



# E - JUMBO PRIME EXPRESS (30 YEAR FIXED)

## Selling Guide

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Effective Date: 12/20/2021

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## 6.5 Portfolio Express Program

For loan amount and LTV/CLTV limitations and for income documentation type and eligibility, refer to the **SOLVE Portfolio Suite Program Matrices**.

### 6.5.1 Program Overlays

<b>Underwriting Eligibility</b>	<p>The Portfolio Express Program requires the Seller to utilize FNMA Desktop Underwriter (DU). Manual underwriting is not allowed. The Seller must underwrite the loan to the most restrictive of the Portfolio Express Matrix, the DU Findings, and the overlays noted in this Portfolio Express Program document.</p> <p><b>NOTE:</b> Any mention of Agency refers to FNMA only.</p>
<b>Exceptions</b>	The Portfolio Express Program does not allow exceptions to the Guidelines.
<b>QM Status</b>	Non-QM only
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>• FNMA DU (DU) required</li> <li>• Freddie Mac LP (LP) not allowed</li> <li>• Manual underwrite not allowed</li> <li>• For underwriting guidelines not addressed, refer to the FNMA Selling Guide currently in effect as of the loan application date</li> </ul>
<b>Occupancy Types</b>	<p><b>Eligible:</b></p> <ul style="list-style-type: none"> <li>• Primary residence (owner occupied - OO)</li> <li>• Second home (OO)</li> <li>• Investment Properties (NOO)</li> </ul>
<b>Transaction Types</b>	<p><b>Eligible:</b></p> <ul style="list-style-type: none"> <li>• Purchase</li> <li>• Rate/Term Refinance</li> <li>• Cash-out Refinance</li> <li>• Land Contracts</li> <li>• Lease Option to Buy</li> <li>• Contract for Deed</li> </ul> <p><b>Ineligible:</b></p> <ul style="list-style-type: none"> <li>• Construction Financing</li> </ul> <p><b>NOTE:</b> Permanent end financing on construction loans is allowed.</p>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>• Purchase</li> <li>• Rate/term Refinance</li> </ul>

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- Cash-out Refinance

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<b>Principal Curtailments</b>	<ul style="list-style-type: none"> <li>• A principal curtailment to the new refinance loan at closing is allowed up to the lesser of 2% of the new loan amount or \$5,000 and must be clearly reflected on the Closing Disclosure to avoid the potential an originator is steering a borrower into a higher rate loan for the sole purpose of reducing the overall principal amount of the loan as a result of the seller credit</li> <li>• Principal curtailments cannot be used to cure tolerance violations post-closing of the loan but are permitted at closing</li> </ul>
<b>Cash-out Refinances - Ownership Seasoning and Establishing LTV/CLTV</b>	<ul style="list-style-type: none"> <li>• Per FNMA</li> <li>• Minimum six months ownership seasoning required for cash-out refinance transactions</li> </ul>
<b>Maximum Cash-out</b>	\$500,000
<b>Lien Type</b>	First liens only
<b>Qualifying Payment</b>	<p><b>Fixed Rate Full Amortization:</b></p> <ul style="list-style-type: none"> <li>• Qualify using the fully amortized fixed payment <b>Interest</b></li> </ul> <p><b>Only Full Amortization:</b></p> <ul style="list-style-type: none"> <li>• Borrowers qualify at the note rate based on fully amortizing Principal and Interest payment during the principal repayment period. Borrowers will not qualify on the Interest Only payment amount</li> <li>• 30-year Interest Only – Fully amortizing mortgage loan that pays Interest Only during the first 10 years and amortizes down over the remaining 20 years</li> </ul>
<b>FNMA DU AUS Requirements</b>	<ul style="list-style-type: none"> <li>• Approve/Eligible</li> <li>• Approve/Ineligible (for loan structure such as LTV limits, loan purpose, and loan amount. It cannot be ineligible for a credit event (and credit events cannot be excluded.)</li> <li>• 30-year Interest Only program should be run as a 20-year fixed loan</li> <li>• FNMA DU Findings Report used by the Seller for their underwriting decision must be included in the file submission</li> <li>• <b>FNMA DU Findings Report must match the loan characteristics and be within allowable FNMA tolerance at the time of submission and at the time of loan closing</b></li> </ul>
<b>Agency Program</b>	<ul style="list-style-type: none"> <li>• Seller-negotiated criteria/variances with FNMA are not eligible</li> </ul>

<b>Restrictions</b>	<ul style="list-style-type: none"> <li>• FNMA unique eligibility and underwriting consideration programs are not allowed, including but not limited to: HomeStyle, HARP, DU Refi Plus, and Home Ready</li> </ul>
<b>Agency Extenuating Circumstances</b>	Extenuating Circumstance guidelines for derogatory credit and flexibility are not eligible (i.e., cannot instruct DU to disregard information on credit report to receive an Approve/Eligible)
<b>Borrower Eligibility</b>	<ul style="list-style-type: none"> <li>• Eligible Borrowers: <ul style="list-style-type: none"> <li>○ U.S. Citizens</li> <li>• First Time Homebuyers</li> <li>• Permanent Resident Aliens</li> <li>• Non-Occupant Co-Borrowers</li> <li>• Inter Vivos Revocable (aka living) Trusts</li> </ul> </li> <li>• Ineligible Borrowers: <ul style="list-style-type: none"> <li>• Foreign Nationals</li> <li>○ DACA</li> <li>○ Non-Permanent Resident Aliens</li> <li>• Borrower(s) without a Social Security number (ITINs are not eligible)</li> <li>○ Borrower(s) living rent free</li> </ul> </li> <li>• Loans closed in irrevocable, blind, or fictitious name trusts are not eligible</li> <li>• Seller is responsible for verifying that the borrower has a valid registration card and document in the file</li> <li>• SOLVE limits the number of borrowers per loan to four</li> </ul>
<b>Ineligible Income</b>	<ul style="list-style-type: none"> <li>• Illegal income or assets</li> <li>• Income from a business that is state or federally illegal</li> <li>• Foreign income</li> <li>• Restricted Stock Units (RSUs)</li> </ul>
<b>Minimum Credit Score</b>	680 – all borrowers must meet the minimum credit score requirement
<b>Date used for Credit Seasoning Requirements</b>	Per FNMA
<b>Minimum Tradeline Requirements</b>	<ul style="list-style-type: none"> <li>• Per FNMA DU</li> <li>• A borrower without an established credit history is ineligible</li> </ul>

<b>Borrower Credit Eligibility</b>	<ul style="list-style-type: none"> <li>Borrower eligibility requirements apply to all properties currently or previously owned by the borrower. Examples include mortgage housing histories, loss mitigation, foreclosure, etc.</li> <li>Inclusive of all liens regardless of lien position</li> </ul>

<b>Mortgage/ Housing History</b>	<ul style="list-style-type: none"> <li>0X30 in the past 12-months. Mortgage history for all properties must be verified 'paid as agreed' within 30 days of the note date</li> <li><b>Borrowers without a primary mortgage or rent history in the last 12-months are Ineligible.</b> This includes situations where the borrower may have received a rent holiday, payments lapsed due to divorce/separation, or other instances where the most recent 12-months housing history is not consecutive and complete</li> <li>At least one of the borrowers must have a fully documented, recent, consecutive, 12-months primary housing history</li> <li>Evidence that the primary residence is owned free and clear (e.g., copy of title or credit report). The mortgage/housing history will be treated as 0x30x12 from the time the property obtained free and clear status. If the property has not been free and clear for 24-months, additional housing history will need to be verified to complete the full 24-month history for credit grade determination In addition: <ul style="list-style-type: none"> <li>Mortgage/housing payment history on any property, regardless of the occupancy or lien status, is considered mortgage/housing history for grading purposes. A copy of the title or credit report must document the free and clear status</li> </ul> </li> </ul>
<b>Bankruptcy History</b>	<ul style="list-style-type: none"> <li>Chapter 7 and Chapter 11: Four years from discharge date to note date</li> <li>Chapter 13: Two years from discharge date to note date or four years from dismissal to note date</li> <li>If a foreclosure is included in the bankruptcy, each event is treated separately for credit grade determination</li> <li>No extenuating circumstances allowed</li> </ul>
<b>Multiple Bankruptcies</b>	Per FNMA
<b>Loss Mitigation</b>	<ul style="list-style-type: none"> <li>Four (4) years prior to Note date <ul style="list-style-type: none"> <li>Loss Mitigation includes non-foreclosure actions such as Deed-in-lieu, Short Sale, NOD, Short Refinance, Pre-Foreclosure Sale, Loan Extension, Loan Modification, Forbearance and Charge-off</li> </ul> </li> <li>No extenuating circumstances allowed</li> </ul>
<b>Foreclosure History</b>	<ul style="list-style-type: none"> <li>Seven years from completion date to application date</li> <li>If a foreclosure is included in the bankruptcy, each event is treated separately for</li> </ul>

	seasoning requirements <ul style="list-style-type: none"> <li>No extenuating circumstances allowed</li> </ul>
<b>Adverse Credit</b>	All delinquent credit that will impact title, including delinquent taxes, judgments, chargeoff accounts, tax liens, and mechanic's liens must be paid off prior to or at closing
<b>Tax Payment Plans</b>	Tax repayment plans must be paid off prior to or at closing
<b>Maximum DTI</b>	Maximum DTI 45%

<b>Full Income Documentation</b>	Income documented per DU Findings
<b>4506-C and Tax Transcripts</b>	<ul style="list-style-type: none"> <li>Required for all loans               <ul style="list-style-type: none"> <li>Per DU income type used for qualifying. Ex. If DU requires 1-year W-2 then                   <ul style="list-style-type: none"> <li>1-year W-2 tax transcripts are required                       <ul style="list-style-type: none"> <li>If tax transcripts are not available for the current year then the prior year's tax transcripts must be obtained in order to validate the 1-year W-2 wages</li> </ul> </li> </ul> </li> <li>If most recent year's tax transcript for the income used to qualify is not available for a borrower who has filed taxes, the income may be verified by one of the following:                   <ul style="list-style-type: none"> <li>Officially stamped return by the IRS</li> <li>Evidence that the return was electronically received (must reflect refund or amount owed to IRS)</li> </ul> </li> </ul> </li> </ul> <p>In all cases, evidence of a refund check or payment made must be supplied.</p>
<b>Tax Extensions</b>	<p>SOLVE will allow tax extensions until October 15th. If the borrower has not filed tax returns by April 15th, then the following is required on or prior to June 30th:</p> <p>Evidence of tax extension (IRS Form 4868) or evidence of extension filing</p> <p>Proof tax liability payment has been made (if applicable) or the amount of the tax liability due can be subtracted from the borrower's liquid assets (if proof of payment is not supplied). The borrower will need to meet the required assets for down payment, closing costs and reserves after the taxes due are subtracted from the borrower's liquid assets. After October 15th proof of tax payment is required</p> <p>After June 30th, in addition to the requirements above, an IRS Form 4506-C transcript confirming "No Record Found" for the tax returns on extension must be supplied.</p>
<b>Foreign Assets</b>	Allowed per FNMA requirements.
<b>Borrower Required Funds</b>	A minimum down payment of 5% of the borrower's own funds is required for any purchase transaction. These funds cannot be from a non-occupant co-borrower or from a

	gift. A borrower's real estate commission from the subject property cannot be used to satisfy the minimum down payment requirement.
<b>Reserves</b>	<p>Per FNMA DU Findings for LTV/CLTVs &lt;= 80%</p> <p>Reserves for LTV/CLTVs &gt; 80%</p> <ul style="list-style-type: none"> <li>• 6 months for loan amount &lt; \$1,000,000</li> <li>• 12 months for loan amount ≥ \$1,000,000</li> <li>• Plus 2 additional months PITIA for each additional financed property</li> </ul>

<b>Property Types</b>	<p><b>Eligible Property Types:</b></p> <ul style="list-style-type: none"> <li>• Single Family Residence (attached and detached)</li> <li>• PUDs (attached and detached)</li> <li>• 2-4 Family Properties</li> <li>• FNMA warrantable condominiums (low, mid, and high-rise)</li> </ul>
<b>Florida Condominium LTV Restrictions</b>	Per FNMA
<b>Ineligible Property Types</b>	<p><b>Ineligible Property Types:</b></p> <ul style="list-style-type: none"> <li>• Non-warrantable condominiums</li> <li>• Mixed Use Properties including, but not limited to properties that have been modified to accommodate home businesses, such as catering, in-home day care, animal boarding facilities, or auto repair</li> <li>• Manufactured or Mobile homes (modular is allowed)</li> <li>• More than 5 acres</li> <li>• <a href="#">Rural properties</a></li> <li>• Commercial, Industrial or Business Zoned (where highest and best use is not residential)</li> <li>• More than four units in dwelling</li> <li>• Deed Restriction Communities (Age restricted communities permitted)</li> <li>• Houseboat</li> <li>• Live/Work Projects</li> <li>• Condotels</li> <li>• Geodesic Domes</li> <li>• Properties in declining markets</li> <li>• Property secured for land development purposes or where marketability has not been established</li> <li>• Square footage less than 500 square feet per unit (eligible with 2 acceptable</li> </ul>

	<p>comparable properties that are within 100 square feet of subject)</p> <ul style="list-style-type: none"> <li>• Unimproved land</li> <li>• Properties located on Indian/Native American tribal land</li> <li>• Properties not suitable for year-round occupancy regardless of location</li> <li>• Boarding rooms or group homes</li> <li>• Properties not readily accessible by roads that meet local standards</li> <li>• Condominium conversion seasoned less than three years</li> <li>• Time share units/projects</li> <li>• Motel conversions</li> <li>• Properties with any type of litigation</li> <li>• Properties that do not have full utilities installed to meet all local health and safety standards</li> </ul>
<b>Ineligible Property Types (continued)</b>	<ul style="list-style-type: none"> <li>• Properties appraised "subject to" without an Appraisal Update and/or Completion Certificate (FNMA Form 1004D or FHLMC Form 442)</li> <li>• Properties appraised "as is" that are incomplete, have deferred maintenance and/or require significant repairs</li> <li>• Property condition ratings of C5 or C6 or fair for 2-4 Family <ul style="list-style-type: none"> <li>○ Property condition of C1 through C4 or good or average for 2-4 Family required</li> <li>○ If no similar C4 comparable properties are provided, then a 5% LTV/CLTV reduction is required</li> </ul> </li> <li>• Any property with health and safety, habitability or structural issues</li> <li>• Properties in Hawaiian Lava Flow Hazard Zones 1 and 2 as determined by the U.S. Geological Survey's Hawaiian Volcano Observatory</li> <li>• Working farms or ranches</li> </ul>
<b>Flipped Properties</b>	<ul style="list-style-type: none"> <li>• A flip transaction is when the property is being resold within 180 days of its acquisition by the current seller (from closing date of the previous transaction to application date for the new transaction)</li> <li>• Flip transactions are not permitted unless one of the following conditions are met: <ul style="list-style-type: none"> <li>Property obtained through inheritance ○ Property that is part of a settlement in a divorce agreement ○ Property that is part of an employer relocation program ○ Property acquired by the lender or servicer as a result of foreclosure or Deed in Lieu of foreclosure</li> <li>Property that has been substantially improved by verified renovations since the property was acquired by the property Seller in which any increase in sales price over the property seller's acquisition costs is representative of the market</li> </ul> </li> </ul>



<b>Properties Currently Listed for Sale/Listed Past Six Months</b>	<p>Properties that are listed for sale at the time of application are not eligible. Refinance transactions on properties that have been listed within six months of the application date are acceptable with the following:</p> <p><b>Rate/Term Refinance:</b></p> <ul style="list-style-type: none"> <li>The listing must have expired or been withdrawn prior to the application date</li> </ul> <p><b>Cash-out Refinance:</b></p> <ul style="list-style-type: none"> <li>LTV/CLTV less than 70% ○ The listing must have expired or been withdrawn prior to the application date</li> <li>LTV/CLTV greater than or equal to 70% ○ The application date must be six months or more after the last listing expired or was withdrawn</li> </ul> <p>For ALL scenarios above the Appraiser must confirm:</p> <ul style="list-style-type: none"> <li>Home is not currently listed in the MLS as for sale</li> <li>Home is not publicly offered or for sale by the owner</li> <li>Date the listing was withdrawn or expired</li> </ul>
<b>Warrantable Condominiums</b>	<ul style="list-style-type: none"> <li>Must be FNMA warrantable. Non-warrantable condominiums are not allowed</li> <li>Seller must indicate on the Uniform Underwriting and Transmittal Summary (FNMA Form 1008) that the condominium project is FNMA warrantable and the type of review completed</li> <li>HOA certification form required for all review types</li> </ul>
<b>Transferred Appraisals</b>	<ul style="list-style-type: none"> <li>Allowed</li> <li>FHA/VA appraisals are not allowed. Must be on a FNMA approved form</li> </ul>
<b>Age of Documents</b>	Per FNMA.
<b>Appraisal and Third-Party Valuation Requirements</b>	<ul style="list-style-type: none"> <li>Collateral Desktop Analysis (CDA)</li> <li>CU score of 2.5 or less (if the CU score is greater than 2.5, a CDA is required)</li> <li>With a Portfolio Express loan, the CU must be run off the appraised value entered in DU. If a 2nd appraisal is required, then the lower of the two appraised values must be used to run the CU and DU</li> </ul>
<b>Regulatory Requirements</b>	<p>Seller must meet <b>all</b> the following:</p> <ul style="list-style-type: none"> <li>Federal, state, and local requirements</li> <li>CFPB ATR Regulation Z, Section 1026.43(c) requirements</li> <li>Higher Priced Mortgage Loan (HPML) requirements</li> <li>High Cost Loans are not permitted</li> </ul>
<b>Escrow Holdbacks</b>	Permitted if the escrow holdback is complete and documented by the time SOLVE sells the loan.

<b>Non-Arm's Length Transactions</b>	<p>SOLVE will not permit non-arm's length transactions. A non-arm's length transaction is a transaction between family members, co-workers, friends or anyone associated with the transaction such as the listing agent, builder, mortgage lender, or broker. The following scenarios may be acceptable on a case-by-case basis for the below situations:</p> <ul style="list-style-type: none"><li>• Divorce requiring a buy out</li><li>• Inherited property to buy out interests</li><li>• Gift of Equity</li><li>• A borrower represented by a relative in the transaction (realtor or loan officer) if it is an open market transaction and there are no fees credited to the borrower. A relative cannot be both realtor and loan officer</li></ul> <p><b>NOTE:</b> <i>Employee loans are considered non-arm's length and are not eligible.</i></p>
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### Continuity of Obligation

For refinance transactions, there must be a continuity of obligation. If additional borrowers are added who are not currently on the title, the transaction is limited to a rate/term refinance. **Cash-out is not allowed when additional borrowers who are not on title are added to the transaction.**

- Rate and Term Refinance Transactions meet continuity of obligation requirements when one of the following requirements are met:
  - At least one borrower on the new mortgage was a borrower on the mortgage being refinanced
  - At least one borrower on the new mortgage held title to the subject property for the most recent 12-month period prior to the application date. In addition, for Primary Residence transactions, at least one Borrower on the new mortgage also resided in the subject property as a primary residence for the most recent 12-month period prior to the application date. The mortgage file must contain documentation evidencing that the borrower, either:
    - Has been making timely mortgage payment, including the payments for any subordinate financing, for the most recent 12-month period; or
    - Is a related person to a borrower on the mortgage being refinanced
  - At least one borrower on the new mortgage inherited or was legally awarded the subject property, e.g., in the case of divorce, separation, or dissolution of a domestic partnership
  - The title to the property being refinanced is in the name of a Limited Liability Company (LLC) or acceptable trust. The borrower(s) must be a member of the LLC or beneficiary of the trust at the time of application.
    - Title to the subject property must be transferred into the borrower's name prior to or at closing
    - Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirements

<p><b>Continuity of Obligation (continued)</b></p>	<ul style="list-style-type: none"> <li>• Cash-Out Refinance Transactions (including properties owned free and clear) meet continuity of obligation requirements when one of the following requirements are met:               <ul style="list-style-type: none"> <li>○ All borrower(s) must have held title to the subject property for a minimum of 6 months prior to the application date                   <ul style="list-style-type: none"> <li>Title can be in the name of a Limited Liability Company (LLC) or acceptable trust. The borrower must be a member of the LLC or beneficiary of the trust at the time of application</li> <li>Title to the subject property must be transferred into the borrower's name prior to or at closing</li> <li>Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirements</li> </ul> </li> <li>○ Property was purchased by borrower:                   <ul style="list-style-type: none"> <li>If the borrower's purchase date is within 6 to 12 months prior to application date, the LTV/CLTV must be based on the lesser of the original sales price or the current appraised value</li> <li>If the borrower's purchase date is more than 12 months prior to application date, the LTV/CLTV may be based on the current appraised value</li> </ul> </li> <li>○ Property was not purchased by borrower (e.g. borrower was granted the property):                   <ul style="list-style-type: none"> <li>If the borrower has been on title for at least 6 months prior to the application date, the appraised value can be used to calculate LTV/CLTV</li> <li>The LTV/CLTV maximum is the lesser of 50% or the program maximum</li> </ul> </li> </ul> </li> </ul> <p>Borrower must meet all other program guidelines including the mortgage housing history.</p> <p><b>NOTE:</b> The transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.</p>
<p><b>Delayed Financing</b></p>	<p>Per FNMA.</p>
<p><b>Maximum Loans to One Borrower</b></p>	<p>The maximum number of loans that can be submitted at one time for the same borrower is limited to 4 or by the aggregate dollar amount of \$4MM (of the total loans). If more than 4 loans need to be reviewed at the same time (and the aggregate dollar amount is within guidelines) then the review will have to be coordinated and approved by SOLVE.</p>

<b>Maximum Dollar Amount</b>	The aggregate dollar amount of all loans made to one borrower sold or serviced by Solve may not exceed \$4 million.
<b>Maximum Loans in One Market Area</b>	<p>The number of loans to one borrower in any single market area is limited to two. The term "Single Market Area" refers to the physical location of the property, meaning two or more homes owned by the same borrower within a several block radius, defined neighborhood, or lending area.</p> <p><b>NOTE:</b> Sellers may contact SOLVE to confirm market area location of properties being submitted for eligibility review.</p>
<b>Escrows</b>	Required unless state or federal laws prohibit.
<b>Funding into the Month</b>	Loans that fund/disburse with an interest credit beyond the 10 <sup>th</sup> calendar day of the month are ineligible.
<b>E-Signatures</b>	<p>SOLVE does not authorize the acceptance or provision of e-Signatures, from any party, on the following documents or agreements due to the subject matter or purpose thereof or other legal restrictions:</p> <ul style="list-style-type: none"> <li>• Documents or agreements that by their purpose or subject matter require Handwritten Signatures or require certification or acknowledgement by a notary or similar officer</li> <li>• Real property transaction documents including, but not limited to, those for the transfer of title to real property, required to be recorded, or acknowledged by a notary or similar officer</li> <li>• Agreements or documents related to SOLVE's security interest that by their nature are required to be recorded and/or acknowledged by a notary or similar officer</li> </ul>
<b>Taxes and Hazard Insurance</b>	<p>The appropriate amount of hazard insurance is determined as the lesser of:</p> <ul style="list-style-type: none"> <li>• 100% of the insurable value of the improvements with replacement cost coverage, as established by the property insurer, or the unpaid principal balance of the first and second mortgage (sufficient coverage for the new combined loans), or</li> <li>• The combined unpaid principal balance of the first and any secondary financing, as long as it equals the minimum amount required to compensate for any damage or loss on a replacement cost basis, typically 80% of the insured value of the improvements. If it does not, then coverage that does provide the minimum required amount must be obtained</li> </ul>
<b>Pre-Payment Penalties</b>	Not allowed
<b>Lien Position</b>	<ul style="list-style-type: none"> <li>• Seller must ensure SOLVE has first lien position</li> <li>• UCC filings, private transfer covenants, mechanics liens, and other items that would impact title, marketability, or foreclosure are not allowed</li> </ul>
<b>Title Insurance</b>	A full American Land Title Association (ALTA) Policy.

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<b>Seasoned Loan Submissions</b>	Loans in which more than three payments have been made (at the time of purchase by SOLVE) are ineligible.
<b>Fraud Detection Tools</b>	The Seller must provide evidence in the loan file that they have ordered a third-party fraud detection report and have resolved any red flags, discrepancies, and conflicting information.
<b>COVID Overlays</b>	Per FNMA and SOLVE specific overlays.