

# WINTRUST<sup>®</sup>

## MORTGAGE



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**CRA PORTFOLIO NON-CONFORMING PROGRAM**

**LOAN PROGRAM:**

- CRA Product

**LOCK-IN/REGISTRATION:**

- Loan can be locked prior to initial underwriting approval. Portfolio lock term is 45 days as per [rate sheet](#).
- CRA Product:
  - Doc Type – Full Doc
  - Fixed Rate: 15, 20, and 30 year fully amortizing.
- Loan Programs:
  - PORTFOLIO\_CRA\_30\_Fxd
  - PORTFOLIO\_CRA\_20\_Fxd
  - PORTFOLIO\_CRA\_15\_Fxd

**MINIMUM MORTGAGE:**

- No minimum mortgage amount.

**MAXIMUM MORTGAGE:**

- CRA Product - Up to conforming loan amounts.

**MAXIMUM LTV/CLTV:**

- CRA Program
  - Cash out not eligible over 80% LTV.
  - 1 unit, max LTV 97%. Max CLTV 105% (subject to MI company guidelines).
  - 2 unit, max LTV 95%. Max CLTV 105% (subject to MI company guidelines).
  - 3-4 unit, max LTV/CLTV 80%.

Amounts and LTV limits are based on the combined balances of the first mortgage, if any, and home equity exposure. CLTV to be based on lesser of appraised value or purchase price.

- CRA Product - Conforming loan limits.
  - See [REFINANCE](#) section.

LTV to be based on lesser of appraised value or purchase price.

**ADDITIONAL CONSIDERATIONS:**

- CRA/LMI Only – Borrower or property must meet CRA (Income/Census Tract) eligibility. Property must be located within the banks' footprint.
- ANTI-FLIPPING REQUIREMENTS:
  - Seller must own property for a minimum of 90 days from the date of mortgage application.
  - Evidence of time owned must be provided.

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- To ensure that the borrowers have the ability to repay, all loans originated under this program are subject to the following:
  - All Borrowers must qualify to repay the loan as follows (in addition to all other qualifying provisions detailed herein):
    1. All income to be verified to cover repayment ability through W-2's, tax returns, paystubs, financial institution records or third party verifications.
    2. Borrower(s) current obligations to be checked via credit reports and/or other documentation.
  - There can be no prepayment penalties on these loans.
  - The loan products offered will not be a high priced mortgage product.
- REG O INSIDER LOAN POLICY
  - [Must follow established company policy on Reg O.](#)
- NON-ARMS LENGTH TRANSACTIONS:
  - A non-arms length transaction is one in which the parties involved are not entirely independent of each other (e.g., family sale between parent and child, property in an estate, employee and employer, renter and landlord, or flip transactions, or direct sale without a third party – transaction is not handled by a realtor, or for sale by owner).
  - Transactions must be fully disclosed as such to ensure our equity position is not compromised. Common risks associated with this type of loan include: absence of equity or down payment; a purchase price that does not represent the actual property value; financial bailouts or attempts to hide poor credit; occupancy concerns; and financing of unsold builders inventory, especially in soft real estate markets.
  - The Appraiser must be informed of the non-arms length transaction and address whether or not the market value has been affected by the relationship of the parties.

**AGE OF DOCUMENTS:**

- APPRAISALS:
  - 120 days for existing property.
  - 180 days for new construction.
  - If appraisal exceeds the above, we will consider a recertification from original appraiser so long as the value has not declined for up to 12 months.
- CREDIT:
  - Existing Construction maximum age of credit documents is 120 days.
  - New Construction maximum age of credit documents is 120 days.
  - *Note: The age of the document is measured from the date of the document to the date the Note is signed.*
  - Credit Documents include: Credit Report, Employment Documentation, Income Documentation, and Asset Documentation.

**APPRAISAL REQUIREMENTS:**

- For loan amounts under \$250,000, refer to Wintrust Financial policy for valuation procedures.
- Loan amounts ≤\$1,000,000 require a full interior/exterior Appraisal.
- Loan amounts >\$1,000,000 require that the Appraiser be certified and require two (2) full Appraisals, from two different companies. The lower value of the two is to be used for qualifying.
- Copy of Appraisers License if the appraisal is not ordered through an AMC.
- Copy of the Appraisers current E&O Insurance.
- PROCEDURE FOR APPRAISALS ON PROPERTIES IN A DISASTER AREA:
  - If property was appraised prior to the disaster you must obtain a Catastrophic Disaster Area Inspection Report (CDAIR) 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.

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- 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.

**ASSUMABILITY:**

- Ineligible.

**BORROWERS ELIGIBILITY:**

- First-Time Homebuyer – Homebuyer counseling mandatory from an approved HUD approved agency or approved Mortgage insurance company. Required for LTV's greater than 80%.
- U.S. Citizens – Valid Social Security Number.
- Permanent Resident Aliens – Same as a U.S. Citizen.
- Non-Permanent Resident Aliens – Same as a U.S. Citizen.
- Inter Vivos Revocable Trust:
  - Owner Occupied Single Unit Residence.

**BORROWERS INELIGIBLE:**

- Foreign Nationals.
- Non-Resident Alien.
- Diplomats.

**CASH RESERVES:**

- Reserve payment calculated based on the note rate at time of closing.
- All purchase and refinance transactions, two (2) months PITI reserves are required. Reserves could be in the form of bank assets, retirement (60% of available liquid amount) up to the available liquid amount, business assets with proof of access to funds, stocks and bonds (up to 70%), and gift funds.
- All large deposits (in excess of 25% of gross income) to be verified.
- See Compensating Factor table for additional cash reserve requirements.

**CLOSING DOCUMENTS:**

- CRA Product
  - FNMA Multi-State Note - Form 3200.
- Additional closing documents:
  - FNMA/FHLMC Uniform Mortgage/Deed of Trust for applicable States.
  - FNMA 1-4 Family Rider Multi-State – Form 3170. if applicable
  - FNMA Multi-State Condo Rider – Form 3140 (if applicable).
- 4506T signed and dated at closing.

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- Points & Fees Limitation – All Documentation and Property Types
 

3% for loans >= 100K	\$3,000 for loans >=60K but <100K
5% for loans >=20K but less than 60K	\$1,000 for loans >= \$12,500 but <20K
8% for loans < \$12,500	

**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.
- If all Borrowers are either U.S. citizens, permanent or non-permanent resident aliens, there are no additional restrictions, and standard guidelines for U.S. citizens apply.
- If the LTV is less than or equal to 80%, the co-Borrower's income may be used to qualify, and they are not required to occupy the property.

**CREDIT:**

- 620 for 1 unit.
- 660 for 2-4 units for loans with LTV's greater than 80%.
- For LTV's of 80.01% to 97%, three scores are required for all borrowers.
- 3 open/active trade lines required, minimum 12 month history per borrower. (Otherwise max LTV = 95%.)
- A minimum of two (2) FICO scores must be obtained for each applicant. If two (2) FICO scores are obtained, take the lower score. If three (3) FICO scores are obtained, take the middle score.
- Scores must be based on a minimum of three (3) tradelines, one (1) of which has been opened a minimum of 24 months, the other two (2) must be rated for at least twelve (12) months otherwise the lender must use other proven sources. Lack of a credit history reported through a credit bureau should not be treated negatively. Lenders are to consider payments to landlords, utility companies, or other proven sources. The applicant shall substantiate that at least one year's worth of history with an alternative source has been made.
- Any derogatory credit must be explained by the Borrower, in their words. The derogatory credit must pre-date the loan application by at least 6 months.
- Credit inquiries within the past 90 days of the date the credit report is pulled must be fully explained. If applicable, provide documentation evidencing no new accounts.
- Tax liens or open judgments are permitted provided the account(s) is (are) paid off at closing. Payoff must come from the Borrowers own funds.
- Collection accounts must be evaluated.
- Any derogatory credit seasoning requirements must be met prior to application date of new loan.
- For foreclosures, short sales and deed in lieu of foreclosure, the borrower may not have been a party to a property foreclosure, short sale or deed in lieu of foreclosure within the past two (2) years.
  - Hardship letter will be required outlining extenuating circumstances that caused derogatory event, such as divorce, medical illness, death of a co-borrower or loss of job.
  - Short Sale letter, HUD-1, Lenders Deficiency Letter, BK Documents, Discharge Papers, LOX for BK and Foreclosure Deed Date required
- Chapter 7 – re-established 3 years since dismissal or discharge.
- Chapter 13 – re-established 3 years since dismissal or discharge.
- All mortgages must be directly verified or listed on the credit report:
- The Verification of Mortgage (VOM) form must provide a twelve (12) month history.

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- If the mortgage is verified by the credit bureau, it must specifically state that a minimum of twelve (12) months has been reviewed.
- If no ratings are provided from either source, the payment history may be documented by twelve (12) months of canceled checks, front and back, or a twelve (12) month payment record from the mortgage servicer.
- Any 30-day late mortgage payments must be explained in detail in writing by the Borrower.
- If the Borrower's current residence is a rental unit, the rental history must be verified. Rental references on the credit report are acceptable if a rating is provided. A minimum of twelve (12) months must be verified via cancelled checks and/or bank statements if renting from an individual or VOR if completed by management company.
- All loans must still meet the Ability to Repay test. [See Appendix Q.](#)

**DOCUMENTATION:**

- 2 Yrs. Tax Returns and W2s with current paystub to verify current employment and validate income trend.
- Explain any job gaps that span one or more months.
- Commission  $\geq$  25% of qualifying income - Borrower's recent paystub plus personal tax returns covering most recent two (2) year period required.
- Social Security Income must be verified by a Social Security Administration benefit verification letter.
- Self-Employment, Most recent 2 years personal tax returns with all schedules and K1's.
  - For a corporation, "S" corporation, or partnership, signed copies of business tax returns for 2 years. Year to date profit and loss (P&L) statement and balance sheet.
- All loans must still meet the Ability to Repay test. [See Appendix Q.](#)

**DOWN PAYMENT REQUIRED:**

- CRA Product:
  - Borrower minimum investment, from own funds, for loans with LTV's greater than 95% must be met. Greater of 2% of purchase price or \$1,000.
  - Down payment assistance:
    - Subject to MI company guidelines.

**DU/LP INFORMATION:**

- DU/LP findings or other satisfactory documentation that supports must be retained in file to show that the loan was ineligible or not accepted in the secondary market.

**ESCROW HOLDBACKS:**

- Underwriter to approve.

**ESCROW WAIVERS:**

- Escrow preferred but not mandated for portfolio first mortgages.
- Not permitted on LTV/CLTV > 80%.

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**GEOGRAPHIC RESTRICTIONS:**

- Program available in parts of Illinois, Indiana and Wisconsin for primary residence properties.
- CRA Product only available to LMI borrowers and/or tracts within CRA eligible tracts.

**GIFTS:**

- Gift funds allowable for purchase of Primary residence.
- Gift may come from a blood or legal relative, domestic partner, finance, government agency, non-profit organization, or an individual with an established history of residing with the Borrower and who plans to continue to reside with the Borrower.
- See [DOWNPAYMENT](#) section for required borrower contribution.

**INTEREST ONLY OPTION:**

- N/A.

**MORTGAGE INSURANCE:**

- LTV > 80%:
  - LPMI – Upfront Only
  - Correspondent Lender must provide quotes from all 3 MI companies (Radian, Genworth and UG)
  - Least expensive premium must be selected and ordered by Wintrust Mortgage in all cases.
  - Full file submission to MI company.
- Coverage Percentages:
  - LTV 80.01-85.00% = 6% Coverage
  - LTV 85.01-90.00% = 12% Coverage
  - LTV 90.01-95% = 16% Coverage
  - LTV > 95% = 18% Coverage
- Not Eligible: Reduced, custom, split edge, financed MI, Borrower paid mortgage insurance for CRA product.

**MORTGAGE INSURERS APPROVED FOR CRA PRODUCT:**

- United Guaranty
- Genworth
- Radian

**NON-OCCUPYING BORROWER:**

- Must be a blood relative.
- Refer to [CO-BORROWER](#) section.
- Not allowed on LTV > 80%.

**OCCUPANCY:**

- Primary Residence.

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**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.
- Not allowed for loans over 80% LTV.
- At least one Borrower must be present at closing.

**PREPAYMENT PENALTY:**

- None.

**PRICING:**

- Rate sheet is published daily.

**PROPERTY TYPES ELIGIBLE:**

- Property must be residential in nature and current use.
- 1-4 Units (2-4 Units Owner-Occupied, Primary Residence only).
- PUD (Attached/Detached) Fannie Mae<sup>®</sup> warrantable.
- Condominiums Fannie Mae<sup>®</sup> warrantable.
- Non-Warrantable Condominium.
  - Recommendation must be approved by WM for non-warrantable condominiums.

**PROPERTY TYPES INELIGIBLE:**

- Manufactured Homes.
- Mobile Homes.
- Condotels.
- Working Farms.
- Ranches/Orchards.
- Timeshares.
- Commercial Properties.
- 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.
- Investment Property.
- Leaseholds.



**CRA PORTFOLIO NON-CONFORMING PROGRAM**

**RATIOS:**

- First Mortgages – To exceed 43% DTI, must have FICO  $\geq$  720. See Compensating Factor Grid for DTI between 48% and 50%.
  - Loans must first be underwritten under [Appendix Q](#). Any first mortgage loan over 43% will be considered up to the maximum DTI stated above based on underwriting procedures for Portfolio loans.
- Revolving or open-ended accounts, regardless of balance, the monthly payments are to be included in DTI.
  - When a payment is not listed for a revolving account on the credit report use the greater of 5% of balance or \$10. (Copy of current statement reflecting payment can be used when no payment is listed)
- Installment accounts lasting less than ten months must be included in DTI if the amount affects the borrowers ability to pay the mortgage during the remaining months on the installment.
  - If the borrower has sufficient liquid assets, in addition to required cash reserves, to repay the obligation lasting less than 10 months until satisfied, the Underwriter may exclude payments.
- Alimony – The Underwriter may choose to treat the monthly payment as a reduction from the gross income for DTI.
- Student loan or balloon-payment scheduled to begin or come due within 12 months; monthly payment must be included in DTI. If payment is on credit report, that payment should be used. If payment is not reflected, 5% of balance will be used for monthly payment. Student loans not reflecting monthly payment, 2% of balance will be used for monthly payment.
- All loans must still meet the Ability to Repay test. [See Appendix Q](#).

**REFINANCES:**

- Portfolio to Portfolio refinances are not allowed without prior approval from the President/CEO of Wintrust Mortgage. EPO fees will apply if refinanced within the EPO period.
- PROPERTIES LISTED FOR SALE:
  - If the subject property is currently listed for sale, rate/term or cash out refinance is not permitted.
  - If the property is taken off the market (prior to taking the application) the loan is eligible for a refinance, provided 90 days have lapsed since the property was taken off the market.
  - The Appraiser should fully disclose the recent listing.
  - The underwriter may require further explanation from the Borrowers.
- RATE/TERM REFINANCE:
  - Loan Amount Calculation - The new loan amount is limited to:
    - Payoff the outstanding unpaid principal balance of the existing first mortgage, regardless of the loan origination date; and
    - Financing of related closing costs and prepaid items; and
    - Funds Disbursed to the Borrower may not exceed 2% of the principal amount of the new mortgage with a maximum of \$2,000.
- Follow Fannie Mae guidelines for rate/term eligibility requirements.
- Cash out not eligible over 80% LTV.
- 1 unit, max LTV/CLTV 97%.
- 2 unit, max LTV/CLTV 95%.
- 3-4 unit, max LTV/CLTV 80%.

**RELOCATION OR TRAILING CO-BORROWER:**

- Not permitted.

**CRA PORTFOLIO NON-CONFORMING PROGRAM**

**RIGHT OF OWNERSHIP:**

- Fee simple.

**SALES CONCESSIONS:**

- Follow Fannie Mae guidelines.

**SUBORDINATE FINANCING:**

- Except as indicated in the Program Description, subordinate financing parameters must comply with Fannie Mae guidelines.
- Ineligible types of subordinate financing include:
  - A subordinate mortgage that does not provide for regular payments of principal and interest, or does not provide for regular payment of interest only.
  - A subordinate mortgage that allows for negative amortization.
  - A subordinate mortgage with wraparound terms.
  - A subordinate mortgage with an adjustable interest rate (except home equity lines of credit).
  - A subordinate mortgage that will not fully amortize under a level monthly payment plan may not have a maturity or balloon payment date of less than five (5) years.
  - A subordinate mortgage that contains a prepayment penalty.

**TITLE REQUIREMENTS:**

- Full Title Policy.
- Title Commitment.

**TITLE VESTING:**

- Individual.
- Joint Tenants.
- Tenants in common.
- Inter Vivos Revocable Trust (Living Trust).
- Illinois Land Trust – Case-By-Case.

**CRA PORTFOLIO NON-CONFORMING PROGRAM**

**UNDERWRITING COMPENSATING FACTORS:**

- First mortgage products may be approved if a credit issue can be remediated by documenting in writing that one or more of the noted compensating factors for that credit issue are present.
- Compensating factors may not be used for restructure situations.
- Program not eligible for delegated underwriting.
- In no event may the borrower have a credit score < 620.
- There are no compensating factors for derogatory credit situations not listed below.
- There are four (4) credit issues and compensating factors listed below. In no event may a loan be approved with more than two (2) of these credit issues.
- If the LTV is greater than 80%, the loan is not eligible for compensating factors due to the higher credit risk.

All loans must still meet the Ability to Repay test.

Credit Issue	Compensating Factor
Debt to income ratio above credit underwriting guidelines (in no event to exceed 50%)	One or more of the following factors must be documented in writing: <ul style="list-style-type: none"> <li>• High Reserves: Minimum reserves of 12 months PITI.</li> <li>• Credit score high: Credit Score ≥ 750.</li> <li>• Additional guarantor: Loan guaranteed by a co-signor who meets all credit guidelines without any compensating factors.</li> </ul>
Credit Issue	Compensating Factor
Credit score above 620 but less than credit product guideline	One or more of the following factors must be documented in writing: <ul style="list-style-type: none"> <li>• High Reserves: Minimum reserves of 12 months PITI.</li> <li>• Additional guarantor: Loan guaranteed by a co-signor who meets all credit guidelines without any compensating factors.</li> </ul>
Credit Issue	Compensating Factor
Collections and Charge-Offs (Any adverse credit findings must pre-date loan application by at least six (6) months) <b><u>Note: This cannot be used for foreclosure, short sale or deed in lieu transactions.</u></b>	One or more of the following factors must be documented in writing: <ul style="list-style-type: none"> <li>• Adequate Reserves: Minimum reserves of 6 months PITI or an amount to cover unpaid collections, whichever is greater.</li> <li>• Adequate Credit Score: Credit Score ≥ 680.</li> <li>• Additional guarantor: Loan guaranteed by a co-signor who meets all credit guidelines without any compensating factors.</li> </ul>