USALLIANCE FINANCIAL™

JUMBO & SUPER JUMBO PORTFOLIO GUIDELINES

Programs: **FIXED:** 10 YR, 15 YR, 20 YR, 30 YR **ARMS:** 5/1, 5/5, 7/1, 10/1, 15/1

Jumbo Loan Limits:

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1 Unit - $484,351 to $1,500,000
2 Units - $620,201 to $1,500,000
3 Units - $749,651 to $1,500,000
4 Units - $931,601 to $1,500,000

Super Jumbo Loan Limits: $1,500,000 to $4,000,000+ (*Available by Exception Only)
*Loan Amounts exceeding $1.5M require Exception Approval by Senior Management prior to loan submission. Add-ons will apply for Loan amounts exceeding $2M. For consideration, please complete the exception template.

Occupancy: Owner Occupied Primary Residence and Second Homes Only* - No Investor Properties Allowed
*The loan term for Second Homes is capped at 15 years, unless the property will be a future primary residence aka "retirement home".

Property Types: Single Family Residences, PUDs, Condominiums (see additional condo info in condo section below) and Multi-Family O/O Dwellings 2-4 Units

Property States: CT, DC, DE, FL, GA, IL, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT

Max LTV/CLTV/ HCLTV:

LTV/CLTV/HCLTV	Occupancy	Property Type	Loan Purpose
80/90/90	Primary	SFR, Condo, PUD, and 2 Family	Purchase, R/T Refi, or Cash-out
80/95/95*†	Primary	SFR, Condo, and PUD	Purchase or R/T Only
80/100/100**	Primary	SFR (detached), Condo, PUD	Purchase, R/T Refi, or Cash-out
80/85/85	Secondary	SFR, Condo, and PUD	Purchase, R/T Refi or Cash-out
70/70/70	Primary	3 Family or 4 Family	Purchase or R/T Refi
65/65/65	Primary	3 Family or 4 Family	Cash-out

* **95% HCLTV (Platinum and Gold)** utilizing USALLIANCE 95% HELOC Program – must meet all 95% HELOC Expanded Guidelines.

†** **95% (Silver) and 100% HCLTV (Platinum, Gold, and Silver)** utilizing USALLIANCE HELOC MI Program – must meet all Expanded Guidelines.

Cash-Out: **Cash-out up to $500,000 is allowed under following parameters:**

1 AND 2 UNIT PROPERTIES, including 2nd homes:

- LTV up to 70% – **.125** add-on to rate applies for cash-out up to $500,000;
- LTV 70.01 to 75% - **.25** add-on to rate for cash-out up to $500,000;
- LTV 75.01% to 80.00% - **.375** add-on to rate for cash-out up to $500,000

3-4 UNIT PROPERTIES:

- LTV up to 65% - add **.25** to rate – for cash-out up to $500,000 (not including closing costs)

Student loans, subordinate liens used to purchase a property, and closing cost may be paid - off with the refinance and considered a limited cash-out.

1) All Borrowers must provide a signed letter of explanation RE: Purpose of Cash-Out, acceptable to Lender;

2) Cash-Out up to $ 500,000 (not including payoff of existing 2nd,) DOES NOT require exception approval;

3) **Cash-Out Exceeding $ 500,000 is by Exception Only and additional Add-ons may apply.** For consideration, please complete Exception Template and include the purpose of cash-out at that time.

Loan Disclosure: The Lender will disclose the loan and issue the Loan Estimate (LE), <u>the Broker is PROHIBITED from issuing the Loan Estimate.</u>

Max DTI: 45%* (***Note:** Max DTI 40% on loans with approved FICO exception below 680 unless an additional exception is granted based on compensating factors such as significant reserves or extremely low LTV/CLTV).

Qualify Rate On ARM's: The Qualifying Rate for QM/ATR purposes is the max rate occurring within the first 5 years AFTER the first payment date.

- **5/1 & 5/5 ARMs will be qualified at Note Rate plus 2%.**
- **7/1 & 10/1 ARMs will be qualified at Note Rate or Fully Indexed Rate, whichever is higher.** <u>Example:</u> As of 12/14/18 the Note Rate for a 7/1 ARM Jumbo Mortgage is 3.875%. The Fully Indexed Rate (FIR) is 5.5% (Index (1-year LIBOR 3.09%) plus Margin (2.375%) rounded to nearest 1/8). This would mean the 7/1 ARM Jumbo would be qualified at the FIR.
- **15/1 ARMs will be qualified at the Note Rate.**

Credit:

- Minimum FICO of 680 is required (may consider FICO's of 620-679 on case-by-case basis w/add to rate);
- Minimum of 3 Open Trade lines reporting for minimum 24-month period;
- The credit union **WILL ALLOW** revolving debt to be paid off and excluded from the DTI, if the following <u>requirements have been met</u>:
  - ✓ Credit Card must be paid in full.
  - ✓ Minimum Credit Score of 680
  - ✓ No Late Payments for past 24 months
  - ✓ Cash-out rate add-on will apply (see cash-out guidelines)
  - ✓ Underwriter **may** condition the debt to be closed.
- Payoff of installment debt has no restrictions.

Cash Reserves: Primary Residences – 2 months* & Second Homes – 6 months*;
*Additional 2 Months Reserves required for each additional Investor Property owned.

Appraisal Requirements: One (1) full Appraisal is required for loan amounts to $1,500,000;
Two (2) full Appraisals are required for loan amounts Exceeding $1,500,000. When two appraisals are required, USAlliance generally bases the lending decision on the lowest of the two appraised values.

Points: Options may be available to buy-down rate on Jumbo loan amounts (excludes Super Jumbo's). Call for more information.

Subordinate Financing: Allowed but cannot exceed CLTV/HCLTV guidelines as stated above.

Minimum Income Doc Requirements: Current paystub reporting minimum of 1 full month and W-2's for most recent 2 years are required on all borrowers (unless W-2's do not apply).

For Self-Employed Borrowers owning less than 25% of a company please provide 2 Years Personal Tax Returns, all Schedules, W-2's, 1099's or Schedule K-1's, as applicable.

For Self-Employed Borrowers owning 25% or more of a company please provide 2 Years Personal Tax Returns and Two Years Corporate Tax Returns, including Schedule K-1 and all other Schedules, 1099's and W-2's as applicable.

For Borrower's earning Commission or Bonus Income over 25%, please provide two year's Personal Tax Returns (all pages, all schedules) in addition to paystub and W-2's/1099's as above.

Minimum Asset Doc Requirements: 2 Months most recent Asset Statements required for all transactions.

Document Expiration: Income and Asset Docs are good for 120 days, Appraisal for 120 days, Title for 90 days and CPL for 60 days.

Condominiums: Must be warrantable per FNMA Guidelines, however, exceptions may be available for non-warrantable condos with add to rate. For consideration, please submit exception request prior to submission of the loan.

Note: We will not close with a Temp Certificate of Occupancy (TCO) under any circumstances.

Underwriting: Jumbo loans are underwritten manually utilizing FNMA Guidelines and Underwriting principals; as well as common sense underwriting practices. Underwriters evaluate all aspects of the loan and consider compensating factors in their analysis and approval process. Borrowers must qualify based on Small Creditor QM and/or ATR criteria. We are able to be more flexible at times, especially when dealing with unique loans/scenarios, as we Portfolio most of our Jumbo loan products.

Exceptions: Exceptions may be available on a case-by-case basis. For Exception consideration, Broker must submit Exception Approval Template to USAFCU for Management Review. If approved, add-on's will apply.

Compensation: Lender Paid Compensation to Broker-Partners is based on specific Broker Partner Agreements. Max comp on any given transaction is capped at $25,000.

(Please note: Construction Loans are always Borrower Paid Compensation, USAFCU, as Lender, does not compensate Brokers on C to P Loans—please consult Construction to Perm Loan Guidelines for further details).

Non-Permanent Resident Aliens: If all applicants are non-perm residents, the maximum LTV/CLTV 80%