

WINDSOR
MORTGAGE



**Program
Eligibility Guide**

Version

2.0

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Jumbo 1 AUS Eligibility Matrix

Fixed Rate (20,25,30 year) & Hybrid ARM Products

Primary Residence | Purchase, Rate and Term Refinance

Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount
Purchase or Rate and Term Refinance	1	680	70%	\$1,000,000
		700	80%	\$1,500,000
		720	80%	\$2,000,000
		720	70%	\$2,500,000
		760	70%	\$3,000,000
		760	60%	\$3,500,000
	2	700	65%	\$1,000,000
		720	60%	\$1,500,000

Primary Residence | Cash-Out Refinance¹

Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	700	65%	\$1,000,000	Follow AUS Findings
		720	65%	\$1,500,000	
		720	60%	\$2,000,000	
	2	720	60%	\$1,000,000	Follow AUS Findings

Second Home | Purchase, Rate and Term Refinance

Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount
Purchase or Rate and Term Refinance	1	720	80%	\$2,000,000
			70%	\$2,500,000

Second Home | Cash-Out Refinance

Transaction Type	Units	FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1	720	60%	\$1,500,000	Follow AUS Findings
			50%	\$2,000,000	

Investment ² Purchase Rate and Term Refinance Cash-Out Refinance				
Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HLCTV	Maximum Loan Amount
Purchase	1-4	740	70%	\$1,500,000
Rate and Term Refinance	1-4	740	70%	\$1,500,000
Cash-Out Refinance	1-4	740	60%	\$1,500,000

¹Texas 50 (a) (6) & Texas 50 (f) (2) refinances (Texas Equity Loans) only allowed on 20, 25 and 30-year fixed rate only.

- Additional restrictions apply, please see Jumbo Program Eligibility Supplement Section 2(D).

The following requirements apply for Investment Property: Purchase, Rate and Term Refinance and Cash-Out Refinance Transactions:

- Florida attached condominiums limited to 50% LTV/CLTV/HCLTV
- Co-ops not allowed
- Gift funds not allowed
- Transaction must be arm’s length
- Appraiser to provide rent comparable schedule
- First-Time Homebuyers not allowed
- 20, 25, 30-year fixed rate only

Jumbo 1 AUS Loan Notes:

- Minimum loan amount is \$1 over \$806,500
- Loans in New York state must be \$1 over current conforming/high balance limit set by FHFA.
- No Exceptions allowed on this AUS program
- Please see Eligible Property Types for Declining Markets policy

Jumbo 1 AUS Underwriting Guidelines	
Eligible Products	<p>Fixed Rate: 20,25,30-year term</p> <p>ARM: 5/6, 7/6 and 10/6 ARM, Fully Amortizing 30-year term</p> <p>Subject to Windsor overlays, default to AUS Findings and FNMA/FHLMC Selling Guide for any guideline not addressed in this guide.</p>
Ineligible Products	<ul style="list-style-type: none"> • High-Cost Loans (Federal (TILA 1026.32), State, Local) • Higher-Priced Mortgage Loans (HPML) (TILA 1026.35) • Non-Standard to Standard Refinance Transactions (AT Exempt) • Higher-Priced Covered Transactions (HPCT QM-Rebuttable Presumption) (TILA 1026.43(b)(4)) • Balloons • Graduated Payments • Interest Only Products • Temporary Buy Downs • Loans with Prepayment Penalties • Points and Fees exceeding 3% see eligibility supplement section 6.E. • Assumable ARMs • Loans with Bridge Financing by third party, i.e. Knock, Homelight or Opendoor
ARM Features	<p>ARM Features:</p> <ul style="list-style-type: none"> • Max 80% LTV/CLTV/HCLTV • No Investment properties allowed. • Caps: 2/1/5 -5/6 ARM • Caps: 5/1/5 allowed on 7/6, 10/6 ARM • Index: SOFR (30 Day Average) • Margin: 2.75 • Floor: 2.75 • No Conversion Option • Not Assumable • Qualifying Rate: <ul style="list-style-type: none"> ➤ 5/6 ARM qualify with the greater of the fully indexed rate or the Note rate +2%. <p><i>Loans in New York state must be \$1 over current conforming/high balance limit set by FHFA.</i></p> <ul style="list-style-type: none"> ○ Windsor Mortgage Will allow for Rebuttal Presumption (HPCT) on 5/6 ARM's. Note: Rebuttable Presumption = APR less than 2.25% above the applicable APOR. ➤ 7/6, 10/6 ARM – qualify with greater of the fully indexed rate or the Note rate.

<p>Underwriting</p>	<p>Follow FNMA/FHLMC Seller Guide and AUS Findings subject to Windsor overlays.</p> <ul style="list-style-type: none"> • The loan must meet the Price Based QM definition; Safe Harbor = APR less than 1.50% above the applicable APOR • In all cases, the loan file must document the eight (8) ATR rules. • Loans must be fully underwritten to one of the applicable Fannie Mae (chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020) or Freddie Mac (sections 5102 through 5500 of the Freddie Mac Single-Family Seller/Servicer Guide, published June 10, 2020) guidelines (Only one guideline can be applied per loan) • <u>Windsor aligns with Fannie Mae as the default throughout this guideline, however both Fannie Mae DU and Freddie Mac LP are acceptable AUS programs to use.</u> • AUS findings with an Approve/Ineligible (or Eligible for High Balance) due to loan amount, must be present in all closed loan files.
<p>Windsor Overlays</p>	<ul style="list-style-type: none"> • Minimum Credit Score is 680 • Maximum LTV/CLTV based on transaction type, occupancy, and credit score. • Maximum DTI (Refer to Debt to Income Ratio Section) • Reserve Requirements – refer to Reserve Table. • Follow Windsor “Credit Event” Seasoning requirements
<p>Eligible Borrowers</p>	<ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens with evidence of lawful residency <ul style="list-style-type: none"> □ Must be employed in the US for the past twenty-four (24) months. • Non-Permanent Resident Aliens with evidence of lawful residency are eligible with the following restrictions: <ul style="list-style-type: none"> □ Primary residence only. □ Borrower must have a current twenty-four (24) month employment history in the US. □ History of at least one visa renewal • Illinois Land Trust (see Jumbo Program Eligibility Supplement for requirements). • Inter Vivos Revocable Trust (see Jumbo Program Eligibility Supplement for requirements). • All borrowers must have a valid Social Security Number. • Non-Occupant Co-Borrowers: May or may not have an ownership interest in the subject property as indicated on title. • Unexpired Visas only. Borrowers should have a 24-month credit history based on AUS response.

Jumbo 1 AUS Underwriting Guidelines	
Ineligible Borrowers	<ul style="list-style-type: none"> Foreign Nationals Borrowers with diplomatic status Life Estates Non-Revocable Trusts DACA Borrowers ITIN Borrowers Guardianships LLCs, Corporations or Partnerships Land Trusts, except for Illinois Land Trust Borrowers with any ownership/employment in a business that is federally illegal, regardless of if the income is not being considered for qualifying.
Eligible Occupancy Types	<ul style="list-style-type: none"> Follow FNMA/FHLMC Seller Guide and AUS Findings subject to Windsor overlays.
Documentation	<ul style="list-style-type: none"> Documentation waivers based on AUS recommendations permitted subject to Windsor overlays. No Property Inspection or Drive-By Appraisal Waivers allowed. Income calculation worksheet or 1008 with income calculation. Current Fannie Mae Form 1084, Freddie Mac Form 91 or equivalent is required for self-employment income analysis. Full income and asset verification is required. All credit documents, including title commitment, must be no older than 120 days from the Note date. All loans must meet the Price-Based QM Safe Harbor definition. Safe Harbor =APR less than 1.50% above the applicable APOR. QM Designation must be provided in the loan file: <ul style="list-style-type: none"> <input type="checkbox"/> QM designation is QM Safe Harbor- APOR (or similar name i.e. Price Based) Loan file must document the eight (8) Ability to Repay (ATR) rules identified in Part 1026- Truth-in-Lending (Regulation Z). If subject transaction is paying off a HELOC that is not included in the CLTV/ HCLTV calculation, the loan file must contain evidence the HELOC has been closed. If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, additional documentation must be obtained to determine no negative impact on the borrower's ability to repay, assets or collateral.
Debt-to-Income Ratio (DTI)	<ul style="list-style-type: none"> 49.99% max DTI for primary and second home 45% ARMs 47% Investment Property
LTV/CLTV/HCLTV Calculation for Refinances	<ul style="list-style-type: none"> Follow FNMA/FHLMC Seller Guide and AUS Findings subject to Windsor overlays.
Refinance Transactions	<p>Rate and Term Refinance & Cash-Out Refinance Requirements:</p> <ul style="list-style-type: none"> Follow FNMA/FHLMC Seller Guide and AUS Findings subject to Windsor overlays.
	<p>Delayed Purchase Refinancing</p> <ul style="list-style-type: none"> Follow FNMA/FHLMC Seller Guide and AUS Findings. <ul style="list-style-type: none"> <input type="checkbox"/> LTV/CLTV/HCLTV for Rate and Term refinances must be met. The loan is treated as a Rate and Term refinance except for primary residence transactions in Texas. <p>Continuity of Obligation: When at least one (1) borrower on the existing mortgage is also a borrower on the new refinance transaction, continuity of obligation requirements has been met.</p>

Jumbo 1 AUS Underwriting Guidelines

Refinance Transactions

If continuity of obligation is not met, the following permissible exceptions are allowed for the new refinance to be eligible:

The borrower has been on title for at least twelve (12) months but is not obligated on the existing mortgage that is being refinanced and the borrower meets the following requirements:

- Has been making the mortgage payments (including any secondary financing) for the most recent twelve (12) months, or
- Is related to the borrower on the mortgage being refinanced.
- The borrower on the new refinance transaction was added to title twenty- four (24) months or more prior to the disbursement date of the new refinance transaction.
- The borrower on the refinance inherited or was legally awarded the property by a court in the case of divorce, separation or dissolution of a domestic partnership.
- The borrower on the new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply:
 - Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer.
 - The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan.

NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.

Secondary Financing

- Institutional Financing only. Seller subordinate financing not allowed.
- Subordinate liens must be recorded and clearly subordinate to the first mortgage lien.
- If there is or will be an outstanding balance at the time of closing, the monthly payment for the subordinate financing must be included in the calculation of the borrower's debt-to-income ratio.
- Full disclosure must be made of the existence of subordinate financing and the subordinate financing repayment terms. The following are acceptable subordinate financing types:
 - Mortgage terms with interest at market rate.
 - Mortgage with regular payments that cover at least the interest due, resulting in no negative amortization.
- Employer subordinate financing is allowed with the following requirements:
 - Employer must have an Employee Financing Assistance Program in place.
 - Employer may require full repayment of the debt if the borrower's employment ceases before the maturity date.
 - Financing may be structured in any of the following ways:
 - Fully amortizing level monthly payments
 - Deferred payments for some period before changing to fully amortizing payments.
 - Deferred payments over the entire term.
 - Forgiveness of debt over time
 - Balloon payment of no less than five (5) years, or the borrower must have sufficient liquidity to pay off the subordinate lien.
- LTV/CLTV/HCLTV guidelines must be met for loans with subordinate financing.

Jumbo 1 AUS Underwriting Guidelines	
Texas 50 (a) (6) & Texas 50 (f) (2) Refinances	<ul style="list-style-type: none"> • Texas 50 (a) (6) & Texas 50 (f) (2) refinances (Texas Equity Loans) only allowed on 20, 25 and 30-year fixed rate only. Additional restrictions apply, please see Jumbo Program Eligibility Supplement.
Construction-To-Permanent Financing	<ul style="list-style-type: none"> • Follow FNMA/FHLMC Seller Guide and AUS Findings. One -Time Close Transactions not allowed.
Credit	<p>Tradeline Requirements: Follow FNMA/FHLMC Seller Guide and AUS Findings</p> <ul style="list-style-type: none"> • Authorized user accounts are not allowed as an acceptable tradeline. • Non-traditional credit is not allowed as an acceptable tradeline. <p>Disputed Tradelines:</p> <ul style="list-style-type: none"> • Follow FNMA/FHLMC Seller Guide and AUS Findings <p>Rental History Requirements:</p> <ul style="list-style-type: none"> • If the borrower(s) has a rental history in the most recent twelve (12) months, a VOR must be obtained reflecting 0X30 in the last twelve (12) months. Applies to all borrowers on the loan. • If the landlord is a party to the transaction or relative of the borrower, cancelled checks or bank statements to verify satisfactory rent history is required; otherwise, if not related or a party to the transaction a satisfactory VOR can be provided. <p>Derogatory Credit:</p> <ul style="list-style-type: none"> • 0x30 for mortgage in past 12 months. Follow FNMA/FHLMC Seller Guide and AUS Findings. <p>Follow FNMA/FHLMC Selling Guide and AUS findings for additional credit guidelines.</p> <ul style="list-style-type: none"> • Bankruptcy: Chapter 7, 11 or 13: Seven year waiting period from the discharge or dismissal date. • Foreclosure: Seven year waiting period measured from the completion date of the foreclosure reported on the credit report or other foreclosure documents. • Deed-In-Lieu, Short Sale, Pre-foreclosure, and Charge-Off of a Mortgage Account: Seven year waiting period is required from the completion date as reported on the credit report or other documents. <p>Multiple Credit Events: Not Allowed, however credit events more than 10 years seasoned do not need to be considered.</p> <p>Past Mortgage Forbearances:</p> <ul style="list-style-type: none"> • Allowable six months after the end of the forbearance period, and only if the borrower made all the monthly payments during forbearance and did not utilize the forbearance terms to skip any payments. Payoff statements and mortgage statements must not reflect any deferred principal balances or any indication of current forbearance. <p>Outstanding Judgments/Tax Liens/Charge-offs/Past-Due Accounts: Follow FNMA/FHLMC Seller Guide and AUS Findings</p> <p>Credit Inquiries:</p> <ul style="list-style-type: none"> • If the credit report indicates inquiries within the most recent 90 days of the credit report, the seller must confirm the borrower did not obtain additional credit that is not reflected in the credit report or mortgage application. In these instances, the borrower must explain the reason for the credit inquiry. • If additional credit was obtained, a verification of that debt must be provided, and the borrower must be qualified with the monthly payment. • Confirmation of no new debt may be in the form of a new credit report, pre-close credit report or gap credit report.

Jumbo 1 AUS Underwriting Guidelines																				
Credit	<p>Credit Reports-Frozen Bureaus:</p> <ul style="list-style-type: none"> Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required. 																			
Liabilities	<p>Liability Requirements: Follow FNMA/FHLMC Seller Guide and AUS Findings</p> <p>Contingent Liabilities: Follow FNMA/FHLMC Seller Guide and AUS Findings.</p> <p>Departure Residence Pending Sale: Follow FNMA/FHLMC Seller Guide and AUS Findings</p> <p>Departure Residence Subject to Guaranteed Buy-out with Corporation Relocation: Follow FNMA/FHLMC Seller Guide and AUS Findings</p>																			
Assets	<p>Asset Requirements: Follow FNMA/FHLMC Seller Guide and AUS Findings</p> <p>Beyond the minimum reserve requirements based on Windsor Mortgage overlays and to fully document the borrowers’ ability to meet their obligations, borrowers should disclose all liquid assets.</p> <ul style="list-style-type: none"> Eligible assets must be held in a US account. Large deposits inconsistent with monthly income or deposits must be verified if using for down payment, reserves or closing costs. Lender is responsible for verifying large deposits did not result in any new undisclosed debt. Asset verification by a Fannie Mae approved asset validation provider is allowed. Asset documentation is based on AUS requirements. Reserve Requirements (# of Months of PITIA) ** <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Property Type</th> <th style="text-align: center;">Reserve Requirement</th> <th style="text-align: center;">PITIA</th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="text-align: center;">Primary Residence</td> <td style="text-align: center;">≤ \$1,000,000</td> <td style="text-align: center;">6</td> </tr> <tr> <td style="text-align: center;">\$1,000,001 - \$2,000,000</td> <td style="text-align: center;">12</td> </tr> <tr> <td style="text-align: center;">\$2,000,001 - \$3,500,000</td> <td style="text-align: center;">18</td> </tr> <tr> <td rowspan="2" style="text-align: center;">Second Homes</td> <td style="text-align: center;">≤ \$1,000,000</td> <td style="text-align: center;">6</td> </tr> <tr> <td style="text-align: center;">> \$1,000,000</td> <td style="text-align: center;">12</td> </tr> <tr> <td style="text-align: center;">Investment Properties</td> <td style="text-align: center;">≤ \$1,500,000</td> <td style="text-align: center;">12</td> </tr> </tbody> </table> <p>Additional 1-4 Unit Financed REO</p> <ul style="list-style-type: none"> Additional three (3) -OR- six (6) months reserves PITIA for each property is required based on the PITIA of the additional REO. If eligible to be excluded from the count of multiple financed properties, reserves are not required. <p>**Borrowed funds (secured or unsecured) are not allowed for reserves. See <i>Multiple Financed Properties</i> section for full reserves and requirements</p>		Property Type	Reserve Requirement	PITIA	Primary Residence	≤ \$1,000,000	6	\$1,000,001 - \$2,000,000	12	\$2,000,001 - \$3,500,000	18	Second Homes	≤ \$1,000,000	6	> \$1,000,000	12	Investment Properties	≤ \$1,500,000	12
Property Type	Reserve Requirement	PITIA																		
Primary Residence	≤ \$1,000,000	6																		
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Second Homes	≤ \$1,000,000	6																		
	> \$1,000,000	12																		
Investment Properties	≤ \$1,500,000	12																		
Financing Concessions	<ul style="list-style-type: none"> Follow FNMA/FHLMC Seller Guide and AUS Findings 																			
Seller Concessions	<ul style="list-style-type: none"> Follow FNMA/FHLMC Seller Guide and AUS Findings 																			
Personal Property	<ul style="list-style-type: none"> Follow FNMA/FHLMC Seller Guide and AUS Findings 																			

Jumbo 1 AUS Underwriting Guidelines

Income /
Employment

Stable monthly income must meet the following requirements to be considered for qualifying:

- Stable - two (2) year history of receiving the income.
- Verifiable
- High probability of continuing for at least three (3) years

When the borrower has less than a two (2) year history of receiving income, the lender must provide a written analysis to justify the determination that the income used to qualify the borrower is stable.

Declining Income: When the borrower has declining income, the most recent twelve (12) months should be used.

In certain cases, an average of income for a longer period may be used when the decline is related to a one-time capital expenditure and proper documentation is provided.

In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and the borrower's ability to repay. The employer or the borrower should provide an explanation for the decline and the underwriter should provide a written justification for including the declining income in qualifying.

Gaps in Employment: Refer to AUS findings.

General Documentation Requirements:

- 4506-C must be signed and completed for all borrowers. IRS will require the latest form completed in full.
- Taxpayer consent form signed by all borrowers.
- Income calculation worksheet or 1008 with income calculation. The Fannie Mae 1084, or Freddie Mac Form 91 or equivalent is required for self-employment analysis. The most recent Form 1084 or Form 91 should be used based on application date. Instructions per Form 1084 or Form 91 must be followed.
 - Copy of liquidity analysis must be included in the loan file if the income analysis includes income from boxes 1, 2 or 3 on the K-1 that is greater than distributions indicated on the K-1.
 - If a liquidity analysis is required and the borrower is using business funds for down payment or closing costs, the liquidity analysis must consider the reduction of those assets.
- Paystubs must meet the following requirements:
 - Clearly identify the employee/borrower and the employer.
 - Reflect the current pay period and year-to-date earnings.
 - Computer generated.
 - Paystubs issued electronically via email or internet, must show the URL address, date and time printed and identifying information.
 - Year-to-date pay with most recent pay period at the time of application and no earlier than 120 days prior to the Note date.
- W-2 forms
- Verification of Employment Requirements:

Requirements below apply when income is positive and included in qualifying income:

 - Verbal Verification of Employment (VVOE) must be performed no more than ten (10) business days prior to the Note date.
 - The Verbal VOE should include the following information for the borrower:

Jumbo 1 AUS Underwriting Guidelines

**Income /
Employment**

- Date of contact
- Name and title of person contacting the employer.
- Name of employer
- Start date of employment
- Employment status and job title
- Name, phone #, and title of contact person at employer.
- Independent source used to obtain employer phone number.
- Verification of the existence of borrower’s self-employment must be verified through a third-party source and no more than 120 calendar days prior to the Note date.
 - Third party verification can be from a CPA, regulatory agency or applicable licensing bureau. A borrower’s website is not acceptable third-party source.
 - Listing and address of the borrower’s business
 - Name and title of person completing the verification and date of verification.
- Written Verification of Employment may be required for a borrower’s income sourced from commissions, overtime and or other income when the income detail is not clearly documented on W-2 forms or paystubs.

Tax Returns must meet the following requirements when used for qualifying:

- Personal income tax returns (if applicable) must be complete with all schedules (W-2 forms, K-1s etc.) and must be signed and dated. In lieu of a signature, personal tax transcripts for the corresponding year may be provided.
- Business income tax returns (if applicable) must be complete with all schedules and must be signed and dated. In lieu of a signature, business transcripts for the corresponding year may be provided on or before the closing date.
- For unfiled tax returns for the prior year’s tax return, please see the **Jumbo Program Eligibility Supplement**.

Unacceptable Sources of Income:

- Any unverified source
- Deferred compensation
- Temporary or one-time occurrence income
- Rental income from primary residence – One (1) unit property or one (1) unit property with accessory unit
- Rental income from a second home
- Retained earnings.
- Education benefits
- Trailing spouse income
- Any income that is not legal in accordance with all applicable federal, state and local laws, rules and regulations. Federal law restricts the following activities and therefore the income from these sources is **not allowed** for qualifying:
 - Foreign shell banks.
 - Medical marijuana dispensaries.
 - Any business or activity related to recreational marijuana use, growing, selling or supplying of marijuana, even if legally permitted under state or local law.
 - Businesses engaged in any type of internet gambling.

Jumbo 1 AUS Underwriting Guidelines	
Income / Employment	Specific Income Documentation Requirements
	Non-Self Employment Documentation Requirements:
	Follow FNMA/FHLMC Seller Guide and DU/LP Findings for the following income types:
	<ul style="list-style-type: none"> • Alimony/Child Support/Separate Maintenance • Asset Depletion • Capital Gains • Commission Income • Disability Income – Long Term (Private policy or employer-sponsored policy) • Dividends and Interest Income • Foreign Income • K-1 Income/Loss on Schedule E • Non-Taxable Income (Child support, military rations / quarters, disability, foster care, etc.) • Note Income • Overtime and Bonus Income • Part-Time Income • Projected Income • Rental Income • Rental Income - Departing Primary Residence • Retirement Income (Pension, Annuity, 401(k), IRA Distributions) • Salaried/Hourly Income • Social Security Income • Temporary Leave Income
	Restricted Stock and Stock Options
	<ul style="list-style-type: none"> • Not Allowed
	Borrowers Employed by Family
	<ul style="list-style-type: none"> • YTD paystub • Two (2) years W-2s and • Two (2) years personal tax returns with two (2) years tax transcripts. • VVOE • Borrower’s potential ownership in the business must be addressed.
	Trust Income
	<ul style="list-style-type: none"> • Follow FNMA/FHLMC Seller Guide and AUS Findings • Copy of trust agreement or trustee statement showing: <ul style="list-style-type: none"> <input type="checkbox"/> Total amount of borrower designated trust funds. <input type="checkbox"/> Terms of payment. <input type="checkbox"/> Duration of trust. <input type="checkbox"/> Evidence the trust is irrevocable.

Jumbo 1 AUS Underwriting Guidelines

Self-Employment

Income /
Employment

Follow FNMA/FHLMC Seller Guide and AUS Findings

- Self-Employed borrowers are defined as having 25% or greater ownership or receive 1099 statement to document income.

The requirements below apply for Self-Employed borrowers.

- Income calculations should be based on the Fannie Mae Form 1084 or Freddie Mac Form 91 or equivalent income calculation form.
- Year-to-date financials (profit and loss statement) is not required if the income reporting is positive, not declining and not counted in qualifying income.

Two-year history is generally required.

- **Provide most recent two years complete personal and business tax returns, all schedules, are pages (signed and dated)**
- 12-24 months self-employment history may be considered as long as the borrowers most recent tax returns reflect income at the same or greater level in a field that provides the same products or services as the current business or in an occupation in which he or she had similar responsibilities to those in connection with the current business.
- 1-2 years signed 1040s and K-1's depending on AUS findings.
 - Signature requirement may be waived if tax transcripts are obtained to support the 2 years of 1040s.
- If one year is required per AUS findings the following requirements apply:
 - Signed 1040s and Business Tax Returns for the most recent year.
 - Confirm the tax returns reflect at least 12 months of self-employment income.
- Verification of Self-Employment Income:
 - Verify the existence of the client's business within 120 calendar days prior to the note date.
- Year-To-Date Profit & Loss Statement:
 - Year-to-Date Profit & Loss is only required if self-employment income is the primary income source used to qualify.
 - Must be updated through the most recent quarter prior to application.
 - Prior to the end of the first quarter a Year-to-Date Profit & Loss is required for the following year. No current Year-to-Date Profit & Loss is required.
 - If the Year-to-Date profit & loss statements reflects a downward income trend the lower income reporting on the YTD Profit & Loss must be used for qualification.
 - May be either audited or unaudited.

For example: 2021 returns in file and Note date is 7/14/2022 would require 2022 YTD documentation through Q1 or through March 31, 2022, note date of 8/14/2022 would require YTD documentation covering Q1 and Q2 or through June 30, 2022.

- Secondary Self-Employment Income:
 - Business income reported on a borrower's individual income tax returns is not required to be used in qualification if the client is only using income that is not derived from self-employment and self-employment is a secondary and separate source of income.
 - Secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required.
 - Examples of income not derived from self-employment include salary and retirement income.

Jumbo 1 AUS Underwriting Guidelines	
Income / Employment	<ul style="list-style-type: none"> • Income from Self-Employed Co-Borrower: <ul style="list-style-type: none"> <input type="checkbox"/> When co-borrower income is derived from self-employment is not being used for qualifying purposes, the lender is not required to document or evaluate the co-client’s self-employment income. <input type="checkbox"/> Co-borrower self-employment losses reporting on 1040 tax transcripts greater than 5% of borrowers total qualifying income must be deducted from qualifying income. Additional self-employment documentation is not required.
	<p>Follow FNMA/FHLMC Seller Guide and AUS Findings for the following Self-Employment income types:</p>
	<ul style="list-style-type: none"> • Corporation • Partnership/S-Corporation • Sole Proprietorship (Includes Schedule C and Schedule F)
Multiple Financed Properties	<ul style="list-style-type: none"> • The borrower(s) may own a total of ten (10) financed, 1–4-unit residential properties including the subject property and regardless of the occupancy type of the subject property. <ul style="list-style-type: none"> <input type="checkbox"/> If the borrower owns up to four (4) financed properties: <ul style="list-style-type: none"> ○ Max financing for the subject transaction is allowed. ○ Additional financed 1–4-unit residential properties require three (3) months reserves for each property. <input type="checkbox"/> If the borrower owns between five (5) and ten (10) financed properties: <ul style="list-style-type: none"> ○ The subject transaction is limited to a maximum of 80% LTV/CLTV/HCLTV or program maximum (lower of the two) ○ Subject property requires the greater of six (6) months reserves or required reserves per guidelines as indicated in the Asset Section of this guide. ○ Additional financed 1–4-unit residential properties require six (6) months reserves for each property. • The borrower may own an unlimited number of financed 1–4-unit residential properties when the subject transaction is a primary residence with the following requirements met: <ul style="list-style-type: none"> <input type="checkbox"/> The subject transaction is limited to a maximum of 80% LTV/CLTV/HCLTV or program maximum (lower of the two). <input type="checkbox"/> Additional financed 1–4-unit residential properties require six (6) months reserves for each property. • 1–4-unit residential financed properties held in the name of an LLC or other corporation can be excluded from the number of financed properties only when the borrower is not personally obligated for the mortgage. • Ownership of commercial or multifamily (five (5) or more units) real estate is not included in this limitation.
Properties Listed for Sale	<ul style="list-style-type: none"> • Properties currently listed for sale (at the time of application) are not eligible
Eligible Properties	<ul style="list-style-type: none"> • 1-2 Unit Owner Occupied Properties • 1 Unit Second Homes • Condominiums – Attached – Warrantable- Follow AUS/Agency requirements. <ul style="list-style-type: none"> <input type="checkbox"/> Limited review allowed for attached units in established condominium projects: <ul style="list-style-type: none"> ○ Eligible transactions as per AUS/Agency requirements. ○ Projects located in Florida are not eligible for limited review.

Jumbo 1 AUS Underwriting Guidelines

<p>Eligible Properties</p>	<ul style="list-style-type: none"> <input type="checkbox"/> CPM or PERS allowed. <input type="checkbox"/> Full Review allowed. Warranty to AUS/Agency full review guidelines. <input type="checkbox"/> Projects with 2-4 units – Follow AUS/Agency requirements. <input type="checkbox"/> Condominium documents to support condominium eligibility review must be no older than 120 days from Note date. <ul style="list-style-type: none"> • Condominiums – Detached (including site condominiums) <ul style="list-style-type: none"> <input type="checkbox"/> Follow AUS/Agency requirements. • Modular homes • Planned Unit Developments (PUDs) • Properties with ≤40 acres <ul style="list-style-type: none"> <input type="checkbox"/> Properties >10 acres ≤40 acres must meet the following: <ul style="list-style-type: none"> ○ No commercial use allowed. ○ No income producing attributes. <p>Declining Markets:</p> <ul style="list-style-type: none"> • Windsor will purchase loans within a declining market as noted on appraisal, third party valuation or Seller’s internal review of appraisal. <ul style="list-style-type: none"> <input type="checkbox"/> There is a 5% reduction to the maximum LTV/CLTV/HCLTV based on Windsor’s Program Eligibility grid. <p>Miscellaneous: Properties with leased solar panels must meet Fannie Mae requirements.</p> <p>Acceptable Forms of Ownership:</p> <ul style="list-style-type: none"> • Fee Simple with title vesting as: <ul style="list-style-type: none"> <input type="checkbox"/> Individual. <input type="checkbox"/> Joint Tenants <input type="checkbox"/> Tenants in Common • Deed/Resale Restrictions must meet Fannie Mae requirements.
<p>Ineligible Properties</p>	<ul style="list-style-type: none"> • 2–4-unit second home properties • 3–4-unit owner occupied properties • Investment properties • Condotels / Condo Hotels • Manufactured Homes/Mobile Homes • Mixed-Use Properties • Model Home Leasebacks • Non-Warrantable Condominiums • Properties with condition rating of C5/C6 • Properties with construction rating of Q6 • Properties located in Hawaii in lava zones 1 & 2. • Properties located in areas where a valid security interest in the property cannot be obtained. • Properties >40 acres • Leasehold properties • Solar panels that will include a formal Deed Restriction tied to borrower access to equipment. • Co-Ops • Properties with a private transfer fee covenant unless the covenant is excluded under 12CFR 1228 as an excepted transfer fee covenant

Jumbo 1 AUS Underwriting Guidelines

<p>Ineligible Properties</p>	<ul style="list-style-type: none"> • Tenants-in-Common projects (TICs) • Unique properties • Working farms, ranches, or orchards
<p>Non-Arm's Length Transactions</p>	<p>A non-arm's length transaction exists whenever there is a personal or business relationship with any parties to the transaction which may include the seller, builder, real estate agent, appraiser, lender, title company or other interested party.</p> <p>The following non-arm's length transactions are eligible:</p> <ul style="list-style-type: none"> • Family sales or transfers • Property seller acting as their own real estate agent. • Relative of the property seller acting as the seller's real estate agent • Borrower acting as their own real estate agent. • Relative of the borrower acting as the borrower's real estate agent • Borrower is the employee of the originating lender, and the lender has an established employee loan program. Evidence of employee program to be included in loan file. • Originator is related to the borrower. • Originator is a current subsidiary of the builder. • Borrower purchasing from their landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord). <p>Gifts from relatives that are interested parties to the transaction are not allowed, unless it is a gift of equity.</p> <p>Real estate agents may apply their commission towards closing costs and/or prepaids if the amounts are within the interested party contribution limitations.</p>
<p>Disaster Policy</p>	<p>See Jumbo Program Eligibility Supplement for requirements.</p>
<p>Escrow Holdbacks</p>	<p>Not allowed unless the holdback has been disbursed and a certification of completion has been issued prior to purchase by Windsor.</p>
<p>Appraisal Requirements</p>	<ul style="list-style-type: none"> • Transferred appraisals are not allowed. • Appraisal Waivers also known as a PIW or Drive-By appraisals are not allowed. • Appraisals must be completed for the subject transaction. Use of a prior appraisal, regardless of the date of the prior appraisal, is not allowed. • Appraisal Update (Form 1004D) is allowed for appraisals that are over 120 days aged but less than 180 days aged from Note. <ul style="list-style-type: none"> □ The appraiser must inspect the exterior of the property and provide a photo. • Appraiser must review current market data to determine whether the property as declined in value since the date of original appraisal. If the value has declined since original appraisal, a new full appraisal is required. • The appraisal Update (1004D) must be dated within 120 days of the Note date. • Investment Properties must contain a rent comparable schedule. • Collateral Underwriter (CU) or Loan Collateral Advisor (LCA) score in lieu of a CDA or CCA. <ul style="list-style-type: none"> □ The use of the Collateral Underwriter (CU) score in lieu of a CDA is allowed with the following requirements: <ul style="list-style-type: none"> ○ UCDP SSR included in loan file with a Fannie CU score of 2.5/or Loan Collateral Advisor (LCA) with a score of 2.5 -or- less. <p>Note: (CU/LCA) score cannot be used if a CDA or CCA has been pulled and value is not supported within 10% tolerance, further value support is required by either a Value Reconciliation from Clear Capital, Field Review, or 2nd full appraisal</p>

Jumbo 1 AUS Underwriting Guidelines

Appraisal Requirements

- Cannot interchange CU/LCA scores: Fannie Mae loans require CU score; Freddie Mac loans require LCA score.
- Collateral Desktop Analysis (CDA) ordered from Clear Capital or a Consolidated Collateral Analysis (CCA) from Consolidated Analytics is required to support the value of the appraisal if the CU score is not being applied. The Seller is responsible for ordering the CDA or CCA.
- If the CDA or CCA returns a value that is “Indeterminate” or if the CDA or CCA indicates a lower value than the appraised value that exceeds a 10% tolerance, then one (1) of the following requirements must be met:
 - A Clear Capital BPO or Consolidated Analytics BPO (Broker Price Opinion) and a Clear Capital Value Reconciliation or a Consolidated Analytics Value Reconciliation of three reports is required.
 - The Value Reconciliation will be used for the appraised value of the property. The Seller is responsible for ordering the BPO and Value Reconciliation through Clear Capital or Consolidated Analytics.
 - 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. The Seller is responsible for providing the field review or 2nd full appraisal.
- If two (2) full appraisals are provided, a CDA is not required.
- For properties purchased by the seller of the property within ninety (90) days of the fully executed purchase contract the following requirements apply:
 - Second full appraisal is required.
 - Property seller on the purchase contract is the owner of record.
 - Increases in value should be documented with commentary from the appraiser and recent paired sales.

The above requirements do not apply if the property seller is a bank that received the property as a result of foreclosure or deed-in lieu.

Appraisal requirements based on loan amount:

First Lien Amount	Appraisal Requirements
Purchase Transactions	
≤\$2,000,000	1 Full Appraisal
Refinance Transactions	
≤\$1,500,000	1 Full Appraisal
>\$1,500,000	2 Full Appraisals

- When two (2) appraisals are required, the following applies:
 - Appraisals must be completed by two (2) independent companies.
 - The LTV will be determined by the lower of the two (2) appraised values if the lower appraisal supports the value conclusion.
 - Both appraisal reports must be reviewed and address any inconsistencies between the two (2) reports and all discrepancies must be reconciled.
 - If the two (2) appraisals are done “subject to” and 1004Ds are required, it is allowable to provide one (1) 1004D. If only one (1) 1004D is provided, it should be for the appraisal that the value of the transaction is being based upon.

Version History

Version Number	Date	Description of Change
1.0	11.04.2021	<ul style="list-style-type: none"> Initial version of Jumbo 1 AUS program
1.1	01.03.2022	<ul style="list-style-type: none"> Added verbiage tied to Freddie Mac, removed language tied to income requirements to refer only to Follow FNMA/FHLMC Seller Guide and DU/LP Findings throughout the guide. (Jumbo 1 AUS, <i>Underwriting Guidelines</i>) Updated minimum loan amounts from \$548,251 to \$647,201. (Jumbo 1 AUS, Eligibility Matrix, <i>Footnotes</i>) Amended Priced Based APOR verbiage (Jumbo 1 AUS/ <i>Underwriting Guidelines / Documentation</i>)
1.2	04.11.2022	<ul style="list-style-type: none"> Clarified verbiage addressing DU/LP to AUS findings (Jumbo 1 AUS, <i>Underwriting Guides / all sections</i>) Added to multiple credit events that 10 years seasoning are not considered a true credit event (Jumbo 1 AUS/<i>Underwriting/Credit/Derogatory Credit</i>) Added Drive- By appraisals to not acceptable as property waiver (Jumbo 3 AUS/<i>Underwriting/appraisal requirements</i>) Added Points and Fees exceeding 3% commentary (Jumbo 1 AUS/<i>Underwriting Guidelines / Ineligible Products</i>) Added One Time Close to list of ineligible transactions (Jumbo 3 AUS/<i>Underwriting/Construction to Perm</i>)
1.3	01.03.2023	<ul style="list-style-type: none"> Updated the new conforming loan limits from \$647,201 to \$726,201 (Jumbo 3 AUS, Eligibility Matrix, <i>Footnotes</i>) Added Declining Markets properties as an Eligible property for Windsor to purchase with 5% LTV/CLTV/HCLTV reduction to apply (Jumbo 1 AUS/ <i>Underwriting Guidelines / Eligible Properties</i>) Added Consolidated Analytics as additional vendor to use for additional value support (Jumbo 1 AUS/ <i>Underwriting Guidelines / Appraisal Requirements</i>)

1.4	08.21.2023	<ul style="list-style-type: none"> • Updated minimum loan amount verbiage to align with all guidelines (Jumbo 3 AUS/Eligibility Matrix/Jumbo 1 AUS Notes) • Added clarity to Credit Seasoning to include Credit Event Seasoning (Jumbo 3 AUS/Underwriting Guidelines/ Windsor Overlays) • Updated Credit Documents age from 90 days to 120 days (Jumbo 3 AUS/Underwriting Guides/Documentation) • Updated Credit Inquiry letters to be within 90 days from 120 days (Jumbo 3 AUS/Underwriting Guidelines/Credit) • Updated age of paystubs to align with credit document date of 90 to 120 days (Jumbo 1 AUS/Underwriting Guidelines/Income and Employment)
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**Jumbo 1 AUS
Program Eligibility**

Version Number	Date	Description of Change
		<ul style="list-style-type: none"> Removed Bullet Point 4 about 2-year tax return requirements (Jumbo 3 AUS/Underwriting Guidelines/Income and Employment/Self Employment Section) Added additional verbiage to not use DU and LP interchangeably as tied to CU and LCA scores (Jumbo 1 AUS/Underwriting Guidelines/ Appraisal Requirements)
1.5	10.16.2023	<ul style="list-style-type: none"> Added line item to allow for minimum 680 credit score, 70% LTV/CLTV/HCLTV to \$1,000,000 for Primary Purchase/Rate and Term (Jumbo 1 AUS/ Eligibility Grid/Primary Purchase and Rate and Term) Reduced minimum credit score for Primary Residence Purchase/Rate and Term 2-Unit from 720 to 700 for loan amounts ≤ \$1,000,000 (Jumbo 1 AUS/ Eligibility Grid/Primary Purchase and Rate and Term) Removed Line-item Primary Residence Cash Out, 720 credit score, 70% LTV/CLTV/HCLTV at \$1,000,000(Select US/Eligibility Grid/Primary Residence/Cash Out) Reduced minimum credit score from 740 to 720 for Second Home Transactions (Jumbo 1 AUS/Eligibility/Second Homes) Increased maximum DTI from 45% to 49.99% (Jumbo 3 AUS/Underwriting Guidelines/Debt to Income Ratio) Asset documentation verbiage to state based-on AUS requirements (Jumbo 3 AUS/Underwriting Guide/Assets) Updated language as tied to Gaps of Employment to state Refer to AUS findings from minimum of two-year employment history is required (Jumbo 1 AUS/Underwriting Guide/Income and Employment) Added Temporary Leave Income as acceptable to be documented based on AUS findings (Jumbo 1 AUS/Underwriting Guide/Income and Employment/Non-Self Employment Income) Cleaned up Condominium verbiage to remove Fannie only references and refer to AUS /Selling Guide requirements for Condo Warrantability (Jumbo 3 AUS/Underwriting Guide/Eligible Properties) Removed Windsor Mortgage overlay for max land to value ratio of 35% for acreage 10-40 acres (Jumbo 1 AUS/Underwriting Guide/Eligible Property)

1.8	10.07.24	<ul style="list-style-type: none"> • Updated Primary Residence Eligibility, Purchase/Rate and Term 75% LTV to 80% LTV to \$2,000,000 (Select AUS/Eligibility/Primary Residence) • Updated Second Home Eligibility, Purchase/Rate and Term, increased min loan amount from \$1,500,000 to \$2,000,000. (Select AUS/Eligibility/Second Home) • Removed Second Home Eligibility Purchase/Rate and Term, 70%, \$2,000,000(Select AUS/Eligibility/Second Home) • Increased Second Home Eligibility, Purchase/Rate and Term 65% LTVCLTV to 70% LTV/CLTV (Select AUS/Eligibility/Second Home) • Added Investment Properties as eligible, Purchase, Rate and Term and Cash Out, 1-4 units, minimum 740 credit score, max loan amount. \$1,500,000 (Select AUS/Eligibility) • Added Investment Notes section to Eligibility page (Select AUS/Eligibility) • Added ARMs as eligible products to eligibility 5/7/10 year ARM 30-year term (Select AUS/Eligibility/Underwriting Guide/Eligible Products) • Added ARM Features section to AUS Eligibility guide (Select AUS/Underwriting guide/ARM Features) • Added Assumable ARMS and bridge financing from third party as ineligible (Select AUS/Underwriting guide/Ineligible Products) • Amended Non-Perm Aliens to remove the one Visa renewal clause, replaced with unexpired Visas only and credit history requirements (Select AUS/Underwriting Guidelines/Eligible Borrowers) • Added DACA and ITIN borrowers as ineligible for clarity (Select AUS/Underwriting Guidelines/Ineligible Borrowers) • Amended Debt to income to add ARMs to 45% and added Investment DTI to 47%-(Select AUS/underwriting Guidelines/Debt to Income) • Updated credit history requirements as tied to mortgage lates, increased from 0x30x12 to 0x30x24 months (Select AUS/Underwriting Guidelines/Credit/Derogatory Credit) • Added reserve requirements of 12 months for all investment properties (Select AUS /Underwriting Guidelines/Assets/Reserve Requirements) • Removed Investment Properties from Ineligible Properties (Select AUS/Underwriting Guidelines/Ineligible Properties) • Added Investment properties to include a rent comparable schedule (Select AUS/Underwriting Guidelines/Appraisal Requirements)
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Document History

2.0	01.25.25	<ul style="list-style-type: none"> • Revised Minimum loan amount to \$1 over \$806,500 • Revised to state, "Loans in NY State must be \$1 over current conforming/high balance limit set by FHFA
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