



SIERRA PACIFIC
WHOLESALE

OVERLAY MATRIX

ALL PROGRAMS

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*
1	Age of Income and Asset docs	Income and Asset documentation must be dated within 120 days prior to the Note Date	Income and Asset documentation must be dated within 60 days prior to Note Date
2	Appraisal Flexibilities due to COVID-19	Agencies have issued temporary guidance around the use of a Desktop or Exterior only appraisal when COVID restrictions inhibit a full appraisal from being completed	SPM will ALWAYS require a full appraisal in the following instances: <ul style="list-style-type: none"> • Manufactured Home • New construction • HPML
3	Auction properties	No limit on Auction House commissions	Auction House commissions are limited to 8%
4	Bond & DPA	Cities and Counties offer Down Payment Assistance programs to qualified borrowers	Refer to Bond specific Program guidelines. SPM Overlays are incorporated within guides – no exceptions to SPM guides are permitted.
5	Condo on Leaseholds / All	Allowed	Not Permitted
6	Co-Signers	Co-signer must sign the note but is not required to sign the Deed / Security Instrument	Co-Signers are not allowed
7	Manual Underwriting	Manual Underwriting is allowed	No Manual Underwriting allowed. All loans must have an AUS approved/eligible *Streamline Refi & IRRRLs ONLY are permitted to be Underwritten with a Manual UW as they are not run through AUS *Exceptions can be considered for Government loans only*

Item	Topic	Guideline	SPM Overlay * No Exceptions permitted unless noted *
8	Manufactured Homes	Refer to agency guides for FICO requirements	<ul style="list-style-type: none"> • Minimum FICO 660 • Max DTI is the lesser of AUS approval or 50% • Must be zoned residential • Only 1 dwelling per site • Single-wide not permitted
9	Maximum Number of financed properties	<p>-FNMA and FHLMC limit are 10 for 2nd homes and NOO</p> <p>-No set limit for FHA and VA</p> <p>-USDA only permits two</p>	<p>- Maximum is 4 properties</p> <p>- Includes REO the borrower personally owns, via LLC, S Corp or Corporation</p> <p>- Applies to all transactions regardless of Occupancy *Exceptions can be considered*</p>
10	Mortgage payment history	Credit report alone may be used to validate the mortgage payment history	<p>SPM requires one of the following forms of mortgage payment validation for all mortgages financed by the borrower:</p> <ul style="list-style-type: none"> • Credit report or supplement PLUS the most recent mortgage stmt OR • 12-month pay history direct from the lienholder <p>The payments must reflect through the month prior to closing. Mortgage statements must be used to document any payment gaps between reporting and loan closing</p>
11	Non-Traditional Credit	Allows for Manual UW using non-traditional credit when no credit score is available	Minimum credit score is required for all borrowers. Non-traditional credit is not permitted
12	One time close	Allows for one-time close construction loans	SPMC does not offer
13	Power of Attorney	A POA may not be used when no other borrower executes loan docs, except when the POA is either the borrower's attorney-at-law or relative. POA allowed for Cash Out Refinance under certain circumstances for FHLMC, FHA, VA	<p>At least one borrower must be present at closing unless a face-to-face interview has been conducted with all applicants. SPMC does not allow a POA for any Cash-Out Transaction</p> <p>*Exceptions can be considered*</p>
14	Projected income	Eligible per specific guides applicable to each agency/GSE	<p>Not eligible. Borrower must have started the new position and must be documented with 30 days of paystubs.</p> <p>*Exceptions can be considered*</p>
15	Renovation Loans	FNMA, FHLMC, FHA and VA all offer specific Renovation products	SPMC does not offer any renovation products

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16	Reserves-Source	Gift funds and Business funds are acceptable for reserves	-Gift funds may not be used for reserves -Business funds may only be used when all the following are met: <ul style="list-style-type: none"> • Borrower owns at least 51% • Borrower has access to funds • Remaining funds after calculating reserves are stable and steady
17	SPM Exposure		Limited to the lessor of 4 loans or \$1.5 million
18	SSN	ITIN is permitted	All borrowers must have a valid SSN
19	Stocks, Stock Options & Mutual Funds	Refer to agency and GSE guides as rules vary.	-Evidence of liquidation is required when using any funds from these accounts for Down Payment and/or Closing -70% of the balance must be used to calculate available reserves
20	Verbal Verification of Employment for Employed borrowers	VVOE is required within 10 prior to Note Date for employed borrowers	VVOE is required within 5 days of the Note Date. An additional VVOE will be required if the loan does not fund within 5 days AFTER the note date
21	Verification of Self-Employed Business	Verification of a self- employed business must be validated no more than 120 days prior to the Note Date	Verification that the self-employed business is open and operating is required no more than 10 days prior to the Note Date
22	4506T	Recommends best practices however does not require the actual validation outside QC plans except USDA	Refer to specific product guides for requirements on when 4506T validation must be received

CONVENTIONAL PROGRAMS

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	Fannie Mae	Freddie Mac
1	Borrower currently rents or lives rent free, and is purchasing or refinancing an investment property	Refer to Fannie/Freddie direct as each have specific rules around the requirement to own a primary when purchasing or refinancing an investment property. *SPMC overly is in line with Fannie's guideline.	Borrower must qualify with the entire PITIA payment for the subject with no benefit of rental income.	x	x
2	Cash-Out 1-unit Owner Occupied	Max LTV / CLTV 80% 2-4-unit okay Min FICO 620	Min FICO is 700 *Exceptions can be considered*	x	x
3	Cash-Out Maximum	No max	<ul style="list-style-type: none"> • LTV 75.01% - 80% - Max Cash Out is \$100,000 • LTV \leq 75% - Max Cash Out is \$200,000 <p>Note- Non-Purchase Money 2nd payoff amounts are not included in the cash out limitation.</p> <p>*Exceptions can be considered*</p>	x	x
4	Cash-Out 2-4 Unit Owner Occupied	Max LTV / CLTV 75% Min FICO 620	Not permitted. All Cash-Out loans must meet the following: <ul style="list-style-type: none"> • Owner Occupied AND • 1-Unit only 	x	x
5	Cash-Out 2 nd Home	Max LTV / CLTV 75% Min FICO 620	Not permitted. All Cash-Out loans must meet the following: <ul style="list-style-type: none"> • Owner Occupied AND • 1-Unit only 	x	x

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	Fannie Mae	Freddie Mac
6	Cash- Out Investment property	Max LTV / CLTV 75% Min FICO 620	Not permitted. All Cash-Out loans must meet the following: <ul style="list-style-type: none"> • Owner Occupied AND • 1-Unit only 	x	x
7	First Time Homebuyer	Escrow Account is required per State requirements	Mandatory Escrow Account is required for any LTV > 80% *Exceptions can be considered*	X	X
8	FHA Condo approval for Conventional Loans	FNMA & FHLMC will accept delivery of mortgage in established projects on the FHA approved list provided the approval was completed by FHA HUD review and approval process	SPMC programming is not in place to deliver	x	x
9	FHLMC Affordable 2nds	FHLMC permits for the following types of Affordable Seconds: Lender / Seller Funded, Affordable seconds subject to income-based resale restrictions and seconds used to subsidize the sales price	Lender / Seller funded Affordable Seconds, Affordable Seconds subject to income- based resale restrictions and Affordable seconds used to subsidize the sales price are not allowed		x
10	FHLMC Excessive lender credit	FHLMC bulletin 2018-13 for Excessive lender credit to be applied to principal reduction	SPMC programming is not in place currently to allow this		x
11	Flipping Restrictions	No flip guidelines outside of ensuring the seller is the owner of record for FNMA / FHLMC	Maximum 95% LTV, maximum transfers in 90 days is 1, documentation showing legal registration of entity such as articles of operation with the seal for the seller, appraiser to confirm property improvements made, document the renovations etc. *Exceptions can be considered*	x	x

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12	FNMA HomeReady / Sweat Equity	FNMA HomeReady program allows property types of Manufactured Home and Sweat Equity as an acceptable source of funds	-SPMC does not permit use of Sweat Equity as funds. -Manufactured homes is an ineligible property type	x	
13	FNMA HomeStyle Energy	FNMA HomeStyle Energy program will allow for the payoff of a PACE lien and/or finance the cost of new energy items	SPMC will only allow the HomeStyle Energy program to be used for the payoff of a PACE lien. Energy efficient items cannot be financed	x	
14	FNMA Share appreciation	FNMA share appreciation deed restrictions	SPMC programming is not in place currently to allow this	x	
15	Illinois Land Trust	Eligible with FNMA / FHLMC amendment to contract	SPMC does not have the amendment to our FNMA / FHLMC contract	x	x
16	Ineligible Conventional Programs	FNMA High LTV & FHLMC Enhanced Relief Refinance	SPMC does not offer	x	x
17	Manufactured Homes in Condo Project	FNMA will allow for the existence of Manufactured homes in a project with a PERS approval. FHLMC does not allow	SPMC does not allow for the existence of manufactured homes within a condo project	x	x
18	Owner – Occupied Purchase & Rate/Term Max LTV/CLTV	97% / 105% if using community second	Max LTV / CLTV 97% / 97%	x	x
19	PACE Payoff - FHLMC	FHLMC will allow PACE payoff as a rate/term	SPMC does not offer		x
20	PACE Payoff - FNMA	FNMA will allow PACE payoff as a rate/term	PACE payoff must be done through the SPM Fannie Mae HomeStyle Energy Program	x	
21	Property Condition C5	Fannie will purchase a property with a C5 property condition rating if there are no health, hazard or safety issues	C5 property condition ratings are ineligible	x	

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	Fannie Mae	Freddie Mac
22	Rental income being used for Investment purchase or Owner Occupied 2-4 Unit purchase.	Appraisal market rents and lease may be used to qualify	Rental income may only be used with the following: <ul style="list-style-type: none"> • Appraisal confirms that the subject property is currently rented AND • Evidence that the existing lease will be transferred / assigned to the borrower along with any security deposits and / or pro-rated rents • 6 months PITIA reserves *Exceptions can be considered*	x	x
23	Rental Income being used for OREO owned (includes departing residence)- Reserve requirement.	Reserve requirements vary based on product	6 months reserves are required for each property owned by the borrower using rental income to qualify. *Exceptions can be considered*	x	x
24	Rental Income being used for OREO – Document requirements	Income is calculated from sch E or lease with no additional documentation requirements.	One of the following must be provided to support current receipt of rents: <ul style="list-style-type: none"> • Bank Statement showing deposit • Cancelled check • Other form of rent transfer (i.e. Venmo, PayPal etc.) 	x	x

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	Fannie Mae	Freddie Mac
25	Rental Income is being used for departing residence – Document requirements	Income is calculated from lease received for departing residence	All the following must be provided to support receipt of rents: <ul style="list-style-type: none"> Fully Executed Lease AND Copies of Security Deposit and/or first month rent AND Evidence the Security Deposit and/or first month rent is deposited into the borrower's bank account 	x	x
26	Reserves – Investment property	Reserves required are per AUS	The reserve requirement will be the greater of 6 months subject PITIA or AUS required reserves, whichever is greater. Required regardless of rents used to qualify	X	X
27	Transferred Appraisals	Eligible	Not eligible for conventional Manufactured loans (all other property types are eligible).	x	x

GOVERNMENT PROGRAMS

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	FHA	VA	USDA
1	AUS Engine	DU and LPA are accepted	DU Approved / Eligible only. LPA is not permitted	x	x	
2	Cash Out-Maximum	No Max Cash Out restrictions	Max cash out is \$200,000 after lien(s) payoff *Exceptions can be considered*	x	x	x
3	CLTV	Refer direct to handbooks for max requirements	CLTV is equal to maximum LTV for the SPMC program (i.e. FHA purchase 96.5%)	x	x	x

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	FHA	VA	USDA
4	DTI Max	FHA, VA and USDA allow max per AUS approval	<ul style="list-style-type: none"> DTI maximum is 50% with AUS approval and FICO < 700 DTI maximum is per AUS when FICO ≥ 700 *Exceptions can be considered*	x	x	x
5	Escrow Holdback / FHA	Escrow Holdback on FHA property requires 1 time the amount held into escrow	Escrow holdback on FHA property requires 1 ½ times held into escrow	x		
6	FHA DELRAP Condo approval	FHA allow DELRAP and HRAP condo approval	HRAP approval ONLY is permitted. DELRAP is NOT permitted	x		
7	Gift Funds or DPA being used	No max DTI or minimum FICO with approve / eligible	<ul style="list-style-type: none"> Max DTI is 50% when using Gift or DPA Min FICO 640 *Exceptions can be considered*	x	x	x
8	Gift Donors	No restriction	<ul style="list-style-type: none"> 1-2 units may only have 1 gift donor when FICO is between 640-659 3-4 units are ineligible to use gift funds 	x	x	x
9	Ineligible Products - FHA	Eligible products include: 203K Renovation, HUD Repair REO, Refinance of Negative Equity, Good Neighbor Next Door, Indian Tribal Lands, Hawaiian Homelands, Section 184, EEM	SPMC does not offer any of these products	x		

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	FHA	VA	USDA
10	Ineligible Products - VA	Eligible products include: 1- and 2-time close construction loans, renovation loans, EEM, supplemental loans, Farm Loans, Rehab loans, Loans to Native American Veterans on Trust Lands (NADL) and Texas 50(A)(6) loans	SPMC does not offer any of these products		x	
11	FICO Minimum for FHA (refer to overlay item #14 for additional FICO overlays)	Refer to FHA 4000.1	<ul style="list-style-type: none"> • Min FICO for a Purchase is 640 • Min FICO for a Rate & Term Refi is 640 • Min FICO for a Cash Out Refi is 660 • Min FICO for a Streamline Refinance is 680 	x		
12	FICO Minimum for VA (refer to overlay item #14 for additional FICO overlays)	Refer to VA Handbook	<ul style="list-style-type: none"> • Maximum Base Loan amount of \$1,500,000 (All transactions including IRRRL) • Min FICO 640 for Base Loan Amount ≤ \$1,000,000 (Purchase) • Min FICO 660 for Base Loan Amount ≤ \$1,000,000 (Cash-Out Refinances) • Min FICO 680 for a Base Loan amount ≤ \$1,000,000 (IRRRL) • Min FICO 700 for Base Loan Amount > \$1,000,000 < \$1,500,000 (Purchase and Refinances inc IRRRL) 		x	

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	FHA	VA	USDA
13	FICO Minimum for USDA (refer to overlay item #14 for additional FICO overlays)	Refer to Rural Housing Handbook	<ul style="list-style-type: none"> Min FICO for a Purchase and Rate & Term Refi is 640 Min FICO for a Streamline Refinance is 680 			x
14	FICO – additional Overlays	No additional FICO restrictions required by GSE	<ul style="list-style-type: none"> 3-4 Unit properties require a 680 FICO HUD REO \$100 down requires a 680 FICO 	x	x	x
15	Property Condition C5	FHA will purchase a property with a C5 property condition rating if there are no health, hazard or safety issues	C5 property condition ratings are ineligible	x		
16	Properties listed for sale / VA	Properties listed for sale in the previous 6 months, prior to the date of the application and appraisal ARE eligible	Properties listed for sale in the previous 6 months, prior to the date of the application and appraisal are NOT eligible for cash out		x	
17	Rental income is being used for the subject property, departing residence and/or additional rental properties owned by the borrower – FHA	4000.1 allows 100% of effective rental income calculation with no additional reserves	<p>SPM Overlay is in line with FHA Mortgage Letter 2020-24.</p> <p>One of the following options must be exercised:</p> <ul style="list-style-type: none"> Reduce the effective qualifying rental income calculation by an additional 25% OR Verify 6 months PITIA reserves (3-4 unit properties will always require 6 months reserves per additional SPM Overlay) <p>OR</p> <p>Verify the borrower has received the previous 2 months rental payments as evidenced by the borrower's bank stmts.</p>	x		

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	FHA	VA	USDA
18	Rental income is being used for 2-4 Unit purchase - VA Reserves and Document requirements	No additional reserves required to use rental income.	Reserves: 6 months PITIA reserves are required when using rental income to qualify a 2-unit Owner Occupied Property. *3-4-unit properties require 6 months reserves regardless of if rental income is being used to qualify Document requirements: <ul style="list-style-type: none"> Appraisal confirms that the subject property is currently rented AND Evidence that the existing lease will be transferred / assigned to the borrower along with any security deposits and / or pro-rated rents 		x	
19	Rental Income being used for OREO owned (includes departing residence)- Reserve requirement.	Reserve requirements vary based on product	6 months reserves are required for each property owned by the borrower using rental income to qualify. *Exceptions can be considered* VA/USDA		x	x
20	Rental Income being used for OREO - Document requirements	Income is calculated from sch E or lease with no additional documentation requirements.	One of the following must be provided to support current receipt of rents: <ul style="list-style-type: none"> Bank Statement showing deposit Cancelled check Other form of rent transfer (i.e. Venmo, PayPal etc.) VA/USDA		x	x

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	FHA	VA	USDA
21	Rental Income is being used for departing residence – Document requirements	Income is calculated from lease received for departing residence	<p>All the following must be provided to support receipt of rents:</p> <ul style="list-style-type: none"> • Fully Executed Lease AND • Copies of Security Deposit and/or first month rent AND • Evidence the Security Deposit and/or first month rent is deposited into the borrower’s bank account 	x	x	x
22	<p>Reserve requirements</p> <p>*Refer to the Overlays applicable to all program for possible additional reserve requirements.</p>	<p>Reserves are only required in the following circumstances:</p> <p>FHA requires 3 months PITI for 3-4 Unit properties</p> <p>VA requires 3 months when using rental income from other rental properties</p> <p>VA requires 6 months for Multi-Unit properties when the borrower will occupy one of the units and rental income is being used to qualify</p>	<ul style="list-style-type: none"> • 6 months reserves required for 3-4 Unit properties (regardless of rents used) • 2 months reserves required for HUD REO \$100 Down program • 2 months reserves required for Rate / Term Refinance transactions • 6- or 12- months reserves required whenever Self-Employed income is used (refer to Overlay item #23 below) 	x	x	x

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	FHA	VA	USDA
23	Self Employed income - Reserves and income qualifying	-100% of income can be used to qualify based off income calculation from the previous year(s) filed returns -No additional reserves required	<ul style="list-style-type: none"> Calculated self-employed income must be reduced by 25% for net income qualification AND 6 months PITI reserves are documented <u>OR</u> 100% of calculated self-employed income can be used when 12 months PITI reserves are documented 	x	x	x
24	Self Employed income - Tax return & other required documentation	Follow AUS findings	<p>2 years of tax returns are always required</p> <p>When the most recent filed tax return year is 2019 then 2019 and 2018 tax returns will be required.</p> <p>When the most recent filed tax return year is 2018 then ALL the following documentation will be required:</p> <ol style="list-style-type: none"> 2017 and 2018 tax returns AND 2019 P&L AND Most recent 4 months Business Bank statements for 2020 	x	x	x
25	Streamline / IRRRL Max LTV / CLTV and Occupancy	Non-Owner transaction types are eligible. No max LTV/CLTV	<ul style="list-style-type: none"> Owner Occupied only Max LTV / CLTV 100% Min FICO 680 	x	x	x
26	Streamline / IRRRL Credit report requirements	Mortgage only credit report is permitted	A full tri-merge credit report is required	x	x	x
27	VA Mortgage history	Allows for manual UW with a 1 x 30 within the last 12 months	0 x 30 in the last 12 months is required. No Manual UW is permitted		x	

Item	Topic	Guideline	SPM Overlay *No Exceptions permitted unless noted*	FHA	VA	USDA
28	VA Ineligible Properties	Refer to VA handbook	SPMC does not allow for any waivers of VA MPR; No excess land/multiple parcels or unimproved land; no working farms or ranches; no commercial enterprises		x	
29	USDA Condo Approval	USDA allows for condos to be FHA, Fannie Mae, Freddie Mac and VA approval	SPM will only allow for USDA condos which are Fannie Mae or FHA HRAP approved			x