



FANNIE MAE CONFORMING FIXED GUIDELINES

Revised 4/26/2021

Overlays to Fannie Mae guidelines are underlined

FANNIE MAE CONFORMING FIXED			
PURCHASE AND RATE TERM REFINANCE			
Occupancy	Units	FICO	LTV/CLTV
Primary Residence	1	620	97 ¹ /95
	2	620	85/85
	3-4	620	75/75
Second Home	1	620	90/90
Investment Property	1	620	Purchase 85/85 Rate/Term 75/75
	2-4	620	75/75
CASH OUT REFINANCE			
Occupancy	Units	FICO	LTV/CLTV
Primary Residence	1	620	80/80
	2-4	620	75/75
Second Home	1	620	75/75
Investment Property	1	620	75/75
	2-4	620	70/70
(1) High balance and transactions with non-occupant co-borrowers are limited to 95% LTV/CLTV			

Product Guidelines	
AUS	<ul style="list-style-type: none"> Desktop Underwriter (DU) with 'Approve/Eligible' findings is required. <u>Manual Underwriting is not allowed.</u>

ATR/QM Rule	<ul style="list-style-type: none"> All loans must meet the Ability to Repay (ATR) and Qualified mortgage (QM) provisions of the Dodd-Frank Act.
Age of Documents	<ul style="list-style-type: none"> All credit documents must be dated within 120 days of the note date. Preliminary Title Policies must be no more than 180 days old on the date the note is signed.
Appraisal	<ul style="list-style-type: none"> Determined by DU Findings. Property Inspection Waivers (PIW), through DU, are acceptable. Appraisal Condition Rating of C5/C6 or a Quality Rating of Q6 is not permitted. Re-certification of value, in accordance with Fannie Mae guidelines, is acceptable. Appraisal transfers are permitted in accordance with the Fannie Mae guidelines.
Assets/Reserves	<ul style="list-style-type: none"> Asset documentation must comply with the requirements of DU findings and Fannie Mae guidelines. Fannie Mae approved third party suppliers and distributors that generate asset verification reports are permitted for the purpose of verifying assets. 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.
Borrower Eligibility	<ul style="list-style-type: none"> All borrowers must have a social security number. U.S. citizens Permanent Resident Alien Inter Vivos Revocable Trusts: Permitted; must meet all current Fannie Mae guidelines. Non-Permanent Resident Aliens allowed with an acceptable Visa or evidence of a valid Employment Authorization Document (EAD). <ul style="list-style-type: none"> Employment Authorization Document (EAD) <ul style="list-style-type: none"> A current (unexpired) EAD issued by USCIS may be provided in lieu of a visa. If the EAD will expire within one year, one of the following must be provided: <ul style="list-style-type: none"> Documentation of one previous EAD renewal. If there are no prior EAD renewals, documentation from the USCIS confirming the likelihood of renewal. All standards for determining stable monthly income, adequate credit history, and sufficient liquid assets must be applied in the same manner to each borrower including borrowers who are nonpermanent resident aliens.
Condominiums	<ul style="list-style-type: none"> Must meet Fannie Mae Condominium Eligibility Guidelines. Limited Review allowed in accordance with Fannie Mae Guidelines. Must meet CenterState Bank Agency Condo Guidelines.
Credit	<ul style="list-style-type: none"> Evaluated by DU. See LTV/CLTV grid for minimum FICO scores. A full tri-merge credit report is required for all borrowers on all transactions. <u>Each borrower must generate a traditional credit score from at least one repository.</u> <u>Non-traditional credit not allowed.</u> Any debt not reported on the credit report must be documented as being repaid in a satisfactory manner.

<p style="text-align: center;">Derogatory Credit</p>	<ul style="list-style-type: none"> All transactions require a DU Approve/Eligible regardless of which time frame for the derogatory event is met, standard or extenuating circumstances. <table border="1" data-bbox="520 256 1927 630"> <thead> <tr> <th data-bbox="520 256 1171 293">Derogatory Event</th> <th data-bbox="1171 256 1927 293">DU Waiting Period</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 293 1171 347">Bankruptcy – Chapter 7 or 11</td> <td data-bbox="1171 293 1927 347"> <ul style="list-style-type: none"> 4 years </td> </tr> <tr> <td data-bbox="520 347 1171 417">Bankruptcy – Chapter 13</td> <td data-bbox="1171 347 1927 417"> <ul style="list-style-type: none"> 2 years from discharge date 4 years from dismissal date </td> </tr> <tr> <td data-bbox="520 417 1171 470">Multiple Bankruptcy Filings</td> <td data-bbox="1171 417 1927 470"> <ul style="list-style-type: none"> 5 years if more than one filing within the past 7 years </td> </tr> <tr> <td data-bbox="520 470 1171 553">Foreclosure</td> <td data-bbox="1171 470 1927 553"> <ul style="list-style-type: none"> 7 years 3 years with documented extenuating circumstances </td> </tr> <tr> <td data-bbox="520 553 1171 630">Deed-in-Lieu of Foreclosure, Pre-foreclosure Sale (Short Sale), Mortgage Debt Charge off</td> <td data-bbox="1171 553 1927 630"> <ul style="list-style-type: none"> 4 years 2 years with documented extenuating circumstances </td> </tr> </tbody> </table>	Derogatory Event	DU Waiting Period	Bankruptcy – Chapter 7 or 11	<ul style="list-style-type: none"> 4 years 	Bankruptcy – Chapter 13	<ul style="list-style-type: none"> 2 years from discharge date 4 years from dismissal date 	Multiple Bankruptcy Filings	<ul style="list-style-type: none"> 5 years if more than one filing within the past 7 years 	Foreclosure	<ul style="list-style-type: none"> 7 years 3 years with documented extenuating circumstances 	Deed-in-Lieu of Foreclosure, Pre-foreclosure Sale (Short Sale), Mortgage Debt Charge off	<ul style="list-style-type: none"> 4 years 2 years with documented extenuating circumstances
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<p style="text-align: center;">Documentation</p>	<ul style="list-style-type: none"> Determined by AUS Loans using Day 1 Certainty are acceptable. LoanBeam income calculation is acceptable per Fannie Mae guidelines. 												
<p style="text-align: center;">Down Payment Assistance</p>	<ul style="list-style-type: none"> <u>Down Payment Assistance is allowed as long as the assistance is provided by a government entity. Evidence of the terms and provider must be included in the loan file and must meet Fannie Mae requirements.</u> Employer Assistance Homeownership (EAH) is acceptable in accordance with Fannie Mae guidelines. Community Seconds and Mortgage Credit Certificates (MCCs) are not allowed. 												
<p style="text-align: center;">Employment Income Verification</p>	<ul style="list-style-type: none"> For salaried employees, the verbal verification of employment must be completed within 10 business days prior to the note date. For self-employed borrowers, the verbal verification of employment must be completed within 30 days prior to the note date. For borrowers in the military, a military Leave and Earnings Statement dated within 30 days prior to the note date is acceptable in lieu of a verbal verification of employment. 												
<p style="text-align: center;">Employment Offers or Contracts</p>	<ul style="list-style-type: none"> Borrowers with employment beginning after the note date are eligible when: <ul style="list-style-type: none"> Purchase transaction, principal residence, one-unit property, the borrower is not employed by a family member or by an interested party to the transaction, and the borrower is qualified using only fixed based income. Obtain and review the borrower’s offer or contract for future employment. The employment offer or contract must: <ul style="list-style-type: none"> clearly identify the employer and the borrower, be signed by the employer, and be accepted and signed by the borrower; clearly identify the terms of employment, including position, type and rate of pay, and start date; and be non-contingent. If conditions of employment exist, the lender must confirm prior to closing that all conditions of employment are satisfied. Start date for employment is within 90 days of note date. Document, in addition to the amount of reserves required by DU or for the transaction, one of the following: <ul style="list-style-type: none"> Financial reserves sufficient to cover principal, interest, taxes, insurance, and association dues (PITIA) for the 												

	<p>subject property for six months; or</p> <ul style="list-style-type: none"> ▪ Financial reserves or current income sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. For calculation purposes, consider any portion of a month as a full month. <ul style="list-style-type: none"> • Current income refers to income that is currently being received by the borrower (or coborrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. • Current income may be used in lieu of or in addition to financial reserves. For this purpose, the lender may use the amount of income the borrower is expected to receive between the note date and the employment start date. • If the current income is not being used for qualifying purposes, it can be documented by the lender using income documentation, such as a paystub, and no verification of employment is required.
<p>Escrow Accounts</p>	<ul style="list-style-type: none"> • Escrow accounts are required if LTV > 80%, except where prohibited by state law. • Flood insurance premiums paid by the borrower must be escrowed and cannot be waived regardless of LTV. If flood insurance premiums are paid by a condominium association, homeowner’s association or other group, no escrow is required.
<p>Escrow Holdbacks</p>	<ul style="list-style-type: none"> • Repairs or deferred maintenance items must be minor in nature and cannot affect the soundness and safety of the property. These items include but are not limited to the following: <ul style="list-style-type: none"> ○ <u>Carpet installation, hardwood floor installation or repair</u> ○ <u>Minor interior/exterior painting</u> ○ <u>Minor exterior/interior plumbing leaks</u> ○ <u>Replacement of window glass or screens</u> ○ <u>Repair of rotted exterior wood</u> • Ineligible Repairs <ul style="list-style-type: none"> ○ <u>Swimming pool completion or installation</u> ○ <u>Roofing, including active roof leaks. Shingle repair is acceptable.</u> ○ <u>Completion of partially finished addition or renovation.</u> ○ <u>Well/Septic Repairs</u> ○ <u>Mold Remediation</u> ○ <u>Extensive Plumbing or Electrical Repair</u> ○ <u>Termite Damage</u> ○ <u>Environmental Hazards</u> • Repair escrow may not exceed \$10,000 and is to be held by the title agent. • Contractor invoice estimating cost of repairs, start date and time frame of completion required prior to closing. Borrower will execute Escrow Agreement and 1.5x the cost of repairs will be held in escrow at closing. • Appraisal must be subject to repairs. • Lock must cover the repair period with maximum of one week after closing. • Final inspection showing completed work and final invoice from contractor required for disbursement of funds.

Financing Concessions	<ul style="list-style-type: none"> • Financing concessions for primary residences and second homes must be within the following allowable percentages: <ul style="list-style-type: none"> ○ 9% of value with LTV/CLTV ratios less than or equal to 75%. ○ 6% of value with LTV/CLTV ratios greater than 75% up to and including 90%. ○ 3% of value with LTV/CLTV ratios greater than 90%. • 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 DU. • Property Seller cannot pay for future HOA dues.
High Cost	<ul style="list-style-type: none"> • Not Eligible
High Priced Mortgage Loans (HPML)	<ul style="list-style-type: none"> • Higher Priced Mortgage Loans (HPML) transactions are eligible when: <ul style="list-style-type: none"> ○ Establishment of an escrow account for taxes and insurance premiums on any transaction secured by a principal residence. ○ Must meet all applicable state and/or federal compliance requirements. ○ DU Approve/Eligible ○ Minimum 620 FICO ○ All federal and/or state HPML or nonprime loan requirements are met.
Non-Arm's Length Transactions	<ul style="list-style-type: none"> • Fannie Mae will not purchase mortgage loans on newly constructed homes secured by a 2nd Home or Investment Property if the borrower has a relationship or business affiliation with the builder, developer, or seller of the property.
Maximum Loan Amount	<ul style="list-style-type: none"> • Current Guidance is available at: https://www.fanniemae.com/singlefamily/loan-limits
Minimum Loan Amount	<ul style="list-style-type: none"> • \$50,000
Mortgage Insurance	<ul style="list-style-type: none"> • Standard Coverage Required • Eligible MI Types (subject to Fannie Mae guidelines): <ul style="list-style-type: none"> ○ Borrower Paid Monthly ○ Lender Paid Single Premium ○ Borrower Paid Single Premium ○ Financed MI – The gross LTV cannot exceed CSM's program maximum. ○ Enterprise Paid MI (EPMI) • <u>Reduced MI is not permitted</u>
Number of Financed Properties	<ul style="list-style-type: none"> • 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. • <u>Maximum of 4 properties per borrower as long as the aggregate total of properties financed with CenterState Bank including the loan amount on the subject property does not exceed \$1,000,0000.</u>
Occupancy	<ul style="list-style-type: none"> • Primary Residence: 1-4 units • Second Home: 1-unit only • Investment Property: 1-4 units
Power of Attorney	<ul style="list-style-type: none"> • The use of Power of Attorney not permitted on cash-out transactions. • Power of Attorney must be approved by CenterState prior to closing.

Property, Eligible Types	<ul style="list-style-type: none"> • Single Family Detached • Single Family Attached • 2–4 Unit Attached/Detached • PUDs • Condominiums (must be Fannie Mae eligible) • Leaseholds • Rural Properties (in accordance with agency Guidelines, properties must be residential in nature)
Property, Ineligible Types	<ul style="list-style-type: none"> • <u>Mobile Homes</u> • <u>Cooperatives</u> • <u>Condotels</u> • Hotel Condominiums • Timeshares • Working Farms and Ranches • <u>Manufactured homes. This includes on-frame modular homes built on a permanent chassis.</u> • Unimproved Land • Property currently in litigation • Land Trust
Ratios	<ul style="list-style-type: none"> • Determined by AUS
Recently Listed Properties	<ul style="list-style-type: none"> • 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.
Tax Transcripts	<ul style="list-style-type: none"> • A 4506-T is required to be signed at closing. • <u>Tax transcripts are required for all self-employed borrowers whose income is used to qualify. If only non-self-employed income is used to qualify, transcripts are not required.</u> • <u>If tax transcripts are not available (due to a recent filing for the current year) a copy of the IRS notice showing “No record of return filed” is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and transcripts from the previous year.</u> • Mortgage Loans and/or Borrowers that do not require income documentation under the applicable Loan Program do not require IRS transcripts.

97% LTV Product Requirements

- The following guidelines and restrictions apply for the Fannie Mae 97% LTV Product:
 - 1-unit, principal residence properties only.
 - Single family residences, PUDs and Condos only.
 - Manufactured housing is not permitted.
 - No income limits and no pre-purchase homebuyer education requirement.
 - Reserves required by DU can be from a gift; Fannie Mae minimum borrower contribution requirements apply.
 - Maximum LTV/CLTV for loans with a non-occupant borrower is 95%.
 - Purchase Transactions:
 - For Standard purchase transactions, at least one borrower (buyer) must be a first time homebuyer.
 - Limited Cash-Out Transactions:
 - Standard limited cash-out refinancing of loans currently owned or securitized by Fannie Mae only.
 - Maximum Loan-to-value:
 - LTV 95.01 to 97%
 - CLTV 95.01 to 97% if the subordinate lien is not a Community Second
 - HCLTV to 97.00%
 - Community Seconds not allowed
 - Standard loan amounts only, high balance loan amounts are not eligible.
- 35% mortgage insurance coverage- no reduced mortgage insurance.