

JUMBO PRIME PROGRAM					
PRIMARY RESIDENCE					
Purchase & Rate/Term Refinance					
Units	Max. Loan Amount ⁽¹⁾	LTV	CLTV	Min. FICO	Max. Cash-Out
1	\$2,000,000	80%	80%	740	N/A
	\$1,750,000	80%	80%	720	
	\$2,000,000	75%	75%	720	
	\$2,250,000	70%	70%	720	
	\$2,750,000	65%	65%	720	
	\$3,000,000	60%	60%	720	
	\$1,500,000	70%	70%	700	
	\$2,000,000	65%	65%	700	
2	\$1,000,000	65%	65%	700	N/A
	\$1,500,000	60%	60%	720	
Cash Out Refinance					
Units	Max. Loan Amount	LTV	CLTV	Min. FICO	Max. Cash-Out ⁽²⁾
1	\$1,500,000	65%	65%	700	\$350,000
	\$1,750,000	60%	60%	700	\$500,000
	\$2,000,000	55%	55%	700	\$500,000
	\$1,000,000	70%	70%	720	\$250,000
	\$1,500,000	65%	65%	720	\$350,000
	\$2,000,000	60%	60%	720	\$500,000
	\$2,500,000	50%	50%	720	\$750,000
	\$3,000,000	35%	35%	720	\$750,000
SECOND HOME					
Purchase & Rate/Term Refinance					
	Max. Loan Amount	LTV	CLTV	Min. FICO	Max. Cash-Out
1	\$1,000,000	80%	80%	720	N/A
	\$1,500,000	75%	75%	720	
	\$1,750,000	70%	70%	720	
	\$2,250,000	65%	65%	720	
	\$2,500,000	50%	50%	720	
	\$3,000,000	40%	40%	720	

LOAN PURPOSE

- Purchase
 - Value based on the lesser of current appraised value or acquisition cost
- Rate/Term Refinance
 - If borrower has less than 12 months ownership in the subject property the LTV/CLTV is calculated on the lower of the purchase price or appraised value.
 - If borrower has owned the property more than 12 months, LTV/CLTV is based on the appraised value.
 - A Net Tangible Benefit Worksheet must be completed and is required to be signed by the borrower and in the file at time of submission to investor for approval. Supporting documentation is required to be in the loan file to verify the information entered on the NTB. Verification documents from the existing lien may include:
 - ✓ Copy of note(s) from existing lien(s)
 - ✓ Final TIL
 - ✓ Payment coupon
 - ✓ Payoff statement
 - ✓ Continuity of Obligation is required
 - The new loan amount is limited to the payoff of the present first lien, and
 - Closing costs and prepaids, and
 - Cash to borrower is limited to the lesser of 1% of the principal amount of the new mortgage or \$10,000, and
 - Payoff of a subordinate lien that was used in its entirety for purchase money (FNMA rule)
 - The refinancing of non-purchase money closed end and HELOC 2nd liens will be considered a rate/term refinance if they are seasoned => 12 months and the draw on the HELOC is not greater than \$2,000 within the last 12 months.
- Cash-out Refinance:
 - Maximum cash out permitted is \$500,000 to 60% LTV/CLTV and \$350,000 to 65% LTV/CLTV which includes cash back to borrower and pay off of unseasoned second liens, non-purchase money liens, and non-mortgage debt, if any.
 - To be eligible for a cash out refinance transaction, the loan being paid off must be seasoned for at least six months (includes both 1st and 2nd liens)
 - Judgments and tax liens and any other lien affecting title must be paid PRIOR to closing. These may not be paid with proceeds of cash out refinancing.
 - Properties that had been offered for sale must be delisted six months prior to application date.
- Inherited Properties: Borrower must be on title for 12 months prior to application date.
- Construction loans are ineligible
- Conversion loans (construction loan modifications) are ineligible

OCCUPANCY

- Owner-Occupied (1 Unit & 2 Units only)
- Second Home (1 Unit only)

PROPERTY TYPE

- 1-Unit Single Family Residences and PUDs (attached and detached)
- 2 Units
- Condominiums
 - FNMA warrantable with CPM (Condo Project Manager) approval.
 - Limited Review is not acceptable.
 - Note:** Condo projects with less than 10 units must be typical for the area and the appraisal must show similar comparable.
- Acreage > 10 and ≤ 20 acres must be typical for the area, maximum 35% land to value, and no income producing attributes
- Agriculturally zoned property must not have any income producing attributes
- Hobby Farms must meet the following criteria:
 - Appraisal photos must not show any indication of agricultural use on the subject property
 - Appraiser does not indicate any previous agricultural use on the subject property
 - Subject property's site is common for the area
 - Schedule E of tax returns shows no income from the subject property
 - Borrower's profession is not agriculturally related
- INELIGIBLE PROPERTIES:
 - Multi-unit properties (3-4 unit primary residences)
 - Acreage > 20 acres (It is not acceptable to have a larger property appraised with only 20 acres in order to meet eligibility)
 - Property with income producing attributes
 - Condo hotel
 - Co-ops
 - Leaseholds
 - Log Homes
 - Manufactured housing
 - Mixed use properties
 - Modular homes
 - Properties subject to oil and/or gas leases
 - Title may not be held in a business name
 - Unique properties
 - Working farms, ranches or orchards

PRODUCTS

- Fixed Rate 15, 20, 25 and 30 years
- 5/1, 7/1, and 10/1 LIBOR ARMs

ADJUSTABLE RATE DETAILS

- Interest rate adjustment caps
 - 5/1 & 7/1 ARMs: Initial: 2% up/down; Subsequent: 2% up/down; Lifetime: 5% up
 - 10/1 ARMs: Initial: 5% up/down; Subsequent: 2% up/down; Lifetime: 5% up
- Margin: See Rate Sheet
- Index: 1-Year LIBOR (London InterBank Offer Rate)
- Interest rate Floor: The interest rate Floor is equal to the Margin
- Change dates:
 - 5/1: The first Change Date is the 60th payment due date. There is a new Change Date every 12 months thereafter
 - 7/1: The first Change Date is the 84th payment due date. There is a new Change Date every 12 months thereafter
 - 10/1: The first Change Date is the 120th payment due date. There is a new Change Date every 12 months thereafter
- Conversion Option: None
- Assumption: ARM products are assumable to a qualified borrower after the fixed term

QUALIFYING RATE & QUALIFYING RATIOS

- Fixed, 7/1, 10/1 - Qualify at note rate (based on a fully amortizing principal and interest payment)
- 5/1 ARM – Qualify at the greater of the fully-indexed rate or Note rate plus 2%
- ARM qualifying ratios are based on a fully amortizing principal and interest payment.
- Max. DTI: 43%

LOAN AMOUNT

- Minimum: \$ 417,001 / Maximum: \$ 3,000,000

BORROWER ELIGIBILITY

- U.S. Citizens
- Lawful Permanent Residents
- Non-Permanent Residents must meet the following requirements
 - Must have an unexpired passport from their country of citizenship containing INS form I-94 which must be stamped Employment Authorized

- An Employment Authorization Card along with a copy of the Petition for Non-Immigrant Worker (form I-140) in file
- The borrower(s) must have a minimum of 5 years residency, with the likelihood of employment continuance for at least 3 years
- Owner Occupied only, Single Family and Condo
- Only H1B and H2B Visas are accepted
- Visa must have a minimum remaining duration of 3 years
- Borrowers with diplomatic immunity or A1, A2, A3 Visas are ineligible
- 70% LTV/CLTV Maximum
- First-Time Home Buyers
 - A First Time Home Buyer is an individual that has not had a mortgage or owned a home in the past 3 years.
 - First Time Home Buyer is limited to maximum loan amount of \$1,200,000.
 - Payment Shock may not exceed 250%
- Ineligible Borrowers included, but are not limited to:
 - Foreign Nationals
 - Irrevocable or Blind Trusts
 - Limited partnerships, general partnerships or corporations
Note: Borrower may not “deed-out” of these ownerships in order to procure a loan. Property must be removed from business ownership, in personal name, for a period of one year prior to application to be eligible for this program.
 - Non-Occupant Co-Borrowers
 - Title may not be held in a business name

NON ARMS LENGTH TRANSACTION

- Non-arm’s length transactions are not eligible for financing under this product. Non-arm’s length transactions also include, but are not limited to:
 - Applicants related by blood or marriage to the seller
 - Builder/developers
 - Owners, employees or family members of originating entity
Exception: The borrower is the employee of the origination lender and the lender has an established employee loan program
 - Renters buying from landlord
 - Trading properties with seller

CALCULATING LTV/CLTV/HLTV

- Purchase: Lesser of the current appraised value or acquisition cost
- Refinance:
 - If borrower has less than 12 months ownership in the property, the LTV/CLTV is calculated from the lesser of the purchase price or appraised value.
 - If the borrower has owned the property for more than 12 months the LTV/CLTV is based on the appraised value.

- Construction to Perm (Refinance of a construction loan with a new Jumbo Premier loan is allowed)
 - Borrower must hold title to the lot Construction must be complete and liens (mortgages, mechanics' liens, material-men's liens, etc.) must be satisfied.
 - Transaction representing a single disbursement to a builder/contractor must be treated as a purchase and do not fall under these guidelines.
 - If cash-out in excess of rate and term guidelines is received, the loan must be underwritten as a cash-out refinance with the loan to value being determined based upon when the lot was acquired.

CREDIT

- Each Borrower's credit profile must include a minimum of 3 open trade lines and meet the following requirements: One must be open and active for 24 months, at least one of the 3 trade lines must be an installment or mortgage account, and the remaining trade line must be rated for 12 months.
- At least one installment trade line is required within the past 36 months. A closed end mortgage is considered an acceptable installment trade line. A HELOC (home equity line of credit) is not considered an installment trade line.
- If a borrower cannot meet the minimum of 3 trade lines but has a minimum of 1 open trade line with 12 months or more reporting, it could be considered without exception if the borrower meets the following criteria:
 - 8 or more trade lines reported with a least one being a mortgage trade line and having a minimum of 7 years of established credit history. (A borrower not using income to qualify and showing \$0 earned or is not employed does not need to meet the minimum trade line requirements listed above.)
 - OR
 - 6 months additional reserves and meets one of the following loan parameters: DTI < 35%, LTV < 65%, or FICO > 740
- Bankruptcy, Foreclosure, Short Sale, Deed-in-Lieu: Ineligible
- Mortgage Lates & Housing Payment History: 0x30 past 24 months, no exceptions
- Rental History must be evidenced by Institutional VOR or 24 months proof of payment (e.g. cancelled checks), 12 months for First-Time Home Buyers.
- Judgment/Tax Lien/Collections/Charge-Offs: Must be paid and no new items in the past 24 months excluding medical.
- Authorized User Accounts
 - Not allowed and ineligible as an acceptable form of credit
 - No authorized user accounts may be used to satisfy minimum trade line or FICO requirements.

MONTHLY DEBT OBLIGATIONS

- HELOC Payment:
 - Current monthly payment reflected on the credit report may be used for qualifying ratios.
 - If the amount is not shown on the credit report, use the payment reflected on the billing statement.

- Installment Debts:
 - Payments on installment debts with more than 10 months of remaining payment must be included in the DTI.
 - Installment debts may be paid off or paid down to 10 or fewer monthly payments for qualifying, unless monthly debt obligation significantly affects the borrower's ability to meet their credit obligations.
*Limited to One installment debt being paid "down" per borrower/loan application-Unlimited if paying "off" *
- 30 Day Accounts
 - Document that the borrower has sufficient funds to cover the unpaid balance of all 30-day charge accounts. DU will include the balance of all 30-day charge accounts in the Total Funds to be verified.
- Deferred Installment Debts:
 - If a monthly payment cannot be determined, 2% of the outstanding balance will be used as the monthly payment.
- Lease Payments:
 - The lease payment must be included in the DTI regardless of the remaining number of payments.
- Co-signed Debts:
 - Evidence the primary obligor has made payments as agreed for the last 12 months (Provide copies of 12 month canceled checks)
 - No history of delinquencies in the last 12 months
- Debts paid by Business for Self-employed borrowers:
 - Debts paid by business for self-employed borrowers may be excluded from the monthly obligation when all of the following requirements are met.
 - ✓ No late payments in the last 12 months and no more than 1x30 in the last 24 month period.
 - ✓ Evidence, such as 12 months canceled checks, that the debt has been paid out of company funds
 - ✓ The underwriter may condition for CPA or borrower to prepare P&L (Cash Flow Analysis) that the business took the payment of the debt into consideration.
- Revolving Accounts:
 - Use the monthly payment shown on the credit report. If not available, use the greater of \$10 or 5% of the outstanding balance.
- Payoff of Revolving Accounts
 - In order to qualify without the monthly payment on the current balance, a revolving account must be paid off and closed.
 - ✓ Revolving account paid thru escrow is acceptable, however must provide a credit supplement or letter from creditor to evidence the account is closed prior to funding.

- ✓ If the revolving account is paid off, but not closed, the monthly payment shown on credit report (or the greater of \$10 or 5% of the outstanding balance, if there is not payment) must be included in the DTI.

EMPLOYMENT

- Full Documentation: Both Self-employed and Wage Earner
- Employment gaps greater than 60 days during the past 2 years require a satisfactory letter of explanation and the borrower must be employed with their current employer for a minimum of 6 months prior to application date.
- Borrowers employed by a family member are considered to be self-employed, regardless of the percentage of ownership by the borrower, and self-employed documentation is required. A borrower may be an officer of a family operated business but not an owner. Written verification of the borrower's status should be obtained by written confirmation from an accountant or legal counsel. Borrower must provide the preceding 2 years signed dated individual and business (if applicable) tax returns with all support schedules.
- SELF-EMPLOYED BORROWERS
 - 2 years personal and business tax returns with all schedules including K-1s
 - All returns must be verified with IRS 4506T transcripts. If most recent year is not filed or cannot be verified, a profit and loss statement (P&L) – audited or unaudited - plus additional tax return may be provided.
 - Partial year P&L's – may be required when more than 3 months have elapsed from most recent tax filing year. (e.g., loan in April 2013 may require P&L for first quarter 2013.)

INCOME DOCUMENTATION

- Tax returns are neither requested nor required and shall not be submitted with the loan file.
- Tax returns submitted at any time during the loan process will make the borrower ineligible for this program.
- 4506T is not required. At least one of the borrowers must be self-employed to qualify for this program.
- EMPLOYED BORROWERS:
 - Most recent paystub including year-to-date earnings (covering minimum of 30 days)
 - Two years W-2s; or Traditional Written Verification of Employment with 30 days of paystubs and 2 years W -2s.
 - Must have 2 years continuous employment in the same line of work.
 - Gaps of 60 days or less may be accommodated with adequate explanation.
 - All borrowers must be qualified using current verifiable income, not projected income.
- SELF-EMPLOYED BORROWERS:
 - Two years personal returns (along with all schedules) and business tax returns (for businesses where borrower has 25% or more ownership interest and the income from the businesses is being used for qualification)
 - Borrower must document two years current continuous self-employment with business license and statement from corporate accountant/CPA confirming the same.

- Acceptable business license must be verified by third party (e.g., government entity, borrower's business attorney). Borrowers whose self-employment cannot be independently verified are not eligible.

ASSET

- Most recent two (2) most recent Bank Statements
- All Earnest Money Deposit funds must be verified. If the EMD reflected on the 1003 is different than the EMD disclosed on the Purchase Agreement, the underwriter will require verification of those funds
- Mutual Funds, Bond and Stocks: 70% of the value of stock and mutual funds may be used
- Retirement Funds:
 - Vested funds from individual retirement accounts and tax-favored retirement savings accounts may be used as a source of funds for the down payment, closing costs or reserves.
 - When funds from these sources are used for the down payment or closing costs, any applicable withdrawal penalties or income tax must be subtracted so that only the net withdrawal is counted.
 - To account for withdrawal penalties and estimated taxes, include only 60%, less any new or outstanding loan(s), of the vested amount in its determination of the borrower's available reserves.
 - When a retirement account only allows withdrawals in connection with the borrower's employment termination, retirement or death, do not consider the vested funds as reserves.
- Business Assets:

Business accounts are not eligible to help meet reserve requirements. The underwriter may consider business accounts for funds to close if the borrower is 100% owner of the business. In addition, a letter from the business accountant must be provided to confirm that the withdrawal will not negatively impact the business or a cash flow analysis can be provided using 3 months business bank statements to determine no negative impact to business based on withdrawal of funds.
- Gift Funds:
 - Gifts from relatives are allowed (minimum 5% Borrower contribution required)
 - Gift of equity is not allowed
 - Donor must be immediate family member or domestic partner (domestic partner must live with borrower).
 - All large deposits in donor's account within 60 days must be sourced.
 - Signed gift letter
 - Transfer of funds or evidence of receipt must be documented prior to closing.
 - Acceptable after a minimum 5% down payment has been made by the borrower from their own resources.
 - Gift funds may not be used to meet reserves.
- Large Deposits
 - Large deposits in excess of 50% of monthly qualifying income or any large deposit that is out of the ordinary are required to be explained and source documented in the file.

RESERVES

- Reserves are required as follows;

Occupancy	Loan Amount	Required Reserves
Primary Residence	Up to \$1,000,000	6 months verified PITI (12 months for FTHB)
	\$1,000,001 - \$1,500,000	9 months verified PITI (18 months for FTHB)
	\$1,500,001 - \$2,000,000	12 months verified PITI
	\$2,000,001 - \$2,500,000	24 months verified PITI
	\$2,500,001 - \$3,000,000	36 months verified PITI
	Up to \$1,000,000	12 months verified PITI
Second Home	\$1,000,001 - \$1,500,000	18 months verified PITI
	\$1,500,001 - \$2,000,000	24 months verified PITI
	\$2,000,001 - \$2,500,000	36 months verified PITI
	\$2,500,001 - \$3,000,000	48 months verified PITI

Notes:

- Additional 6 months PITIA reserves for Borrower with > 2 financed properties

INTERESTED PARTY CONTRIBUTIONS

CLTV	IPC Allowance
75.01% - 80%	3%
<= 75%	6%

MULTIPLE PROPERTY OWNERSHIP

- Borrowers with up to 5 financed properties
- Borrowers will be required to have 6 months reserves for each additional financed property.
- See Assets for additional reserve requirements
- A property where borrower is on title but is not obligated on the note is not counted as a “financed property” for this five financed property limitation

APPRAISALS

- All appraisals must be completed by a state-certified appraisal
- Transferred/Assigned appraisals are ineligible.

Transaction Type	Loan Amount	Appraisal Requirement
Purchase Transactions	≤ \$1,500,000	One Full Appraisal
	> \$1,500,000	Two Full Appraisals
Refinance Transactions	≤ \$1,000,000	One Full Appraisal
	> \$1,000,000	Two Full Appraisals

SUBORDINATE FINANCING

- Allowed for arm's-length transactions in accordance with FNMA guidelines and program CLTV limits

PREPAYMENT PENALTY

- None

HIGH COST MORTGAGE LOANS: Section 32

- NMSI does not originate or purchase high-cost mortgage loans (12 CFR 1026.32). In addition, loans defined by certain states as "higher priced", "high cost", "subprime", "high risk", or "high rate, high fee" loans are prohibited.

HIGHER PRICED MORTGAGE LOANS: Section 35

- Higher-priced mortgage loans (12 CFR 1026.35) are prohibited on this program.