

Jumbo

This product is Fixed Rate and Fixed Period ARM for loan amounts over conforming limit for the property's state to a maximum of \$1,000,000 with a 30-Year term. It is Full Doc only. DU Approve/Ineligible preferred. Full documentation is required for credit, income, and asset regardless of DU findings. Manual underwrite all loans. For any issue not addressed in these guidelines please refer to Reunion Mortgage Underwriting Guidelines. In the event that the Underwriting Guidelines require different parameters than those stated within these guidelines, the more conservative guideline will apply.

LIBOR ARM: The interest rate will remain fixed for the fixed period; thereafter, the interest rate will adjust annually. Adjustments are dictated by the index, margin and caps as posted on the daily rate sheet.

Interest-Only: Fixed and ARM loans have option for 10 year interest-only option

Program Codes

J30	30-year Fixed Rate
J30IO	30-year Fixed Rate 10-year interest-only
J51	5/1 LIBOR ARM
J51IO	5/1 LIBOR ARM 10-year interest-only
J71	7/1 LIBOR ARM
J71IO	7/1 LIBOR ARM 10-year interest-only
J101	10/1 LIBOR ARM
J101IO	10/1 LIBOR ARM 10-year interest-only

Fully Amortized Fixed and ARM

Owner-Occupied Primary Residence							
Purpose	Units	LTV	CLTV	Max Loan	FICO	Max Cash Out	Ratios
Pur, R/T	1	80	80	\$500,000	660	n/a	40
Pur, R/T	1-2	75	80	\$650,000	660	n/a	40
Pur, R/T	1-2	75	80	\$1,000,000	680	n/a	40
C/O	1	75	75	\$500,000	680	\$250,000	40
C/O	1-2	65	65	\$650,000	680	\$250,000	40
C/O	1-2	60	60	\$1,000,000	680	\$250,000	40

Fully Amortized Fixed Requirements:

- Eligible Program Code: **J30, J51, J71, J101**
- Ratios of 45% DTI are allowed with the use of DU approval up to \$750,000 loan amount
- Cash Out as defined by Section 50(a)(6) of the Texas Constitution and secured by Texas properties, are not eligible
- Reserves of 6 months PITI are required

JUMBO

PROGRAM CODES: FIXED: J30, J30IO,

ARM: J51, J51IO, J71, J71IO, J101, J101IO

Interest-Only Fixed and ARM

Owner-Occupied Primary Residence							
Purpose	Units	LTV	CLTV	Max Loan	FICO	Max Cash Out	Ratios
Pur, R/T	1	80	80	\$500,000	720	n/a	40
Pur, R/T	1	75	80	\$1,000,000	720	n/a	40
Pur, R/T	2	65	80	\$1,000,000	720	n/a	40
C/O	1	75	75	\$500,000	720	\$250,000	40
C/O	1	65	65	\$650,000	720	\$250,000	40
C/O	1	60	60	\$1,000,000	720	\$250,000	40

Interest-Only Requirements:

- Eligible Program Code: **J30IO, J51IO, J71IO, J101IO**
- Ratios of 45% DTI are allowed with the use of DU approval up to \$750,000 loan amount.
- Cash Out as defined by Section 50(a)(6) of the Texas Constitution and secured by Texas properties, are not eligible
- Reserves of 12 months PITI are required

Appraisal

- Full interior and exterior appraisal (Form 1004/1025/1073) is required.
- No Property Waivers, 2055, 2065, 2075 or 2070.
- **All loans require a Reunion Mortgage review of the appraisal. This may result in the requirement of a satisfactory desk review.**
- Loan amounts > \$650,000 require interior photos. Subject must be in a strong market of similarly priced homes. The relationship between final value and predominant value should be reasonable.
- Loan amounts > \$850,000 require two full appraisals by two independent appraisal firms. The lower value is to be used for LTV/CLTV.
- Property Value ≥ \$1 mil requires a state-certified appraiser along with interior photos.
- Appraisals must be dated within 120 days of closing. An appraisal update will be required after 60 days and must be dated within 60 days of closing. An appraisal update requires an inspection of the exterior of the property and a review of current market data to determine no change in value since original appraisal report.
- Maximum financing is permitted in markets experiencing declining values.
- **Condo Project Approval**
 - **Fannie Mae Condo Project Manager (CPM) required**
 - **Limited Project Review not allowed**

Assets/Cash Reserves

- Assets must be verified for required down payment, closing costs and reserves.
- Reserves requirements are based on the qualifying payment (fully amortized)
 - Reserves are required on all loans.
 - Fully Amortized loans: 6 months PITI
 - Interest-Only loans: 12 months PITI
 - VOD or 2-month bank statements for asset verification.
- Acceptable assets may be: Checking/Savings, 70% of amount vested in a retirement accounts, publicly traded stocks, bonds, mutual funds and certificates of deposit.
- Joint Accounts – Funds held jointly with a non-borrowing spouse can be considered the borrower's funds. Funds held with any other non-borrowing person will only be considered if the non-borrowing person is also a titleholder to the subject property.

AUS Underwriting Decisions

- **DU Decisions:** Approve/Ineligible (ineligible for loan amount only). Loans may also receive Approve/Ineligible due to property type or LTV/CLTV outside standard agency parameters.
- **LP Decisions:** Not acceptable
- Maximum Debt Ratio
 - 45% allowed for loans ≤ \$750,000 with DU Approve/Ineligible
 - 40% all other loans
- All files must meet the "Standard Credit" as reflected in Credit section
- Full (interior/exterior) appraisal required regardless of DU findings
- File must contain full income and asset documentation – reduced documentation per DU findings not allowed
- FNMA ARM plans: The underwriter must select the appropriate ARM plan. Generic ARM plans are to be used.

Contributions by an Interested Party

- The seller, lender, builder or real estate agent may make contributions.
- Must be used for closing cost, prepaids and non-recurring costs provided the maximum contribution does not exceed **3%**

Credit

- All files must meet the “Standard Credit” requirements below:
 - Reflect a minimum of 2 year credit history
 - A documented minimum 12-month mortgage or rental history is required.
 - No previous Bankruptcy, Foreclosure or deeds in lieu of foreclosure.
 - No mortgage/rental delinquencies in the last 12 months.
 - The borrower may not be a party to a lawsuit.
 - All borrowers must meet the following minimum credit requirements:

Trade lines	Min. 5 trades (3 must be \geq 2 yrs)
Mortgage/Housing	
Documentation	12 months documentation Borrowers without a documented housing history accepted if 12 months reserves verified
History	0x30 in past 2 years
Installment	1x30 in past 2 years
Revolving	2x30 & 1x60 in past 2 years
Bankruptcy (CCC)	None ever
Foreclosure	None ever
Major Derogatory	None in past 2 years

- **Delinquent Credit**
 - Delinquent credit must be explained and must be in borrower’s own words and handwriting.
 - Collections, tax liens and open judgments must be paid off by closing and must be from the borrowers own funds.

Disclosure/Program Information

Program	Caps	Floor	Margin	Assumable	Interest-Only	Prepay
J30	n/a	n/a	n/a	No	n/a	No
J30IO	n/a	n/a	n/a	No	10 year	No
J51	5/2/5	Margin	2.25	Yes after fixed period	n/a	No
J51IO	5/2/5	Margin	2.25	Yes after fixed period	10 year	No
J71	5/2/5	Margin	2.25	Yes after fixed period	n/a	No
J71IO	5/2/5	Margin	2.25	Yes after fixed period	10 year	No
J101	5/2/5	Margin	2.25	Yes after fixed period	n/a	No
J101IO	5/2/5	Margin	2.25	Yes after fixed period	10 year	No

Program Description

- **J30:** 30-year fixed rate loan
- **J30IO:** 30-year fixed rate loan, interest-only for first 10 years
- **J51:** 30-year ARM, fixed for first 5 years, and then adjusts every 1 year thereafter based on LIBOR
- **J51IO:** 30-year AMR, fixed for first 5 years, and then adjusts every 1 year thereafter based on LIBOR, interest-only for first 10 years

- **J71**: 30-year ARM, fixed for first 7 years, and then adjusts every 1 year thereafter based on LIBOR
- **J71IO**: 30-year ARM, fixed for first 7 years, and then adjusts every 1 year thereafter based on LIBOR, interest-only for first 10 years
- **J101**: 30-year ARM, fixed for first 10 years, and then adjusts every 1 year thereafter based on LIBOR
- **J101IO**: 30-year ARM, fixed for first 10 years, and then adjusts every 1 year thereafter based on LIBOR, interest-only for first 10 years

Eligible Borrowers

- US Citizen
- Permanent Resident Alien
- Non-Permanent Resident Alien are not allowed

First Time Homebuyers

- For all loans, verification of 12 months rental payments is required. The loan file must contain 12 months cancelled checks or bank statements to evidence eligibility for mortgage/housing history for the loan program under which the loan is submitted. Written verification of verification via the credit report is not permitted. Direct written verification of rent is acceptable in lieu of cancelled checks when the landlord is a large professional management company.
- New Qualifying Payment \geq 2 times current payment requires 12 months reserves
- New Qualifying Payment $<$ 2 times current payment follow standard reserve requirements for program
- Borrower living rent free; payment shock measure not applicable, requires 12 months reserves (excluding retirement accounts). This is to be used only when all borrowers are living rent free, if any of multiple occupant borrowers have a current payment, that payment to be used in payment shock calculation.

LIBOR

- The rate for the products is based on the average rate for 1 year U.S. dollar-denominated deposits in London markets based on quotations of major banks, the LIBOR.

Qualifying

- 5/1, 7/1, and 10/1: – Qualify using fully amortized payment based on the start rate.
- Interest-Only (I/O) option – Borrower is qualified on the fully amortized payment at the greater of the note rate or fully indexed rate.
- The note rate may not be lower than 2% below the fully indexed rate (Index + Margin) at time rate is locked.