

Conventional Loan Program - Quick Reference Guide



Eligible Products

Conventional and Freddie Only Products

- ◇ 5/1 and 7/1 ARMS, 15 and 30 year Fully Amortizing Fixed Rate

Fannie Only Products

- ◇ 5/1 and 7/1 ARMS, 15 and 30 year Fully Amortizing Fixed Rate

Program Features

- ◇ Fully-Amortized Fixed Rate
- ◇ LP Accept/Eligible or DU Approve/Eligible required
- ◇ Minimal Overlays
- ◇ Blended ratios allowed on LP Primary Residence with a non-occupant co-borrower

Loan Limits

Maximum and Minimum Loan Amounts				
Units	Maximum		High Balance*	
	Contiguous States	Alaska and Hawaii	Contiguous States	Alaska and Hawaii***
1	\$ 417,000	\$ 625,500	\$ 625,500	\$ 938,250
2	\$ 533,850	\$ 800,775	\$ 800,775	\$ 1,201,150**
3	\$ 645,300	\$ 967,950	\$ 967,950	\$ 1,451,925**
4	\$ 801,950	\$ 1,202,925**	\$ 1,202,925**	\$ 1,804,375**
Minimum		\$50,000	Maximum Conforming Loan Amount plus \$1	
* High Balance: Refer to Maximum County Limits ** LP: Maximum \$1,000,000 loan amount *** See Geographic Restrictions for loan amounts >\$625,000 in Alaska and Hawaii.				

LTV/(H)CLTV Matrices

Minimum credit score is determined by LP or DU						
Loans with >80% LTV, the credit score must meet the minimum required by the MI provider						
Occupancy	Purpose	Loan Amount	Units	Conventional	Freddie Mac LP	Fannie Mae DU
				DU Only LTV/(H)CLTV	Only LTV/(H)CLTV*	Only LTV/(H)CLTV
Primary	Purchase Rate/Term	Conforming	1	95%*	95%	97%
			2	80%	80%	85%
			3-4	75%	80%	75%
	Purchase Rate/Term	High Balance***	1	90%*	90%	90%
			2-4	75%*	75%	75%
	Cash-Out	Conforming	1	80%*	80%	85%
			2-4	75%*	75%	75%
	Cash-Out	High Balance***	1	60%	75%	60%
			2-4	N/A	65%	N/A
	Second Home	Purchase Rate/Term	Conforming	1	85%*	85%
Cash-Out		Conforming	1	75%*	75%	75%
Purchase Rate/Term		High Balance***	1	65%	80%	65%
Cash-Out		High Balance***	1	N/A	65%	N/A
Investment Property	Purchase	Conforming	1	85%* **	85%**	85%**
			2-4	75%*	75%	75%
	Rate/Term	Conforming	1-4	75%*	75%	75%
			Cash-Out	Conforming	1	75%*
	Purchase	High Balance***	1	65%	80%	65%
			2-4	65%	70%	65%
	Rate/Term	High Balance***	1	65%	75%	65%
			2-4	65%	70%	65%
	Cash-Out	High Balance***	1-4	N/A	65%	N/A
	* For loans with Secondary Financing, the maximum LTV is 5% lower than the maximum CLTV. ** LTV >80%: MI provider may require a higher credit score. MI for this LTV level is only available through United Guaranty (UG) and Essent. *** AK and HI: LTV/(H)CLTV limits for 1 unit properties with loan amount >\$625,000 are lower – Refer to Geographic Restrictions.					



Program Overlays and Conventional Comparison

This table highlights Bankers Xpress, LLC restrictions and overlays. Exceptions to these guidelines may be considered only with strong documented compensating factors.

Note: This is summary information only.

Conventional	
Overview	<ul style="list-style-type: none"> * DU Approve/Eligible required. No manual underwriting. * Electronic Fraud Detection required
Pricing/Products	<p>The following programs and features are not eligible:</p> <ul style="list-style-type: none"> * Loan amounts >\$1,000,000 * Freddie Mac Home Possible * Affordable Merit Mortgages * A-Minus Mortgages or Caution Mortgages * Temporary buydowns * Interest-only loans * Construction-to-Perm – Single Closing * Renovation Mortgages * Balloon Mortgages * Loans must be evaluated using DU must be coded and priced as Conventional
Ineligible Properties	<ul style="list-style-type: none"> * Manufactured/ mobile homes * Cooperative properties * Properties with escrow holdbacks (Permitted if escrow account is fully disbursed prior to purchase) * Condo projects that are not Fannie Mae approved or meet Fannie Mae or Freddie Mac Limited/Streamline review requirements (CPM reviews permitted)



Conventional	
Leaseholds	<ul style="list-style-type: none"> * Not permitted on Condos and PUDs * Leaseholds must comply with Fannie Mae policies and the term of the lease must extend 10 years beyond the maturity date of the note
Appraisal	<ul style="list-style-type: none"> * All files must include an acknowledgement signed by the borrower regarding receipt of appraisal prior to closing or waiver of the right to receive the appraisal.
Multiple Financed Properties	<ul style="list-style-type: none"> * Borrowers may own a maximum four 1-4 unit financed properties when the subject is a second home or investment property * If subject is a NOO and borrower owns more than 1 financed investment property, the subject loan must be a fixed rate or 7/1
Authorized User Accounts	<ul style="list-style-type: none"> * When the repository file used to create the credit report contains any authorized user accounts, the Loan Prospector (LP) or Desktop Underwriter (DU) decision is considered valid if the loan file includes documentation to evidence that at least one of the following for each authorized user account: <ul style="list-style-type: none"> * Another borrower on the loan owns the tradeline in question, * The account belongs to the borrower's spouse, or * The borrower has been making the payments on the account for the last 12 months. * If at least one of the above requirements is not documented for each authorized user account, the LP or DU decision may be considered valid and the loan may be underwritten as an LP or DU approved loan only if it is determined that the authorized user accounts have an insignificant impact on the borrower's overall credit history and the information on the credit report is representative of the borrower's own credit reputation. * This determination must be based on the number of the borrower's own tradelines as well as their age, type, size and the payment history, as compared to the authorized user accounts. * The determination must be documented on the 1008, Uniform Underwriting and Transmittal Summary, or another document in the loan file. * If it is determined that the authorized user tradelines are not an accurate reflection of the borrower's credit history and that the loan would not receive an LP or DU approval without the authorized user accounts, the loan is not eligible.



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Conventional	
Borrowers in Construction Industry	<p>* When the borrower is acting as his/her own builder and his/her primary occupation is in the construction industry, the following restrictions apply:</p> <ul style="list-style-type: none"> * Primary Residence Only * Acquisition cost must be documented * LTV/(H)CLTV is based on the lower of documented acquisition cost or appraised value * Borrower may not receive any cash back at closing that is not a verifiable reimbursement
Debt to Income	<p>* DTI: Maximum 50%</p> <p>* LTV>80%: Must meet MI provider requirements.</p>
Escrow Waivers	<p>* Partial escrow waivers are not permitted.</p>



Conventional

Flip Properties

* Property flips are permitted, provided:

- * A full appraisal is required regardless of AUS requirements.
- * The transaction must be an owner occupied purchase.
- * The appraiser has commented on all upgrades and improvements by current seller.
- * The property seller and owner of record must be one and the same.
- * No apparent relationship exists between the parties to the transaction, either on the current sale or previous sale.
- * Bankers Xpress, LLC must perform a Desk Review on the appraisal.
- * In order for an increase in appraised value on a flip transaction to be considered acceptable, repairs to the subject property must have been made to the extent that they justify the increase in the subject property's appraised value. Photographs of repairs used to justify the increase must be included in the loan file.



Conventional

Geographic Restrictions

* All states except NY
 LTV limits for one unit properties in Alaska and Hawaii:

LTV/(H)CLTV limits for 1 unit properties with loan amount >\$625,500		
Occupancy	Purpose	Coventional DU Only
Primary Residence	Purchase & Rate Term	80%* / 80%
	Cash-Out	60% / 60%
Second Home	Purchase & Rate Term	65% / 65%
Investment	Purchase & Rate Term	65% / 65%
	Cash-Out	Not Allowed

* For loans with Secondary Financing, the maximum LTV is 5% lower than the maximum CLTV.

Mortgage Insurance

* When LTV exceeds 80%, MI must be obtained through Radian or MGIC
 * Loans must comply with all MI provider guidelines
 * Only Borrower-Paid Monthly MI with constant renewals is permitted.
 No reduced cost or lower cost MI permitted

LTV	≤20 Year Fixed Rate	>20 Year Fixed Rate
>90% to 95%	25%*	30%*
>85% to 90%	12%	25%
>80% to 85%	6%	12%

* Standard coverage only. Minimum coverage may be allowed per LP findings is not allowed.

Property Listed for Sale

* Properties listed for sale are eligible for refinancing if the following criteria are met:

- * A copy of the MLS cancellation showing withdrawal from the market at least 1 day prior to application date.
- * A final appraised value lower than lowest previously listed price of subject.
- * A maximum of LTV/(H)CLTV of 70% for cash-out transactions.
- * A signed letter of explanation from Borrower explaining why property was listed for sale and removed.



Conventional	
Refinances	<ul style="list-style-type: none"> * Bankers Xpress, LLC does not allow delinquent taxes or taxes that were due 60 days prior to closing to be added to the loan amount on refinance transactions. * All loans must provide a Net Tangible Benefit to the borrower.
Documentation	<ul style="list-style-type: none"> * IRS Form 4506-T - A completed and signed IRS Form 4506-T is required for all borrowers at application and closing.
1031 Tax Deferred Exchange	<ul style="list-style-type: none"> * Allowed on Second Home and Investment Property purchases only. * The equity from the 1031 Exchange may be used for all or part of the down payment * Reverse exchanges are not allowed because the borrower is not on title to the property at the time of closing. * No seller provided secondary financing * The loan closing must be handled by a qualified intermediary. * File must contain copies of all closing documents and the Purchase Agreement on the relinquished property must be obtained. Required documentation includes: <ul style="list-style-type: none"> * 1031 Exchange Agreement * Settlement Statement (HUD-1) * Title Transfer * The Purchase Agreement for both properties must contain appropriate language to identify the 1031 exchange.
Appraisal Forms	<ul style="list-style-type: none"> * Full appraisal required
Resale Restricted Properties	<ul style="list-style-type: none"> * Allowed on Loan Prospector loans only.



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Conventional	
Auto Allowance	* Follow Fannie rules
Borrowers Without a Useable Credit Score	<p>* The following requirements apply when one or more borrowers do not have a usable credit score:</p> <ul style="list-style-type: none"> * At least one borrower on the transaction must have a usable credit score, as determined by DU. * The transaction must be a Purchase or Rate/Term Refinance. * Subject is a one unit Primary Residence. * All borrowers must occupy the property as a Primary Residence. * Borrower with a usable credit score must contribute more than 50% of the total monthly qualifying income. * Income from self-employment from any borrower is not permitted * For all borrowers without a credit score, any debt that is not reported must be verified to have a satisfactory payment history and the payment must be included in the DTI ratio. * Loan will be priced assuming a minimum 620 score.



Conventional	
Business Accounts	<p>* Business assets may be used for down payment, closing costs, financing costs, prepaids/ escrows, and/or reserves provided:</p> <ul style="list-style-type: none"> * Assets must be verified per DU documentation requirements. * Assets must be related to a documented borrower-owned business. * The borrower must be a 100% owner of the business. * The lender must document a cash flow analysis for the borrower's business using individual and/or business tax returns, as applicable. * The cash flow analysis may be in any format that allows the underwriter to determine that the withdrawal of the funds will not have a detrimental effect on the business. * The cash flow analysis must be included in the loan file.
Business Debt in Borrower's Name	<p>* Debt that appears on the borrower's credit report but is paid by the borrower's company may be excluded from DTI ratios subject to the following:</p> <ul style="list-style-type: none"> * The account does not have a history of delinquency, and * The business provides acceptable evidence that the obligation was paid out of company funds (such as 12 months canceled checks), and * The cash flow analysis of the business took the payment into consideration <p>* If the debt is included in the DTI ratios, the net income of the business should be adjusted by the amount of interest, taxes, or insurance expense, if any, that relates to the account in order to avoid counting the debt twice.</p>
Commission Income	* Follow Fannie rules
Continuity of Obligation	* Follow Fannie rules
Credit Charges for Loan Fees	* Follow Fannie rules



Conventional	
Deferred Payments	* Follow Fannie rules
Employed by a Family Member	<p>* If the borrower is employed by a relative, a closely held family business, the property seller, or any party to the transaction, the following documentation is required:</p> <ul style="list-style-type: none"> * Borrower's signed and completed personal federal tax returns for the most recent two years * Written Verification of Employment, and * W-2's for the most recent two years <p>* Current income reported on the VOE or paystub may be used if it is consistent with W-2 earnings reports on the tax returns. If the income is not reflected on the tax returns or the reported income is substantially lower than the income reflected on the VOE or paystubs, further investigation is needed to determine whether the income is stable.</p>
Employment Offers or Contracts	<p>* If the borrower is scheduled to begin employment after the loan closes, the borrower's offer letter or contract for employment may be used to underwrite and close the loan. The start of employment and the receipt of the income must be documented prior to the delivery of the loan.</p> <ul style="list-style-type: none"> * The borrower's employment and income history must be documented per the DU Findings. * The file must include a copy of the signed offer or contract for future employment and anticipated income. * Loan must be run through DU
Foreign Income	<p>* Borrowers who are employed by a foreign corporation or foreign government and are paid in foreign income or foreign currency are eligible subject to the following:</p> <ul style="list-style-type: none"> * The file must include signed copies of the borrower's federal tax returns for the most recent two years and the foreign income must be reflected on the returns. * Income must be documented per standard income documentation requirements. * All income must be translated into U.S. dollars. * Loan must be run through DU
Gift or Grant from Agency	* Follow Fannie rules



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Conventional	
Income Calculations for Self-Employed Borrowers	* If the P&L statement shows an income stream greater than what is supported by the tax returns, and the higher income is used in the income calculation, the borrower must provide an audited P&L statement.
Large Deposits	* A written explanation of deposits exceeding 25% of the borrower's total monthly qualifying income must be provided unless the source of the deposit is identified on the bank statement.
Minimum Contribution	* Follow Fannie rules
Mixed Use	* Follow Fannie rules
Non-Arms Length Transaction	* Follow Fannie rules
Non-Occupying Co-Borrower	* Follow Fannie rules
Open Ended Accounts	* Follow Fannie rules



Conventional	
Primary Residence	* Follow Fannie rules
Principal Curtailment	* Maximum \$2500 or 2% of the loan amount. * Curtailment must be applied prior to closing.
R/T Lien Seasoning	* No minimum seasoning requirement if purchase money being paid off
Re-entering the Workforce	* Not eligible



Conventional	
Refinance of Second Home with Rental Income	* Not eligible
Refinance to Buyout a Co-Owner	* Follow Fannie rules
Rent Credits	* Follow Fannie rules



Conventional	
Rent Loss Insurance	* Not required
Resale Restricted Properties	* Not eligible
Retirement Funds for Assets	* Follow Fannie rules
Retirement, Government and Annuity and Pension Income	<p>* If the retirement income is paid in the form of a distribution from a 401(k), IRA, or Keogh retirement account, determine whether the income is likely to continue for 3 years. In addition:</p> <ul style="list-style-type: none"> * The borrower must have unrestricted access without penalty to the accounts, and * If the assets are in the form of stocks, bonds, or mutual funds, 100% of the value (remaining after any applicable costs for the subject transaction) must be used to determine the number of distributions remaining.
Revolving	* Follow Fannie rules



Conventional	
Self-Employed Income from Co-Borrower	* Follow Fannie rules
Trust Accounts	* Follow Fannie rules
Verification of Assets for Non-US Citizenship	<p>* Funds that a non-U.S. Citizen recently deposited in a U.S. depository institution are acceptable subject to the following:</p> <ul style="list-style-type: none"> * Documented evidence of funds transfer from the country from which the borrower immigrated, and * Documentation to evidence that the funds belonged to the borrower before the date of the transfer, and * The source(s) of all funds used for closing can be verified just as they would for a U.S. Citizen.



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