

*Overlays to Investor guidelines are underlined and in italics*

## Owner-Occupied Purchase Transactions only

Eligibility Matrix	Investor	Property Type	FICO	LTV	CLTV
	FHA	1 Units (Including Condos/PUD's)	<u>640</u>	96.5%	105%
		Manufactured Home (Refer to the Manufactured Home Section for additional requirements)	<u>660</u>		
VA	1 Units (Including Condos/PUD's)	<u>640</u>	100% <sup>1</sup>	105%	

<sup>1</sup> **Exclusive of Financed Guaranty/Funding Fees**

Eligible Products/Programs	<ul style="list-style-type: none"> <li>F200 CalHFA FHA</li> <li>F202 CalHFA - Extra Credit Teacher Program</li> <li>F203 CalHFA - MyHome Assistance Program</li> <li>V200 CalHFA VA</li> <li>Energy Efficient Mortgages (EEM)-Refer to <a href="http://www.calhfa.ca.gov/">http://www.calhfa.ca.gov/</a> for requirements.</li> </ul>
Maximum Loan Amount	<ul style="list-style-type: none"> <li>The maximum loan amount (excluding the Financed Guaranty Funding Fee) cannot exceed VA loan limits for the county in which the property is located.</li> </ul>
Ineligible Products/Programs	<ul style="list-style-type: none"> <li><b>FHA:</b> <ul style="list-style-type: none"> <li><u>Standard 203(k) Loans</u></li> <li><u>Good Neighbor Next Door (GNND)</u></li> <li><u>HUD \$100 Down with Repair Escrows</u></li> </ul> </li> <li><b>VA:</b> <ul style="list-style-type: none"> <li><u>Alteration or repair loans</u></li> </ul> </li> </ul>
Purchase Price Limits	<ul style="list-style-type: none"> <li>Refer to <a href="http://www.calhfa.ca.gov/">http://www.calhfa.ca.gov/</a> guidelines</li> </ul>
Income Limits	<ul style="list-style-type: none"> <li>Refer to <a href="http://www.calhfa.ca.gov/">http://www.calhfa.ca.gov/</a> guidelines</li> </ul>
Borrower Eligibility	<ul style="list-style-type: none"> <li>Must be a U.S. citizen, permanent resident alien or qualified alien</li> <li>Both first-time and non-first time homebuyers permitted per CalHFA specific program guidelines</li> <li><u>Loans to Limited Liability Corporations (LLC) are not permitted</u></li> </ul>
Non-Occupant Co-Borrowers/Non-Occupant Cosigners	<ul style="list-style-type: none"> <li><u>Non-occupant co-borrowers are not permitted</u></li> <li>Non-occupant cosigners per first mortgage program guidelines</li> </ul>
AUS/Underwriting	<ul style="list-style-type: none"> <li>Fannie Mae Desktop Underwriter (DU) with 'Approve / Eligible' or Freddie Mac Loan Prospect Advisor (LPA) with 'Accept' recommendation</li> <li>Other customized automated underwriting systems are not permitted</li> <li>Approve/Ineligible findings: Not Allowed</li> <li><b>FHA:</b> <u>Manual Underwriting is permitted subject to the following as long as the overall insurability and/or eligibility of the loan is not effected:</u> <ul style="list-style-type: none"> <li><u>The loan receives a refer/eligible recommendation; OR</u></li> <li><u>The loan receives an approve/eligible recommendation but it requires a downgrade due to additional information not considered in the AUS decision</u> <ul style="list-style-type: none"> <li><u>Minimum 660 FICO</u></li> <li><u>Maximum 43% DTI</u></li> <li>Manufactured Homes: manual underwriting not permitted.</li> </ul> </li> </ul> </li> <li><b>VA:</b> <u>Manual Underwriting is not permitted</u></li> </ul>
DTI	<ul style="list-style-type: none"> <li>Maximum Debt-to-Income ratio cannot exceed 45% <ul style="list-style-type: none"> <li>FHA Manual Underwrite: Maximum DTI cannot exceed 43%</li> </ul> </li> </ul>
Credit Requirements	<ul style="list-style-type: none"> <li>All borrowers must meet minimum representative credit score requirements</li> <li><u>Use of non-traditional credit is not permitted</u></li> </ul>
Employment/Income Verification	<ul style="list-style-type: none"> <li>Follow AUS requirements</li> <li>A 4506-T is required to be signed at closing for all transactions.</li> <li><u>IRS transcripts (1040, 1099, W-2, as applicable) are required for each borrower whose income is used to qualify</u></li> </ul>

Eligible Properties	<ul style="list-style-type: none"> <li>• 1 Unit, including FHA/VA approved condominiums/PUD's</li> <li>• Manufactured Homes (FHA only) <ul style="list-style-type: none"> <li>○ Double wide manufactured homes only</li> <li>○ See Manufactured Home section for additional criteria</li> </ul> </li> <li>• Leaseholds (FHA only) <ul style="list-style-type: none"> <li>○ <u>Manufactured homes not permitted</u></li> </ul> </li> </ul>
Ineligible Properties	<ul style="list-style-type: none"> <li>• 2-4 Unit Properties</li> <li>• <u>Cooperatives</u></li> <li>• <u>Community Land Trusts</u></li> <li>• Mobile Homes</li> <li>• Condotels</li> <li>• Hotel Condominiums</li> <li>• Timeshares</li> <li>• Geodesic Domes</li> <li>• Working Farms and Ranches</li> <li>• Unimproved Land</li> <li>• <u>Lot sizes that exceed 5 Acres</u></li> <li>• <u>Manufactured Homes:</u> <ul style="list-style-type: none"> <li>○ <u>VA loans not eligible</u></li> </ul> </li> </ul>
Limited 203k	<ul style="list-style-type: none"> <li>• Not permitted</li> </ul>
Manufactured Homes	<ul style="list-style-type: none"> <li>• FHA only</li> <li>• <u>Minimum 660 FICO</u></li> <li>• <u>AUS: Approve/Eligible – manual underwrite not permitted</u></li> <li>• Single wide manufactured homes not eligible</li> <li>• Leaseholds not eligible</li> </ul>
Property requirements	<ul style="list-style-type: none"> <li>• Accessory units are eligible with certain restrictions. Refer to <a href="http://www.calhfa.ca.gov/">http://www.calhfa.ca.gov/</a> for additional requirements.</li> <li>• Added clarification that properties encumbered by Property Assessed Clean Energy (PACE) liens at time of closing are not eligible.</li> </ul>
	<ul style="list-style-type: none"> <li>•</li> </ul>
Sales Concessions/IPC's	<ul style="list-style-type: none"> <li>• Permitted in accordance with FHA or VA guidelines. <ul style="list-style-type: none"> <li>○ <u>Payment of condominium fees</u></li> <li>○ <u>Personal property</u></li> <li>○ <u>Down payment assistance</u></li> </ul> </li> </ul>
Homebuyer Education	<ul style="list-style-type: none"> <li>• Homebuyer Education is required for one occupying first-time homebuyer</li> <li>• Homebuyer Education is not required for non-first-time homebuyer(s) <ul style="list-style-type: none"> <li>○ Refer to <a href="http://www.calhfa.ca.gov/">http://www.calhfa.ca.gov/</a> for approved education</li> </ul> </li> </ul>
Underwriting Authority	<ul style="list-style-type: none"> <li>• Delegated Underwriting only</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>• Permitted in accordance with <a href="http://www.calhfa.ca.gov/">http://www.calhfa.ca.gov/</a> guidelines</li> </ul>
Buy downs	<ul style="list-style-type: none"> <li>• VA: Temporary buy downs are not permitted</li> </ul>
Subordinate Financing	<ul style="list-style-type: none"> <li>• Refer to <a href="http://www.calhfa.ca.gov/">http://www.calhfa.ca.gov/</a> for subordinate financing requirements</li> </ul>
High Cost Loans	<ul style="list-style-type: none"> <li>• <u>LSM will not allow High Cost Loans, as defined by the CFPB</u></li> </ul>
High Priced Mortgage Loans	<ul style="list-style-type: none"> <li>• Permitted in accordance with FHA or VA guidelines.</li> </ul>
Assignment of Mortgage	<ul style="list-style-type: none"> <li>• All loans must be registered with MERS</li> </ul>
Disaster Policy	<ul style="list-style-type: none"> <li>• Please refer to the list of affected counties published by FEMA using the following link: <a href="http://www.fema.gov/disasters">http://www.fema.gov/disasters</a></li> <li>• LSM will require a property inspection for any loan secured by a property in the affected area. If the subject property is located in one of the impacted counties and the appraisal was completed prior to the incident period end date, LSM will require a post disaster inspection confirming the property was not adversely affected by the disaster. If FEMA does not identify an area as a disaster, LSM reserves the right to declare an area not identified by FEMA as a disaster. In these cases LSM will communicate any declarations.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Disaster Policy should be followed during an ongoing disaster and up to 90 days from the FEMA declaration.</li> <li>• <b>FHA:</b> The following are acceptable inspection formats: <ul style="list-style-type: none"> <li>• A property inspection report signed by the original FHA roster appraiser</li> <li>• Appraisal Update and/or Completion Report signed by the original FHA roster appraiser</li> <li>• FHA roster appraiser in good standing with geographic competence in the affected market may be used. If the Mortgagee uses a different appraiser to inspect the Property, the appraiser performing the damage inspection must be provided with a complete copy of the original appraisal.</li> </ul> </li> <li>• <b>VA:</b> May utilize any of the following re-inspection options to satisfy the post disaster inspection requirement, with a photograph of the subject property: <ul style="list-style-type: none"> <li>• Property Inspection Report (Fannie Mae Form 2075/Freddie Mac Form 2070), or</li> <li>• Appraisal Update and/or Completion Report (Fannie Mae Form 1004D/Freddie Mac Form 442), or</li> <li>• Uniform Residential Appraisal Report (Fannie Mae Form 1004/Freddie Mac Form 70)</li> <li>• Exterior Only Appraisal Report (Freddie Mac Form 2055)</li> <li>• Individual Condominium or PUD Unit Appraisal Report (Fannie Mae Form 1073/Freddie Mac Form 465)</li> <li>• Disaster Inspection Certification from a Licensed Certified Inspector</li> </ul> </li> <li>• If the appraiser notes defects in the exterior inspection, a Uniform Residential Appraisal Report with an interior and exterior inspection and photographs is required. If damage is revealed by the inspection, it must be repaired prior to purchase.</li> </ul>
<b>Escrow Holdbacks</b>	<ul style="list-style-type: none"> <li>• Escrow repairs are not permitted</li> </ul>
<b>Seasoning</b>	<ul style="list-style-type: none"> <li>• <u>Loans must not be aged more than 30 days from the loan closing date.</u></li> </ul>
<b>Reference Links</b>	<ul style="list-style-type: none"> <li>• <a href="#">FHA Handbook</a></li> <li>• <a href="#">VA Handbook</a></li> <li>• <a href="#">VA Circulars</a></li> </ul>

\*LSM will follow with the FHA, VA and CalHFA Program Guidelines, unless otherwise noted in this matrix.  
\*\*In the case of conflicting guidelines, lender must follow the more restrictive to meet the credit, income limits, total debt-to-income ratio and loan and property requirements of CalHFA, FHA and VA.