



STG  **MORTGAGE**
The Foundation Of Trust

Lending Guidelines

Grand/Portfolio Jumbo Products

11/25/2025

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1.0 TRANSACTION TYPES

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

1.1 Construction Loans (Including Construction-to-Permanent)

Construction Loans and Construction-to-Permanent Loans are not permitted.

1.2 Purchase

A purchase transaction allows a buyer to acquire property from a seller. A copy of the fully executed purchase contract and all attachments or addenda is required.

The lesser of the purchase price or appraised value of the subject property is used to calculate the LTV.

1.2.1 Assignments of Contract

When a contract to purchase real estate is transferred from the original signer to a new buyer, this is completed via an assignment of the original contract. Assignments of Contract are only acceptable if the sales price is not increased and no transfer or finder's fee is charged to the buyer and the transferor is a family member or fiancé. The final closing disclosure may not contain any compensation to the party assigning the contract, other than reimbursement of their transferred earnest money. No fees to any party for the assignment may be factored into the sales price or LTV calculation.

Assignments of Contract are not permitted on Flip and Non-Arm's Length transactions.

1.3 Refinance Transactions

1.3.1 Benefit to Borrower

In keeping with the commitment to responsible lending, all primary residence and second home refinance transactions must have a measurable benefit to the borrower. When determining the benefit on a refinance transaction, follow FNMA guidelines. Some examples of acceptable benefits to borrower are:

- Balloon Payoff
- Title Transfer
- Property Retention
- Rate Reduction
- P&I Reduction
- Debt Reduction
- Cash Out (cash proceeds must be 25% greater than closing costs)
- Comply with Court Order
- ARM to Fixed
- Co-Owner Buyout
- Lower Interest Rate
- Shorter Amortization Term
- Refinance Negative Amortization Loan
- Inherited Property Mortgage Payoff



State-specific and/or federal benefit to borrower compliance requirements must be adhered to. Underwriting must complete the Benefit for Borrower Worksheet to ensure compliance with this policy. Files must contain documentation supporting the acceptable benefit.

1.3.2 Properties Listed For Sale

Refinances where the subject property was listed for sale in the previous 6 months are not permitted.

1.3.3 Rate/Term Refinance

A rate/term refinance is the refinancing of an existing mortgage for the purpose of changing the interest rate and/or term of a mortgage without advancing new money. A loan in which the borrower receives total cash out exceeding the lesser of 1% or \$2,000 is considered a cash-out refinance. The Total Cash-Out amount includes the following:

- Cash-in-Hand
- Any non-mortgage debts paid off
- Debt not secured by the subject property
- Delinquent property taxes exceeding 60 days
- Non-Purchase Money Subordinate liens

1.3.3.1 Rate/Term Seasoning

Certain Grand/Portfolio Jumbo Series contain requirements regarding seasoning for Rate/Term refinances. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Rate/Term Seasoning	
Grand/Portfolio Jumbo Series	Requirements
Portfolio Jumbo A	12 months seasoning required
Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	No seasoning requirements

1.3.4 Cash-Out Refinance

A cash-out refinance is a refinance that does not meet the rate/term refinance definition. Cash-out would include a refinance where the borrower receives cash from the transaction, when paying off other liabilities, or paying off a subordinate lien that does not meet the rate/term seasoning requirements.

Refer to FNMA Selling Guide for guidelines and requirements.



1.3.4.1 Cash-Out Seasoning

Each Grand/Portfolio Jumbo Series contains varying requirements regarding seasoning for Cash-Out refinances. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Cash-Out Seasoning	
Grand/Portfolio Jumbo Series	Requirements
Portfolio Jumbo F Super Jumbo F	6 months seasoning required
Portfolio Jumbo A Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P	12 months seasoning required

1.3.4.1.1 Delayed Financing

Home purchased within the last 180 days may qualify for a delayed financing exception. Delayed financing transactions are considered cash-out, however are not subject to seasoning requirements or maximum cash-out limits. Delayed financing requirements/restrictions must meet all FNMA guidelines. Additionally, the following requirements apply.

Document the source of funds used for the purchase with bank statements, personal loan documents, HELOC on another property, gift, etc.

Max LTV/CLTV is based on the lower of the current appraised value or purchase price plus documented improvements.

Document property was purchased with cash by providing the final closing document for the transaction (ALTA) showing no lender OR provide a copy of the mortgage showing a term of 24 months or less.



1.3.4.2 Maximum Cash-in-Hand and Total Cash-Out to the Borrower for Cash-Out Refinances

The Total Cash-Out amount includes the following:

- Cash-in-Hand
- Any non-mortgage debts paid off
- Debt not secured by the subject property
- Delinquent property taxes exceeding 60 days
- Non-Purchase Money Subordinate liens

Loan proceeds (i.e. Cash-in-Hand) may not be used to meet reserve requirements.

Each Grand/Portfolio Jumbo Series has varying restrictions regarding maximum Total Cash-Out. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Maximum Total Cash-Out to the Borrower for Cash-Out Refinances	
Grand/Portfolio Jumbo Series	Maximum Total Cash-Out
Portfolio Jumbo A	• Up to \$500K with no LTV restrictions • Between \$500K and \$1MM: 10% LTV/CLTV reduction from allowable limit per matrix
Portfolio Jumbo F	• LTV/CLTV ≤ 50%: \$3.0MM • LTV/CLTV > 50% and ≤ 70%: \$1.5MM • LTV/CLTV > 70%: \$1.0MM
Portfolio Jumbo N	• LTV ≤ 50%: \$1,000,000 • LTV > 50% and ≤ 60%: \$750,000 • LTV > 60%: \$500,000
Grand Jumbo P	• \$500K
Grand Jumbo B	• \$500K
Grand Jumbo C	• \$300K
Grand Jumbo G	• As Per AUS
Grand Jumbo J	• As Per AUS
Grand Jumbo M	• Loan Amount ≤ \$1.5 MM: \$350K • Loan Amount > \$1.5 MM: \$500K
Super Jumbo F	• LTV/CLTV ≤ 50%: \$2.5MM • LTV/CLTV > 50%: \$1.5MM



1.3.5 Texas Refinances - Texas 50(a)(6), Texas 50(a)(4) and Texas 50(f)(2)

Texas has distinct requirements for its refinances that are different from all other states. Second Homes and Investment Properties have no special requirements, but refinances for Primary Residences fall into 1 of 3 categories as shown in the table below.

STG Mortgage Standard Requirements/Restrictions (All Grand/Portfolio Jumbo Series)	
Texas Refinance	
Type of Refinance	Requirements/Restrictions
50(a)(6)	50(a)(6) is known as a Texas Cash Out Refinance and has the following requirements/restrictions: • Maximum LTV/CLTV 80%. • Limited to 1 every 12 months. • Full Interior/Exterior Appraisal Required (Appraisal Waivers & AVMs are not permitted). • Must be a fixed rate loan of 15 years or longer (ARMs and interest-only are not permitted). • Paying off a second mortgage is considered cash out if it was not used to acquire the property. • The loan must close in the office of a Texas Attorney or Title Company (at home closings are not permitted). • The Texas 12-Day Disclosure is required to be included in the Disclosure Package. All title holders must sign this document. The timeframe between this disclosure being signed and loan closing must be at least 12 days. This period may not be waived. When multiple title holders are signing the disclosure, the timeframe is measured from the date the last person signed. • All loans with a loan purpose of Cash Out on the 1003 are 50(a)(6). Loans not listed as Cash Out on the 1003 are still considered 50(a)(6) if the borrower receives ANY money back. • The borrower must have held title at least 6 months at time of application. • Any mortgage being paid off must be at least 6 months old. • 1-year seasoning of prior Texas 50(a)(6) loan required • Borrower-paid fees cannot exceed 2% of loan amount
50(a)(4)	50(a)(4) is known as a Texas Rate/Term or No Cash Out Refinance and has the following requirements/restrictions: • The loan being paid off must have either been purchase money or a previous rate/term refinance. • Paying off a previous 50(a)(6) Texas Cash Out Refinance is not permitted. • Paying off non-mortgage debts is not permitted. • ANY Cash Back to the Borrower (Cash-in-Hand) is not permitted (even a single dollar is not allowed).
50(f)(2)	50(f)(2) is similar to a Texas Rate/Term or No Cash Out Refinance, except that the borrower is paying off a loan that was classified as a 50(a)(6) Texas Cash Out Refinance and therefore would not qualify as a 50(a)(4) Texas Rate/Term or No Cash Out Refinance. The 50(f)(2) has the following requirements/restrictions: • Maximum LTV/CLTV 80%. • The file must contain a Texas 50(f)(2) Disclosure that was sent by the lender within 3 days of the application. A Texas 50(f)(2) that does not receive this disclosure within 3 days of application cannot be fixed. The loan must be canceled and restarted and the disclosure provided. All persons on title must sign the disclosure.



	- The Texas 50(f)(2) disclosure requires a 12-day waiting period from the date the disclosure is signed before the file can close. This period may not be waived. When multiple title holders are signing the disclosure, the timeframe is measured from the date the last person signed. - The loan being paid off must have been seasoned for 12 months (note date to note date). - Paying off non-mortgage debts is not permitted. - ANY Cash Back to the Borrower (Cash-in-Hand) is not permitted (even a single dollar is not allowed).
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All Texas Refinances against primary residence properties must go through a legal review prior to closing. This review generally takes 24 hours to complete. STG Mortgage uses the services of Blackman and Graham to complete the legal review.

Certain Grand/Portfolio Jumbo Series restrict Texas refinances. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Texas Refinances			
Grand/Portfolio Jumbo Series	Texas 50(a)(6)	Texas 50(a)(4)	Texas 50(f)(2)
Portfolio Jumbo F	- MIN Loan Amount: \$250K 2-4 unit not permitted	Permitted	Permitted
Portfolio Jumbo A Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	Not Permitted	Permitted	Permitted

1.4 High-Cost Mortgage Loans

Federal, State, and Local High-Cost Loans are not permitted. Cured High-Cost loans are also not permitted.



1.5 Higher Priced Mortgage Loan (HPML) Transactions

HPML regulations apply to primary residence transactions only. Second Homes and Investment Properties are not subject to HPML restrictions.

Loans identified as Higher Priced Mortgage Loans must comply with the HPML rules in Regulation Z. The full Reg Z revisions can be found at: <https://www.consumerfinance.gov/rules-policy/final-rules/appraisals-higher-priced-mortgage-loans/>

Specifically, every HPML loan is subject to the following regulatory requirements:

Regulatory Requirements (All Grand/Portfolio Jumbo Series) Higher Priced Mortgage Loan (HPML) Transactions	
• File contains at least 1 full interior/exterior appraisal (Hybrid and Desktop Appraisals not permitted). • Loan contains escrows for taxes and insurance. • Borrower has been provided with a copy of the appraisal at least 3 full business days prior to closing. For example: if the appraisal is delivered on Monday, the soonest the transaction may close is Thursday.	



1.6 Flip Transactions

When the subject property is being resold and either of the following apply, the transaction is considered a “flip”.

- Greater than 10% increase in sales price when seller acquired the property in the past 90 days.
- Greater than 20% increase in sales price when seller acquired the property in the past 91-180 days.

To determine the time period, the acquisition date (the day the seller became the legal owner of the property) and the purchase date (the day both parties executed the purchase agreement) should be used.

Flip transactions are subject to the following requirements:

STG Mortgage Standard Requirements (All Grand/Portfolio Jumbo Series) Flip Transactions	
• All transactions must be arm’s length, with no identity of interest between the buyer and property seller or other parties participating in the sales transaction. • No pattern of previous flipping activity may exist in the last 12 months. Exceptions to ownership transfers may include newly constructed properties, sales by government agencies, properties inherited or acquired through divorce, properties involving a relocation company or corporate relocation and sales by the holder of a defaulted loan. • The property was marketed openly and fairly, through a multiple listing service, auction, for-sale-by-owner offering (documented) or developer marketing. • No assignments of the contract to another buyer are permitted. • If the property is being purchased for more than 5% above the appraised value, a signed letter of acknowledgement from the borrower must be obtained.	

Certain Grand/Portfolio Jumbo Series contain additional requirements on Flip transactions. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Flip Transactions	
Grand/Portfolio Jumbo Series	Requirements
Portfolio Jumbo F Super Jumbo F	2 Appraisals required (applies to ALL loans, both HPML and non-HPML)
Portfolio Jumbo A Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P	No additional requirements (2 appraisals ONLY required for HPML loans)

1.6.1 Higher Priced Mortgage Loan (HPML) Requirements for Flip Transactions

Flip transactions identified as HPML loans must comply with Regulation Z. The full Reg Z revisions can be found at: <https://www.consumerfinance.gov/rules-policy/final-rules/appraisals-higher-priced-mortgage-loans/>.

A second appraisal is required in the following circumstances:

- Greater than 10% increase in sales price when seller acquired the property in the past 90 days.



- Greater than 20% increase in sales price when seller acquired the property in the past 91-180 days.

The borrower may not be charged for a second required appraisal on an HPML loan.

In all cases, the file must contain evidence that the appraisal(s) were delivered to the borrower at least 3 business days prior to closing. For example: if the appraisal is delivered on Monday, the soonest the transaction may close is Thursday.

In order to comply with CFPB regulations for HPML loans, new construction properties where the previous transaction represented value as vacant land ARE considered a Flip Transaction and the above criteria must be satisfied.

For non-HPML loans, new construction properties where the previous transaction represented value as vacant land are NOT considered a Flip Transaction and the above criteria do not apply.

1.7 Non-Arm's Length Transactions

Follow the Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

STG Mortgage Standard Restrictions (All Grand/Portfolio Jumbo Series) Non-Arm's Length Transactions	
• Purchase only • Primary Residence only • MAX 80% LTV/CLTV • All FNMA Selling Guide Requirements	

Certain Grand/Portfolio Jumbo Series contain additional requirements on Non-Arm's Length transactions. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Non-Arm's Length Transactions	
Grand/Portfolio Jumbo Series	Requirements
Portfolio Jumbo A Super Jumbo F	2 Appraisals required
Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P	No additional requirements



1.8 Temporary Buydowns

Certain Grand/Portfolio Jumbo Series contain specific terms offered on Temporary Buydowns. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Temporary Buydowns		
Grand/Portfolio Jumbo Series	Terms Offered	Restrictions
Portfolio Jumbo F	(2-1)	- Purchase only - Primary Residence only - Fixed Product only - Interest-Only not permitted - Appraiser must comment that buydown was included in analysis
Portfolio Jumbo N	(1-0) (1-1) (2-1) (3-2-1)	- Purchase only - Primary and Second Home only - Fixed Product only
Grand Jumbo P	(1-0) (1-1) (2-1)	- MAX \$1.5MM - MIN FICO 740 - Purchase only - Primary Residence only - Borrower paid buydowns are ineligible - Must meet all FNMA requirements
Portfolio Jumbo A Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Super Jumbo F	Not permitted	Not permitted

1.9 Ineligible Transaction Types

Grand/Portfolio Jumbo Series programs do not allow loans with the following characteristics or features:

STG Mortgage Standard Restrictions (All Grand/Portfolio Jumbo Series) Ineligible Transaction Types	
Assignments of the Contract with a Finder's Fee	Loans to Bailout a Family Member
Builder/Home-Flipper Bailout Loans	Loans to Finance Vacant Land
Construction-to-Permanent Transactions	Loans with a Negative Amortization
Graduated Payment Mortgage Loans	Loans with Assumable Loan Terms
Lease Options/Rent-to-Own	Loans with Escrow Holdbacks
High-Cost Loans (Federal, State, or Local)	Shared Appreciation Loans

1.9.1 Properties in Builder Inventory

Home builders (and/or any affiliated companies) may not purchase or refinance a home out of their own recently built inventory or from their company.



Borrowers who are employees of the property seller are only permitted to purchase from builder inventory when the seller/employer is a recognized large-scale builder. Other types of seller/employee relationships are not permitted to purchase from builder inventory.

Borrowers participating in an arm's length transaction and purchasing from an unaffiliated builder have no restrictions on buying homes from builder inventory.



2.0 BORROWER ELIGIBILITY

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

The borrower is an individual obligated to repay the loan secured by the mortgaged premises. The borrower must be of legal age per the local and state jurisdiction and able to enter a binding contract. All eligible borrowers must have a verifiable Social Security number (SSN). Other forms of taxpayer identification are not allowed.

The maximum number of borrowers per loan is limited to 4.

2.1 U.S. Citizens

U.S. Citizens are eligible for financing.

2.2 Permanent Residents

Permanent Residents as defined by FNMA are eligible for financing. Document in accordance with FNMA.

Certain Grand/Portfolio Jumbo Series contain restrictions on Permanent Residents. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Permanent Residents	
Grand/Portfolio Jumbo Series	Restrictions
Portfolio Jumbo A	- Standard FNMA Requirements/Restrictions - Must be employed in the United States for the past 24 months
Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	Standard FNMA Requirements/Restrictions



2.3 Non-Permanent Residents

Non-Permanent Residents as defined by FNMA are eligible for financing. DACA (C-33 visa type) are not permitted.

Certain Grand/Portfolio Jumbo Series contain restrictions on Non-Permanent Residents. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Non-Permanent Residents	
Grand/Portfolio Jumbo Series	Restrictions
Portfolio Jumbo A Portfolio Jumbo F Grand Jumbo B Super Jumbo F	Not permitted
Portfolio Jumbo N	- Standard FNMA Requirements/Restrictions. - Primary Residence only.
Grand Jumbo P	- Standard FNMA Requirements/Restrictions. - The non-perm must have a 2 year U.S. employment history (tax returns required) and history of visa renewals.
Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	Standard FNMA Requirements/Restrictions

2.3.1 DACA - Deferred Action for Childhood Arrivals

Borrowers with this immigration status are not permitted. The borrower may be identified as DACA when their immigration visa category is C33.

2.3.2 Temporary Protected Status

Borrowers with an asylum or temporary status are not permitted.

2.4 Foreign Nationals

Foreign Nationals are not permitted.

A Foreign National is a citizen of a country other than the United States who resides primarily outside of the U.S. and does not have U.S. citizenship or U.S. permanent residency authorization (e.g. active green card). Foreign Nationals may have temporary authorization to work and/or reside in the U.S., but their immigration status will be temporary in nature.



2.5 First-Time Home Buyers (FTHB)

A First-Time Home Buyer (FTHB) is defined as a borrower who had no ownership interest in a residential property in the United States during the preceding 3 year period. First-Time Home Buyers are eligible for financing.

If all borrowers on the loan are First-Time Homebuyers, the following restrictions apply:

STG Mortgage Standard Restrictions (All Grand/Portfolio Jumbo Series) First-Time Homebuyer Eligibility	
• Primary Residence only • MAX 80% LTV/CLTV • MAX Loan Amount \$2.0MM • Interest-only not permitted	

Certain Grand/Portfolio Jumbo Series contain additional requirements/restrictions on First-Time Home Buyers. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements/Restrictions First-Time Homebuyer Eligibility	
Grand/Portfolio Jumbo Series	Requirements/Restrictions
Portfolio Jumbo A	• 3 additional months reserves if < 12 month Housing History
Portfolio Jumbo F	• > 40% DTI: 300% max payment shock • ≤ 40% DTI or no housing obligation in last 12 months: payment shock does not apply • MAX DTI 50%
Portfolio Jumbo N	• Max Loan Amount 1.5MM • < 12 month housing history not permitted
Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P	• Standard Grand/Portfolio Jumbo Requirements/Restrictions
Super Jumbo F	• Not permitted

2.6 Inter Vivos Revocable (aka “Living”) Trust

Title vesting in an Inter Vivos Revocable Trust is permitted when FNMA requirements are met. Refer to the FNMA Selling Guide for full details.

The [Inter Vivos Trust Checklist](#) form must be completed.



2.7 Non-Occupant Co-Borrowers

Non-Occupant Co-Borrowers are allowed on certain Grand/Portfolio Jumbo Series products. The following standard restrictions apply:

- Non-occupant co-borrowers must share a relationship meeting gift donor under applicable FNMA guidelines.
- Non-occupant co-borrowers must have a reasonable housing payment. Rent free is not acceptable.

The [Non-Occupant Co-Borrower Certification](#) form must be completed.

Certain Grand/Portfolio Jumbo Series contain additional restrictions on Non-Occupant Co-Borrowers. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements/Restrictions Non-Occupant Co-Borrowers	
Grand/Portfolio Jumbo Series	Requirements/Restrictions
Portfolio Jumbo A	• Not permitted
Portfolio Jumbo F Super Jumbo F	• Standard FNMA Requirements/Restrictions • Purchase & Rate/Term only • MAX LTV/CLTV 70%
Portfolio Jumbo N	• Standard FNMA Requirements/Restrictions • Primary Residence only • 1 Unit Only • 5% LTV/CLTV reduction from allowable limit per matrix • Must be an immediate relative • Occupying borrower must have an income
Grand Jumbo P	• Standard FNMA Requirements/Restrictions • <12 months or Rent-free housing history not permitted • 12 months cancelled checks or equivalent required to support housing history
Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	• Standard FNMA Requirements/Restrictions

2.8 Ineligible Borrowers

The following are ineligible:

- All Persons with Diplomatic Immunity, including Senior Members of Foreign Governments.
- Bank trusts.
- Blind Trusts.
- Borrowers who are party to a pending lawsuit or litigation as defendants.
- Borrowers whose income is derived from illegal activity.
- Borrowers whose income is derived from the marijuana or cannabis industry (even if legal in their state).
- Borrowers without a Social Security number.
- Corporations, limited partnerships, general partnerships, limited liability corporations and DBAs.
- Employees of the Property Seller (unless the property seller is a recognized large-scale builder).



- Foreign National Borrowers.
- Guardianships.
- Irrevocable Trusts.
- ITIN (Individual Taxpayer Identification Number) Borrowers.
- Land Trusts.
- Life Estates.
- Mortgage originators who are both the borrower and originator on the loan.
- Qualified Personal Residence trusts.
- Real Estate trusts.
- 501(c)(3) Charitable Organizations & Non-Profits.

2.9 Maximum Exposure

STG Mortgage will allow up to 10 loans per borrower or entity, including the subject property, or \$10,000,000 total financing, whichever is less. Due to exposure limits with various investors that STG Mortgage sells to, rates, terms, and fees may be different from published pricing for scenarios with aggregate loans in excess of \$5,000,000.

STG Mortgage may, at its discretion in concert with its investors, allow for loans in excess of the above limits on a case-by-case basis.

2.10 Maximum Financed Properties

The cumulative maximum number of financed properties for all borrowers on the loan is 10. The number of financed properties includes:

- All 1-4 unit residential properties where borrower is personally obligated on the mortgage (even if the monthly housing expense is excluded from DTI, such as a contingent liability).
- The borrower's principal residence.

The following property types are not subject to the maximum financed property limitations:

- Any type of vacant lot, residential or commercial.
- Commercial/Industrial real estate.
- Mobile homes that have not been converted to real property with the local tax assessor.
- Multi-family properties that have 5 or more units.
- Timeshares.



3.0 OCCUPANCY

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

3.1 Primary Residence

A primary residence (or owner-occupied property) is a dwelling occupied by the borrower as his or her principal residence.

To qualify as a primary residence, the transaction must meet each of the following criteria:

STG Mortgage Standard Requirements (All Grand/Portfolio Jumbo Series) Primary Residence	
- The property is located in the same general area as the borrower's employment, or it has been verified that the borrower can work remotely. - The borrower intends to occupy the subject property for the majority of the year. - The property possesses physical characteristics that accommodate the borrower's family.	

3.2 Second Home

A Second Home is a dwelling occupied by the borrower in addition to their primary residence (may also be referred to as a vacation home). Second Homes are restricted to 1-unit dwellings or 1-unit dwellings with an accessory dwelling unit (ADU).

3.3 Investment Properties

An investment property (or non-owner-occupied property) is an income-producing property that the borrower does not occupy.

For cash-out refinance transactions of an investment property, a borrower signed [Business Purpose & Occupancy Affidavit \(the "Affidavit"\)](#) indicating the loan purpose is for the improvement or maintenance of a rental property is required. Loans delivered without the affidavit will be subject to TILA compliance.

Cash out loan proceeds used for any personal use are not eligible as a Business Purpose loan and will be subject to TILA compliance.



4.0 CREDIT

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

4.1 Credit Report

A credit report is required for every borrower. The credit report should provide merged credit information from the 3 major national credit repositories. A valid Social Security number (SSN) is required for all borrowers on the loan.

A 3-bureau merged report is required.

4.2 Age of Credit Documentation

All mortgage tradelines must be verified current through the month of closing. This can be accomplished via Credit Supplements, Payoff Statement, Mortgage Statements, and/or bank statements showing proof of on-time payment.

Example: A loan closing on April 25th must verify that all March mortgage payments were made on time. April payments are not required to be verified, as they could not possibly be 30+ days delinquent as of closing.

Each Grand/Portfolio Jumbo Series has varying requirements regarding maximum Age of Credit Documentation. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Age of Credit Documentation				
Grand/Portfolio Jumbo Series	Credit	Income	Assets	Appraisal
Portfolio Jumbo A	90 days	90 days	90 days	120 days
Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	120 days	120 days	120 days	120 days

4.3 Fraud Alerts

The 3 national credit repositories have developed automated messaging to help identify possible fraudulent activity on a credit report. Examples of fraud alerts include:

- Initial 90-day Fraud Alert.
- Extended Fraud Alert.
- Active-Duty Alert.
- HAWK Alert.



All Fraud Alerts must be properly addressed and resolved. The actions must be reasonable and compliant with applicable laws. An underwriting decision cannot be made without full resolution of the alert.

When a Fraud Alert related to the borrower's identity or potential identity theft appears, at a minimum, the file must contain a written certification from the processor that the borrower was affirmatively reached using the data within the alert, and that their identity was positively verified. Additional documentation may be required depending on the extent and language of the individual fraud alert.

4.4 Security Freeze

The credit report used to evaluate a loan may not reflect a security freeze. Borrowers must unfreeze their credit to facilitate a tri-merge credit report. No frozen bureaus are permitted.

4.5 Credit Inquiries

The underwriter must verify that all current borrower obligations are accurate. Additionally, any credit inquiries listed on the report within 90 days of the report date require a letter of explanation. If new credit was extended, borrowers must provide documentation on the current balance and payment. If no credit was extended, the borrower must state the purpose of the inquiry.

4.6 Credit Score Requirements

The representative credit score for qualification purposes for an individual borrower is the middle score of the 3 scores reported. If 2 scores are reported the representative credit score is the lower of the 2 scores. Credit scores from all 3 repositories must be requested (Equifax, Experian and TransUnion). Averaging of credit scores to determine eligibility is not allowed.

For multiple borrowers the credit score is the lowest of all representative credit scores.

A minimum of 2 credit scores are required. If only 1 credit score or no credit score is reported, borrower is not eligible.

Credit rescues are not permitted unless the rescore is correcting erroneous line items or disputed accounts.

4.7 Tradeline Requirements

STG Mortgage requires each borrower to have at least 3 open tradelines reporting for a minimum of 12 months, with all 3 having activity in the last 12 months, or at least 2 open tradelines reporting for a minimum of 24 months, with both having activity in the last 12 months.

The following apply to tradelines reviewed for credit:

- Tradelines must be rated for 12 months.
- 1 tradeline must be an installment, rental or mortgage account.
- On purchase transactions, 2 active tradelines are acceptable when the borrower has a prior satisfactory 24-month mortgage history in the last 5 years.
- Borrowers not contributing income for qualification purposes do not need to meet the minimum tradeline requirement.
- Authorized user accounts are not counted as an acceptable tradeline.
- Non-traditional credit as defined by FNMA guidelines and self-reported (for example, rent history or utility bill payment) is not allowed as an acceptable tradeline.



- Derogatory credit and public records (collections, judgments, charge-off, repossessions, foreclosures, tradelines included in a bankruptcy and credit counseling) and disputed accounts are not acceptable as valid tradelines.
- STG Mortgage does not allow the use of verification of asset reports to identify recurring rent payments to potentially enhance the AUS credit assessment.

4.8 Bankruptcy and Housing Events

At least 7 years must have elapsed since any significant derogatory credit event. See table below for seasoning requirements.

STG Mortgage Standard Requirements (All Grand/Portfolio Jumbo Series) Bankruptcy & Housing Event Seasoning		
Type of Bankruptcy	Waiting Period	Measured From
Chapter 7 Bankruptcy Chapter 11 Bankruptcy Chapter 13 Bankruptcy	84 Months	Discharge/dismissal date to the transaction note date
Foreclosure (FC) Deed-in-lieu (DIL) Short Sale (SS)	84 Months	Date of completed sale or final property transfer
Modification	84 Months	Date the modification was executed
Notice of Default (NOD) 120 Day Mortgage Late	84 Months	Date the mortgage was brought current
Mortgage Charge-off	84 Months	Date charged off

4.8.1 Forbearance and Deferment

Loans with forbearance or deferment in the most recent 24-month period are ineligible. Loans with forbearance or deferment periods that concluded more than 24 months ago that can document a 0x30x24 housing history are acceptable.

In all cases, if the deferment or forbearance resulted in principal forgiveness, the loan is subject to the waiting period for modifications listed in the table above.



4.9 Judgments, Garnishments, Liens, Collections and Charge-Offs

Satisfactory explanation for any delinquent credit from the borrower is required.

Borrower must pay off all delinquent credit that has the potential to impact lien position.

All liens and judgments must be paid off regardless of size.

All open tradelines must be brought current at time of closing.

Collection accounts or charged-off accounts must be paid off when the balance of an individual account, or the total of multiple accounts exceeds the amount listed in the table below:

Grand/Portfolio Jumbo Series Specific Restrictions Collection/Charged-off Accounts		
Grand/Portfolio Jumbo Series	Individual Amount	Aggregate Total
Portfolio Jumbo F Super Jumbo F	≥ \$250	> \$2,000
Portfolio Jumbo N Grand Jumbo P	≥ \$250	> \$1,000
Portfolio Jumbo A Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	≥ \$1,000	> \$2,500



4.10 Mortgage and Rental Payment Verification (Housing History)

For rental verification, a standard institutional VOR completed by a professional management company is acceptable. Verifications from private individuals must be accompanied by bank statements/canceled checks and a lease agreement to document the terms of the rental agreement.

If the housing history reflects a forbearance arrangement, the loan must have exited forbearance at least 24 months ago and the payment history must reflect 0x30X24. The payment history must be provided by the lender/servicer.

Rent-Free situations must be documented with a signed letter from the borrower explaining their housing circumstances (Rent-Free Letter). Additionally, a signed letter from the person or entity providing the Rent-Free housing must be included in the file.

Private party mortgages may be verified with canceled checks or bank statements.

On the date of the loan application, the borrower's existing mortgage(s) must be current, which means that no more than 45 days have elapsed since the last paid installment. If the credit report does not reflect the above, proof the additional loan payments were paid on time is required.

While 0x30x12 is the standard housing history requirement, certain Grand/Portfolio Jumbo Series contain additional requirements on housing history. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Housing History			
Grand/Portfolio Jumbo Series	Mortgage History	Rental History	< 12 months or Rent Free
Portfolio Jumbo A	• 0x30X24	• 0x30X12	• Standard Requirements/Restrictions
Portfolio Jumbo F	• 0x30X12	• 0x30X12	• Standard Requirements/Restrictions • Primary Residence only • Payment shock restrictions do not apply
Portfolio Jumbo N	• 0x30X12	• 0x30X12	• Standard Requirements/Restrictions • Rent-free provider must be a relative • Cash-Out of Investment not permitted • FTHB not permitted
Grand Jumbo P	• 0x30X12	• 0x30X12	• Standard Requirements/Restrictions • Non-occupant co-borrower not permitted
Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	• 0x30X12 • 0X60X24	• 0x30X12	• Standard Requirements/Restrictions
Super Jumbo F	• 0x30X24	• 0x30x24	• Not permitted

Note: Grand Jumbo P requires ownership of a primary residence for all second home & investment property transactions.



5.0 LIABILITIES

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

5.1 Contingent Liabilities

Certain Grand/Portfolio Jumbo Series do not permit exclusion of Contingent Liabilities. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Contingent Liabilities	
Grand/Portfolio Jumbo Series	Requirements/Restrictions
Grand Jumbo P	Contingent Liabilities may not be excluded
Portfolio Jumbo A Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Super Jumbo F	Standard FNMA Requirements/Restrictions

5.2 Deferred Student Loans

Deferred student loans must use 1% of the balance as the qualifying payment regardless of AUS findings or AUS type.

5.3 Departure/Departing Residence

5.3.1 Pending Sale

If the borrower's current principal residence is pending sale but the transaction will not close prior to the subject transaction, both the current PITIA and proposed PITIA should be used in the qualifying DTI unless the credit file is documented with ALL of the following:

- The executed sales contract for the current residence.
- Sales contract must provide that departing residence will close within 60 days of subject loan closing.
- Confirmation that any financing contingencies have been cleared.
- Proof of receipt of Earnest Money.

The sale of the departure residence must be an arms-length transaction. Sales to family members, related entities, other transaction participants, or anyone associated with the subject property are not acceptable for excluding the departing residence PITIA.

The file must also contain a letter from the borrower indicating whether they intend to pay down or pay off the subject loan once the departing primary residence sale is complete. Underwriters must evaluate the loan for Early-Pay-Off (EPO) risk. STG Mortgage reserves the right to require below-par pricing on loans with EPO risk factors.



5.3.2 Converting to a Second Home

If the borrower's current principal residence is converting to a second home, the current PITIA and proposed PITIA must be used in qualifying the borrower.

5.3.3 Converting to an Investment Property

Positive rental income from a departing residence cannot be used as qualifying income. Departing residence PITIA can be offset by 75% of rental income with ALL of the following:

- Market Rent Analysis (Form 1007/1025).
- Copy of a current 12-month lease.
- Evidence of proof of receipt of security deposit and first month's rent.

Income from vacant/unleased properties is not permitted to be used in qualifying.

The lease must be from an unrelated party. Leases coming from a relative or any business affiliated with or owned by the borrower or another loan participant are not acceptable.

The income from the lease may be used to offset (reduce) the negative Net Rental income of the departing primary. If the addition of the lease income results in a positive Net Rental Income for the departing primary, that income may not be used for qualifying (A \$0 Net Rental Income would be used in the event the departing primary was profitable).

If converting to a short-term rental, no rental income may be used in qualifying.

Certain Grand/Portfolio Jumbo Series contain additional requirements/restrictions when Converting a Primary Residence to an Investment Property. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirement/Restrictions Converting a Primary Residence to an Investment Property	
Grand/Portfolio Jumbo Series	Requirements/Restrictions
Portfolio Jumbo A	• The borrower must have a minimum one-year landlord history during the previous four years. • The borrower must have a minimum of 25% equity in the departing residence documented with an automated valuation model (AVM) or another third-party tool. • Three months' additional reserves are required.
Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	• No additional requirements/restrictions



5.4 Installment Debt

Installment debt is a monthly obligation with fixed payments and terms. Payments on installment loans which do not qualify for an exclusion must be included in the borrower's DTI ratio.

Payments can be excluded if there are 10 or fewer monthly payments remaining to pay the debt in full. If the payment is substantial and exceeds 5% of the borrower's qualifying income, the overall transaction should be reviewed by the underwriter to ensure the remaining installment payments will not negatively impact the borrower's ability to handle the new mortgage payment.

Installment debt may not be paid down (to have 10 or fewer payments remaining). Installment debt must be paid in full in order to be excluded from the DTI ratio, when more than 10 payments remain. Supporting documentation, such as a credit supplement or direct verification from the creditor, must be obtained as evidence the debt has been paid either at closing or prior-to closing.

5.5 IRS Tax Payment Plans and Tax Liens

If any borrower or non-borrowing title holder has open/active tax liens against them or the subject property, they are not eligible for financing unless those liens are released or paid at closing.

If the borrower is on a tax payment plan with the IRS, the monthly amount of the payment plan must be included in DTI, and the file must evidence that the 3 most recent monthly payments were made on time. IRS payment plans which have been in force for fewer than 3 months are not eligible and the IRS obligation must be paid in full.

The loan file must include a copy of the installment agreement approved by the IRS verifying the payment terms, including the monthly payment amount and balance. The payment plan must not extend beyond 24 months.

Pending (not yet approved) IRS Payment Plans are not permitted.



5.6 Solar Obligations

Any item related to solar energy that that will include a second lien, easement, power purchase agreement or UCC financing statement/obligation associated with the property on title is considered a solar obligation.

Payoff of a HERO/PACE lien is considered cash-out.

Subordination of HERO/PACE liens is not permitted. These obligations must be paid off at closing.

Certain Grand/Portfolio Jumbo Series contain additional requirements/restrictions on Solar Obligations. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements/Restrictions Solar Obligations	
Grand/Portfolio Jumbo Series	Requirements/Restrictions
Portfolio Jumbo A Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo P Super Jumbo F	Standard FNMA Requirements/Restrictions
Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	Solar not permitted when it involves a second lien, easement, power purchase agreement or UCC financing statement/obligation.



5.7 Subordinate Financing

The CLTV should be calculated using the unpaid principal balance on all closed-end subordinate financing and the full amount of any HELOCs (whether or not funds have been drawn).

Secondary or subordinate financing is allowed with a maximum CLTV equaling maximum LTV per Program Matrix. All secondary financing must be subordinate to STG Mortgage's first lien position.

STG Mortgage Standard Requirements (All Grand/Portfolio Jumbo Series) ALL Subordinate Financing	
- Subordinate financing, when permitted, must meet all FNMA documentation requirement & restrictions. - Subordinate financing must be recorded and clearly subordinate to the new STG Mortgage first mortgage. - All subordinate financing must be from a financial institution, government entity, housing authority, or corporate employer (private party financing is not permitted). - Negative amortization is not permitted. - If the debt is an equity line of credit, the CLTV ratio is calculated by adding the total HELOC credit line limit (rather than the amount of the HELOC in use) to the first mortgage amount, plus any other subordinate financing, and dividing that sum by the lesser of the purchase price or appraised value of the subject property. - Pace Loans are not eligible for either new subordinate financing or resubordination and if already existing, must be paid in full as part of the transaction.	

Certain Grand/Portfolio Jumbo Series have additional restrictions on Subordinate Financing. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions ALL Subordinate Financing	
Grand/Portfolio Jumbo Series	Requirements/Restrictions
Portfolio Jumbo A	Purchase & Rate/Term only
Portfolio Jumbo N	Gift funds not permitted when Subordinate Financing present
Portfolio Jumbo F Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	No additional restrictions



6.0 FULL DOCUMENTATION INCOME

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

6.1 Ineligible Sources of Income

STG Mortgage Standard Requirements (All Grand/Portfolio Jumbo Series) Ineligible Sources of Income	
Income Type	
Any income that is not legal in accordance with all applicable federal, state, or local laws, rules and regulations	
Any source of income that cannot be verified	
Automobile allowances (used to offset the auto payment only)	
Boarder income	
Contributions or support from family members (other than alimony/child support)	
Deferred income or compensation not presently available	
Draw income	
Education benefits	
Expense account reimbursement	
Foreign income	
Future (proposed) earnings (i.e. Employment Contracts)	
Gambling income (except lottery winnings continuing for 5 years)	
Grants	
Income derived from illegal activities	
Income from an OFAC sanctioned country, entity, or person	
Income derived from or paid to the borrower in cryptocurrency (bitcoin, etc.)	
Income that is not likely to continue for at least 3 years beyond the date of loan closing	
Income that is not stable, or that is temporary or is a one-time occurrence	
Lump-Sum distributions from non-retirement/non-trust investments	
Marijuana or Cannabis related wage or business income	
Mortgage credit certificates	
Mortgage differential payments	
Non-occupant income	
One time capital gains	
Per diem income	
Refund of federal or state income tax	
Reimbursable income	
Rental income received from the borrower's primary residence (boarder Income, accessory unit or an ineligible second unit)	
Rental income from a second home	
Retained earnings from business	
SBA loan or paycheck protection funds	
Tax refunds	
Trailing spouse or trailing co-borrower income	
Unvested stock options	
Veterans Administration (VA) education benefits	



Certain Grand/Portfolio Jumbo Series have additional restrictions on Sources of Income. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Sources of Income	
Grand/Portfolio Jumbo Series	Requirements/Restrictions
Grand Jumbo P	Capital Gains not permitted
Portfolio Jumbo A Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Super Jumbo F	No additional restrictions

6.2 Verbal Verification of Employment (VVOE) and Existence of Active Business

Verbal Verifications of Employment must be obtained for each borrower using employment income to qualify. VVOEs must meet all of the following criteria:

- Completed within 10 business days of closing.
- Confirm that the borrower is employed at time of verification.
- Include the name and phone number of the person processing the VVOE at the Lender or Originator.
- Include the name, position and phone number of the person providing the verification at the employer.
- Business Name, address and telephone number for the borrower's employer must be verified independently via any of the following: telephone book, the internet, directory assistance, or by contacting the applicable licensing bureau.

For self-employed borrowers, the existence of the business must be independently verified through a disinterested third party within 10 business days of closing. The loan file should reflect the documentation secured from these sources. Sources may include:

- CPA, regulatory agency, or applicable licensing bureau.
 - Any of the validating sources used must indicate the borrower has been self-employed for a minimum of 2 years.
 - Internet listings are not an acceptable source of verification.

If the documentation is over 30 days old, a processor's certification verifying employment with the CPA is acceptable.



6.3 Tax Transcripts (4506-C)

IRS transcripts are required to be obtained directly from the IRS (or an approved vendor) for any income and years being used for qualification. Wage transcripts are acceptable for W-2 borrowers and 1099 transcripts are acceptable for 1099 borrowers. Tax transcripts are not required for newly received income such as retirement, social security and trust income that would not appear on the prior year tax returns. Borrower pulled transcripts are not acceptable. The IRS transcripts and the supporting income documentation provided by the lender must be consistent.

1040 Tax Transcripts from most recent 2 years are required for any borrower with rental income, self-employed income, capital gains or dividends.

Certain Grand/Portfolio Jumbo Series contain additional transcript requirements. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Tax Transcripts (4506-C)	
Grand/Portfolio Jumbo Series	Requirements
Portfolio Jumbo A	Full 1040 Transcripts required (W-2/1099 Transcripts not permitted)
Portfolio Jumbo N	Record of Account also required
Portfolio Jumbo F Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	No additional requirements

6.4 Post-Close Employment (Future Income)

Qualifying income commencing after the note date (such as from a new job or employment contract) may not be used for qualification purposes.

6.5 Self-Employed Income

A self-employed borrower is an individual who has 25% or greater interest in a business or receives 1099s to document income.

Income from self-employment may be considered effective income if the borrower has been self-employed operating the same business for at least 2 years.

Self-employed income must be documented with:

- 2 years tax returns
- A signed and dated borrower prepared YTD P&L and Balance Sheet, up to and including the most recent month preceding the application date.
 - If the most recent available tax return information is more than 12 months old, a full year P&L is required in addition to the YTD P&L (For example: as of March 1, 2026, if the most recent taxes available are for 2024,



then a P&L covering January 1, 2025, through December 31, 2025 is required in addition to the current YTD P&L).

Certain Grand/Portfolio Jumbo Series contain additional Self-Employed Income requirements. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Self-Employed Income	
Grand/Portfolio Jumbo Series	Requirements
Portfolio Jumbo A Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P	No additional requirements
Portfolio Jumbo F Super Jumbo F	Business checking account statements for the 2 most recent months reflected on the P&L

6.6 Other Sources of Income

6.6.1 Commission/Bonus Income

Commission/Bonus income must be documented with a written VOE breaking down the bonus or commission income for the past 2 years or a year-to-date paystub and W-2's supporting the income. Commission/Bonus income with less than a 2-year history may not be used for qualification.

6.6.2 Rental Income

Rental income must be documented according to FNMA guidelines.

Refinances of vacant investment properties are not permitted.

All refinances of investment properties require a copy of the lease from the current tenant.

6.6.3 Restricted Stock Units (RSU) Income

Grand/Portfolio Jumbo Series programs verify and calculate RSU income as outlined below. Situations not specifically addressed should follow FNMA Selling Guide requirements.

For all Restricted Stock Unit Income, ALL of the following requirements must be met:

- The stock must be publicly traded and have a market capitalization of \$100,000,000 or greater.
- The stock must be highly liquid and have a minimum daily average trading volume of \$10,000,000 or greater (daily trading volume is defined as average number of shares traded daily multiplied by the current share price).

6.6.3.1 RSU - Documentation



RSU documentation should include ALL of the following:

- Brokerage or bank statement showing receipt of the previous 2 years' distribution of restricted stock, and, at a minimum, the number of vested shares or cash equivalent received.
- Current Vesting Schedule reflecting past and future vesting.
- Copies of grant awards.
- A WVOE or Paystubs which show receipt of restricted stock distributions.
- W-2s covering the most recent 2 year period.

6.6.3.2 RSU - Performance Based Awards

For performance-based awards, a minimum history of 24 months restricted stock income from the current employer is recommended. Restricted stock income received for 12 to 24 months from the current employer may be considered as acceptable income if there are positive factors to offset the shorter income history such as:

- Future vesting equal to or greater than previous vesting and that will continue for at least 24 months.
OR
- Restricted stock income received for the previous 5 years from any employer.

6.6.3.3 RSU - Time Based Awards

For time-based awards, a minimum history of 12 months restricted stock income from the current employer is required. Time based awards must verify continuance unless it can be shown that multiple awards have been received in consecutive years. Time based awards which were received only once, but vest into the future must show a 36-month continuance.

6.6.3.4 RSU - Income Calculation

The calculation method for restricted stock income will vary depending on whether payment is made in shares or cash. For income paid in shares use:

- The 52 Week Low Share Price multiplied by the total number of distributed vested shares (pre-tax) in most recent 24 months divided by the number of months.

For income paid in cash use:

- Total cash distributed (pre-tax) equal to the total value of vested shares in the most recent 24 months divided by the number of months.

When the borrower has a history of income ranging from 12-24 months, the lender may use the actual number of months the borrower has received the income rather than 24 months. In no instance may RSU income be used when the history of receipt is less than 12 months.

For Awards which require proof of continuance, the income calculation will be the lesser of the above calculations or the total value of shares due to be vested in the next 3 years divided by 36 months.

6.6.4 VA Disability Income

VA Disability: VA disability can be documented via the Certificate of Eligibility (COE) for the veteran and surviving spouses.

- a copy of the COE must be retained in the file,
- the disability income must be reflected in the conditions section of the COE, and
- the COE must be dated within 120 days of the note date.



- If the surviving spouse receives additional benefits for dependent children, verification of the children's ages is required to establish continuance for a minimum of 3 years.

6.7 Income Calculation Considerations

6.7.1 Non-Taxable Income (Full Doc)

If the income is verified to be nontaxable, and the income and its tax-exempt status are likely to continue, the underwriter may gross up the income for the non-taxable income source by adding an amount equivalent to 25% of the nontaxable income to the borrower's income.

Certain income sources such as social security are only partially taxable. The underwriter is responsible for verifying the percentage of any income that is non-taxable and grossing up the portion that is non-taxable.



6.7.2 Residual Income

Residual Income = Gross Monthly Income minus total ongoing monthly debt.

Certain Grand/Portfolio Jumbo Series contain a Residual Income Requirement. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Residual Income	
Grand/Portfolio Jumbo Series	Requirements
Portfolio Jumbo A	- DTI $\leq$ 45%: No Residual Income requirement - DTI > 45%: \$3,500
Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	No Residual Income requirement



7.0 ALTERNATIVE DOCUMENTATION INCOME

Alternative Income Documentation such as Bank Statements, 1099, Asset Depletion, Asset Utilization is not permitted for any Grand/Portfolio Jumbo Series program.



8.0 ASSETS

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

STG Mortgage Standard Restrictions (All Grand/Portfolio Jumbo Series)	
Ineligible Qualifying Assets	
Asset Type	
529 accounts	
Any asset that is derived from activities that are not legal in accordance with all applicable federal, state, or local laws, rules and regulations	
Assets pledged as collateral on another loan	
Assets titled in an irrevocable trust	
Bridge Loans	
Cash Advances	
Cash-on-hand	
Cryptocurrencies (bitcoin, etc.)	
Down Payment Assistance Programs	
Foreign Assets	
Funds in a custodial or "In Trust For" account	
Gift or Grant Funds Which Must be Repaid	
Gifts of Equity	
Health savings accounts	
Non-financial assets (artwork, collectibles, stamps, etc.) unless liquidated	
Non-vested Restricted Stock Units (RSU)	
Non-vested Retirement Funds	
Non-vested Stocks/Options	
Pooled savings	
Proceeds of SBA/PPP Loan	
Rent Credit (Lease to Own Arrangements)	
Salary advances	
Section 8 Voucher Assistance	
Security Deposits for Rental Properties Owned	
Stocks in non-publicly traded (private) companies	
Sweat Equity	
Unsecured Loans	

8.1 Documentation

Assets should be documented with 2 months of account statements. Large deposits should be sourced and seasoned in accordance with FNMA guidelines.

8.1.1 Asset Amount Used In Qualifying

All Grand/Portfolio Jumbo programs follow FNMA guidelines in determining the amount of assets which may be used and when liquidation is required.



8.1.2 401K/403B Assets

If the asset is associated with the borrower's current employer, provide the terms of withdrawal evidencing that the borrower can take a withdrawal from this account while employed to pay the subject property payment.

Assets associated with former employers do not require the terms of withdrawal be evidenced.

8.2 Business Assets

Business assets may be used for cash to close and closing costs. Business assets may not be used for reserves. Business funds may be used up to the borrower's percentage of ownership. Business assets used must be accompanied by an accountant letter confirming that the withdrawal of the funds from the business will not harm the financial strength of the business.

Certain Grand/Portfolio Jumbo Series contain additional requirements regarding Business Assets. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements Business Assets	
Grand/Portfolio Jumbo Series	Requirements
Portfolio Jumbo A	Minimum 50% ownership to use business funds
Portfolio Jumbo F Portfolio Jumbo N Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P Super Jumbo F	No additional requirements



8.3 Gift Funds

Standard FNMA Requirements/Restrictions apply to the use of Gift Funds.

Gift of Equity is not permitted.

Transactions including gift funds are subject to the following requirements/restrictions:

STG Mortgage Standard Requirements/Restrictions (All Grand/Portfolio Jumbo Series) Gift Funds	
Gift Letter	A gift letter signed by the donor must: • Specify the actual or the maximum dollar amount of the gift • Include the donor's statement that no repayment is expected; and • Indicate the donor's name, address, telephone number, and relationship to the borrower.
Donor	A gift can be provided by: • A relative, defined as the borrower's spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or • A non-relative that shares a familial relationship with the borrower defined as a domestic partner (or relative of the domestic partner), individual engaged to marry the borrower, former relative, or godparent. Regardless of family relationship, the donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, the mortgage loan originator, or any other interested party to the transaction.
Transfer of Gift Funds	Verification and documentation that sufficient funds to cover the gift are in the donor's account or have been transferred to the borrower's account is required. When the funds are transferred prior to closing, transfer of funds from the donor's account to the borrower's account must include one of the following: • Copy of the donor's check and borrower's bank statement; • Copy of donor's withdrawal slip and borrower's deposit slip; • Copy of donor's check to the closing agent; OR • Settlement statement showing receipt of donor's check. When the funds are not transferred prior to closing, the closing agent must provide the following: • Final Closing Disclosure must reflect the gift funds as funds paid on the borrower's behalf, and • Proof of receipt of the donor's gift funds by the closing agent with one of the following: ◦ Copy of the donor's certified check, or ◦ Wire confirmation verifying transfer of the funds from the donor to the closing agent.



Each Grand/Portfolio Jumbo Series contains varying additional requirements/restrictions regarding Gift funds. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements/Restrictions Gift Funds	
Grand/Portfolio Jumbo Series	Requirements/Restrictions
Portfolio Jumbo A	- Primary Residence & Second Home: when LTV/CLTV > 80%, borrower must contribute 5% own funds - Gift funds not permitted for reserves - Gift funds not permitted on Investment Properties.
Portfolio Jumbo F Super Jumbo F	- Primary Residence & Second Home: when LTV/CLTV > 75%, borrower must contribute 5% own funds - Gift funds not permitted for reserves - Gift funds not permitted on Investment Properties.
Portfolio Jumbo N	- Primary Residence & Second Home: when LTV/CLTV > 80%, borrower must contribute 5% own funds - Subordinate financing not permitted when gift funds used - Gift funds MAY be used for Reserves
Grand Jumbo P	- Wedding gifts not permitted - Gifts from property seller not permitted - Gift funds not permitted on Investment Properties.
Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	- Standard FNMA Requirements/Restrictions - Gift funds not permitted for reserves - Gift funds not permitted on Investment Properties.



8.4 Reserves

Each Grand/Portfolio Jumbo Series contains varying requirements regarding Reserves. Reference the Product Matrix for details.

8.4.1 Ineligible Reserve Assets

In addition to the Ineligible Qualifying Assets table above, the following assets are not eligible to be used as Reserves:

STG Mortgage Standard Restrictions (All Grand/Portfolio Jumbo Series) Ineligible Reserve Assets	
Asset Type	
Business Assets	
Cash out from subject transaction	
Equity Lines of Credit	
Gift Funds	
Gift of Equity	
Funds from a 1031 exchange account	

8.5 Interested Party Contributions (IPCs)

STG Mortgage Standard Restrictions (All Grand/Portfolio Jumbo Series) Interested Party Contributions	
Occupancy	Limit
Primary Residence	6%
Second Home	6%
Investment Property (including DSCR loans)	2%

Percentages are based upon the property's sales price. When IPCs exceed the above limits, they are considered sales concessions and the IPC amount exceeding the permissible limit must be subtracted from purchase price and the LTV recalculated. This will often result in the need to lower the loan amount slightly to remain within LTV limits.

Additionally, Interested Party Contributions which exceed actual closing costs and/or prepaids for the transaction must be subtracted from the Sales Price, even if the IPC amount is within the above limits.

Lender credit from premium pricing is not considered an IPC and does not need to be considered in the above limits.

Example: On a loan where the maximum allowed IPCs are \$5,000 but the transaction contains \$6,000 in IPCs, the sales price must be lowered by \$1,000 and the LTV recalculated using this lower number.

8.5.1 Buyer's Agent Real Estate Commissions Paid by The Seller

In alignment with the FNMA Selling Guide, should a seller choose to pay the real estate commission for the buyer's agent, those funds are not considered an IPC and do not have to be counted toward the above limits if the arrangement is a reasonable and common practice for the area.



9.0 APPRAISALS & PROPERTIES

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

9.1 Eligible Property Types

STG Mortgage Standard Requirements (All Grand/Portfolio Jumbo Series) Eligible Property Types	
2-4 Unit	Properties of 10 acres or less (as long as not considered Rural)
Condos (Warrantable)	PUD (Attached or Detached)
Condos (Non-Warrantable)	Single Family Residence (Attached or Detached, including properties with up to 1 ADU)

Certain Grand/Portfolio Jumbo Series restrict some property types. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Property Types	
Grand/Portfolio Jumbo Series	Restrictions
Portfolio Jumbo N	Condominiums with Deed Restrictions
Grand Jumbo P Super Jumbo F	3-4 unit not permitted
Portfolio Jumbo A Portfolio Jumbo F Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	No additional restrictions



9.2 Ineligible Property Types

The following property types are not permitted.

STG Mortgage Standard Restrictions (All Grand/Portfolio Jumbo Series) Ineligible Property Types	
2-4 Unit Properties with an ADU	Mobile Homes
Agricultural Properties	Modular Homes
Assisted Living/Continuing Care Facilities	Properties encumbered with private transfer fee covenants
Bed and Breakfast Properties	Properties located adjacent to or containing environmental hazards
Boarding Houses	Properties located in a Coastal Barrier Resource System (CBRS)
Builder Model Leaseback	Properties not suitable for year-round occupancy
C5 or C6 Property Condition Grades	Properties Subject to Rent Control
Q5 or Q6 Quality Grades	Properties Under Construction
Community Land Trusts (including Illinois Land Trusts)	Properties used for the cultivation, distribution, manufacture, or sale of Marijuana
Commercial Properties (including residential properties used as commercial, such as an office)	Properties with Deed or Resale Restrictions (except for age restricted communities)
Condotels	Properties with Equestrian Facilities
Cooperatives (Co-ops)	Properties with evidence of Sinkhole Activity
Dorm-Style Housing	Properties with illegal/unpermitted ADUs
Farms	Properties with more than 1 ADU
Fractional Ownerships	Properties with more than 4 units
Geodesic Domes	Properties with Oil and Gas Lease
Hawaii properties located in lava zones 1 and/or 2	Properties with over 10 acres
Homes on Native American/Indian/Tribal Land (Reservations)	Rural Properties
Houseboats	Second Home with 2-4 units
Illegally Zoned Properties	Tenants in Common Properties
Industrial Properties	Theme Park Resort Properties
Leaseholds	Timeshares
Live-work Projects	Turn-Key Investments
Log Homes/Log Cabins	Unique Properties (i.e. Barndominiums, Berm Homes, 3D Printed Homes, Tiny Homes, Shouses, etc.)
Manufactured Homes	Vacant Lots
Mixed Use Properties	



9.3 Unpermitted Structures & Improvements

Conversions of non-GLA spaces like garages, sunrooms and porches into separate living quarters or apartments are not permitted. Additionally, ADUs that have not been properly permitted are ineligible.

9.4 Declining Markets

Properties located in a declining market, as indicated by the appraiser, will require additional review by the underwriter.

If the appraiser indicates the property is located within a declining market, the maximum allowable LTV/CLTV for the scenario is program dependent.

Each Grand/Portfolio Jumbo Series contains restrictions for Declining Markets. Reference the table below for details. The maximum LTV/CLTV for a property in a declining market may never exceed 80%.

Grand/Portfolio Jumbo Series Specific Restrictions Declining Markets	
Grand/Portfolio Jumbo Series	Restrictions
Portfolio Jumbo A	Lesser of 70% LTV/CLTV or the MAX LTV/CLTV allowed per the product matrix
Portfolio Jumbo F	5% LTV/CLTV reduction from the product matrices when loan is greater than 70% LTV/CLTV
Portfolio Jumbo N	5% less than the MAX LTV/CLTV allowed per the product matrix
Grand Jumbo P	Lesser of 75% LTV/CLTV or 5% below the MAX LTV/CLTV allowed per the product matrix
Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	Reduce MAX LTV/CLTV by 10%
Super Jumbo F	Subject to underwriting manager review

9.5 Appraisal Forms

Appraisers are required to use current appraisal report forms that are acceptable to FNMA. The following appraisal report forms should be used, when applicable:

- Uniform Residential Appraisal Form (FNMA Form 1004).
- Individual Condominium Unit Appraisal Report (FNMA Form 1073).
- Appraisal Update and/or Completion Report, which is also used for Disaster Inspections (FNMA Form 1004D).
- Single Family Comparable Rent Schedule for all 1-unit investment properties (FNMA Form 1007).
- Small Residential Income Property Appraisal Report (FNMA Form 1025).

Detached Condos (Site-Condos) may use either form 1004 or 1073 as the appraiser deems appropriate.

9.6 Appraisal Requirements



All loans require a full interior/exterior appraisal. Properties with a C5 or C6 property condition rating or Q5 or Q6 quality rating are not allowed. Escrow holdbacks are not permitted. All appraisal deficiencies must be resolved prior to closing with a 1004D including photos to evidence completion.

When 2 appraisals are required, the LTV/CLTV will be based on the lower of the values. All inconsistencies between the 2 appraisals must be addressed and reconciled.

Property inspection waivers (PIW) are not permitted.

Unpermitted additions are not permitted.

Accessory units are acceptable (SFR only) when fully permitted and comply with zoning. Similar comps must be provided. Refer to the FNMA Selling Guide for complete requirements.

Each Grand/Portfolio Jumbo Series has individual loan amounts where a second appraisal is required. Certain Grand/Portfolio Jumbo Series restrict transferred appraisals. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements/Restrictions Appraisals		
Grand/Portfolio Jumbo Series	Loan Amount Requiring 2 Appraisals	Transferred Appraisals Permitted
Portfolio Jumbo A	> \$1.5MM	Not permitted
Portfolio Jumbo F Grand Jumbo P	> \$2.0MM	Permitted
Portfolio Jumbo N	> \$1.5MM	Permitted
Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M	> \$2.0MM	Not permitted
Super Jumbo F	All loans amounts	Not permitted

Note: Grand Jumbo P requires investor review, which may take up to 72 hours.



9.7 Appraisal Review - Secondary Valuation Requirements

An appraisal review product is required on every loan file unless a full second appraisal is obtained. The appraisal review product should provide an “as is” value for the subject property as of the date of the subject loan transaction.

The following are available options for secondary valuation products:

STG Mortgage Standard Requirements (All Star Series) Appraisal Review Specifications	
Loans without 2 Full Appraisals	Option #1 Provide a UCDP Submission Summary Report (SSR) with a score ≤ 2.5 from one of the following: - FNMA Collateral Underwriter (CU) - FHLMC Loan Collateral Advisor (LCA) Note: Option #1 is not permitted on Grand Jumbo P, Portfolio Jumbo A and Portfolio Jumbo N Note: LCA Score is not permitted on Portfolio Jumbo F
	Option #2 If UCDP/SSR Score > 2.5 or the score is unavailable, provide one of the following: - Collateral Desktop Analysis (CDA) from Clear Capital - Field Review Appraisal from a State Licensed Appraiser The review appraisal product must be dated within 120 days of the Note date and support the original appraised value within 10%. Review appraisal products which exceed the original appraised value are permissible regardless of percentage differential. If the review appraisal product is unable to support the original valuation within 10%, 2nd full appraisal required. CDA reports with a Risk Score of High are not eligible to be used, even when the valuation is within 10% of the original appraisal.
	Option #3 Provide a 2nd full appraisal, LTV calculated using the lower of the 2 appraisals.
Loans with 2 Full Appraisals	2 full appraisals required. LTV calculated using the lower of the 2 appraisals. No further valuation products required.

9.8 Disaster Areas

Underwriters are responsible for identifying areas impacted by disasters and taking the appropriate steps to ensure the subject property has not been adversely affected. Examples of disasters include, but are not limited to, hurricanes, earthquakes, floods, landslides, tornadoes, wildfires, volcanic eruptions, civil unrest, and terrorist attacks.

Adverse events that receive a formal disaster declaration issued by local, state, or federal departments of emergency management must follow the procedures listed below. A list of all federally declared disaster areas may be found on the FEMA website at <https://www.fema.gov/disaster>.



In addition, when there is knowledge of an adverse event occurring in and around the subject property's geographic region and a formal declaration has not yet been made, additional due diligence is required to determine whether the disaster area guidelines must be followed.

STG Mortgage will cease funding loans when a property is in the path of a possible disaster event such as a hurricane, wildfire, or flood.

9.8.1 Property Appraisal Completed Prior to a Disaster Incident

If the appraisal effective date is prior to the disaster incident, a post-disaster exterior inspection of the subject property is required. It may be from one of the following:

- 1004D or DAIR (Disaster Area Inspection Report) from Appraiser.
- Clear Capital Post Disaster Inspection Report (PDI or equivalent).
- Exterior inspection completed by a licensed-third-party professional (home inspector, contractor, etc.).

The post disaster inspection report must:

- Clearly comment on the condition of the subject property and identify any damage, impact to habitability or marketability.
- Provide photographs of the front, street view, and any damage to subject property.

If using a licensed third-party to perform the inspection, the file must contain a copy of their license.

When an inspection report indicates that the subject property sustained damaged, any issues which affect the safety or habitability of the property must be repaired and reinspected.

For properties which sustained disaster damage, the underwriter must use discretion in determining if an interior-inspection is also necessary to determine the extent of the damage. Examples: Flooding, Standing Water, Blown in Windows, etc.

The above disaster inspection reports may not replace a 1004D that is otherwise required for other reasons, such as appraisals which were done subject-to completions or repairs.

9.8.2 Property Appraised After a Disaster Incident

When the appraisal effective date is after the disaster incident, no additional documentation is required unless no Disaster End Date has been declared by FEMA.

If the property is in a zone where a Disaster End Date has not been declared by FEMA, in addition to the above inspection requirement, a date and time stamped area map from a state or county agency or similar, showing the subject property in relation to the disaster area is required to evidence that the property is outside of current known disaster boundaries.



10.0 CONDOMINIUMS (CONDOS)

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

10.1 Warrantable Condo Projects

Warrantable condos must conform to all FNMA full condominium project review eligibility requirements. STG Mortgage requires an eligibility and insurance review from InterIsland condo review service. InterIsland may be contacted at: <https://condoreviews.com/>.



10.2 Non-Warrantable Condominiums

Non-warrantable condominiums should obtain the same documentation as a Warrantable Condominium Full Review. When an item within the Full Condo Project Review is unable to be warranted within the scope of FNMA guidelines, the deviations should be compared to the Non-Warrantable allowances below. For all areas not specifically mentioned, the standard FNMA warranty guidelines apply.

Minimum 400 square feet, full-size kitchen, minimum of 1 bedroom.

Condotels are not permitted.

Commercial space must be compatible with residential use (such as stores, offices, restaurants or bars, among other commercial spaces) and must compliment the neighborhood. The commercial space shall be deemed to include eligible spaces above and below grade, excluding parking.

To prevent risk layering, condominium projects which contain more than 1 deviations from warrantable guidelines are not permitted. All other FNMA condo requirements must be met.

Characteristic	Warrantable Criteria	Non-Warrantable Allowance
Non-Residential Space (Commercial Space)	Up to 35%	Up to 50%
HOA Reserves	10% Minimum or Reserve Study Amount	7% Minimum if current reserve balance exceeds 10% of the operating expenses. < 7% permitted if current reserve balance exceeds 20% of the operating expenses. Regardless of the replacement reserves percentage amount, the balance sheet must be provided and the date of the balance sheet must be within 120 days of the Note date.
Litigation	Permitted for minor issues not affecting the marketability of the property or financial viability of the project. Damages must either be fully covered by insurance or not represent more than 10% of HOA Reserves. Structural/Health & Safety/Construction Defect litigation are Ineligible.	Permitted for minor issues not affecting the marketability of the property or financial viability of the project. Damages must be fully covered by insurance of HOA Reserves. Structural/Health & Safety/Construction Defect litigation are Ineligible. All litigation requires investor review.
California Balcony Bill	Properties not compliant with SB326 are not permitted.	Properties not compliant with SB326 will be considered on a case by case basis for Portfolio Jumbo N only.



10.2.1 Non-Warrantable Condo Projects - Underwriter Certification

Each file should contain notes on either the 1008 Transmittal Summary or another document from the underwriter which states, "I have reviewed the documentation and this project is unable to meet warrantable condo requirements due to (list deviations from warrantable guidelines) and is warrantable under the guideline allowances of the Non-Warrantable condo program." Language that is substantially similar is acceptable.

The required underwriter notes may be supplemented or substituted with a review from InterIsland Condo Corporation or directly from the investor. For projects where the condo documentation was reviewed directly by the final investor, notes and correspondence from the investor may be used as a substitute for the underwriter's attestation. InterIsland may be contacted at: <https://condoreviews.com/>.

Certain Grand/Portfolio Jumbo Series have additional restrictions on Non-Warrantable Condos. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions Non-Warrantable Condo	
Grand/Portfolio Jumbo Series	Restrictions
Portfolio Jumbo A	- MAX LTV/CLTV 80% - Primary Residence & Second Home only
Portfolio Jumbo N	- Investor review in lieu of InterIsland required (72 hours required for review) - RSU income not permitted on non-warrantable condos
Portfolio Jumbo F Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo P Super Jumbo F	Not permitted
Grand Jumbo M	- Primary Residence and Second Home only 30 yr fixed fully amortizing only - Reduce max LTV/CLTV by 10% - Not permitted in Florida



10.3 Florida Condo Requirements

Certain programs contain additional LTV limits and/or do not permit Florida condos. Reference the matrix for details.

Per Florida Statute 553.899, condominiums of 3 stories or higher are required to complete a Structural Engineering & Safety Report based upon its distance from the coastline along with its original construction completion date. Condominiums of 2 stories or less are not required to have this report completed, regardless of age or distance from the coastline. The table below outlines the age & coastline distance criteria that determine the date when the condominium is required to have this report completed. When the table indicates an inspection report has already become due or will become due before closing, then a copy of the inspection report must be included in the condo review.

STG Mortgage Standard Requirements (All Grand/Portfolio Jumbo Series) Inspection Requirements for 3+ Story Condominium Projects Within 3 Miles of Coastline	
Project Completion Date	Inspection Report Required by Date
Prior to July, 1997	12/31/2024
Between July 1, 1997 and December 31, 2000	12/31/2025
January 1, 2001 and later	December 31 of the year it becomes 25 years old

STG Mortgage Standard Requirements (All Grand/Portfolio Jumbo Series) Inspection Requirements for 3+ Story Condominium Projects NOT Within 3 Miles of Coastline	
Project Completion Date	Inspection Report Required by Date
Prior to July 1, 1992	12/31/2024
Between July 1, 1992 and December 31, 1995	12/31/2025
January 1, 1996 and later	December 31 of the year it becomes 30 years old

For any condominium building required to have the report completed prior to the loan closing date, provide:

- A Milestone Inspection Report (Structural Engineering Safety Report), which is required to evaluate key elements of the building's safety and soundness.
- For any elements found to be deficient, provide evidence the repairs/remediation have been completed and that the safety/soundness of the deficient element has been resolved.

10.4 California Condo Balcony Requirements - SB 326

California Law requires that buildings located in the state of California with 3 or more units and more than 1 story in height be inspected every 9 years to ensure wood framed elements are structurally sound, including decks, balconies, stairways, walkways, and their railings.

For buildings completed prior to January 1, 2020, evidence of the completed inspection is required. For any deficiencies found, evidence of completed remediation is required, unless less than 120 days have passed since the inspection.

For buildings completed on or after January 1, 2020, this inspection is not required until 6 years after issuance of the certificate of occupancy.



11.0 PROPERTY INSURANCE

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements.



12.0 TITLE/VESTING REQUIREMENTS

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

Title insurance must meet FNMA requirements and be written on the 2006 American Land Title ALTA form providing gap coverage or the ALTA short form. Other state forms may be used in states in which standard ALTA forms of coverage are not used or in which the 2006 ALTA forms have not been adopted. If alternative forms are used, the lender must ensure that those amendments provide the same coverage.

The title policy should include all applicable endorsements issued by a title insurer qualified to do business in the jurisdiction in which the mortgage insured property is located, including the endorsements for Condominiums, PUDs, and ARM loan types.

- The title insurance coverage must include an environmental protection lien endorsement (ALTA 8.1-06 or equivalent state form).
- The title insurance policy must ensure the mortgagee and its successors and assigns as to the first priority lien of the loan amount at least equal to the outstanding principal balance of the loan.
- A statement by the title insurance company or closing attorney on such binder or commitment that the priority of the lien of the related Mortgage during the period between the date of the funding of the related Mortgage Loan and the date of the related title policy (which title policy shall be dated the date of recording of the related Mortgage) is insured.
- Any existing tax or mechanic's liens must be paid in full through escrow.

12.1 Entity Vesting

Entity Vesting is not permitted.



13.0 RATIOS & QUALIFYING METHODS

Follow the AUS, Product Matrix, and/or FNMA Selling Guide for guidelines and requirements as well as any additional guidance below.

13.1 Debt-to-Income (DTI) Ratio

The Debt-to-Income (DTI) ratio is calculated by adding the borrower's total PITIA and the borrower's total monthly obligations and dividing by the borrower's total monthly qualifying income.

Each Grand/Portfolio Jumbo Series contains varying restrictions regarding DTI ratio. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Restrictions DTI Ratio	
Grand/Portfolio Jumbo Series	Restrictions
Portfolio Jumbo A	- MAX DTI 50% with a LTV $\leq$ 80% - MAX DTI 41% with a LTV > 80%
Portfolio Jumbo F	- DTI $\leq$ 50%: No Restrictions - DTI 50.01% to 55%: - Primary Residence only - Purchase & Rate/Term only 0% payment shock permitted 3 additional months reserves required - FTHB not permitted - Interest-Only not permitted
Portfolio Jumbo N	- DTI $\leq$ 45%: No Restrictions - DTI 45.01% to 50%: 3 additional months Reserves required
Grand Jumbo P	- DTI $\leq$ 45%: No Restrictions - DTI 45.01% to 50%: - Primary Residence only - MAX LTV/CLTV 80% - MAX Loan Amount \$2.0MM
Grand Jumbo B	- DTI $\leq$ 40%: No Restrictions - DTI 40.01% to 45%: Purchase & R/T Refinance only
Grand Jumbo C Super Jumbo F	MAX: 45%
Grand Jumbo G Grand Jumbo J	MAX: 50%
Grand Jumbo M	MAX: 49.99%

13.2 Anti-Steering & Best Interest of the Borrower

All Grand/Portfolio Jumbo Series programs require that the loan program be reasonably suitable for the borrower's financial situation. For 24-Month Full-Doc loans at loan amounts which appear eligible for FNMA financing, the file should contain evidence that the loan is either ineligible for agency financing or that better fees, pricing, or loan terms are available with the Grand/Portfolio Jumbo Series program.



Loans with any of the following characteristics do not require any proof of being agency ineligible as FNMA does not offer these loan options:

- Interest-Only.
- 40 year Amortization.
- Loan Amount Exceeds Agency Limits.
- Non-Warrantable Condo.

Proof of agency ineligibility may be provided with an AUS which shows Ineligible or a Letter of Explanation describing which Agency Guideline the loan is unable to meet. Alternatively, proof that Grand/Portfolio Jumbo Series program Fees, Pricing or Loan Terms are superior to those available from FNMA is acceptable to document Anti-Steering.

13.3 Adjustable-Rate Mortgage (ARM) Qualifying

For all 5/6 ARM loans, the greater of the maximum potential note rate after the first adjustment or the fully indexed (Margin + Index) rate is used to determine the qualifying PITIA.

For all 7/6 and 10/6 ARM loans, the greater of the note rate or the fully indexed (Margin + Index) rate is used to determine the qualifying PITIA.

Each Grand/Portfolio Jumbo Series contains varying requirements regarding ARM qualifying. Reference the table below for details.

Grand/Portfolio Jumbo Series Specific Requirements ARM Qualifying		
Grand/Portfolio Jumbo Series	5/6 ARMS	7/6 and 10/6 ARMS
Portfolio Jumbo A Grand Jumbo B Grand Jumbo G Grand Jumbo J Grand Jumbo M	For all 5/6 ARM loans, the greater of the maximum potential note rate after the first adjustment or the fully indexed (Margin + Index) rate is used to determine the qualifying PITIA.	For all 7/6 and 10/6 ARM loans, the greater of the note rate or the fully indexed (Margin + Index) rate is used to determine the qualifying PITIA.
Grand Jumbo P	For all 5/6 ARM loans, the greater of the fully indexed rate or note rate + 2% is used to determine the qualifying PITIA.	For all 7/6 and 10/6 ARM loans, no less than the note rate is used to determine the qualifying PITIA (properties in IL, MD, MA, MN, NM, and PA must qualify at the greater of the note rate or fully indexed rate).
Portfolio Jumbo F Portfolio Jumbo N Super Jumbo F Grand Jumbo C	ARMS not permitted	ARMS not permitted

This was created to align with ARMs that Pennymac now permits. As of 11-18-25, Joe decided NOT to add these (so this update is NOT going live and has not been fully reviewed) but he wants to revisit in March 2026. If publishing an update, remove the blue/green & revert back to the yellow before publishing.

13.4 Interest-Only Qualifying



13.4.1 Interest-Only Qualifying – Restrictions

Interest-only loans have the following standard restrictions:

STG Mortgage Standard Restrictions (All Grand/Portfolio Jumbo Series) Interest-Only - DTI Qualifying Loans and Asset Utilization	
• MIN 700 Credit Score • MAX DTI 50% • MAX LTV/CLTV 80% • First-Time Homebuyers (FTHB) not permitted	

13.4.2 Interest-Only Qualifying - DTI Qualifying Loans and Asset Utilization

Interest-only loans must be qualified using the fully amortized PITIA calculated over the fully amortized period of the loan (excludes the interest-only period).

Example: Interest-only loans with a 10 year interest-only period and a 30 year term would qualify using a fully amortizing payment over 240 months.

Example: Interest-only loans with a 10 year interest-only period and a 40 year term would qualify using a fully amortizing payment over 360 months.

13.4.3 Interest-Only Qualifying - Residual Income

Residual Income is the amount of monthly income remaining once a borrower has paid all monthly debt obligations. The residual Income calculation uses the full PITIA payment.

Residual Income = Gross Monthly Income minus total ongoing monthly debt.

Income Taxes, Utilities, and other expenses which do not represent ongoing obligations are not required to be considered in residual income calculations.



14.0 PROGRAM FEATURES & CHARACTERISTICS

14.1 Underwriting Method

Products designated “Portfolio Jumbo” are manually underwritten products. Products designated “Grand Jumbo” are AUS products, which use either FNMA DU or FHLMC LPA to provide underwriting analysis.

AUS reports where rental history has been added as a non-traditional tradeline are not permitted.

Grand/Portfolio Jumbo Series Specific Requirements Underwriting Method		
Grand/Portfolio Jumbo Series	Underwriting Method	AUS Accepted
Portfolio Jumbo A Portfolio Jumbo F Super Jumbo F	Manual UW	None
Portfolio Jumbo N	Manual UW (File must also contain a DU/LPA. If approve/eligible, LOE to explain why not going conventional)	DU or LPA
Grand Jumbo B Grand Jumbo C Grand Jumbo G Grand Jumbo J Grand Jumbo M Grand Jumbo P	AUS (AUS reports where rental history has been added as a non-traditional tradeline are not permitted)	DU or LPA

14.2 Eligible States

Grand/Portfolio Series eligibility varies per state. See product matrix for individual state eligibility.

14.3 HERO/PACE/Solar Panels

Any item related to solar energy that that will include a second lien, easement, power purchase agreement or UCC financing statement/obligation associated with the property on title is considered a solar obligation.

Payoff of a HERO/PACE lien is considered cash-out.

14.4 Mortgage Insurance

Mortgage insurance is not required.

14.5 Prepayment Penalty

Mortgage loans with prepayment penalties are not permitted.



14.6 Recasting

Borrowers who make large principal reductions via early prepayments to the loan balance after closing often wish to have the loan re-amortized to lower their required monthly payment for the remainder of the loan. This process is known as recasting.

Recasting is not permitted on any Grand/Portfolio Jumbo program.



15.0 DOING BUSINESS WITH STG MORTGAGE

15.1 Licensing

STG Mortgage originates loans where it is properly licensed or where no license is required. The regulatory requirements and legal interpretations may change frequently. Please visit <https://stgmortgage.com/licenses/> for the state license numbers, the latest information on STG Mortgage's licensed states.

STG Mortgage only works with licensed mortgage originators (MLOs) who are registered in the NMLS system and properly licensed both nationally and in the subject property state.

15.2 Equal Housing Lender

STG Mortgage is an Equal Housing Lender. As prohibited by federal law, we do not engage in business practices that discriminate on the basis of race, color, religion, national origin, sex, marital status, age (provided the capacity to enter into a binding contract exists), because an applicant receives income from a public assistance program, or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers our compliance with these federal laws is the Federal Trade Commission, Equal Credit Opportunity, Washington, DC, 20580. It is the responsibility of all buyers and brokers to ensure that they adhere to these laws and their underlying principles in connection with mortgage loans closed, purchased and sold through STG Mortgage.

15.3 STG Mortgage Loss Payee

STG Mortgage Inc. ISAOA/ATIMA
18401 Von Karman Avenue
Suite 440
Irvine, CA 92612
STG Loan #

15.4 Taxes & Insurance Due at Closing

STG Mortgage requires that any property tax bills or insurance bills which will become due within 60 days of closing be paid as part of the transaction.

If taxes on the subject property are due and payable within 60 days but the county or city will not accept payment yet, then an escrow account is required to be set up by the title company to avoid any exceptions on the final title policy.

If a title company requires an escrow account when the due date is beyond 60 days, then all parties must adhere to the title company's requirements.

15.5 Homeowners Association Dues

HOA dues must be current or paid current at time of closing.



15.6 Fraud Reviews

Data integrity is crucial to having a quality loan file delivery and mitigation of fraud risk. All loans must be submitted to an automated fraud and data check tool (i.e. Fraud Guard, DataVerify, etc.). A copy of the findings report must be provided in the loan file along with any documentation resolving any deficiencies or red flags noted. For loans underwritten in house by STG Mortgage, a fraud report will be pulled by internal STG Mortgage staff.

15.7 Escrow Accounts

Escrow/Impound accounts are required for any of the following loan scenarios:

- LTV greater than 80%
- Properties located in flood zones (excluding Condos and PUDs covered by a master flood policy)
- Higher Priced Mortgage Loans (HPML). For details, see [Higher Priced Mortgage Loan \(HPML\) Transactions](#)

15.8 Escrows for Work Completed & Escrow Holdbacks

Escrows for work completed & escrow holdbacks are not permitted.

15.9 Regulatory Compliance

Broker must ensure that each loan delivered to STG Mortgage has been originated in compliance with all applicable federal, state and local laws and regulations including without limitation the Ability to Repay (ATR) and the Qualified Mortgage (QM) rules effective 3/1/21 and the TILA-RESPA Integrated Disclosure (TRID) rule effective 10/3/15.

All loans must be designated Safe Harbor QM (APR/APOR spread not equal to or greater than 1.5%) and Verification Safe Harbor QM as defined by § 1026.43 except interest only loans.

Interest only loans will be classified as Non-QM and must not be high cost by federal or state definition (HOEPA, § 1026.32) or a higher priced mortgage loan (HPML, § 1026.35) and the points and fees are limited to 5% of the total loan amount, as determined by § 1026.32.



16.0 PROGRAM FORMS

16.1 Business Purpose & Occupancy Affidavit (the "Affidavit")

LOAN NO: (the "Loan")

BORROWER(S) NAME: _____

BORROWER(S) ADDRESS: _____

PROPERTY ADDRESS: _____ (the "Property")

I, the undersigned borrower(s), hereby declare that the following is true and correct:

1. **I have applied for this Loan and am seeking financing for the Property, subject to the terms and conditions of certain documentation related to the Loan (the "Loan Documents"), for business purposes only. The loan proceeds are intended to be used and shall be used for commercial purposes only, not for personal, family or household purposes.**
2. **If I have not executed a lease with a tenant (or tenants) at or before closing of the Loan, I intend to, and will use commercially reasonable methods and effort to obtain a tenant (or tenants) for the Property following closing of the Loan.**
3. **Neither I nor any family member intend or expect to occupy the Property at any time. I will not, under any circumstances, occupy the Property at any time while the Loan remains outstanding.** In addition, I will not claim the Property as my primary or secondary residence for any purposes for the duration of my Loan. I now reside, and for the duration of my Loan will continue to reside, elsewhere.
4. **I understand that Lender originating the Loan in reliance upon this Affidavit.** If this Affidavit is not true and correct, and in consideration of Lender making the Loan, I agree to indemnify Lender and its agents, affiliates, subsidiaries, parent companies, successors and assigns and hold them harmless from and against any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, which they may incur as a result of or in connection with my misrepresentation. I further understand that any misrepresentation in this Affidavit will constitute an event of default under the terms of this Loan and the related Loan Documents and may result in the immediate acceleration of my debt and the institution of foreclosure proceedings, eviction, and any other remedies allowable by law.
5. **I understand that the agreements and covenants contained herein shall survive the closing of the Loan.**
6. **I understand that, based on the contents of this Affidavit, the Loan is a business-purpose loan secured by non-owner-occupied real property.** I understand that this means that the Loan may not be subject to the requirements of certain federal and state consumer protection, mortgage lending, or other laws, including but not limited to the provisions of the Truth in Lending Act (15 U.S.C. § 1601 et seq.), Real Estate Settlement Procedures Act (12 U.S.C. § 2601 et seq.), Gramm-Leach Bliley Act (15 U.S.C. §§ 6802-6809), Secure and Fair Enforcement Mortgage Licensing Act (12 U.S.C. §



5101 et seq.), and Homeowners Protection Act (12 U.S.C. § 4901 et seq.), and that my ability to avail myself of protections offered under federal and state laws for consumer-purpose residential mortgage loans may be limited.

7. **I understand that any false statements, misrepresentations, or material omissions I make in this Affidavit may result in civil and criminal penalties.**

Initial(s):	The Property is not and will not be occupied by me or any family member, or if Borrower is an entity, any member or owner of the Borrower entity.

Borrower(s) / Borrowing Entity Members:

[_____]

By:____ Name: _____ Title: _____ Date: _____

[____]

By:____ Name: _____ Title: _____

Date: _____

ACKNOWLEDGMENT

State of _____)

County of _____)

On _____ before me, _____ (insert name and title of the officer) personally appeared, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)



16.2 Inter Vivos Trust Checklist

INTER VIVOS TRUST CHECKLIST

Required Trust Documentation

- If permitted by the subject property state, a complete, signed copy of the Trust Agreement along with a Certification of Trust compliant with state statute which must have been signed and notarized at closing; OR
- In lieu of the entire Trust Agreement, obtain a copy of a compliant Trust Certificate prepared and signed when the trust was created, along with a Certification of Trust compliant with state statute which must have been signed and notarized at closing.

If more than one trustee, number of trustees required to act/sign documents: _____.

The trust must meet FNMA Selling Guide requirements. All answers to the following questions must be YES for the trust to be eligible.

Eligibility																																				
YES	NO																																			
	At least one person on the loan meets ALL of the following criteria: • Borrower signing the Note (for a Primary Residence, at least one borrower who established the trust must occupy the property). • Trustee. • Settlor/Grantor/Trustor. • Beneficiary.																																			
	Loan is not a TX 50(a)(6).																																			
	Power of Attorney is not required to close the transaction.																																			
Trust Agreement																																				
YES	NO																																			
	The individual(s) who established the trust ("Grantor") is/are alive at the time of loan application and closing/funding.																																			
	The trust was established in writing by a natural person(s) and is effective during their lifetime (The trust was not created in a will or codicil).																																			
	The Grantor(s) have the right to revoke or alter the trust at any time.																																			
	The primary beneficiary of the trust is the Grantor(s) (the interest and principal of the trust estate is applied for their benefit) and the mortgage has been underwritten as if the Grantor (or at least one of the Grantors) is the borrower or the co-borrower if there are additional individuals whose income or assets will be used to qualify for the mortgage.																																			
	The trust does not contain an unusual risk or impairment of the lender's rights (i.e. distributions required to be made in specified amounts from amounts from other than net income).																																			
	None of the following terms are used in the Trust Agreement/Trust Cert: • Irrevocable Trust. • Qualified Personal Residential Trust. • Institutional Trust (not to be confused with institutional trustees). • Corporate Trust. • Trust established under the laws of any entity other than one of fifty states. • Notification that one of the settlors has died (the trust is no longer revocable). • Blind Trust.																																			
Trust Cert																																				
YES	NO																																			
	Trust Certifications are acceptable provided it contains sufficient information to determine the Trust meets all agency requirements. A trust cert can be used in lieu of the complete Trust Agreement in the states listed below. The complete Trust Agreement or Trust Certification is signed by at least one trustee unless otherwise specified below: <table border="1" data-bbox="354 1360 1388 1564"> <tbody> <tr> <td>Arizona</td> <td>California^{1 2}</td> <td>Delaware¹</td> <td>District of Columbia</td> <td>Florida²</td> </tr> <tr> <td>Georgia¹</td> <td>Idaho</td> <td>Illinois</td> <td>Indiana</td> <td>Iowa¹</td> </tr> <tr> <td>Kansas¹</td> <td>Kentucky</td> <td>Massachusetts</td> <td>Mississippi^{1 3}</td> <td>Minnesota^{1 2 3}</td> </tr> <tr> <td>Montana</td> <td>Nevada</td> <td>New Hampshire</td> <td>New Jersey</td> <td>North Carolina</td> </tr> <tr> <td>Ohio</td> <td>Oregon¹</td> <td>Pennsylvania</td> <td>South Carolina</td> <td>South Dakota^{1 2 3}</td> </tr> <tr> <td>Tennessee</td> <td>Utah</td> <td>Virginia</td> <td>Washington</td> <td>Wisconsin</td> </tr> <tr> <td>Wyoming</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> ¹ Trust Cert must be signed by all trustees. ² Trust Cert must be notarized. ³ Trust Cert must be recorded.	Arizona	California ^{1 2}	Delaware ¹	District of Columbia	Florida ²	Georgia ¹	Idaho	Illinois	Indiana	Iowa ¹	Kansas ¹	Kentucky	Massachusetts	Mississippi ^{1 3}	Minnesota ^{1 2 3}	Montana	Nevada	New Hampshire	New Jersey	North Carolina	Ohio	Oregon ¹	Pennsylvania	South Carolina	South Dakota ^{1 2 3}	Tennessee	Utah	Virginia	Washington	Wisconsin	Wyoming				
Arizona	California ^{1 2}	Delaware ¹	District of Columbia	Florida ²																																
Georgia ¹	Idaho	Illinois	Indiana	Iowa ¹																																
Kansas ¹	Kentucky	Massachusetts	Mississippi ^{1 3}	Minnesota ^{1 2 3}																																
Montana	Nevada	New Hampshire	New Jersey	North Carolina																																
Ohio	Oregon ¹	Pennsylvania	South Carolina	South Dakota ^{1 2 3}																																
Tennessee	Utah	Virginia	Washington	Wisconsin																																
Wyoming																																				
Title and Title Insurance Requirements																																				
YES	NO																																			
	Property is vested to: • One Trust. • One Trust and an individual(s). • Two Trusts (both trust agreements must be approved).																																			
	Title has accepted the trust and there are no exceptions. Property is vested in the trust's name or in the trustee's names on behalf of the trust.																																			



16.3 Non-Occupant Co-Borrower Certification**NON-OCCUPANT CO-BORROWER CERTIFICATION**

Borrower: _____

Co-Borrower(s): _____

Property Address: _____

I/We the undersigned certify that:

___ I am/We are the co-borrower(s) of the Promissory Note associated with the first mortgage loan that is being made to the above Borrower(s).

___ I/We attest that my/our income is/are being taken into account for qualifying purposes only.

___ I/We attest that we do not currently, nor will ever occupy the above-mentioned Subject property.

___ I/We attest that we will sign the mortgage or deed of trust note at closing.

___ I/We understand that upon consummation of this transaction I/we will have joint liability for the note with the Borrower(s).

___ I/We do not have an interest in the property sales transaction, such as the property seller(s), the builder(s), or the real estate broker(s).

I/We understand that it is illegal to provide false information in an application for a mortgage loan. Mortgage fraud is punishable by up to thirty (30) years in federal prison or a fine of up to \$1,000,000, or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.

I/We understand that failure to comply with the requirements in the Mortgage or Deed of Trust regarding occupancy of the property will entitle the Seller to exercise its remedies for breach of covenant under the Mortgage or Deed of Trust. Such remedies include, without limitation, requiring immediate payment in full of the remaining indebtedness under the Loan together with all other sums secured by the Mortgage or Deed of Trust, and exercise of power of sale or other applicable foreclosure remedies, to the extent permitted by the Mortgage or Deed of Trust.

Borrower: _____ Date: _____

Co-Borrower: _____ Date: _____

Co-Borrower: _____ Date: _____

Co-Borrower: _____ Date: _____

