



Conforming Underwriting Guide

AIG Investments

Underwriting Guidelines

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These AIG Investments Underwriting Guidelines (Exhibit A-1) are dated. The Underwriting Guidelines may be updated or modified from time to time. AIG Investments believes the information contained in this document relating to state laws and third party requirements to be accurate as of. However, this information is provided for informational purposes only and may change at any time without notice. AIG Investments is providing this information without any warranties, express or implied.

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Conforming Underwriting Guide Introduction

The purpose of credit and property underwriting is to ensure that each loan meets the quality standards of AIG Investments. A loan meets AIG Investments' underwriting quality standards if the borrower's credit and capacity to make payments and the quality of the collateral are consistent with the mortgage Loan Program under which the Mortgage Loan is sold to an Approved Buyer. The likelihood of timely repayment is expected to be commensurate with the credit quality of the Loan Program and the represented value of the subject property is expected to reflect accurately its market value.

These Underwriting Guidelines set forth the underwriting standards that apply to all conforming loan programs that may be eligible for purchase by Approved Buyers. The loan originator must have conducted all origination and underwriting procedures without regard to the borrower's race, color, religion, national origin, age, sex, marital status, handicap, or status in any other class of persons protected under any applicable federal, state, or local law.

Generally, underwriting standards that vary from one Loan Program to another are described in Section One, as modified from time to time. In most cases, differences will not be referenced in these Underwriting Guidelines. Requirements set forth in these Underwriting Guidelines are applicable to loans underwritten by Desktop Underwriter® (DU®), unless otherwise specified.

Regardless of underwriting method, additional information may be requested at the discretion of the underwriter.

All references to "agency guidelines" are based on the specific agency guides as they were stated as of the release date of these Conforming Underwriting Guidelines. Sellers should refer to FNMA guidelines for any topic not specifically addressed in these Conforming Underwriting Guidelines.

These Underwriting Guidelines are a part of the AIG Investments Correspondent Seller's Guide (Seller's Guide). All capitalized terms not defined in these Underwriting Guidelines have the respective meanings set forth in the Seller's Guide.



SECTION ONE: Matrices

Matrices

	Loan Amounts Up to \$424,100	High Balance Conforming \$424,101-\$636,150 (as designated by FHFA)				
Product Description	<ul style="list-style-type: none"> Conventional Conforming Fixed-Rate 15, 20 and 30 year amortization terms Fully amortizing 	<ul style="list-style-type: none"> Conventional High Balance Conforming Fixed-Rate 15, 20, and 30 year amortization terms Fully amortizing 				
Product Codes	<ul style="list-style-type: none"> 15-year Fixed (FX15) 20-year Fixed (FX20) 30-year Fixed (FX30) 	<ul style="list-style-type: none"> 15-year High Balance Fixed (HFX15) 20-year High Balance Fixed (HFX20) 30-year High Balance Fixed (HFX30) 				
Product Matrix						
Occupancy	Transaction Type	Property Type	Max. LTV/ HCLTV	Maximum Loan Amount	High Balance Eligible (Per FHFA)	Maximum DTI
Primary Residence	Purchase and Limited Cash-Out Refinance	1-Unit Single Family, PUD, Condominium	95%	\$424,100	\$424,101- \$636,150	50%
Primary Residence	Purchase and Limited Cash-Out Refinance	2-Unit	85%	\$424,100	\$424,101- \$636,150	50%
Primary Residence	Cash-out Refinance	1-Unit	80%	\$424,100	\$424,101- \$636,150	50%
Primary Residence	Purchase and Limited Cash-Out Refinance	3-4 Unit	65%	\$424,100	\$424,101-\$636,150	50%
Second Home	Purchase and Limited Cash-Out Refinance	1-Unit Single Family, PUD, Condominium	90%	\$424,100	\$424,101- \$636,150	50%
Investment	Purchase	1-Unit Single Family, PUD, Condominium	85%	\$424,100	\$424,101- \$636,150	50%
	Limited Cash-Out Refinance		75%		\$424,101- \$636,150	50%
Investment	Purchase and Limited Cash-Out Refinance	2-4 Unit	65%	\$424,100	\$424,101-\$636,150	50%
Secondary Financing	<ul style="list-style-type: none"> Purchase transactions with simultaneous secondary financing are ineligible. Rate/term: Transactions with new simultaneous secondary financing are ineligible. <p>Existing subordinate financing may be eligible, provided such financing is re-subordinated to the first lien of the Mortgage Loan and all other FNMA subordination guidelines are met. The CLTV may never exceed the maximum LTV permitted within these guides with respect to the transaction type. The HCLTV may never exceed the maximum LTV per the transaction type. HCLTV is the combination of all liens secured by the subject property, whether drawn or not, to the lesser of the sales price or appraised value.</p>					



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Escrow Waivers	<ul style="list-style-type: none"> • Escrow waivers are not permitted for loans with an LTV over 80%, unless the subject property is located in the state of California, with an LTV of 80.01–89.99%. • Partial escrow waivers are permitted provided the loan meets escrow waiver eligibility requirements. • Escrow waiver not allowed as to premiums and fees for flood insurance as mandated by the Flood Disaster Protection Act of 1973, as amended).
Identity Verification	<ul style="list-style-type: none"> • The identity of each borrower whose credit is used for qualifying must be confirmed in accordance with FNMA guidelines, unless otherwise specified in these guides.
Appraisal Requirements	<ul style="list-style-type: none"> • Must meet DU/DO finding requirements in addition to any overlays included in these guidelines. • Appraiser must meet all Appraiser Independence Requirements (AIR). • FNMA Collateral Underwriter results must be included in the loan file, and data validation performed.
Ineligible Geographic Locations	<ul style="list-style-type: none"> • Mississippi and US Territories (Puerto Rico, Guam, US Virgin Islands)
Additional Documentation Requirements	<ul style="list-style-type: none"> • Fraud Reports must be included in all loan files with the a minimum of the following participants: <ul style="list-style-type: none"> ▪ Buyer ▪ Seller ▪ Listing Agent (if applicable) ▪ Selling Agent (if applicable) ▪ Appraiser(s) ▪ Loan Originator • Power of Attorney is acceptable provided FNMA requirements are met. POA documents will not be reviewed in advance of the receipts of the closed loan package. • Form 4506-T: Must be signed and processed prior to closing and a new form signed at closing, regardless of Day One Certainty requirements. • Points and Fees: A maximum of 5% may be charged for points and fees. Fees include origination fees, underwriting fees, broker fees, finder fees, and charges that the lender imposes as a condition of making the loan, whether they are paid to the lender or a third party. • Builder Affiliation: If an affiliation exists due to common ownership or control by a Seller over an interested party, or when there is common ownership by a third party over a Seller and interested Party; then all sales and financing concessions from these parties are considered in the total allowable interested party contributions. • QM Documentation must be provided in the closed loan package to confirm Compliance, including evidence compliant with Regulation Z. • Manually underwritten Mortgage Loans are considered ineligible for purchase by an Approved Buyer. • Borrowers may own a maximum of four 1-4 unit financed properties including the subject property to be eligible for purchase by an Approved Buyer.
Mortgage Insurance	<p>Mortgage insurance must be provided by an Eligible Mortgage Insurer only (Delegated data submission [delegated] and full-file submissions are eligible). See the Seller's Guide glossary section (MI Policy) for specific criteria.</p> <ul style="list-style-type: none"> • Discounted coverage allowed per DU/DO is not eligible. • MI may be financed: <ul style="list-style-type: none"> • The mortgage amount and LTV including the financed premium may not exceed the limitations set forth in the Underwriting guidelines. • Mortgage Insurance coverage is based on LTV excluding the financed premium. Rate lock pricing is based on mortgage amount including financed premium. • NY State: Use the appraised value to determine if mortgage insurance is required. If Mortgage Insurance is required, use the lesser of the sales price or appraised value to determine the appropriate coverage.



SECTION TWO: General Eligibility Requirements

Section 2.01 Eligibility

Approved Buyers will not purchase mortgage loans if any company or individual who is a material party to the mortgage loan transaction is listed on the Department of Housing and Urban Development (HUD) Limited Denial of Participation List, Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons List, the Freddie Mac Exclusionary List (if the Seller is a Freddie Mac approved Seller/Servicer with access to such list), or the General Services Administration (GSA) Excluded Party List System. All lists must be checked for all parties to the transaction. If any party's name appears on any list, the mortgage loan is not eligible for purchase by an Approved Buyer.

Section 2.02 Loan Application Standards

The Fannie Mae Uniform Residential Loan Application must be used, and the loan application must be complete, including without limitation:

- Files must include a full two-year history of employment/income and residency and all personal information for each borrower. If a borrower's employment history includes unemployment or insurance benefits, the application must reflect at least two years of previous employment, therefore covering a longer period of time. Income may not be used in calculating the borrower's debt-to-income ratio if it comes from any source that cannot be verified, is not stable, or will not continue.
- The Declarations Section VIII must be answered for each borrower.
- The method of taking the application including face-to-face, by telephone, by fax or mail, by email or the internet.
- The Loan Originator's information, including name, telephone, and NMLS number must be complete.
- The initial application must be signed and dated by the appropriate parties.

All loan applications must be reviewed by the Seller for reasonableness as part of the underwriting process, including without limitation:

- The feasibility of occupancy claims and the overall financial picture of the borrowers must be reasonable.
- Where conflicting information exists between or within documents, an adequate explanation must be provided, documented and included in the mortgage loan file.
- All documents in the mortgage loan origination file that are relevant to underwriting must be reviewed by the Seller for signs of alteration or fabrication. Where conflicting information exists between or within documents, an adequate explanation must be obtained and documented.

The final application must be signed and dated by each borrower and comply with the requirements set forth above, including without limitation:

- The borrower's complete and accurate financial information relied upon by the underwriter.
- All debt incurred during the application process and through loan closing must be disclosed on the final application.
- A borrower's credit profile may be established by submitting the loan to Desktop Underwriter.

Section 2.03 Social Security Number and Identity Validation

- Evidence of a valid Social Security number is required for all borrowers. Any Social Security number discrepancies that are identified must be resolved.
- Loans to borrowers who have been issued an Individual Tax Identification Number (ITIN) in lieu of a Social Security number are ineligible for sale to an Approved Buyer.



Section 2.04 Citizenship Requirements

A. U.S. Citizens and Nationals

U.S. citizens and nationals (citizens of a U.S. possession or territory) are eligible borrowers.

B. Non-U.S. Citizens

a. Permanent Resident

A permanent resident is a non-U.S. citizen who is legally eligible to maintain permanent residency in the U.S. and holds a Permanent Resident card. A permanent resident is an eligible borrower, provided that legal residency is documented according to the applicable Agency requirements. Please see www.uscis.gov for more information.

b. Non-Permanent Resident

Loans to non-permanent residents are ineligible for purchase by an Approved Buyer. All borrowers signing the Mortgage Note must have a valid social security number.

c. Other Residency Statuses

Individuals classified under Diplomatic Immunity, Temporary Protected Status, Deferred Enforced Departure, or Humanitarian Parole, and foreign nationals (other than permanent residents meeting the requirements of Section 5.01) are ineligible.

Section 2.05 Homeowner's and Condominium Owner's Association Obligation

If the subject property is part of a Homeowner's Association or Condominium Association that results in a financial obligation on the part of the borrower; provide the following information in the closed loan package:

- Name of Association or Management Company.
- Address of Association or Management Company.
- Contact information for Association or Management Company (including name, phone number, and email).
- Evidence of current status of dues (current, past due, etc.) if applicable.
- Tax ID number for Association or Management Company, if available.
- Information pertaining to the amount and frequency of the dues payable for the Association or Management Company.

Section 2.06 Hazard and Flood Insurance Requirements

The Seller should follow FNMA guidelines and applicable AIG Investment requirements as they relate to Hazard and Flood Insurance requirements.

- Documentation should be in the form of a declaration page or policy.
- Maximum allowable deductible securing a first mortgage loan is 5 percent of the face value of the policy.
- Such flood insurance policy for each Mortgage Loan is in an amount representing coverage not less than the least of (A) the outstanding principal balance of the Mortgage Loan (plus any additional amount required to prevent the Mortgagor from being deemed a co-insurer), (B) the full insurable value of the related Mortgaged Property, and (C) the maximum amount of insurance which was available under the Flood Disaster Protection Act of 1973, as amended.
- If there is satisfactory evidence the property is located within a state that has statutory provisions that define the responsibilities of property owners for the maintenance and repair of a private street, then no separate agreement or covenant is required.

Section 2.07 Day One Certainty

A Seller is responsible throughout the life of the loan for all representations and warranties related to the data accuracy, omissions, misstatements, misrepresentations, clear title, compliance with legal and lending practice requirements, and product guidelines.

If using FNMA's Day One Certainty, Sellers are expected to adhere to the following requirements:

- Check input for data accuracy and matching,



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- Remediation of contradictory information,
- Comply with documentation requirements and standards based on DU messaging, to include DU age requirements and additional verification requirements dependent on Day One Certainty logic.

Section 2.08 Collateral Underwriter

FNMA's Collateral Underwriter™ (CU™) provides an automated risk and quality assessment of the appraisal report. CU results must be included in each file to be considered for purchase by AIG Investments. Additionally, Sellers must review each appraisal in detail for completeness, accuracy, and assessment of the current fair market value. Collateral Underwriter scores must be 2.5 or lower to be considered acceptable for purchase by an Approved Buyer.

A Seller is responsible throughout the life of the loan for all representations and warranties related to the data accuracy, omissions, misstatements, misrepresentations, clear title, compliance with legal and lending practice requirements, and product guidelines.

- All appraisals must be performed in strict accordance with and comply with all applicable local, state, and federal laws, regulations, and orders and must conform to the current Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation.
- Seller is responsible for verifying the description of the subject property as well as the accuracy and completeness of all data on the appraisal related to the subject property and project (if applicable), to include quality and condition ratings.
- Seller is responsible to ensure the property meets all FNMA eligibility requirements as stated in the FNMA Selling Guide.
- Sellers must review each appraisal in detail for completeness, accuracy, and assessment of the current fair market value.

Section 2.09 Warranting a Project

Sellers approved by Fannie Mae as a Seller/Service Provider must warrant the condominium project's eligibility.

Section 2.10 Warranting Condo Projects for Non-Fannie Mae Approved Sellers

Sellers **not** approved by Fannie Mae as a Seller/Service Provider must warrant the condominium project's eligibility through the review of Fannie Mae Previously Approved Projects or a Full Review process.

A. Previously Approved Projects

If Fannie Mae has previously issued a Final Project Approval via PERS as listed at <https://www.fanniemae.com/singlefamily/project-eligibility>, print, circle the project name that appears on the approval page and place in the mortgage loan file. If the project approval expires prior to the Note date or if the project was listed as ineligible, the mortgage loan will be ineligible for sale to an Approved Buyer.

B. Full Review

The Seller Full Review process is another method for the review of new and established condominiums. Sellers performing a Full Review must ensure that the project meets all applicable eligibility criteria and of AIG Investments.

The warranty documentation must identify the warranty type of the project and be included in the Mortgage Loan file. AIG Investments will not purchase a Mortgage Loan if a warranty form is not in the Mortgage Loan file.

Sellers must retain all project documentation that supports its warranty that the project meets the eligibility criteria. This documentation must be retained from the time the Seller first originates mortgages secured by units in the project until all such mortgages that were sold to an Approved Buyer have been liquidated. The project documentation must be available upon request for review by AIG Investments or the Approved Buyer.



SECTION THREE: Ineligible Loan Characteristics

Section 3.01 Ineligible Transaction Types

- a. Cash-out refinance transactions where the subject property has been listed in the previous six months.
- b. Down payment assistance included in the transaction.
- c. DU Refi Plus
- d. EEM Loans (Energy Efficient Mortgage).
- e. Fannie Mae Homepath, HomeStyle, and Home Ready Mortgage Loan Programs.
- f. Government backed loans (FHA/VA).
- g. Guarantor or Cosigner loans
- h. HUD-184 Mortgages.
- i. Leaseback options that exceed 60 days (unless otherwise specified by State Laws)
- j. Leaseback options that involve a builder lease back for the continued use of a model home.
- k. Listed properties that were not taken off the market prior to the application date
- l. Loans to Principal Owners of Business Lending Client—Mortgage Loans made to principal owners or majority shareholders (25 percent or greater ownership) of a Seller.
- m. Payment abatements.
- n. Permanent Financing for New Construction—Mortgage Loans for the purpose of paying off interim construction financing.
- o. Properties purchased as a primary residence where none of the borrowers on the loan application will occupy the property as their primary residence.
- p. Renovation/Rehabilitation Mortgages.
- q. Short Refinance Loans or Refinance of Restructured Loan.
- r. Simultaneous subordinate financing.
- s. Single-Close Construction-to-Permanent Mortgage—A single-close transaction that modifies the Mortgage Note and the first payment date.
- t. Texas 50(a)(6) loans.

Section 3.02 Ineligible Property Types

AIG Investments does not permit Mortgage Loans secured by a property type or a property located in a project identified by FNMA as Ineligible, or within any of the following project types or units containing any of the following additional property characteristics:

- a. Cooperatives.
- b. Condominiums which receive a single loan project eligibility waiver from FNMA because the project does not meet its published requirements.
- c. Condominium projects with no master insurance policy.
- d. Condominiums located in a project which received a Project Eligibility Review Service (PERS) approval allowing an exception to FNMA's published requirements.
- e. Environmental hazard assessment problems related to or impacting the subject property.
- f. Manufactured Housing and, projects which include manufactured housing.
- g. Mixed-use properties.
- h. Non-warrantable Condominium/PUD projects.
- i. Projects approved with a limited review process.
- j. Properties exceeding 20 acres
- k. Properties held in Life Estates or Leasehold Estate.
- l. Properties located on a private road without a private road maintenance agreement or a Title Policy addressing such an agreement, are ineligible for purchase by an Approved Buyer.



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Section 3.03 Ineligible Income Sources

Income from sources considered ineligible for purchase by an Approved Buyer includes, but are not limited to the following:

- a. Farm Income from the Subject Property.
- b. Future Income.
- c. Gambling Income.
- d. Income Derived from the Subject Property with Land Being Leased to Another Party.
- e. Income Derived from the Sale or Distribution of Marijuana.
- f. Income Determined to be temporary or One-Time in Nature.
- g. Lump Sum Payments such as Inheritances or Lawsuit Settlements.
- h. Lump Sum Payments of Lottery Earnings that are not on-going.
- i. Non-Incidental Income Received from Farming or Agricultural Use of a Property.
- j. Restricted Stock Units.
- k. Retained Earnings in a Company.
- l. Stock Options.
- m. Taxable Forms of Income Not Declared on Personal Tax Returns.
- n. Trailing Co-Borrower Income.
- o. Unverifiable Income.
- p. VA Education Benefits.

Section 3.04 Ineligible Credit Characteristics

- a. Credit reports with partially displayed Social Security numbers are not considered eligible documentation due to the increased opportunity for fraud. AIG Investments requires the complete Social Security number to be displayed on the credit report.
- b. Loans to borrowers who have been issued an ITIN in lieu of a Social Security number are ineligible.
- c. Credit reports with outstanding fraud alerts which have not be addressed to FNMA requirements. All fraud alert messages appearing on the credit report must be satisfactorily addressed to ensure the information presented on the loan application is true and correct.
- d. Any loan for which one or more borrowers do not have a valid credit score. All non-traditional credit loans are ineligible for sale to an Approved Buyer.
- e. If the borrower's credit history reveals significant adverse or derogatory credit within the most recent two years, even if caused by extenuating circumstances, the borrower's credit profile cannot be considered acceptable.
- f. The PITIA for a departing residence that has sold, but has not yet closed must be included in qualifying DTI.

Section 3.05 Ineligible Asset and Down Payment Options

- Employer assistance secured by a subordinate lien against the subject property.
- Individual Development Accounts (IDAs) used for down payment and/or closing costs that require a subordinate lien against the subject property.
- Disaster Relief Grants or loans that require a subordinate lien against the subject property.

Section 3.06 Ineligible Appraisal Forms

- a. Exterior-Only Inspection Residential Report (Fannie Mae and Freddie Mac Form 2055).
- b. Exterior-Only Inspection Individual Condominium Unit Appraisal Report (Fannie Mae Form 1075 and Freddie Mac Form 466).
- c. Desktop Underwriter Property Inspection Report (Fannie Mae Form 2075).
- d. Loan Product Advisor Condition and Marketability Report (Fannie Mae Form 2070).
- e. Property Inspection Waiver (PIW).
- f. Property Inspection Alternative (PIA).



SECTION FOUR: AUS Requirements

AIG Investments requires the use of Fannie Mae's Desktop Underwriter for automated underwriting decisions on all eligible Loan Programs. DU® or DO® (Desktop Originator®) findings must be provided in the closed loan package. Regardless of underwriting method, additional information may be requested at the discretion of the underwriter.

Section 4.01 Acceptable DU/DO Findings

AIG Investments will only accept Approve/Eligible findings as the recommendation on the DU / DO Underwriter Findings Report.

Section 4.02 Desktop Underwriter Accuracy

The data submitted to Desktop Underwriter must reflect the loan as it was closed, including occupancy type, product type, amortization, loan term, property type, loan purpose, sales price, and appraised value. Post-closing submission of a loan to DU is acceptable when necessary to correct loan data on the report.

Section 4.03 Desktop Underwriter Data

Verification documents must be reviewed and the verified values compared to the data submitted to Desktop Underwriter. The terms of the closed loan must match the terms of the final loan case-file submission to Desktop Underwriter. Desktop Underwriter allows specific data tolerances for debt-to-income (DTI) ratios, assets, reserves, etc.; however, AIG Investments does not use these tolerances. If any of the loan data changes, the Seller must ensure that the loan continues to meet all requirements of these Underwriting Guidelines.

Section 4.04 Desktop Underwriter Version Control

Fannie Mae continuously updates Desktop Underwriter with new versions of the system; therefore, when a loan is initially run through a specific version of Desktop Underwriter, any underwriting updates for that same loan must be run through the same version of Desktop Underwriter. Any updated Desktop Underwriter versions will not apply to previously submitted loans.

Section 4.05 Desktop Originator Eligibility

Files containing DO sponsored findings from entities other than AIG Home Loan 1-5 are ineligible for purchase by an Approved Buyer.



SECTION FIVE: Ability to Repay

Seller must comply with all federal, state, local, and municipal Ability to Repay requirements, including providing any required documentation.

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