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LOAN PROGRAM:

- Non-Conforming Fixed Rate and Hybrid Adjustable Rate ARM products.

LOCK-IN/REGISTRATION:

- **Available in Optimal Blue** 🇺🇸.
- **Tips:**
 - Doc Type – Full Income and Asset Documentation required (including 4506-T).
 - ARM Amortization –30 years.
 - Loan Programs:
 - CY_CH_NonQM_NonConf_20_Fxd
 - CY_CH_NonQM_NonConf_25_Fxd
 - CY_CH_NonQM_NonConf_30_Fxd
 - CY_CH_NonQM_NonConf_30_Fxd_IO
 - CY_CH_NonQM_NonConf_5/1_LBR_3.5_2/2/5 (assumable arm)
 - CY_CH_NonQM_NonConf_5/1_LBR_3.5_2/2/5_IO (assumable arm)
 - CY_CH_NonQM_NonConf_7/1_LBR_3.5_2/2/5 (assumable arm)
 - CY_CH_NonQM_NonConf_7/1_LBR_3.5_2/2/5_IO (assumable arm)
 - CY_CH_NonQM_NonConf_10/1_LBR_3.5_2/2/5 (assumable arm)
 - CY_CH_NonQM_NonConf_10/1_LBR_3.5_2/2/5_IO (assumable arm)

MINIMUM MORTGAGE:

- \$484,351 or \$1 above the conforming limit for # of units.

MAXIMUM MORTGAGE:

- \$2,000,000.

MAXIMUM LTV/CLTV/HCLTV:

- Refer to [EXHIBIT A](#) attached.
- Refer to [REFINANCE](#) section **Rate/Term** sub-section.

ADDITIONAL CONSIDERATIONS:

- **NON-ARMS LENGTH TRANSACTIONS:**
 - A non-arms length transaction is any transaction where there is a relationship or business affiliation between the borrower(s) and/or any parties in the transaction. If a direct relationship exists between any of the parties to a transaction, including the borrower/buyer, seller (if applicable), employer, lender, broker, or appraiser, then the transaction will be considered non-arm's length. These types of transactions are ineligible.
 - Allowable Exceptions to Non-arms length transactions:
 - Family sales or transfers.
 - Property seller acting as their own real estate agent.
 - Relative of the property seller acting as the seller's real estate agent.
 - Borrower acting as their own real estate agent.
 - Relative of the borrower acting as the borrower's real estate agent.
 - Borrower is the employee of the originating lender and the lender has an established employee loan program.
 - Originator is related to the borrower.
 - Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord).
 - Employer to Employee sales or transfers. Refer to [BORROWER ELIGIBILITY](#) section.
- Investment property transactions must be arm's length.

- **Recast Option** – The Borrower may request a re-casting of the principal and interest payable on a mortgage loan once **all** the following are satisfied:
 - At least six (6) months of payments have been made;
 - The loan has never been delinquent, **and**
 - The prepayment amount exceeds 10% of the original principal balance of the loan.
- To request a re-cast, **the Borrower shall submit the request in writing to the Servicer**. If approved, the new principal and interest payments will be due upon receipt of the curtailment amount and the signed recast agreement. There will be a \$150 processing fee charged to the Borrower.
- **Applications must comply with Dodd Frank regulations**
 - **Qualified Mortgage Points and Fee Tests.**
 - Fee itemization must be included in closed loan file.
 - A discount point is considered bona fide if it reduces a consumer's interest rate by an amount that reflects established industry practices, such as secondary mortgage market norms.
 - If a discount point is excluded from points and fees test, all lock information necessary to determine if a discount point charged was bona fide must be provided.
 - **TILA Requirements**
 - MLO information (NMLS) must be included on the loan application, note, and security instrument.
 - **High Cost Mortgage Loans** – Not eligible.
 - **All disclosure time periods must be met as applicable**
 - CCR re-disclosures
 - LE re-disclosures
 - Initial disclosures

AGE OF DOCUMENTS:

- **APPRAISAL:**
 - 120 days for existing property and new construction.
 - Appraisals must be dated 120 days from the Note date.
 - Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from Note date.
 - The appraiser must inspect the exterior of the property and provide a photo.
 - Appraiser must review current market data to determine whether the property has declined in value since the date of the original appraisal. If the value has declined since the original appraisal, a new full appraisal is required.
 - The Appraisal Update (1004D) must be dated within 120 days of the Note date.
 - **CREDIT:**
 - Existing Construction maximum age of credit documents* is 90 days.
 - Credit documents* must be dated 90 days from the Note date.
- ***Credit Documents include:** Credit Report, Employment Documentation, Income Documentation, and Asset Documentation.
- Refer to [TITLE REQUIREMENTS](#) section.

APPRAISAL REQUIREMENTS:

- All Appraisals will require secondary review.
- Separate PDF must be submitted to Wintrust Mortgage for appraisal review.
- A new appraisal will be required for all refinance transactions regardless of the date of the original appraisal.
- **APPRAISAL REQUIREMENTS:**
 - Transferred Appraisals not allowed.
 - Appraisals must be completed for the subject transaction. Use of a prior appraisal, regardless of the date of the prior appraisal, is not allowed.
 - Investment properties must contain a rent comparable schedule.

- Higher-Priced Mortgage Loans (HPML)
 - If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required. Bank owned properties are not exempt.
 - If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20% then a second full appraisal is required. Bank owned properties are not exempt.
 - If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals.
- **Purchase:**
 - **≤\$2,000,000 First Lien Amount**– One (1) Full Appraisal.
 - For properties purchased by the seller of the property within 90 days of the fully executed purchase contract, additional requirements apply.
 - Second appraisal required.
 - Property seller on the purchase contract is the owner of record.
 - Increases in value should be documented with commentary from the appraiser and recent paired sales.
 - The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu.
- **Refinance:**
 - **≤\$1,500,000 First Lien Amount** – One (1) Full Appraisal.
 - **>\$1,500,000 First Lien Amount**– Two* (2) Full Appraisals.
 - * When two (2) Appraisals are required, the following apply:
 - Appraisals must be completed by two (2) independent companies.
 - The LTV will be determined by the lower of the two (2) Appraised values as long as the lower Appraisal supports the value conclusion.
 - Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled.
 - Appraisals must be on the following approved Fannie Mae/Freddie Mac forms: 1004/70, 1025/72, 1073/465 or 2090.
 - Drive-by forms 2055, 2095 and 1075 are not allowed.
 - Appraisals should not include comparables greater than six (6) months old at the time of underwriting review.
 - Personal Property – Refer to [SALES CONCESSION](#) section.
 - Properties with values significantly in excess of the predominant value of the subject property's market area may be ineligible.
 - Copy of Appraisers License.
 - Copy of the Appraisers current E&O Insurance.
 - Properties currently listed for sale or those that have been listed for sale refer to the [REFINANCE](#) section.
 - Appraisals must be dated within 120 days of the Note. After the 120 day period, a new Appraisal will be required; Re-certification of value is not acceptable.
 - **Properties affected by disasters:**
 - The FEMA Declared Disaster Area Policy applies to all areas eligible for Individual and/or Public Assistance due to a federal government disaster declaration.
 - Effective Date of Disaster Policy**
 - The disaster-area policy becomes effective as of the incident period end date for the disaster/event. FEMA publishes the incident period along with the declaration date once the area is presidentially declared. For example, refer to the following dates to understand when property re-inspection requirements apply:
 - Disaster Incident Period:
 - Begin Date: January 15
 - End Date: January 17
 - Disaster Declaration Date: February 2
 - Effective Date for Disaster Procedures: January 17
 - Based on the dates noted in the above example, all appraisals performed on or before January 17 would require the appropriate re-inspection or review. Appraisals performed after January 17 would continue to require written certification by the appraiser that indicated whether the property was free from damage and whether the disaster had any effect on value or marketability. If there was damage, the extent of that damage needs to be addressed.

Appraisal and Re-Inspection Requirements

- To ensure the property value has not been impacted by the disaster, a post disaster property re-inspections is required.
- **Appraisal performed on or before disaster incident end date**
- Property must be re-inspected by the original appraiser or, if not available, another licensed appraiser. The appraiser must provide the following commentary/evidence:
 - Property is free from damage and the disaster had no affect on value or marketability.
 - If the re-inspection indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/442, Appraisal Update and/or Completion Report, or other post disaster inspection report, with photos of interior, exterior, and neighborhood.
- **Standard Appraisal Performed After Incident Period End Date for Disaster**
- Appraisal must include written certification by the appraiser that:
 - Property is free from damage and the disaster had no affect on value or marketability.
 - If the appraisal indicates damage, the extent of the damage must be addressed. Completion of repairs is required as evidenced by Form 1004D/442, Appraisal Update and/or Completion Report, with photos of interior and exterior.
- Please note that FEMA makes updates to their state lists, so Sellers should closely monitor FEMA's online reference at <http://www.fema.gov/news/disasters.fema>.

ARM INDEX:

- **5/1, 7/1, & 10/1** - The 1-Year LIBOR (London Interbank Offered Rate) which is the average of Interbank offered rates for 1-year U.S. dollar-denominated deposits in the London market, as published in *The Wall Street Journal (Libor)*.

ARM INITIAL INTEREST RATE CAPS:

- **5/1, 7/1, & 10/1** - 2% up/down.

ARM INTEREST RATE CEILING:

- **5/1, 7/1, & 10/1** - 5% over start rate.

ARM INTEREST RATE FLOOR:

- 3.50%.

ARM MARGIN:

- **5/1, 7/1, & 10/1** – 3.5%.

ARM RATE ADJUSTMENT:

- **5/1, 7/1, & 10/1** - 2% up/down.

ASSUMABILITY:

- ARMS Assumable.

BORROWERS ELIGIBILITY:

- **U.S. Citizens** – Valid Social Security Number.
- **Permanent Resident Aliens:**
 - Can provide acceptable documentation to verify that a non-U.S. citizen Borrower is legally present in the U.S with one of the following:
 - A valid and current Permanent Resident card (form I-551) also known as a green card.
 - A passport stamped “processed for I-551, Temporary evidence of lawful admission for permanent residence. Valid until ____.” Employment authorized. This evidences the holder has been approved for, but not issued a permanent resident card.
 - Must be employed in the U.S. for the past twenty four (24) months.
 - Demonstrate that income and employment is likely to continue for at least three (3) years.

- **Non-permanent resident alien eligible if they meet following requirements**
 - Primary Residence only.
 - Maximum LTV, CLTV, HCLTV 80%.
 - No other real estate ownership in the United States.
 - Unexpired passport from the country of citizenship containing INS form I-94 which must be stamped Employment Authorized.
 - Unexpired H1B, H2B, L1, E1 and G Series Visas only – G Series Visas must have no diplomatic immunity.
 - Credit trade line requirements must be met; no exceptions
 - Employment history and income verification and validation requirements must be met; no exceptions.
 - Borrower must have a current 24 month employment history in the United States.
- **First-Time Homebuyers** – Borrowers who have not owned a property in the last three (3) years. For loans with more than 1 borrower where at least one borrower has owned a home in the past three years, the first-time homebuyer requirements do not apply.
 - Maximum loan amount is \$1,000,000.
 - For transactions located in CA, NJ, NY or CT, the maximum loan amount of \$1,500,000 is allowed if the following requirements are met:
 - 680 Minimum FICO Score,
 - Primary residence only,
 - Reserve requirements met for FTHB as specified in the Asset section,
 - Maximum 80% LTV/CLTV/HCLTV.
- All Borrowers must have a Social Security Number.
- **Inter Vivos Revocable Trust:**
 - Owner Occupied Single Unit Residence (including condominium and PUD).
 - Second Home.
 - Must meet requirements of Fannie Mae Selling guide to be eligible.

BORROWERS INELIGIBLE:

- Foreign Nationals.
- Land Trust.
- Diplomats.
- Life Estates.
- Irrevocable Trusts.
- Guardianships.
- Limited Partnerships, General Partners, Corporations.
- Borrowers with only an ITIN (Individual Taxpayer Identification Number).
- Borrowers with any ownership in a business that is federally illegal, regardless if the income is not being considered for qualifying.

BUYDOWNS:

- Not permitted.

CASH RESERVES:

- Beyond the minimum reserve requirements and in an effort to fully support the Borrower's ability to meet their obligations, Borrowers should disclose and verify all other liquid assets.
 - Two (2) months asset statements required.
 - Refer to [DOCUMENTATION](#) section.
- **First-Time Homebuyers (Borrowers who have not owned a property in the last three (3) years)**
 - Loan Amount ≤ \$1,000,000 with LTV ≤ 80% LTV – Twelve (12) months PITIA.
 - Loan Amount ≤ \$1,000,000 with LTV > 80% LTV – Fifteen (15) months PITIA.
 - Loan Amount > \$1,000,001 to \$1,500,000 – Fifteen (15) months PITIA.
- All additional financed properties require an additional six (6) months PITIA reserves for each property.
- Interest-Only products reserves are based on the qualifying PITIA.
- **Retirement Accounts** – Refer to [DOCUMENTATION](#) section.

- Non-Occupant Co-Borrower additional six (6) months PITIA.
- **OWNER-OCCUPIED SUBJECT PROPERTY:**
 - $\leq \$1,000,000$ with LTV $\leq 80\%$ – Six (6) months PITIA.
 - $\leq \$1,000,000$ with LTV $> 80\%$ – Twelve (12) months PITIA.
 - $\$1,000,001$ to $\leq \$1,500,000$ – Nine (9) months PITIA.
 - $\$1,500,001$ to $\leq \$2,000,000$ – Twelve (12) months PITIA.
- **SECOND HOME SUBJECT PROPERTY:**
 - $\leq \$1,000,000$ – Twelve (12) months PITIA.
 - $\$1,000,001$ to $\leq \$1,500,000$ – Eighteen (18) months PITIA.
 - $\$1,500,001$ to $\leq \$2,000,000$ – Twenty-Four (24) months PITIA.
- **INVESTMENT SUBJECT PROPERTY:**
 - $\leq \$1,000,000$ – Twelve (12) months PITIA.
 - $\$1,000,001$ to $\$1,500,000$ - Eighteen (18) months PITIA.
- See [Ratio Section](#) for specific reserve requirements on departure residences.
- Borrowed funds (secured or unsecured) are not allowed for reserves.

CLOSING DOCUMENTS:

- **ARMS:**
 - **5/1 & 10/1:**
 - FNMA Multi-State Note - Form 3528.
 - FNMA Multi-State ARM Rider - Form 3187.
- **All Loans:**
 - FNMA/FHLMC Uniform Mortgage/Deed Of Trust for applicable State.
 - FNMA Multi-State Second Home Rider Form 3890 (if applicable).
 - FNMA Multi-State Condo Rider (if applicable).
 - FNMA Multi-State PUD Rider (if applicable).
 - FNMA One to Four Family Rider (if applicable).
 - 4506T signed and dated at closing.
 - Refer to the [APPRAISAL REQUIREMENTS](#) section for Appraisals Completed After An Area Has Been Declared A Disaster Area.
 - **Points & Fees Limitation** – All Documentation and Property Types-Certain types of points and fees are counted against the 5 percent (%) / \$1000 limitation. The agencies have clarified that those points or fees are counted against the limitation regardless of the party paying the fee.
- Lost Note Affidavits (LDA) are ineligible.
- Inter Vivos Revocable Trust closing instructions refer to [TITLE VESTING](#) section.

CO-BORROWER(S):

- Co-Borrowers executing the Note and Security Instrument and taking title to the property are acceptable. A complete credit package is required on each co-Borrower. The co-Borrower's income and obligations are combined with the Borrower's for qualification.

CREDIT:

- Refer to [EXHIBIT A](#).
- A minimum of two (2) FICO scores must be obtained for each applicant. If two (2) FICO scores are obtained, take the lower score (representative score). If three (3) FICO scores are obtained, take the middle score (representative score). When there is more than one (1) Borrower, the lowest of all Borrowers' representative score will be used.

TRADELINE REQUIREMENTS:

- Minimum three (3) tradelines are required. The following requirements apply:
 - One (1) tradeline must be open for twenty-four (24) months and active within the most recent six (6) months.
 - Two (2) remaining tradelines must be rated for twelve (12) months and may be opened or closed.

OR

- Minimum two (2) tradelines are acceptable if the borrower has a satisfactory mortgage rating for at least twelve (12) months (opened or closed) within the last twenty-four (24) months and one (1) additional open tradeline.
- Each borrower contributing income for qualifying must meet the minimum tradeline requirements; however borrowers not contributing income for qualifying purposes are not subject to minimum tradeline requirements.
- Authorized user accounts are not allowed as an acceptable tradeline.
- Non-traditional credit is not allowed as an acceptable tradeline.
- Any derogatory credit must be explained by the Borrower in their own words.
- Paying off revolving debt to qualify is allowed. (Account must be closed)
- Payoffs on a refinance transaction must be reflected on the HUD 1 settlement statement.
- On purchase transactions, any loans requiring pay off must be paid off prior to closing and source of funds to do so must be documented.
- Gift funds are not a viable source of funds to pay off debt to qualify.
- **Disputed Tradelines**
 - All disputed tradelines must be included in the total expense ratio (Debit-to-Income / DTI) if the account belongs to the borrower(s), unless documentation can be provided that authenticates the dispute.
 - Derogatory accounts must be considered in analyzing the borrower(s) willingness to repay debt. However; if a disputed account has a zero balance, and no late payments, it can be disregarded.
- **Credit Inquiries** – Underwriter / Processor must review the section of the Borrower’s credit report that indicates the presence of creditor inquiries to determine the number and recency of the inquiries.
 - If the credit report indicates recent inquiries within the most recent 120 days of the credit report, the seller must confirm the borrower did not obtain additional credit that is not reflected in the credit report or mortgage application. In these instances the borrower must explain the reason for the credit inquiry.
 - If additional credit was obtained, a verification of that debt must be provided and the borrower must be qualified with the monthly payment.
 - Confirmation of no new debt may be in the form of a new credit report, pre-close credit report or gap credit report.
 - **Applying the Re-underwriting Criteria** - The following steps are required if the Borrower discloses or the Underwriter / Processor discovers additional debt(s) or reduced income after the underwriting decision was made up to and concurrent with loan closing:

STEP	DESCRIPTION
1	Underwriter / Processor must document the additional debt(s) and reduced income and apply those changes to the loan to confirm loan eligibility.
2	If there is new subordinate debt on the subject property, the mortgage loan must be re-underwritten.
3	The final loan application signed by the Borrower must include all income and debts verified, disclosed, or identified during the mortgage process.

- **Outstanding judgments/Tax liens/Charge-offs/Past Due Accounts:**
 - Tax liens, judgments, charge-offs and past-due accounts must be satisfied or brought current prior to or at loan closing. Cash-out proceeds from the subject transaction may not be used to satisfy judgments, tax liens, charge-offs or past due accounts.
 - Payment plans on prior year tax liens/liabilities are not allowed, must be paid in full.

- **Derogatory Credit:**
 - Bankruptcy, Chapter 7, 11, 13 – Four (4) years since discharge / dismissal date.
 - Foreclosure – Four (4) years since completion date.
 - Short Sale/Deed-in-Lieu – Four (4) years since completion / sale date.
 - Mortgage accounts that were settled for less, negotiated or short payoffs – Four (4) years since settlement date.
 - Borrowers with credit events listed above between four (4) and seven (7) years must meet the following requirements:
 - Tradeline requirements must be met
 - Satisfactory housing history for twenty-four (24) months required
 - No mortgage lates since credit event
 - No public records since credit event
 - Primary residence – purchase or rate/term refinance with a maximum 80% LTV/CLTV/HCLTV or program maximum if lower
 - Loan Modification – Allowed if seasoned 24 months with no mortgage lates in the last 24 months.
 - Notice of Default – Two (2) years.
 - Multiple derogatory credit events not allowed.
 - A mortgage with a Notice of Default filed that is subsequently modified is not considered a multiple event.
 - A mortgage with a Notice of Default filed that is subsequently foreclosed upon or sold as a short sale is not considered a multiple event.
 - Medical collections – allowed to remain outstanding as long as the balance is less than \$10,000 in aggregate.
- All mortgages must be directly verified or listed on the credit report.
- **Mortgage History Requirements:**
 - If the borrower(s) has a mortgage or rental history in the most recent twenty-four (24) months, a VOM must be obtained. Applies to all borrowers on the loan.
 - No more than 1X30 in the last twelve (12) months or 2X30 in the last 24 months.
 - Mortgage lates must not be within the most recent three (3) months of the subject transaction. 0X60 and 0X90 required in the most recent 24 months.
 - If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise if not related or a party to the transaction a satisfactory VOR can be provided.
- **Rental History Requirements:**
 - If the borrower(s) has a rental history in the most recent twelve (12) months, a VOR must be obtained. Applies to all borrowers on the loan.
 - No more than 1X30 in the last twelve (12) months. 0X60 and 0X90 required in the most recent twelve (12) months. Rental lates must not be within the most recent three (3) months of the subject transaction.
 - If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise if not related or a party to the transaction a satisfactory VOR can be provided.
- Credit reports with bureaus identified as frozen are required to be unfrozen and a current credit report with all bureaus unfrozen is required.

DISCLOSURES:

- Homeownership Counseling Disclosure is required for all applications.
- Borrower must be provided a disclosure advising them of their right to receive a copy of their appraisals. Follow standard Wintrust Mortgage policy for valuation delivery to borrowers.
- All state specific disclosures as applicable.

DOCUMENTATION:

- Full income and asset verification is required. In an effort to fully support the Borrower's ability to meet their obligations, Borrowers should disclose and verify all liquid assets (in addition to minimums required specifically by the program).
- **Asset Documentation Requirements:**
 - Standalone VOD's are not allowed, but can be provided for additional information.
 - Beyond the minimum reserve requirements and to fully document the borrowers' ability to meet their obligations, borrowers should disclose all liquid assets.
 - Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs. Lender is responsible for verifying large deposits did not result in any new undisclosed debt.
 - Asset verification by a Fannie Mae approved asset validation provider is allowed in lieu of 2 months statements provided by the borrower. The asset verification must provide 60 days of account activity and include all items normally indicated on bank statements.
- **Checking & Savings Accounts:**
 - The two (2) most recent, consecutive months statements for each account are required.
- **Publicly Traded Stocks/Bonds/Mutual Funds:**
 - Two (2) most recent, consecutive months account statements are required.
 - Margin account and/or pledged asset balances must be deducted.
 - Full value of stock accounts can be considered in the calculation of assets available for closing and reserves.
 - Non-vested stock accounts are not eligible for use as down payment or reserves.
- **Retirement Accounts:**
 - Most recent retirement account statement covering a minimum two (2) month period.
 - Evidence of liquidation is required when funds are used for down payment or closing costs.
 - Evidence of access to funds required for employer-sponsored retirement accounts.
 - If the borrower $\geq 59 \frac{1}{2}$ years old, retirement assets should be reduced to 70% of vested value after the reduction of any outstanding loans.
 - If the borrower is $< 59 \frac{1}{2}$ years old, assets should be reduced to 60% of the vested amount after reduction of any outstanding loans.
 - Retirement accounts that do not allow any type of withdrawal are ineligible for use as reserves.
- **Business Funds:**
 - Business funds may be used for down payment / closing costs and reserves with additional requirements met. In order to use business funds, a cash flow analysis is required using 3 months business bank statements to determine no negative impact to business based on withdrawal of funds:
 - The Borrower has access to the funds.
 - Business bank statements must not reflect any NSF's (non-sufficient funds) or overdrafts.
 - The borrower must be the sole proprietor or 100% owner of the business. (or all borrowers combined own 100%)
 - Business funds for reserves or a combination of personal/business funds for reserves will require the total amount of reserves to be 2X or double the regular requirement for the subject property and any additional financed REO.
- **INCOME**
- **Income analysis forms required for all files.**
 - **Multiple income sources must be show separately, not in aggregate**
- **Residual income calculation must be provided and meet the residual income requirements.**
 - All loans must meet the residual income requirements below. Residual income equals Gross Qualifying Income less Monthly Debt (as included in the debt-to-income ratio).

# in Household	1	2	3	4	5
Required Residual	\$1550	\$2600	\$3150	\$3550	\$3700

Add \$150 for additional family members.

- **The following is required to establish stability of employment and income for the Borrower(s) whose income is used to qualify:**
 - Stable monthly income is the Borrower's verified gross monthly income from all acceptable and verifiable sources that can reasonably be expected to continue for at least the next three years. For each income source used to qualify the Borrower, the Seller must determine that both the source and the amount of the income are stable. A two-year history of receiving income is required in order for the income to be considered stable and used for qualifying. When the Borrower has less than a two-year history of receiving income, the Seller must provide a written analysis to justify the determination that the income that is used to qualify the Borrower is stable. While the sources of income may vary, the Borrower should have a consistent level of income despite changes in the sources of income.
 - A minimum of two (2) years employment and income history. Gaps in employment in excess of thirty (30) days during the past two (2) years require a satisfactory letter of explanation and the Borrower must be employed with their current employer for a minimum of six (6) months to qualify.
 - Gaps in excess of 30 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 six months to include as qualifying income.
 - Extended gaps of employment (6 months or greater) require a documented two-year work history prior to the absence.
 - Exceptions may be considered on a case-by-case basis when the borrower is on the job less than 6 months, and the gap is less than 6 months.
 - Declining Income: When the borrower has declining income, the most recent twelve (12) months should be used. In certain cases, an average of income for a longer period may be used when the decline is related to a one-time capital expenditure and proper documentation is provided. In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay.
 - If declining income is for a non-self-employed borrower, the employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying.
 - For a Borrower who has less than a two-year employment and income history, the Borrower's income may be qualifying income if the Mortgage file contains documentation to support that the Borrower was either attending school or in a training program immediately prior to their current employment history. School transcripts must be provided to document.
 - Income may not be used for qualification purposes if it comes from any source that cannot be verified, is not stable, or will not continue.
 - For Borrowers of retirement age using asset distribution for income, refer to **Fixed Income** below.
 - **IRS Form 4506-T / Tax Transcripts:**
 - A completed, signed, and dated IRS form 4506-T must be completed for all Borrowers at closing whose income is used to qualify for the mortgage.
 - The 4506-T must be processed and tax transcripts obtained for two (2) years to validate all income used for qualifying.
 - Tax transcripts must match documentation in the file.
 - In the case where taxes have been filed and the tax transcripts are not available from the IRS, the IRS response to the request must reflect "No Record Found." In these cases, an additional prior year's tax transcript should be obtained and provided. Large increases in income that cannot be validated through a tax transcript may only be considered for qualifying on a case-by-case basis.
 - **Pay Stubs** - The pay stub must meet the following requirements:
 - Clearly identify the employee/borrower and the employer.
 - Reflect the current pay period and year-to-date earnings.
 - Computer generated.
 - Paystubs issued electronically via email or internet, must show the URL address, date and time printed and identifying information.
 - Year-to-date pay with most recent pay period at the time of application and no earlier than ninety (90) days prior to the Note date.
 - **W-2 Forms** – Must be complete and be a copy provided by the employer.

- **Verification of Employment (VOE), Verbal VOE (VVOE) or Self-Employed Confirmation:**
- A **Written Verification of Employment (VOE)** may be required for a Borrower's income sourced from commissions, bonus, overtime, or other income when the income detail is not clearly documented on W-2 Forms or paystubs. Written VOWs cannot be used as a sole source of verification of employment, paystubs and W-2s are still required.
- A **Verbal Verification of Employment (VVOE)** confirming the Borrower's employment status is required for all Borrowers whose income is used for qualification purposes. The VVOE must be completed within ten (10) business days before the Note date (or funding date for escrow States) for wage income. Verification of self-employed businesses by a third-party source is required within thirty (30) calendar days from the Note or funding date.
- The following standards apply:
 - **Written VOE must include:**
 - Borrower's date of employment.
 - Borrower's employment status and job title.
 - Name, phone number and title of person completing the VOE.
 - Name of employer.
 - Base pay amount and frequency.
 - Additional salary information, which itemizes bonus, commission, overtime, or other variable income, if applicable.
 - VOE must be mailed directly to the employer, attention of the personnel department. The VOE must be returned to the lender's address.
 - **VVOE must contain the following information:**
 - Date of contact.
 - Borrower's date of employment.
 - Borrower's employment status and job title.
 - Name, phone number, and title of contact person at employer.
 - Name of employer.
 - Name and title of person contacting the employer.
 - Method and source used to obtain the phone number.
 - **Self-Employed Confirmation must include:**
 - Verification of the existence of the Borrower's business from a third party, such as a CPA, regulatory agency, or applicable licensing bureau no more than thirty (30) calendar days prior to the Note date. A Borrower's website is not acceptable as a third party verification.
 - Listing and address of the Borrower's business using a telephone book, internet, or directory assistance.
 - Name and title of the person completing the verification.
- **Tax Returns must meet the following requirements when used for qualifying:**
 - Personal income tax returns (if applicable) must be complete with all schedules (W-2 forms, K-1s etc.) and must be signed and dated on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date.
 - Business income tax returns (if applicable) must be complete with all schedules and must be signed. In lieu of a signature, business transcripts for the corresponding year may be provided on or before the closing date.
 - Tax transcripts must be provided to support tax returns.
- **For Unfiled Tax Returns for the Prior Year's Tax Return:**
 - Between Jan 1 and the tax filing date (typically April 15), Borrowers must provide:
 - IRS form 1099 and W-2 forms from the previous year.
 - Loans closing in January prior to receipt of W-2s may use the prior year year-end paystub. For Borrowers using 1099s, evidence of receipt of 1099 income must be provided.
 - Between the tax filing date and the extension expiration date (typically October 15), Borrowers must provide (as applicable):
 - Copy of the filed extension.
 - Evidence of payment of any tax liability identified on the federal tax extension form.
 - W-2 forms for corporations.

- Form 1099 when applicable.
- Current year profit & loss. (signed by the Borrower)
- Year-end profit and loss for prior year. (signed by the Borrower)
 - Balance sheet for prior calendar year if self-employed.
 - After the extension expiration date, loan is ineligible without prior year tax returns.
- Income calculation worksheet or 1008 with income calculation. The Fannie Mae 1084, or Freddie Mac Form 91 or equivalent is required for self-employment analysis. The most recent Form 1084 or Form 91 should be used based on application date. Instructions per Form 1084 or Form 91 must be followed.
 - Copy of liquidity analysis must be included in the loan file if the income analysis includes income from boxes 1, 2 or 3 on the K-1 that is greater than distributions indicated on the K-1.
 - If a liquidity analysis is required and the borrower is using business funds for down payment or closing costs, the liquidity analysis must consider the reduction of those assets.
- **Income Documentation Requirements** - Various forms of documentation are required depending on the type of income used to qualify. Income amounts should be averaged for the time period covered. Unless otherwise stated, when declining income has occurred, the most recent twelve (12) months should be used; in certain cases, average income for a longer period may be used when the decline is related to a one-time capital expenditure. Documentation for the capital expenditure must be provided. In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and Borrower's ability to repay.

The following income documentation must be provided for each Borrower whose income is used to qualify:

- **Salary:**
 - An earnings trend must be established and documented. Large increases in Salary over the previous two years must be explained and documented.
 - W-2 forms or personal tax returns, including all schedules, for prior two (2) years.
 - Year-to-date pay stub up through and including the most current pay period at the time of application and not earlier than 90 days prior to the Note date.
 - If Borrower is claiming overtime pay, it must be shown on the YTD pay stub.
 - Hourly and Variable Income
 - An earnings trend must be established and documented. Stable to increasing income should be average over a minimum two year period. Declining income must be explained by the employer/borrower and a written determination by the underwriter must be provided if declining income is used for qualifying.
 - W-2 forms or personal tax returns, including all schedules, for prior two years.
 - Year-to-date pay stub up through and including the most current pay period at the time of application.
 - Part Time Income
 - Borrower must have worked the part time job uninterrupted for the past two years, and plans to continue. If the part time income shows a continual decline, a written sound rationalization for using the income to qualify must be provided, or income should not be used.
 - W-2 forms for prior two years.
 - Year to date pay up through and including the most current pay period at time of application.
- **2106 Expenses**
 - Employee business expenses must be deducted from the adjusted gross income regardless of the income type.
 - Two (2) years tax returns are required. If 2017 tax returns reflect 2106 expenses and 2018 tax returns show no expenses (due to tax law change), a 12-month average of expenses must be based on 2017 tax return and deducted from qualifying income.

- **Alimony, Child Support, & Separate Maintenance Income:**
 - Will be considered with a divorce decree, court ordered separation agreement, court decree, or other legal agreement providing the payment terms confirming that income will continue for at least three (3) years. If the income is the Borrower's primary income source and there is a defined expiration date (even if beyond three (3) years), the income may not be acceptable for qualifying purposes.
 - Documentation evidencing that the Borrower has been receiving full, regular, and timely payments for the past 12 months.
 - Refer to **Non-Taxable Income** section below for child support income treatment.
- **Asset Depletion:**
 - Calculate the depletion of assets using a 3% return over the life of the loan; similar to calculation a P & I payment for a mortgage.
 - For borrowers >59 ½ years of age, all post-closing retirement and liquid assets may be used in the calculation as long as the assets are fully vested and unrestricted.
 - For borrowers <59 ½, all post-closing liquid (non-retirement) assets can be included in the calculation.
 - Minimum liquid post-closing assets of \$500,000 required in order to include asset depletion for qualifying income.
 - Business funds are not allowed for income calculation.
- **Over time and Bonus:**
 - An earnings trend for bonus and overtime must be established and documented. A period of more than two years must be used in calculating the average overtime and bonus income if the income varies significantly from year to year. If either type of income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used.
 - W2 forms or personal tax returns, including all schedules for prior two years.
 - Year to date pay stub up through and including the most current pay period at the time of application.
- **Capital Gains:**
 - Capital gains for like assets may be considered as effective income. The earnings trend or loss must be considered in the overall analysis of this income type. If the trend results in a gain, it may be added as effective income. If the trend consistently shows a loss, it must be deducted from the total income.
 - Tax returns for the prior three years, including Schedule D.
 - Gains must be consistent amounts from consistent sources.
 - Verified assets to support continuance must be documented.
 - Income must be consistent amounts from consistent sources.
- **Disability Income – Long Term (Private policy of employer-sponsored policy)**
 - Copy of the policy or benefits statement must be provided to determine current eligibility for disability payments, amount of payments, frequency of payments, and if there is an established termination date.
 - Termination date may not be within 3 years of Note date; please note reaching a specific age may trigger a termination date depending on the policy.
- **Commission:**
 - W-2 forms for prior two (2) years if commissions are less than 25% of the total income.
 - Tax returns, including all schedules, and W-2 form from the previous two (2) years if commissions are ≥ 25% of the total income.
 - Year-to-date pay stub up through and including the most current pay period at the time of application and not earlier than 90 days prior to the Note date.
 - Commission income must be averaged over the previous two years. If the commission income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used.
- **Dividend / Interest:**
 - Interest and dividend income may be used as long as documentation supports a two year history of receipt.
 - Tax returns for the prior two (2) years.
 - Proof of assets to support the continuation of interest and dividend income.

- **Foreign Income:**
 - W-2 forms or personal tax returns, including all schedules, for prior two (2) years.
 - Year-to-date pay stub.
 - Verbal VOE.
 - All income must be converted to U.S. currency.
- **K-1 Income/Loss on Schedule E:**
 - If the income is positive, stable and not used for qualifying, the K-1 is not required.
 - If less than 25% ownership with income used to qualifying:
 - a. Verification of Employment Requirements apply.
 - b. Year-to-date income must be verified if the most recent K-1 is more than 90 days aged prior to Note date.
 - If 25% or greater ownership with income used in qualifying:
 - a. Verification of Employment Requirements apply.
 - b. Partnership/S-Corp and Self-Employment requirements apply.
 - If the income is negative, the K-1s for the applicable years are required and if ownership is 25% or greater, see self-employment requirements.
 - Two (2) years tax transcripts.
- **Non-Taxable Income Including Child Support, Disability, Foster Care, Military, Etc.:**
 - Documentation must be provided to support continuation of income for a minimum of three (3) years.
 - Income should be grossed up by 125% for income qualification purposes.
 - i. The amount of continuing tax savings attributed to regular income not subject to Federal taxes may be added to the borrower's gross income.
 - ii. The percentage of non-taxable income that may be added cannot exceed the appropriate tax rate for the income amount. Additional allowances for dependents are not acceptable.
 - iii. Documentation Requirements:
 - 1. must document and support the amount of income grossed- up for any nontaxable income source, and
 - 2. should use the same tax rate the borrower used to calculate his/her income tax from the previous year.
 - iv. Note: If the borrower is not required to file a Federal tax return, the tax rate to use is 25%.
- **Note Income:**
 - A copy of the Note must document the amount, frequency and duration of payments.
 - Regular receipt of note income for the past twelve (12) months must be documented, and evidence of note Income must be reflected on tax returns.
 - Verification that income is expected to continue for a minimum of three (3) years.
- **Projected income:**
 - Allowed with an executed offer letter with employment starting within sixty (60) days of closing:
 - All contingencies of the offer letter must be removed/satisfied.
 - Two (2) year employment history/schooling in the same field prior to the start date.
 - Borrower must qualify with base pay only.
 - A paystub or written VEO (once employment has started) from the new job must be provided prior to purchasing the loan.
- **Self-Employed:**
 - Self-employed Borrowers are defined as those individuals who have 25% or greater ownership interest or receive a 1099 statement to document income. Borrowers who are employed by a family member are considered to be self-employed, regardless of the percentage of ownership, and self-employed documentation is required. Potential ownership by the Borrower must be addressed.
 - **Sole Proprietorship**
 - Two (2) years personal tax returns, signed on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date.
 - Two (2) years tax transcripts to support.
 - YTD profit and loss statement.
 - YTD balance sheet. Tax returns for prior year is not a substitute for balance sheet.
 - Stable to increasing income should be averaged for two (2) years.

- YTD P&L and YTD Balance Sheet may be waived if the borrower is a 1099 paid borrower who does not actually own a business if all of the following requirements are met:
 - Schedule C in Block 28 (Total Expenses) must be analyzed in relation to income in Block 7 (Gross Income). Expenses are less than 5% of income.
 - Analysis of Blocks 8 (Advertising), 11 (Contract Labor), 16a (Mortgage Interest), 20 (Rent/Lease) 26 (Wages) must indicate the borrower does not have expenses in these categories.
 - Analysis of Blocks 17 (Legal and Professional Services) and Block 18 (Office Expense) indicate nominal or \$0 expense.
 - Block C (Business Name) does not have a separate business name entity.
 - Year-to-date income in the form of a written VOE or pay history is provided by the employer paying the 1099. YTD income must support prior year's income.
- **Partnership (General, Limited) Limited Liability Companies, "S" Corporations:**
 - Two (2) years personal tax returns, signed on or before the closing date. In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date.
 - Two (2) years tax transcripts to support.
 - Two (2) years K-1s reflecting ownership percentage if counting any income from this source in qualifying (K-1 income, W-2 income, capital gains or interest/dividends) or if Schedule E reflects a loss.
 - Two (2) years business tax returns (1065s or 1120s) signed if 25% or greater ownership. In lieu of a signature, business tax transcripts for the corresponding year may be provided on or before the closing date.
 - Due date for business returns for Partnerships and S-Corporations is typically March 15 with an extension for 6 months or typically September 15. After the extension date, the loan is not eligible without the filed tax return.
 - Business returns and YTD financials are not required if the income reporting is positive, not declining and not counted as qualifying income.
 - YTD profit and loss statement if 25% or greater ownership.
 - YTD balance sheet if 25% or greater ownership.
 - Stable to increasing income should be averaged for two (2) years.
- **Rental (All Properties):**
 - Lease agreements must be provided if rental income is used for qualifying purposes.
 - Current Lease for each rental property, including commercial properties listed in part 1 of Schedule E of the 1040s. Rent Rolls are unacceptable.
 - If the current lease amount is less than the rental income reported on the tax returns, justification for using the income from the tax return must be provided and warrant the use of the higher income. If there is no justification, the lease amount less expenses will be considered for rental income/loss.
 - For leases that have a roll over clause or the property is in a state where all leases roll over, the following requirements must be met:
 - Copy of most recent lease.
 - Current documentation to evidence receipt of rent (copy of check or deposit into bank account) must be consistent with most recent lease.
 - If the subject property is a purchase of an investment property the requirement for a lease agreement may not be required if the following requirements are met:
 - Borrower(s) have a demonstrated landlord history for the most recent two (2) years on tax returns OR,
 - Maximum LTV/CLTV is 65%.
 - Rent comparable schedule by the appraiser is required on all investment property transactions.

- If the property is an investment property (subject or non-subject) and is a seasonal rental, vacation rental or short-term rental, the requirement for a lease agreement may not be required if the following requirement is met:
 - Most recent two (2) years tax returns reflect the property on Schedule E with consistent rents from year to year
 - The county/city where the property is located does not have prohibitions or restrictions on short-term rentals that impacts rental income received
- Personal tax returns, including all schedules, prior 2 years.
 - Refer to Tax Returns section above for additional requirements for unfiled prior year returns
 - For properties listed on Schedule E of the Borrower's tax returns, net rental income should be calculated as ((Rents Received – Total Expenses) + depreciation + interest + taxes + insurance + HOA (if any)) divided by applicable months minus current PITIA.
 - If rental income is not available on the Borrower's tax returns, a current executed lease agreement is required. Net rental income should be calculated as the gross monthly rent multiplied by 75%.
- If the subject property is the Borrower's Primary Residence (one (1) unit property or one (1) unit property with an accessory unit) and generating rental income, the full PITIA must be included in the Borrower's total monthly obligations.
- If the subject property is the borrower's primary residence with two (2) units, rental income may be included for the unit not occupied by the borrower as long as the requirements for a lease agreement and/or tax returns are met.
- Net rental income may be added to the Borrower's total monthly income. Net rental losses must be added to the Borrower's total monthly obligations.
- **Retirement Income (Pension, Annuity, and IRA Distributions):**
 - Existing distribution of assets from an IRA, 401K or similar retirement asset account must be sufficient to sustain income continuance for a minimum of three (3) years.
 - Distribution must have been setup at least six (6) months prior to Note date if there is no prior history of receipt OR
 - Two (2) year history of receipt evidenced.
 - Distributions cannot be set up or changed solely for loan qualification purposes.
 - Document regular and continued receipt of income as verified by:
 - Letters from the organizations providing the income.
 - Copies of retirement award letters.
 - Copies of signed federal income tax returns (signed and dated on or before the closing date). In lieu of a signature, personal tax transcripts for the corresponding year may be provided on or before the closing date.
 - IRS W-2 or 1099 forms.
 - Proof of current receipt with two (2) months bank statements.
 - Note: Distributions from asset accounts cannot be set up, or changed, solely for loan qualification purposes.
 - Two (2) years tax transcripts.
 - If any retirement income will cease within the first three (3) years of the loan, the income may not be used.
- **Social Security**
 - Social Security income must be verified by a Social Security Administration benefit verification letter. If benefits expire within the first three (3) years of the loan, the income may not be used.
 - Benefits (children or surviving spouse) with a defined expiration date must have a remaining term of at least three (3) years.

- **Stock Options & Restricted Stock:**
 - May only be used as qualifying income if the income has been consistently received for two (2) years and is identified on the paystubs, W-2s and tax returns as income and the vesting schedule indicates the income will continue for a minimum of two (2) years at a similar level as prior two (2) years.
 - A two (2) year average of prior income received from RSUs or stock options should be used to calculate the income, with the continuance based on the lower of the current stock price or the 52-week average for the most recent 12 months reporting at the time of application. The income used for qualifying must be supported by future vesting based on the stock price used for qualifying and vesting schedule.
 - Additional awards must be similar to the qualifying income and awarded on a consistent basis.
 - There must be no indication the will not continue to receive future awards consistent with historical awards received.
 - Borrower must be currently employed by the employer issuing the RSUs/stock options for the RSUs/stock options to be considered in qualifying income.
 - Stock must be a publicly traded stock.
 - Vested restricted stock units and stock options cannot be used for reserves if using for income to qualify.
- **Trailing Co-Borrowers:**
 - Income from trailing Co-Borrowers ineligible.
- **Trust:**
 - Income from trusts may be used if guaranteed and regular payments will continue for at least 3 years.
 - Regular receipt of trust income for the past twelve (12) months must be documented.
 - A copy of the Trust Agreement or Trustee Statement showing:
 - Total amount of Borrower-designated trust funds.
 - Terms of payment.
 - Duration of trust
 - Evidence the trust is irrevocable
 - If trust fund assets are being used for down payment or closing costs, the loan file must contain adequate documentation to indicate the withdrawal of the assets will not negatively affect income.
- **Unacceptable Income:**
 - Any unverified source.
 - Deferred compensation.
 - Income that is temporary or a one-time occurrence.
 - Rental income from primary residence – One (1) unit property or one (1) unit property with accessory unit.
 - Rental income received from Second Home.
 - Retained earnings.
 - Education benefits.
 - Trailing Spouse income.
 - Any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations. Federal law restricts the following activities and therefore the income from these sources are not allowed for qualifying.
 - Foreign shell banks.
 - Medical marijuana dispensaries.
 - Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law.
 - Businesses engaged in any type of internet gambling.
- If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral.

DOWN PAYMENT REQUIRED:

- 5% regardless of LTV.
- **Business Funds** – Eligible for down payment and closing costs as long as the Borrower has sufficient personal funds to cover the reserve amount. Refer to the [CASH RESERVES](#) section and [DOCUMENTATION](#) section.

DU/LP INFORMATION:

- All loans must be manually underwritten.

ESCROW HOLDBACKS:

- Ineligible.

ESCROW WAIVERS:

- Escrow Waivers are permitted for 80% or less LTV's. Contact Secondary at secondary@wintrustmortgage.com for price adjustments, if any.

GEOGRAPHIC RESTRICTIONS:

- Nevada – Ineligible. (Correspondent approval needed to be eligible)
- Florida – Broward, Miami- Dade and Monroe county ineligible.
- New York – Allowed with approved WM Attorney (Contact correspondent rep for more details).
- Hawaii – Properties in Lava zones 1 & 2 ineligible.
- Texas – Cash-out refinances ineligible. Borrower cannot receive any cash back.
- Properties located on Indian/Native American tribal land.

GIFTS:

- Gift funds allowable for purchase of Primary residence or second home.
- If the Borrower has made their minimum 5% down payment, the remaining down payment may come from gift funds.
- Donor must be immediate family member, future spouse or domestic partner.
- Gifts from relatives that are interested parties to the transaction are not allowed. Real estate agents may apply their commission towards closings costs and/or prepaids as long as the amount are within the interested party contribution limitations.
- Domestic partner donors must live with Borrower.
- Executed gift letter with gift amount and source, donor's name, address, phone number and relationship.
- The lender must verify that sufficient funds to cover the gift are either in the donor's account, or have been transferred to the borrower's account. Acceptable documentation includes the following:
 - A copy of the donor's check and the borrower's deposit slip.
 - A copy of the donor's withdrawal slip and the borrower's deposit slip.
 - A copy of the donor's check to the closing agent.
 - A settlement statement/CD showing receipt of the donor's check.*
 - * When the funds are not transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of a certified check, cashier's or other official check.
- Gift funds may not be used to meet reserve requirements.
- Gift of Equity - INELIGIBLE
- Gift funds not allowed on LTVs >80% LTV.

INTEREST ONLY OPTION:

- ARM - Qualify based on ARM type with a 20 year amortization.
- Fixed – 30 year term only. 10 year IO period. Qualify based on Note rate with a 20 year amortization.

LIMITATIONS ON REAL ESTATE OWNED:

- The Borrowers may own a total of ten (10) financed, 1-4 Unit residential properties regardless of occupancy type, including the subject property.
 - If the borrower owns up to four (4) financed properties:
 - Max financing for the subject transaction is allowed.
 - Additional financed 1-4 unit residential properties require an additional three (3) months reserves for each property.
 - If the borrower owns between five (5) and ten (10) financed properties:
 - The subject transaction is limited a maximum of 80% LTV/CLTV/HCLTV or program maximum (lower of the two).
 - Subject property requires the greater of six (6) months reserves or required reserves per guidelines as indicated in the Cash Reserve section.
 - Additional financed 1-4 unit residential properties require an additional six (6) months reserves for each property.
- 1-4 Unit Financed properties held in the name of an LLC or other Corporation can be excluded from the calculation of number of properties financed only in cases where the Borrower is not personally obligated for the mortgage.
- Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation.

MORTGAGE INSURANCE:

- N/A.

MORTGAGE INSURERS APPROVED:

- N/A.

NEW CONSTRUCTION:

- Construction financing not eligible.
- If borrower does not own lot, and property will be "As is" by the time of closing, transaction is eligible as a purchase.
- If paying off interim financing, refer to **Construction-to-Permanent** – [REFINANCE](#) section.

NON-OCCUPYING BORROWER:

- Allowed with the following restrictions:
 - Primary residence – One (1) Unit Property.
 - Purchase and rate & term refinance transactions only.
 - Max loan amount \$1,000,000; \$1,500,000 is allowed for properties located in CA, CT, NY and NJ.
 - Max LTV/CLTV 80%.
 - No minimum down payment required from the occupant borrower, down payment and reserves may be from the occupant borrower or non-occupant co-borrower.
 - Additional six (6) months reserves required.
 - Non-occupant co-borrower must be an immediate family member.
 - Blended ratios allowed with a maximum 43% DTI.
 - Transaction must be an arm's length transaction.

OCCUPANCY:

- Primary residence for 1-4 units.
- Second home:
 - 1 unit only,
 - Must be located a reasonable distance away from the borrower's principal residence,
 - Must be occupied by the borrower for some portion of the year,
 - Must be suitable for year round use,
 - Must not be subject to a rental agreement and borrower must have exclusive control over the property, and
 - Any rental income received on the property cannot be used as qualifying income.
- Investment properties for 1-4 units.

POWER OF ATTORNEY:

- Not eligible with loans closed in a trust.
- Must be a specific POA dated/appointed on or before the execution of any document executed using the POA.
- The security instrument, note and all other closing documents must be signed exactly as appointed on POA.
- Notary section correct including: state, county, date, Borrower name, notary's signature, notary expiration, notary seal.
- **No POA allowed for loans with one Borrower.**
- **No POA allowed on cash out transactions.**
- **At least one (1) Borrower must be present at closing.**

PREPAYMENT PENALTY:

- None.

PROPERTY TYPES ELIGIBLE:

- 1-4 Unit Owner Occupied Properties.
- 1 Unit Second Homes.
- 1-4 Unit Investment Properties.
- PUD meeting FNMA requirements.
- Leaseholds.
 - In areas where leasehold estates are commonly accepted, loans secured by leasehold estates are eligible for purchase. The mortgage must be secured by the property improvements and the Borrower's leasehold interest in the land. The leasehold estate and the improvements must constitute real property, must be subject to the mortgage lien, and must be insured by the lender's title policy.
- Properties with forty (40) or less acres.
 - Properties >10 acres ≤40 acres must meet the following:
 - Maximum land value 35%.
 - No income producing attributes.
 - Transactions must be 5% below minimum LTV/CLTV/HCLTV as allowed on Choice Non-QM for transactions over twenty (20) acres. For example, if borrower qualifies for a loan at 90% LTV based on the transaction, FICO score, loan amount and reserves, then the maximum allowed would be 85%.
 - 30 year fixed rate only.
- Modular Homes.
- Condominiums - Attached Warrantable.
 - Limited review allowed for attached units in established condominium projects:
 - Eligible transactions as per Fannie Mae guidelines.
 - Projects located in Florida are not eligible for limited review.
 - CPM or PERS certificates allowed.
 - Full review allowed. Warranty to Fannie Mae full review guidelines.
 - Projects with 2-4 units – no condominium review or condominium warranty is required. Fannie Mae basic requirements apply.
 - Florida condominiums limited to 50% LTV/CLTV/HCLTV on investment transactions.
 - Condominium documents to support condominium eligibility review must be no older than 120 days from Note date.
- Condominiums – Detached (including site condominiums)
 - No condominium review or condominium warranty is required.
 - Fannie Mae basic requirements apply.
- If you have any questions you may contact Condo Support at condosupport@wintrustmortgage.com
- Properties subject to Existing Oil and/or Gas Leases that meet the following requirements:
 - Title endorsement providing coverage to the lender against damage to existing improvements resulting from the exercise of the right to use the surface of the land which is subject to an oil and/or gas lease.
 - No active drilling. Appraiser to comment or current survey to show no active drilling.
 - No lease executed after the home construction date. Re-recording date of lease after home construction is permitted.
 - Must be connected to public water.

Note: Properties that fall outside these parameters can be considered on an exception basis.

- Properties with leased solar panels must meet Fannie Mae requirements. Acceptable Forms of Ownership:
 - Fee Simple with title vesting as:
 - Individual.
 - Joint Tenants.
 - Tenants in Common.
 - Leaseholds must meet Fannie Mae requirements.
 - Deed/Resale Restrictions must meet Fannie Mae requirements.

Non-Warrantable Condominiums:

- Only one (1) non-warrantable feature is allowed and LTV/CLTV must be 10% below product/program maximum. For example, if borrower qualifies for a loan at 90% LTV based on FICO score, loan amount and reserves, then the maximum allowed would be 80%:
 - Commercial Space - Commercial space includes space above and below grade. Commercial space must be compatible with the residential use of the project. For example, restaurants, small shops, business offices, small market/grocery store that complement the neighborhood.
 - Maximum commercial space allowed.
 - Maximum ownership by one (1) entity is 25% for projects with more than ten (10) units.
 - Units owned by the developer, sponsor, or succeeding developer that are vacant and being actively marketed for sale are not included in the calculation.
 - Units currently leased must be included in the calculation.
 - For projects with ten (10) units or less, Fannie Mae guidelines apply for the number of units owned by one (1) entity and would not be considered non-warrantable.
 - Presale - New projects or converted projects (as defined by Fannie Mae) must have at least 30% of the units sold or under contract to owner occupants or second home purchasers for the subject phase; common areas/amenities must be complete for the subject phase.
 - Budget – for projects with line item for replacement reserves of less than 10%;
 - Less than 10% but greater than 7% replacement reserves allowed if current reserve balance exceeds 10% of operating expenses
 - Less than 7% replacement reserves allowed if current reserve balances exceeds 20% operating expenses
 - Project balance sheet must be provided and within 120 days of the Note date.
- The subject legal phase and any other prior legal phases in which units have been offered for sale are substantially complete (common elements complete and units complete subject to selection of buyer upgrades/preference items).
- Primary residence and second homes only.
- All other Fannie Mae condo requirements met.
- Loan must be locked as a non-warrantable condominium with applicable pricing adjustments applied. .
- Loans outside of these parameters with strong compensating factors may be considered on an exception basis.

PROPERTY TYPES INELIGIBLE:

- Manufactured Homes.
- 2-4 Unit Second Home Properties.
- Mobile Homes.
- Co-Ops.
- Condotels.
- Working Farms, Ranches, Orchards.
- Timeshares.
- Mixed use properties.
- Model Home Leasebacks.
- Properties listed for sale refer to [REFINANCE](#) section.
- Income producing properties.
- Properties with more than forty (40) acres.
 - If property has acreage, Appraiser must indicate total acreage. It is not acceptable to have property appraised with only 40 acres in order to meet eligibility.
- Commercial Properties.

- Properties located in Hawaii Lava Zone 1 & 2.
- Properties located in areas where a valid security interest in the property cannot be obtained.
- Any property operated as a hotel.
- Houseboat.
- Segmented Ownership Projects.
- Unique Property in which marketability cannot be established i.e.: Dome, Log, Geothermal, Stilt Home, etc.
- Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant.
- Tenants-in-Common projects (TICs)
- One of a kind luxury residences.
- Properties with condition rating of C5/C6.
- Properties with construction rate of Q6.

QUALIFYING RATE:

- **5/1** – Greater of the fully indexed rate or the note rate + 2.00%. (Fully indexed rate = Index + Margin)
- **7/1** – Greater of the fully indexed rate or the note rate.
- **10/1** - Greater of the fully indexed rate or the note rate.

RATIOS:

- Fixed Rate: 49.99% & ARM: 47.00%. LTV/CLTV over 80%: 38%.
- Non Occupant Co-Borrowers with Blended Ratios 43.00%.
- The Debt-to-Income (“DTI”) ratio is based on the total of existing monthly liabilities plus any planned future liabilities based on credit inquiries or otherwise disclosed by the Borrower, and then divided by the calculated gross monthly income. Liabilities include all housing expenses, revolving debt, installment debts, real estate loans, rent, alimony, child support, and other consistent and recurring expenses.
- For other properties owned, documentation to confirm the P&I, taxes, insurance, hoa dues, lease payments, or other property-related expenses must be provided.
- The monthly payment on revolving accounts with a balance must be included in the borrower’s DTI, regardless of the number of months remaining. If the credit report does not reflect a payment and the actual payment cannot be determined, a minimum payment may be calculated using the greater of \$10 or 5%.
- If the credit report reflects an open-end or net 30 day account, the balance owing must be subtracted from the borrower’s liquid assets.
- Loans secured by financial assets (life insurance policies, 401(K), IRAs, CDs, etc.) do not require a payment to be included in the DTI as long as documentation is provided to show the borrower’s financial asset as collateral for the loan.
- For all student loans, whether deferred, in forbearance, or in repayment, a monthly payment must be included in the borrower’s monthly obligation.
 - If a monthly payment is provided on the credit report, the amount indicated for the monthly payment may be used in qualifying.
 - If the credit report does not provide monthly payment or if it shows \$0 as the monthly payment, the monthly payment may be one of the options below:
 - Loan payment indicated on student loan documentation verifying monthly payment is based on income-driven plan.
 - For deferred loans or loans in forbearance:
 - 1% of the outstanding loan balance (even if this amount is lower than the actual fully amortizing payment) or
 - A fully amortizing payment using the document loan repayment terms.
- HELOCS with a current outstanding balance with no payment reflected on the credit report may have the payment documented with a current billing statement. HELOCS with a current \$0 balance do not need a payment included in the DTI unless using for down payment or closing costs.
- Lease payments, regardless of the number of payments remaining must be included in the DTI.
- Installment debts lasting 10 months or more must be included in the DTI.
- Alimony payments may be deducted from income rather than included as a liability in the DTI for divorces prior to 1/1/2019. For borrowers with a divorce on or after 1/1/2019, the alimony payment must be treated as a liability.

- If the most recent tax return or tax extension indicate a borrower owes money to the IRS or State Tax Authority, evidence of sufficient assets to pay the debt must be documented if the amount due is within 90 days of loan application date.
- **Contingent Liabilities:**
 - **Co-Signed Loans:** The monthly payment on a co-signed loan may be excluded from the DTI if evidence of timely payments made by the primary obligor (other than the borrower) is provided for the most recent twelve (12) months and there are no late payments reporting on the account.
 - **Court Order:** If the obligation to make payments on a debt has been assigned to another person by court order, the payment may be excluded from the DTI if the following documents are provided.
 - Copy of the court order.
 - For mortgage debt, a copy of the document transferring ownership of property.
 - If transfer of ownership has not taken place, any late payments associated with the repayment of the debt owing on the mortgage property should be taken into account when reviewing the borrower's credit profile.
 - **Assumption with no release of liability:** The debt on a previous mortgage may be excluded from DTI with evidence the borrower no longer owns the property. The following requirements apply:
 - Payment history showing the mortgage on the assumed property has been current during the previous 12 months or
 - The value on the property, as established by an appraisal or sales price on the HUD-1/CD results in an LTV of 75% or less.
- **Departure Residences:**

Departure Residence to be Rented	
Option 1 (No lease)	Option 2 (Lease required)
No lease required.	Copy of current lease agreement.
Signed letter of intent from borrower indicating they intend to rent the departure residence within ninety (90) days of closing on the subject transaction.	Copy of security deposit and evidence of deposit into borrower's account.
Departure residence must have a minimum of 20% equity after deduction of outstanding liens in order to use rent to offset the payment. If less than 20% equity, the full payment with no benefit of rent must be included in the DTI.	Departure residence must have a minimum of 20% equity after the deduction of outstanding liens in order to use rent to offset the payment. If less than 20% equity, the full payment with no benefit of rent must be included in the DTI.
Equity in the departure residence must be documented with the prior purchase price, AVM, BPO or 2055 exterior appraisal dated within six (6) months of the subject transaction.	Equity in the departure residence must be documented with the prior purchase price, AVM, BPO or 2055 exterior appraisal dated within six (6) months of the subject transaction.
Market Rent Survey is required by a licensed appraiser. Rent calculation is 75% of the market rent less PITIA. Any negative amount must be included in the DTI.	Rental calculation is based on 75% of the lease amount less PITIA. Any negative amount must be included in the DTI. Any positive income is included as rental income.
Any positive rental income is disregarded for the income calculation and can only be used to offset the payment	
Required reserves for departure residence = 9 months PITIA	Required reserves for departure residence = 6 months PITIA
Maximum LTV/CLTV/HCLTV on the subject transaction is 80%	No limit on LTV/CLTV/HCLTV, refer to program maximum

Departure Residence to be Sold	
Option 1 (Not under contract)	Option 2 (Under contract)
<p>No contract required for departure residence. Departure residence may be listed for sale or intent to list for sale.</p> <p>Signed letter of intent from borrower indicating they intend to list the departure residence for sale within ninety (90) days of closing on subject transaction. If listed for sale, provide copy of current listing.</p>	<p>A copy of an executed sales contract for the property pending sale and confirmation all contingencies have been cleared/satisfied.</p> <p>The departure transaction must be closing within 30 days of the subject transaction.</p> <p>The pending sale transaction must be arm's length.</p>
<p>Equity in the departure residence must be documented with a 2055 exterior appraisal or full appraisal dated within six (6) months of subject transaction Note date.</p> <p>Departure residence must have a minimum of 20% equity after deduction of outstanding liens in order to exclude the payment from the DTI.</p> <p>If less than 20% equity, the full payment must be included in the DTI.</p> <p>The lower of the appraised value or current listing (if listed) should be used to determine 20% equity.</p>	<p>No appraisal required for departure residence.</p> <p>The borrower must be netting a positive number from the sale of the property or assets must be accounted for to cover any funds the borrower may have to bring to closing on the sale of the departure residence.</p>
<p>Required reserves for the departure residence are based on the marketing time indicated by the departure residence appraisal:</p> <p>If appraisal indicates marketing time of six (6) months or less = 12 months PITIA</p> <p>If departure residence has been on the market >6 months = 24 months PITIA.</p> <p>If appraisal indicates marketing time over six (6) months = 24 months PITIA</p>	<p>Required reserves for the departure residence = 6 months PITIA</p>
<p>Maximum LTV/CLTV/HCLTV on the subject transaction is 80%.</p>	<p>No limit on LTV/CLTV/HCLTV, refer to program maximum.</p>

➤ **Departure Residence Subject to Guaranteed Buy-out with corporation relocation:**

- In order to exclude the payment for a borrower's primary residence that is part of a Corporate Relocation the following requirements must be met:
 - Copy of the executed buy-out agreement verifying the borrower has no additional financial responsibility toward the departing residence once the property has been transferred to the

3rd party.

- Guaranteed buy-out by the 3rd party must occur within 4 months of the fully executed guaranteed buy-out agreement.
- Evidence of receipt of equity advance if funds will be used for down payment or closing costs.
- Verification of an additional 6 months PITIA of the departure residence.

REFINANCES:

- **PROPERTIES LISTED FOR SALE:**
- Properties listed for sale within six (6) months prior to the date of application are acceptable if the following requirements are met:
 - Rate and Term refinance only.
 - Primary and second homes only.
 - Proof of canceled listing prior to closing.
 - Acceptable letter of explanation from the borrower detailing the rationale for changing the intention to sell.
- **Cash-Out Refinance** – Not eligible if the property was listed for sale within 12 months of the application date.
- **RATE/TERM REFINANCE:**
- The new loan amount is limited to pay off the current first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepaid items.
 - If the first mortgage is a HELOC, evidence it was a purchase money HELOC or it is a seasoned HELOC that has been in place for twelve (12) months and total draws do not exceed \$2000 in the most recent twelve (12) months.
 - A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage that has been in place for twelve (12) months.
 - A seasoned equity line is defined as not having draws totaling over \$2000 in the most recent twelve (12) months. Withdrawal activity must be documented with a transaction history.
 - Max cash back at closing is limited to 1% of the new loan amount.
- Properties inherited less than twelve (12) months prior to application date can be considered for a Rate and Term refinance transaction if the following requirements are met:
 - Must have clear title or copy of probate evidencing borrower was awarded the property.
 - A copy of the will or probate document must be provided, along with the buy-out agreement signed by all beneficiaries.
 - Borrower retains sole ownership of the property after the pay out of the other beneficiaries.
 - Cash back to borrower not to exceed 1% of loan amount.
- If subject property is owned less than twelve (12) months, the LTV/CLTV/HCLTV is based on the lesser of the original purchase price plus documented improvements made after the purchase of the property, or the appraised value. Documented improvements must be supported with receipts. The twelve (12) month time frame is defined as prior Note date to subject Note date.
- If subject property is owned more than twelve (12) months, the LTV/CLTV/HCLTV is based on the current appraised value. The twelve (12) month time frame is defined as prior Note date to subject Note date.
- Released subordinate liens must be paid off and closed to exclude from CLTV/HCLTV calculation.

- **CASH OUT REFINANCE:**
 - Texas Cash-Out refinances are ineligible.
 - Cash-out refinances of investment properties must contain a letter of explanation regarding the proceeds from the cash-out refinance.
 - Borrower must have owned the property for at least six (6) months. If the property is owned free and clear and six (6) month seasoning is not met, refer to Delayed Purchase Refinancing section above.
 - **The applicant must have taken title to the subject property more than 180 days prior to the Note date.**
 - Maximum cash-out limitations include the payoff of any unsecured debt, unseasoned liens and any cash in hand.
 - Inherited properties may not be refinanced as a cash-out refinance prior to twelve (12) months ownership. See Rate and Term Refinances for requirements.
 - Cash-out refinances where the borrower is paying off a loan from a pledged asset/retirement account loan, secured loan, unsecured family loan or replenishing business funds used to purchase the property, the following guidelines apply:
 - Cash-out limitation is waived if previous transaction was a purchase.
 - Seasoning requirement for cash-out is waived (borrower does not have to have owned for six (6) months prior to subject transaction).
 - Funds used to purchase the subject property must be documented and sourced.
 - HUD-1/CD for subject transaction must reflect payoff or pay down of pledged asset/retirement account loan, secured loan, unsecured family loan or business asset account. If cash-out proceeds exceeds payoff of loans, excess cash must meet cash-out limitations.
 - The purchase must have been arm's length.
 - Investment properties are ineligible.
 - **Continuity of Obligation:**
 - When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements have been met. If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:
 - The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements:
 - Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or
 - Is related to the borrower on the mortgage being refinanced.
 - The borrower on the new refinance transaction was added to title twenty-four (24) months or more prior to the disbursement date of the new refinance transaction.
 - The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership.
 - The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply:
 - Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer.
 - The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan.
- NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.
- **CONSTRUCTION TO PERMANENT FINANCING**
 - The borrower must hold title to the lot which may have been previously acquired or purchased as part of the transaction.
 - LTV/CLTV is determined based on the length of the time the borrower has owned the lot. The time frame is defined as the date the lot was purchased to the note date of the subject transaction.
 - For lots owned 12 months or more, the appraised value can be used to calculate the LTV/CLTV/HCLTV.
 - For lots owned < 12 months, the LTV, CLTV, HLCTV is based on the lesser of the current appraised value of the property or the total acquisition costs. (documented construction costs and documented purchase price of lot)

• **DELAYED PURCHASE REFINANCE:**

- Defined as the refinance of a property purchased by the Borrower for cash within 6 months of the current loan's application date, a delayed purchase refinance requires the following:
 - HUD-1/CD from purchase reflecting no financing obtained for the purchase of the property.
 - Preliminary title reflects the borrower as the owner and no liens.
 - Funds used to purchase the property are fully documented and sourced, and must be the borrower's own funds. (no borrowed funds, gift funds, business funds)
 - Funds drawn from a HELOC on another property owned by the borrower, funds borrowed against a margin account or funds from a 401(k) loan are acceptable as long as the following requirements are met:
 - The borrowed funds are fully documented,
 - The borrowed funds are reflected on the Closing Disclosure (CD) as a payoff on the new refinance transaction.
 - Underwritten as a rate & term refinance. The loan is treated as a Rate and Term refinance except for primary residence transactions in Texas.
 - If funds used to purchase the property were secured by a pledged asset or retirement account, it is not considered the borrower's own funds and the transaction would not be eligible for Delayed Financing.
 - See Cash-Out Refinance Requirements section below for additional guidance.
 - Investment properties are allowed as long as borrower is not a builder or in the construction industry and prior transaction was arm's length.

RELOCATION OR TRAILING CO-BORROWER:

- Not permitted.

RIGHT OF OWNERSHIP:

- Fee simple.

SALES CONCESSIONS:

- Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender, or their affiliates, or any other party with an interest in the real estate transaction. Interested party contributions may only be used for closing costs and prepaid expenses, and may never be applied to any portion of the down payment or contributed to the Borrower's financial reserve requirements.
- Maximum interested party contribution is limited to 6% for primary and second home transactions with LTVs \leq 80%; 3% for primary residences with LTVs over 80%; 2% for investment properties regardless of LTV.
- All seller concessions must be addressed in the sales contract documents, Appraisal report, and the HUD-1/CD. A seller concession is defined as any interested party contribution beyond the stated limits, in the above section, or any amounts not being used for closing costs or prepaid expenses (i.e. funds for repairs not completed prior to closing is a seller concession). If a seller concession is present, both the appraised value and sales price must be reduced by the concession amount for purposes of calculating the LTV/CLTV/HCLTV.
- **Personal Property** – Any personal property transferred with a property sale must be deemed to have zero (0) transfer value, as indicated by the sales contract and the appraisal. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV.

SUBORDINATE FINANCING:

- Institutional financing only up to maximum LTV/CLTV/HCLTV. Refer to [EXHIBIT A](#).
- Seller subordinate financing not allowed.
- Subordinate liens must be recorded and clearly subordinate to the first mortgage lien.
- If there is or will be an outstanding balance at the time of closing, the monthly payment for the subordinate financing must be included in the calculation of the borrower's debt-to-income ratio.
- Full disclosure must be made of the existence of subordinate financing and the subordinate financing repayment terms. The following are acceptable subordinate financing types:
 - Mortgage terms with interest at market rate.
 - Mortgage with regular payments that cover at least the interest due, resulting in no negative amortization.

- Employer subordinate financing is allowed with the following requirements:
 - Employer must have an Employee Financing Assistance Program in place.
 - Employer may require full repayment of the debt if the borrower's employment ceases before the maturity date.
 - Financing may be structured in any of the following ways:
 - Fully amortizing level monthly payments.
 - Deferred payments for some period before changing to fully amortizing payments.
 - Deferred payments over the entire term.
 - Forgiveness of debt over time.
 - Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien.
- LTV/CLTV/HCLTV guidelines must be met for loans with subordinate financing.
- Refer to [REFINANCE](#) section, **Rate/Term Refinance** sub-section.

TITLE REQUIREMENTS:

- Full Title Commitment required.
- Title Commitment must be dated 90 days from Note date.

TITLE VESTING:

- Individual.
- Joint Tenants.
- Tenants in common.
- Inter Vivos Revocable Trust (Living Trust):
 - The Inter Vivos Revocable Trust must be established by one (1) or more natural persons, solely or jointly.
 - The primary beneficiary of the trust must be the individual(s) establishing the trust.
 - If the trust is established jointly, there may be more than one (1) primary beneficiary as long as the income or assets of at least one (1) of the individuals establishing the trust will be used to qualify for the mortgage.
 - The trustee(s) must include:
 - The individual establishing the trust (or at least one (1) of the individuals, if there are two (2) or more).
 - Investor does not allow an institutional trustee.
 - The trustee must have the power to mortgage the security property for the purpose of securing a loan to the party (or parties) who are Borrower(s) under the mortgage or deed of trust note.
 - The mortgage must be underwritten as if the individual establishing the trust (or at least one (1) of the individuals, if there are two (2) or more) were the Borrower (or a Co-Borrower, if there are additional individuals whose income or assets will be used to qualify for the mortgage).
 - **Trust Closing Instructions**
 - Note
 - Each trustee and each individual establishing an inter vivos revocable trust whose income and assets are used to qualify for the mortgage must separately execute the note and any necessary addendum.
 - Security Instrument
 - The trustee(s) of the inter vivos revocable trust also must execute the security instrument and any applicable rider (if used).
 - Each individual establishing the trust whose income and assets are used to qualify for the mortgage must acknowledge all of the terms and covenants in the security instrument and any necessary rider (if used), and must agree to be bound thereby, by placing his or her signature after a statement of acknowledgment on such documents.
 - Any other party that Fannie Mae requires to sign either the promissory note or the security instrument also must execute the applicable document(s).

- Revocable Trust Rider
 - The use of a revocable trust rider avoids ambiguities for mortgages made to inter vivos revocable trusts by clarifying who is considered to be “the borrower” with respect to any given covenant in the security instrument. If the mortgage is secured by a California property, the seller should use Fannie Mae’s sample rider. If the mortgage is secured by property located in another state, the seller should use a rider that has been appropriately modified to reflect the requirements of that state (unless the seller determines that use of Fannie Mae’s sample Revocable Trust Rider is appropriate for the specific state).
 - In lieu of a Revocable Trust Rider the Seller may either:
 - amend the security instrument to include appropriate definitions and language similar in substance to Fannie Mae’s sample rider, or
 - use the standard security instrument without such an amendment or the rider.
- Hold Harmless
 - For a mortgage secured by a property located in a state other than California, or in the case of a California property where the rider was not used, the Seller must hold RRAC harmless should foreclosure proceedings later have to be initiated to acquire the property and RRAC suffers a loss that relates either to the modifications the Seller made (or the inappropriate use of the FNMA sample rider) or to any ambiguity in the application of the covenants in the security instrument. In such cases, the Seller must either repurchase the mortgage or the acquired property or make RRAC whole.
- Signature Requirements
 - Signature Requirements for Notes and Mortgages involving Inter Vivos Revocable Trusts can be found in the FNMA or FHLMC Seller Guides. These include the form of signature for the trustee(s) and the statement of acknowledgment for each individual establishing the trust whose income or assets are used to qualify for the mortgage.
- Leasehold Estates - In areas where leasehold estates are commonly accepted, loans secured by leasehold estates are eligible for purchase. The mortgage must be secured by the property improvements and the Borrower’s leasehold interest in the land. The leasehold estate and the improvements must constitute real property, must be subject to the mortgage lien, and must be insured by the lender’s title policy. The lease or sublease must be valid, in good standing, and in full force. The leasehold must be assignable and/or transferable. All rents must be current. The lease is commonly for a term of 99 years or more and is usually renewable. The remaining term of the lease must extend a minimum of 5 years beyond the maturity date of the mortgage.

UNDERWRITING

- ***ALL loans must be manually underwritten by Wintrust Mortgage Underwriter.***
- Program not eligible for Delegated Underwriting.
- Refer to the Appraisal Requirement section.
- All loans regardless of loan amount require a second review by Wintrust Mortgage.
- All guidelines not addressed herein must meet Fannie Mae underwriting guidelines/requirements. Unless otherwise noted, the more restrictive of either the Fannie Mae Selling Guide or Appendix Q to part 1026, 12CFR Chapter X – Trust-in-Lending (Regulation Z), should be followed.
- In all cases, the loan file must document the eight (8) ATR rules.
- AUS findings are not considered; no documentation waivers are considered.

EXHIBIT A:

Choice Non-QM Eligibility Matrix					
Fixed Rate and Hybrid ARM Products					
Primary Residence Purchase, Rate and Term Refinance					
Transaction Type	Units	Min FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount ¹	
Purchase or Rate and Term Refinance	1-2	680	90% ²	\$1,000,000	
		661	80%	\$1,500,000	
		680	75%	\$2,000,000	
	1-4	661	70%	\$2,000,000	
Primary Residence Cash-Out Refinance					
Transaction Type	Units	Min FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1-2	680	80%	\$1,000,000	\$250,000
		661	70%	\$1,000,000	\$250,000
		661	60%	\$1,500,000	\$500,000
	3-4	661	60%	\$1,500,000	\$250,000
Second Home Purchase, Rate and Term Refinance					
Transaction Type	Units	Min FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount ¹	
Purchase or Rate and Term Refinance	1	661	80%	\$1,000,000	
			70%	\$1,500,000	
			65%	\$2,000,000	
Second Home Cash-Out Refinance					
Transaction Type	Units	Min FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	661	65%	\$1,000,000	\$250,000
			60%	\$1,500,000	\$500,000
Investment ³ Purchase, Rate and Term Refinance, Cash-Out Refinance					
Transaction Type	Units	Min FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	
Purchase	1-4	680	75%	\$1,500,000	
Rate and Term Refinance	1-4	680	70%	\$1,500,000	
Cash-Out Refinance	1-4	680	60%	\$1,500,000 Max cash-out \$250,000	

¹First-Time Homebuyers are subject to a maximum loan amount of \$1,000,000. Loan amounts up to \$1,500,000 allowed in CA, NJ, NY and CT. See Eligible Borrower section for specific requirements for First-Time Homebuyers.

²The following requirements apply for transactions with LTVs greater than 80%:

- MI not required.
- Secondary financing is allowed. See Secondary Financing section for allowable secondary financing.
- Non-permanent resident aliens not allowed.
- Escrow/impound accounts required for LTVs greater than 80% unless prohibited by applicable laws.

³The following requirements apply for Investment Property Purchase, Rate and Term Refinance and Cash-out Refinance transactions:

- Florida condominiums limited to 50% LTV/CLTV/HCLTV.
- Transaction must be arm's length.
- Gift funds not allowed.
- Appraiser to provide rent comparable schedule.
- First-Time Homebuyers not allowed.

Choice Loans Non-QM Notes:

- Choice Non-QM is a Non-QM loan with any of the following attributes:
 - Interest-Only product.
 - Debt-to-income ratio >43%.
 - Qualifying income stream using asset depletion calculation as outlined.
 - Projected income without a guaranteed non-revocable contract. See Projected Income requirements.
 - Investment purchase transaction using rental income with no lease agreement provided.
 - Investment properties (subject or non-subject) that are short term rentals, vacation rentals or seasonal rentals with no lease in place, rental income is allowed when the property is reflected on Schedule E of tax returns for the most recent two (2) years and there is no prohibition or restriction (imposed by city/county) on short-term rentals that impacts rental income received.
 - Departure residence excluded from DTI when the property is not listed for sale or leased to rent at the time of the subject transaction.
- Minimum loan amount is \$1 over the current conforming/high balance limit set by the [FHFA. fhfa.gov](http://FHFA.fhfa.gov)
- Higher Priced Mortgage Loans (HPML) are allowed if the following requirements are met:
 - Loan must have an escrow account for a minimum of 5 years.
 - 1002.14(a)(1) allowing the consumer to waive the requirement that the appraisal copy be provided three business days before consummation, does not apply to higher-priced mortgage loans subject to § 1026.35(c). A consumer of a higher-priced mortgage loan subject to § 1026.35(c) may not waive the timing requirement to receive a copy of the appraisal under § 1026.35(c)(6)(i).
 - If the property was acquired by seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required.
 - If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20% then a second full appraisal is required.
 - If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals.
- A loan closed as a Non-QM loan that was not locked under Choice Non-QM on or before the Note date is not eligible for delivery under the Choice Non-QM product.
- Residual income calculation must be provided and must meet the residual income requirements indicated in the Income/Employment section of this guide.