

Texas Cash-Out 50(a)(6) Matrix

Texas Cash-Out 50(a) (6) Program Matrix - RB's Product Code: Chase30TXC/O									
Occupancy		Max Loan Amount	Maximum LTV	Maximum CLTV	Min FICO	Max Ratios	Minimum Cash Investments	Mortgage/ Rental History	Reserves
PRIMARY	1 Unit - Fixed	\$417,000	80%	80%	660	More restrictive of DU Findings or 50%.	Evaluated by DU	Evaluated by DU	Evaluated by DU
CONVENTIONAL Underwriting Guidelines: All loans must receive an "Approve/Eligible" recommendation									
Age of Documents		Must be < 120 days old at time of closing, including the appraisal.							
ARMS		Not allowed.							
Assumability		Texas 50(a) (6) loans are not assumable.							
Attorney Review		RB's Approved Texas Attorney must review all closing documents prior to releasing loan documents and complete the required Chase Form (Texas 50 (a) (6) Legal and Compliance checklist and Statement of Opinion). This form is located in FAST under InfoCenter, i.e. Forms. Attorney Review Fees: \$200.00 for document review. \$125.00 for completing the Attorney Opinion Review Form required by Chase.							
AUS Recommendations Allowed		DU Approve/Eligible. Prior approval by Chase is required. Prior approval by investor is required per RB's policy. Manual underwriting is not allowed.							
Borrower Eligibility		Permanent and Non-Permanent Resident Aliens allowed with supporting documentation. Foreign Nationals not permitted. All borrowers must have valid social security number.							
Buydowns (Temporary)		Not allowed.							
Co-Borrowers		Max number of borrower's is four. Non-occupant co-borrowers not permitted on Texas 50(a) (6) transactions.							
Continuity of Obligation		<p>Continuity of obligation occurs on a refinance transaction when at least one of the borrower(s) on the existing mortgage is also a borrower on the new refinance of subject property.</p> <p>1) Continuity of obligation does not apply for subject property is borrower purchased the property with cash or when any prior mortgage for which borrower was an obligor was paid in full.</p> <p>2) All time period references are measured from the date of the event (for example, transfer of title) and end with the disbursement date of the new refinance transaction.</p> <p>3) All refinance transaction must comply with the definition above, meet one of the permissible exceptions described below, or comply with the limited eligibility parameters described below.</p> <p>4) Permissible Exception:</p> <p>---Borrower on new refinance was added to title 24 months or more prior to disbursement date of new refinance.</p> <p>---Borrower acquired property through an inheritance or was legally awarded property (for example, divorce, legal separation, or dissolution of a domestic partnership). No minimum waiting period with regard to when borrower acquired property before completing a new refinance transaction.</p> <p>---Borrower on new refinance has been added to title through a transfer from a trust, or a limited liability company (LLC), or partnership. Borrower must have been a beneficiary/creator (trust) or a 25% or more owner of the LLC or partnership prior to the transfer, and the transferring entity and/or borrower has had a consecutive ownership (on title) for at least six months prior to disbursement of the new loan. Transfer of ownership from a corporation to individual does not meet continuity of obligation.</p> <p>---Borrower on title at least 12 months but is not obligated on existing mortgage(s) that is being refinanced and borrower meets at least one of the following requirements:</p> <p>-----has been residing in the property for at least 12 months.</p> <p>-----paid the mortgage for at least 12 months, or</p> <p>-----can demonstrate a relationship with the current obligor (for example, relative or domestic partner).</p>							
Continuity of Obligation Requirements Not Met		<p>Refinance transactions that do not meet continuity of obligation or a permissible exception must comply with the following LTV/CLTV/HCLTV ratio, based on current appraised value:</p> <p>---Less than 6 months on Title - Ineligible.</p> <p>---Greater than or equal to 6 months and less than 24 months: Limited to 50% LTV/CLTV/HCLTV ratios.</p> <p>---Greater than or equal to 24 months: No additional restrictions.</p>							

Texas Cash-Out 50(a)(6) Matrix

Determining if a loan is a Texas 50(a)(6) transaction	<p>1) New loan amount pays off existing lien and provides even \$1 cash to borrower and existing lien is non-50(a)(6), then new lien is a 50(a)(6) loan. If existing lien is 50(a)(6) then new lien is a 50(a)(6).</p> <p>2) New loan amount pays off existing lien and pays off/down an existing 50(a)(6) lien with no cash to borrower and if existing lien is non-50(a)(6), then new lien is a 50(a)(6) transaction. If existing lien is 50(a)(6), then new lien is a 50(a)(6) transaction.</p> <p>3) New loan amount pays off existing lien and pays off/down an existing 50(a)(6) lien with cash to borrower and if existing lien is non-50(a)(6), then new lien is a 50(a)(6) transaction. If existing lien is 50(a)(6), then new lien is a 50(a)(6) transaction.</p> <p>4) New loan amount pays off existing lien and the new lien is < existing UPB (no new funds) and if existing lien is non-50(a)(6), then new lien is non-50(a)(6). If existing lien is 50(a)(6), then new lien is 50(a)(6) transaction.</p> <p>5) New loan amount pays off existing lien and funds, prepaids and or closing costs and if existing lien is a non-50(a)(6), then new lien is non-50(a)(6) transaction. If existing lien is 50(a)(6), then new lien a 50(a)(6) transaction.</p> <p>6) New loan amount pays off existing lien and pays off/down a purchase money 2nd and if existing lien is non-50(a)(6), then new lien is a non-50(a)(6) transaction. If existing lien is a 50(a)(6), then new lien is a 50(a)(6) transaction.</p> <p>7) New loan amount pays off existing lien and pays off/down an existing Secured Home Improvement Loan (mechanic's lien) and if existing lien is non-50(a)(6), then new lien is a non-50(a)(6) transaction. If existing lien is 50(a)(6), then new lien is a 50(a)(6) transaction.</p> <p>8) New loan amount pays off existing lien and provides funds to satisfy a court ordered Divorce Equity Buyout and if existing lien is non-50(a)(6), then new lien is non-50(a)(6) transaction. If existing lien is 50(a)(6), then new lien is 50(a)(6) transaction.</p> <p>Remember once a cash out always a cash-out transaction.</p>
Fee Cap	<p>A 3% fee cap has been placed on all Texas 50(a)(6) Cash-out Refinance loans. The following table has been created to assist in identifying fees subject to the 3% cap. Fees subject to the 3% Cap: Administrative Fees; Appraisal Fees; Assignment Fees; Attorney File Review Fees; Broker Fees; Certification that HOA Maintenance Fee is Current; Closing Fees; Commitment Fees; Courier Fee/Express Mail Fees; Credit Report Fees; Deed Restriction Fees; Title Company Escrow Fees; Escrow Wavier Fees, Flood Certification; HOA Transfer fee; Mortgage Insurance; Origination Fees; Pest Inspection Fees; Processing Fees; Property Tax Certification Fees; Property Tax Service Fees; Recording Fees; Survey; Title Insurance Premiums; Underwriting Fees; Warehouse Fees.</p>
Ineligible Features	DU Refi Plus
Insurance - Flood	<p>For subject properties located in SFHAs, determine whether replacement cost reconciliation is required:</p> <ol style="list-style-type: none"> 1) If flood insurance amount is a maximum through NFIP \$250,000 or equals or exceeds the amount of the outstanding principal balance of the first lien and all other loans secured by the property, no reconciliation required. 2) If flood insurance amount is equal to the replacement cost, replacement cost reconciliation may be required (refer to Insurance - Flood topic of the Online Guide for details).
Insurance - Flood (Condominiums with five or more units)	<p>When flood insurance is required for a condominium with five or more units, the condominium association must have a Residential Condominium Building Association Policy (RCBAP) or an equivalent private policy covering the entire building that provides coverage on the residential condominium unit at least equal to the lesser of:</p> <ol style="list-style-type: none"> 1) Full replacement cost value (RCV) of building as determined by insurers, divided by the number of units in the building; or 2) Maximum amount of insurance available per unit under the National Flood Insurance Program (NFIP), currently \$250,000
Insurance - Flood	<p>Chase requires the existing flood policy to have a minimum of 30 days remaining at the time the loan is purchased by Chase. If flood policy is due within 30 days of purchase by Chase, the following are required:</p> <ol style="list-style-type: none"> 1) Current policy in force at the time of closing, plus 2) Proof of payment for the next premium due, plus 3) Evidence of the Temporary Declarations Page, renewal notice or application to verify no gap in coverage.
Insurance - Hazard	<p>Chase requires individual hazard insurance coverage to be at least equal to:</p> <ol style="list-style-type: none"> 1) Replacement cost coverage (or similar verbiage) as stated on the declarations page, or 2) 100% of the insurable value of the improvements as established by the insurer.
Insurance - Blanket or Master Policy	<p>Master or blanket insurance policies, which cover multiple condo projects that are not under the same master association and do not share the use of common facilities, are not allowed.</p> <p>Note: This is an overlay to Freddie Mac, and is a Fannie Mae requirement.</p>

Texas Cash-Out 50(a)(6) Matrix

Insurance - Hazard Reconciliation	<p>Hazard coverage amount must be reconciled and increased coverage may be required when:</p> <ol style="list-style-type: none"> 1) Subject Property is located in a Special Flood Hazard Area (SFHA), and 2) Either of the following exceeds hazard insurance replacement cost value by the lesser of 10% or \$10,000; 3) Flood insurance replacement cost value (if applicable), or 4) Appraisal replacement cost value (if exclusionary verbiage is not present) <p>Note: Does not apply when:</p> <ol style="list-style-type: none"> 1) Flood coverage exceeds outstanding principal balance of all loans 2) Flood coverage equals the NFIP maximum 3) Property is covered by a master hazard policy <p>Appraisal replacement cost value can be identified in the Cost Approach to Value section of the appraisal. If the Cost Approach to Value section is not completed, or if the Appraiser indicates the appraisal is not to be used for insurance purposes, Chase will not use the replacement cost value from the appraisal in the variance assessment.</p>
Loan Limitation	Texas permits only one equity loan at one time and only one within a 12-month period.
Loan Document Review	<p>Note to the Branch: Doc Order Form must include the following:</p> <ol style="list-style-type: none"> 1) Title Officer's first and last name, phone number and email address. 2) Note: Always include a copy of the appraisal and credit report invoices. 3) Borrower must receive the following documents one (1) business day prior to loan signing: <ul style="list-style-type: none"> -----Must current version of the 1003 (URLA application. -----Final HUD-1
Loan Terms Available	30 Fixed Rate Term only.
Maximum LTV	Texas 50(a) (6) loans are capped at 80% LTV. The more restrictive of the Texas 50(a) (6) Max LTV or maximum LTV as outlined in the cash out refinance section of the guide.
Minimum Loan Size	\$70,000
Multiple Properties to the Same Borrower	No limitation on the number of properties owned if the property is the borrower's principal residence. Second Home and investment property is limited to one to four financed properties. Investor and second home borrowers with five to ten financed properties
Non-50 (a) (6) Agency Limited Cash-Out or Agency Cash-Out Refinance Prepaid Limits	<p>Refinance Prepaid Limits: Prepaid up to five (5%) percent of the loan amount may be included in an Agency Limited Cash-Out or Agency Cash-Out transaction on an owner-occupied homestead property in the State of Texas providing that the following conditions are met:</p> <ul style="list-style-type: none"> -----If the refinance is Chase-to-Chase and the application of escrow credit does not cover escrow required for new loan. -----If the refinance is Chase-to-Chase and no previous escrow account existed. -----If the refinance is non Chase-to-Chase and credit score is greater than 680.

Texas Cash-Out 50(a)(6) Matrix

<p>Non-Texas 50(a) (6) Acceptable Agency Transactions</p>	<p>These transactions are not considered to be Texas 50(a) (6) transactions:</p> <ol style="list-style-type: none"> 1) FNMA (Limited cash-out) and FHLMC (No cash-out) transactions: -----The payoff of the outstanding principal balance of an existing first mortgage not originated as a true cash-out or home equity loan as defined in Section 50(a) (6) of Texas Constitution. 2) Agency cash-out transactions: -----The payoff of the outstanding principal balance of an existing first mortgage not originated as a true cash-out or home equity loan as defined in Section 50(a) (6) of Texas Constitution. 3) FNMA (Limited cash-out) and FHLMC (No cash-out) refinance transactions: -----The purchase of a spouse's interest in connection with a divorce or the purchase of an heir's interest in the property (Owely loan transactions). 4) Agency cash-out transactions: -----The payoff of the outstanding principal balance of an existing subordinate lien originally used entirely as a bona fide home improvement loan, to pay taxes due on the mortgaged property or to pay the tax debt of the owner including a federal tax lien. 5) FNMA (Limited cash-out) and FHLMC (No cash-out) transactions: -----The payoff of the outstanding principal balance of an existing subordinate lien originally used entirely for home purchase purposes. 6) Agency cash-out transactions: -----The payoff of the outstanding principal balance of an existing subordinate lien originally used entirely as a bona fide home improvement loan, to pay taxes due on the mortgaged property or to pay the tax debt of the owner including a federal tax lien. 7) FNMA (Limited cash-out) and FHLMC (No cash-out) refinance transactions: -----The refinance includes reasonable closing costs. 8) Agency cash-out transactions: -----The refinance includes reasonable closing costs. 9) FNMA (Limited cash-out) and FHLMC (No cash-out) refinance transactions: -----The refinance includes pre-paid up to five (5%) percent subject to the limits outlined under section titled "Refinance Pre-paid Limits". 10) Agency cash-out transactions: -----The refinance includes pre-paid up to five (5%) percent subject to the limits outlined under the section titled "Refinance Pre-paid Limits". 11) FNMA (Limited cash-out) and FHLMC (No cash-out) refinance transactions: -----The borrower receives ZERO cash back in hand at closing. 12) Agency cash-out transactions: -----The borrower receives ZERO cash back in hand at closing. 13) FNMA (Limited cash-out) and FHLMC (No cash-out) refinance transactions: -----Note: If the borrower received cash back at the time the subordinate lien was originated, the loan is considered a cash-out transaction under Texas Law and is no longer eligible. 14) Agency cash-out transactions: -----Note: Delinquent property taxes, delinquent federal income taxes, property tax liens, and federal tax liens are considered derogatory credit and may impact the loan decision. <p><u>NOTE: To be considered a Non-Texas 50 (a) (6) transaction, the borrowers can receive zero cash back in a Limited/No Cash-Out transaction on an owner-occupied homestead property in the state of Texas. Therefore, any incidental surplus would require the loan amount to be decreased and the documents to be redrafted (loan would have to be reclosed).</u></p>
<p>Property Listed for Sale</p>	<p>Properties listed for sale within the past 180 days are eligible for rate/term or cash out refinance, however cash out refinances are limited to 70% LTV. Properties listed for sale must have been taken off the market at least one day prior to the date of the application</p>
<p>Power of Attorney</p>	<p>Power of Attorney (POA) cannot be used on Agency cash-out refinance transactions unless:</p> <ol style="list-style-type: none"> 1) Acceptance of POA is required by applicable law (refer to Power of Attorney - Accepting Valid POAs Where Required by Applicable Law), and 2) Written statement (from Correspondent of their counsel) accompanies the POA and explains that applicable law requires acceptance. 3) The Account Manager must send the POA to RB's designated Attorney for review prior to issuance of loan documents. 4) All POA's must be sent to Title and Attorney to review for acceptable, prior to ordering loan documents.
<p>Qualifying Rate</p>	<p>Qualify at Note Rate. Fully amortizing 30-year fixed rate.</p>

Texas Cash-Out 50(a)(6) Matrix

Required Forms	1) Notice Concerning the Extension of Credit (12-Day Letter) Must be signed by all borrowers including their spouse (includes non-borrowing or non-title spouse) - This document will print out with our initial disclosure package. Wet signature is required. 2) Mortgage Banker Disclosure (required for all Texas loans) - This document will print out with our initial disclosure package. E-signature is acceptable.
Seasoning Requirements	Seasoning requirements apply to Texas Section 50(a) (6) loans. If an existing Texas Section 50(a) (6) first or second mortgage will be paid off, the underwriter must verify that 12 months have passed since the closing date of the existing Texas Section 50(a) (6) loan being paid off before a new Texas 50(a) (6) lien can be secured.
Subordinate Financing	New Subordinate financing on a first lien Texas Section 50(a) (6) loan is not permitted. Subordinate existing liens on the real estate that are not paid off with the new 50(a) (6) loan (i.e. an existing home improvement loan). 1) Subordinated 2nd mortgages cannot already be a 50(a) (6) loan; verification is required. The title company must obtain a copy of the security instrument. 2) The subordinated 2nd mortgage must meet the 80% CLTV requirement. Note: For non-Texas 50(a) (6) transactions, a renewal and extension agreement may be acceptable in lieu of a subordination agreement.
Survey	A survey is required and must be acceptable to title.
CREDIT	
Bankruptcy, Chapter 7 or 11	Four (4) years from discharge date or dismissal date. Less than four (4) years regardless if due to extenuating circumstances will receive "Refer with Caution" therefore will require manual underwrite. Manual underwriting on an exception basis only and will require second review by management. Refer to FNMA guidelines for additional restrictions per LTV, FICO, reserves, etc.
Bankruptcy, Chapter 13	Two (2) years from discharge date. Four years from the dismissal date. Less than four years for dismissal, regardless if due to extenuating circumstance will receive "Refer with Caution", therefore will require manual underwrite. Manual underwriting on an exception basis only and will require second review by management. Refer to FNMA guidelines for additional restrictions per LTV, FICO, reserves, etc.
Multiple Bankruptcy Filings	Five (5) years waiting period is required. Less than five (5) years regardless if due to extenuating circumstance may receive "Refer with Caution", therefore will require manual underwrite. Note: Two or more borrowers with individual bankruptcies are not cumulative, and do not constitute multiple bankruptcies. If DU does not recognize the multiple bankruptcies, the underwriter must evaluate the file to verify meets the five year waiting period. Loan subject to AUS Approval. Manual underwriting on an exception basis only and will require second review by management. Refer to FNMA guidelines for additional restrictions per LTV, FICO, reserves, etc.
Car Lease Payments	The lease payment must be included in the DTI regardless of the remaining number of payments.
Credit Report - Suppressed or Frozen Credit	Credit reports must be free of frozen or suppressed information. Security freezes on credit reports must be unblocked by the borrower for full disclosure to the Underwriter
30-Day Charge Accounts	Borrower must have sufficient funds to cover the unpaid balance of all unpaid 30-day charge accounts (e.g., American Express). DU will include the balance in the required cash to close and total funds verified. * Suppressed information must be resolved by the borrower prior to underwriting the loan. If a full credit report is not available, the loan is ineligible.
Collections/Charge Offs	Allowed for 1-unit principal residence only. Purchase or limited cash out refinance. Income for qualifying borrower cannot come from self-employment. Not allowed for High-Balance. Borrower with non-traditional credit and a credit score must contribute more than 50% of the qualifying income. Qualifying credit score must be inputted into LOS as zero.
Contingent Liability (Co-Signed Loans)	The borrower and the individual making the payments must both be liable for the debt repayment. To exclude the payment from the DTI ratio, 12 months canceled checks or bank statements are required as evidence of timely payment by the other co-obligator on the note/loan. The person making the payments must be a co-obligator on the loan.
Debts/Minimum Payment	The greater of \$10 or 5% of balance for revolving/installment accounts if payment not reporting. Include all revolving payments regardless of the number of payments remaining. HELOC: If not shown on the credit report, payments on a HELOC with an outstanding balance may be calculated at 1% of the outstanding balance or use billing statement.
Deed-in-Lieu of Foreclosure/Short Sale/Forgiveness of Debt/Charge-off on Mortgage Debt	1) Concurrent Short Sales are not eligible for delivery to Chase under any circumstances. 2) Eighty four (84) months seasoning if due to extenuating circumstance or financial mismanagement..

Texas Cash-Out 50(a)(6) Matrix

Derogatory Credit	Follow AUS Findings, plus: 1) Chase requires all items that may impact title to the subject property or Chase first lien position to be paid in full or satisfied by the borrower prior to closing 2) All reported delinquent Chase accounts/mortgages must be brought current prior to or at the time of closing *Verification of sufficient funds to pay derogatory items is required and use of such funds must be accounted for in reserve calculations and requirements.
Disputed Trades	If DU does not issue a message specific to the trade line with a dispute, it is not required to be addressed. If the trade line DOES belong to the borrower and the reported payment history is accurate, the disputed trade line(s) must be considered in the credit risk assessment. To ensure the disputed trade line is considered, a new credit report must be obtained with the trade line(s) no longer reported as disputed and resubmit the loan case file to AUS. If the trade line DOES NOT belong to the borrower, or the reported payment history is inaccurate, written documentation must be obtained, satisfying the AUS condition and included in the loan file. Under these circumstances, when the information is validated, AUS may require no further action.
DU Loans: Co-borrowers without credit scores	Allowed for 1-unit principal residence only. Purchase or limited cash out refinance. Income for qualifying borrower cannot come from self-employment. Not allowed for High-Balance. Borrower with non-traditional credit and a credit score must contribute more than 50% of the qualifying income. Qualifying credit score must be inputted into LOS as zero.
Extenuating Circumstance	For applications taken on or after 08/16/14: Examples of documentation that can be used to support extenuating circumstances include documentation that confirm the event such as a copy of a divorce decree (i.e., significant loss of income due to divorce), medical reports or bills, notice of job layoff, job severance papers, death of major wage earner, etc., and documentation that illustrate factors that contributed to the borrower's inability to resolve the problems that resulted from the event such as a copy of insurance papers or claim settlements, property listing agreements, lease agreements, tax returns (covering the periods prior to, during and after a loss of employment). Etc. Borrower must also provide a letter of explanation detailing the extenuating circumstance.
Foreclosure	Loans require 84 months seasoning regardless of reason.
Inquiries	All credit inquiries within 120 days of the credit report are required to be addressed.
Judgments/Liens	Judgments, garnishments, and liens must be paid off at or prior to closing. Documentation of the satisfaction must be provided.
Liabilities	Closed accounts with a balance must be manually added to the liabilities on the 1003 application prior to submitting the transaction to DU. Credit report will not merge closed accounts with balances to the liabilities shown on 1003 application.
Min Trades/Auth User Accounts	An authorized user account does not count as a trade line, unless receive 12 months evidence of borrower making the payment.
Modification with principal forgiveness	Seasoning requirements if due to extenuating circumstance is 36 months. Seasoning requirements if due to financial mismanagement is 48 months.
Mortgage History	Per DU.
Payoff of Revolving Debt & installment Loans	In order to qualify without the monthly payment on the current balance, a revolving account must be paid off and closed. Revolving account paid through escrow is acceptable, however, must provide a credit supplement or letter from the creditor to evidence the account is closed prior to funding. Debt being paid off at closing must be reflected on the HUD-1. Note: Not applicable to HELOCS which are documented through a payoff statement, clear title and borrower closed out letter. Installments debts may be paid off and cannot be paid down to less than 10 months for qualifying.
Short Sale/ Pre-Foreclosure/ Foreclosure /Deed in Lieu of	At least four (4) years since completion date of short sale, Deed-in-Lieu of Foreclosure/Charge-off and re-established acceptable credit score. For applications taken on or after 08/16/14: Two (2) years is allowed if supporting documentation proves Extenuating Circumstances. No specific input code to DU is required. Refer to Extenuating Circumstance Section of this matrix for additional requirements. Loan subject to AUS Approval.
Student Loans	All efforts should be made to obtain payment of deferred student loans. If unable to obtain, 1% of balances will be used as payment in determining DTI

Texas Cash-Out 50(a)(6) Matrix

COLLATERAL

Appraisal	<p>Full Appraisal Required, interior & exterior inspection. 1004 for SFR. AVM's and streamline documentation appraisals are not eligible. Second Review by Underwriting Manager when Final DU Findings indicates High Value Flag. Transferred appraisals are not allowed. Processor must verify appraisal is not on Chase Ineligible Appraiser's list. Refer to Chase Ineligible Status Appraiser requirements in their seller guide.</p> <ol style="list-style-type: none"> 1) Appraisal must be completed by a Certified appraiser. 2) Copy of the appraiser's license must be included in all closed loan files. 3) If the floor plan is atypical or functionally obsolete, thus limited the market appeal for the property in comparison to competitive properties in the neighborhood, the floor plan sketch must include the interior walls. 4) Comparable sales used in an appraisal must be less than 12 months from the appraisal date. <p>-----Appraiser must comment on the reasons for using any comparable sales that are more than six months old. -----Underwriter must comment on what information was considered as support for the value based on the transaction and the reason a field review was not required when the appraisal contains aged comparables. -----When describing the proximity of the comparable sale to the subject property, the Appraiser must be specific with the respect to the distance in terms of miles, and include the applicable directional indicator (for example, "1.75 miles NW").</p>
Appraisal Update	<p>When an Appraisal Update and/or Completion Report (1004D/442 is allowed, it must include:</p> <ol style="list-style-type: none"> 1) New sales grid to support the conclusion within the Appraisal Update. This may include new sales since the effective date of value, or sales that were used in the original report (if they are deemed to be the best indicators of value). 2) Description of the criteria used for the selection of the comparable sales and the search results. 3) Photos of the comparables. 4) New color photos of the front of the subject property. 5) Note: Listings may be included as a fourth comparable.
Assessory Units	<p>When the property contains an accessory unit, the property is eligible under the following conditions:</p> <ol style="list-style-type: none"> 1) Property is a 1-unit. 2) Appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use. <p>-----Comparable property must be the same use but is not required to be a recent comparable sale. -----Analysis can be reported in the appraisal form or in the addendum.</p>
Condominiums	<p>Must verify the condo project is not on Chase declined condo list.</p>
Condominiums - CPM Review	<p>Condo Project Manager (CPM) is a web-based tool designed to help lenders determine if a project will meet Fannie Mae's eligibility requirements. New and newly converted condo projects consisting of attached units located in Florida are not eligible for CPM review. Projects that consist of four or fewer units have specific eligibility requirements under the Expedited Review process. Refer to FNMA guidelines for requirements. With the exception of two-to-four unit projects, lenders must review the homeowners' association actual budget for established projects and the projected budget for new projects. Budget provides for the funding of replacement reserves for capital expenditures and deferred maintenance (at least 10% of the budget); and budget provides adequate funding for insurance deductible amounts. Insurance requirements must meet FNMA's guidelines. Follow all requirements shown below in section called "Condominiums". For projects in which the units are not separately metered for utilities, the underwriter must determine that having multiple units on a single meter is common and customary in the local market where the project is located, and confirm that the project budget includes adequate funding for utility payments (not applicable for two-four unit projects). Refer to FNMA guideline for additional requirements. The project must be located on contiguous parcels of land. It is acceptable for a project to be divided by public or private streets. For investment property transactions on attached units in established projects (including two-to-four unit projects), at least 50% of the total units in the project must be conveyed to principal residence or second home purchasers. This requirement does not apply if the subject mortgage is for a principal residence or second home. Attached new and newly converted condos in the state of Florida are not allowed under CPM review.</p>

Texas Cash-Out 50(a)(6) Matrix

<p>Condominiums - Established</p>	<p>1) At least 90% of the total units in the project have been conveyed to the unit purchasers; 2) The project is 100% complete, including all units and common elements; 3) The project is not subject to additional phasing or annexation; and 4) Control of the HOA has been turned over to the unit owners. 5) Attached units in Established Condo Projects in the state are Florida are limited to the following LTV Ratios: ----Principal Residence (PERS Approved or CPM Review - 97% LTV. Limited Review max LTV of 75%. ----Second home - (PERS Approved or CPM Review - 90%. Limited Review max LTV of 70%. ----Investor - (PERS Approved or CPM Review - 85%. Limited Review - Not Eligible.</p>
<p>Condominiums</p>	<p>Project (all units, common elements, and amenities) and related facilities owned by a Master Association are complete and not subject to any additional phasing. At least 90% of the total units have been conveyed to the unit purchasers other than the developer; and The unit owners control the homeowners association (HOA). No manufactured homes in the project. If the borrower occupies the unit as a primary residence or second home, there is no owner-occupancy requirement for the condominium project. If used as an investment property, at least 51% percent of the total number of condominium units must have been conveyed to purchasers (other than the developer or a successor to the developer) who occupy their unit as a primary residence or second home. Operating budget is required. No more than 15% total units can be 30 or more days delinquent on the HOA dues. The budget must reflect a line item reflecting at least 10% of the total income for the project is held for replacement reserves. No single entity may own more than 10% of the total units in the project. In the case of a project that has fewer than ten units, no single entity may own more than one unit. Refer to FNMA's selling guide for more information. The following changes are effective December 13, 2014 with DU Version 9.2: 1) CPM and Full Review have been consolidated into one review method. 2) The pre-sale requirement for new projects is now 50%. 3) The number of days for which 15% of unit owners may be past due on common expense assessments has been increased to 60 days. Note: In a two-to-four unit project, no unit owners may be 60 or more days past due on their HOA common expense assessments. This ratio is calculated by dividing the number of units with common expense assessments that are past due by 60 or more days by the total number of units in the project. 4) Per RB policy, minimum square feet of 500 is required. 5) All condominium projects require the homeowner's association to provide their IRS Tax Identification Number (TIN). 6) Commercial space is allowed and limited to 25% for all condo projects, allowing a single entity to own up to two (2) units in a project consisting of five (5) to 20 units, specifying the situations under which up to 15% of non-incidentals business income is allowed, and permitting live-work projects that allow unit owners to operate small home-based businesses from their residential dwelling. 7) No single entity may own more than the following units in the project: ----Projects with 2-4 units - 1 unit. ----Projects with 5-20 units - 2 units ----Projects with 21 or more units - 10%</p>
<p>Condominium (Ineligible Projects)</p>	<p>Ineligible Projects: Refer to Selling Guide - B4-2.1-02</p>
<p>Condominiums (Limited Review - Attached)</p>	<p>Limited Review: Must be located in either an attached unit in an established condo project, including 2-4 unit condo projects, or a detached unit in a new or established condo project (including those projects with a mixture of attached and detached units). The unit must secure a mortgage that is originated on a spot loan basis. The mortgage must meet the required LTV/CLTV/HCLTV ratios for the occupancy type. Investment property or manufacture homes not allowed. Project is not an ineligible project. New attached condo projects are not allowed. LTV/CLTV/HCLTV - Primary Residence DU Approved/Eligible less than or equal to 80%; Second Home less than or equal to 75%; Investment Properties are not eligible. If the project is a detached unit, the unit securing the mortgage must be 100% complete. Attached new and newly converted condos in the state of Florida are not allowed under limited review.</p>
<p>Condominiums (Limited Review - Detached)</p>	<p>The mortgage is secured by a single detached unit in a condo project. Not a manufactured home. Not an ineligible project. Primary residence, second home or investment property, subject to DU Approve/Eligible. Appraiser must comment on, and reflected in the appraisal report, any effect that buyer resistance to the condo form of ownership has on the market value of the individual unit. If project is new, the appraiser used as a comparable sale at least one detached condo unit, which may be located either in a competing project or in the subject project, if the condo unit is offered by a builder other than the one that built the subject unit. Property covered by type of property and flood insurance coverage required for single-family detached dwellings, if the condo unit consists of the entire structure as well as the site and air space; or the project's master property and flood insurance policies, if the condo unit consists only of the air space for the unit and the improvements and site are considered to be common areas or limited common areas.</p>

Texas Cash-Out 50(a)(6) Matrix

Condominiums that require FNMA to approve the project	The following projects must be submitted to FNMA for project approval (branch and/or broker must submit the project to FNMA for approval): New and newly converted condo projects consisting of attached units located in Florida; New and newly converted, non-gut rehabilitation condo projects. Maximum LTV limits for Attached units in New and Newly converted condo projects in Florida are: 1) Principal Residence 97% LTV with DU Approve/Eligible Decision. 2) Second Home 90% LTV 3) Investment 85% LTV	
Condominium Codes to be entered on FNMA 1008 Transmittal	Project Type Code	Description
	E	Established PUD Project
	F	New PUD project
	P	Limited Review - New condo project
	Q	Limited Review - Established condo
	R	Full Review with CPM - New condo project
	S	Full Review with CPM - Established condo project
T	Fannie Mae Review - Condo project that received a Final Project Approval through PERS.	
Condominiums - Project Review Methods	Unit and Project Type	
	Attached condo unit in a new or newly converted project, including an attached unit in a condo project that includes a mixture of attached and detached units.	Full Review (CPM Review) or Fannie Mae Review through the Project Eligibility Review Service (PERS). Attached new and newly converted condos in the state of Florida are not allowed under CPM review.
	Attached condo unit in an established project, including an attached unit in a condo project that includes a mixture of attached and detached units.	Limited Review only for a unit that is a 1) Principal residence with an LTV ratio less than or equal to 80%, or 2) Second home with an LTV ratio less than or equal to 75%. 3) Full Review with CPM.
	Detached condo unit in a new or established project, including a detached unit in a condo project that includes a mixture of attached and detached units.	Limited Review
	Attached or detached unit in a new or established two-to-four-unit condo project.	Based on the mortgage transaction and project characteristics, two-to-four-unit condo projects may be reviewed using either; 1) Limited Review, or 2) Full Review with CPM.
	Unit in a co-op project.	Per RB policy - Not allowed.
	1) Condo or Co-Op project that contains manufactured Homes. 2) PUD project that contains single-wide manufactured homes. 3) Newly-converted non-gut rehabilitation project (projects with attached units only) that contain more than four residential units. 4) New or newly converted condo project consisting of attached units located in Florida.	Fannie Mae Review through PERS. Note: Condo or Co-Op that contains manufactured homes is not allowed per RB policy. All, PUD projects that contains single-wide manufactured homes is not allowed per RB policy.

Texas Cash-Out 50(a)(6) Matrix

Condominiums - New Condo Project	A project for which one or more of the following is true: 1) Fewer than 90% of the total units in the project have been conveyed to the unit purchasers; 2) The project is not fully completed, such as proposed construction, new construction, or the proposed or incomplete conversion of an existing building to a condo; 3) The project is newly converted; or 4) The project is subject to additional phasing or annexation.
Condominiums: Two-to-four-unit Project	A project comprised of two, three, or four residential units in which each unit is evidenced by its own title and deed. A two-to-four-unit condo project may be either a new or established project and may be comprised of attached and/or detached units. Additional eligibility requirements apply for two-to-four-unit projects: 1) no single entity may own more than one unit within the project; 2) All units, common elements, and facilities within the project; 3) All units, common elements, and facilities within the project; 4) All but one unit in the project must have been conveyed to owner-occupied principal residence or second home purchasers; and 5) The units in the project must be owned in fee simple or leasehold, and the unit owners must be the sole owners of, and have rights to the use of, the project's facilities, common elements, and limited common elements. Refer to FNMA program guidelines for additional requirements.
Deed Restricted Properties	Deed restricted properties must be reviewed and approved by Chase prior to delivering the loan for purchase. Certain exceptions apply as detailed in Chase Property General Requirements.
Disaster Guide - Photo Requirements	The following photos are required with all disaster inspection types: 1) Front of Subject. 2) Address verification (house number and street sign) 3) Subject property visible damage 4) Street scene Note: For condos, a photo of the lobby is required in addition to a photo of the building. If the inspector cannot enter the building for any reason (such as, safety, extensive damage, etc.) other options are available in lieu of a photo of the lobby.
Leasehold Properties	Not allowed.
Maximum Acreage	Urban: 10 acres; Rural-Individual homestead: 100 acres; Rural - Family Homestead 200 acres. Properties with > than 20 acres requires second review by underwriting manager. There are no exceptions to the acreage limit. Loan must comply with Article XVI, Section 50(a) (6) of the Texas Constitution in regards to eligible land use.
Mixed Use Properties	For mixed-use properties, Appraiser must: 1) Provide a detailed description of mixed-use characteristics and any accommodations made for the commercial use of the subject property, and 2) Report any adverse impact on marketability and market resistance to the commercial use of the property
Photographs - Subject Property and Comparable Sales	1) Acceptable photographs include original images from photographs or electronic images 2) Front photos of all comparables used in sales comparison must be original images 3) Color photos of the subject property and comparable sales are required 4) Chase will accept duplicate original electronic images of comparable photographs provided they are from the Appraiser's files and are clear and descriptive 5) Out of season photos and duplicate original electronic images are acceptable and do not require comment by Appraiser unless proven to be MLS photos 6) When non-original electronic images or MLS photos are used for comparables, the Appraiser must comment the reason original images were not used
Property Listed for Sale	The listing must have expired or been withdrawn prior to the Note date, and for LTVs > 70%, the Note date must be six months or more after the date the last listing expired or was withdrawn. The appraisal must confirm all of the following: 1) Home is not currently listed in the MLS as for sale. 2) Home is not publicly offered or for sale by the owner. 3) Date the listing was withdrawn or expired. OR 4) When the property is listed for sale at the time of the appraisal but is withdrawn or expired prior to the Note date, the borrower must provide evidence (for example, a copy of the cancelled agreement) that the property is no longer for sale.
Property Type	1-unit, Condo/PUD (must be fee simple ownership); Attached/Detached; 2-4 unit properties are not eligible.

Texas Cash-Out 50(a)(6) Matrix

PUDs	<p>Attached PUD appraisal requirements:</p> <ol style="list-style-type: none"> 1) Uniform Residential Appraisal Report 1004 (interior/exterior) is required for all attached PUDs submitted to Chase Project Approval Group (PAG) for review and approval. 2) Include the PUD legal name. 3) Include the homeowner's association (HOA) dues and assessments. 4) Indicate the property rights (fee simple or leasehold) for the subject and each comparable sale. 5) Identify, report on the condition and include a description of the common elements and amenities of the subject unit PUD. Condition of the amenities can be addressed in -----Appraiser commentary, or -----"Improvements" section of the appraisal (refer to PUD Reference Guide - Agency and Non-Agency for complete details). 6) Provide a comparison of the subject PUD common elements and amenities with those of competing developments. 7) If comparables consist of single family dwellings located outside of PUD developments, the appraiser must: <ul style="list-style-type: none"> -----Provide analysis to support the inclusion of non-PUD comparables. -----Comment on the impact deed restrictions on the subject's marketability and value.
HIGH-BALANCE	
High-Balance	High-Balance not allowed in Texas. Maximum loan amount is \$417,000. Loan amounts greater than \$417,000 are considered a Jumbo (Non-Conforming) product.
INCOME/ASSETS	
Assets - Business	When using business assets as funds for the down payment, closing costs, and/or financial reserves, the underwriter must perform a cash flow analysis to confirm the withdrawal of these funds will not have a negative impact on the business. When using business funds for assets, second signature by Underwriting Manager is required.
Assets - Group Savings (Non Profit Organizations)	Funds in a G" Mach account, pooled savings, or community savings account are not an eligible source of funds.
Assets - Joint Accounts	If an account is held jointly a letter will be required from the joint account holder to verify our borrower has 100% access to those funds. This is required regardless of the relationship.
Assets - Large Deposits	Large Deposits are defined as a single deposit that exceeds 50% of the total monthly income for the loan. Note: If the deposits exceed 100% of borrower's total income, the underwriter may require an LOE and source of the funds. If bank statements reflect automatic deposits of all income and additional deposits are reflected outside of borrower's monthly income, the underwriter may request an LOE and source of substantial deposits outside of borrower's total income.
Assets / Reserves	<p>401K and Asset Secured Loans: To exclude payment from the DTI calculation on a loan secured by the borrower's assets (such as 401K/IRA accounts), CDs stocks, bonds, marketable securities, etc, the value or balance of the account must be sufficient to repay the loan obligation. If the balance in the account is not sufficient, the loan is not fully secured. In the case where the account value is less than the loan balance, the transaction requires the payment to be included in the DTI calculation.</p> <ol style="list-style-type: none"> 1) College Accounts: college accounts such as 529c, are not an acceptable source of funds. 1) Custodial accounts established for children or other individuals are not acceptable source of funds. 2) Note: A custodial account set up for a borrower who was a minor at the time the account was established is eligible for closing costs or reserves provided the borrower has reached the legal age, has full unrestricted access to the funds, and can provide evidence of same from the financial institution holding the funds.
Assets/Retirement Accounts	<p>Eligible retirement accounts can be used as a source of closing funds under these guidelines:</p> <ol style="list-style-type: none"> 1) 70% of stated vested value 2) Less any loans 3) With proof of distribution <p>Eligible retirement accounts can be used as reserves under these guidelines:</p> <ol style="list-style-type: none"> 1) 60% of stated vested value 2) Less any loans
Income - Amended Tax Returns	Original filed returns and the amended return are required. Tax returns must have been amended prior to the application date and execution of the purchase contract. CANNOT BE AMENDED TO QUALIFY.
Income - Bonus, Overtime, and Commission Income	Borrower must have a two-year consecutive history of receiving bonus/overtime/commission, and the income must be likely to continue.

Texas Cash-Out 50(a)(6) Matrix

Income Documentation	Follow A.U.S. Additional documentation at Underwriter discretion
Income - Employed by Family Member	Requires full documentation regardless of AUS. Two (2) years tax returns, W-2's, one month's current paystubs with 30 days of earnings, Written VOE, and evidence does not own more than 25% interest in the company.
Income - Employment Gaps	Follow DU Findings report including income documentation requirements.
Income - Ineligible Sources	The following income sources are not permitted: 1) Boarder Income 2) Capital Gains Income 3) Annuitization of retirement/pension assets (except on DU decisioned loans) 4) Mortgage Credit Certificate (MIC) 5) Gambling/lottery income 6) Health and wellness income 7) Revocable Trust
Rental Income	Follow AUS.
Income - Self-Employed Documentation requirements	1) Commissioned borrowers > = 25% -----Most recent paystub. W-2's and personal tax returns or transcripts covering most recent two-year period required. 2) Self-Employed (Primary or Secondary Employment) -----Personal and business tax returns of transcripts covering most recent two-year period -----24-month history of self employment, regardless of prior work history -----A minimum of 12 months self employment reflected on tax returns. If tax returns do not reflect the completed 24-month period (due to timing), an unaudited Profit and Loss (P & L) Statement prepared by the borrower or an independent third-party (such as borrower's tax preparer, CPA or company bookkeeper) must be provided covering the remaining time period. -----Any increase in income shown on a P & L Statement when compared to the final income calculation from the tax returns, cannot be used to qualify (regardless of whether the P & L is audited or unaudited) -----When a P & L Statement reflects a decrease in income when compared to the final income calculation from the tax returns, then the income reflected on the P & L Statement alone must be used to qualify 3) Self-Employed - Income Not Used for Qualifying (for example, borrower is using alternative source of income to qualify or co-borrower is self-employed and income is not being used to qualify) -----Most recent 2 years personal tax returns/transcripts with all schedules and K-1 (if applicable) -----Business tax returns may be required if personal tax returns reflect a loss and business returns are needed to assess the impacts of the loss
Income - Social Security	When Social Security income is used as qualifying income, IRS form 1099 or personal tax return cannot be used in lieu of the award letter. Social Security income must be verified with: 1) copies of the most recent two months bank statements or check stubs, and 2) Copy of the Social Security Administration (SSA) award letter. In addition, evidence of three years continuance (such as, verification of beneficiary's age using a birth certificate or state ID card) is required when Social Security benefits are being paid as a benefit for a family member of the benefit owner. Note: Tax returns or transcripts are still required when the income is grossed up.
For Internal Use Only - Not for consumer distribution. This document is not an advertisement as defined in 12 CFR 1026.2. All products are subject to credit and property approval. Guidelines are subject to change at any time and without prior notice. Residential Bancorp, Inc. 5686 Dressler Rd NW, One Bancorp Building, North Canton, OH 44720, NMLS # 210853, California BRO CRMLA # 4131217, CFL#603J643, Equal Housing Lender.	