

TPO Key Jumbo Loan Eligibility Checklist

Loan Number:

Borrower/Co-Borrower Name:

**** If any responses to the questions below is "NO" the loan is not eligible for origination under the key loan program.**

| | | YES | NO |
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| Loan Amount | Loan amount is less than or equal to \$2,000,000 | <input type="checkbox"/> | <input type="checkbox"/> |
| Occupancy/ Property Types | <ul style="list-style-type: none"> The subject property is a primary residence or second home. The subject property does not exceed 15 acres. If applicable, Declining Market guidelines have been met. If the subject property is a condo, it is located in a warrantable condo project. NOTE: Investment property transactions are ineligible. | <input type="checkbox"/> | <input type="checkbox"/> |
| Eligible Borrowers | The borrower (and co-borrower, if applicable) is a US citizen or Permanent Resident Alien. <i>Permanent resident aliens maximum LTV/TLTV is 80% with a maximum loan amount of \$1,000,000.</i> | <input type="checkbox"/> | <input type="checkbox"/> |
| Maximum Number of Financed Properties | For primary residence transactions, the number of finance properties is unlimited. For second home transactions, the number of finance properties is limited to six (6) and is combined for all borrowers on the loan to determine the total number of financed properties, regardless of whether or not the borrowers are married. It is not acceptable to calculate the total number of finance properties by each individual borrower. | <input type="checkbox"/> | <input type="checkbox"/> |
| Refinance Guidelines | If the transaction is a limited cash-out (rate/term) transaction: Have the maximum cash back to borrower guidelines been met? <ul style="list-style-type: none"> > 50% = \$350,000 including paid debts, unseasoned subordinate financing and cash-in-hand. < 50% = Unlimited to maximum loan amount, including paid debts, unseasoned subordinate financing and cash-in-hand. Secondary financing being paid off has been seasoned for at least 12 months (seasoning based on 12 month draw history for HELOCs). | <input type="checkbox"/> | <input type="checkbox"/> |
| Qualifying Rate | The borrower was qualified at the following rate: Fully Amortizing Fixed Rate: fully amortizing payment (PITI) at the note rate. | <input type="checkbox"/> | <input type="checkbox"/> |
| Qualifying Ratios | Standard guidelines: The borrower's DTI is 43% or less. | <input type="checkbox"/> | <input type="checkbox"/> |
| Credit Documentation | Credit documents cannot be older than 120 days on the date the Note is signed. | <input type="checkbox"/> | <input type="checkbox"/> |

| | | YES | NO |
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| <p>Credit Requirements</p> | <p>Credit Report</p> <ul style="list-style-type: none"> • Full Residential Mortgage Credit Reports (RMCR's) or in-file credit reports are acceptable. • If an in-file credit report is used, it must provide merged information from at least three (3) national repositories. • If an account on the credit bureau report has not been updated within 90 days, an updated credit report or written verification of the account must be obtained. • Provided there is no impact on the borrower's ability to qualify, no research or explanations are required for trade lines that have not been reported by the creditor in one year or more. <p>Verification of Mortgage/Rent</p> <ul style="list-style-type: none"> • Credit Bureau report reference for 24 months, • a 24-month mortgage payment history, or • 24 months canceled checks. <p>NOTE: If the borrower owns their current residence free and clear, a 24 month verification of mortgage is not required.</p> <ul style="list-style-type: none"> • Minimum credit score requirements have been met. • The borrower's payment history reflects 0x30 on ALL housing debts for the last 24 months (including ALL mortgage and rental payments). • If there is no payment on an open-ended or revolving account with or without a balance on the credit report, the minimum payment was calculated as the greater of \$10 or 5% of the outstanding balance. • All HELOC payments are based on the greater of 1% of the full line amount or the payment as reflected on the credit report or the borrower's monthly HELOC statement (applies to all properties owned by the borrower). • A letter of explanation has been provided for all derogatory credit. | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Minimum Tradeline Requirements</p> | <p>The borrower(s) credit report satisfies one of following options:</p> <p>NOTE: At least one borrower on the loan has a non-disputed installment or mortgage debt tradeline for either Option 1 or Option 2 below.</p> <p>Option 1</p> <ul style="list-style-type: none"> • The credit report contains a total of at least three (3) open non-disputed tradelines; one (1) of which is a non-disputed installment or mortgage tradeline, • each of the three (3) tradelines has been open for at least 24 months, and • each of the three (3) tradelines has been updated within the last six (6) months. <p>Option 2</p> <ul style="list-style-type: none"> • The borrower(s) has a credit history of a least five (5) years, • The credit report contains at least five (5) non-disputed tradelines (open, paid or closed); one (1) of which is a non-disputed installment or mortgage tradeline (open, paid or closed), • individual tradelines may be established for less than a five (5) year period, and • the tradelines evaluated in Option 2 have had activity within the most recent five (5) year period. <p>NOTES:</p> <ul style="list-style-type: none"> • Generally, a non-traditional credit history is not acceptable. • Authorized user accounts were not used to meet the minimum tradeline requirement. | <input type="checkbox"/> | <input type="checkbox"/> |

| | | YES | NO |
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| Income | <ul style="list-style-type: none"> Salaried/Hourly Wage Earners: VVOE confirming the borrower is still employed within 10 business days of the note date. Capital gains income was not used as a qualifying income source (capital gain income is ineligible). If retirement income is paid in the form of a monthly distribution from a 401(k), IRA, or Keogh retirement account, a 10 year continuance has been verified. If using rental income to qualify, all income stability requirements have been met and supporting documentation is in the loan file. <ul style="list-style-type: none"> Borrowers unable to provide a completed/ filed 2021 tax return are required to provide documentation evidencing current receipt of monthly rental income for each rental unit and/or rental property for the most recent two (2) months prior to closing. Loans closing after the 15th of the month include verification of rental income for the current month. <p>NOTE: Must have 2 yr. landlord experience supported by tax returns.</p> <p>For Self-Employed Income – see below:</p> <ul style="list-style-type: none"> All required documentation is included in the loan file. Minimum self-employed documentation requirements are met: 2 years personal and business tax returns including all schedules and signed YTD P&L and balance sheets are mandatory for all business types. <p>The self-employed borrower VOE (Evidence of existing business) is required 20 days prior to the note date.</p> <p>Acceptable Income Documentation</p> <p>Requirements – Paystubs and W-2's:</p> <ul style="list-style-type: none"> The Lender must verify employment income for all borrowers whose income is used to qualify for the mortgage loan. This verification can be provided by the borrower, by the borrower's employer, or by a third party employment verification vendor. Any available technology may be used to reproduce copies of the documents in the mortgage loan file, such as a photocopier, facsimile machine, document scanner, or camera. Copies of documents provided by the borrower may be photos or scanned versions of the original documents and can be delivered to the lender in hardcopy or via email or other electronic means. Documents must be computer-generated or typed by the borrower's employer(s), although paystubs that the borrower downloads from the internet are also acceptable. Documents must clearly identify the employer's name and source of information. The documents must clearly identify the borrower as the employee. The information must be complete and legible. The original source of the information must be a third party, such as the borrower's human resources department, personnel office, payroll department, company's payroll vendor, or supervisor. A written VOE in lieu of receiving pay stubs and W-2s is not acceptable. A verbal VOE is required on all loans or a written VOE is acceptable in those instances where a verbal is not obtainable. | <input type="checkbox"/> | <input type="checkbox"/> |

| | | YES | NO |
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| <p>Income continued</p> | <p>Requirements – Tax Returns</p> <ul style="list-style-type: none"> • When required, personal federal income tax returns must be a copy of the version filed with the IRS. All supporting schedules must be included. • “Most recent” tax return is defined as the last return scheduled to have been filed with the IRS. See the Allowable Age of Federal Income Tax Returns subtopic for additional information. • The information must be complete and legible. • Each tax return must be signed by the borrower. <p>Verbal Verification of Employment</p> <p>General:</p> <ul style="list-style-type: none"> • A verbal verification of employment (VVOE) is required on ALL loans, except otherwise noted below, for each borrower to verify that the borrower’s employer or the self-employed business exists and that the borrower is currently listed as an employee as of the date of performing the VVOE. This applies to ALL jobs where income is being used to qualify, including seasonal jobs, second jobs, and borrowers currently on temporary leave, short term disability, or during a seasonal layoff period. This provides a degree of comfort that the source(s) of income derived from employment and considered in the Underwriter’s qualification analysis is authentic and expected to continue. <p>A verbal, written, or faxed verification of employment (VVOE) must be completed by the correspondent lender or third party vendor within:</p> <ul style="list-style-type: none"> • ten(10) business days (salaried) / thirty (30) calendar days (self-employed) prior to closing (i.e., Note date) for non-escrow closing states, and • ten (10) business days (salaried) / thirty (30) calendar days (self-employed) prior to funding for escrow closing states. • Alternatively, lenders may obtain the verbal VOE after closing, up to the time of loan delivery. If the verbal VOE cannot be obtained prior to delivery, the loan is ineligible. <p>NOTES:</p> <ul style="list-style-type: none"> • Escrow states are as follows: Arizona, California, Idaho, Nevada, New Mexico, Oregon, Utah, Washington (New York and Rhode Island in some cases). • Business days do not include Saturdays, Sundays, or Federal Holidays when obtaining the VVOE. • Some employment situations may be unique, and it may not always be possible to obtain a VVOE in the same manner, nor will an actual verbal verification always be involved. <p>Documentation</p> <p>The “Verbal Verification of Employment” form must:</p> <ul style="list-style-type: none"> • Be completed and included in the loan file for all borrowers whose income is being used to qualify; and must be legible, and include the following information: <ul style="list-style-type: none"> – The name of the employer or self-employed business – The telephone number of the employer or self-employed business – The source used to verify the phone number – Borrower’s current position and title – Currently employed – Active or on leave | <input type="checkbox"/> | <input type="checkbox"/> |

| | | YES | NO |
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| Income continued | <ul style="list-style-type: none"> - Name and title of lender's representative who verified employment - Name of company that verified employment - Date VVOE was completed | <input type="checkbox"/> | <input type="checkbox"/> |
| Assets/Cash Reserve Requirements | <p>Assets</p> <p>Large deposits:</p> <ul style="list-style-type: none"> • Must be explained and sourced for both single and multiple deposits over a one month period exceed 50% of the total monthly income. If you are backing out the deposit from the verified funds an explanation letter from the borrower is still required. <p>When stocks, stock options, or mutual funds are the source of funds used for down payment or closing costs, documentation evidencing the borrower's receipt of liquidated funds is required, prior to closing.</p> <ul style="list-style-type: none"> • When stocks, stock options, or mutual funds are used for reserves, 70% of the value of the asset must be considered; liquidation is not required. <p>Retirement accounts:</p> <ul style="list-style-type: none"> • Using the correct calculation on accounts on which the borrower has a loan. <i>Calculation: Vested Amount * 60% Outstanding Loan</i> <p>Terms of Withdrawal for Retirement Accounts</p> <ul style="list-style-type: none"> • Is required when using the account for reserves <p>Down Payment Requirements</p> <ul style="list-style-type: none"> • The borrower must make a down payment of at least 5% from their own cash funds. • The borrower may use gift funds for any additional down payment (over and above the required minimum (5%) and for all closing costs. <p>Reserves – PITIA</p> <ul style="list-style-type: none"> • Loan Amount - \leq \$1,000,000 – 6 months reserves required • Loan Amount - $>$ \$1,000,000 – 12 months reserves required • Additional six months if retaining their current primary • If you are excluding a debt with 10 or less payments, you need to include reserves to cover the balance. • 30 day accounts – include reserves to cover the balance. <p>NOTE: If the borrower owns multiple finance properties, additional reserves of 2 months PITIA are required for each additional financed property owned regardless of occupancy type for the subject.</p> <p>Lender Credits</p> <ul style="list-style-type: none"> • If applied to closing costs, seller contribution limits do not apply. • If applied to prepaids, seller contribution limits apply. <p>Asset Documentation</p> <ul style="list-style-type: none"> • All assets needed to complete the transaction (used for the down payment, closing costs, or financial reserves) must be documented with evidence that the funds are from an acceptable source. • Internet on-line bank or brokerage statements must identify the financial institution, the last four digits of the account number, the borrower's name, the account balance, and source of information (i.e., URL reflected on document). | <input type="checkbox"/> | <input type="checkbox"/> |

| | | YES | NO |
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| Assets/Cash Reserve Requirements continued | <p>Asset Documentation</p> <ul style="list-style-type: none"> Internal documentation may be used if the company provides the information on a document with company letterhead and the signature of an authorized employee. <p>One (1) of the following must be provided:</p> <ul style="list-style-type: none"> a fully-executed verification of deposit, or most recent 2 months or 60 days complete bank statements showing beginning and ending balances, if received monthly, or most recent complete quarterly bank statements, if received quarterly. <p>Explanations are required for large deposits on the bank statements and these deposits may require additional documentation. See the Large Deposits section for additional information.</p> <p>Asset documents cannot be older than 120 days on the date the Note is signed.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| Minimum Borrower Contribution (Purchase Transactions ONLY) | <p>The borrower has contributed at least 5% from his or her own funds to the transaction. NOTE: This applies for all LTV/TLTVs.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| Seller Contributions | <p>Primary Residences</p> <p>TLTV 80% and below – Max Contribution is 6% TLTV Above 80% – Max Contribution is 3%</p> <p>NOTE: The limits are based on TLTV and not LTV.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| Appraisal Requirements | <p>a. A full appraisal (i.e., Form 1004 or 1073) with an interior and exterior inspection has been obtained for loans with loan amount or combined total loan amounts < \$1,500,000.</p> <p>NOTE: The combined total loan amount includes the outstanding balance on second mortgages and the total credit line amount on home equity lines of credit (HELOCs).</p> <p>b. Two (2) full appraisals (i.e., Form 1004 or 1073) with an interior and exterior inspection, performed by a State Certified Appraiser, have been obtained for loans with loan amount or combined total loan amounts >/= \$1,500,000 and </= \$2,000,000.</p> <p>NOTE: The total loan amount includes the outstanding balance on second mortgages and the total credit line amount on home equity lines of credit (HELOCs).</p> <p>c. The appraisal is 120 days old or less at the time of closing (Applies for existing properties and new construction.)</p> <p>NOTE: If the appraisal is greater than 120 days, but less than 12 month old, an appraisal update is required.</p> | <input type="checkbox"/> | <input type="checkbox"/> |

NOTE: See Key Loan Program Temporary COVID-19 Related Guidance for additional temporary COVID-19 restrictions and flexibilities.

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