%	For LTV's of 80.01% to 95%, minimum of 5% must come from borrowers funds
Second Homes	Maximum 9%	Maximum 6%	NA	
Investment Properties	Maximum 2%	Maximum 2%	NA	

Interested Party Contributions

Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the transaction.

Interested party contributions may only be used for closing costs and prepaid expenses, and may never be applied to any portion of the down payment.

OTHER	
State	Restriction
California	Condominiums must have Freddie Mac acceptable Earthquake insurance.
Illinois	Illinois Land Trusts eligible for LP Accept/Eligible only.
Texas	No Texas Refinance transactions.

CLOSING DOCUMENTATION	
All Loans	
Fannie Mae/Freddie Mac Uniform Security Instrument, 3000-series. Fannie Mae/Freddie Mac multi-state Fixed Rate Note, 3200-series. Standard title commitment with all applicable endorsements.	
If Applicable	
Fannie Mae/Freddie Mac multi-state Condo Rider, Form #3140 Fannie Mae/Freddie Mac Multi-state PUD Rider, Form #3150 Fannie Mae/Freddie Mac multi-state 1-4 Family Rider, Form #3170 (2-unit primary residence) Fannie Mae-Freddie Mac multi-state Second Home Rider, Form #3890	

Refer to SFI ***In Focus Bulletins*** for changes relating to guideline amendments.
This information is subject to change at any time without notice. Please contact your SFI Account Manager for full details.
This information is for use by mortgage professionals and should not be shared with borrowers.

