

## Guidelines – Correspondent

Loan Program: **5/6mos SOFR ARM 2/1/5 85 LTV No PMI Dollar Bank** (1585cs)  
 LTV Limits:

PURCHASE MORTGAGES						
Occupancy	Property Type <sup>❶</sup>	Max LTV	Max TLTV	Max HTLTV	Loan Limits	FICO Score
Primary Residence	1 Unit	85%	Secondary financing is not permitted		\$647,200	700
	2 – 4 Units	Ineligible				
Second Home	1-4 Unit	Ineligible				
Investment & Non-Owner Occupied	1-4 Unit	Ineligible				

❶ Condominiums are ineligible for this product.

“NO CASH-OUT” and CASH-OUT REFINANCE MORTGAGES						
Occupancy	Property Type	Max LTV w/o	Max TLTV	Max HTLTV	Loan Limits	FICO Score
Primary Residence	Ineligible					
Second Home						
Investment & Non-Owner Occupied						

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### ARM Features:

Feature	Description
<b>Product Description</b>	An Adjustable Rate Mortgage (ARM) that adjusts every 6 months after the initial fixed period
<b>Initial Fixed Period</b>	5 years
<b>Interest Rate/Payment Adjustment Frequency</b>	Every 6 months after the initial fixed rate period
<b>Qualifying Rate</b>	Higher of the Note Rate or the Fully Indexed Rate.
<b>ARM Plan</b>	For loans eligible for DU submission: Select “Lender ARM Plan”. Use the convention above to determine the qualifying rate.
<b>30 Day SOFR Index</b>	The SOFR Index is the Standard Overnight Funds Rate, which is the 30 day average yield of the cost of borrowing cash overnight collateralized by the U.S. Treasury securities in the repurchase agreement (repo) <a href="#">as published</a> by the Federal Reserve Bank of New York.
<b>Margin</b>	3.000%
<b>First Adjustment Cap</b>	2.000%
<b>Each Subsequent Adjust Cap</b>	1.000%
<b>Maximum Lifetime Cap</b>	Start rate + 5%
<b>Payment Change Cap</b>	There is no payment cap. The payment is recast with each interest rate change based on the outstanding principal balance over the remaining term.
<b>Interest Rate Floor</b>	Not to be less than the margin.
<b>Buydown</b>	Not Available
<b>Conversion Option</b>	None
<b>Assumable</b>	Assumable after 5-year fixed period, subject to an assumption fee and certain conditions.

### Underwriting Guidelines:

**Freddie Mac Loan Product Advisor®**, **Accept** or **Fannie Mae DU®**, **Approve only on this product for conforming loan amounts**. Loans that receive a Caution risk class rating with A-minus offering or an Expanded Approval® rating are ineligible.

- Eligible Properties:**
- Owner Occupied Primary Residences
  - Single Family, attached/detached
  - 1-unit property
  - PUDs

Multiple Unit Properties, Condominiums, Second Homes, Investment Properties and Manufactured Homes are not permitted.

### Condominium Guidelines:

**Condominiums are ineligible.**

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- Seller Contributions:**
- May be used toward prepays and/or closing costs.
  - Seller Contributions are based on the lesser of property's sale price or appraised value.

Occupancy	Seller Contribution	LTV / TLTV
Loans <=\$647,200		
Primary Residence	6%	>80% & <=85%
Second Home and Investment & Non-Owner Occupied	Ineligible Purpose	

**Appraisals:** Each lender that sells loans to Dollar Bank must ensure that its origination appraisal practices conform to the requirements of Fannie Mae, Freddie Mac and comply with the revision to Regulation Z, the Appraisal Rule (published in the Federal Register on October 28, 2010) and the revised Interagency Appraisal and Evaluation Guidelines (published in the Federal Register on December 10, 2010) that were added as part of the Dodd-Frank Financial Reform Legislation.

**Warehouse or Self-Funding Clients:**

**Limitation on the use of a single appraisal company.** We will require the use of multiple appraisal companies. You may not submit loans appraised by any single appraisal company that exceeds 30% of your total production of loans submitted to Dollar Bank for underwriting. This will be closely monitored. When the amount exceeds 30%, the loan will be pended and a request for a new appraisal utilizing a different appraisal company will be made.

**Table Funded Clients:**

All lenders will be required to use the Appraisal Management Company directed by Dollar Bank to obtain an appraisal.

Units	Loan Amount	Loan Purpose	Appraisal
1	<=\$400,000	Purchase	Desktop Appraisal or 2055 exterior appraisal
		Refinances	Refinances are not permitted on this product.
	>\$400,000<=\$647,200	Purchase	One Full Interior/Exterior Appraisal is required. Reduced requirements permitted by Loan Product Advisor® or Desktop Underwriter® will not be permitted.

AUS Property Inspection Waivers are not permitted.

- Down Payment and Gifts/Grants:**
- **Minimum borrower contribution requirements on Conforming Loans:**
    - A 5% minimum down payment is required from borrower's funds.
    - Gifts/grants from an allowable Agency source are allowed on primary residences.

**Subordinate Financing:** Not Permitted

**Mortgage Insurance:** Not permitted on this product.

**Debt Ratio:** 36% unless otherwise dictated by LPA/DU.

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**FICO:** 700

**Reserves:**

Conforming Loan Amounts	Reserves
Primary Residence	2 months PITI unless otherwise dictated by LPA/DU
Second Homes Investor & Non-Owner Occupied	Ineligible Purpose

**Amortization Term:** 15 to 30 years

**Credit Underwriting:**

**Conforming Loan Amounts**

- LPA must return a risk class of Accept, Purchase Eligibility of Freddie Mac Eligible.
- DU must return a risk class of Approve/Eligible.
- Loan cannot be manually underwritten.

**Escrow Waiver:**

Not Permitted

**Refinance Characteristics:**

Description	No Cash-Out Refinance	Cash-Out Refinance
Maximum Cash Back	Refinances are not permitted on this product.	
Items that can be financed with new loan		
Seasoning of Existing Mortgage		
Payoff of Subordinate/Junior Liens with Proceeds of New Loan		
Remaining Subordinate/Junior Liens		

**Property recently listed for sale:**

• Property currently listed for sale:	Refinances are not permitted on this product.
• Property listed for sale within the last 90 days:	
• Property not listed within the last 90 days:	

**Eligible Borrower Types:**

- U.S. Citizens
- Permanent Resident Aliens
- Non-permanent Resident Aliens
- Non-Occupant Co-Borrowers are not permitted

**Limitations on Borrowers:**

No restrictions on the number of properties financed for primary residences. Second Homes and Investment properties are ineligible.

**Income:**

Must be verified according to Agency Guidelines. At a minimum you must obtain streamlined documentation for loans that are eligible to be run through Loan Product Advisor® or Desktop Underwriter®. Manual Underwrite requires full documentation.

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### Documents:

Note: FNMA 3442.xx (State specific documents must be used where applicable.)

Rider: FNMA 3142

**MERS documents are Permitted.** Dollar Bank will accept loans with the security instrument naming MERS as the Original Mortgagee (MOM) and Nominee for the Lender, its successors and assigns. The security instrument is required to be registered on the MERS System as a MOM loan and the Mortgage Identification Number (MIN) that is generated to be listed on the security instrument.

If the security instrument instead names the Correspondent Lender as the Mortgagee, we will either accept an Assignment that assigns the loan from the Correspondent Lender to Dollar Bank or an Assignment that assigns the loan from the Correspondent Lender to MERS with the Mortgage Identification Number (MIN) listed. Loans that are assigned to MERS must be registered in the MERS System as a Non-MOM loan.

Once the loan has been purchased by Dollar Bank, the **Investor** and **Servicer** are required to be transferred in the MERS System to Dollar Bank using our MERS Organization ID **1015033**. When the transfer is complete, please send an email to [correspondentlending@dollarbank.com](mailto:correspondentlending@dollarbank.com) with the batch number so we may confirm the transfer.