

Loan Program:

Correspondent Guidelines
5/6mos SOFR ARM 2/1/5 Dollar Bank
7/6mos SOFR ARM 5/1/5 Dollar Bank
10/6mos SOFR ARM 5/1/5 Dollar Bank

(1500cs)
(1700cs)
(1000cs)

LTV Limits:

PURCHASE AND “LIMITED CASH-OUT” REFINANCE MORTGAGES							
Occupancy	Property Type ^②	Max LTV	Max TLTV	Max HTLTV	Loan Limits ^{①, ③}	FICO Score	DTI
Primary Residence	1 Unit	> 80 ≤ 90%	90%	90%	\$832,750	620	N/A ^①
		80%	Secondary financing is not permitted.		\$1,000,000		45 ^④
		90%			\$1,000,000		
		80%	90%	90%	\$1,250,000	720	
		85%	85%	85%	\$1,500,000		
		80%	80%	80%	\$2,000,000		
	2 – 4 Units	Ineligible					
Second Home	1 Unit	75%	75%	75%	\$832,750	620	N/A ^①
		75%	75%	75%	\$1,000,000	720	45
		70%	70%	70%	\$1,500,000		
	2 – 4 Units	Ineligible					
Investment & Non-Owner Occupied	1 - 4 Units	Ineligible					

- ① All conforming loan amounts must receive a DU Approve. Loans receiving a Refer with Caution recommendation are ineligible.
- ② Refer to the [ineligible properties section](#).
- ③ Dollar Bank does not follow the guidelines for high-balance conforming loan amounts for properties located in high-cost areas as defined by the FHFA. We default to the standard maximum conforming loan amount, regardless of the location of the property.
- ④ The [approved mortgage insurance companies](#) have varied DTI requirements. Loans requiring mortgage insurance must defer to the mortgage insurance companies with respect to DTI thresholds not to exceed 45% on jumbo loan amounts.

CASH-OUT REFINANCE MORTGAGES							
Occupancy	Property Type ^②	Max LTV	Max TLTV	Max HTLTV	Loan Limits ^{①, ③}	FICO Score	DTI
Primary Residence	1 Unit	75%	75%	75%	\$1,250,000	720	NA ^①
	2 – 4 Units	Ineligible					
Second Home, Investment & Non-Owner Occupied	1 - 4 Units	Ineligible					

- ① All conforming loan amounts must receive a DU Approve.
- ② Refer to the [ineligible properties section](#).
- ③ Dollar Bank does not follow the guidelines for high-balance conforming loan amounts for properties located in high-cost areas as defined by the FHFA. We default to the standard maximum conforming loan amount, regardless of the location of the property.

Correspondent Guidelines

MAXIMUM CASH-OUT FOR LOAN AMOUNTS OVER CONFORMING LIMIT		
Occupancy	LTV	Maximum Cash-Out Permitted ^⑤
Primary Residence	≤ 60%	\$500,000
	> 60% ≤ 75%	\$300,000

- ⑤ Maximum Cash-Out Permitted cannot exceed the amount defined in the matrix above in the following calculation: (New Loan Amount) – (Total Amount of Existing Liens secured by the subject property)

Follow Fannie Mae guidelines to determine if a loan is a Limited Cash-out or a Cash-out Refinance.

Refer to the Refinance Characteristics Section later in this document.

ARM Features:

Feature	Description		
ARM Product	5/6mos SOFR ARM	7/6mos SOFR ARM	10/6mos SOFR ARM
Product Number	1500cs	1700cs	1000cs
Product Description	An Adjustable-Rate Mortgage (ARM) that adjusts every 6 months after the initial fixed period		
Initial Fixed Period	5 years	7 years	10 years
Interest Rate/Payment Adjustment Frequency	Every 6 months after the initial fixed rate period		
Qualifying Rate	≤ 80% LTV	0 - 90% LTV	
	Higher of note rate or fully indexed rate	Note Rate	
	> 80 ≤ 90% LTV		
	Follow MI Guidelines from the eligible MI companies .		
30 Day SOFR Index	The SOFR Index is the Secured Overnight Financing 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) as published by the Federal Reserve Bank of New York.		
Margin	3.000%		
First Adjustment Cap	2.000%	5.000%	5.000%
Each Subsequent Adjust Cap	1.000%	1.000%	1.000%
Maximum Lifetime Cap	Start rate + 5.000%		
Payment Change Cap	There is no payment cap. The payment is recast with each interest rate change based on the outstanding principal balance over the remaining term.		
Interest Rate Floor	Not to be less than the margin.		
Buydown	Not Available		
Conversion Option	None		
Assumable	Due on sale during the initial fixed period and assumable thereafter, subject to an assumption fee and certain conditions.		
FNMA ARM Plan	4927 or Generic 5	4928 or Generic 7	4929 or Generic 10

Correspondent Guidelines

Underwriting Guidelines:

Fannie Mae DU[®], Approve only on this product for conforming loan amounts. Loans that exceed the maximum conforming loan amount require a manual underwrite by a Dollar Bank underwriter using full documentation.

Eligible

Properties:

- Single family, attached/detached
- 1-unit properties
- Second Homes
- PUDs
- 55+ Deed restricted properties – all other deed restricted and resale restricted properties are prohibited.

Ineligible

Properties:

- Condominiums
- 2-4 Unit Properties
- Investment Properties
- Manufactured Homes
- Properties Zoned Commercial, Agricultural or Mixed Use
- Deed-restricted and resale-restricted Properties
- Leasehold Properties, Log Homes, Condotels, Land Trusts or Hobby Farms
- Properties containing Solar Panels with UCC filing on the property or which will create an easement on the Title.
- Properties located in communities that do not participate in the National Flood Insurance Program (NFIP) or properties located in a Coastal Barrier Resources Area (CBRA) or Otherwise Protected Area (OPA) even though there may be private flood insurance available.

Please note: Properties located in a flood zone, resort area, coastal area, or containing significant acreage and/or outbuildings will be evaluated by Dollar Bank Correspondent Lending on a case-by-case basis for eligibility.

Interested Party Contributions:

- May be used toward prepaids and/or closing costs.
- Interested Party Contributions are based on the lesser of property's sale price or appraised value.

Occupancy	Interested Party Contribution	LTV TLTV
Loans ≤ \$832,750		
Primary Residence and Second Home	6%	> 75% & ≤ 90%
	9%	≤ 75%
Investment & Non-Owner Occupied	Ineligible Purpose	
Loans > \$832,750		
Primary Residence	3%	≤ 90%
Second Home	Not Permitted	
Investment Property	Ineligible Purpose	

Correspondent Guidelines

Appraisals:

Each lender that sells loans to Dollar Bank must ensure that its origination appraisal practices conform to the requirements of Fannie Mae 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.

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.

Units	Loan Amount	Loan Purpose	Appraisal
1	≤ \$1,500,000	All purposes	One full interior/exterior appraisal is required. Reduced requirements including a property inspection waiver (PIW) from Desktop Underwriter® is not permitted.
	Loans > \$1,000,000 and requiring MI ¹	Purchase and No Cash out Refinance	One full appraisal and an appraiser provided field review supporting its value. or Two full interior/exterior appraisals ¹
	>\$1,500,000	Purchase and No Cash out Refinance	Two Full Interior/Exterior Appraisals

The requirements defined above apply to primary residences and second homes. Investment properties are ineligible.

❶ Desktop Appraisals are not permitted on any refinance.
AUS Property Inspection Waivers are not permitted.

Down Payment and Gifts/Grants:

- **Minimum borrower contribution requirements on Conforming Loans:**
- Gifts/grants from an allowable Fannie Mae source are allowed on primary residences.
- Follow agency AUS guidelines and feedback with respect the required down payment for conforming loan amounts.
- **Minimum borrower contribution requirements on Jumbo Loans:**
 - Borrower(s) who are receiving gift funds, and can document personal assets to cover the downpayment, closing costs and [reserve requirements](#) are eligible to follow the standard jumbo loan amount [LTV/TLTV/HTLTV](#) limits. The gift funds may be utilized in the transaction, in lieu of the borrowers' personal funds.
 - For loans in which the borrower(s) do not have sufficient personal assets verified to cover the downpayment, closing costs and [reserve requirements](#), the maximum LTV/TLTV/HTLTV permitted on loans with gifts is 75%.
 - Gifts cannot be used to cover reserve requirements

Acceptable Donors:

- A relative, defined as the borrower's spouse, child or other dependent or by any other individual who is related to the borrower by blood, marriage, adoption or legal guardianship or a fiancé, fiancée, or domestic partner
- The donor may not have any affiliation with the builder, developer, real estate agent or any other interested party to the transaction.

¹ The permitted mortgage insurance companies vary on their requirements. This is a Dollar Bank requirement that will satisfy all of the eligible mortgage insurance requirements for the companies permitted to insure the loan when sold to Dollar Bank.

Correspondent Guidelines

Subordinate Financing:

Loan to Value	LTV Calculation with Subordinate Financing
Total LTV (TLTV) Includes the sum of:	- Unpaid principal balance of the first mortgage - Unpaid principal balances of all traditional subordinate financing, if any - Drawn-upon balance of a home equity line of credit from which the borrower has withdrawn funds
Home Equity Total LTV (HTLTV)	Includes the un-drawn balance of a home equity line of credit

Private Mortgage Insurers

Eligible mortgage insurers are MGIC, Enact, Arch, National MI and Essent. The correspondent client will obtain the mortgage insurance coverage.

Mortgage Insurance Coverage:

LTV	20 Year Term	25 & 30 Year Terms
> 80 ≤ 85%	6	12
> 85 ≤ 90%	12	25

Debt Ratio:

Loans ≤ \$832,750	DTI Restriction
> 80% LTV	Dictated by MI guidelines
≤ 80% LTV	No restrictions with Desktop Underwriter Approve Eligible findings
Loans > \$832,750	DTI Restriction
All LTV's	45%

FICO:

Refer to purpose, [LTV](#) and [loan amount matrices](#)

Correspondent Guidelines

Reserves:

Refer to limitations on borrowers' section below if the borrowers own multiple properties.	
Loans ≤ \$832,750	Reserves
Primary Residence	Dictated by Desktop Underwriter® Guidelines
Second Home	6 months PITI and on all other properties the following is required: *Other financed properties 1. 2% of the aggregate UPB of total financed properties less than 4 properties 2. 4% of the aggregate UPB of total financed properties greater than 4 to 6. 3. 6% of the aggregate UPB of total financed properties greater than 6 to 10 *Can't have more than 10 financed properties Also refer to the section: Limitations on Borrowers – Number of Financed/Owned Properties for Conforming loans when the subject is a second home.
Investor & Non-Owner Occupied	Ineligible Purpose
Loans > \$832,750 ≤ \$1,500,000	Reserves
Primary Residence	12 months PITI for loan amounts > \$832,750 ≤ \$1,500,000
Second Home	12 months PITI Also refer to the section: Limitations on Borrowers – Number of Financed/Owned Properties for Jumbo loans when the subject is a second home.
Investor & Non-Owner Occupied	Ineligible Purpose
Loans > \$1,500,000	Reserves
Primary Residence	18 Months PITI
Second Home	Ineligible Purpose
Investor & Non-Owner Occupied	

Amortization Term: 15 to 30 years

Credit Underwriting: **Conforming Loan Amounts**

- DU must return a risk class of Approve/Eligible.
- Loan cannot be manually underwritten.

Jumbo Loan Amounts

- Loan must be manually underwritten using full documentation by a Dollar Bank Underwriter.

Correspondent Guidelines

Escrow Waiver:

The waiver of an escrow/impound account must be approved by the Underwriting Department. (Please see rate sheet for the corresponding adjustment.)	
Primary Residence	- Maximum LTV / TLTV of 80%. - For conforming loan amounts, must verify 2 months of reserves regardless of transaction type and AUS feedback. Refer to reserve requirements for jumbo amounts.
Second Home	- Refer to purpose, LTV and loan amount matrices - For conforming loan amounts, must verify 2 months of reserves regardless of transaction type and AUS feedback. Refer to reserve requirements for jumbo amounts.
Investment Property / Non-Owner Occupied	Ineligible Purpose

Refinance Characteristics:

Description	No / Limited Cash-Out Refinance	Cash-Out Refinance	
Maximum Cash Back	The greater of 1% of the unpaid balance of the new mortgage or \$2,000.	Loans not requiring MI	Refer to Maximum Cash-Out Matrix
		Loans requiring MI	Not permitted.
Items that can be financed with new loan	Closing costs, financing costs and prepays.	Closing costs, financing costs and prepays.	
Seasoning of Existing Mortgage	- Transaction must pay off an existing lien on the subject property - Only subordinate liens used to purchase the property may be paid off with the new mortgage - The greater of 1% of the unpaid balance of the new mortgage or \$2,000. Payoff of a Refinance Mortgage: Refinances of liens that received cash-out and are less than 6 months prior to the date of application will be treated as cash out refinances and priced accordingly.	- Transaction must pay off existing liens or be a new mortgage on a property with no liens showing on title - The property must have been purchased at least 6 months prior to the disbursement date of the new mortgage. This can be waived for a borrower who inherits or was legally awarded (by divorce, separation or dissolution of a domestic partnership) the subject property or if all the delayed financing requirements defined below are met. Delayed financing requirements to be met are as follows if less than 6 months ownership: - Original purchase was an arms-length transaction - Receipt of the settlement statement or title report verifying no mortgage on the property - The source of funds used to purchase the property are documented - If the source of funds was an unsecured loan or a loan secured by another asset, the new settlement	

Correspondent Guidelines

Refinance Characteristics:

Description	No / Limited Cash-Out Refinance	Cash-Out Refinance
		statement must reflect that all cash out proceeds be used to pay off or pay down the loan used to purchase the property - The new loan amount can be no more than the actual documented amount in purchasing the property plus the closing costs, prepaid fees and points on the new loan. - Cash-out refinance must comply with the applicable LTV/TLTV/HTLV and all other requirements.
Payoff of Subordinate/Junior Liens with Proceeds of New Loan	If the junior lien was used in its entirety to acquire the subject property and it can be documented in the mortgage file, it can be paid off from proceeds of the new loan.	Can be paid off from proceeds of new loan, regardless of seasoning.
Remaining Subordinate/Junior Liens	Must be subordinated and Secondary Financing Requirements must be met.	Must be subordinated and Secondary Financing Requirements must be met.

Property recently listed for sale:

All dates referenced below are as of the date of the loan application.		
Days elapsed since the property has been removed from the market/multi list	Limited Cash Out Refinance	Cash Out Refinance
Zero days or currently listed for sale	Ineligible	Ineligible
> 0 days ≤ 90 days	Eligible	Ineligible
> 90 days ≤ 180 days	Eligible	Eligible but with the following limitations: Conforming Loans: 70% LTV/TLTV/HTLV Jumbo Loans: 60% LTV/TLTV/HTLV (Refer to the cash out matrix).

Eligible Borrower Types:

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

Correspondent Guidelines

Limitations on Borrowers – Number of Financed/Owned Properties:

Primary Residence: No Limitations

Second Home:

Conforming Loans: No more than 10 financed properties. Borrowers owning 4 properties or less must have 2 months PITI reserves for each property owned. Borrowers owning 5 or more properties must have 6 months reserves for each property owned in addition to the requirements needed in the reserve requirements section for the subject property.

Jumbo Loans: No more than 4 financed properties. Borrowers owning 4 properties or less must have 2 months PITI reserves for each property owned. Borrowers owning 5 or more properties must have 6 months reserves for each property owned in addition to the requirements needed in the reserve requirements section for the subject property.

Investment Property: Ineligible.

Income

Conforming Loan Amounts:

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

Jumbo Loan Amounts:

W2 Employees

- Consecutive Paystubs covering the most recent 30 days
- W2's from the most recent 2 years

Self Employed

- Personal and Business Tax Returns from the most recent 2 years
- Profit and Loss Statement if borrower's application is dated more than 60 days after the end of the businesses tax year
- If most recent year return is not filed, need the full year profit and loss and current year profit and loss statement.

Self Employed Income Analysis Worksheet

- [Fannie Mae's Form 1084](#)
- [MGIC's SAM Cash Flow Analysis Worksheet](#)
- [Arch MI's Tax Return Analysis Calculator Worksheet \(AMITRAC\)](#)

Rental Income

- Personal Tax Returns from most recent 1 years

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 with the batch number so we may confirm the transfer.