

## Conforming Jumbo

This program is to be used for the origination of the conforming jumbo loans available as a result of the Economic Stimulus Act of 2008. **DU Approve/Eligible findings are required for all transactions.** The new loan amounts are applicable to Fannie Mae High Cost areas only. The loan amounts must be greater than the current maximum loan limits up to the new temporary maximum loan limits for the County/MSA. Loan must be originated (based on date the Mortgage Note is executed) before December 31, 2008. For any issue not addressed in these guidelines please refer to Reunion Mortgage Underwriting Guidelines and Fannie Mae Selling Guide. In the event that the Underwriting Guidelines require different parameters than those stated within these guidelines, the more conservative guideline will apply.

Owner-Occupied Primary Residence					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	90	90	90	700
Purchase	1	80	80	80	660
R/T	1	90	90	90	700
R/T	1	80	80	80	660
C/O	1	75	75	75	720
Second Home					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	60	60	60	660
R/T	1	60	60	60	660
Investment Property					
Purpose	Units	LTV	CLTV	HCLTV	FICO
Purchase	1	60	60	60	660
R/T	1	60	60	60	660

### Requirements:

- Eligible Program Code: **CJ30, CJ51L**
- All borrowers must meet minimum FICO score requirement indicated above
- Cash out limited to \$100,000 (includes payoff of non-purchase money subordinate financing)

## Appraisal/Property

- Full appraisal with interior/exterior inspection (1004 or 1073)
- Field review (2000) is required if appraised value is >\$1,000,000 and the LTV/CLTV is greater than or equal to 75%
- The person performing the appraisal must be qualified to perform appraisals without oversight or supervision by a "supervisory" or "review" appraiser
- Eligible Property Types: 1 unit attached or detached SFD, Condo, or PUD
- Ineligible Property Types: Co-ops, 2-Unit, 3-Unit, 4-Unit property, Manufactured Housing
- **Condominium Guidelines:**
  - Condo Project Approval: Only Lender Full Review or CPM Expedited Review is permitted for attached units in both condominium and PUD projects. Limited project review is not permitted.
  - Maximum 10% concentration in any one project or subdivision
  - The appraised value for a Condo must be supported by a min of 2 comps that are from a project other than the subject's project

## Assets

- Owner-Occupied and Second Homes require 5% from borrower's own funds regardless of LTV
  - Occupant borrower must verify 5% investment from own funds
- Gifts
  - **Primary and Second Homes:** Acceptable provided Borrower Investment is met.
  - Gift of equity is permitted however borrower must contribute a minimum of 5% of their own funds regardless of their LTV
  - **Investment Properties:** Gifts are not permitted.
- Reserves
  - Reserves can not come from cash out received, or proceeds from home equity transactions

## AUS Underwriting Decisions

- DU Decisions: **Approve/Eligible**
- LP Decisions: Not eligible
- Property Inspections Waivers (PIW) are not allowed. Full appraisal required on each loan.
- **All conditions outlined in the findings report must be satisfied**
- Credit scores must meet guidelines

## Contributions by an Interested Party

- Must be used for closing costs, prepaids, and other financing costs provided the maximum contribution does not exceed the limits below.
- Maximum contribution percentage allowed:
  - **Primary Residence and Second Homes**
    - Maximum 3%, regardless of LTV/CLTV
  - **Investment Property**
    - Maximum 2%, regardless of LTV/CLTV

## Credit

- All borrowers must meet the minimum FICO score requirement reflected in the grid
- Mortgage/Housing History
  - A 12-month mortgage/rental payment history is **required**. A VOM/VOR or cancelled checks are required if the history is not on credit report. Borrower(s) unable to provide a 12 month housing history are not eligible for this program
  - The mortgage/rental payment may not be more than 0x30 days late within the last 12 months.

**CONFORMING JUMBO**
**PROGRAM CODE: CJ30, CJ51L**

- Derogatory Credit/Late Payments: Require an acceptable written explanation from borrower
- Disputed/Unsatisfied Debts: Require an acceptable written explanation from the borrower
- Bankruptcy & Foreclosures: Borrowers who have filed for bankruptcy or have been a party to a property foreclosure within the past 7 years are not eligible. No Exceptions

### Disclosure/Program Information

Type	Caps	Floor	Margin	Assumable	Convertible	Prepay
30 Fixed	n/a	n/a	n/a	No	No	No
5/1	5/2/5	Margin	2.25	Anytime after fixed period	No	No

- **CJ30:** 30 Year Fixed Rate fully amortized loan that is not assumable
- **CJ51L:** 30 Year Adjustable Rate loan - fixed for the first 5 years, then adjusts every 1 year based on the 1 year LIBOR, fully amortized over 30 years

### Documentation

- All conditions outlined in the DU findings must be documented in the loan file
- Loan may be documented in accordance with DU findings and conditions for employment, income, and assets with the following additional requirements:
  - Income must be supported by at least a paystub (salary) or 1 year tax returns (self-employed/commission) regardless of DU findings
  - Investment properties requires 6 months PITI reserves
  - 6 months PITI reserves are required for each rental property that is financed

### Eligible Borrowers

- All borrowers must be US Citizens, permanent resident aliens or eligible non-permanent resident alien
- Foreign Nationals are not eligible
- A borrower that is a party to a lawsuit is not eligible

### Eligible Transactions

- Purchase
- Rate/Term Refinance
  - New loan amount can include unpaid principal balance of the first mortgage that is being refinanced, purchase money subordinate financing, points, closing costs, prepaid fees, and up to \$2000 cash back to the borrower
  - Six months' minimum seasoning (i.e., six payments made) since most recent refinance or date of purchase is required
- **Cash Out**
  - Six months' minimum seasoning (i.e., six payments made) since most recent refinance or date of purchase is required
  - Cash out limited to \$100,000 and includes the following:
    - The balance of subordinate liens that are paid off with new loan proceeds if the lien was not used to acquire the property
    - Any amounts used to payoff other creditors (installment debts, credit cards)
    - Cash back to the borrower for any purpose.
  - The cash back amount does not include:
    - Closing costs, points, prepaid fees
    - Any amount used to satisfy subordinate liens that were used to acquire the property. Follow Fannie Mae's standard refinance guidelines with respect to defining subordinate liens.



- **Ineligible Transactions:**
  - Flex Programs
  - Construction-to-Permanent
  - Texas Section 50(a)(6) transactions
  - **Special purpose cash-out refinances (A cash-out refinance Mortgage where the owner of a property uses the proceeds of the refinance transaction to buy out the equity of a co-owner is a special purpose cash-out refinance Mortgage.)**

## Maximum Loan Limits

- Loan amount can not exceed \$729,750
- Maximum loan amounts are determined by County/MSA per the HUD published list
- The maximum loan amount is limited to the amount reflected on the HUD web site:
  - <https://entp.hud.gov/idapp/html/hicostlook.cfm>
  - Limit Type: Fannie/Freddie

## Maximum Number of Financed Properties

- Maximum number of mortgages currently being financed is limited to 4 (including primary).

## Mortgage Insurance

- Mortgage Insurance is required on all loans with LTV > 80%.
- Although Mortgage Insurance is required on all loans with LTV > 80%, Reunion Mortgage can not guarantee the ability to obtain mortgage insurance on every file due to the rapid guideline changes in the Mortgage Insurance industry.

### Standard Mortgage Insurance Coverage:

LTV	Coverage
>85-90%	25%
>80-85%	12%

## Subordinate Financing

- Existing subordinate financing may be re-subordinated (on a refinance) or new subordinate financing may be obtained (purchase or refinance) in conjunction with the new jumbo-conforming mortgage loan, up to the maximum Combined Loan-to-Value ratio (CLTV) and Home Equity Combined Loan-to-Value ratio (HCLTV), as applicable.

## Underwriting/Qualifying

- **All loans must contain DU Approve/Eligible findings**
- Co-borrower does not have to occupy subject to the following:
  - Non-occupant borrower must be on separate application
  - Occupant borrower must verify 5% investment from own funds
- Must comply with all requirements of Fannie Mae's Selling Guide