Jumbo AUS Program Guidelines

Revised 5/13/2021 rev. 101

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Section 1 Program Summary

The Plaza Jumbo AUS program utilizes Fannie Mae DU and Freddie Mac LPA findings and documentation for Jumbo loan amounts up to $2 million and offers 15 and 30-year fixed rate products. The minimum loan amount is $548,251 or $1 above the standard conforming limit for the number of units and property location. Loan amounts must exceed the FHFA High Balance loan limits for the property location (High Balance/Super Conforming eligible loans do not qualify for Jumbo AUS).

For any guidelines not addressed refer to Plaza's Credit Guidelines and chapters B3-3 through B3-6 of the **Fannie Mae Single Family Selling Guide, published June 3, 2020** (for DU loans) or Sections 5102 through 5500 of the **Freddie Mac Single Family Seller/Servicer Guide, published June 10, 2020** (for LPA loans) hereafter referred to as Fannie Mae and Freddie Mac Guidelines.

All Jumbo AUS loans must be Qualified Mortgages (QM) and within the QM Safe Harbor. Loans that are Higher Priced Mortgage Loans (HPML), non-QM, or that are QM with Rebuttable Presumption are not eligible.

Section 2 Product Codes

Product Name	Product Code	Available Term in Months
Jumbo AUS 15 Year Fixed	JAUSF15	180
Jumbo AUS 30 Year Fixed	JAUSF30	360

JUMBO AUS Primary Residence Purchase and Rate/Term Refinance					
Property Type	LTV	CLTV/HCLTV	Credit Score	Loan Amount	Max DTI
1-Unit PUD Condo[1]	89.90%[1,2]	89.90%[1,2]	700	$1,500,000	45%
	85%[1,2]	85%[1,2]	700	$2,000,000[2]	45%
	80%	80%	680	$1,500,000	45%
2-4 Units	80%	80%	700	$2,000,000	45%

1. LTV > 80%:
   - Purchase transactions only.
   - Escrow/impound accounts required unless prohibited by applicable laws.
   - Condo maximum 85% LTV/HCLTV.
2. First time homebuyers:
   - Maximum 80% LTV/HCLTV.
   - Maximum loan amount $1,500,000.

Primary Residence Cash-Out Refinance						
Property Type	LTV	CLTV/HCLTV	Credit Score	Loan Amount	Max Cash-Out	Max DTI
1-Unit PUD Condo	80%	80%	680	$1,000,000	Per AUS	45%
	80%	80%	700	$1,500,000	Per AUS	45%
	70%	70%	700	$2,000,000	Per AUS	45%
2-4 Units	75%	75%	700	$1,500,000	Per AUS	45%
	70%	70%	700	$2,000,000	Per AUS	45%

Second Home[1] Purchase and Rate/Term Refinance					
Property Type	LTV	CLTV/HCLTV	Credit Score	Loan Amount	Max DTI
1-Unit PUD Condo	80%	80%	680	$1,500,000	45%
	75%	75%	700	$2,000,000	45%

1. First time homebuyers are not eligible for second homes.

Second Home Cash-Out Refinance						
Property Type	LTV	CLTV/HCLTV	Credit Score	Loan Amount	Max Cash-Out	Max DTI
1-Unit PUD Condo	75%	75%	700	$1,000,000	Per AUS	45%
	70%	70%	720	$1,500,000	Per AUS	45%

Investment Property[1] Purchase and Rate/Term Refinance					
Property Type	LTV	CLTV/HCLTV	Credit Score	Loan Amount	Max DTI
1-Unit PUD Condo 2-4 Units	75%	75%	700	$1,500,000	45%
	70%	70%	700	$2,000,000	45%

1. First time homebuyers are not eligible for investment property.

Investment Property Cash-Out Refinance						
Property Type	**LTV**	**CLTV/HCLTV**	**Credit Score**	**Loan Amount**	**Max Cash-Out**	**Max DTI**
1-Unit PUD Condo 2-4 Units	60%	60%	700	$1,500,000	$350,000	45%

Section 4 Occupancy

- Owner-occupied primary residences
- Second homes
- Investment Properties
  - For cash-out refinances of an investment property, a borrower signed **Business Purpose & Occupancy Affidavit** indicating the loan purpose is for the acquisition, improvement or maintenance of a rental property is required. The Affidavit must be signed prior to or at closing.
  - Cash-out loan proceeds used for any personal use are not eligible.

Section 5 Transactions

- Purchase
- Rate/Term Refinance
- Cash-Out Refinance

Seasoning: Seasoning is calculated from the Note date of the previous loan.

Rate/Term Refinance:

- The new loan amount may include the:
  - Principal balance of the existing first lien
  - Pay off of a purchase second lien
  - Pay off of a co-owner pursuant to a written agreement
  - Financing of the payment of prepaid items and closing costs
  - Pay off of a non-purchase second lien seasoned a minimum of 12 months from date of application. The second lien must not evidence draws exceeding $2,000 within the past 12 months from date of application. Withdrawal activity must be documented with a transaction history of the line of credit.
- Minimum of 6 months seasoning from the Note date of the new transaction required if previous refinance was cash-out, including the pay-off of a non-seasoned subordinate lien.
- For properties purchased more than six (6) months prior to the closing date the current appraised value may be used to calculate LTV.
- For properties purchased within six (6) months of closing date the LTV will be based upon the lesser of the original sales price or the current appraised value conclusion from the appraiser. Original sales price will be determined from the Closing Disclosure from the subject acquisition transaction.
- Inherited properties are exempt from this seasoning requirement. LTV will be calculated off current appraised value.
- Cash back to the borrower is limited to the lesser of $2,000 or 1% of the new loan. Principal reduction is permitted up to a maximum of $2,000.
- Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) prior to the application date.

Cash-Out Refinance:

- Borrower must have held title for a minimum of 6 months from disbursement date.
- The current appraised value may be used to calculate LTV.
- Properties listed for sale are ineligible for refinance unless the listing was withdrawn (or expired) six (6) months prior to the date of closing.
- Texas Cash-Out refinances are ineligible.

Continuity of Obligation:

For a refinance transaction to be eligible for purchase there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction. Continuity of obligation is met when any one of the following exists:

- At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.
- The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligor.
- The loan being refinanced and the title to the property are in the name of a natural person or a limited liability company (LLC) as long as the borrower owns at least 25% of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.
- The borrower has recently been legally awarded, the property (divorce, separation or dissolution of a domestic partnership).

Delayed Financing Refinance:

Delayed financing refinances in which the borrowers purchased the subject property for cash within ninety days (90) from the date of the application are eligible for purchase. Cash back to the borrower in excess of the original purchase price or appraised value (whichever is less) is not allowed.

- Delayed financing refinances are underwritten as rate and term refinances and are not subject to cash-out refinancing program limitations.
- A Closing Disclosure is required to document no mortgage financing was used to obtain the subject property.
- Preliminary title reflects the borrower as the owner and no liens.
- Funds used to purchase the property are fully documented and sourced and must be the borrower's own funds (no gift funds or business funds).
- Funds drawn from a HELOC on another property owned by the borrower, funds borrowed against a margin account or funds from a 401(k) loan are acceptable if the following requirements are met:
    - The borrowed funds are fully documented.
    - The borrowed funds are reflected on the Closing Disclosure (CD) as a payoff on the new refinance transaction.
- Property may not be located in Texas.

Contract for Deed / Land Contract: Ineligible

Construction to Permanent Financing:

Construction loan refinances are eligible as rate/term or cash-out refinances and must meet the following criteria:

- Only the permanent financing on a construction to perm loan is eligible. Single closing construction permanent loan refinances are ineligible.
- Borrower must have held title to the lot for a minimum of 6 months prior to the closing of the permanent loan.
- The LTV will be based on the current appraised value if the borrower has held title to the lot for 12 or more months prior to the closing date of the permanent loan.
- If the lot was acquired less than 12 months before the closing date of the permanent loan the LTV will be based on the lesser of:
    - the original purchase price of the lot plus the total acquisition costs (sum of construction costs), or
    - the current appraised value of the lot plus the total acquisition costs (sum of construction costs).
- Appraiser's final inspection is required.
- A certificate of occupancy is required from the applicable governing authority. If the applicable governing authority does not require a certificate of occupancy proof must be provided.
- Construction loan refinances in which the borrower has acted as builder are not eligible.

Texas Section 50(a)(6) transactions: Not allowed.

New York Consolidation, Extension and Modification Agreement (CEMA):

CEMA transactions are allowed for cash-out refinance and rate/term transactions subject to **Plaza's NY CEMA Underwriting** requirements. Lost Note Affidavits are not acceptable under any circumstance.

Section 6 Property Flips

The seller must have taken title to the property a minimum of 90 days prior to the date of the purchase contract of the subject transaction.

Section 7 Identity of Interest / Non-Arm's Length Transactions

All of the parties to a transaction should be independent of one another. Except as indicated below if a direct relationship exists between or among the parties, the transaction is a non-arm's length transaction and the loan is not eligible. The following transactions are eligible provided that such transactions and the related circumstances are properly documented:

- Sales or transfers between members of the same family. Transaction may not be due to any adverse circumstances.
- Property seller acting as his or her own real estate agent.
- Borrower acting as his or her own real estate agent.
- Borrower is the employee of the originating lender.
- Borrower purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord).
- Investment property transactions must be arm's length (investment property are not eligible even for those exceptions listed above)

Section 8 Loan Limits

The minimum loan amount is $1 above the conforming limit for the property county and number of units. Loans in High Balance/Super Conforming locations must be $1 over the High Balance or Super Conforming limit for the property location. **Conforming loan limit look-up tool**.

Refer to the **Program Matrix** for maximum loan amounts.

Section 9 Subordinate Financing

Subordinate financing is allowed per the Credit Matrix. Subordinate liens must conform to Fannie Mae and Freddie Mac Guidelines.

Section 10 Borrower Eligibility

Eligible Borrowers:

- All borrowers must have a valid Social Security Number
- U.S. citizens
- Permanent resident aliens with evidence of lawful residency
  - Must be employed in the United States for the past 24 months.
- Inter Vivos Revocable Trusts – Refer to **Plaza's Living Trust Policy** requirements.
- Non-Occupant Co-Borrowers are allowed per AUS findings
- First time homebuyer: A first time homebuyer is defined as a borrower who has not had ownership interest in a property within the last three (3) years from the application date.
  - Owner-occupied only
  - Maximum 80% LTV/CLTV
  - Maximum $1,500,000 loan amount
- Maximum of four (4) borrowers per loan.

Ineligible Borrowers:

- Borrowers with only an ITIN (individual taxpayer identification number)
- Irrevocable trusts
- Corporations, limited partnerships, general partnerships, and LLCs
- Borrowers who are party to a lawsuit
- Borrowers with Diplomatic Immunity
- Foreign Nationals.
- Land Trusts including Illinois Land Trust
- Non-Permanent Resident Aliens (including DACA)
- Life Estates
- Guardianships
- Borrowers with any ownership in a business that is Federally illegal, regardless if the income is not being considered for qualifying

Section 11 Underwriting Method

All loans must be submitted to DU or LPA and receive findings of DU Approve/Ineligible or LPA Accept/Ineligible with the loan amount being the only reason for the Ineligible finding. Findings of DU Approve/Eligible or LPA Accept/Eligible are not eligible for this program. Loans must be documented per the DU or LPA findings and the corresponding Fannie Mae or Freddie Mac Guidelines except for those guideline differences identified herein. In case of a conflict between these program guidelines and Fannie Mae or Freddie Mac Guidelines, the requirements in these program guidelines will prevail.

QM Designation:

The underwriter must indicate the QM designation of the loan on the 1008. All primary residence and second home Jumbo AUS loans must be QM Safe Harbor. Investment property loans are considered business purpose loans and therefore not subject to QM and should be designated as QM Exempt.

Section 12 Credit

Credit Standards: For scenarios not specifically addressed below refer to **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA).

Credit Report: A tri-merged credit report is required. Credit reports with bureaus identified as "frozen" are required to be unfrozen and a current credit report with all bureaus unfrozen is required.

Credit Scores:

- The representative credit score for an individual borrower is the middle score of the three (3) scores reported. If two (2) scores are reported the representative credit score is the lower of the two scores.
- For multiple borrowers the qualifying credit score is the lowest of all representative credit scores.
- Credit scores from all three repositories must be requested (Equifax, Experian and TransUnion).
- If only one credit score or no credit score is reported the borrower is not eligible.
- No borrower in a transaction may have frozen credit. If a borrower has frozen credit and unfreezes their credit after the original credit report was ordered, a new credit report must be obtained to reflect current updated information for evaluation.

Trade Lines: Per AUS findings.

Mortgage/Rental History:

- A minimum of twenty four (24) months verified housing history is required and must reflect 0 x 30 lates.
- Borrowers who have owned or rented for less than twenty four (24) months are eligible and must document 0 x 30 for the period rated and must verify no payment for the remainder of the 24 months.
- Borrowers living rent free are eligible and must provide explanation and verification of living rent free.
- All payment ratings on properties for all borrowers will be considered mortgage credit for grading purposes.
- If primary residence housing history reflects a forbearance arrangement, the payment history must reflect 0 x 30 lates in the most recent 24 months since exiting forbearance. The payment history must be provided by the lender/servicer.

Bankruptcy - Chapter 7, 11, 13: Seven (7) years since discharge / dismissal date

Foreclosure: Seven (7) years since completion date

Notice of Default: Seven (7) years since filing date

Short Sale / Deed-in-Lieu: Seven (7) years since completion/sale date

Mortgages Settled for Less, Renegotiated or Short Payoffs: Seven (7) years since settlement date

Tax Liens, Judgments, Charge-Offs & Collections:

- Satisfactory explanation for any delinquent credit from the borrower is required.
- Borrower must pay off all delinquent credit that has the potential to impact lien position.
- Collection accounts or charged-off accounts do not need to be paid off if the balance of an individual account is less than $1000.00 or if there are multiple accounts the total balance of all accounts cannot exceed $2,500.00.

Credit Inquiries:

- All inquiries that have taken place within 120 days of the credit report date must be explained by the borrower and documented accordingly.
- Borrower must be qualified with any new debt.

Section 13 Income & Employment

Income and Employment must be documented per the DU or LPA findings and all income sources and methods of income calculation must meet the requirements in chapters B3-3 through B3-6 of the **Fannie Mae Single Family Selling Guide, published June 3, 2020** (for DU loans) or Sections 5102 through 5500 of the **Freddie Mac Single Family Seller/Servicer Guide, published June 10, 2020** (for LPA loans) and the requirements below.

Employment & Income Stability: Borrower(s) must have a minimum of two (2) years employment and income history.

- **Gaps in Employment:** A minimum of two (2) years consecutive employment and income history is required to be documented. Gaps more than thirty (30) days during the past two (2) years require a satisfactory letter of explanation and the borrower should be employed with their current employer for a minimum of six (6) months.
- Borrower(s) must execute an attestation at closing confirming no changes to employment and income listed on the final loan application as a result of COVID-19 impacts. Plaza's loan documents include an income and employment attestation.

Income Documentation Requirements:

Income Analysis Form: An income worksheet must be provided on every loan. Borrowers with multiple businesses must show income/loss details separately, not in aggregate on the Income Worksheet. **Plaza's Income Worksheet**, Fannie Mae Form 1084 or Freddie Mac Form 91 is required for self-employment income analysis.

Salaried Borrowers:

- Completed, signed and dated final Uniform Residential Mortgage Application.
- Follow the requirements per the DU or LPA findings and **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA). If a discrepancy exists between DU and the aforementioned Fannie Mae Guide, or LPA and the aforementioned Freddie Mac Guide, the Guide requirements must be followed.
- Verbal Verification of Employment (see below)
- Signed IRS Form 4506-C.
- Tax transcripts are required to be obtained for the income being considered for qualification.
  - Wage transcripts are acceptable for W-2 borrowers.
  - Borrower pulled transcripts are not acceptable.
  - The IRS transcripts and the supporting income documentation must be consistent.

Salaried Borrowers with Commission/Bonus:

- Follow requirements above for salaried borrowers, plus
- Commission income must be documented with a written VOE breaking down the bonus or commission income for the past 2 years or a year-to-date paystub and W-2's supporting the income.

Salaried Borrowers Verbal Verification of Employment (VVOE):

- Verbal VOE dated within ten (10) calendar days prior to closing (closing is defined as the notary date on the Security Instrument).
- The verbal VOE must cover 24 months of employment. If the borrower has changed jobs during the past two years, the verbal VOE must show the start and end dates for each job.
- Any employment gaps one (1) month or greater must be addressed with a satisfactory signed letter of explanation from the borrower.

Self-Employed Borrowers:

- Borrowers with a 25 percent or greater ownership interest in a business are considered self-employed and will be evaluated as a self-employed borrower for underwriting purposes.
- Completed, signed and dated final Uniform Residential Mortgage Application.
- Follow the requirements per the DU or LPA findings and **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA). If a discrepancy exists between DU and the aforementioned Fannie Mae Guide, or LPA and the aforementioned Freddie Mac Guide, the Guide requirements must be followed.
- COVID Overlay: Due to the pandemic's continuing impact on businesses, additional documentation is required to support that the current business income is consistent with the qualifying income. Refer to the COVID overly section below.
- Verification of Business: The existence of the borrower's business must be verified within ten (10) calendar days prior to closing (based on the notary date on the security instrument). Methods of verifying business include:
  - Verification from a third party such as a CPA, regulatory agency or by an applicable licensing bureau. If CPA letter is used it must indicate the borrower has been self-employed for a minimum of 2 years.
- Signed IRS Form 4506-C.
- Tax transcripts are required to be obtained from the IRS for the income being considered for qualification.
  - Borrower pulled transcripts are not acceptable.
  - The IRS transcripts and the supporting income documentation must be consistent.
- If the tax return for the previous tax year is not filed a 12-month P&L and balance sheet for this period is required.
- If the most recent year's tax returns have not been filed by the IRS deadline, an executed copy of the borrower's extension request for both personal and business tax returns must be provided.

COVID Overlay Self-employed: Additional Requirements for P&L, Balance Sheet, & Business Bank Statements:

Underwriters should apply additional due diligence and review the recent activity of the business and any impact the current economic environment has taken on the flow of income in order to determine if the borrower's income is stable and there is a reasonable expectation of continuance. The underwriter must include comments/justification of their analysis to clearly explain their conclusion of the effect to the business.

The following additional documentation is required to support the decision that the self-employment income meets requirements:

- An audited year-to-date P&L, no older than 60 days from the Note date, reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and a Balance Sheet; ***or***
- An unaudited year-to-date P&L, no older than 60 days from the Note date, signed by the borrower reporting business revenue, expenses, and net income up to and including the most recent month preceding the loan application date, and (3) business bank statements from the most recent three months represented on the year-to-date P&L and a Balance Sheet.
    - For example, the business bank statements should be from March through May 2021 for a year-to-date profit and loss statement dated through May 31, 2021.
    - The three most recent bank statements must support and/or not conflict with the information presented in the current year-to-date P&L statement. Otherwise, additional statements must be obtained or other documentation to support the information from the current year-to-date P&L statement must be provided.

COVID Overlay Self-employed: Small Business Administration (SBA) Loans and Grants:

The existence of a Paycheck Protection Program (PPP) loan or any other similar COVID related loan or grant could be helpful information in analyzing the borrower's business. PPP loan terms allow deferred payments for a specified period, no personal loan guarantee, and the potential for all or some portion of the loan to be forgiven. Therefore, a payment for the PPP loan does not need to be included in the borrower's liabilities at this time. Once it has been determined that any portion of the PPP loan must be repaid, follow the requirements of the "Employment and Income" and "Debts and Liabilities" sections of these guidelines.

- A payment for the PPP loan does not need to be included in the borrower's liabilities at this time.
- Proceeds from the PPP loan must not be included as business income or assets.
- PPP loan proceeds cannot be used for the subject transaction down payment, closing costs, prepaids or reserves.
- Follow all other requirements in this section for underwriting self-employed borrowers.

Other Income:

For all other income sources follow the DU or LPA findings and **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA). If a discrepancy exists between DU and the aforementioned Fannie Mae Guide, or LPA and the aforementioned Freddie Mac Guide, the Guide requirements must be followed.

Ineligible Income:

- Any source that cannot be verified.
- Income or employment commencing after the Note date. All income must be documented prior to the Note date.
- Restricted stock income (RSU).
- Income that is temporary.
- Rental Income (Boarder Income) received from the borrower's primary residence.
- Expense account payments.
- Retained earnings.
- Automobile allowances.

Section 14 Qualifying Ratios

- Refer to the **Program Matrix** for qualifying ratios.
- Fixed Rate: Qualify at the Note rate.

Revolving Charges/Lines of Credit:

Follow the requirements per the DU or LPA findings and **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA). If a discrepancy exists between DU and the aforementioned Fannie Mae Guide, or LPA and the aforementioned Freddie Mac Guide, the Guide requirements must be followed.

Installment Debt:

Follow the requirements per the DU or LPA findings and **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA). If a discrepancy exists between DU and the aforementioned Fannie Mae Guide, or LPA and the aforementioned Freddie Mac Guide, the Guide requirements must be followed.

Home Equity Line of Credit (HELOC):

- For HELOC loans paid off at closing the line must be closed to any future draws. A requirement on title commitment for payoff and cancellation of HELOC is acceptable to document.
- Subordination of HELOC loans is permitted up to maximum CLTV per matrix.

Departure Residence - Pending Sale of Departing Residence or Conversion of Departing Residence to Investment Property:

Follow the requirements per the DU or LPA findings and **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA). If a discrepancy exists between DU and the aforementioned Fannie Mae Guide, or LPA and the aforementioned Freddie Mac Guide, the Guide requirements must be followed.

For treatment of liabilities or qualifying ratios not addressed herein refer to Fannie Mae and Freddie Mac guidelines

Section 15 Assets / Down Payment / Gifts

Source of Funds:

- Follow the requirements per the DU or LPA findings and **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA). If a discrepancy exists between DU and the aforementioned Fannie Mae Guide, or LPA and the aforementioned Freddie Mac Guide, the Guide requirements must be followed.
- Gift funds (except gifts of equity) and minimum borrower contribution requirements are allowed per **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA).
- Gifts of equity are not allowed.

Section 16 Reserves

Reserves must be verified and comprised of liquid assets that borrower can readily access.

Reserve requirements are listed below. If more than one attribute applies, follow the greater reserve requirement.

- Loan Amount <= $1,000,000: Per AUS
- Loan Amount > $1,000,000: Greater of AUS or 3 months PITIA
- LTV/CLTV/HCLTV > 80%: 6 months PITIA

Reserves and Multiple Financed Properties:

Follow **Fannie Mae Guidelines** (for DU) or **Freddie Mac Guidelines** (for LPA).

Ineligible Sources for Reserves:

- Equity lines of credit or Bridge loans or any other borrowed funds
- Gift funds
- Cash out from the subject property

Section 17 Interested Party Contributions

Interested party contributions include funds contributed by the property seller, builder, developer, real estate agent or any other party with an interest in the real estate transaction.

- May only be used for closing costs and prepaid expenses and may not be used for down payment or reserves.
- Maximum interested party contributions are limited to:

Occupancy	LTV/CLTV/HCLTV	Maximum Seller Contributions
Primary Residence and Second Home	> 75%	6%
	≤ 75%	9%
Investment Properties	All LTVs	2%

Seller Concessions:

Seller contributions in excess of the interested party contribution limits or contributions not being used for prepaid expenses or closing costs are considered seller concessions. The amount of the seller concession must be deducted from the purchase price and appraised value to determine the LTV.

Section 18 Property Eligibility

Eligible Properties:

- Attached/detached SFRs
- Attached/detached PUDs
- Condos
- 2-4 units

Condominiums:

- All condos must be Fannie Mae or Freddie Mac warrantable corresponding to the AUS findings.
- Condos with litigation are ineligible.
- Minimum square footage 400 square feet.

Land-to-Value:

The property site should be of a size, shape, and topography that is generally conforming and acceptable in the market area. It must also have competitive utilities, street improvements, adequate vehicular access, and other amenities. As amenities, easements, and encroachments may either detract from or enhance the marketability of a site, the appraiser must reflect them in his or her analysis and evaluation. The appraiser must comment if the site has adverse conditions or if there is market resistance to a property because the site is not compatible with the neighborhood or the requirements of the competitive market, and assess the effect, if any, on the value and marketability of the property.

Properties with > 10 ≤ 20 acres:

- Properties cannot be zoned agricultural or rural (agricultural/residential is eligible)
- Three comparable sales with similar acreage are required.

Declining Markets: Reduce maximum LTV/CLTV by 10%

Ineligible Properties:

- 2-4 unit second home properties
- Co-ops
- Condotels/Condo Hotels
- Factory built housing/Manufactured Homes/Mobile Homes
- Mixed-Use Properties
- Leasehold
- Model Home Leasebacks
- Non-Warrantable Condominiums
- Properties with condition rating of C5/C6
- Properties with construction rating of Q6
- Properties located in areas where a valid security interest in the property cannot be obtained
- Properties >20 acres
- Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant
- Tenants-in-Common projects (TICs)
- Unique properties
- Log homes
- Working farms, ranches or orchards
- Agricultural zoning (agricultural/residential is eligible)
- Commercially zoned properties
- Geodesic dome homes
- Geothermal homes
- Timeshares
- Properties subject to existing oil or gas leases (exceptions allowed case-by-case)
- Properties located on Indian/Native American tribal land
- Properties with UCC filings[1], private transfer covenants, mechanics liens and other items that would impact title (including PACE liens), marketability or foreclosure are not allowed. [1] Properties with solar panels are eligible and must follow Fannie Mae guidelines. Payoff of a HERO or PACE lien is considered cash-out.

Section 19 Appraisal

All appraisals must be ordered and processed in compliance with Appraiser Independence Requirements (AIR). Appraisals on wholesale transactions must be ordered through a Plaza approved Appraisal Management Company (AMC). Appraisals will be reviewed by Plaza and may also require a satisfactory CDA ordered by Plaza.

- One full appraisal is required. Reduced appraisal requirements per AUS findings are not allowed.
- Properties must be appraised within the twelve months that precede the date of the Note and Mortgage.
- Appraisals must not be over 120 days old from the date of the Note. If appraisal is over 120 days old a recertification of value is required.
- Personal property may not be included in the purchase agreement/sales contract. Personal property items should be deleted from the sales contract or reasonable value must be documented and the sales price adjusted. Items that are customary to residential real estate transactions such as lighting fixtures, kitchen appliances, window treatments and ceiling fans are not considered personal property for purposes of this section.
- Transferred Appraisals: Not allowed.

Third Party Appraisal Review:

- Loans with a Fannie Mae CU Score of <= 2.5 do not require any additional appraisal product.
- LPA loans or loans with a Fannie Mae CU score > 2.5 will require a CDA ordered by Plaza.
    - A "Collateral Desktop Analysis - Jumbo (CDA) Pre-Fund" will be ordered by Plaza after the underwriter has reviewed the appraisal.
    - The CDA is required to support the value of the appraisal. If the CDA returns a value that is "Indeterminate" or if the CDA indicates a lower value than the appraised value by more than 10%, then one (1) of the following requirements must be met:
    - A Clear Capital BPO and a Clear Capital Value Reconciliation of Three Reports is required. The Value Reconciliation will be used for the appraised value of the property. OR,
    - A field review or 2nd full appraisal may be provided. The lower of the two values will be used as the appraised value of the property.

Section 20 Geographic Restrictions

Program specific geographic restrictions are identified below. Refer to the Appraisal Policy in Plaza's Credit Guidelines for general guidelines and restrictions.

Hawaii: Properties in Lava Flow Zones 1 or 2 are not allowed.

Texas: Texas Section 50(a)(6) transactions are not allowed.

Section 21 Max Financed Properties / Exposure

- Primary residence: There is no limit on number of financed properties the borrower owns.
- Second home and investment property: Follow Fannie Mae or Freddie Mac guidelines per the AUS findings.

Maximum Loans/Maximum Exposure: A maximum of two Plaza Jumbo loans and no more than four total Plaza loans are permitted to one borrower.

Section 22 Mortgage Insurance

Not Applicable, regardless of LTV.

Section 23 Repair Escrows

Loans with escrows for completion of postponed improvements (escrow holdbacks) are not eligible.

Section 24 ARM Adjustments

Reserved for future use.

Section 25 Temporary Buydowns

Not allowed.

Section 26 Insurance

Adequate insurance is required for HOI and flood as applicable. For Insurance requirements refer to Plaza's **Hazard and Flood Insurance Policy**.

- Properties where the insurance coverage on the declaration page does not cover the loan amount must have a cost estimate from the insurance company or agent evidencing the property is insured for its replacement cost.
- Hazard insurance must have the same inception date as the date of disbursement on purchase money mortgages. This may be documented with a post-closing Closing Disclosure or the correction of the inception date on the hazard policy.

Section 27 Other Requirements

QM Safe Harbor: All loans must be QM Safe Harbor as defined by § 1026.43 effective 3/1/21. The APR must not exceed the average prime offer rate (APOR) for a comparable transaction as of the date the interest rate is set by 1.5 or more percentage points.

Age of Documentation: Per Fannie Mae (DU loans) or Freddie Mac (LPA loans).

Chain of Title: All transactions require a minimum twelve (12) month chain of title.

Closing Date: Where referenced in these guidelines, "closing date" is defined as the date the notary signs the security instrument.

Payment Recast: Plaza is unable to guaranty a loan will be eligible for a payment recast (re-amortization). Eligibility will be determined by the loan servicer.