

Revision: August 16, 2017 (Product Information Center, 949-390-2670, www.jmac lending.com)

Full/Alternative Documentation, Owner, Second Home and Non-Owner Occupied Products with Interest Only Option

Full Documentation for Both Wage Earner and Self Employed Borrowers						
Primary Residence, Second and Investment Properties Purchase, Rate & Term and Cash-Out Refinance						
Property Type	Occupancy Type	Minimum Credit Score	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV ¹	Maximum Cash-Out LTV ¹
1-Unit SFR, PUD & Condominiums	Owner Occupied / Second Home	700	\$150,000	\$1,500,000	80% ¹	75% ¹
				\$2,500,000	70% ¹	65% ¹
2-4 Units	Owner Occupied / Second Home	700	\$150,000	\$2,500,000	70% ¹	65% ¹
All Property Types ²	Investment	700	\$150,000	\$2,500,000	70% ¹	65% ¹
1-Unit SFR, PUD, & Condominiums	Owner Occupied / Second Home	660	\$150,000	\$650,000	80% ¹	75% ¹
				\$1,000,000	75% ¹	70% ¹
				\$1,500,000	65% ¹	60% ¹
1-Unit SFR, PUD, & Condominiums	Owner Occupied / Second Home	650	\$150,000	\$1,000,000	70% ¹	65% ¹
				\$2,500,000	60% ¹	55% ¹
2-4 Units	Owner Occupied / Second Home	650	\$150,000	\$2,500,000	60% ¹	55% ¹
All Property Types ²	Investment	650	\$150,000	\$2,500,000	60% ¹	55% ¹

Footnote:
¹There is a 5% reduction in LTV if foreclosure is less than 3 years but must be seasoned for at least 2 years.
¹Max LTV at 50% if seasoning is greater than 1 year for all loss mitigations such as Short Sale/BK/Loan Modifications/Foreclosure.

²1 unit SFR, PUD, Condo, and 2-4 Units

- 80% LTV max DTI is at 43%.
- Residual income is defined as the cash flow left over after paying all monthly obligations
- Loans with Debt to Income (DTI) ratios of less than 43% require no Residual Income
- Loans with Debt to Income (DTI) ratios of greater than or equal to 43% require minimum Residual Income equal to .0045 (.45%) multiplied by the Unpaid Principal Balance
- The maximum DTI is at 50%

Asset Depletion can be use with Full income qualification.

**Alternative Documentation (SELF EMPLOYED BORROWERS ONLY)
12 MONTHS BANK STATEMENTS OR 1 YEAR TAX RETURNS**

**Primary Residence, Second and Investment Properties
Purchase, Rate & Term and Cash-Out Refinance**

Property Type	Occupancy Type	Minimum Credit Score	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV ¹	Maximum Cash-Out LTV ¹
1-Unit SFR, PUD & Condominiums	Owner Occupied / Second Home	720	\$150,000	\$1,000,000	70% ¹	65% ¹
				\$2,500,000	65% ¹	60% ¹
2-4 Units	Owner Occupied / Second Home	720	\$150,000	\$2,500,000	65% ¹	60% ¹
All Property Types ²	Investment	720	\$150,000	\$2,500,000	65% ¹	60% ¹
1-Unit SFR, PUD & Condominiums	Owner Occupied / Second Home	700	\$150,000	\$1,000,000	70% ¹	65% ¹
1-Unit SFR, PUD & Condominiums	Owner Occupied / Second Home	660	\$150,000	\$650,000	80% ¹	75% ¹
				\$850,000	75% ¹	70% ¹
				\$1,000,000	65% ¹	60% ¹
1-Unit SFR, PUD & Condominiums	Owner Occupied / Second Home	650	\$150,000	\$1,000,000	65% ¹	60% ¹
				\$2,500,000	60% ¹	55% ¹
2-4 Units	Owner Occupied / Second Home	650	\$150,000	\$2,500,000	60% ¹	55% ¹
All Property Types ²	Investment	650	\$150,000	\$2,500,000	60% ¹	55% ¹
First Time Home Buyer 1-unit only	Owner Occupied	720	\$150,000	\$1,000,000	60% ¹	N/A
		700			50% ¹	

Footnote:

¹There is a 5% reduction in LTV if foreclosure is less than 3 years but must be seasoned for at least 2 years.

¹Max LTV at 50% if seasoning is greater than 1 year for all loss mitigations such as Short Sale/BK/Loan Modifications/Foreclosure.

²1 unit SFR, PUD, Condo, and 2-4 Units

General guidelines apply. For specific guidelines for Self-Employment starts on page 12.

**Alternative Documentation (SELF EMPLOYED BORROWERS ONLY)
6 MONTHS BANK STATEMENTS**

Primary Residence, Second and Investment Properties
Purchase, Rate & Term and Cash-Out Refinance

Property Type	Occupancy Type	Minimum Credit Score	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV ¹	Maximum Cash-Out LTV ¹
1-Unit SFR & PUD, Condominiums	Owner Occupied	720	\$150,000	\$2,500,000	70% ¹	65% ¹
	Second Home	720	\$150,000	\$2,500,000	65% ¹	60% ¹
2-4 Units	Owner Occupied / Second Home	720	\$150,000	\$2,500,000	65% ¹	60% ¹
All Property Types ²	Investment	720	\$150,000	\$2,500,000	65% ¹	60% ¹

Footnote:

¹There is a 5% reduction in LTV if foreclosure is less than 3 years but must be seasoned for at least 2 years.

¹Max LTV at 50% if seasoning is greater than 1 year for all loss mitigations such as Short Sale/BK/Loan Modifications/Foreclosure.

²1 unit SFR, PUD, Condo, and 2-4 Units

- First Time Home Buyer Not allowed.
- Residual income is defined as the cash flow left over after paying all monthly obligations
- Loans with Debt to Income (DTI) ratios of less than 43% require no Residual Income
- Loans with Debt to Income (DTI) ratios of greater than or equal to 43% require minimum Residual Income equal to .0045 (.45%) multiplied by the Unpaid Principal Balance
- The maximum DTI is at 50%

RESERVE REQUIREMENTS SPECIFIC FOR 6 MONTHS BANK STATEMENTS ONLY

- Up to \$1,000,000 = 12 months PITIA
- \$1,000,001 to \$1,999,999 = 18 months PITIA
- \$2,000,000 - \$2,500,000 = 24 months PITIA

General guidelines apply. For specific guidelines for Self-Employment starts on page 12.

ASSET DEPLETION

Primary Residence, Second and Investment Properties
Purchase, Rate & Term and Cash-Out Refinance

Property Type	Maximum Loan Amount	Maximum LTV ¹	Minimum Loan Amount	Maximum Cash-Out ¹	Minimum Credit Score
1-Unit SFR PUD	\$1,000,000	60% ¹	\$150,000	60% ¹	650
	\$2,500,000	55% ¹		55% ¹	
Condominiums	\$1,500,000	55% ¹		55% ¹	
2-4 Units	\$2,500,000	55% ¹		55% ¹	
Investments	\$2,500,000	55% ¹		55% ¹	

Footnote:

¹There is a 5% reduction in LTV if foreclosure is less than 3 years but must be seasoned for at least 2 years.

¹Max LTV at 50% if seasoning is greater than 1 year for all loss mitigations such as Short Sale/BK/Loan Modifications/Foreclosure.

General guidelines apply. For specific guidelines for Asset Depletion starts on page 13.

Asset Depletion can be use with Full income qualification.

Foreign National

Purchase, Rate & Term and Cash-Out Refinance

Occupancy Type	Property type	Minimum Loan Amount	Maximum Loan Amount	Maximum LTV ¹	MAX DTI	Max Cash-Out	Minimum Credit Score
Owner Occupied/ Second Home	SFR, PUD, Condo	\$150,000	\$1,000,000	75% ¹	43%	\$500,000	N/A
			\$1,500,000	65% ¹			
			\$2,500,000	60% ¹			
Investment	SFR, PUD, Condo	\$150,000	\$1,000,000	65% ¹	43%	\$500,000	N/A
			\$2,500,000	60% ¹	43%		

Footnote:

¹There is a 5% reduction in LTV if foreclosure is less than 3 years but must be seasoned for at least 2 years.

¹Max LTV at 50% if seasoning is greater than 1 year for all loss mitigations such as Short Sale/BK/Loan Modifications/Foreclosure.

General guidelines apply. For specific guidelines for Foreign National starts on page 15.

Non-Warrantable Condo

Primary Residence, Second and Investment Properties
Purchase, Rate & Term and Cash-Out Refinance

Occupancy	Maximum Loan Amount	Maximum LTV ¹	Minimum Loan Amount	Maximum Cash-Out ¹	Minimum Credit Score
Owner Occupied	\$1,000,000	70% ¹	\$100,000	60% ¹	700
	\$1,000,001-\$1,500,000	65% ¹		50% ¹	720
	\$1,500,001-\$2,000,000	60% ¹		50% ¹	720
Second Home	\$1,000,000	65% ¹	\$100,000	50% ¹	700
	\$1,000,001-\$1,500,000	60% ¹		50% ¹	720
	\$1,500,001-\$2,000,000	55% ¹		50% ¹	720
Investment	\$1,000,000	55% ¹	\$100,000	50% ¹	700

Footnote:

¹There is a 5% reduction in LTV if foreclosure is less than 3 years but must be seasoned for at least 2 years.

¹Max LTV at 50% if seasoning is greater than 1 year for all loss mitigations such as Short Sale/BK/Loan Modifications/Foreclosure.

This is only allowed on Full Doc qualification.

General guidelines apply. For specific guidelines for Non-Warrantable Condo starts on page 18.

General Guidelines	
Eligible Property Types	-SFR, PUDS - 2-4unit -Condos (Low and High-Rise; no litigation allowed) and allowed on new condo projects that are Fannie Mae approved
Early Paid Off Policy (EPO)	EPO timeline is 12 months (365 days) from closing date of the loan.
Program Names	JMAC VENICE 5/1 ARM, JMAC VENICE 5/1 ARM IO, JMAC VENICE 7/1 ARM, JMAC VENICE 7/1 ARM IO
ARM Information	5/1 ARM : I Index: 1 YR Libor ; Caps : Initial adjustment: 2%, Subsequent adjust: 2%, Life Cap: 6% - Margin : 3.250% - Floor : 3.250% 7/1 ARM :I Index: 1 YR Libor ; Caps : Initial adjustment: 5%, Subsequent adjust: 2%, Life Cap: 6% - Margin : 3.250% - Floor : 3.250%
Interest Only	5/1 ARM - Interest Only is good for 60 months (5 Years) 7/1 ARM - Interest Only is good for 84 months (7 Years)
Income Verification	4506T not required on alternative documentations
Eligible Borrowers	<ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens • Non-Permanent Resident Aliens (Refer to VISA Classification List for eligible VISA types) • First time home buyers • “For Sale By Owner” transactions must be closed through Escrow with an executed Real Estate sales contract in evidence
Non-ARMS Length Transaction	<p>On full doc loans, non-arm’s length transaction is allowed based on Fannie Mae guidelines.</p> <ul style="list-style-type: none"> • Non-arm’s length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and the buyer of the property. Fannie Mae allows non-arm’s length transactions for the purchase of existing properties unless specifically forbidden for the scenario, such as delayed financing. For the purchase of newly constructed properties, if the borrower has a relationship or business affiliation (any ownership interest, or employment) with the builder, developer, or seller of the property, Fannie Mae will only purchase mortgage loans secured by a principal residence. Fannie Mae will not purchase mortgage loans on newly constructed homes secured by a second home or investment property if the borrower has a relationship or business affiliation with the builder, developer, or seller of the property. <p>The following are Ineligible on alternative documentations qualification such as bank statements, asset depletion only, non-warrantable condo and foreign national. Non-arm’s length transactions as noted in Fannie Mae guidelines includes, but are not limited to:</p> <ul style="list-style-type: none"> • Applicants related by blood or marriage to the seller. • Owners, employees or family members of originating entity • Renters buying from landlord
Occupancy	<ul style="list-style-type: none"> • Primary Residence • Second Homes • Investment properties
Vesting	<ul style="list-style-type: none"> • Closing in POA is allowed on purchase and refinance R&T transaction. • Closing in Trust allowed
Property; Maximum Number	<ul style="list-style-type: none"> • Borrowers can have up to 10 financed properties

	<ul style="list-style-type: none"> JMAC limits the borrower to four (4) JMAC serviced properties, including the subject transaction. The max loan amount of all properties cannot exceed \$2.5Million
<p>Credit</p>	<ul style="list-style-type: none"> 0x30 in past 12 months (no exceptions) – for both mortgage and rent <ul style="list-style-type: none"> For Full Docs, living rent free is allowed. Length of credit history required is 2 years for all borrowers <ul style="list-style-type: none"> For borrower with mortgage history for at least 12 months, <ul style="list-style-type: none"> 3 open trade lines seasoned for at least 12 months required. For borrower with no previous mortgage history, <ul style="list-style-type: none"> A minimum of three open trade lines for 24 months are required for each borrower who does not have a previous mortgage payment history. Judgment/Tax Liens/Collections/Charge-Offs must be paid off and no new derogatory credit within the past 12 months (medical excluded) Bankruptcies and Loan Modification – discharged or closed at 2 years. Short Sale – must be seasoned for more than 2 years Foreclosure – must be seasoned for more than 3 years <ul style="list-style-type: none"> If less than 3 years but greater than 2 years, LTV is reduced by 5%. <p>** For Short Sale/BK/Loan Modifications/Foreclosure, 1-year seasoning allowed but LTV is restricted to 50%LTV **</p>
<p>Disputed Accounts</p>	<ul style="list-style-type: none"> Disputed Accounts – Disputed accounts are reviewed to determine current balance and derogatory information (a 30-day or more delinquency) within 2 years prior to the credit report date: <ul style="list-style-type: none"> Zero balance and no derogatory information – no action required Zero balance and derogatory information - remove and pull new credit report A positive balance and no derogatory information – remove and pull new credit report A positive balance and derogatory information – remove and pull new credit report <p>A credit supplement is not allowed to document disputed accounts.</p>
<p>Qualifying</p>	<p>Qualifying Interest Rate (with or without Interest Only): Full Amortization</p> <ul style="list-style-type: none"> 5/1 ARM: Qualify at the greater of the Note Rate plus 2% or the fully indexed rate 7/1 ARM: The greater of the introductory or fully-indexed rate (current index plus margin) <p>**Max DTI up to 43% but may be up to 50% with residual income.</p> <p>Paying off debts to qualify can only be use for DTI <= 43%. Borrower cannot mix paying off debts and residual income to qualify.</p>

Residual Income Calculation Example	<p>RESIDUAL INCOME CALCULATION</p> <p># 1 = Total Income – (Total Debts (PITIA & Liabilities))</p> <p>#2 = Loan Amount X 0.0045</p> <p>#1 MUST BE > #2 = Meets Residual Income</p> <p>Example: Loan Amount \$350,000, Income = \$9000, Total Debts = \$4000</p> <p>#1 = \$9000 - \$4000 = \$5000 #2 = \$350,000 x .0045 = \$1575 # 1 > #2 = meets residual income</p>													
Income	Capital gain not allowed.													
Reserves	<table border="1" data-bbox="512 743 1522 894"> <thead> <tr> <th data-bbox="512 743 1014 773"></th> <th data-bbox="1014 743 1522 773">Loan Amount</th> <th data-bbox="1522 743 1999 773">Required Reserves*</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 773 1014 802" rowspan="4" style="text-align: center;">All Property Types</td> <td data-bbox="1014 773 1522 802">Up to \$1,000,000</td> <td data-bbox="1522 773 1999 802">6 months PITIA (FULL DOC ONLY)</td> </tr> <tr> <td data-bbox="1014 802 1522 831">Up to \$1,000,000</td> <td data-bbox="1522 802 1999 831">9 months PITIA</td> </tr> <tr> <td data-bbox="1014 831 1522 860">\$1,000,001 to \$2,000,000</td> <td data-bbox="1522 831 1999 860">12 months PITIA</td> </tr> <tr> <td data-bbox="1014 860 1522 894">Greater \$2,000,001</td> <td data-bbox="1522 860 1999 894">24 months PITIA</td> </tr> </tbody> </table> <ul data-bbox="604 930 1965 1105" style="list-style-type: none"> • In addition to the minimum PITI reserve requirements, borrowers must also disclose and verify all other liquid assets. • Stocks/Bonds/Mutual Funds – 70% available for reserves. • Vested Retirement Account Funds – 60% may be considered for reserves. • For Full Docs, reserves provided by a sole proprietor must be separate from the day to day business cash flow and allowed up to the percentage of ownership of the business. Must provide approval letter from all partners that it's acceptable based on their percentage of ownership. 			Loan Amount	Required Reserves*	All Property Types	Up to \$1,000,000	6 months PITIA (FULL DOC ONLY)	Up to \$1,000,000	9 months PITIA	\$1,000,001 to \$2,000,000	12 months PITIA	Greater \$2,000,001	24 months PITIA
	Loan Amount	Required Reserves*												
All Property Types	Up to \$1,000,000	6 months PITIA (FULL DOC ONLY)												
	Up to \$1,000,000	9 months PITIA												
	\$1,000,001 to \$2,000,000	12 months PITIA												
	Greater \$2,000,001	24 months PITIA												

Appraisal Guidelines	Loan Amount		Appraisal Requirement
	Up to \$1,000,000	\$1,000,0001 to \$2,500,000	<ul style="list-style-type: none"> • Must have 6 comps in total. At least 3 comps within 3 months; OR • Must have 5 comps in total. At least 4 closed comps
	<ul style="list-style-type: none"> • If property has been “flipped” in the last 180 days, a second appraisal is required. Flipped date is based on Application date. • If property valuation has increased by 20% in the last 180 days, a second appraisal is required. • For properties purchase within the last 6 months, the lesser of the purchase price or current appraised value will be utilized to determine the subject property value. 		
Appraisal Requirements/Review	<ul style="list-style-type: none"> • Properties Owned < 6 Months: LTV is based on the lesser of the appraised value or acquisition cost, regardless of any property improvements that may have been made. (Property acquisition date may be measured from the HUD 1 closing date, mortgage rating or other acceptable documentation in the loan file.) • CDA > 10% Below Appraisal If the CDA returns a value more than 10% below the original appraisal(s) value, then a Field Review. The final value will be used as the appraised value for the property. <u>(CDA is an internal cost, but any additional product or service that needs to be ordered) ** broker or broker to pay **</u> • JMAC will order CDA (third party review) on all appraisals. 		
Source of Funds	<p>Owner Occupied Transactions:</p> <ul style="list-style-type: none"> • Borrower must contribute at least 10% toward the transaction from their own funds for purchase transactions. <p>Second Home and Investment Transactions:</p> <ul style="list-style-type: none"> • Borrower must contribute at least 20% toward the transaction from their own funds for purchase transactions. 		
Gift Funds	<p>For Owner Occupied, acceptable after a minimum 10% down payment has been made by the borrower from their own resources. For Second home and investment, acceptable after a minimum 20% down payment has been made by the borrower from their own resources.</p> <p>Gift funds not allowed for meeting reserve requirements.</p>		
Departing Rental Income	<ul style="list-style-type: none"> • Departing residences are allowed. If the departing residence has 30% or more equity, then you may use the rental income. • Provide lease agreement and security deposit with evidence in borrower’s account. • Required 2055 exterior with rental survey (1007) cost to broker or borrower. 		
HELOCS	<p>For non-subject property HELOCS, the payment may be taken from the credit report. If there is no balance, and no payment, then no payment is required. If the credit report or you have a monthly statement, shows a balance, but no payment on the credit report, you need to document what the actual payment is.</p>		

Secondary Financing	<ul style="list-style-type: none"> New and Subordination of existing subordinate financing is <u>not allowed</u>. Consolidation of secondary financing that is seasoned for 12 months with no draw is considered refinance R&T.
Refinance	<ul style="list-style-type: none"> No seasoning requirement For property with less than 6 months' title seasoning, the lesser of the purchase price or current market value will be used.
Cash out	<ul style="list-style-type: none"> For purchase refinance transaction, no seasoning required except for flipped properties. For flipped properties, must have 12 months seasoning. For title transfer, 6 months' title seasoning is required. For cash out with less than 12 months seasoning, the lesser of the purchase price or current market value will be used.
Properties Listed for Sale	<ul style="list-style-type: none"> Rate/Term Refinances: no seasoning required; application date needs to be 1 day off the market. Cash-outs: no seasoning required; application date needs to be 1 day off the market.
Financing and Sales Concessions	<p>Interested Party Contributions are allowed in accordance with Fannie Mae Standards:</p> <p><u>Owner Occupied:</u></p> <ul style="list-style-type: none"> 3% of value with LTV ratios greater than 75% and up to 80% 6% of value with LTV ratios less than or equal to 75% <p><u>Second Home and Non-Owner</u> is 2%</p> <p>Amounts in excess of these limits must be deducted from the lower of sales price or appraised value when calculating the LTV</p>
Impounds (if failed HPML)	<ul style="list-style-type: none"> Regardless of LTV, if HPML failed loan must be impounded tax, insurance, flood, and HO-6. Escrows/impounds for tax, insurance, flood, and HO-6. (with some exceptions, including the exception for condo/PUD master insurance policies) on <u>principal dwellings</u> are required at all LTVs if necessary to comply with the CFPB's HPML Escrow Rule or other legal requirements. Note that the APR threshold in the HPML definition differs for conforming loan balances (inclusive of high cost area limits) (APR >= APOR + 1.5%) and jumbo loan balances (APR >= APOR + 2.5%). (Refer to CFPB guidance and 12 CFR 1026.35).
Leased Land	Not allowed
Ineligible Properties	<p>Acreage greater than 10 acres (appraisal must include total acreage) * New Condos * Condo Gut Conversion * Condo Newly Converted Non-Gut Projects * Condo Hotel * Co-Ops * Hobby Farms * Income Producing properties with acreage * Log Homes * Manufactured Housing * Mixed Used properties * Properties subject to oil and/or gas leases * Title may not be held in a business name * Unique properties * Working farms, ranches or orchards.</p>
State Restrictions	<p>State specific regulations supersedes guidelines stated herein</p> <p>Texas 50(a)(b)</p> <ul style="list-style-type: none"> Subordinate financing is not allowed on a Texas(a) 6 loan Maximum acreage cap at 10 Only Investment transaction allowed for cash out.

**Self-Employed
Alternative Documents
Guidelines**

- Short Sale/BK/Loan Modifications/Foreclosure – allowed with 1 year seasoning but max LTV is cap at 50%.
- Designed for credit worth self-employed borrowers (Primary borrower must be self-employed; may have W2 co-borrower.
- Residual Income is defined as the cash flow left over after paying all monthly obligations
- Loans with Debt to Income ratios of less than 43% require no Residual Income.
- Loans with Debt to Income ratios of greater than or equal to 43% requires minimum Residual Income equal to .0045 (.45%) multiplied by the (UPB) Unpaid Principal Balance. (UPB x 0.0045 = required residual income).
- The maximum DTI is at 50%
- (*) Condominiums – Follow Fannie Mae Guidelines
- IRS from 4506T required for W2 borrower(s)
- **1099 borrower must provide business license or provide CPA/Tax Preparer letter**
- Self-employed is defined as sole proprietorship, Schedule C, (actual owner of company). For 1065, 1120S, and 1120 borrower needs to own 25% or more of the company.
- Borrower must be self-employed for at least 2 years with the same company and location
- **Option 1 (1 year tax return)** - Available to any borrower with a 25% or greater ownership interest in a business
 - Income calculate on 1 (one) year tax returns (will execute 4506T)
 - P&L prepared by borrower or 3rd party CPA or Tax Preparer.
- **Option 2**
 - **(12 months personal bank statements)** – Available to any borrower with a 25% or greater ownership interest in business
 - A 12 month P&L prepared by borrower, or 3rd party CPA or Tax Preparer and covering the same time period to further validate the income shown in the bank statements
 - 12 months of personal bank statements to determine income derived from business (income as noted on 1003).
 - A CPA / Tax Preparer’s attestation of borrower’s % of ownership and that the borrower has been self-employed in the same business for a minimum of two years.
 - **Business bank statements allowed only if borrower owns company 100%**
- **Option 3**
 - **(6 months personal bank statements)** – Available to any borrower with a 25% or greater ownership interest in business
 - A 12 month P&L prepared by borrower, or 3rd party CPA or Tax Preparer and covering the same time period to further validate the income shown in the bank statements
 - 6 months of personal bank statements to determine income derived from business (income as noted on 1003).
 - A CPA / Tax Preparer’s attestation of borrower’s % of ownership and that the borrower has been self-employed in the same business for a minimum of two years.
 - **Business bank statements allowed only if borrower owns company 100%**
- To use both personal and / or business bank statements each type of entity such as Sole Proprietorship (Schedule C), 1065, 1120S, and 1120 requires 100% ownership.
- Assets used for income calculation **may not** be used for down payment, closing costs, or reserve. **NOTE:** The asset that is not used on the bank statements for income calculation maybe use for down payment, closing costs, or reserve. For example, bank statements total is \$50,000 but only \$20,000 is used for income qualification, \$30,000 can be used toward down payment, closing costs, or reserve
- Up to 3 bank statements allowed from different accounts

	<p>How to calculate income:</p> <p>For personal bank statements, the underwriter will evaluate all deposits and divide over either 6 or 12 months bank statement qualification option.</p> <p>For business bank statements, the underwriter will evaluate the income using 50% expense factor applied to business related deposits when using business accounts bank statements for income.</p> <p style="text-align: center;">Example</p> <p style="text-align: center;">50% expense factor Total business expense factor = \$240,000 Minus 50% expense factor = \$120,000 Usable business related deposits for qualifications = \$120,000</p> <p>NOTE: Lender will re-verify all bank statements.</p> <p>Non-ARMs Length Transaction</p> <p>The following are Ineligible on alternative documentations qualification such as bank statements, asset depletion only, non-warrantable condo and foreign national. Non-arm's length transactions as noted in Fannie Mae guidelines includes, but are not limited to:</p> <ul style="list-style-type: none"> • Applicants related by blood or marriage to the seller. • Owners, employees or family members of originating entity • Renters buying from landlord
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Asset Depletion Guideline	<p>(*) Condominiums – Non-warrantable condo allowed.</p> <p>(**) Investment properties applies to all properties such as (1 Unit SFR, PUD, Condo, and 2-4 Units)</p> <p>Asset amortization is a calculation used to generate a monthly income stream from a borrower's personal assets. It can be combined with other income such as Social Security, pension, or other investment income.</p> <p>The following requirements apply for use of this income for qualifying purposes:</p> <ul style="list-style-type: none"> • Borrower and Co-borrower must be individual or co-owners of all asset accounts with no other account holders listed on the documentation. • All assets must be in a U.S. financial institution; foreign assets are not allowed. • Borrower and co-borrower must have all account holders on the loan. • The sum of eligible assets as defined are net of any discounts & minus any funds used for closing and/or minimum reserves required for the program.
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- Other reported earnings from Capital Gains or interest/dividends already considered and averaged as qualifying income cannot be included or double counted.

Eligible assets must be comprised of the following readily marketable assets which must be available to the borrower with no penalty and is limited as follows:

Eligible Assets:

- Bank Deposits – Checking, Saving, Money Market accounts – 100%
- Publicly traded stocks & bonds – 70% (stock options not allowed)
- Mutual funds – 70%
- Retirement accounts – 401(K) plans or IRA, SEP or KEOGH accounts – 60% (can only be used if distribution is not already set up)

Ineligible Assets (non-related related assets)

- Stock options
- Non-vested restricted stock
- Lawsuits
- Lottery winnings
- Sale of real estate
- Inheritance
- Divorce proceeds

Annuitization (asset depletion) is subject to the following calculation:

- Eligible asset amount to be amortized over the life of the loan (i.e. 360 months for 30 year mortgage)

Example Calculation of Asset Depletion

1	Stocks and Mutual Funds	\$500,000
2	Minus 30% of \$500,000 from line 1	(\$150,000)
3	Total eligible documented assets	\$350,000
4	Minus funds required for closing (down payment, closing costs, reserves)	(\$100,000)
5	Net documented Assets	\$250,000
6	Monthly income calculation ($\$250,000/360$ (or application term of loan in months))	\$694.44 per month

1. Secondary financing not allowed

Assets used for income calculation may not be used for down payment, closing costs, or reserve.

NOTE: Asset depletion can be used in combination with full doc qualification. The max allowable LTV is tied to the full doc matrix. If you only use asset depletion for qualification than the asset depletion matrix applies.

**Foreign National
Guidelines****Condominiums – Follow Fannie Mae guidelines****Property Type**

- SFR, PUD, and Condo **excludes non-warrantable condos**

Products

- 5/1 ARM Libor ARM

Qualifying Rate

- Greater of the fully indexed rate or the note rate **** NOTE: Qualification on 5/1 is not on note rate + 2% ****

Income (applies to all transactions types)

- We will NOT require Foreign Tax Returns
- For self-employed borrower: income documentation equivalent of U.S. Tax Returns or P&L statement prepared by third party for 1 year. In addition, business license for the past 2 years OR a CPA letter verifying the borrower has been self-employed for the past 2 years.
- Salaried borrower: written employment verification letter from employer verifying borrower's position, years worked and salary. Borrower must show at minimum 2 years of employment history. Employment verification must be on company letterhead and must show the name, address, and phone number of the company and contact information of the person verifying the information.
- Translated & Notarized (if applicable)
- Transcripts not required
- MAX DTI 43% **** Residual Income does not apply ****

Ineligible Transactions

- Non-ARMS Length not allowed
- Gift Equity not allowed
- At-Interest Transactions (An at-interest transaction involves persons who are not closely tied or related, but may have a greater vested interest in the transaction, such as a party who plays more than one role in the same transaction. Acceptable examples of at-interest transactions include builder also acting as realtor/broker, dual real estate agent (selling/listing) agent, realtor/broker selling own property. Unacceptable examples of at-interest transactions include realtor/broker acting as listing/selling agent as well as the mortgage loan originator, seller acting as the mortgage loan originator, borrower's family member acting as the mortgage loan originator and real estate broker at the same time. Transaction includes unacceptable at-interest characteristics are not permitted.

Loan Amount

- Minimum: \$150,000 / Maximum: \$2,500,000

Borrower Eligibility

- For Canadian Resident, only a copy of the passport is required, for all other foreign nationals the following applies:
 - Copy of passport, and valid VISA (F-1 and F-2 type are not allowed)
 - Copy of passport and Approval required for borrowers on VISA Waiver Program

- An individual in the country on EB-5 (Immigrant Investors) or Visitor's VISA or have conditional green cards or permanent green card but reside in another country.
- Copy of passport and Valid Visa (B-1 or B-2 Visitors).
- The visa we will require a second form of identification i.e. Foreign Military ID Card, Foreign Driver's License, National Identification Card, Civil Birth Certificate)
- All borrowers must have a ITIN (Individual Tax Identification Number) or a Social Security Number.

Credit History

- International Credit Report or 3 Credit References from Country or origin one of which should be from a financial institution
- All documents in a Foreign language must be translated by a certified third party translator

Employment

- Disclosure of income and employment are required on 1003
- Current address needs to be a US address but the mailing address can be a foreign address.

Asset

- Checking, Savings, Time Deposit, Money Market: Must be verified by 2 months bank statements
- Establish a US bank account prior to closing for down payment
- All documents in a Foreign language must be translated by a certified third party translator

Funds

- Foreign Assets (down payment, Closing costs and reserves) must be transferred to a U.S. institutional account prior to ordering loan documents.

Reserves

- 12 months reserves PITI

Gifts

- Allowed after 20% from own funds. Follows gift donor Fannie Mae guidelines

Interested Party Contributions

- 2% regardless of LTV

Power of Attorney

- Closing in POA is allowed on purchase and refinance R&T transaction.

Seasoning

- Rate/Term and Cash Out seasoning is 6 months
- For cash out with less than 12 months seasoning, the lesser of the purchase price or current market value will be used.

Delayed Financing Requirements - Not Allowed**Listed Properties**

- Maximum of 8 financed properties and up to 18 total properties
- The total indebtedness to a single entity may not exceed \$2.5Million and maximum 4 properties.
- All simultaneous transactions must be identified and submitted concurrently

Continuity of Obligation

- The borrower must be the existing lien holder for refinance transaction

Appraisals

- All appraisals must be completed by a state-certified appraisal
- Form 1004 (1unit)

Prepayment Penalty

- None

JMAC does not lend on countries that are listed on the OFAC sanctions which includes:

<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

- BALKANS, BELARUS, BURMA (MYANMAR), BURUNDI, CENTRAL AFRICAN REPUBLIC, COTE D'IVOIRE (IVORY COAST), CUBA, DEMOCRATIC REPUBLIC OF CONGO, IRAN, IRAQ, LEBANON, LIBERIA, LIBYA, MAGNITSKY, NORTH KOREA, SOMALIA, SOUTH SUDAN, SUDAN, SYRIA, UKRAINE/RUSSIA, VENEZUELA, YEMEN, ZIMBABWE

**Non-Warrantable Condo
Guidelines**

Investor Concentration

Subject Property:

Non-Owner Occupied

- Established Projects: $\leq 65\%$ of total units can be Non-Owner Occupied
- New Projects (Presale): $\leq 50\%$ of total units sold or under bona fide contract and be Non-Owner Occupied

Minimum # units sold or under contract (New Projects): At least 50% of units in the project must be under bona fide contract. At least 25% sold.

Non-Warrantable condominium projects require a Lender Full Review; Limited Reviews are not permitted. Minimum documentation required:

- Form 1073 or Form 1004 (detached condos only), and
- Non-warrantable Certification of Project Eligibility, and
- HOA Questionnaire, and
- Project's Budget (if applicable), and
- Project's Legal Documents (if applicable), and
- Documentation verifying insurance coverage in accordance with Fannie Mae Guidelines for the:
 - Subject Unit, and
 - Project

Restrictions:

- Maximum exposure is limited to 20% of the units in a project.
- Single owner can own up to 20% of the total complex
- For projects with ≤ 4 units, exposure to no more than one (1) of those units.

Visa Classification / Eligibility (VISA listed is available for full and alternative documentations for Non-Permanent Resident Aliens)

VISA Class	Eligibility	Description	Employment	Study
EAD	Yes	Employment authorization document		
A-1, A-2, A-3	No			
B-1, B-2	<i>Foreign National Only</i>			
C-1, C-2, C-3, CP	No			
D-1, D-2	No			
E-1 Treaty Trader	Yes	An individual who is in in the U.S. to conduct trade under a treaty between his/her country and the U.S. or his/her employer and other companies.	Principal E-1 can be employed only by the trade qualifying company through which he/she obtained status. EAD is not required Dependent spouse may apply to USCIS for employment authorization. EAD* is required. E-1 dependent children are not authorized for employment.	Principal E-1 study with authorization from the company through which he/she obtained status; study must be incident to employment. E-1 dependent may engage in full or part-time study
E-2 Treaty Investor	Yes	An individual who is in in the U.S. to develop and direct the operations of an enterprise in which he/she has made a substantial investment.	Principal E-2 can be employed only by the trade qualifying company that petitioned for the E-2 status. EAD is not required Dependent spouse may apply to USCIS for employment authorization. EAD* is required. E-2 dependent children are not authorized for employment.	Principal E-2 study with authorization from the company through which he/she obtained status; study must be incident to employment. Dependent may engage in full or part-time study
E-3 Temporary worker in a specialty occupation	Yes	Limited to citizens of Australia	May be employed and compensated only by the sponsoring company	
EB-5 Immigrant Investors	<i>Foreign National only</i>			
F-1, F2	No			
G1, G2, G3, G4 Representatives to and Employees of International Organizations	Yes	An Individual who is in the U.S, as a representative of an international organization (e.g., the United Nations) and for his/her dependents.	Principal G can only work for the qualifying foreign government or international organization sponsoring her/his status. All work for dependents must be first approved by the U.S. Department of State. An EAD* from the USCIS is required. He/she is subject to restrictions on EAD.	Principal G may engage in study if it is incidental to his/her employment. Dependent may engage in full or part-time study.

Venice Non-Agency

G-5	No			
H-1B Temporary Worker in a Specialty Occupation	Yes	An individual who is in the U.S. for a fixed amount of time, who performs services of a professional nature in a specific position for a sponsoring employer.	Employment authorization is granted for an initial period of up to 3 years. Extensions for an additional 3 years are possible. The employer petitions USCIS on behalf of the worker. Employment is incidental to his/her status with the specific employer. EAD is not required	May engage in part-time study while maintaining H Visa status.
H-4 Dependents of H VISA holders	Yes; only if H-1B Visa holder is also on the loan; otherwise ineligible	An individual who is in the U.S. as a dependent of an H Visa holder.	No employment is allowed.	May engage in full or part-time study.
I	Yes	Representative of Foreign information Media: Journalist or representative (and their dependent) of international media.		
J-1, J-2	No			
K-1 Fiancé/Fiancée of U.S. Citizen	Yes; only if US Citizen is also on loan; otherwise ineligible			
K-2 Minor Child of K-1	No			
K-3 Spouse of US citizen Life Act	Yes; only if US Citizen is also on loan; otherwise ineligible			
K-4	Yes; only if US Citizen is also on loan; otherwise ineligible			
L-1 Intra-company Transferee	Yes	An individual who has been transferred from a subsidiary, affiliate, or branch office overseas to the U.S. to work in an executive, managerial or specialist capacity.	May be employed only by the company that obtained the L-1 status on their behalf, and only for the period of time indicated by USCIS EAD not required.	May engage in part-time study as incidental to employment
L-2 Dependents of L-1 Visa Holders	Yes	An individual who is in the U.S. as a dependent of an L-1 Visa Holder.	L-2 spouse may apply to USCIS for employment authorization. EAD is required. L-2 children are not allowed to work	May engage in full or part-time study
M-1, M-2	No			
N-8, N-9	No			
NACARA	Yes	Cuba, Guatemala, Nicaragua and El Salvador Beneficiaries seeking permanent residency		

Venice Non-Agency

NATO 1-7	No			
O-1, O-2 Workers of Extraordinary Ability	Yes	An individual of extraordinary ability in the field of sciences, arts, education, business, or athletics, who is in the U.S, to work for a sponsoring employer or organization (O-1), and accompanying personnel (O-2).	Can only work for the business that has filed for the status	May engage in full or part-time study
O-3 Dependents of O-1 and O-2 Visa holders	Yes	A spouse or child of an O-1 or O-2 visa holder.	No employment is allowed.	May engage in full or part-time study.
P-1 Athlete	Yes	Internationally recognized athlete, entertainment group or essential support personnel		
P-2 Artist or Entertainer	Yes	Under a reciprocal exchange program		
P-3 Artist or Entertainer	Yes	In a culturally unique program		
P-4	Yes	Spouse or dependent of P-1, P-2, P-3		
Q1, Q2, Q3	No			
R-1, R-2	No			
S-5, S-6, S-7	No			
T-1, T-2, T-3, T-4	No			
V-1	Yes	Spouse of lawful permanent resident awaiting availability of immigrant visa		
V-2	Yes	Child of lawful permanent resident awaiting availability of immigrant visa		
V-3	Yes	Derivative child of V-1 and V-2		