



Minimum credit score 620		Maximum LTV 97%	Minimum 1st loan amount: \$75k	AUS: DU Approve/Eligible
<b>Available Markets</b>	Eligible in all 50 states, except as follows: <ul style="list-style-type: none"> <li>Alaska, Guam, Puerto Rico, and the Virgin Islands are ineligible.</li> <li>Refer to Section 600 of Lending Guide for specific state restrictions</li> </ul>			
<b>Eligible Properties</b>	Single family residences, warrantable condos and PUDs, 1-4 family dwellings are eligible. SFR's on leased land are eligible, provided lease meets FNMA requirements. Refer to page 1 of the matrix for restrictions on FL condos.			
<b>Ineligible Properties</b>	Non-warrantable condos, condos purchased at auction, non-warrantable PUDs, manufactured homes, condotels & co-ops, working ranches, board and care homes, earth-berm homes, commercial properties, vacant land, leased land that does not meet FNMA requirements, unique properties, properties less than 600 sq ft including units less than 600 sq ft. New condominium projects or condo conversions located in the state of Florida or Las Vegas, Nevada without a PERS approval. (must be an existing approval). Newly converted non-gut rehab condo projects without a PERS approval. Attached condos in Clark County, Nevada and the state of Florida are ineligible with an LTV > 80%.			
<b>Eligible Transactions</b>	<ul style="list-style-type: none"> <li>Purchase, limited cash-out refinance, and cash-out refinances are eligible per program matrix.</li> <li>Resale purchase transactions with less than 90 days seasoning. NOTE: Subject to MI guidelines.</li> </ul>			
<b>Ineligible Transactions</b>	<ul style="list-style-type: none"> <li>Non-arms length transactions may be ineligible.</li> <li>Restructured loans are ineligible. A restructured loan is a mortgage loan in which the terms of the original transaction have changed resulting in the forgiveness of the mortgage or a restructure of the mortgage either through a modification or the origination of a new loan that results in any of the following: <ul style="list-style-type: none"> <li>forgiveness of a portion of the principal and/or interest on either the first or second lien.</li> <li>application of a principal curtailment by or on behalf of the investor to simulate forgiveness.</li> <li>conversion of any portion of the original mortgage debt to a soft subordinate mortgage</li> <li>conversion of any portion of the original mortgage debt from secured to unsecured.</li> </ul> </li> <li>Second home and investment properties that are non-arms length transactions are ineligible.</li> <li>Purchase transactions where the Seller wants to lease back the subject property is not allowed.</li> <li>Conventional loan secured by a condominium using an FHA project approval.</li> <li>Interest-only product.</li> </ul>			
<b>Eligible Borrowers</b>	U.S. Citizens, Permanent aliens, Non- permanent resident aliens, and FNMA eligible Revocable Inter-Vivos trusts are eligible. Non-permanent resident aliens are required to provide either an unexpired Employment Authorization Document (EAD) issued by the United States Citizenship and Immigration Services (USCIS) or one of the following unexpired visa types, H series, L, E-1, G series or TN, as evidence of eligibility to work in the U.S.			
<b>Ineligible Borrowers</b>	<ul style="list-style-type: none"> <li>Foreign Nationals or borrowers with diplomatic immunity</li> <li>Borrowers with no credit score and/or borrowers with alternative trades to meet credit requirements.</li> </ul>			
<b>Documentation Types</b>	Income and asset documentation is verified per DU Findings.			
<b>Automated Underwriting</b>	All loans require an Approve/Eligible.			
<b>Credit Scores</b>	<ul style="list-style-type: none"> <li>Borrowers must meet the minimum credit score as outlined in the matrix regardless of DU Findings. The lowest decision score among all borrowers is used for loan qualification. Borrower must have a minimum of (1) credit score.</li> <li>Minimum 720 credit score required for Split Premium MI.</li> </ul>			
<b>Rental/Mortgage Payment History</b>	Mortgage/rental payment history requirements are determined by DU Findings. Mortgage/rental rating cannot have any 60 or greater lates in the previous 12 months.			
<b>Credit History</b>	Tradeline requirements are determined by DU Findings. Borrower must have good re-established credit since the bankruptcy and foreclosure. Bankruptcy is per DU Findings. Typically, a bankruptcy must be a minimum of 4 years from the discharge date. Foreclosures must be a minimum of 7 years from the settlement date. Foreclosures require a 7 year waiting period from the completion of the foreclosure action. Refer to Icon's Lending Guide Section 650.14.3 for detailed information regarding bankruptcy/foreclosure/deed-in-lieu of foreclosure and short sale requirements.			
<b>4506-T</b>	A completed and signed 4506-T is required. 4506-T will be processed per DU Findings			
<b>DTI</b>	<ul style="list-style-type: none"> <li>Maximum DTI subject to DU Findings with the exception of cash-out. Maximum DTI is 45% on cash-out transactions regardless of DU Findings.</li> </ul>			
<b>Employment</b>	<p>A two year employment history with no gaps must be verified. Gaps greater than 30 days require a written explanation from the borrower.</p> <ul style="list-style-type: none"> <li>Wage Earner / Salary Income: <ul style="list-style-type: none"> <li>A 2 year employment history in the same line of work, as stated on the application, is required.</li> <li>Income documentation requirements are determined by DU.</li> <li>4506-T will be processed per DU Findings.</li> <li>A verbal verification of employment confirming the length of employment and position is required within 5 days of closing.</li> </ul> </li> <li>Self-Employed Income: <ul style="list-style-type: none"> <li>Income documentation requirements are determined by DU.</li> <li>A verbal verification that the business has been in existence and operation for a minimum of 2 years is required within 5 days of closing.</li> <li>4506-T will be processed the most recent 1-year or per DU Findings if more than 1-year is required per DU. Tax returns that have been amended are ineligible.</li> </ul> </li> <li>Other Sources of Income: <ul style="list-style-type: none"> <li>Other source of income may be used to qualify. Documentation requirements are determined by DU. Verification of length of time received and continuation are verified per DU Findings.</li> </ul> </li> </ul>			
<b>MLS</b>	<ul style="list-style-type: none"> <li>Properties listed for sale within the last 6 months must have evidence the property is off the market. Borrower must provide written confirmation of intent to occupy the property if transaction involves a primary residence that was listed for sale with the previous 6 months.</li> <li>Maximum LTV for cash-out refinance is the lower of 70% or maximum LTV for product/occupancy/property type.</li> </ul>			

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<b>Multiple Properties Owned</b>	<ul style="list-style-type: none"> <li>Primary residence - no limit.</li> <li>Second home and investment - Borrowers with 5-10 financed properties are eligible per LTV/CLTV limitations on matrix. Full rental income documentation is required regardless of DU Findings. The following applies:               <ul style="list-style-type: none"> <li>Minimum credit score 720</li> <li>No bankruptcy or foreclosure within the past 7 years.</li> <li>0x30 mortgage lates with the past 12 months on any mortgage loan.</li> </ul> </li> <li>Rental income must be documented with 2-years' signed federal income tax returns including Schedule E or for as long as the property has been owned if less than 2-years. If property was acquired subsequent to the tax return a copy of the lease agreement is required. If using the lease agreement to calculate monthly net rental income only 75% of the gross rent may be used.</li> <li>Rental income on subject property must be fully documented as noted above or by obtaining an appraiser's opinion of market rent and, if applicable, copies of the current lease agreements. The gross rental income from the property is equal to the lesser of the market rent determined by the appraiser or the current rent based on the existing lease agreement(s).</li> <li>Reserve requirements per DU Findings.</li> <li>Icon limits its exposure to a maximum of 4 loans per borrower with a total aggregate of \$2 million.</li> </ul>			
<b>Conversion of Principal Residence to Second Home or Investment Property</b>	<p>If borrower is retaining his current principal residence, the following applies:</p> <ul style="list-style-type: none"> <li><b>Current principal residence is pending sale</b> but the transaction will not be closed (with title transfer to a new owner) prior to the new transaction, then both the current and the proposed mortgage payments must be used to qualify the borrower for the new transaction. Borrower must have at least 6 months PITI reserves for both properties. 2 months PITI reserves are permitted provided the borrower has 30% equity in the current principal residence as evidence by a full appraisal or AVM. <b>BPOs are not allowed.</b></li> <li>Borrower can be qualified without using the PITI of the current principal residence provided borrower has 6 months PITI reserves for both properties (2 months with documented 30% equity) and lender has a copy of the executed sales contract for the current residence and there is evidence that all financing contingencies have been cleared.</li> </ul> <p><b>Conversion to a Second Home:</b></p> <ul style="list-style-type: none"> <li>Both the current and the proposed mortgage payments must be used to qualify the borrower for the new transaction; and</li> <li>6 months of PITI for both properties is required to be in reserves. Lender may consider reduced reserves of no less than 2 months for both properties if there is documented equity of at least 30 percent in the existing property minus outstanding liens documented by a full appraisal or AVM. <b>BPOs are not allowed.</b></li> </ul> <p><b>Conversion to an Investment Property:</b></p> <p>Borrower may be qualified using 75% of the rental income to offset the mortgage payment if there is documented equity of at least 30% in the existing property minus outstanding liens documented by a full appraisal or AVM. <b>BPOs are not allowed.</b></p> <p>The rental income must be documented with:</p> <ul style="list-style-type: none"> <li>a copy of the fully executed lease agreement; and</li> <li>the receipt of a security deposit from the tenant and deposit into the borrower's account.</li> </ul> <p>If the 30 percent equity in the property cannot be documented, rental income may not be used to offset the mortgage payment.</p> <ul style="list-style-type: none"> <li>Both the current and the proposed mortgage payments must be used to qualify the borrower for the new transaction; and</li> <li>6 months of PITI reserves for both properties is required.</li> </ul>			
<b>Assets</b>	<ul style="list-style-type: none"> <li>Asset verification is required per DU Findings.</li> <li>All funds used to close the transaction must be disclosed on the application and input in DU. Funds coming from a source other than what is verified and disclosed are required to be re-run through DU and documented per the DU Findings.</li> <li>A copy of all funds used to close the transaction must be in the file at the time of closing/wire. Funds must be from a verified source.</li> </ul>			
<b>Gift Funds</b>	<ul style="list-style-type: none"> <li>&gt; 80% allowed per DU Findings after the minimum down payment of at least 3% has been made from borrower's own funds.</li> <li>≤ 80% no minimum required.</li> <li>Not eligible on Investment transactions.</li> </ul>			
<b>Cash Reserves</b>	<ul style="list-style-type: none"> <li>Reserves requirements are subject to DU Findings.</li> <li>When the subject property is a 2nd home or investment property, 6 months principal, interest, taxes, insurance and other assessments (PITIA) for each of the other financed properties is required.</li> </ul>			
<b>Gift of Equity</b>	<ul style="list-style-type: none"> <li>Gifts of Equity are permitted provided the loan is a bona fide transaction.</li> <li>The gift of equity must be between family members (parent to a child, sibling to sibling, etc). A gift of equity between spouses is not permitted.</li> <li>A gift of equity may not be used to overcome a lack of continuity of obligation</li> <li>Ineligible on second home and non-owner occupied transactions.</li> </ul>			
<b>Interested Party Contributions</b>	<ul style="list-style-type: none"> <li>Investment Property: 2%</li> <li>Primary Residence or Second Home: 75% CLTV or less = 9%; 75.01% CLTV - 90% CLTV = 6%; &gt; 90% LTV/CLTV = 3%.</li> </ul>			
<b>Refinances</b>	<ul style="list-style-type: none"> <li>FNMA/FHLMC definition of cash out and limited cash-out refinance apply.</li> <li>6 month title seasoning required for all cash out refinances transactions. Any refinance on the subject property must have closed 6 months prior to the application date of the new refinance transaction if the previous transaction was cash out refinance.</li> <li>Limited cash-out refinance transactions use current appraised value to determine LTV/CLTV, regardless of the length of time the borrower has owned the property. Increase in property value must be supported.</li> <li>Cash-out refinance transactions use the current appraised value to determine LTV/CLTV when there is a lien against the property, regardless of the length of time the borrower has owned the property. If the property is owned free &amp; clear and was purchased within 6-12 months prior to the application date, the LTV is based on the lower of the sales/acquisition price, documented by the HUD-1, or the current appraised value. Increase in property value must be supported. If the property was purchased within 6 months prior to the underwriting date, the loan is ineligible for cash out unless delayed financing criteria is met.</li> <li>Delayed Financing           <ul style="list-style-type: none"> <li>Cash-out refinance eligible on properties purchased within previous 6 months subject to the following:               <ul style="list-style-type: none"> <li>An "Approve/Eligible" Finding is required and transaction must meet all other cash-out requirements.</li> <li>Maximum amount of the new loan cannot be &gt; the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points (subject to the limitation allowed by product). LTV based on current appraised value</li> <li>The original purchase transaction must have been an arms-length transaction.</li> <li>The HUD-1 from the original transaction must be provided to confirm there was no mortgage financing used to obtain the property</li> <li>The source of the funds to purchase the property can be documented (e.g. bank statements, personal loan documents, HELOC against another property, etc.) <b>and must have been the borrower's personal funds; transactions that used gift funds are ineligible.</b></li> </ul> </li> </ul> </li> </ul>			

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**Continuity of Obligation**

- To be eligible for a limited cash-out refinance, a continuity of obligation is required.
- A continuity of obligation exists when:**
  - At least one borrower on the existing mortgage is a borrower obligated on the new mortgage.
  - The borrower on title has been on title (but is not on the existing mortgage) and has been occupying the subject property for at least 12 months and has paid the mortgage for the previous 12 months (cancelled checks, front and back, are required) or can demonstrate a relationship (spouse, relative or domestic partner) with the current obligor.
  - The existing loan being paid off and the title have been held in the name of a natural person or a limited liability company (LLC) as long as the borrower was a member of the LLC prior to transfer. Transfer of ownership from or corporation to an individual does not meet the continuity of obligation requirement.
  - The borrower recently inherited or was legally awarded the property (divorce/separation settlement).
- If the borrower is on title (minimum 6 months) but there is no continuity of obligation, as detailed above, the loan will be treated as a cash-out refinance. The following applies:**
  - If the property is owned free & clear and was purchased within 6 - 12 months prior to the application date, the LTV is based on the lower of the sales price/acquisition price, documented by the HUD-1, or the current appraised value.
  - If the property is owned free & clear and was purchased more than 12 months from the date of application, the LTV is based on the current appraised value.
  - If the property has an existing lien and the borrower has been on title for a minimum of 6 months the maximum LTV is 50%, based on the current appraised value.

**Appraisals**

- Appraisal requirements subject to DU Findings. NOTE: Properties located in the state of Florida and Nevada - full appraisal, with photos, is required regardless of DU Findings.
- Form 1004 for SFRs and PUDs, Form 1073 for condos
- Form 1025, Small Residential Appraisal Income Report for 2-4 unit properties
- Form 1007, Market Rent Survey, required for investment properties for 1-unit properties.
- Form 216, Operating Income Survey, required for investment properties.
- Units must be a minimum 600 sq ft.
- Unit must contain a functional kitchen with a minimum of an oven/range and sink.
- With the exception of property located in Hawaii, all units must have a functional heat source.
- Market Condition Addendum is required on all appraisals
- Investment properties where the sales price or appraised value is < \$100,000 will require a FULL second appraisal that is HVCC compliant be completed.

**Declining Markets**

If the LTV > 80%, the transaction is subject to MI guidelines and may require an LTV reduction. A property is considered to be in a declining market if:

- The appraiser states subject's market is declining or subject's neighborhood is declining.
- Web resources used by underwriting indicate the subject is in a declining market.
- MI specific declining market policies will apply >80% LTV

**Subordinate Financing**

- Maximum LTV is 80% when subordinate financing is present on purchase and cash-out transactions. Rate/term refinance transactions, existing subordinate financing may be re-subordinated subject to CLTV and MI restrictions. No new subordinate financing.
- Minimum term for 2nds is 5 years.
- Max. term for 2nds is 30 years, with no call provision within the first 5 years. The term on the 2nd TD may not exceed the term of the 1st.
- Institutional financing must provide for minimum interest only payments, with no negative amortization.
- Seller carry back financing must provide for regular payments of principal and interest.
- Seller or financial institution may provide secondary financing. Seconds from other sources are not permitted.

**Eligible Programs**

- Fixed Rate: 15 and 30 year term available.
- ARM: 5/1 ARM with 30 year term. LIBOR index. Caps: 2/2/6 Qualified at >of the fully indexed rate (index + margin) or Note rate + 2%.

**Mortgage Insurance Coverage**

LTVs > 80% require Mortgage Insurance Coverage per FNMA limits. Acceptable MI Companies are Essent, Genworth, MGIC, and Radian. All loans with LTV's > 80% must meet the MI Company's guidelines and loan limitations. Refer to Section 700 of the Lending Guide for specifics.

Eligible MI products:

- Borrower paid mortgage insurance (BPMI) Monthly, single and split premium. Split premium minimum 680 credit score. Fixed rate products only. Refer to the chart below for credit score and premium requirements.
- Lender paid mortgage insurance (LPMI) Single premium only. Eligible with fixed rate product only. LPMI not available with LTVs > 95%. Refer to Icon's rate sheet for coverage amounts and price adjustors.

Split Premium Factors									Split Premium requires an upfront premium (cost) which is used to buy down the monthly premium. The monthly premium is determined by the upfront premium selected.
Upfront Cost	Monthly MI Premium ≥ 720				Monthly MI Premium 680-719				
	80.01-85%	85.01-90%	90.01-95%	95.01-97%	80.01-85%	85.01-90%	90.01-95%	95.01-97%	
0.75%	0.14%	0.24%	0.47%	0.82%	0.21%	0.45%	0.77%	0.93%	
1.00%	0.05%	0.18%	0.40%	0.76%	0.14%	0.36%	0.67%	0.82%	
1.25%	0.04%	0.12%	0.33%	0.70%	0.08%	0.31%	0.61%	0.76%	
Required MI Coverage									
		80.01-85%	85.01-90%	90.01-95%	95.01-97%				
30 year term		12%	25%	30%	35%				
15 year term		6%	12%	25%	35%				



*This guide is provided for your convenience and may not specify all rules and guidelines for a particular topic. Please refer to Icon's Lending Guide for complete details or topics not addressed.*