



The guidance shown in this AAG may be superseded by temporary policies in the current COVID-19 Policy AAG posted in Sierra Pacific Mortgage Product Guidelines located in AllRegs.

This At-A-Glance (AAG) is a summary tool to use in conjunction with the Sierra Pacific Product Guidelines (Product Guide) located in AllRegs. The AAG does not replace the published Product Guide. Where the AAG is silent or conflicts with the published Product Guide, the Product Guide will govern and control. This AAG applies only to the investor program indicated.

**Sierra Adventum Express Jumbo Eligibility Matrix <sup>1</sup>**

Fixed Rate: T500SXJ – 30yr/T501SXJ -15yr

**Purchase/Rate & Term Refinance**

Occupancy	Units	Max Loan Amount <sup>2</sup>	LTV/CLTV <sup>3</sup>	Credit Score	DTI	Reserves <sup>4</sup>
Primary Residence & Second Home	1	\$2,000,000	89.99%/89.99% <sup>3,5</sup>	680	45%	See below
		\$2,000,000	80%/80%	660	45%	See below
Primary Residence	2-4	\$2,000,000	80%/80%	700	45%	See below
Non-Owner/Investment	1	\$2,000,000	80%/80%	680	45%	See below
		\$2,000,000	70%/70%	660	45%	See below
	2-4	\$2,000,000	75%/75%	680	45%	See below
		\$2,000,000	65%/65%	660	45%	See below

**Cash Out Refinance**

Occupancy	Units	Max Loan Amount <sup>2</sup>	LTV/CLTV	Credit Score	DTI	Max Cash Out	Reserves <sup>4</sup>
Primary Residence	1	\$2,000,000	89.99%/89.99% <sup>3,5</sup>	740	45%	N/A	See below
		\$2,000,000	80%/80%	680	45%	N/A	See below
	2-4	\$2,000,000	75%/75%	700	45%	N/A	See below
Second Home	1	\$2,000,000	75%/75%	700	45%	N/A	See below
Non-Owner/Investment	1	\$1,000,000	75%/75%	680	45%	\$350k	See below
		\$2,000,000	75%/75%	720	45%	\$350k	See below
		\$2,000,000	70%/70%	680	45%	\$350k	See below
	2-4	\$1,000,000	70%/70%	680	45%	\$350k	See below
		\$2,000,000	70%/70%	720	45%	\$350k	See below
		\$2,000,000	65%/65%	680	45%	\$350k	See below

<sup>1</sup> All Loans **MUST** have an DU Approve/Ineligible due only to loan amount. Approve/Eligible is not acceptable for this program.

<sup>2</sup> Minimum loan amount is \$1 over the FHFA county loan limit (conforming/Hi Bal). Example: SD County Loan Limit \$690,000 – min L/A \$690,001.

<sup>3</sup> First Time Homebuyers are limited to Primary Residence and maximum 80% LTV/CLTV

<sup>4</sup> Reserve requirement is the **greater** of the DU reserve requirements or below requirements. If DU does not provide minimum reserve requirements follow below:

- If loan amount ≤ \$1,000,000 – follow DU requirements
- If loan amount > \$1,000,000 – 3 months PITI reserves
- LTV/CLTV > 80% – 6 months PITI reserves

<sup>5</sup> Mortgage Insurance not required

**Program Summary**

The following is an overview of the Sierra Adventum Express Jumbo guidelines. See complete Sierra Pacific Mortgage Product Guides located in AllRegs.

Topic	Description
<b>Underwriting Method</b>	<ul style="list-style-type: none"> <li>• All Loans must be run through DU and receive an “Approve/Ineligible” recommendation due to loan amount only</li> <li>• DU “Approve/Eligible” findings are ineligible</li> <li>• Documentation requirements per the Product Guide, FNMA Selling Guide dated 6/3/2020 and temporary COVID 19 policies. Most restrictive guideline/policy supersedes.</li> <li>• QM designation is QM Safe Harbor as defined as APOR of 1.49% or less. HPML are ineligible.</li> <li>• All loans must be prudently underwritten utilizing the aforementioned guidelines/policies and industry standard best practices</li> </ul>

## Program Summary

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Topic	Description		
<b>Credit Score/Minimum Tradeline Requirements</b>	<p><b>Credit Score:</b></p> <ul style="list-style-type: none"> <li>The representative credit score for qualification purposes for an individual borrower is the middle score of the three (3) scores reported. If two (2) scores are reported the representative credit score is the lower of the two scores. Credit scores from all three repositories must be requested (Equifax, Experian and TransUnion).</li> <li>For multiple borrowers the credit score is the lowest of all representative credit scores.</li> <li>If only one credit score or no credit score is reported borrower is <b>not eligible</b>.</li> <li><b>Each borrower is required to have a minimum of 2 Fico Scores</b></li> <li><b>Frozen Credit</b> is unacceptable. Credit report to be unfrozen and reran to obtain all scores</li> </ul> <p><b>Tradeline Requirements:</b> Minimum credit requirement/tradelines as determined by DU.</p>		
<b>Borrower Eligibility</b>	<p><b>Eligible Borrowers:</b></p> <ul style="list-style-type: none"> <li><b>US Citizens</b></li> <li><b>Permanent Resident Aliens</b> with evidence of lawful residency <ul style="list-style-type: none"> <li>A valid and current Permanent Resident Alien card (form I-551) also known as a green card.</li> </ul> </li> <li><b>Non-Permanent Resident Aliens</b> with evidence of lawful residency are eligible with the following restrictions: <ul style="list-style-type: none"> <li>Primary residence only</li> <li>Must be legally present in the U.S with a valid acceptable visa type. See Products Guides for acceptable visa types</li> <li>Must have a history of visa renewals, a minimum of 2-year U.S. employment history and U.S. qualifying income.</li> <li>Must be able to verify that current employment has a probability of three (3) year continuance.</li> <li>Funds to close must be deposited in a U.S. financial institution. No funds to close from outside the U.S are allowed.</li> </ul> </li> <li><b>Inter Vivos Revocable Trust</b> – see Inter Vivos Revocable Trust Section in Product Guides. Irrevocable Trusts ineligible</li> <li><b>All borrowers must have a valid Social Security Number.</b></li> <li><b>Ineligible Borrowers:</b> <ul style="list-style-type: none"> <li>Foreign Nationals and Borrowers with diplomatic status</li> <li>Life Estates, Guardianships and Land Trust (including Illinois Trust)</li> <li>LLCs, Corporations or Partnerships</li> <li>Borrowers whose income is derived from federal illegal activities.</li> </ul> </li> </ul>		
<b>First Time Homebuyer</b>	<p>A first-time homebuyer is defined as a borrower who has not had ownership interest in a property within the last three (3) years from the application date.</p> <ul style="list-style-type: none"> <li>Owner-occupied only</li> <li>Maximum 80% LTV/CLTV</li> </ul>		
<b>Eligible Properties</b>	<ul style="list-style-type: none"> <li>1-4 Unit Owner Occupied</li> <li>1 Unit Second Homes</li> <li>1-4 Investment</li> <li>Low/mid/high-rise new and established FNMA warrantable Condominiums <ul style="list-style-type: none"> <li>FNMA Limited Project Review is eligible</li> <li>Condominiums with HOA in litigation are ineligible, even minor litigation</li> <li>Minimum square footage 400</li> </ul> </li> <li>Planned Unit Developments (PUDs)</li> <li>Properties with ≤ 20 Acres <ul style="list-style-type: none"> <li>Properties with &gt; 10 ≤ 20 acres – 3 comparable sales with similar acreage are required</li> </ul> </li> <li>Land to Value – must conform and be acceptable in the market area, see AllRegs for complete guideline</li> <li>Declining Markets – reduce maximum LTV/CLTV by 10%</li> </ul>		
<b>Flipping</b>	<ul style="list-style-type: none"> <li>Seller must have taken title to the subject property a minimum of ninety (90) days prior to the date of the sales contract.</li> <li>Seasoning is measured from the date Seller acquired title to date purchase contract executed.</li> </ul>		
<b>Condominiums</b>	<ul style="list-style-type: none"> <li>Must meet project eligibility and review requirements per Fannie Mae guidelines</li> <li>Limited Project Reviews are eligible</li> <li>Condominiums with HOA in litigation are not eligible, even minor litigation</li> </ul>		
<b>Ineligible Properties</b>	<table style="width: 100%; border: none;"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>HERO/PACE/Solar Panels *</li> <li>Properties with unacceptable unpermitted additions</li> <li>Manufactured Homes and Factory built housing (modular)</li> <li>Condominiums with litigation (even minor ineligible)</li> <li>Unwarrantable Condominiums</li> <li>Condo hotels and Co-ops</li> <li>Leaseholds</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Agricultural Zoned (agricultural/residential is eligible)</li> <li>Working farms, ranches, orchards</li> <li>Properties with more than 20 acres</li> <li>Properties with Private Transfer covenants</li> <li>Unique Properties (Log, Geothermal)</li> <li>Model home leasebacks</li> <li>See Product Guides for additional ineligible property types</li> </ul> </td> </tr> </table> <p>*Any item that will include a UCC associated with the property and/or will create an easement on title is ineligible. Payoff of HERO/PACE Lien is considered Cash Out Refinance.</p>	<ul style="list-style-type: none"> <li>HERO/PACE/Solar Panels *</li> <li>Properties with unacceptable unpermitted additions</li> <li>Manufactured Homes and Factory built housing (modular)</li> <li>Condominiums with litigation (even minor ineligible)</li> <li>Unwarrantable Condominiums</li> <li>Condo hotels and Co-ops</li> <li>Leaseholds</li> </ul>	<ul style="list-style-type: none"> <li>Agricultural Zoned (agricultural/residential is eligible)</li> <li>Working farms, ranches, orchards</li> <li>Properties with more than 20 acres</li> <li>Properties with Private Transfer covenants</li> <li>Unique Properties (Log, Geothermal)</li> <li>Model home leasebacks</li> <li>See Product Guides for additional ineligible property types</li> </ul>
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## Program Summary

The following is an overview of the Sierra Adventum Express Jumbo guidelines. See complete Sierra Pacific Mortgage Product Guides located in AllRegs.

Topic	Description
<b>Appraisal/Review Requirements</b>	<p><b>Appraisal Requirements:</b></p> <ul style="list-style-type: none"> <li>• Appraisal MUST be ordered through US Appraisals AMC</li> <li>• All loans require a full appraisal. <b>PIW waivers are ineligible.</b></li> <li>• <b>Transferred and/or Assigned appraisals are not acceptable</b></li> <li>• Use of a prior appraisal, regardless of the date of the prior appraisal, is not allowed.</li> <li>• Flipping – seller must have taken title a minimum of 90 days prior to date of sale</li> <li>• Negative property influences must be disclosed and adjusted accordingly by appraiser</li> </ul> <p><b>Appraisal Review Process:</b> An approved vendor appraisal desk review product must be performed for each loan.</p> <ul style="list-style-type: none"> <li>• Clear Capital Collateral Desktop Analysis (CDA) without ML, and</li> <li>• The review must not be over 120 days old from the date of the Note</li> <li>• If the desk review produces a value in excess of a 10% negative variance to the appraised value, the loan is not eligible</li> <li>• CDA (appraisal desk review) will be ordered by the Underwriting Team upon receipt &amp; approval of the final</li> </ul> <p><b>Note:</b> Loans submitted with a collateral underwriter score of 2.5 or lower are exempt from the above requirement.</p>
<b>Occupancy</b>	<p><b>Primary Residence:</b> A primary residence is the property the borrower occupies as his or her principal residence. At least one of the borrowers must occupy, be on title to the property and execute the Note and the security instrument. A borrower may not maintain more than one primary residence at any given time.</p> <p><b>Second Home:</b> The property must be occupied by the borrower from time-to-time and is suitable for year-round use. Typically, the property is located in either a resort or vacation area or for convenience in a city where the borrower works when the primary residence is in a distant suburb.</p> <ul style="list-style-type: none"> <li>• Property may not be a time share, subject to a rental agreement or other shared ownership arrangements.</li> <li>• The property must be a reasonable distance from the borrower's primary residence</li> <li>• Rental income and expenses on Schedule E of the borrower's personal tax return(s) must not exceed 30 rental days</li> <li>• Rental income from a second home cannot be used to qualify the borrower.</li> </ul> <p><b>Investment Property (Non-owner occupied):</b> An investment property is owned by the borrower but not occupied by the borrower.</p> <ul style="list-style-type: none"> <li>• 1-4 unit detached, attached, PUD and eligible condominiums</li> <li>• Cash-out Refinance transaction must have a borrower signed Business Purpose and Occupancy Affidavit indicating the loan purpose is for the acquisition, improvement or maintenance of rental property. See Product Guides for the required Affidavit.</li> <li>• Cash out loans proceeds used for any personal use are not eligible.</li> </ul>
<b>Non-Arm's Length Transactions</b>	<p>Except as indicated below if direct relationship exists between or among the parties, the transaction is not eligible:</p> <ul style="list-style-type: none"> <li>• Sales or transfers between members of the same family. Transaction may not be due to any adverse circumstances.</li> <li>• Property seller acting as his or her own real estate agent</li> <li>• Borrower acting as his or her own real estate agent</li> <li>• Borrower is the employee of the originating lender</li> <li>• Borrower purchasing from his or her current landlord (cancelled checks or bank statements required to verify satisfactory pay history between borrower and landlord)</li> </ul>
<b>Secondary Financing</b>	<p>Allowed up to maximum CLTV per matrix. Refer to Product Guides for complete secondary financing requirements.</p> <ul style="list-style-type: none"> <li>• New subordinate financing is permitted up to the maximum allowable LTV/CLTV.</li> <li>• Maximum LTV / CLTV / HLTV for subordinated HELOCS will be based on the fully drawn balance.</li> <li>• Subordinate liens must not have negative amortization, no balloon within 5 years, and no prepayment penalties.</li> <li>• Affordable Lending/ Community Seconds are ineligible</li> </ul>
<b>Continuity of Obligation</b>	<p>Continuity of obligation is met when any one of the following exists:</p> <ul style="list-style-type: none"> <li>• At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinance</li> <li>• The borrower has been on title and residing in the property for at least 12 months and has either paid the mortgage for the last 12 months or can demonstrate a relationship (relative, domestic partner, etc.) with the current obligator</li> <li>• The loan being refinanced and the title to the property are in the name of a natural personal or LLC as long as the borrower owns at least 25% of the LLC prior to transfer. Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement.</li> <li>• The has recently been legally awarded the property (divorce, separation or dissolution of a domestic partnership)</li> </ul>

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Topic	Description										
<b>Refinance Cash-out/Seasoning</b>	<ul style="list-style-type: none"> <li>Borrower must have held title for a minimum of <b>6 months</b> prior to <b>loan application</b> unless transaction meets Delayed Purchase Financing requirements.</li> <li>Texas Cash-out 50(a)(6) refinances are ineligible.</li> <li>Properties listed for sale within 6 months of the note date are ineligible.</li> </ul>										
<b>Delayed Purchase Financing</b>	<ul style="list-style-type: none"> <li>Delayed financing refinances in which the borrowers purchased the subject property for cash within ninety days (90) from the date of the application are eligible.</li> <li>All requirements to document no mortgage financing was used to obtain the subject property and all funds used where borrower's own funds source of funds must meet Product and Fannie Mae Guides located in AllRegs.</li> <li>Cash back to the borrower in excess of the original purchase price or appraised value (whichever is less) is not allowed.</li> <li>Delayed financing refinances are underwritten as rate and term refinances and are not subject to cash-out refinancing program limitations</li> <li>Property may not be located in Texas.</li> </ul>										
<b>Refinance Rate &amp; Term</b>	<ul style="list-style-type: none"> <li>For properties purchased within six (6) month of the closing date the LTV will be based upon the <b>lesser</b> of the original sales price or the current appraised value</li> <li>Inherited properties are exempt from seasoning requirements, LTV based off current appraised value</li> <li>A minimum of 6 months (per DU) must have elapsed if the previous refinance transaction combined a first and a non-purchase money subordinate lien into a new first lien. Provide closing disclosure from any prior transaction</li> <li>Properties listed for sale are ineligible for a Rate &amp; Term refinance unless the listing was withdrawn (or expired) prior to the Note date and the following requirements are met:               <ul style="list-style-type: none"> <li>Documentation provided to show cancellation of listing.</li> <li>Acceptable letter of explanation from the borrower detailing the rationale for cancelling the listing.</li> </ul> </li> <li>The mortgage amount may include the:               <ul style="list-style-type: none"> <li>Principal balance of the existing first lien<sup>1</sup>.</li> <li>Pay off subordinate financing only to the extent that such financing was used to acquire the property. Borrower must document that all proceeds from the subordinate financing were used to acquire the property.</li> <li>Payoff of a co-owner pursuant to a written agreement.</li> <li>Financing of the payment of prepaid items and closing costs.</li> </ul> </li> <li>Cash back to the borrower is limited to the lesser of \$2000 or 2% of the new mortgage loan</li> <li>Texas 50(f)(2) to 50(a)(4) Rate and Term refinances (payoff of 50(a)(6) cash-out) are ineligible</li> </ul> <p><sup>1</sup> Payoffs may not reflect any suspended payments or 2<sup>nd</sup> principal amount or deferred interest.</p>										
<b>Max Financed Properties</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d3d3d3;">Subject Property Occupancy</th> <th style="background-color: #d3d3d3;">Max # Financed</th> <th style="background-color: #d3d3d3;">Reserves Required</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>No Limit</td> <td rowspan="3"> <ul style="list-style-type: none"> <li>2% of the aggregate UPB if the borrower has 1-4 financed properties,</li> <li>4% of the aggregate UPB if the borrower has 5- 6 financed properties, or</li> <li>6% of the aggregate UPB if the borrower has 7 -10 financed properties</li> </ul> </td> </tr> <tr> <td>Second Home</td> <td>10<sup>1</sup></td> </tr> <tr> <td>Investment</td> <td>10<sup>1</sup></td> </tr> </tbody> </table> <p><sup>1</sup> If the borrower will have 7-10 financed properties, minimum representative credit score of <b>720</b> required</p>	Subject Property Occupancy	Max # Financed	Reserves Required	Primary	No Limit	<ul style="list-style-type: none"> <li>2% of the aggregate UPB if the borrower has 1-4 financed properties,</li> <li>4% of the aggregate UPB if the borrower has 5- 6 financed properties, or</li> <li>6% of the aggregate UPB if the borrower has 7 -10 financed properties</li> </ul>	Second Home	10 <sup>1</sup>	Investment	10 <sup>1</sup>
Subject Property Occupancy	Max # Financed	Reserves Required									
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Second Home	10 <sup>1</sup>										
Investment	10 <sup>1</sup>										
<b>Mortgage/Housing/Credit History</b>	<p><b>Mortgage/Rent History Requirements:</b></p> <ul style="list-style-type: none"> <li>Mortgage/Rent payment history requirements 0x30x24</li> <li>Borrowers with Mortgage Payment history showing current or previous Forbearance are not eligible until 24 months has passed prior to date of loan application.</li> </ul> <p><b>Bankruptcy, Foreclosure, Notice of Default (NOD), Deed-In-Lieu of Foreclosure and Short Sales:</b>            At least seven (7) years must have elapsed since bankruptcy discharge or dismissal, foreclosure, short sale or deed in-lieu measured from the date of completion to the date of application. Extenuating circumstances are not eligible.</p> <p><b>Liens, Judgments and Collections:</b></p> <ul style="list-style-type: none"> <li>Collection or charge-off accounts must be paid off as required by DU</li> <li>Collection or charged-off accounts must be paid off do not need to be paid off if the balance of an individual account is less than \$1,000.00 or if there are multiple accounts the total balance of all accounts cannot exceed \$2,500.00.</li> <li>All delinquent credit that has the potential to impact lien position must be paid off</li> <li>Satisfactory explanation for any delinquent credit from borrower required</li> </ul> <p><b>Borrower Party to Lawsuit:</b>            If the 1003, title commitment or credit documents indicate the borrower is a party to a lawsuit, the loan is ineligible.</p>										

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Topic	Description
<b>Liabilities/Credit Inquiries</b>	<p>All requirements for debt and liability documentation and calculation method must follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guides the guides must be followed.</p> <p><b>Credit Inquiries:</b></p> <ul style="list-style-type: none"> <li>• If the credit report indicates <b>recent inquiries within the most recent 120 days</b> of the credit report, must be explained by the borrower and documented accordingly.</li> <li>• If additional credit was obtained, a verification of that debt must be provided, and the borrower must be qualified with the monthly payment.</li> <li>• A gap or Pre-Close credit report (Credit Refresh) is required to verify/validate no additional new debt and/or increased balances prior to closing. The Credit Refresh report is valid for 10 business days from Note Date.</li> </ul>
<b>Conversion of Primary Residence</b>	<p>Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guides the guides must be followed.</p>
<b>Income Stability/Documentation</b>	<p><b>Stability:</b></p> <ul style="list-style-type: none"> <li>• Borrower(s) must have a minimum of verifiable 2 years employment and income history.</li> <li>• Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide the guide requirements must be followed.</li> <li>• Any employment gaps one (1) month or greater must be addressed with a satisfactory signed letter of explanation from the borrower.</li> <li>• Refer to Unacceptable Income source section in Product Guide.</li> </ul> <p><b>Documentation:</b></p> <ul style="list-style-type: none"> <li>• All income documentation, sources of income and method of income calculation must follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guides the guides must be followed.</li> <li>• For borrowers receiving bonus, commission, or any other non-base salary compensation in addition to base salary, a 2-year history of the receipt of the income is required. Full written VOE breaking down the earnings for the past 2 years and YTD required.</li> <li>• Tax transcripts (4506c) is required to be obtained from the IRS and validate the income used in qualifying for only those years used for qualifying. Wage transcripts are acceptable for W-2 borrowers. Borrower pulled transcripts are not acceptable.</li> <li>• Tax Returns must be signed and dated PRIOR to closing</li> <li>• Refer to Product Guides for complete Income Documentation requirements.</li> </ul> <p><b>Self-Employed Borrowers:</b></p> <ul style="list-style-type: none"> <li>• Borrowers with a 25% percent or greater ownership interest in a business is considered self-employed.</li> <li>• Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guides the guides must be followed.</li> <li>• In addition to the above, YTD P&amp;L, Balance Sheet and three (3) months business bank statements are required to support the self-employment income meet requirements. See Product Guides for complete Self-Employed Income Documentation requirements.</li> <li>• If the tax return for the previous tax year is not filed a 12-month P&amp;L and balance sheet for this period is required.</li> <li>• If the most recent year's tax returns have not been filed by the IRS deadline, an executed copy of the borrower's extension request for both personal and business tax returns is required.</li> </ul>
<b>Verbal VOE</b>	<p><b>Verbal VOE:</b></p> <ul style="list-style-type: none"> <li>• Verbal VOE dated <b>within 10 calendar days</b> prior to Closing Date in writing.</li> <li>• The <b>verbal VOE must cover 24 months of employment</b>. If the borrower has changed jobs during the past two years, the verbal VOE <b>must show the start and end dates for each job</b>.</li> <li>• Any employment gaps exceeding 30 days must be addressed with a satisfactory letter of explanation from the borrower.</li> <li>• VVOE alternatives are NOT ACCEPTABLE.</li> <li>• Closing Date in the section is defined as the notary date on the Security Instrument.</li> </ul> <p><b>Self-Employed Borrowers:</b> Existence of the borrower's business <b>AND</b> confirmation business is open and operating must be verified <b>within 10 calendar days</b> prior to Closing Date. Methods of verify business existence AND open and operating include:</p> <ul style="list-style-type: none"> <li>• Verification from a third party such as a CPA, regulatory agency or by an applicable licensing bureau. If CPA letter is used it must indicate the borrower has been self-employed for a minimum of 2 years <b>AND</b></li> <li>• Confirmation business is open and operating</li> <li>• Closing Date in the section is defined as the notary date on the Security Instrument.</li> </ul>

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Topic	Description			
<b>Asset Documentation (Closing/Reserves)</b>	<p>Funds held in checking, savings, money market, certificate of deposit or other depository accounts may be used for the down payment, closing costs and financial reserves. The funds must be verified and meet the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide, published June 3, 2020. If a discrepancy exists between DU and the aforementioned Fannie Mae guide the guide requirements must be followed.</p> <p><b>Reserves:</b> Reserves must be verified and comprised of liquid assets that borrower can readily access. Equity lines of credit, gift funds and cash out from the subject property are not eligible sources to meet reserve requirement.</p>			
	Eligible Asset Types(s)	Asset(s) Closing	Eligibility Reserves	Additional Requirements
	<b>Checking/Savings/Money Market/CD</b>	X	X	<ul style="list-style-type: none"> <li>• Two (2) months recent statements or</li> <li>• Direct verification by a third-party asset verification vendor</li> </ul>
	<b>Publicly Traded Stocks/Bonds/Mutual Funds</b>	X	Up to 70%	<ul style="list-style-type: none"> <li>• Two (2) months recent statements</li> <li>• Non-vested or restricted stock are ineligible</li> <li>• Margin account and/or pledged asset balances must be deducted</li> <li>• Evidence of liquidation if using for down payment or closing costs</li> </ul>
	<b>Retirement Accounts (401k, IRAs, etc.)</b>	X	Up to 70%	<ul style="list-style-type: none"> <li>• Most recent monthly or quarterly statement</li> <li>• Evidence of liquidation if using for down payment or closing costs</li> <li>• Evidence of access to funds required for employer-sponsored retirement accounts (401k, etc.)</li> <li>• Vested funds from individual retirement accounts (IRA/SEP/Keogh/401k) are eligible for reserves</li> <li>• Other retirement accounts that do not allow for any type of withdrawal are ineligible for reserves.</li> </ul>
	<b>Cash Value of Life Insurance Annuities</b>	X	X	<ul style="list-style-type: none"> <li>• Most recent statement(s) covering two (2) month period</li> <li>• Evidence of liquidation if using for down payment or closing costs</li> </ul>
	<b>Business Assets</b>	X	X	<ul style="list-style-type: none"> <li>• Three (3) months most recent statement(s)</li> <li>• May be utilized for Down Payment, Closing Cost and Reserves.</li> <li>• The borrower must be listed as an owner of the account</li> <li>• A cash flow analysis must confirm that the withdrawal of funds for the transaction will not have a negative impact on the business.</li> </ul>
<b>Gift Funds</b>	X	Not Eligible	<ul style="list-style-type: none"> <li>• May be utilized for down payment and/or closing costs for principal residence or second home</li> <li>• Ineligible to meet any program reserve requirements</li> <li>• Gift of equity ineligible</li> <li>• Follow Fannie Mae section B3-4.3-04 for documentation and minimum borrower contribution requirements</li> </ul>	
<b>HPML/High Cost</b>	<ul style="list-style-type: none"> <li>• High-Cost and High-Priced Mortgage (HPML) are ineligible</li> <li>• APOR spread must be 1.49% or less</li> </ul>			
<b>Eligible States</b>	All states licensed states. See Geographic Restrictions category in AllRegs.			
<b>Escrow Holdbacks</b>	Escrow Holdbacks are not allowed			