

# Conforming Fixed Rate with High Balance Addendum

## General Description:

Conventional Conforming fixed rate principal and interest level-payments for the life of the loan.

Effective for all loans locked on or after **February 1, 2024**

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## APPRAISAL

### General Guidelines

- As determined by DU or LPA
- UAD (Uniform Appraisal Data) compliant appraisals are required. Refer to the [Appraisal Standards & Guidelines](#) chapter for UAD Requirements.
- All Conventional appraisals must be AIR compliant.
  - Transferred appraisals are permitted with Delegated Underwriting. Transferred appraisals will not be permitted on loans underwritten by Citizens.
- If the subject property is located in a FEMA Disaster Area, refer to the “Disaster Requirements” Chapter of this manual for a current listing of counties and additional requirements.
- A full appraisal is required in the following scenarios regardless of AUS findings:
  - The subject is a mixed-use property
- Appraisal re-use for a subsequent transaction:
  - Lenders must follow the parameters of the Fannie Mae or Freddie Mac Selling Guide, as applicable.
- Desktop Appraisals: Refer to the [Appraisal Standards & Guidelines](#) chapter

### Appraisal Waiver

#### DU - Value Acceptance per DU findings

DU - Value Acceptance Ineligible:

- Two- to four-unit properties;
- Homestyle Renovation and Homestyle Energy;
- Transactions with an escrow holdback;
- Transactions with a gift of equity;
- Texas 50(a)(6) transactions;
- Loans in which the value of the subject property entered in DU is \$1,000,000 or greater;
- Leasehold properties or properties with resale restrictions;
- Loans for which rental income from the subject property is being used in qualifying;
- Construction-to-permanent loans; and
- Rural High-Needs Appraisal Waiver, Affordable LTV Option

#### DU - Value Acceptance + Property Data (Delegated Transactions Only) - Per DU Findings

DU - Value Acceptance + Property Data Ineligible

- Non-delegated transactions;

- Two- to four-unit properties;
- Condominium;
- HomeStyle Renovation and HomeStyle Energy;
- Transactions with a gift of equity;
- Texas 50(a)(6) transactions;
- Loans in which the value of the subject property entered in DU is \$1,000,000 or greater;
- Leasehold properties or properties with resale restrictions;
- Loans for which rental income from the subject property is being used in qualifying; and
- Construction-to-permanent loans

DU Value Acceptance + Property Data Underwriting Requirements (Delegated Transactions Only)  
 Lenders must follow the applicable requirements in the [Fannie Mae Selling Guide](#)

**DU - Hybrid Appraisal - Ineligible**

**LPA - ACE Appraisal Waiver Per LPA Findings**

Transaction	Occupancy	LTV/TLTV
Purchase	Primary Residence/Second Home	80%
No cash-out refinance	Primary Residence/Second Home	90%

- LPA - Appraisal Waiver Ineligible:
- Two- to four-unit properties;
  - Renovation Mortgages;
  - Construction conversion;
  - FHLMC Enhanced Relief Refinance Mortgages;
  - CHOICE Renovation and GreenCHOICE;
  - Mortgages where the property owner at the time of sale is a lender of government entity;
  - Non-arm's length transactions;
  - Texas 50(a)(6) transactions;
  - Loans in which the sales price or value entered into LPA is > \$1,000,000;
  - Leasehold properties;
  - Properties with resale restrictions other than age-based restrictions
  - Rental income for an ADU on a subject 1-unit Primary residence to qualify the borrower; and
  - Properties where the Lender determines an appraisal is warranted due to items including, but not limited to:
    - A contaminated site or hazardous substance exists which affects the subject property or the neighborhood where the property is located.
    - Adverse physical property conditions that are apparent based upon the review of the sales contract, property inspection, disclosure by the borrower, or other evidence.

**ACE + PDR Eligible (Available for Delegated Transactions Only)**  
 Per LPA findings with the following parameters

Transaction Type	Occupancy	Maximum LTV/TLTV
Purchase	Primary Residence/Second Home	80%
No cash-out refinance	Primary Residence/Second Home	90%
Cash-out refinance	Primary Residence	70%
	Second Home	60%

**ACE + PDR Ineligible (regardless of LPA findings)**

- Non-Delegated transactions;
- Loans for which an appraisal has already been obtained;
- Renovation Mortgages;
- Construction conversion;
- CHOICE Renovation and GreenCHOICE;
- Loans with the subject property estimate of value greater than \$1,000,000;
- Texas 50 (a)(6) transactions;
- Investment properties;
- 2-4-unit properties;
- Investment properties;

	<ul style="list-style-type: none"> <li>• Leasehold estates;</li> <li>• Loans subject to resale restrictions, other than income based;</li> <li>• Transactions that are utilizing rental income generated from an ADU on a subject 1-unit primary residence for qualifying;</li> <li>• Construction-to-permanent transactions;</li> <li>• Non-arm's length transactions;</li> <li>• Mortgages where the property owner at the time of sale is a lender of government entity; and</li> <li>• Seller-Owned Modified Mortgages that are HomePossible Mortgages</li> </ul> <p><b>ACE + PDR Underwriting Requirements (Delegated Lenders Only)</b></p> <ul style="list-style-type: none"> <li>• Lenders must follow the applicable requirements in the <a href="#">Freddie Mac Seller Guide</a>.</li> </ul>
<b>ASSUMABILITY</b>	<ul style="list-style-type: none"> <li>• Not assumable</li> </ul>
<b>BORROWERS (ELIGIBLE/INELIGIBLE)</b>	<p><b>Eligible</b></p> <ul style="list-style-type: none"> <li>• Individuals only</li> <li>• Co-Signers are permitted</li> <li>• Inter vivos or "Living" revocable trusts permitted on all occupancy types</li> <li>• Illinois Land Trusts. (Multiple trusts not permitted). Refer to <a href="#">Loan Documentation Guidelines</a>.</li> <li>• Social Security number required. A Tax I.D. Number will not be acceptable</li> <li>• Permanent Residents - Refer to the <a href="#">Non-U.S. Citizen Borrower Guidance document</a></li> <li>• Non-Permanent Residents - Refer to the <a href="#">Non-U.S. Citizen Borrower Guidance Document</a></li> </ul> <p>Non-Delegated Only: All Non-Permanent Residents must have a minimum 2-year history of residency.</p> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>• Foreign nationals</li> <li>• Borrowers with diplomatic immunity</li> <li>• Borrowers without social security numbers</li> <li>• Land Trusts, except Illinois</li> <li>• More than 4 borrowers per transaction</li> </ul>
<b>CASH RESERVES</b>	<ul style="list-style-type: none"> <li>• 1-4 Unit(s) Primary Residence - as determined by AUS.</li> <li>• Second Homes and Investment Properties:             <ul style="list-style-type: none"> <li>○ <b>DU</b> <ul style="list-style-type: none"> <li>▪ DU determines the reserves required for the subject property.</li> <li>▪ If the borrower owns any additional financed properties, the reserves for the additional financed properties are per AUS</li> <li>▪ Refer to <a href="#">Number of Loans/Number of Properties Owned/Financed</a> for additional requirements.</li> </ul> </li> <li>○ <b>LPA</b> <ul style="list-style-type: none"> <li>▪ LPA determines the reserves required for the subject property.</li> <li>▪ If the borrower owns any additional financed properties, the reserve requirements are as follows:                     <ul style="list-style-type: none"> <li>- 1-6 Financed Properties:                             <ul style="list-style-type: none"> <li>• Two (2) months of the monthly payment amount on each additional second home and/or 1-4-unit investment property that is financed and on which the borrower is obligated.</li> </ul> </li> <li>- 7-10 Financed Properties:                             <ul style="list-style-type: none"> <li>• Eight (8) months of the monthly payment amount on each additional second home and/or 1-4-unit investment property that is financed and on which the borrower is obligated</li> </ul> </li> </ul> </li> </ul> </li> <li>○ Refer to <a href="#">Number of Loans/Number of Properties Owned/Financed</a> for additional requirements.</li> </ul> </li> </ul>

<b>CLOSING REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• Interest credit permitted; loan must fund by the 10th calendar day of the month preceding the first payment date.</li> <li>• Limited Power of Attorney permitted.</li> <li>• A minimum of 6 months chain of title as evidenced by the title commitment satisfactory to Citizens review.</li> <li>• Borrowers can pay up to 2% of the loan amount toward the payment of common and customary fees paid outside of closing. These “common and customary” fees include: credit report fees, appraisal fees, lock fees, registration fees, origination fees, and commitment fees.</li> <li>• Payment of fees paid outside of closing by borrower’s credit card. Refer to the <a href="#">Underwriting</a> section.</li> <li>• In jurisdictions where real estate property taxes are paid in arrears, the seller typically provides a pro-rated real estate tax credit to the borrower at closing. This credit represents real estate property tax amounts not yet due and payable but assessed during the time the seller owned the property. Pro-rated real estate tax credits have no impact on the borrower’s minimum cash down payment requirement (even if they result in cash back to the borrower at closing), provided the borrower has otherwise met the minimum down payment requirement from his or her own funds.</li> </ul>
<b>CONDOS/PUDS</b>	<ul style="list-style-type: none"> <li>• Refer to the following for guidelines, requirements and forms:             <ul style="list-style-type: none"> <li>◦ <a href="#">Appraisal Standards &amp; Guidelines</a>.</li> <li>◦ <a href="#">Fannie Mae 1076/Freddie Mac 476</a> (includes new agency addendum)</li> <li>◦ <a href="#">Correspondent National Bulletin 2021-45 and 2021-57</a></li> </ul> </li> </ul>
<b>CONSTRUCTION-TO-PERMANENT</b>	<ul style="list-style-type: none"> <li>• Refer to the <a href="#">Appraisal Standards &amp; Guidelines</a> Chapter for Requirements.</li> </ul>
<b>CREDIT HISTORY</b>	<ul style="list-style-type: none"> <li>• As determined by AUS</li> <li>• In most instances, DU or LPA feedback will apply as it relates to payment of collections/judgments.</li> <li>• Citizens will require payment of open collection/judgment or any item regardless of AUS feedback if Citizens lien position could be negatively impacted.</li> </ul> <p><b>Bankruptcy - DU</b></p> <ul style="list-style-type: none"> <li>• Chapter 13             <ul style="list-style-type: none"> <li>◦ Two years from the discharge date, or</li> <li>◦ Four years from the dismissal date.</li> <li>◦ Extenuating circumstances: Waiting period and documentation regarding the circumstances and the timing of the event must be documented per the Fannie Mae selling guide requirements.</li> </ul> </li> <li>• Non-Chapter 13             <ul style="list-style-type: none"> <li>◦ Four year waiting period is required, measured from the discharge or dismissal date of the bankruptcy action.</li> <li>◦ Extenuating circumstances: Waiting period and documentation regarding the circumstances and the timing of the event must be documented per the Fannie Mae selling guide requirements.</li> </ul> </li> <li>• Multiple Bankruptcy Filings             <ul style="list-style-type: none"> <li>◦ For a borrower with more than one bankruptcy filing within the past seven years, a five-year waiting period is required measured from the most recent dismissal or discharge date.</li> </ul> </li> <li>• Waiting Period             <ul style="list-style-type: none"> <li>◦ DU will measure the waiting period from the date of the credit report and read the public record information.                 <ul style="list-style-type: none"> <li>▪ The waiting period begins on the discharge or dismissal date (as applicable) and ends on the disbursement date of the new loan.</li> <li>▪ DU does not have the disbursement date; therefore, DU uses the credit report to measure whether the applicable waiting period has been met.</li> <li>▪ Since the credit report may not result in an accurate calculation of the waiting period (it is earlier than the disbursement date), the disbursement date may be used to confirm the applicable waiting period has been met.</li> </ul> </li> </ul> </li> </ul> <p><b>Bankruptcy - LPA</b></p>

- For Accept recommendations, the significance of the derogatory information has already been considered by LPA.

**Foreclosure, Deed in Lieu of Foreclosure, Pre-Foreclosure Sales/Short Sales and Charged-off Mortgage Accounts**

- Regardless of AUS recommendation, the credit guidelines below for Foreclosure, Deed-in-Lieu of Foreclosure, Pre-Foreclosure Sales, Short Sales, Charged-off Mortgage Accounts or Short Payoff/Restructured loans must be met as automated underwriting systems may not detect the presence of these items.
- Lenders are responsible for reviewing the credit report, loan application, preliminary title opinion, and any other information in the loan file for the possible presence of these items.

Event	DU	LPA
<p><b>Foreclosure</b> Legal proceeding in which a servicer obtains a court ordered termination of a borrower's equitable right of redemption or ownership.</p>	<p>A seven-year waiting period is required. (measured from the completion date as reported on the credit report or other foreclosure documentation). Foreclosure and BK on the same mortgage: If a mortgage debt was discharged through a bankruptcy, the bankruptcy waiting periods may be applied if the appropriate documentation is obtained to verify that the mortgage obligation was discharged in the bankruptcy. Otherwise, the greater of the applicable bankruptcy or foreclosure waiting periods must be applied. Extenuating circumstances: waiting period and documentation regarding the circumstances and the timing of the event must be documented per the Fannie Mae selling guide requirements.</p>	<p>For Accept recommendations, the significance of the derogatory information has already been considered.</p>
Event	DU	LPA
<p><b>Deed-in-Lieu of Foreclosure</b> A transaction in which the deed to the property is transferred back to the servicing lender to avoid foreclosure proceedings.</p>	<p>A four-year waiting period is required from the completion date of the event as reported on the credit report or other satisfactory documentation, regardless of LTV. Extenuating circumstances: waiting period and documentation regarding the circumstances and the timing of the event must be documented per the Fannie Mae selling guide requirements.</p>	<p>For Accept recommendations, the significance of the derogatory information has already been considered.</p>
<p><b>Pre-Foreclosure Sales/Short Sales</b> The servicer agrees to the sale of the property by the borrower to the third party for less than the amount owed to satisfy a mortgage.</p>	<p>A four-year waiting period is required from the completion date of the event as reported on the credit report or other satisfactory documentation, regardless of LTV. Extenuating circumstances: waiting period and documentation regarding the circumstances and the timing of the event must be documented per the Fannie Mae selling guide requirements.</p>	<p>For Accept recommendations, the significance of the derogatory information has already been considered.</p>
<p><b>Charged-off Mortgage Accounts</b></p>	<p>A four-year waiting period is required from the completion date of the event as reported on</p>	<p>For Accept recommendations, the</p>

	<p>Occurs when a creditor has determined that there is little (or no) likelihood that the mortgage debt will be collected. A charge-off is typically reported after an account reaches a certain delinquency status and is identified on the credit report with a manner of payment (MOP) code of "9."</p>	<p>the credit report or other satisfactory documentation, regardless of LTV.</p> <p>Extenuating circumstances: waiting period and documentation regarding the circumstances and the timing of the event must be documented per the Fannie Mae selling guide requirements.</p>	<p>significance of the derogatory information has already been considered</p>
	<p><b>Short Payoff/ Restructured Loans</b> Occurs when the terms of the original transaction have been changed, resulting in the absolute forgiveness of debt or a restructure of debt through either a modification of the original loan or origination of a new loan that result in:</p> <ul style="list-style-type: none"> <li>• Forgiveness of a portion of principal and/or interest on either the first or second mortgage</li> <li>• Application of a principal curtailment by or on behalf of the investor to simulate principal forgiveness,</li> <li>• Conversion of any portion of the original mortgage debt to a "soft" subordinate mortgage, or</li> <li>• Conversion of any portion of the original mortgage debt from secured to unsecured.</li> </ul>		<p><b>Short Payoffs</b> Refinance loans submitted with payoff letters that are significantly less than the outstanding balance on the credit report or with documentation concerning the short payoff approval from the lender are ineligible.</p> <p><b>Restructured Loans</b> All transactions: No waiting period is required if the borrower has a previous restructured/modified loan in their credit history with AUS approval. Refer to the <a href="#">Underwriting</a> section for borrowers purchasing a property being sold as a short sale.</p>
<p><b>CREDIT SCORES</b></p>	<p>Refer to the <a href="#">Conforming Standard Fixed Rate Matrix</a> for minimum credit scores.</p> <ul style="list-style-type: none"> <li>• Credit scores are required on the credit report for all borrowers and co-borrowers.</li> <li>• If three scores are provided, the middle score will be used. <ul style="list-style-type: none"> <li>◦ If two of the three scores are the same, the duplicate score will be used to qualify.</li> </ul> </li> <li>• If two scores are provided, the lower of the two scores are used.</li> <li>• One valid score is acceptable as long as: <ul style="list-style-type: none"> <li>◦ The borrower has sufficient credit history.</li> <li>◦ Collection accounts cannot be considered as valid trade lines when establishing sufficient credit history.</li> <li>◦ Credit data is available from one repository.</li> <li>◦ A credit score is obtained from that repository.</li> <li>◦ There is a valid AUS approval.</li> </ul> </li> <li>• The lowest of the scores for the borrower or co-borrower, as determined by the credit report, will be viewed as the credit score for the loan file.</li> </ul>		

<b>DOCUMENTATION</b>	<ul style="list-style-type: none"> <li>• As determined by DU or LPA.</li> <li>• Current paystubs as required per the AUS findings may be obtained after closing, but must be delivered to Citizens prior to loan purchase.</li> <li>• IRS form 4506-C must be signed at closing and included in the file, for personal and business tax returns, if business tax returns are applicable.</li> <li>• Refer to <a href="#">Underwriting</a> for 4506-C.</li> <li>• When signed income tax returns are required, IRS validated transcripts are acceptable in lieu of the live signature requirement.</li> <li>• Payoff statements are required to be in each loan file on all refinance transactions, regardless of AUS findings.</li> <li>• In addition to photocopies and facsimiles, any available technology may be used to produce copies of documents in the file, such as document scanners or cameras. Copies of documents provided by the borrower may be photos or scanned versions of the originals and may be delivered by the borrower through email or other electronic means.</li> </ul>
<b>DOWN PAYMENT/ CLOSING COSTS</b>	<ul style="list-style-type: none"> <li>• As determined by DU or LPA.</li> <li>• Refer to <a href="#">Gifts</a>.</li> </ul>
<b>ESCROW HOLDBACKS</b>	<ul style="list-style-type: none"> <li>• Refer to the <a href="#">Appraisal Standards &amp; Guidelines</a> Chapter for complete guidelines.</li> <li>• Non-bank Correspondent Lenders may manage repair escrow funds up to a total of \$1,000. <ul style="list-style-type: none"> <li>◦ Any amount greater than \$1,000 must be managed by an escrow agent or title company.</li> </ul> </li> <li>• Correspondent Bank lenders may manage the funds regardless of the repair escrow amount.</li> </ul>
<b>ESCROWS</b>	<ul style="list-style-type: none"> <li>• Required if LTV &gt; 80%, except where prohibited by state law.</li> <li>• Escrow waivers permitted with LTVs ≤ 80%.</li> </ul>
<b>GEOGRAPHIC RESTRICTIONS</b>	<ul style="list-style-type: none"> <li>• Refer to the website for state specific <a href="#">Geographic Restrictions</a>.</li> </ul>
<b>GIFTS</b>	<ul style="list-style-type: none"> <li>• Gifts are permitted on primary residences and second homes, per DU or LPA.</li> <li>• Minimum Borrower Contribution Requirements: Follow standard agency guidelines</li> <li>• Donated gifts or grant funds from acceptable entities are generally an acceptable source of funds to use to pay for or supplement part of the closing costs or part of the financial reserves on primary residences only. <ul style="list-style-type: none"> <li>◦ Acceptable entities include: <ul style="list-style-type: none"> <li>▪ Churches</li> <li>▪ Municipalities</li> <li>▪ Non-profit Organization (excluding credit unions)</li> <li>▪ Public Agencies</li> </ul> </li> <li>◦ Unacceptable entities include: <ul style="list-style-type: none"> <li>▪ Funds provided by a grant from a Non-profit Organization funded by a builder, lender, or property seller.</li> </ul> </li> </ul> </li> </ul> <p><b><u>Documentation</u></b></p> <ul style="list-style-type: none"> <li>• The document validating the donated gift or grant must indicate that repayment of the gift or grant is not expected and how the funds will be transferred to the borrower, lender, or closing agent. Either of the following documents is acceptable: <ul style="list-style-type: none"> <li>◦ A copy of the letter awarding the gift or grant to the borrower, or</li> <li>◦ A copy of the legal agreement specifying the terms and conditions of the gift or grant.</li> </ul> </li> <li>• The amount of the grant and the donor's mailing address must be present. The grant must also be shown on the Closing Disclosure. The transfer of the donated gift or grant must be documented with a copy of the donor's cancelled check, a copy of the Closing Disclosure showing receipt of the funds or similar evidence.</li> <li>• The gift may be provided by a relative, domestic partner, or fiancé/fiancée only. <ul style="list-style-type: none"> <li>◦ A relative is defined as a borrower's spouse, child or other dependent, or any individual related by blood, marriage, adoption or legal guardianship.</li> </ul> </li> <li>• Executed gift letter is required and evidence of the transfer of funds to the borrower by one of the following:</li> </ul>

	<ul style="list-style-type: none"> <li>○ Copy of the donor’s withdrawal slip and t borrower’s deposit slip in the amount of the gift,</li> <li>○ Copy of the donor’s cancelled check and the borrower’s deposit slip in the amount of the gift,</li> <li>○ Copy of the donor’s check to the closing agent.</li> </ul> <p><b>Note:</b> If the funds have not been transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of a certified check, a cashier’s check, or other official check, and must be evidenced on the Closing Disclosure.</p> <p><b>Gift of Equity</b></p> <ul style="list-style-type: none"> <li>• Gift of equity is permitted on the purchase of a primary residence or second home. <ul style="list-style-type: none"> <li>○ A 1004, 1025, or 1073 is required for transactions involving a gift of equity.</li> <li>○ The subject property sales price must not exceed the market rate as determined by the appraisal.</li> <li>○ The LTV should be based on the lesser of the purchase price or appraised value.</li> <li>○ The gift may not be deducted from the sales price before calculating the LTV.</li> <li>○ No cash may change hands; instead, the seller agrees to donate a portion of the equity in the subject property in lieu of all or a portion of the down payment.</li> <li>○ All gift policy criteria must be met.</li> <li>○ The relative may not be, or have any affiliation with the builder, developer, real estate agent or any other interested party to the transaction.</li> <li>○ The gift of equity must be shown as a credit on the Closing Disclosure and the dollar amount of the gift must match the amount on the gift letter.</li> </ul> </li> </ul>
<b>INVESTMENT PROPERTIES</b>	<p><b>General Guidelines</b></p> <ul style="list-style-type: none"> <li>• 1-4 Unit(s) properties permitted. Refer to the <a href="#">Conforming Standard Fixed Rate Matrix</a> for minimum credit score requirements.</li> <li>• Copy of fully executed lease agreement (if applicable) for all purchases and refinances.</li> <li>• Borrower’s that are purchasing an investment property but do not own a primary residence require must follow the applicable agency requirements.</li> </ul> <p><b>Rental Income</b></p> <ul style="list-style-type: none"> <li>• Rental income and bedroom count must be captured on all 1-4 unit investment properties and all owner occupied 2-4 units properties regardless of the AUS, appraisal type (including appraisal waivers), and regardless of whether the borrower uses rental income to qualify. Refer to the <a href="#">Appraisal</a> section.</li> </ul> <p><b>1031 Tax Deferred Exchange</b></p> <ul style="list-style-type: none"> <li>• Follow standard agency documentation requirements</li> <li>• Reverse exchanges are not permitted because the borrower is not on title to the property at the time of closing.</li> </ul> <p><b>Ineligible Transactions</b></p> <ul style="list-style-type: none"> <li>• Gifts</li> <li>• Purchase new construction Non-Arm’s Length transactions</li> </ul>
<b>LEASEHOLD</b>	<ul style="list-style-type: none"> <li>• Permitted per Fannie Mae/Freddie Mac guidelines. All leasehold documents must be submitted with the loan file.</li> <li>• Lease term must have a remaining term of 5 years past the maturity date of the loan.</li> <li>• Appraisal to show market acceptance of leasehold estates.</li> </ul>
<b>LEGAL DOCUMENTATION</b>	<ul style="list-style-type: none"> <li>• Fannie Mae/Freddie Mac Multi-state Fixed Rate Note form 3200 or applicable state specific note.</li> <li>• Fannie Mae/Freddie Mac standard Riders as applicable.</li> </ul>
<b>LOAN TERM</b>	<ul style="list-style-type: none"> <li>• 10, 15, 20, 25 and 30 years</li> </ul>



**MAXIMUM/ MINIMUM  
LOAN AMOUNT**

**Maximum Loan Amount**

Units	Contiguous States	Alaska	Hawaii
1	\$766,550	\$1,149,825	\$1,149,825
2	\$981,500	\$1,472,250	\$1,472,250
3	\$1,186,350	\$1,779,525	N/A
4	\$1,474,400	\$2,211,600	N/A

**Minimum Loan Amount**

- None

**MI CONTRACT  
UNDERWRITING**

- Refer to the [MI Contract Underwriting](#) chapter for additional information and eligibility.

**MORTGAGE INSURANCE**

**General Guidelines**

- Genworth, Essent, MGIC, ARCH MI (Formerly CMG), UGIC, RADIAN, and NMI.
- For all New York transactions, Lenders must follow Agency guidelines.

**Standard MI Coverage**

LTV Ranges	10-20 Year Terms	21-30 Year Terms
90.01 - 95%	25%	30%
85.01 - 90%	12%	25%
80.01 - 85%	6%	12%

**Borrower Paid Mortgage Insurance**

- Eligible:
  - Borrower Paid Monthly MI
  - Borrower Paid Single Premium
- Ineligible:
  - Reduced MI
  - Minimum Mortgage Insurance Coverage Level
  - Lower cost
  - Custom MI

**Financed MI**

- The use of financed single premium mortgage insurance requires two different calculations of the LTV ratio.
  - The LTV is initially calculated, based on the base loan amount prior to the addition of the FSPMI, to determine how much mortgage insurance coverage is required.
  - The LTV is then calculated, based on the loan amount after the addition of the FSPMI, to determine the final LTV and pricing for mortgage eligibility. This LTV must not exceed the program maximum.
- Eligible:
  - 1-unit Primary Residence or Second Home
  - Purchase or Rate/Term
- Ineligible:
  - Investment Properties
  - 2-4-unit properties
  - Cash-out refinances

**Split Premium Mortgage Insurance**

- Split Premium Mortgage Insurance is an alternative method of payment of mortgage insurance consisting of two parts; an Upfront and a Monthly Premium. The upfront premium is due at closing while the monthly premium is billed with the first payment due.

	<ul style="list-style-type: none"> <li>○ The upfront premium may be paid by the borrower, lender, seller, builder or realtor. Interested Party/Seller contribution limits apply; please refer to the <a href="#">Seller/IPC Contributions</a> section for details.</li> <li>○ The upfront premium is non-refundable.</li> <li>• Eligible:             <ul style="list-style-type: none"> <li>○ 1-Unit Primary Residences/Second Homes</li> <li>○ Purchase and rate term refinances transactions only</li> </ul> </li> <li>• Ineligible:             <ul style="list-style-type: none"> <li>○ Loans with temporary buydowns</li> <li>○ Lower cost, Financed or Custom MI is not permitted even if permitted by the AUS findings</li> </ul> </li> </ul> <p><b><u>Lender Paid Mortgage Insurance (LPMI)</u></b></p> <ul style="list-style-type: none"> <li>• Under this feature, the Lender pays the one-time premium for the borrower by building the premium into the borrowers' interest rate.</li> <li>• The one-time premium LPMI policy must be Non-refundable and Non-cancelable.</li> <li>• An LPMI Disclosure is required to be signed at the time the borrower completes the initial loan application and must be in the loan file at the time of submission to Citizens for purchase.</li> <li>• MI certificate must have a single lump sum premium indicated.</li> <li>• Eligible:             <ul style="list-style-type: none"> <li>○ Primary Residence and Second Home</li> </ul> </li> <li>• Ineligible:             <ul style="list-style-type: none"> <li>○ Monthly and yearly lender paid premiums</li> <li>○ Investment properties</li> <li>○ Temporary Buydowns</li> <li>○ Custom MI is not acceptable</li> </ul> </li> </ul>
<p><b>NON-OCCUPANT CO-BORROWER</b></p>	<ul style="list-style-type: none"> <li>• As permitted per DU or LPA on primary residence only.</li> <li>• Non-occupant co-borrower may either be an immediate family member or a non-family member as long as there is an established relationship and motivation not including equity participation for profit. The non-occupant co-borrower must execute the Note if their income is used for qualification. They must also execute the Deed of Trust if they have an ownership interest in the subject property.</li> <li>• Maximum LTV: As per the <a href="#">Conforming Standard Fixed Rate Matrix</a></li> <li>• Ratios: Per AUS</li> </ul>
<p><b>NUMBER OF LOANS/ PROPERTIES OWNED/FINANCED</b></p>	<p><b><u>Number of Loans per Borrower</u></b></p> <ul style="list-style-type: none"> <li>• We will make a total of four (4) loans per borrower.</li> </ul> <p><b><u>Number of Properties Owned/Financed per Borrower</u></b></p> <ul style="list-style-type: none"> <li>• For a primary residence, there is no limit on the number of properties owned and/or financed.</li> <li>• For second homes and investment properties:             <ul style="list-style-type: none"> <li>○ 1-6 financed properties: Standard eligibility requirements apply.</li> <li>○ 7-10 financed properties: Minimum FICO of 720 is required.</li> </ul> </li> <li>• Refer to the <a href="#">Cash Reserves</a> section.</li> </ul>
<p><b>OCCUPANCY</b></p>	<ul style="list-style-type: none"> <li>• Owner occupied primary residence, second home and investment properties</li> </ul>
<p><b>PROGRAMS AND SPECIAL FEATURES</b></p>	<p><b><u>Mortgage Credit Certificates</u></b></p> <ul style="list-style-type: none"> <li>• Citizens does not underwrite loans with an MCC.</li> <li>• Citizens will allow MCCs issued by a government entity where the subsidy is paid directly to the borrower each month or permitted as a tax credit on the borrower's tax return.</li> <li>• MCCs that are paid by the issuer directly to the servicing lender as a supplement to the borrower's monthly payment are not permitted.</li> <li>• The Lender is responsible for compliance with all requirements of the issuing authority.</li> <li>• Lenders delivering a loan with an MCC represent and warrant their responsibility for all requirements prescribed by the issuing authority. Neither Citizens nor the servicing lender will fulfill any special requirements of the issuer or the IRS, including servicing and/or reporting responsibilities.</li> </ul>

	<ul style="list-style-type: none"> <li>The documented amount of income or tax savings attributable to the MCC may be added to gross income before calculating ratios.</li> <li>Copy of the MCC documents, including the reissue certification (for refinance transactions) and associated calculations must be documented in the loan file.</li> <li>Transmittal Summary must indicate use of the MCC.</li> </ul>
<b>PROPERTY (ELIGIBLE/INELIGIBLE)</b>	<p><b>Eligible</b></p> <ul style="list-style-type: none"> <li>1-4 Unit(s) Primary Residence and Investment Properties</li> <li>Single Family Attached and Detached</li> <li>1-Unit Second Homes</li> <li>Approved Condos and PUDs. Refer to <a href="#">Geographic Restrictions</a> for ineligible lending area.</li> <li>Properties sold at auction. Refer to <a href="#">Appraisal Standards &amp; Guidelines</a> for additional information.</li> <li>Properties with an accessory dwelling unit Refer to <a href="#">Appraisal Standards &amp; Guidelines</a></li> <li>Group homes - residential structures utilized for occupancy by persons with disabilities.</li> <li>Age restricted properties</li> </ul> <p><b>Ineligible</b></p> <ul style="list-style-type: none"> <li>Manufactured housing</li> <li>Ranches, Orchards, Working Farms</li> <li>Geodesic Domes</li> <li>Properties without a permanent source of heat and, if typical for the area, cooling. Space heaters and similar sources are not considered permanent heating sources.</li> <li>Properties with right of redemption. Refer to <a href="#">Geographic Restrictions</a> for any exceptions</li> <li>Loans on Builder/Developer owned properties</li> <li>Co-ops</li> <li>Timeshares</li> <li>Houseboat Project</li> <li>Builder trade equity</li> <li>Condo/PUD projects with hotel/motel/resort type characteristics</li> <li>Properties in Hawaii Located in Lava Zones 1 or 2</li> <li>3-4-Unit properties in Hawaii</li> <li>Bed and Breakfast properties</li> <li>Boarding houses</li> <li>Earth berm</li> <li>Properties with sinkholes</li> <li>Community Land Trusts</li> <li>Container Homes</li> <li>Properties with resale restrictions (other than age restricted properties)</li> <li>Properties without any direct vehicular access (considered as unique)</li> <li>Properties with new or existing PACE (Property Assessed Clean Energy) Liens</li> <li>Properties subject to coastal tideland, wetlands or setback laws and/or regulations that prevent rebuilding of property improvements if they are damaged or destroyed.</li> <li>Properties located in area where a valid security interest in the property cannot be obtained, such as Indian Tribal Lands.</li> <li>Non-traditional or niche property types that have limited marketability, comparable property valuation capabilities, or construction.</li> </ul>
<b>QUALIFIED MORTGAGE (QM)</b>	<ul style="list-style-type: none"> <li>All loans, regardless of loan product type sold to Citizens, must conform to Qualified Mortgage (QM) guidelines per Dodd Frank regulations.</li> </ul>
<b>RATIOS</b>	<ul style="list-style-type: none"> <li>Maximum DTI as determined by AUS.</li> <li>If the transaction is new construction, the lender must use a reasonable estimate of the real estate taxes based on the value of the land and completed improvements.</li> </ul>
<b>REFINANCES</b>	<p><b>General Information</b></p> <ul style="list-style-type: none"> <li>Payoff statements are required to be in each loan file on all refinance transactions, regardless of the AUS findings.</li> <li>LPA:             <ul style="list-style-type: none"> <li>At least one borrower on the refinance mortgage was a borrower on the mortgage being refinanced; or</li> </ul> </li> </ul>

- At least one borrower on the refinance mortgage held title to and resided in the mortgaged premises as a primary residence for the most recent 12 month period and it is documented that the borrower has been making timely mortgage payments, including the payments for any secondary financing for the most recent 12-month period, or
- At least one borrower on the refinance mortgage inherited or was legally awarded the mortgaged property by a court such as a divorce, separation or dissolution of a domestic partnership.
  - o *NOTE:* A living trust may be made irrevocable by a settlor’s death. To be an eligible borrower for the refinance transaction, the borrower must continue to be a living trust that meets all applicable requirements.
- Refer to [Credit History - Short Refinance/Restructured Loan](#), if applicable

**Rate/Term (Limited Cash-Out/No Cash-Out) Refinance Transactions**

**Eligibility Requirements:**

- “Standard LCOR” must be entered in the Product Description field in order for DU to consider the loan as a standard limited cash-out refinance.
- A minimum of 30 days from the prior Note date to the application date is required when the previous transaction was a cash-out refinance.
- DU: Documented construction cost overruns that occurred outside of the interim construction loan may be included for construction-to-permanent two-time close.
- If the existing mortgage being refinanced is a HELOC in first lien position, the transaction can be treated as “no cash-out”.
- DU: At least one borrower on the new loan must be a current owner of the subject property (on title) at the time of the initial loan application. Exceptions to this policy are permitted in the following scenarios:
  - o the borrower acquired the property through an inheritance or was legally awarded the property via a legal settlement or divorce decree, or
  - o the property was previously owned by an inter vivos revocable trust and the borrower is the primary beneficiary of the trust.
- The payoff of a non-purchase money 2nd is acceptable for the transaction to be considered a rate/term refinance when the subordinate lien is being paid by funds brought to closing by the borrower, not the proceeds of the rate/term refinance.
- A Closed End Second Lien may be paid off provided it was used entirely to acquire the subject property.
  - o LPA only - The pay off or partial paydown of any junior liens that were used in their entirety to acquire the subject property. Any remaining balance must be subordinated to the first lien.
- Cash back/proceeds - The Borrower is not permitted to receive incidental cash back/proceeds in excess of:

DU	LPA
The lesser of: <ul style="list-style-type: none"> <li>• \$2000, or</li> <li>• 2% of the new principal loan amount</li> </ul>	The greater of <ul style="list-style-type: none"> <li>• \$2000, or</li> <li>• 1% of the new principal loan amount</li> </ul>
On a primary residence in Texas, the borrower is not permitted to receive any incidental cash back.	

• **Seasoning**

DU	LPA
There are no seasoning requirements for second liens that will be resubordinated.	<ul style="list-style-type: none"> <li>• The mortgage being paid off must have a Note date no less than 30 days prior to the Note date of the new loan.</li> <li>• There are no seasoning requirements for second liens that will be re-subordinated.</li> </ul>

**Ineligible Rate/Term Transactions**

- The following transactions are ineligible as rate/term refinances:
  - No outstanding first lien on the subject property.
  - A transaction is not eligible for a limited cash-out refinance if the borrower completed a cash-out refinance transaction with a note date 30 days or less prior to the application date of the new refinance secured by the same property.
  - The proceeds are used to pay off a subordinate lien not used to purchase the property.
  - Including the payoff of a PACE lien in the new rate/term refinance loan.
  - Properties listed for sale. Refer to [Properties Listed for Sale](#) in the section below.
  - Refer to [Short Payoffs/Restructured Loans](#).
  - DU:
    - Financing of delinquent real estate taxes.
    - Financing the payment of real estate taxes on a loan without establishing an escrow account.
    - A short-term refinance which combines a first mortgage and a non-purchase money subordinate lien into a new first mortgage or any refinance of that loan within six months.
  - LPA: Financed delinquent real estate taxes that exceed the permissible amount of incidental cash back.

### **Cash-Out Refinance Transactions**

- **Eligibility Requirements**
  - For a cash-out refinance Mortgage secured by a Primary Residence, all Borrowers must occupy the Mortgaged Premises.
  - Cash-Out Second Home Transactions in Texas also require the following:
    - Verification from the title company indicating the property is not the borrowers homestead.
    - The borrower must submit an affidavit indicating the property is not a homestead.
- **Seasoning Requirements**
  - DU
    - Any existing first mortgage being paid off through the transaction must be at least 12 months old as measured from the note date of the existing loan to the note date of the new loan.
    - A minimum 6 months seasoning of ownership is required on any cash-out transaction. (Calculated from the note date of the previous transaction to the new note date.)
    - The 6-month seasoning requirement does not apply in the following circumstances:
      - Delayed Financing requirements can be met, OR
      - At least one borrower inherited or was legally awarded the subject property (by divorce, separation or dissolution of a domestic partnership).
      - The time held in an LLC that is controlled or majority owned by the borrower(s) may count toward the borrower's six-month ownership requirement.
  - LPA
    - When the proceeds of a cash-out refinance are used to pay off a first lien mortgage, the first lien mortgage being refinanced must be seasoned for at least 12 months (at least 12 months must have passed between the Note Date of the loan being refinanced and the Note Date of the new cash-out refinance loan as documented in the loan file on the credit report or title commitment).
    - The requirement that the loan being refinanced must be seasoned for at least 12 months does not apply when:

- The cash-out refinance is a special purpose cash-out (Buy-Out of Owners interest), OR
- The first mortgage being refinanced is a Home Equity Line of Credit (HELOC)
- Construction Conversion and Renovation Mortgages
- Cash-out Refinance on property owned free and clear
  - At least one borrower must have been on the title to the subject property at least six months prior to the Note Date.
    - If the property has been owned by an LLC or Limited Partnership (LP) that is majority-owned or controlled by at least one borrower since the date the property was acquired, the time it was held by the LLC or LP may be counted towards meeting the six-month ownership requirement.
      - The title must be transferred into the borrower's name on or before to the Note date.
    - If the property is a leasehold estate, at least one borrower must have been the lessee on the ground lease or lease agreement of the subject leasehold estate for at least six months.

#### Delayed Financing

- For DU loans Refer to the Fannie Mae Selling Guide B2-1.2-03
- LPA Loans: Refer to the FHLMC Selling Guide 4301.5

#### Ineligible Cash-Out Transactions

- Cash-Out seasoning requirements as shown above are not met.
- Properties listed for sale. Refer to [Properties Listed for Sale](#) in the section below.
- Refer to [Short Payoffs/Restructured Loans](#).
- Payoff of a Contract for Deed/Land Contract is not permitted.
- DU:
  - The new loan amount includes the financing of real estate taxes that are more than 60 days delinquent and an escrow account is not established.

#### Texas Refinances

The following financing options apply to all first mortgage liens on owner-occupied properties in the state of Texas, which are defined as follows:

- **Rate-Term Refinance:** A rate-term refinance is considered exempt from the Section 50(a)(6) provisions by the State of Texas.
- **Home Equity/Texas Cash-Out Refinance:** This transaction is subject to the Texas Section 50(a)(6) provisions. Refer to the [Texas Cash-Out Product Description](#).
- **Texas 50(f)(2) Refinance of an Existing Texas Home Equity Transaction:** All of the following requirements must be met to be considered as a standard refinance transaction:
  - At least one year has elapsed (measured from the recording date of the current (a)(6) loan to the new (f)(2) note date) since the Texas Home Equity loan was closed, AND
  - The LTV may not exceed 80% based on the property's appraised value, AND
  - The borrower receives the required disclosure no later than the 3rd business day after the receipt of the loan application and at least 12 days before the loan is closed.
- **Cash-Out - Other Purposes (Agency):** Transactions that are not classified as a Texas 50(a)(6) or a 50(f)(2)
  - If a borrower is paying off a non-Texas 50(a)(6) home improvement subordinate lien
  - Equity Buyout - LPA (refer to Buyout of an Owner's Interest below)
  - Federal Tax liens attached to the homestead property that will be included in the new loan
- **Buyout of an Owner's Interest:** Must meet Fannie Mae or Freddie Mac requirements, as applicable

- All refinance requirements for the transaction type must be met
- DU:
  - Must be approved via DU and originated as a rate/term refinance.
- LPA (special purpose refinance):
  - Must be approved via LPA and originated as a cash-out refinance.
  - Except in the case of recent inheritance of the subject property, both parties must provide evidence that they occupied the property as their principal residence (e.g., driver's license, bank statement, credit card bill, utility bill, etc.).

**Properties Listed for Sale**

- The following requirements apply:
  - A copy of the cancelled listing must be included in the loan file.
  - For principal residence transactions, the borrower(s) must confirm their intent to occupy the subject property.
  - Seasoning and LTV Requirements:
    - Rate/term refinance: The property must be taken off the market on or before the disbursement date of the new mortgage.
    - Cash-out Refinance: The property must be taken off the market prior to the disbursement date of the new mortgage.
    - Satisfactory evidence the listing has been cancelled should be documented in the file.

**RENOVATION LOANS**

- Delegated underwriting only
- DU - follow the Fannie Mae Selling Guide requirements for HomeStyle Renovation
- LPA - follow the Freddie Mac Selling Guide requirements for CHOICE Renovation
- Condominiums - the proposed renovation work must be permissible under the HOA bylaws
- All property renovations must be fully completed prior to purchase by Citizens.
  - 1004D and photos of completed renovations must be in the file.
- Citizens must be provided with a title policy update through the date of the completed renovations to ensure there are no outstanding mechanics liens or materialmen's liens.

**SELLER/IPC CONTRIBUTIONS**

Owner-Occupied & Second Home		Investment Property	
LTV/CLTV	Max Contribution	LTV/CLTV	Max Contribution
> 90%	3%	All CLTVs	2%
≤ 90% and > 75%	6%		
≤ 75%	9%		

**Payment Abatements**

- Loans with payment abatements are not permitted.
  - HOA fees paid by an interested party in excess of 12 months are considered a payment abatement, even if within the Interested Party Contribution (IPC) limit.

**HOA Subsidies**

- Up to 12 months of HOA dues may be paid by an interested party.
  - Total amount paid may not exceed the maximum interested party contributions for the transaction.

**Seller Rent Backs**

- Maximum rent back period is 60 days per the security instrument.

**SUBORDINATE FINANCING**

**Subordinate Financing Other Than Community Seconds**

- Must meet all Fannie Mae/Freddie Mac guidelines.
- The subordinate lien must be recorded and clearly subordinate to the first mortgage.
- The loan term of the subordinate financing must be at least 5 years for new subordinate financing.
  - Existing HELOCs may be resubordinated with lesser terms

- The payment for subordinate financing must be included in the calculation of the borrower's qualifying ratio.
- HELOC monthly obligations to be calculated based on the outstanding drawn balance or as evidenced by the credit report or current statement.
- The terms of the subordinate financing may not provide for a balloon or call option within the first five year after the Note date of the first Mortgage. (For HELOCs, the monthly payment does not have to remain constant.)
- If the first mortgage has an interest rate buydown, the payment for subordinate financing must be fixed.
- New Neighborhood Stabilization Program (NSP) liens are not permitted on any transaction type.
  - Refinance transactions: An existing NSP lien may be resubordinated within the allowable program parameters.
- Institutional Closed End Second/HELOC permitted on all loan terms.

#### Community/Affordable Seconds:

- DU Maximum CLTV: 105%
- LPA Maximum CLTV: 95% (per the program and Freddie Requirement)
- May not be funded by the property seller or any other interested party to the transaction.
- Resale restrictions are not permitted.
  - Recorded resale restrictions may include but are not limited to option agreements or local ordinances that impose restrictions.
- Refer to Down Payment within this Product Description for minimum borrower contribution requirements.
- Review Requirements: NOTE: If a Community Seconds Checklist is used, Lenders must use Citizens form ([Affordable/Community Seconds Checklist](#)) and not the Fannie Mae version.
  - Review of all documents applicable to the program:
    - The promissory note
    - The security instrument,
    - Program Description
    - Any other applicable documents
    - The Community Second must be clearly subordinated to the first mortgage lien.
    - The documentation must allow the holder of the first mortgage to foreclose and be clear of all interests of the Community Second provider
    - Refer to [Repayment Requirements](#) below.
- Eligible Community Seconds Mortgage Providers:
  - A federal agency, state, county, or similar subdivision of a state.
  - Any city, town or village or borough of a state that
    - has a local government and that has been created by a special legislative act
    - Has been otherwise individually incorporated or chartered pursuant to state law, or
    - Is recognized as such under the constitution or by laws of the state in which it is located.
  - State or local housing finance agency
  - Nonprofit organization exempt from taxation under Section 501 (c )(3) of the IRS code.
  - A regional Federal Home Loan Bank under one of its affordable housing programs
  - Employer
- Ineligible Community Seconds Providers:
  - Native American Tribes
- Repayment Requirements:
  - Repayment of the Community Seconds mortgage may be structured in any of the following ways:
    - Requiring fully amortizing, equal monthly payments; or
    - Deferring payments for some period before changing to fully amortizing, equal monthly payments; or
    - Deferring payments over the entire term, unless the mortgage is paid off or the property is sold before the maturity date of the mortgage; or
    - Forgiving the debt over time.
  - Deferred five years or more:



	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>▪ The monthly payment is not required to be included in the total expense ratio.</li> </ul> </li> <li>○ Deferred less than five years:           <ul style="list-style-type: none"> <li>▪ The monthly payment that will be required after the end of the deferral period must be included in the total expense ratio.</li> </ul> </li> <li>○ Provider's Share in Appreciation of Value or Negative Amortization are permitted if all applicable Fannie Mae or Freddie Mac requirements are met.</li> <li>○ The terms must not provide for:           <ul style="list-style-type: none"> <li>▪ A balloon or call option within the first fifteen (15) years of the first mortgage Note date or the maturity date of the first mortgage.</li> <li>▪ The interest rate may not be more than 2% higher than the interest rate of the first mortgage.</li> <li>▪ The accrued interest is assessed only as a penalty upon declaration of an event of default under the subordinate note or the security instrument.</li> </ul> </li> </ul> </li> <li>• Subsidizing the Sales Price:       <ul style="list-style-type: none"> <li>○ Not permitted.</li> </ul> </li> </ul> <p><b><u>Acceptable Documentation for all Subordinate Financing</u></b></p> <ul style="list-style-type: none"> <li>• A subordination agreement is required for all transactions.       <ul style="list-style-type: none"> <li>○ <b>Note:</b> A Renewal and Extension Exhibit/Rider is acceptable in lieu of a subordination agreement on 1-unit primary residences for Texas Rate/Term refinance transactions. Refer to <a href="#">Loan Documentation</a> for requirements</li> </ul> </li> <li>• The terms of new subordinate financing must be verified. The following sources of verification are acceptable:       <ul style="list-style-type: none"> <li>○ A copy of the Subordination Agreement and the subordinate financing Mortgage Deed of Trust and Note must be obtained; and</li> <li>○ A direct verification from the lender; or</li> <li>○ A copy of the subordinate loan statement; or</li> <li>○ A copy of the credit report (if applicable).</li> </ul> </li> <li>• New subordinate financing on LPA loans require the following additional documentation:       <ul style="list-style-type: none"> <li>○ Note or other evidence of subordinate lien terms.</li> <li>○ Closing Disclosure supporting the fees/costs paid by the borrower at closing related to the second lien.</li> <li>○ For Home Equity Lines of Credit (HELOCs), the HELOC agreement indicating all fees and costs paid by the borrower at closing, and the maximum permitted credit advance.</li> </ul> </li> <li>• Seller carried second liens are permitted on owner occupied primary residences and second home transactions.       <ul style="list-style-type: none"> <li>○ The repayment terms for any subordinate financing must provide for regular payments that cover at least interest due so negative amortization will not occur.</li> <li>○ At minimum, the interest rate should be at market rate.</li> </ul> </li> </ul> <p><b><u>HELOC</u></b></p> <ul style="list-style-type: none"> <li>• The HCLTV is calculated using the greater of the unpaid principal balance or the total line amount.</li> <li>• If the HELOC credit line has been modified, a loan modification agreement or evidence the reduced line amount has been recorded must be provided.</li> <li>• If a HELOC is being paid off with the proceeds of a refinance transaction, refer to <a href="#">Refinance Transactions</a>.</li> </ul>
<p><b>TEMPORARY BUYDOWNS</b></p>	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>
<p><b>UNDERWRITING</b></p>	<ul style="list-style-type: none"> <li>• Limited Delegated Underwriting is permitted for Approve/Eligible or Accept/Eligible only.</li> <li>• Full Delegated Underwriting is permitted.</li> <li>• Lenders should refer to their Citizens approval letter for approved delegated authority.</li> <li>• Citizens does not underwrite New York CEMA loans</li> <li>• Refer to the Prohibited Customers and Accounts information in the <a href="#">Anti-Money Laundering</a> chapter.</li> </ul> <p><b><u>Automated Underwriting Systems (AUS)</u></b></p> <ul style="list-style-type: none"> <li>• Regardless of AUS recommendation, a thorough review of credit, capacity and collateral must be considered on all loans as part of the underwriting process. An AUS recommendation does not constitute loan approval.</li> <li>• Refer to the website for state specific <a href="#">Geographic Restrictions</a>.</li> </ul>

### Resubmission Requirements

- The final loan application signed at closing must always represent the information submitted to the AUS. Resubmission requirements means loan casefiles must be resubmitted to the AUS with current and updated information.
- The following criteria will be applied to determine when a resubmission is required after the loan initially received approval and **up to and concurrent with loan closing** if the items described in the table below are discovered or disclosed.

DU RESUBMISSION POLICY	LPA RESUBMISSION POLICY
<p>Re-submit loan casefiles to DU if the result of any of the following causes the DTI to exceed 45% OR does not exceed 45% BUT increases by 3% or more than original submission:</p> <ul style="list-style-type: none"> <li>• Additional debts</li> <li>• Reduction of income</li> <li>• Debts on the credit report not listed on the application</li> <li>• Increase in the interest rate</li> </ul>	<p>Re-submit loan casefiles to LPA if any of the following exist:</p> <ul style="list-style-type: none"> <li>• Additional debts</li> <li>• Reduction of income, AND/OR               <ul style="list-style-type: none"> <li>○ The monthly debt payment including monthly housing expense increases, AND</li> <li>○ Total difference changes the Total DTI ratio by more than 3%, AND</li> <li>○ Total DTI on previous submission exceeded 45%.</li> </ul> </li> <li>• Debts on the credit report not listed on the application</li> </ul> <p>The amount of verified reserves decreases by more than 10%.</p>

### Resubmissions to DU after closing

- Resubmission to DU after the settlement date must comply with all requirements as listed in section B3-2-01 of the Fannie Mae Selling Guide.
  - All information provided in the final submission to DU must match the terms of the closed loan.
  - Loan delivery data must match both the closed loan and the data in the final submission to DU.
  - The loan casefile must receive an Approve/Eligible recommendation.
  - If a new credit report is required after closing, any additional information not included in the initial credit report must be updated on the loan application. Borrower signatures are not required as the update is taking place post closing. (Both the final signed application and the updated application must be retained in the loan file.
  - DU submission occurs no later than 180 days from the note date.
  - In some instances, a new loan casefile must be pulled for resubmission purposes. A new case file may be created to ensure all information in the final submission to DU matches the terms of the closed loan. All of the following conditions must be met:
    - All of the above conditions are met including updating the final loan application, if applicable.
    - Loan data must reflect the loan as it was closed, including occupancy type, product type, amortization, loan term, property type, loan purpose, sales price, and appraised value.
    - The loan has not yet been purchased by Citizens.
    - The original DU Findings are also retained in the loan file.
  - If any inconsistencies between the data from the closed mortgage and the data on which the final DU recommendation was based, the limited waiver of reps and warrants will not apply unless the information for the closed mortgage is corrected and is submitted to DU for evaluation.

### Resubmission to LPA after closing

- Resubmissions to LP/LPA after the settlement date must comply with Section 5101.7 of the FHLMC Selling Guide:
  - All of the information entered into LPA must be true and correct and must match the terms of the mortgage.

- LPA submission cannot occur more than 120 days after the Note Date.
- A Borrower cannot be added or deleted, or any change is being made to the Borrower's last name or Social Security Number; or
- A new credit report company cannot be selected.
- The single or joint merged credit report indicator cannot change;
- The order of Borrowers cannot change on a joint merged credit request;
- The merged credit report number must match the merged credit report number from the most recent complete transaction.

**Manual Underwriting**

- Not permitted

**General Underwriting**

- The more restrictive of Citizens or Agency requirements apply.
- Loans on Builder/Developer owned properties are not eligible.

**Purchasing a Short Sale**

- A borrower purchasing a property from a seller who is selling their home for less than the amount owed to the lender is considered a short sale. Borrowers purchasing a home that is being sold under a short sale are generally eligible provided:
  - The transaction is arms-length involving a realtor and formal sales contract.
  - There is no relationship or identity of interest between buyer and seller.
  - Short sale approval letter from all existing mortgage lien holders accepting the discounted sales price on the subject property must be provided and retained in the loan file.
  - All liens are extinguished with the sales proceeds.
  - Any earnest money deposits must be verified with a bank statement or a printout from the bank at the time the earnest money check cleared the borrower's account, regardless of amount.
  - The borrower is not involved in negotiations with the lien holder(s) to facilitate the short sale.
- There are cases where the borrower may elect to pay additional fees or payments related to acquiring the property that is typically the responsibility of the seller. In these instances, the following requirements apply:
  - The borrower must be provided with written details of the additional fees or payments. The additional funds required to complete the transaction must be documented on the purchase contract and/or addendum.
  - The servicer or servicers agreeing to the short sale must be provided with written details of the fees or payments and has the option of renegotiating the payoff amount to release the lien(s) against the subject property.
  - All parties (buyer, seller, and servicer) must provide their written agreement of the final details of the transaction, which must include the additional fees or payments.
  - The Closing Disclosure must include all fees and payments associated with the transaction.

**Note:** If the borrower pays short sale processing fees or short sale negotiation fees, the fee must be treated as a sales concession if any portion of the fee is reimbursed by an interested party to the transaction.

**Income/Employment**

- A 10-day pre-closing verification (PCV) must be completed, in accordance with Fannie Mae/Freddie Mac requirements.
  - For borrowers who are in the military, an LES (Military Leave and Earnings Statement) is acceptable in lieu of a VVOE if the LES is dated no more than 120 days prior to the note date.
  - For self-employed borrowers, the following is required:
    - Verify the existence of the borrower's business from a third party that may include a CPA, regulatory agency, or appropriate licensing bureau; or
    - Verify a phone listing and address for the borrower's business through resources such as the telephone book, directory assistance, internet, or contact the appropriate licensing bureau.

- Processor certification is not permitted.
- Follow all self-employment income analysis requirements as outlined in Fannie Mae 2014-16, which includes the following:
  - Income analysis worksheets for personal and business income
- In all cases, the lender is responsible for the accuracy of the PCV. It is acceptable for Correspondent lenders to utilize automated systems such as Talx or the Work Number. Lenders may also utilize the services of third parties, and when doing so, continue to accept full responsibility for the accuracy of the results.
- Public Assistance Housing Vouchers used in qualifying: Must be added to income and paid directly to the borrower. Follow all other agency requirements for documentation and continuance.

#### **Projected Income/Future Employment**

- Lenders must follow the parameters per the Fannie Mae or Freddie Mac Selling Guides.
  - LPA: Option 1 does not require a paystub. Option 2 is not available.
  - DU: Option 1 in the Fannie Mae requires a paystub prior to delivery, therefore Citizens requires the paystub prior to purchase. Option 2 does not require a paystub.

#### **Self-Employment Income**

- Lenders are required to follow all requirements and guidance per the Fannie Mae or Freddie Mac Selling Guides.

#### **Ineligible Income**

- Marijuana-Related (MRB)/Hemp-Related Business/Employment:
  - If a borrower identifies themselves as an owner (regardless of ownership percentage) of a Marijuana-Related/Hemp-Related business, the loan is ineligible even if the income derived from the business is not being used to qualify.
  - If the borrower is an employee of an MRB or Hemp-Related business, income from the employment cannot be used to qualify.
  - Assets: Refer to [Assets - Ineligible Assets](#) below
  - Properties where Marijuana/Hemp is being cultivated or stored for sale, regardless of its permissibility under state law, (or federal for Hemp) are not eligible.
- Cryptocurrency
  - Income that is paid to the borrower in the form of cryptocurrency may not be used in qualifying.
  - Rental income: the rental payment on the lease must be reflected in U.S dollars(may not be in virtual currency).
  - Income types that require evidence of sufficient remaining assets to establish continuance.
    - The assets may not be in the form of cryptocurrency.
  - Assets as a Basis for Qualification
    - Cryptocurrency may not be considered in the calculation of the net eligible assets used in qualifying.

#### **4506-C Requirements**

- **4506-C:** Must be signed at closing and included in the file for personal and business tax returns if business tax returns are applicable.

#### **Assets**

- Direct verification by a third-party asset verification vendor. These verifications, in addition to bank statements, are acceptable as long as:
  - The borrower provided proper authorizations for the lender to use the verification method,
  - The verified information provided must conform with the information that would be provided on a VOD, or on bank statements,
  - The date of the completed verification is in compliance with the Allowable Age of Credit Documents and Federal Income Tax Returns,
  - The lender has determined that the vendor maintains reasonable practices that ensure reliable and authorized verifications of deposit and asset information, and
  - The lender understands it will be held accountable for the integrity of the information obtained from this source.

- Cryptocurrency (Digital/Virtual Currency, Bitcoin)
  - Cryptocurrencies (non-traditional) such as Bitcoin, Litecoin, digital assets, and other cryptocurrencies are eligible for down payment, reserves, and/or closing costs with proof of liquidation subject to the following:
    - Obtain the two (2) most recent cryptocurrency exchange statements documenting a history of transactions (including the conversion of funds to US dollars).
    - Satisfactory documentation evidencing the borrower is the cryptocurrency account holder.
    - Funds liquidated from cryptocurrencies must be deposited into a U.S. financial institution account or an acceptable escrow account at least 3 business days prior to closing.
    - Borrower must provide a written explanation on the original source of funds used to purchase the cryptocurrency.
  - Borrowed funds secured by an asset in the form of cryptocurrency must be included as an obligation for qualifying purposes.
  - A large deposit may be in the form of virtual currency that was exchanged into U.S. dollars. Sufficient documentation must be provided to verify the funds originated from the borrower's virtual currency account.
  - Virtual currency may not be used for the deposit on the sales contract for the purchase of the subject property.
- Ineligible Assets include, but are not limited to:
  - Any funds derived from assets that do not meet agency or Citizens policies
  - Funds derived from the employment or ownership in a Marijuana/Hemp-Related business cannot be used towards down payment, closing costs, prepaids, and/or reserves.

Co-owners of the subject property (regardless of borrower status) cannot provide funds for down payment, closing costs, prepaids, and/or reserves if they have an ownership in a Marijuana/Hemp-Related business.

#### Business Funds

- If business funds are used for down payment, closing costs, and/or reserves, the borrower must be listed as the owner of the account.
  - If self-employment income is not being used to qualify (such as secondary self-employment), a cash-flow analysis is not required.
  - If the borrower is using self-employment income to qualify, a business cash flow analysis must be documented in the loan file to confirm that the withdrawal of funds for the transaction will not have a negative impact on the business.
  - In order to assess impact, a level of documentation greater than what is required to evaluate the borrower's business income may be necessary. For example, several months of recent business asset statements in order to see cash flow needs and trends over time, or a current balance sheet. This would depend on the amount of time that has elapsed since the most recent tax filing.
  - A copy of the written cash flow analysis and conclusions must be included in the file.

#### Fees Paid by Credit Card

- The borrower's credit card may be used to pay fees outside of closing.
- Credit card financing must not be used to meet minimum down payment requirements.
- Costs that can be financed are:
  - Appraisal
  - Lock-in fees
  - Credit Report
  - Commitment
  - Origination
- Requirements:
  - DU: The total charged amount may not exceed 2% of the loan amount.
  - LPA: The total charged amount may not exceed the greater of \$1,500 or 2% of the loan amount.

- Collection of fees must be in compliance with all state and federal requirements.
- Closing Disclosure must reflect a POC credit to the borrower for the amount charged and the applicable invoices for any 3rd party fees must be documented in the loan file.
- Verification of one of the following is required:
  - The borrower has sufficient liquid funds to cover the entire cost of the fees plus any other fees required for closing costs and down payment, or
  - Updated credit supplement from a credit-reporting agency verifying the new balance and the required payments per the creditor. The new balance must be included in the qualifying ratio calculation, or
  - 5% of the total balance (previous verified balance plus new charges) must be used as the new payment. The updated payment as recalculated must be included in the qualifying ratio calculation.
  - Example: The balance reported on the credit report is \$1,000 and there is evidence to indicate the payment is \$25 per month. After the credit report date, the borrower uses the credit card to pay for an appraisal, increasing the balance on the card to \$1,350. The payment will be based on 5% of the entire new balance \$1,350, for a new payment of \$67.50.

#### **Interested Parties**

- Interested party transactions may pose an increased risk and require a thorough review of all documentation associated with the transaction. Examples of types of interested party transactions may include, but are not limited to:
  - A party to the transaction related to the borrowers by blood, adoption, or legal guardianship
  - Property held in an estate, if the borrower holds any ownership interest or other fiduciary role
  - Employer/employee sales or corporate sales and transfers.
  - Borrowers employed in the real estate or construction trades who may be involved in the construction, financing, or sale of the subject property.
  - Builder acting as the realtor or broker.
  - Realtor/real estate broker selling their own property.
  - Realtor/broker acting as listing/selling agent as well as the mortgage broker.
- Common Red Flags - The following examples of interested party transactions may require additional due diligence:
  - Transactions that were not fully disclosed as a non-arm's length transaction and an indication that the equity position is being compromised
  - Any evidence that the borrower is or has been in title to the subject property
  - An indication that the seller's mortgage is currently delinquent
  - Property Flipping (multiple ownership changes within the past few months)
- Ineligible Interested Parties Transactions
  - Delayed Financing
  - Purchase of a Short Sale
  - Notice of Default filed on subject property or subject property is in foreclosure
  - Purchase transaction new construction properties that are second home or investment properties.

CONFORMING STANDARD FIXED RATE MATRIX

10-30 YEAR TERMS

PURCHASE AND RATE TERM REFINANCE				
Property Type	Units	Credit Score	LTV/CLTV/HCLTV <sup>1, 3</sup>	
Primary Residence	1	620	95/95/95	
	2		95/95/95 - DU	85/85/85 - LPA
	3-4		95/95/95 - DU	80/80/80 - LPA
Second Home <sup>2</sup>	1		90/90/90	
Investment Property <sup>2</sup>	1		Purchase 85/85/85	
			Rate/Term	
	2-4	75/75/75 - DU	85/85/85 - LPA	
			75/75/75	
CASH-OUT REFINANCE				
Property Type	Units	Credit Score	LTV/CLTV/HCLTV <sup>1, 3</sup>	
Primary Residence	1	620	80/80/80	
	2-4		75/75/75	
Second Home <sup>3</sup>	1		75/75/75	
Investment Property <sup>3</sup>	1		75/75/75	
	2-4		70/70/70	
<b>Footnotes:</b>				
<ol style="list-style-type: none"> <li>1. Refer to <a href="#">Florida Condominiums Matrix</a></li> <li>2. Refer to <a href="#">Number of Properties</a> if more than 6 financed properties are owned by the borrower(s).</li> <li>3. DU Only: Maximum CLTV/HCLTV is 105% if all subordinate financing is from an eligible community second <ul style="list-style-type: none"> <li>• Rate/Term Refinance Transactions: Must be currently owned by Fannie Mae</li> </ul> </li> </ol>				

## FLORIDA CONDOMINIUMS MATRIX

Occupancy Type	Project Review Type	Maximum LTV/CLTV/HCLTV
Primary Residence	Limited Review	75/90/90
	Streamline Review	75/90/90
	Reciprocal Review	75/75/75
Second Home	Limited Review	70/75/75
	Streamline Review	70/75/75
	Reciprocal Review	70/75/75
Investment Property	Limited Review	70/75/75
	Streamline Review	70/70/75
	Reciprocal Review	70/75/75

**Footnotes:**

- All New and newly converted condos (both DU and LPA) require valid PERS approval.
- All other review types not listed, follow Agency guidelines.



### HIGH BALANCE ADDENDUM

#### General Description:

Loans with principal balance that exceed the general loan limits but meet the high-cost loan limits as defined by the Federal Housing Finance Agency (FHFA) are eligible under the Conforming Fixed rate product with the following restrictions.

- [Appraisal](#)
- [Assumability](#)
- [Borrowers \(Eligible/Ineligible\)](#)
- [Cash Reserves](#)
- [Closing Requirements](#)
- [Condos/PUDs](#)
- [Conforming Fixed Rate](#)
- [Conforming High Balance Fixed Rate Matrix](#)
- [Construction-to-Permanent](#)
- [Credit History](#)
- [Credit Scores](#)
- [Documentation](#)
- [Down Payment/Closing Costs](#)
- [Escrow Holdbacks](#)
- [Escrows](#)
- [Florida Condominiums Matrix](#)
- [Geographic Restrictions](#)
- [Gifts](#)
- [Investment Properties](#)
- [Leasehold](#)
- [Legal Documentation](#)
- [Loan Term](#)
- [Maximum/Minimum Loan Amount](#)
- [Mortgage Insurance](#)
- [Non-Occupant Co-Borrower](#)
- [Number of Loans/Properties](#)
- [Occupancy](#)
- [Property \(Eligible/Ineligible\)](#)
- [Qualified Mortgage \(QM\)](#)
- [Ratios](#)
- [Refinances](#)
- [Renovation Loans](#)
- [Seller/IPC Contributions](#)
- [Subordinate Financing](#)
- [Temporary Buydowns](#)
- [Underwriting](#)

APPRAISAL	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Appraisal</a></li> </ul>
ASSUMABILITY	<ul style="list-style-type: none"> <li>Not assumable</li> </ul>
BORROWERS (ELIGIBLE/INELIGIBLE)	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Borrowers (Eligible/Ineligible)</a></li> </ul>
CASH RESERVES	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Cash Reserves</a></li> </ul>
CLOSING REQUIREMENTS	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Closing Requirements</a></li> </ul>
CONDOS/PUDS	<ul style="list-style-type: none"> <li>Condominiums/PUDs must meet all eligibility requirements as published in the <a href="#">Appraisal Standards &amp; Guidelines</a> and in the Fannie Mae/Freddie Mac Selling Guides.</li> <li>Attached and detached PUDs permitted; Refer to the <a href="#">Conforming Fixed Rate High Balance Matrix</a></li> </ul>
CONSTRUCTION-TO-PERMANENT	<ul style="list-style-type: none"> <li>Refer to the <a href="#">Appraisal Standards &amp; Guidelines</a> chapter for requirements</li> </ul>
CREDIT HISTORY	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Credit History</a></li> </ul>
CREDIT SCORES	<ul style="list-style-type: none"> <li>Refer to the <a href="#">Conforming Fixed Rate High Balance Matrix</a></li> </ul>
DOCUMENTATION	<ul style="list-style-type: none"> <li>As determined by DU or LPA</li> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Documentation</a> and <a href="#">Underwriting</a> sections.</li> </ul>
DOWN PAYMENT/CLOSING COSTS	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - Down Payment/Closing Costs</li> </ul>

<b>ESCROW HOLDBACKS</b>	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Escrow Holdback</a></li> <li>Refer to the <a href="#">Appraisal Standards &amp; Guidelines</a> chapter for additional information.</li> </ul>										
<b>ESCROWS</b>	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Escrows</a></li> </ul>										
<b>GEOGRAPHIC RESTRICTIONS</b>	<ul style="list-style-type: none"> <li>Refer to the website for state specific <a href="#">Geographic Restrictions</a></li> </ul>										
<b>GIFTS</b>	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Gifts</a></li> </ul>										
<b>INVESTMENT PROPERTIES</b>	<ul style="list-style-type: none"> <li>Refer to the <a href="#">Conforming Fixed Rate High Balance Matrix</a></li> </ul>										
<b>LEASEHOLD</b>	<ul style="list-style-type: none"> <li>Permitted. Refer to Conforming Standard Fixed Rate - <a href="#">Leasehold</a></li> </ul>										
<b>LEGAL DOCUMENTATION</b>	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Legal Documentation</a></li> </ul>										
<b>LOAN TERM</b>	<ul style="list-style-type: none"> <li>15, 20, 25, and 30 Year Terms</li> </ul>										
<b>MAXIMUM/MINIMUM LOAN AMOUNT</b>	<p>The loan limits are set under the provisions of the Housing and Economic Reform Act and are effective for all loans located in a high cost loan limit area.</p> <p><b><u>Maximum Loan Amount (if permitted by the high cost area calculation defined by FHFA)</u></b></p> <table border="1" data-bbox="467 1024 1013 1230"> <thead> <tr> <th>Units</th> <th>Maximum Loan Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$1,149,825</td> </tr> <tr> <td>2</td> <td>\$1,472,250</td> </tr> <tr> <td>3</td> <td>\$1,779,525</td> </tr> <tr> <td>4</td> <td>\$2,211,600</td> </tr> </tbody> </table> <p><b><u>Minimum Loan Amount:</u></b></p> <ul style="list-style-type: none"> <li>\$1 over the standard conforming loan limit</li> </ul>	Units	Maximum Loan Amount	1	\$1,149,825	2	\$1,472,250	3	\$1,779,525	4	\$2,211,600
Units	Maximum Loan Amount										
1	\$1,149,825										
2	\$1,472,250										
3	\$1,779,525										
4	\$2,211,600										
<b>MORTGAGE INSURANCE</b>	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Mortgage Insurance</a></li> </ul>										
<b>NON-OCCUPANT CO-BORROWER</b>	<ul style="list-style-type: none"> <li>Non-occupant co-borrowers are permitted for primary residences only, not to exceed the LTV maximum permitted per the <a href="#">Conforming Fixed Rate High Balance Matrix</a>.</li> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Non-Occupant Co-Borrower</a></li> </ul>										
<b>NUMBER OF LOANS/ PROPERTIES OWNED/FINANCED</b>	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Cash Reserves</a></li> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Number of Loans/Properties Owned/Financed</a>.</li> </ul>										
<b>OCCUPANCY</b>	<ul style="list-style-type: none"> <li>Refer to Conforming Standard Fixed Rate - <a href="#">Occupancy</a></li> </ul>										

<b>PROPERTY (ELIGIBLE/INELIGIBLE)</b>	<p><b><u>Eligible</u></b></p> <ul style="list-style-type: none"> <li>• 1-4 Properties</li> <li>• Refer to Conforming Standard Fixed Rate - <a href="#">Property (Eligible/Ineligible)</a></li> </ul> <p><b><u>Ineligible</u></b></p> <ul style="list-style-type: none"> <li>• Refer to Conforming Standard Fixed Rate - <a href="#">Property (Eligible/Ineligible)</a></li> </ul>
<b>QUALIFIED MORTGAGE (QM)</b>	<ul style="list-style-type: none"> <li>• All loans, regardless of loan product type sold to Citizens, must conform to Qualified Mortgage (QM) Guidelines per Dodd Frank regulations.</li> </ul>
<b>RATIOS</b>	<ul style="list-style-type: none"> <li>• Refer to Conforming Standard Fixed Rate - <a href="#">Ratios</a></li> </ul>
<b>REFINANCES</b>	<ul style="list-style-type: none"> <li>• Refer to Conforming Standard Fixed Rate - <a href="#">Refinances</a></li> </ul>
<b>RENOVATION LOANS</b>	<ul style="list-style-type: none"> <li>• Refer to Conforming Standard Fixed Rate - <a href="#">Renovation Loans</a></li> </ul>
<b>SELLER/IPC CONTRIBUTIONS</b>	<ul style="list-style-type: none"> <li>• Refer to Conforming Standard Fixed Rate - <a href="#">Seller/IPC Contributions</a></li> </ul>
<b>SUBORDINATE FINANCING</b>	<ul style="list-style-type: none"> <li>• Refer to Conforming Standard Fixed Rate - <a href="#">Subordinate Financing</a></li> </ul>
<b>TEMPORARY BUYDOWNS</b>	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>
<b>UNDERWRITING</b>	<ul style="list-style-type: none"> <li>• The more restrictive of Citizens or Agency requirements apply.</li> <li>• All loans delivered by correspondent lenders with less than a \$679,650 maximum-delegated loan approval authority as referenced on the lender's most recent Citizens Lender Approval Letter, must be submitted for prior approval underwriting by Citizens.</li> <li>• All loans must be submitted through DU or LPA and receive an Approve/Eligible or Accept recommendation.</li> <li>• Refer to Conforming Standard Fixed Rate - <a href="#">Underwriting</a> section for additional underwriting guidelines.</li> </ul>

**CONFORMING FIXED RATE HIGH BALANCE MATRIX**

PURCHASE & RATE/TERM REFINANCE			
Property Type	Units	Credit Score	LTV/CLTV/HCLTV <sup>1</sup>
Primary Residence	1	620	95/95/95
	2		85/85/85
	3-4		75/75/75 - DU      80/80/80 - LPA
Second Home <sup>2</sup>	1	620	90/90/90
Investment <sup>2</sup>	1	620	Purchase 85/85/85
			Rate/Term
	2-4		75/75/75 - DU      85/85/85 - LPA
CASH-OUT REFINANCE			
Property Type	Units	Credit Score	LTV/CLTV/HCLTV <sup>1</sup>
Primary Residence	1	620	80/80/80
	2-4		75/75/75
Second Home <sup>2</sup>	1		75/75/75
<b>Footnotes:</b>			
1. Florida Condos: Refer to the <a href="#">Florida Condominiums Matrix</a> 2. Refer to <a href="#">Number of Properties</a> in Conforming Fixed if more than 6 financed properties are owned by the borrower(s).			

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