

WINTRUST

MORTGAGE



EQUAL HOUSING
LENDER

WINTRUST (WM) CONFORMING FIXED DU®

LOAN PROGRAM:.....	2
LOCK-IN/REGISTRATION:.....	2
MINIMUM MORTGAGE:.....	2
MAXIMUM MORTGAGE:.....	2
MAXIMUM LTV/CLTV:.....	2
ADDITIONAL CONSIDERATIONS:.....	2
AGE OF DOCUMENTS:.....	2
APPLICATION:.....	3
APPRAISAL REQUIREMENTS:.....	3
ARM INDEX:.....	4
ARM INITIAL INTEREST RATE CAPS:.....	4
ARM INTEREST RATE CEILING:.....	4
ARM INTEREST RATE FLOOR:.....	4
ARM MARGIN:.....	4
ARM RATE ADJUSTMENT:.....	4
ASSUMABILITY:.....	4
BORROWERS ELIGIBILITY:.....	4
BORROWERS INELIGIBLE:.....	5
BUYDOWNS (TEMPORARY):.....	5
CASH RESERVES:.....	5
CLOSING DOCUMENTS:.....	5
CO-BORROWER(S):.....	5
CONTINUITY OF OBLIGATION:.....	5
CONVERSION OF PRINCIPAL RESIDENCE:.....	6
CREDIT:.....	6
CURRENT PRINCIPAL RESIDENCE PENDING SALE:.....	7
DISCLOSURES:.....	7
DOCUMENTATION:.....	7
DOWN PAYMENT REQUIRED:.....	8
DU® INFORMATION:.....	9
ESCROW HOLDBACKS:.....	9
ESCROW WAIVERS:.....	9
GEOGRAPHIC RESTRICTIONS:.....	9
GIFTS:.....	9
INTEREST ONLY OPTION:.....	10
LIMITATIONS ON REAL ESTATE OWNED:.....	10
MORTGAGE CREDIT CERTIFICATE (MCC):.....	10
MORTGAGE INSURANCE:.....	10
MORTGAGE INSURERS APPROVED:.....	10
NEW CONSTRUCTION:.....	10
NON-OCCUPYING BORROWER:.....	11
OCCUPANCY:.....	11
POWER OF ATTORNEY:.....	11
PREPAYMENT PENALTY:.....	11
PROPERTY TYPES ELIGIBLE:.....	11
PROPERTY TYPES INELIGIBLE:.....	11
RATIOS:.....	12
REFINANCES:.....	12
RELOCATION OR TRAILING CO-BORROWER:.....	13
RIGHT OF OWNERSHIP:.....	13
SALES CONCESSIONS:.....	13
SUBORDINATE FINANCING:.....	14
TITLE REQUIREMENTS:.....	14
TITLE VESTING:.....	14
UNDERWRITING SUBMISSION PROCEDURE:.....	15

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



LOAN PROGRAM:

- WM DU® fixed rate product provides for a fixed interest rate and level payments for the life of the loan.
- Wintrust Mortgage™ herein referred to as WM.

LOCK-IN/REGISTRATION:

- Blue Connect / Optimal Blue Tips:
 - Loan Type – Conforming.
 - Amortization – 10, 15, 20, 25 & 30 years. Odd terms 10 – 30 years available upon request.
 - **Loan Program Labels:**
 - WM_Conf_10_Fxd_DU (Refer to [LIMITATIONS ON REAL ESTATE OWNED](#) section)
 - WM_Conf_15_Fxd_DU
 - WM_Conf_20_Fxd_DU
 - WM_Conf_25_Fxd_DU (Investment Property ineligible)
 - WM_Conf_30_Fxd_DU

MINIMUM MORTGAGE:

- None.

MAXIMUM MORTGAGE:

- Currently published [FNMA™ loan limits](#).

MAXIMUM LTV/CLTV:

- [Wintrust \(WM\) Conforming Fixed DU® Matrix](#).

ADDITIONAL CONSIDERATIONS:

- **Non-Arm's Length Transactions** - Non-arm's length transactions are ineligible.
- **Property in a flood zone:**
 - The minimum amount of flood insurance coverage for individual insurance must be at least equal to the lesser of:
 - 100% of the insurable value of the improvements (with losses to be paid on replacement cost basis) as determined by the amount of the insurance listed on the hazard policy OR
 - NFIP maximum for the particular type of building.
 - Condominium association flood insurance must either be:
 - \$250,000 times the number of units in the project.
 - 100% of the building's replacement cost value.

AGE OF DOCUMENTS:

- **APPRAISAL:**
 - 120 days for existing property and new construction. ***The age of the Appraisal is measured from the date of the Note and mortgage.***
 - Recertification of value allowed per agency requirements. Appraisal must not indicate property is in declining market.
 - **CREDIT:**
 - Existing Construction maximum age of credit documents is 120 days.
 - New Construction maximum age of credit documents is 120 days.
 - Credit Documents include: Credit Report, Employment Documentation, Income Documentation, and Asset Documentation.
- Note:** ***The age of the document is measured from the date of the document to the date the Note is signed.***
- Loan must be purchased by WM within 60 calendar days of the Note date.

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



APPLICATION:

- A fully complete and signed IRS Form 4506-T must be signed and dated at application and at closing for each Borrower on the loan regardless of income source or employment (Personal, Business, and any other Income Sources).
 - Personal 4506-T required
 - A fully complete and signed IRS Form 4506-T for each business tax return used in the loan decision and/or included in the credit file must be included in the closed loan file (signed at closing).
- Tax Return Transcripts are required for at least one (1) year. If an AUS response requests more than the additional transcripts are required.
 - “No Record of Return” ineligible.

APPRAISAL REQUIREMENTS:

- A full interior/exterior Appraisal is required regardless of AUS recommendation.
- Interior photographs are required on all interior inspections:
- Kitchens
- All bathrooms
- Main living area
- Any physical deterioration (if applicable)
- Recent updates if applicable (i.e. restoration, remodel or renovation)
- **Transferred Appraisals** – Ineligible.
- **Property Inspection Waivers (PIW)** – eligible.
 - PIW in lieu of an appraisal only when it is offered as an option on the DU Automated Underwriting Findings Report.
 - If an appraisal is obtained for a transaction, the PIW may not be exercised.
- **Flawed Appraisals** – In the case of a flawed first appraisal, where WM Collateral Review determines a second appraisal is warranted the program must be switched from WM to agency direct.
- As defined by the Agencies, the **Property Condition** will have a rating of **C1 thru C6** and the **Quality of Construction** will have a rating of **Q1 thru Q6**. Refer to the [UAD Field-Specific Standardization Requirements](#) for the definitions for each of these ratings.
- **Condition Rating of C1, C2, & C3** are **eligible** provided in “*As Is*” condition.
 - **Condition Rating of C4** is **eligible** provided in “*As Is*” condition. If a **C4** rating on the Appraisal is “*Subject to Repairs or Alteration*” repairs **must** be completed **prior** to closing the loan. Appraiser’s Certification of Completion is required. **Escrows for completion ineligible with a Condition Rating of C4 (if applicable)**.
 - **Condition Rating of C5 & C6** are **eligible** if **all** issues that caused the property to be rated as such are cured. **Repairs must be completed prior to closing**. Appraiser’s Certification of Completion is required. **Escrows for completion ineligible with a Condition Rating of C5 & C6**.
- **Note:** Escrows for completion **ineligible with a Condition Rating of C4 (if applicable), C5, and C6**. Repairs **must be completed prior to closing**. Appraiser’s Certification of Completion is required.
- **Quality Rating of Q1, Q2, Q3, Q4, & Q5** are **eligible** provided in “*As Is*” condition.
 - **Quality Rating of Q6** **eligible** if **all** issues that caused the property to be rated as such are cured. **Repairs must be completed prior to closing**. Appraiser’s Certification of Completion is required. **Escrows for completion ineligible with a Quality Rating of Q6**.
- Refer to [AGE OF DOCUMENTS](#) section.
- **Property with rental income, including 2-4 unit with borrower occupying 1 unit as a primary residence. Guide B3-3.1-08**
- When rental income is not used to qualify, the expected market rent must be documented according to agency guidelines and included on the 1008. The Comparable Rent Schedule (1007) is only necessary when rental income is being considered for qualification.
- **High or Excessive Value Flag** – To be approved by WM’s Collateral Underwriting Department.

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



- **PROCEDURE FOR APPRAISALS ON PROPERTIES IN A DISASTER AREA:**
- If property was appraised **prior** to the disaster you must obtain an additional property inspection **prior** to closing. Appraiser must provide an addendum stating "I have reviewed the subject property and noted no damage, deferred maintenance, adverse affect on value or marketability related to the recent severe weather."
- If the Appraiser indicates damage, the extent of the damage must be addressed, and completion of any repairs needed to ensure that the property is "safe, sound and sanitary" will be required. A new full Appraisal is required.
- If a property is appraised **after** the disaster, you must obtain an interior and exterior inspection even if the AUS **or** loan program has offered a more streamlined property inspection.
- Non-standard Appraisals (1075/466, 2055 or 2075/2070) are **not** allowed for a minimum of one (1) year after the disaster.
- Refer to [FEMA website](#).
- Verify the Borrowers place of employment has not been negatively impacted by these events.
- **IMPORTANT:** Wintrust® Mortgage (WM) will **not** accept re-negotiated purchase agreements that increase the sales price **after** the original Appraisal has been completed if:
 - The Appraised value is higher than the contracted sales prices provided to the Appraiser, **and**
 - The new Purchase Agreement and/or Addendum used to modify the sales price is dated **after** the Appraisal is received, **and**
 - The only change to the Purchase Agreement is an increase in sales price.

ARM INDEX:

- N/A.

ARM INITIAL INTEREST RATE CAPS:

- N/A.

ARM INTEREST RATE CEILING:

- N/A.

ARM INTEREST RATE FLOOR:

- N/A.

ARM MARGIN:

- N/A.

ARM RATE ADJUSTMENT:

- N/A.

ASSUMABILITY:

- Not allowed.

BORROWERS ELIGIBILITY:

- U.S. Citizen.
- Permanent Resident Aliens:
 - Underwritten under the same terms as U.S. Citizens.
 - Must meet all of the same requirements that a U.S. Citizen is required to meet with regard to income, assets, employment, and credit.
 - Must provide evidence, usually via copy of their "green card," of their permanent resident status.
 - Visa Card or Green Card with photo identification i.e. Employment Authorization Card, Permanent Resident Card, etc. Drivers License ineligible.

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



- Non-Permanent Resident Aliens:
 - Underwritten under the same terms as U.S. Citizens.
 - Must meet all of the same requirements that a U.S. Citizen is required to meet with regard to income, assets, employment, and credit.
 - Visa Card or Green Card with photo identification i.e. Employment Authorization Card, Permanent Resident Card, etc. Drivers License ineligible.
 - Borrower must live and be employed in the U.S.
- First Time Homebuyers – 1-Unit Primary Residence.

BORROWERS INELIGIBLE:

- Foreign Diplomats with diplomatic immunity.
- Foreign Nationals.
- ITIN (Individual Taxpayer Identification Number).

BUYDOWNS (TEMPORARY):

- Ineligible.

CASH RESERVES:

- **Primary Residence** – As determined by Desktop Underwriter®/Desktop Originator® (DU®/DO®) findings.
 - **2-Unit** – Six (6) months
- **Second Home** – As determined by Desktop Underwriter®/Desktop Originator® (DU®/DO®) findings plus refer to Fannie Mae Guides/Allregs for any other consideration.
- **Non-Owner Occupied** – As determined by Desktop Underwriter®/Desktop Originator® (DU®/DO®) findings plus refer to Fannie Mae Guides/Allregs for any other consideration.
- Scenarios not listed DU will determine the reserve requirements for the subject property based on the risk assessment of the transaction.
- The cash out on a cash-out refinance may not be used to meet the reserve requirement.
- **Business Assets** - Refer to [DOCUMENTATION](#) section.
- **Sweat Equity** – Ineligible source of funds for the down payment, closing costs, or reserves.

CLOSING DOCUMENTS:

- Please follow State/Federal Requirements and Fannie/Freddie guidelines.
 - Seller disbursement over \$5,000 must be explained excluding Title Commitment lien payoff, Real Estate Commissions and Taxes.
 - All Files sent to Investor Delivery located in Rosemont, IL, must have full Title Commitment. Short form policies cannot be used in lieu of the title commitment.
 - Digital signatures are not allowed.

CO-BORROWER(S):

- Co-Borrower must occupy.
- Occupant Borrower must have 5% of own funds if LTV / CLTV is >80% unless the occupying borrower is purchasing a one-unit principal residence and meets the requirements to use gifts to pay for some or all of the borrower's minimum contribution. See Personal Gifts in AllRegs.
- For Non-Occupying Borrower refer to [Non-Occupying Borrower](#) section.

CONTINUITY OF OBLIGATION:

- NA

WINTRUST

MORTGAGE



WINTRUST (WM) CONFORMING FIXED DU®

CONVERSION OF PRINCIPAL RESIDENCE:

- **PURCHASE OF A NEW PRIMARY RESIDENCE AND THE CONVERSION OF THE EXISTING PRIMARY RESIDENCE TO A SECOND HOME OR INVESTMENT PROPERTY:**
 - **Second Home:**
 - Both the current and the proposed mortgage payments must be used to qualify the Borrower for the new transaction; and
 - In addition, the reserve requirements in Chapter B3-4.1-01 of the [Fannie Mae Guides](#) / [AllRegs](#) must be met.
 - **Investment Property:**
 - Both the current and the proposed mortgage payments must be used to qualify the borrower for the new transaction; or
 - Confirm leasing of the newly converted property or unit (for 2-4 Unit property), obtain a copy of the fully executed Lease Agreement, Security Deposit from the Tenant, and Bank Statement showing the deposited security funds.
 - Must calculate net rental income and qualify the Borrower according to the requirements in Chapter B3-6-06 of the [Fannie Mae Guides](#) / [AllRegs](#).
 - In addition, reserve requirements in Chapter B3-4.1-01 of the [Fannie Mae Guides](#) / [AllRegs](#) must be met.
- NOTE:** The additional reserves requirements must be applied on a manual basis to loan casefiles underwritten with DU®.
- NOTE:** 2-4 Units refer to Chapter B3-6-06 (Qualifying Impact of Other Real Estate Owned) of the [Fannie Mae Guides](#) / [AllRegs](#) for additional considerations.

CREDIT:

- As determined by Desktop Underwriter®/Desktop Originator® (DU®/DO®), never below 620.
- All Borrowers must have a valid credit score.
- The “representative” score is to be used and is defined as the lower of two (2) credit scores for one (1) Borrower (if more than one (1) Borrower, use the lower of all Borrowers) or the middle credit score if there are three (3) scores listed (if more than one (1) Borrower, use the lowest middle of all Borrowers).
- **Credit History** – Determined by DU®. Document per DU® findings, **and**
 - Wintrust® Mortgage requires all items that may impact title to the subject property or first lien position to be paid in full or satisfied by the Borrower **prior** to closing. In addition, all reported delinquent/past due accounts must be brought current prior to or at the time of closing. Verification of sufficient funds to pay derogatory items is required and use of such funds must be accounted for in reserve calculations and requirements.
- All credit inquiries within 120 days of the credit report are required to be addressed.
- **Non-Traditional Credit** – Ineligible.
- **SIGNIFICANT DEROGATORY CREDIT EVENTS WAITING PERIOD REQUIREMENTS:**
 - Bankruptcy or Foreclosure must be recognized by DU® in the Borrower’s history. An “Approve/Eligible” recommendation must be received.

DEROGATORY EVENT	WAITING PERIOD REQUIREMENTS
Bankruptcy Chapter 7 or 11	Four (4) years
Bankruptcy Chapter 13	Two (2) years from discharge date Four (4) years from dismissal date
Multiple Bankruptcy Filings	Five (5) years if more than one filing within the past seven (7) years
Foreclosure	Seven (7) years
Deed-in-Lieu of Foreclosure and Preforeclosure/Short Sale/Short Pay/Charge-off of Mortgage Debt	Credit Score ≥ 700 follow Agency. Credit Score < 700 follow below: 84 months seasoning required on: <ul style="list-style-type: none"> • Purchase of Second Home or Investment. All Cash-Out refinance transactions.

CURRENT PRINCIPAL RESIDENCE PENDING SALE:

- If the Borrower's current principal residence is pending sale, but the transaction will not close with title transfer to the new owner prior to the new transaction, and the Borrower is purchasing a new principal residence, the current PITIA and the proposed PITIA must be used in qualifying the Borrower for the new mortgage loan.
- WM will not require the current principal residence's PITIA to be used in qualifying the Borrower as long as the following documentation is provided:
 - The executed sales contract for the current residence, and
 - Confirmation that any financing contingencies have been cleared.

DISCLOSURES:

- Follow State/Federal Requirements.
- Flood Insurance Coverage Subject to Change Disclosure required on all files.
- Digital signatures are not allowed on closing packages.

DOCUMENTATION:

- Desktop Underwriter®/Desktop Originator® (DU®/DO®) will dictate level of documentation required depending on the overall risk evaluation of the loan.
- **Income** – Follow DU® findings and Fannie Mae® income calculation/documentation requirements. VOE within 10 calendar days prior to closing is required.
- Regardless of AUS findings, a full written VOE is not sufficient in itself to document income, and at least one paystub must be included with the credit package.
- Employment and income commencing after the Note Date allowed. Paystub required before purchase by Wintrust Mortgage.
- W-2 transcripts in lieu of actual W-2 forms for W-2 borrowers only – Not eligible if rental, self employment or others sources of income/expense is known.
- **Commission ≥25% of qualifying income** - Borrower's recent paystub plus W-2's plus tax personal tax returns covering most recent two (2) year period required. If credit score is ≥700 follow AUS findings for number of tax returns required.
- **Self-Employment** – Follow AUS and agency guidelines for self-employed documentation.
- **Second Job, Self-Employed** – Follow AUS and agency guidelines for self-employed documentation.
- **Self-Employment** – Verification within 30 days prior to closing via third party verification i.e. CPA letter or business license lookup via a government website.
- **Mandatory Furlough** – Borrowers that are on a Mandatory Furlough from their job must return to work prior to the closing of the loan in order to use the income for qualifying purposes. Additionally, the following documentation is required:
 - Verbal Verification from the employer reflecting that the Borrower has returned to work under the same terms as prior to the furlough.
 - Copy of most recent pay stub(s) verifying that the Borrower has returned to work and supporting the qualifying income used for the loan.
- **Asset** – Follow DU® findings, *and*
 - When business assets are used, the Underwriter must document a cash flow analysis of the Borrower's business using the individual and/or business tax returns, as applicable. There is no required format for analyzing the business assets. However, the file must contain the Underwriter's written cash flow analysis and conclusion that withdrawal of the business funds will not affect the operation of the business.
- **1031 Tax Deferred Exchanges:**
 - Tax Deferred Exchanges are an eligible source of funds for the purchase of an investment property (primary residence and second home are not eligible).
 - A 1031 exchange is a tax deferred (not tax neutral) transaction that allows a borrower to exchange like properties through the use of a qualified intermediary and defer any tax from gains in the transaction (Therefore rolling over funds from one investment property into another, without having access to those funds).

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



- Following requirements are required:
 - Reverse exchanges are not allowed because the borrower is not in title to the property at the time of closing. (A reverse 1031 exchange represents when the replacement property must be purchased before the relinquished or old property is sold)
 - Must meet other investment property guidelines.
 - No Seller provided subordinate financing.
 - The Loan closing must be handled by a qualified intermediary. A qualified intermediary is an entity (usually a subsidiary of a title company) who enters into a written agreement with the taxpayer. The qualified intermediary cannot be a relative, agent, attorney, accountant, investment banker or broker. This Exchange Agreement requires the qualified intermediary to acquire and transfer the relinquished property and to acquire and transfer the replacement property. The relinquished property is the property "sold" and the replacement property is the property "acquired".
 - Copies of all closing documents and Purchase Agreement on the relinquished property must be obtained. Required documentation includes:
 - 1031 Exchange Agreement (Executed)
 - Settlement Statement
 - Title Transfer
 - Both Purchase Agreements (relinquished and replacement properties) must contain appropriate language to identify the 1031 exchange. An example of satisfactory language is:
 - Phase I (Sale): "Buyer is aware that Seller is to perform a 1031 Tax Deferred Exchange. Seller requests Buyer's cooperation in such an exchange and agrees to hold Buyer harmless from any and all claims, liabilities, costs or delays in time resulting from such an exchange. Buyer agrees to an assignment of this contract by the Seller."
 - Phase II (Buy): "Seller is aware that Buyer is to perform a 1031 Tax Deferred Exchange. Buyer requests Seller's cooperation in such an exchange and agrees to hold Seller harmless from any and all claims, liabilities, costs or delays in time resulting from such an exchange. Seller agrees to an assignment of this contract by the Buyer."
- **Trade Equity:**
 - Trade Equity is the exchange of property as part of a down payment when opting to buy another property at the same time.
 - Trade equity is an acceptable source of funds to supplement the borrower's minimum borrower contribution provided following requirements are met:
 - The seller's equity contribution for the traded property must be a true-value consideration supported by a current appraisal.
 - The borrower must make the minimum required contribution from his or her own funds unless:
 - The LTV or CLTV ratio is less than or equal to 80%; or
 - The borrower is purchasing a one-unit principal residence and meets the requirements to use gifts, donated grant funds, or funds received from an employer to pay for some or all of the borrower's minimum contribution. See B3-4.3-04, Personal Gifts; B3-4.3-06, Donations From Entities; and B3-4.3-08, Employer Assistance, for additional information.
 - These requirements apply to all transactions that involve property trades, including those that are evidenced by two separate contracts that have the buyer and the seller on one contract reversing roles on the second contract.
 - Calculating the Equity Contribution
 - The equity contribution is determined by subtracting the outstanding mortgage balance of the property being traded, plus any transfer costs, from the lesser of either the property's appraised value or the trade-in value agreed to by both parties.

DOWN PAYMENT REQUIRED:

- >80% LTV/CLTV/HCLTV – One (1) Unit Primary Residence none is required from Borrower's own funds. Source of funds can come from personal gifts, gift or grant from employer assistance. Section B3-4.3-04
- Minimum 5% required for LTV/CLTV >80%, 2-4 Unit Primary and 1 Unit Second Homes

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



- Minimum 5% required from occupant borrower when LTV >80% and there is a non-occupant co-borrower.
- **Investment Property** – Must come from Borrower’s own funds.
- **Sweat Equity** – Ineligible source of funds for the down payment, closing costs, or reserves.
- **Business Assets** - Refer to [DOCUMENTATION](#) section.

DU® INFORMATION:

- Loans must be run through Desktop Underwriter®/Desktop Originator® (DU®/DO®). All loans must receive an “Approve/Eligible” prior to closing date.
 - If DU® issues a message indicating the loan is eligible as a DU Refi Plus™ the loan is ineligible for this program. The file must be underwritten as a standard limited cash-out refinance. Enter the phrase Standard LCOR in the Product Description field to instruct DU® to underwrite the loan case file as a standard limited cash-out refinance.
 - DU® will issue the following message if the Borrower’s existing loan has been identified as an eligible Fannie Mae® loan, and loan casefile as a standard limited cash-out refinance:
 - The Borrower’s existing loan has been identified as a Fannie Mae® loan. The loan casefile was not underwritten according to the DU Refi Plus™ expanded eligibility guidelines because DU® was instructed to underwrite the loan case file as a standard limited cash-out refinance. This was indicated by “Standard LCOR” being entered in the Product Description field.
- **Manual Underwriting** – Ineligible.

ESCROW HOLDBACKS:

- **Eligible** – Must be reviewed and obtain WM approval prior to loan being submitted.

ESCROW WAIVERS:

- LTV’s >80% ineligible.
 - To permit escrow waivers, subject to the mortgage documents and applicable law, the waiver must not be based solely on the LTV ratio of a loan, but also on whether the Borrower has the financial ability to handle the lump-sum payments of taxes and insurances i.e. Borrowers with blemished credit histories or first-time homebuyers.
- If escrowing, HO6 must be escrowed and at least 20% of the Appraised value.
- Private mortgage insurance premiums must always be escrowed, unless single premium.
- For established escrow account flood insurance must be escrowed, if required.

GEOGRAPHIC RESTRICTIONS:

- **California** –All counties eligible except San Bernardino & Riverside Counties.
- **Florida** – Broward, Miami-Dade and Monroe county ineligible, all others eligible.
- **Nevada** - Ineligible.
- **New York CEMA** – 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.

GIFTS:

- **Owner Occupied and Second Homes:**
 - If the LTV/CLTV is 80% or less, the entire down payment may be a gift.
- **1 Unit Primary Residence:**
 - If the LTV/CLTV is greater than 80%, the entire down payment may be a gift.
- **INVESTMENT:**
 - Ineligible.
- **Down Payment Assistance Programs** – Ineligible.



WINTRUST (WM) CONFORMING FIXED DU®

INTEREST ONLY OPTION:

- N/A.

LIMITATIONS ON REAL ESTATE OWNED:

- Subject property is Primary residence- Unlimited number of financed properties
- Subject property is Second home or investment property – When ran with DU 10.0 one (1) to six (6) financed properties; however, if the Borrower will have seven (7) to ten (10) financed properties, the mortgage loan must comply with the eligibility, underwriting, and delivery requirements per Fannie Mae..
- Refer to [CASH RESERVES](#) section.

MORTGAGE CREDIT CERTIFICATE (MCC):

- Ineligible.

MORTGAGE INSURANCE:

LTV	STANDARD COVERAGE	
	≤ 20 YEAR TERM	>20 YEAR TERM
90.01 – 95%	25%	30%
85.01 – 90%	12%	25%
80.01 – 85%	6%	12%

- **Custom MI, Financed, Lower Cost, Minimum MI, Reduced, or Split Premium** - Ineligible.
- **Borrower Single and Monthly paid Premiums** – Eligible.
- **Lender Paid Mortgage Insurance (LPMI)** – Upfront LPMI only. Monthly LPMI ineligible.

MORTGAGE INSURERS APPROVED:

- Genworth.
- MGIC.
- National MI
- Radian.
- UG.
- Essent.
- Arch MI.

NEW CONSTRUCTION:

- New Construction is allowed with the following requirements:
 - Can be appraised subject to completion.
 - Final inspection and Certificate of Occupancy required prior to Closing.
 - The final inspection **cannot** be used as a re-certification of value.
 - The date of the Appraisal must still be valid at the time of Closing (120 days).
 - **The age of the Appraisal is measured from the date of the Note and mortgage.**
 - All work, including landscaping, exterior paint, and driveway must be complete.
 - Escrow holdbacks ineligible for completion. Refer to **ESCROW HOLDBACK** section.

IMPORTANT: Wintrust® Mortgage (WM) will **not** accept re-negotiated purchase agreements that increase the sales price **after** the original Appraisal has been completed if:

- The Appraised value is higher than the contracted sales prices provided to the Appraiser, **and**
- The new Purchase Agreement and/or Addendum used to modify the sales price is dated **after** the Appraisal is received, **and**
- The only change to the Purchase Agreement is an increase in sales price.

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



- If the Purchase Agreement is re-negotiated subsequent to the completion of the Appraisal, the loan-to-value (LTV) will be based on the lower of the original purchase price or the Appraised value, unless:
- Re-negotiation of only seller paid closing costs and/or prepaids where seller paid closing costs/prepaids are common and customary for the market and supported by the comparables. Refer to **SALES CONCESSION** section (Seller contributions for HOA dues **must** be paid directly to the Association), **or**
 - An amended purchase agreement for property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated Appraisal must be obtained to verify the value of the modifications.
- Refer to [REFINANCE](#) section.

NON-OCCUPYING BORROWER:

- DU will recognize non-occupant borrower income for blended ratios.
- Occupant borrower must have 5% of own funds if LTV is >80%.

OCCUPANCY:

- Primary Residence.
- Second Home.
- Investment Property.
 - May not be affiliated with the Builder/Developer or Property Seller.
 - Refer to [APPRAISAL REQUIREMENTS](#) section.
 - Follow DU® recommendation unless noted above.

POWER OF ATTORNEY:

- Not eligible with loans closed in a trust.
- POA must be 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.
- At least one (1) Borrower must be present at closing.

PREPAYMENT PENALTY:

- N/A.

PROPERTY TYPES ELIGIBLE:

- 1-2 Units.
- Condominiums (FNMA Warrantable).
 - Number of units must be listed on the Master Policy.
- 3-4 units
- PUDS
 - Number of units must be listed on the Master Policy.

PROPERTY TYPES INELIGIBLE:

- Co-Ops.
- Manufactured Homes.
- Condo-Hotels / Condotels.
- Condominiums Pending Litigation.
- Condominium projects with pooled master insurance.
- Non-Warrantable Condos.
- Leaseholds.

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



- Agricultural.
- Deed restricted properties.
- Unique Properties.
- Loans secured by properties located in Non-Participating Communities or Coastal Barrier Resource Systems Areas.
- Property auction transactions.

RATIOS:

- The maximum qualifying ratio is the more restrictive of Desktop Underwriter®/Desktop Originator® (DU®/DO®) findings or 50%.
 - DU® will now require all revolving debts to be included in the DTI ratio regardless of number of payments remaining (previously 10 or fewer were not included). If the payment is not on the credit report and cannot be verified, the Underwriter must use 5% of the outstanding balance to determine the qualifying monthly payment.
- **Secured Loan Payments** – To exclude payment from the DTI calculation on a loan secured by liquid assets (i.e., IRA Accounts, CD's, Stocks, Bonds, Marketable Securities, etc.), the value or balance of the account must be sufficient to repay the loan obligation. If the balance in the account is not sufficient, the loan is not fully secured. In the case where the account value is less than the loan balance, the transaction requires the payment to be included in the DTI calculation. Note: This does not apply to loans secured by the following accounts – 401(k), 403(b), 457(b) or Thrift Savings Plan. As documentation is not needed to exclude from DTI.
- **HELOC Payment Calculation**
 - If not shown on the credit report, payments on a HELOC with an outstanding balance may be calculated at the:
 - Greater of \$10.00 or 5% of the outstanding balance or
 - Payment reflected on the borrower's billing statement.
- **Payoff of Debt**
 - **Installment Debt** – Can be paid off at or prior to closing and not have the payment included. Verify the asset/sufficient equity pay off the debt and verify the debt has been paid at or prior to closing.
 - **Revolving Debt**
 - Revolving debt being paid off and excluded from DTI does not need to be closed.
 - Documentation sufficient to reflect account as closed must be provided.
 - Debt being paid off at closing must be reflected on the Hud 1/closing disclosure.
- **Single Payment Note** – A single payment Note is one in which the loan, including principal and interest, is due in one (1) lump sum payment. A single payment Note would be an unsecured Note which is not tied to the property in any way. At minimum an interest only payment must be included in the debt ratio. Post closing liquidity may not be used to offset payments.

REFINANCES:

- **PROPERTIES LISTED FOR SALE:**
 - **Rate/Term Refinance** – The subject property must not be currently listed for sale. It must be taken off the market before the application date and the Borrower must confirm their intent to occupy the subject property (for primary residence).
 - **Cash-Out** - The subject property must not be currently listed for sale. Properties listed for sale in the six (6) months preceding the application date for new financing are limited to 70% LTV/CLTV/HCLTV ratios or the maximum for the occupancy/property type whichever is lower. The property must have been purchased by the Borrower at least six (6) months prior to the loan application for new financing.
- **RATE/TERM (LIMITED CASH-OUT) REFINANCES:**
 - **Eligibility Requirements** – Rate/Term refinances must meet the following requirements:
 - The transaction is being used to pay off an existing first mortgage by obtaining a new first mortgage secured by the same property.
 - A subordinate lien used to purchase the property may also be paid off and included in the new mortgage.
 - Borrower must hold title prior to the application date.
 - **Ineligible Transactions** – When the following conditions exist, the transaction is ineligible as a rate/term refinance and must be treated as a cash-out:
 - No outstanding first lien on the subject property.
 - The proceeds are used to pay off a subordinate lien that was not used to purchase the property.
 - **Acceptable Uses** – The following are acceptable in conjunction with a rate/term refinance:
 - Modifying the interest rate and/or term for existing mortgages.

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



- Paying off the unpaid principal balance of the existing first mortgage (including prepayment penalties).
- Financing the payment of closing costs and prepaid items.
- Receiving cash back in an amount that is not more than the lesser of 2% of the balance of the new refinance mortgage or \$2000.
- Paying off a subordinate mortgage lien (including prepayment penalties) used to purchase the subject property and document that the entire amount of the subordinate financing was used to acquire the property.
- **Texas Rate/Term Refinance with RESPA applications 7/1/14 and after:**
 - Unacceptable Practices:
 - Including fees paid outside of closing in the loan amount.
 - Principal Curtailments/reductions
 - Increasing payoff amounts for the purpose of reducing cash back
- **CASH-OUT REFINANCES:**
 - **Eligibility Requirements** – Cash-Out refinances must meet the following requirements:
 - The borrower must hold title individually for at least six months prior to the disbursement date of the new mortgage loan except for the following:
 - * There is no waiting period if the lender documents that the borrower acquired the property through an inheritance or was legally awarded the property (divorce, separation, or dissolution of a domestic partnership).
 - The transaction must be used to pay off existing mortgages by obtaining a new first mortgage secured by the same property or be a new mortgage on a property that does not have a mortgage lien against it.
 - Pay-off of any junior liens not related to the original purchase of the subject property will be considered a cash-out refinance.
 - Payoff of seasoned Home Equity Lines of Credit (HELOC) that have had draws within the last twelve (12) months.
 - **Texas** – Not eligible. Borrower cannot receive any cash back.
- Special Student Loan Cash-Out Refinance ineligible.
- **SEASONING REQUIREMENTS CONSTRUCTION-TO-PERMANENT FINANCE:**
 - WM originates or purchases mortgage loans closed as either a rate/term or a cash-out refinance transaction.
 - When a rate/term refinance transaction or a cash-out refinance transaction is used in connection with a Lot that the Borrower acquired twelve (12) or more months before applying for the construction financing, the LTV ratio is determined by dividing the loan amount of the construction-to-permanent mortgage by the current appraised value for the property (both the lot and the improvements).
 - If the Borrower acquired the Lot within the twelve (12) months preceding the date of the application for the construction financing, the LTV ratio is determined by dividing the loan amount of the construction-to-permanent mortgage by the lesser of:
 - The current Appraised value for the property (both the lot and the improvements), **or**
 - The total acquisition costs (which are the sum of the costs of the improvements and the sales price of the lot).

RELOCATION OR TRAILING CO-BORROWER:

- The use of trailing secondary wage earner income ineligible.

RIGHT OF OWNERSHIP:

- Fee simple.

SALES CONCESSIONS:

- Must be disclosed and acknowledged on the Appraisal.
- Seller contributions cannot be applied to the Borrower's minimum down payment requirement.
- Lesser of the sales price or appraised value.
- The prepayment of HOA dues must come from the Builder or Builder agent.
- Contributions for HOA dues must be paid directly to the Association.
- The maximum allowable sales incentive (Realtor commission, finders fee, etc.) is limited to 8% of the sale price.

WINTRUST
MORTGAGE
WINTRUST (WM) CONFORMING FIXED DU®



- **PRIMARY RESIDENCE OR SECOND HOME:**
 - 3% Maximum for LTV/CLTV >90%.
 - 6% Maximum for LTV/CLTV >75% ≤90%.
 - 9% Maximum for LTV/CLTV ≤75%.
- **INVESTMENT PROPERTY:**
 - 2% Maximum.

SUBORDINATE FINANCING:

- **Subordinate Financing Requirements** - Subordinate liens must be recorded and clearly subordinate to first mortgage lien.
- Disclose the existence of subordinate financing and the subordinate financing repayment terms to WM, Fannie Mae®, the Appraiser, and the Mortgage Insurer (if applicable). If a first mortgage is subject to subordinate financing, calculate the LTV, CLTV, and HCLTV ratios.
- **ACCEPTABLE SUBORDINATE FINANCING TYPES:**
 - Variable payment mortgages that comply with the details below.
 - Mortgages with regular payments that cover at least the interest due so that negative amortization does not occur.
 - Mortgages with deferred payments in connection with employer subordinate financing (see below).
 - Mortgage terms that require interest at a market rate.

Note: If financing provided by the property seller is more than 2% below current standard rates for second mortgages, the subordinate financing must be considered a sales concession and the subordinate financing amount must be deducted from the sales price.
- **UNACCEPTABLE SUBORDINATE FINANCING TERMS:**
 - Subordinate financing with “wraparound” terms that combine the indebtedness of the first mortgage with that of the subordinate mortgage.
 - Mortgages with negative amortization (with the exception of employer subordinate financing that has deferred payments).
 - Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than five (5) years after the Note date of the new first mortgage (with the exception of employer subordinate financing that has deferred payments).
 - Subordinate financing that restricts prepayment (i.e., subordinate liens with prepayment penalties).
- **Down Payment Assistance Programs** – New financing Ineligible. Existing DPA can be subordinated if specific program will allow.
- **Eligible Variable Payment Terms for Subordinate Financing** - WM permits variable payments for subordinate financing if the following provisions are met:
 - With the exception of HELOCs, when the repayment terms provide for a variable interest rate, the monthly payment must remain constant for each twelve (12) month period over the term of the subordinate lien mortgage (For HELOCs, the monthly payment does not have to remain constant).
 - The monthly payments for all subordinate liens must cover at least the interest due so that negative amortization does not occur (with the exception of employer subordinate financing that has deferred payments).
- Refer to **MAXIMUM LTV/CLTV** section for additional considerations.
- **HELOC** - Payment on the HELOC must be considered as part of the Borrower’s recurring monthly debt obligations. If the HELOC does not require a payment, there is no recurring monthly debt obligation, the Underwriter does not need to develop an equivalent payment amount.

TITLE REQUIREMENTS:

- Short Form Title policy allowed and encouraged (Title Commitment still required).
- The title policy and/or preliminary title report must include a minimum six (6) months history of property ownership from the effective date of the policy or preliminary report.

TITLE VESTING:

- Individual.
- Joint Tenants.

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- Tenants in Common.
 - Illinois Land Trust – Ineligible.
 - Living Trust (Revocable)
 - Attorney’s Opinion on Attorney’s letterhead
 - A certified copy of the entire Trust document must be provided in the file.
 - Refer to the [Living Trust/Revocable Trust Questionnaire](#).
 - Blind Trust – Ineligible.

UNDERWRITING SUBMISSION PROCEDURE:

- Loans must be run through Desktop Underwriter®/Desktop Originator® (DU®/DO®). All loans must receive an “Approve/Eligible” dated prior to Closing
 - **CORRESPONDENT Non-Delegated:**
 - ***ALL credit packages must be submitted to correspondent@wintrustmortgage.com. Please be sure to include the appropriate Underwriting Checklist Submission Document from our Correspondent website.***
 - **CORRESPONDENT:**
 - Lenders with delegated underwriting authority may underwrite this product – FNMA Form 1008 must be signed by the Underwriter. ***Third party contract underwriting ineligible refer to [Bulletin #11-0607-C](#).***
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