

Revised 11/2017

Practice	Retirement accounts for Maggi Reserves	Can use 100% of the amount.
	Retirement accounts for Asset Depletion and ATR In Full	If ≥59.5 years at time of first payment due, 60% of amount. If <59.5 years, 50% of amount. This goes for any retirement account for Asset depletion or ATR In Full. However, the borrower must not already be depleting the asset account. If they are then that particular asset is already spoken for and cannot be used for qualification.
Practice	Business Assets for Closing	Generally avoid using but if it ends up that way we need an LOE from borrower (if 100% owner) stating if there would be a negative effect on the business. If not 100% owner, other owners must provide signed LOE that they acknowledge the borrower using company funds for mortgage and if there would be any negative affect on the business.
Matrix	Maggi Bank Statements "DBA"	Only allowing personal accounts with "DBA" designation for sole proprietors. Cannot have "DBA" to a INC or LLC and cannot be a business account type (i.e., Business Premier Checking, Platinum Business Savings, Etc.) or it will be countered to NP.
Practice	Non-Warrantable HOA Cert Items	Litigation: Need copy of complaint including monetary amount, HOA budget and insurance agent letter stating the insurance will cover the loss. If insurance will not cover the loss the reserve account must reflect sufficient funds to cover the loss with a reasonable amount left over for general reserves. If litigation is concerning structural issues to the buildings we will generally decline the loan.
		Non-Owner Occupancy Limits: over 50% is a non-warrantable condo and budget is required, upper limit has not been defined but location must be in a resort type area or other area where an external source would dictate a high non-owner occupancy rate (i.e., near military installation) and not just due to an urban population base.
		Delinquency Rate: Generally 10% is our tolerance, if greater than 10% of the units are delinquent it will have a significant negative affect on the HOA's ability to pay premiums, make repairs and maintain a reserve account.
Practice	Hybrid Loans aka Mixing Full Doc and Bank Statements	A single borrower cannot use both full doc and bank statement income and if we see full doc income we are stuck using it due to compliance issues. A loan may have a bank statement borrower and a full doc co-borrower but there cannot be any co-mingling of funds otherwise the co-borrower's income will not be able to be added separately due to income wash.
Guidelines	Foreign Nationals	A Foreign National borrower is a borrower who lives and works in a foreign country and has a foreign passport. We will also take ITIN borrowers but if they live in the US they will need to provide a VISA or other documentation stating that they are allowed to live and work in the US. An ITIN borrower who lives outside the country will be treated the same as a standard Foreign National. On a case-by-case basis a borrower on a VISA living and working in the US may be eligible for the Non-Prime product provided they have a history of being in the US and also have a SS number.
Practice	Property Tax Rate	For CA purchases we will use the higher of 1.25% of the sales price the current tax amount from the current owner. If the property lies in a Redevelopment Area or reflects some other type of additional tax or bond that is due we may use a higher amount to ensure that the borrower has sufficient funds in their escrow account to cover the larger items. For all other states and CA refinances, we will simply use the current amount that is being taxed as reflected on title or the tax cert.
Practice	New Build Property Tax Rates	Several counties in different states do not publish their tax rates for property taxes. For new builds in CA we use 1.25% of the purchase price or 1.85% if title reflects Mello-Roos but for other states we are going to use 4% to be conservative, possibly 3% if the ratios are tight and we will condition for title to provide the tax rate. We are finding that the rates are ending up at 3%+ and it is causing problems at funding so we will require them to payoff
Practice	Insurance Coverage Amounts	The appraisal reflects the cost to rebuild new which is based on the Marshall and Swift handbook for rebuild estimates. The insured amount needs to cover either the loan amount or the estimated cost to rebuild on the appraisal. Some insurance companies will provide a cost estimator based on their research and may come up with a lower insurance replacement cost amount. If the cost estimator includes all aspects of the home like number of bedroom, bathroom, square footage and so on, then the amount that they provide will be acceptable. For attached PUD's and condo's that do not have walls-in coverage on their master insurance policy, we will require an HO-6 policy with dwelling coverage in the amount of at least 20% of the appraised value. If the insurance company has a cost estimator for the HO-6 policy we will accept it as long as it reflects all of the aspects of the home listed above.
Practice	Student Loans	Regardless of deferment status, ATR requires a payment to be calculated and we will use 1% of the balance or the limit of the account as the payment for DTI calculation unless the credit report is showing a payment amount.
Practice	Maggi Reserves	If using same account for income (24 months bank statements) as for reserves, the account must have a minimum daily balance for the previous 2 months that does not drop below the reserve amount that is needed.
Practice	Business Bank Statement Paying Debts	If a borrower is using business bank statements to qualify, all debts must be included in DTI even if they are being paid by the business.
Practice	Annuity Statements	If using annuity statements to qualify with ATR in full, we will use 100% of the surrender amount as long as it is a non-retirement coded account. If it is a retirement annuity we will follow our standard asset depletion model based on borrowers age. If ≥59.5 years at time of first payment due, 60% of amount. If <59 years, 50% of amount.
Practice	Maggi Reserves - Second Liens	The reserves are to include all payments on the subject property. If a property has a second lien (or will have one), that payment must be included in the overall reserves figure.
Practice	Non-Prime I/O	Primary borrower must be S/E to qualify with at least 50% income and co-borrower may be a wage earner.
Practice	Full Doc to Bank Statements	No bank statements can cover a period that we've seen tax returns.
Practice	529 Accounts	These accounts can be used with 100% of funds as reserves for Maggi loans. Any other use would require liquidation since there are tax implications.

Practice	Adding Co-Borr to title	Must have been added to title at least 3 months before funding to be able to waive the 55% DTI requirement for the primary borrower.
Practice	ATR in Full	ATR in full must be a personal account, not in a business or LLC, and must be there for at least 2 months in order to qualify for the ATR in full program.
		Must ATR all mortgage payments on the subject property, regardless of our position.
		We will not allow the movement of funds between retirement accounts and non-retirement accounts to satisfy any ATR In Full or Asset Depletion.
		If the borrowers are already retired and drawing funds from a retirement account (IRA, 401K, 403B, etc), that account is not eligible to be used for ATR In Full or Asset Depletion. We can use the amount for reserves but the account in question cannot be used and we will condition for copies of all of their account to determine what accounts are being used for everyday living.
Practice	Gift Funds	Gift Funds are not allowed on any file with asset depletion or ATR In Full.
Practice	Business Bank statement Asset Depletion	A borrower cannot use their business bank statement assets for asset depletion or reserves. This income can only be used as part of the down payment. We are qualifying with the borrower's income and assets, not the company's income and assets.
Guidelines	Installment Debts	Any installment debt (except auto leases) including auto loans, personal loans, student loans, etc., that have 10 or less payments remaining can be excluded from the DTI. In the case of student loans and lines of credit, we must document that the credit account does not contain any provisions for future advances. If they do, they will be treated as revolving debt and they will be added to the DTI.
Practice	Maggi Program Limitations	Non-Occupant Co-Borrowers and non-warrantable condo's are not allowed on the Maggi program, they will be countered to Non-Prime.
Practice	Maggi Asset Depletion	Maggi asset depletion is calculated over the full term of the loan, 360 months.
Practice	Pledged Accounts ATR in full/AD	Any account being used for ATR in full or AD but not have the ability to be pledged, even if the current pledged amount is zero. They must convert the account to a stand alone non-pledged account for our loan purposes.
Practice	ODF Cross Collateralized	For any ODF cross collateralized loan that includes the borrower's primary residence, we will need to document their income since they cannot go stated.
Practice	Personal and Business statements	If we have a file where we have both personal and business statements, we should default to using the personal statements since these statements are more indicative of the borrower's actual personal income.
Practice	Contingent Liabilities/Co-Signed Debt	If the borrower can show that a 3rd party has been making the payments on a credit item for the last 6 months with no more than 1x60 late then the debt will be excluded from the DTI.
Practice	BPO Requirements	If an appraisal report was not ordered through an AMC, a BPO will be required at the cost of the broker payable to CSC in the amount of \$150. Correspondent to provide their own from a national AMC.
Practice	Second Home Bank Statement Rate Add	We treat these based on whether there is a tenant in the property to call it NOO so a 2nd would have the same add as a primary residence
Practice	Qualifying Rate	For qualification, we need to use the larger of the Note Rate or the Fully Indexed Rate.