

# Conventional Overlay Matrix

Chapter	Topic	Overlay
<i>Requirements &amp; Restrictions</i>	Max Number of Borrowers	MMI does not allow any greater than 4 borrowers on a single loan
	Ineligible Terms	1/1, 3/1, 10/1, 5/5 ARMs
	AUS Requirements	DU Findings reflecting Approve/Eligible, or LP Findings reflecting Accept are required. Recommendations of Refer or loans otherwise requiring manual underwriting are ineligible.
<i>Collateral</i>	Ineligible Property Types	Properties exhibiting commercial/industrial use
		Title held as Leasehold except for properties in MD and CA
		CoOps
		Properties vested in Life Estates
		Land Trusts
		Mobile / manufactured homes
		Any land, building, property, structure, etc. in which there is knowledge of an illegal activity based on federal or state law
		Properties located on repaired sinkholes or with sinkhole activity
	UAD Rating	Condition Ratings of C5 and C6 are unacceptable Quality Rating of Q6 is unacceptable
Condo Project Approval	MMI does not offer PERS (Project Eligibility Review Service) as a condo project approval option	
Condos	New construction condos, newly converted condos, and non-warrantable condos are ineligible.	
Condo Conversions	Conversion projects must be 3 years since conversion (determined by recording date on master deed) and meet GSE definition of an Established Project	
<i>Credit</i>	Minimum Score	Minimum 620 mid score required Borrowers with no score are not eligible.
	Departure Residence	If the borrower's current primary residence is pending sale, but the transaction will not close with title transfer to the new owner prior to the subject transaction, and the borrower is purchasing a new principal residence, both the current PITIA and the proposed PITIA must be used in qualifying the borrower for the new mortgage loan <b>unless the home is being sold under an employment relocation program</b>
<i>Income</i>	Ineligible Income Sources	Projected earnings are ineligible for qualifying income, unless the loan is eligible for delivery prior to documenting receipt of the new earnings (per GSE direction)
		Income derived from an activity that is deemed illegal by federal or state law

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<i>Refinances</i>	Max Cash Out	Max cash in hand on a cash out refinance is: \$250,000 (if < 680 score) // Unlimited (if ≥ 680 score)
	PACE/HERO Loans	PACE loans are required to be paid off, and cannot remain outstanding after closing.
<i>Private Mtg Insurance (PMI)</i>	Coverage Restrictions	Reduced coverage not permitted. Standard coverage only.
		Borrower-paid single premium cannot be financed
		Split premium not available
<i>General Provisions</i>	Identity Documentation	All borrowers must have a valid SSN. Individual Tax Identification Numbers (ITINs) are not permitted.
	Exposure	Maximum 4 loans to an individual borrower with MiMutual
<i>DU Refi Plus</i>	Ineligible Terms	ARMs are not permitted
	MI	Only loans that do not require mortgage insurance are eligible
<i>Repair Escrows</i>	Amount of Repairs	<b>Minimum:</b> \$500 <b>Maximum:</b> \$5,000 on existing construction
	Eligible Repairs	Minor conditions or deferred maintenance items may be remedied. Any items that affect the safety, soundness, or structural integrity of the property are ineligible.
<i>Home Possible</i>	Ineligible Features	Temporary subsidy buydowns
		Construction Conversion and Renovation Mortgages
		Sweat equity
		RHS Leveraged Seconds
<i>HomeStyle Renovation</i>	Available Terms	15 and 30 fixed rate only. ARM's are not permitted. High Balance allowed.
	Ineligible Transactions	When borrower is related to or employed by the contractor or the company doing the renovation
		Second home and investment property transactions that involve non-arm's length and/or identity of interest characteristics
	Ineligible Features	Loans subject to TX 50(a)(6) guidelines
		Loans with an initial draw at closing
	Ineligible Programs	HomeStyle Energy
		HomeStyle Reno in conjunction with the HomeReady program
	Ineligible Borrowers	Non-profit investor borrowers
Local government agencies as borrowers		

## Chapter

## Topic

## Overlay

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<b>HomeStyle Renovation (cont'd)</b>	<b>Assets</b>	<p>Gifts of Equity are ineligible</p> <p>MiMutual will not escrow for mortgage payments that come due during the renovation period. The payment on the subject, as well as any housing expense that exist for another residence during construction must both be included in the debt ratio, <b>or</b> the borrower must document sufficient (additional) assets to cover the temporary housing payment for the number of months that construction will be taking place</p>
	<b>MI</b>	Borrower-paid financed MI is not permitted
	<b>Ineligible Repairs</b>	"Do-It-Yourself" borrower repairs (with the exception of appliance purchases)
		Repairs that would result in work not beginning within 30 days of closing
		Razing/demolishing a home and rebuilding
		Moving an existing dwelling to a new site/foundation
		Replacement of an old/damaged foundation
	Any repairs that take greater than 9 months to complete	
	<b>Contingency Reserve</b>	The contingency reserve may not be waived on single family residences
	<b>Consultant Requirements</b>	<p>A HUD-approved consultant must be used when:</p> <ul style="list-style-type: none"> <li>• repairs exceed \$15,000*, or</li> <li>• any structural work is required, or</li> <li>• the contractor has no experience with renovation loans.</li> </ul> <p>*The exception to this requirement is if the entire scope of work to be done consists of a singular, non-structural item that only involves a single contractor (ex: roof, pool, etc)</p>
When a consultant is used, max 3 contractors permitted		
<b>HomeOne</b>	<b>MI</b>	Standard MI coverage only. Custom MI not permitted.
	<b>Credit Score</b>	Minimum 620 required.
	<b>Ineligible Features</b>	HomeOne in conjunction with renovation mortgages or construction conversion loans
Temporary subsidy buydowns		