Last updated: 7/13/2023

everstream MORTGAGE

Fannie Mae® Standard and High Balance

Agency	Fannie Mae - DU Approval			Fannie Mae - DU Approval		
Finance Type	Purchase and Rate/Term Refinances			Cash Out Refinances		
Occupancy	Owner Occupied			Owner Occupied		
Term	Fixed Rate and Fixed Period ARMs			Fixed Rate and Fixed Period ARMs		
[1] High balance or transactions with non-occupant co- borrowers are limited to 95% LTV/CLTV	Property Type	LTV, CLTV, HCLTV	Min Credit Score	Property Type	LTV, CLTV, HCLTV	Min Credit Score
	1 Unit	FRM 97[1] ARM 95	620	1 Unit	80	620
	2 Unit	85	620	2 - 4 Unit	75	620
	3 - 4 Unit	75	620			
	Second Home			Second Home		
	Fixed Rate and Fixed Period ARMs			Fixed Rate and Fixed Period ARMs		
	Property Type	LTV, CLTV, HCLTV	Min Credit Score	Property Type	LTV, CLTV, HCLTV	Min Credit Score
	1 Unit	90	620	1 Unit	75	620
	Investment Property			Investment Property		
	Fixed Rate and Fixed Period ARMs			Fixed Rate and Fixed Period ARMs		
	Property Type	LTV, CLTV, HCLTV	Min Credit Score	Property Type	LTV, CLTV, HCLTV	Min Credit Score
	1 Unit - Purchase	85	620	1 Unit	75	620
	1 Unit- R/T Refi	75	620			620
	2 - 4 Unit	75	620	2 - 4 Unit	70	620
Maximum Loan Amounts	Current Guidance is available at: https://www.fanniemae.com/singlefamily/loan-limits					
Appraisals	- Determined by AUS Findings. The use of value acceptance (appraisal waiver) is allowed when the final submission of the loan casefile to DU results in a value acceptance (appraisal waiver) offer. - Desktop Appraisal allowed only with an Approve/Eligible recommendation and a message from DU indicating the casefile is eligible for a desktop appraisal. All agency required desktop requirements must also be met. Eligibility requirements include: o Purchase transactions of one-unit principal residence only o LTV ratios </= 90% - Properties with evidence of commercial production of marijuana, including but not limited to grow rooms, or hydroponic equipment, are ineligible. - Hybrid appraisals are not acceptable regardless of AUS findings					

Assets/Gift Funds/Large Deposits	Assets - Follow Fannie Mae verification of deposit and asset documentation guidelines to determine asset eligibility for down payment, closing costs, and reserve requirements. o Asset statements must clearly identify the borrower as the account holder o Assets held solely in the name of a non-borrowing purchaser are considered a gift and must follow Fannie Mae gift fund requirements. - Follow Fannie Mae guidelines for gift fund eligibility and documentation requirements o Gift funds are ineligible on an investment property transaction Large Deposits - Follow Fannie Mae guidance for large deposit eligibility and verification requirements o Large deposits sourced back to a non-borrowing purchaser are considered a gift and must follow Fannie Mae gift fund requirements. - On refinance transactions, the documentation or explanation for large deposits is not required; however, any borrowed funds, including any related liability, must be considered. Virtual Currency - Cryptocurrency/Virtual Currency may only be used as funds for closing and reserves if it has been exchanged into U.S. dollars and is held in a U.S. or state regulated financial institution. There must be sufficient documentation to verify that the funds originated from the borrower's cryptocurrency/virtual currency account. Acceptable documentation to use those funds includes the following: o Documentation from Cryptocurrency exchange account verifying the borrower as the Legal Owner and not the nickname of the account, AND o Previous borrower bank statement showing funds going into the same Cryptocurrency exchange account that the large deposit came from, OR o 1099-B/MISC from the same Cryptocurrency exchange account that the large deposit came from, plus the borrower's Tax Returns reflecting the 1099 gain/loss Minimum Borrower Contribution - A minimum borrower contribution of 5% of their own funds into the transaction is required when the LTV is > 80% and one of the following apply: o 2-4 unit Principal Residence, or o Second home
AUS	- Desktop Underwriter with "Approve/Eligible" Findings is required. - Manual UW is not permitted.
Borrower Eligibility	- U.S. citizens - Permanent resident aliens, with proof of lawful permanent residence - Nonpermanent resident alien immigrants with proof of lawful residence - DACA recipients are eligible with proof of legal status, including but not limited to a valid Employment Authorization Document card. See Non-U.S. Citizen Documentation Requirements.

Credit	- Each borrower's representative credit score must be a minimum of 620 regardless of the DU eligibility assessment unless the below requirements for borrowers without a credit score are met - A maximum of one credit bureau may be frozen with a DU accept. If the credit must be un-frozen, borrowers must unfreeze all bureaus, and the DU rerun with the updated credit. - Mortgage Payment History o The mortgage payment history reflected on the credit report can be used to meet mortgage payment history requirements o Fannie Mae requires the following: On the date of the loan application, the borrower's existing mortgage(s) must be current, which means that no more than 45 days have elapsed since the last paid installment. If the credit report does not reflect the above, proof the additional loan payments were paid on time is required. - When the payment for the primary residence for any borrower is not reported on the credit report (ex: renting primary and the subject is 2nd/NOO): o Provide third party verification of payment amount.
Condominiums	- See B4-2 Project Standards in Fannie Mae's Seller Guide or https://www.fanniemae.com/singlefamily/project-eligibility for complete details on condos. - Fannie Mae to Fannie Mae 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 Fannie Mae Selling Guide Section B4-2.1-03 for details. - Florida Condos are allowed in accordance with Fannie Mae requirements.

Derogatory Event	Waiting Period Requirements
Bankruptcy — Chapter 7 or 11	4 years
Bankruptcy — Chapter 13	- 2 years from discharge date - 4 years from dismissal date
Multiple Bankruptcy Filings	5 years if more than one filing within the past 7 years

Derogatory Credit	Foreclosure	= 7 years - 3 years with documented extenuating circumstances (see section below) allowed subject to: o up to the lesser of 90% LTV/CLTV or the max LTV/CLTV per the eligibility matrix, o purchase of an OO, or o rate and term of any occupancy If a mortgage debt was discharged through a bankruptcy, the bankruptcy waiting periods may be applied if the lender obtains the appropriate documentation to verify that the mortgage obligation was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting periods must be applied.
	Deed-in-Lieu of Foreclosure, Pre-foreclosure Sale (Short Sale), Mortgage Charge-Off	- 4 years = 2 years with documented extenuating circumstances, see Extenuating Circumstances below
	All transactions require a DU Approve/Eligible regardless of which time frame for the derogatory event is met, standard or extenuating circumstances.	
Disaster Policy	- A post-disaster inspection when the appraisal occurred before the incident end date of the disaster.	
Documentation	- Documentation requirements are determined by the AUS - Private mortgages may be verified with cancelled checks or bank statements - Income or assets derived from the following sources are ineligible for qualifying: o The production or sale of marijuana o Bitcoin or other cryptocurrencies - See Assets/Gift Funds/Large Deposits section for documentation requirements on funds used for closing/reserves that originated from a cryptocurrency account. - Borrowers must document their current housing expense with one of the following when they do not currently own a primary residence: o six months canceled checks or equivalent payment source; o six months bank statements reflecting a clear and consistent payment to an organization or individual o direct verification of rent from a management company or individual landlord; or o A copy of a current, fully executed lease agreement and two months canceled checks (or equivalent payment source) supporting the rental payment amount.	
Financing Concessions	- Financing concessions for primary residences and second homes must be within the following allowable percentages: o 9% of value with LTV/CLTV ratios less than or equal to 75% o 6% of value with LTV/CLTV ratios greater than 75% up to and including 90% o 3% of value with LTV/CLTV ratios greater than 90% o The maximum financing concession for investment properties is 2% of value regardless of the LTV ratio = Value is the lesser of the sales price or appraised value	

High Cost / High Priced	- High Cost Loans are not eligible. - Higher Priced Mortgage Loans (HPML) transactions are eligible and require: o Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. o Must meet all applicable state and/or federal compliance requirements.
Loan Purpose: Purchase and Rate Term	Purchase o >95% LTV requires at least one borrower to be a first time home buyer and at least one borrower must complete Fannie Mae's Framework homebuyer education on a purchase transaction with LTV, CLTV or HCLTV ratios > 95% when all borrowers are first time homebuyers. 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 Fannie Mae requirements must be met. o A transaction is not eligible as a limited cash-out refinance if the borrower completed a cash-out refinance transaction with a Note date 30 days or less prior to the application date of a new refinance secured by the same property 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 Proceeds can be used to pay off an existing first lien mortgage that includes a deferred balance - A deferred balance that is a second lien is not eligible for a limited cash-out refinance (refer to cash-out section below) 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	Cash-Out '- Student Loan Cash-Out Refinances are eligible. - Any existing first mortgage being paid off through the transaction must be at least 12 months old as measured from the note date of the existing loan to the note date of the new loan. This requirement does *not* apply when buying out a co-owner pursuant to a legal agreement - At least one borrower must have been on title for at least 6 months; measured from settlement date to disbursement date (the time spent in borrower's majority-owned or borrower controlled limited liability corporation (LLC) is included, unless - the borrower that inherits or was legally awarded (by divorce, separation, or dissolution of a domestic partnership) the property, or - Delayed financing is met. - A refinance transaction that is paying off an existing first mortgage lien and a second lien created due to a payment deferral is eligible subject to the above seasoning requirements - Fannie Mae's delayed financing provision is acceptable if all of the following requirements are met: - The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points (subject to the maximum LTV/CLTV ratios for the transaction). - The original purchase transaction was an arms-length transaction. - The borrower(s) may have initially purchased the property as one of the following: - a natural person; - an eligible inter Vivos revocable trust, when the borrower is both the individual establishing the trust and the beneficiary of the trust; - an eligible land trust when the borrower is the beneficiary of the land trust; or - An LLC or partnership in which the borrower(s) have an individual or joint ownership of 100%. - The original purchase transaction is documented by the settlement statement, which confirms that no mortgage financing was used to obtain the subject property. A recorded trustee's deed (or similar alternative) confirming the amount paid by the grantee to trustee may be substituted for a settlement statement if a settlement statement was not provided to the purchaser at time of sale. - The sources of funds for the purchase transaction are documented (such as, bank statements, personal loan documents, HELOC on another property). - All other cash-out refinance eligibility requirements are met and cash-out pricing is applied. - Note for Delayed Financing: The preliminary title search or report must not reflect any existing liens on the subject property. If the source of funds to acquire the property was an unsecured loan or HELOC (secured by another property), the new HUD-1 must reflect that all cash out proceeds be used to pay down, if applicable, the loan (unsecured or secured by an asset other than the subject property) used to purchase the new property. Any payments on the balance remaining from the original loan must be included in the debt-to-income ratio calculation for the refinance transaction. Funds received as gifts and used to purchase the property may not be reimbursed with proceeds of the new mortgage loan.
Loan Purpose: Ineligible Transactions	Intra-family purchases as a means to obtain cash-out for the seller while avoiding cash-out qualifications and pricing are not eligible transactions. These types of transactions may seem to meet Agency guidelines, they are not bonafide purchase transactions and therefore not eligible for purchase. Unacceptable transactions of this type may have some or all of the following characteristics: - Gift of equity from the seller - Large amount of seller credits - Family member remaining in the home and on title after the "purchase" - Seller unable to qualify for a cash-out transaction of their own

Mortgage Insurance	Acceptable MI Types: - Borrower Paid Monthly - Borrower Paid Single Premium - Financed: Gross LTV cannot exceed program maximum
Occupancy	- Primary Residence - 1-4 units - Second Homes - 1-unit only - Investment 1-4 unit and Primary Residence 2-4 unit properties: o When using rental income to qualify from a subject property, the borrower must own a principal residence or document a reasonable current housing expense.
Power of Attorney (POA)	An individual employed by or affiliated with any party to the loan transaction e.g. title insurer, settlement agent etc. is not eligible as a POA.
Property: Eligible Types	- Single Family Detached Single Unit - Single Family Attached Single Unit - 2–4 Unit Attached/Detached - PUDs - Low-rise and High-rise Condominiums (must be Fannie Mae eligible) - Rural Properties (in accordance with agency Guidelines, properties must be residential in nature) - Leaseholds
Property: Ineligible Types	- Mobile and manufactured homes - Cooperatives - Condotels - Hotel Condominiums - Timeshares - Working Farms and Ranches - Unimproved Land - Property currently in litigation - Land Trust, including Community Land Trust Mortgages, and Illinois Land Trust - Condition Rating of C5/C6 or a Quality Rating of Q6 - Turn-key investment properties. See Property Turn-key Investments section for additional details.
Property Flipping Policy (Properties resold within 180 days of purchase)	- Properties that involve a re-sale that occurred within the last 180 days that have a non-arm's length relationship between the buyer and seller and an increase in value are prohibited. Time frame is established by seller's date of acquisition as the date of settlement on the seller's purchase of that property and the execution of a sales contract to another party. - An additional value product to support the subject appraised value in instances of greater than 20% appreciation may be required
Property: Maximum Number of Financed Properties	- The loan must comply with Fannie Mae's limitations on the maximum number of financed properties. - Fannie Mae has imposed minimum credit score, reserves requirements. Refer to the Fannie Mae Seller Guide, section B2-2- 03 for details.

Property: Turn-key Investments	Purchase or refinance transactions involving turn-key investment, or other similar arrangements, are not eligible for purchase. Characteristics of a Turn-key property include but are not limited to: - The property seller is an LLC (or other entity) that purchases distressed properties and re-sells to borrowers at a non- distressed valuation. - Property seller or a related entity enters into an agreement to manage the property on behalf of the buyer including marketing, tenant screening, rent collection, maintenance, etc. - Buyer frequently lives out-of-the-area from the subject property.
Ratios	- The Maximum DTI is 50% with a DU Approve/Eligible.
Recently Listed Properties	- The subject property must not be currently listed for sale. It must be taken off the market on or before the disbursement date of the new mortgage loan. Borrowers must confirm their intent to occupy the subject property (for principal residence transactions).
Rental Income Calculation	When the borrower has a history of owning rental property, net rental income or loss is calculated by: - The lessor of the gross rent (minus a 25% expense factor) or the market rent established by the appraiser for properties not reflected on the borrower's tax returns. - When the property is reflected on the borrower's tax returns, analyze the borrower's cash flow and calculate the net rental income (or loss), making sure that depreciation or any interest, taxes, or insurance expenses were added back in the borrower's cash flow analysis. - The full PITI for the rental property must be factored into the amount of the net rental income or loss. - When the borrower does not have a history of owning rental property, follow the Fannie Mae requirements.
Reserves	- DU will determine the reserve requirements based on the overall risk assessment of the loan, the minimum reserve requirement that may be required for the transaction, and whether the borrower has multiple financed properties. - 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). - Note: DU will also include in the UPB calculation open mortgages and HELOCs on the credit report that are not disclosed on the online loan application.

State Restrictions	- Texas 50 (a)(6) refinance mortgages are eligible o Owner-Occupied, 1 unit only – Non occupant co-borrowers may not be eligible on TX A6 loans. o Maximum 80% LTV/CLTV o 2% fee restriction in accordance with Texas Constitution o Full appraisal required o No new secondary financing o Loans must comply with Fannie Mae and Texas Constitution requirements o Power of Attorney allowed in accordance with Texas requirements.
Temporary Interest Rate Buydowns	Allowed subject to the following: - Max total interest rate reduction of 3%, max increase per year of 1% (1/0,1/1,2/1, and 3/2/1 buydowns allowed) - Maximum 3 years to reach standard note rate - Minimum 660 FICO - Owner Occupied and Second Home only - Purchase and Limited Cash-Out Refinance only - Must qualify at the standard note rate without benefit of the buydown - Must meet all other applicable Fannie Mae requirements, including but not limited to qualification, documentation of buydown, and funding of buydown. - Seller and lender paid only