



# CONFORMING PRODUCT PROFILE

Standard 30, 20, 15 year Agency Fixed (Refer to program parameters for other products and credit updates on Website)

ALL INFORMATION SUBJECT TO CHANGE WITHOUT NOTICE

[www.crescentexpress.net](http://www.crescentexpress.net)

FANNIE LTV'S (non-declining markets)			
LTV	CLTV	HMLTV	CREDIT SCORE
<b>PRIMARY 1 UNIT PURCHASE</b>			
*97%	97	97	680
>80% - 95%	95	95	640
≤80%	95	95	620
<b>PRIMARY 1 UNIT RATE TERM</b>			
>80% - 95%	95	95	640
≤80%	95	95	620
<b>PRIMARY 1 UNIT CASH OUT</b>			
>75% - 85%	85	85	680
>65% - 75%	85	85	640
≤65%	80	80	620
<b>PRIMARY 2 UNIT PURCHASE RATE/TERM</b>			
>75% - 80%	80	80	660
>70% - 75%	80	80	640
≤70%	75	75	620
<b>PRIMARY 3-4 UNIT PURCHASE / RATE TERM</b>			
> 65% - 75%	75	75	640
≤65%	75	75	620
<b>PRIMARY 2-4 UNIT CASH OUT</b>			
>65% - 75%	75	75	680
≤65%	75	75	640
<b>2ND HOME PURCHASE / RATE TERM</b>			
>80% - 90%	90	90	680
>65- 80%	90	90	640
≤65	80	80	620
<b>2ND HOME CASH OUT</b>			
>70% - 75%	75	75	680
>55% - 70%	75	75	660
≤55%	75	75	640
≤55%	75	75	620
<b>NOO 1-2 UNIT PURCHASE</b>			
1 Unit 80%	80	80	660
2 Units 75%	75	75	660
1&2 Units ≤55%	75	75	620
<b>NOO 1-2 UNIT RATE/TERM</b>			
> 55% - 75%	75	75	660
≤55%	75	75	620
<b>NOO 1 UNIT CASH OUT</b>			
>55% -75%	75	75	700
≤55%	75	75	620
<b>NOO 2 UNIT CASH OUT</b>			
>55% -70%	70	70	700
≤55%	70	70	620
<b>NOO 3-4 UNIT PURCHASE / RATE TERM</b>			
>55% - 75%	75	75	700
≤55%	75	75	620

FREDDIE LTV'S (non-declining markets)				
1 <sup>st</sup> LTV without SECONDARY FINANCING	1 <sup>st</sup> LTV with SECONDARY FINANCING	CLTV	HMLTV	CREDIT SCORE
<b>PRIMARY 1 UNIT PURCHASE</b>				
>80% - 95%	90	95	95	640
≤80%	80	95	95	620
<b>PRIMARY 1 UNIT RATE TERM</b>				
>80% - 95%	90	95	95	640
≤80%	80	95	95	620
<b>PRIMARY 2-4 UNIT PURCHASE RATE/TERM</b>				
>75% - 80%	75	80	80	660
>70%-75%	75	80	80	640
≤70%	65	80	80	620
<b>PRIMARY 1 UNIT CASH OUT</b>				
>75% - 80%	75	80	80	680
>65% - 75%	75	80	80	640
≤65%	65	80	80	620
<b>PRIMARY 2-4 UNIT CASH OUT</b>				
>65% - 75%	70	75	75	680
≤65%	65	75	75	640
<b>2ND HOME PURCHASE / RATE TERM</b>				
>80% - 90%	80	85	85	680
≤80%	80	80	80	640
<b>2ND HOME CASH OUT</b>				
>70% - 75%	70	75	75	680
>55% - 70%	70	75	75	660
≤55%	55	75	75	640
≤55%	NA	N/A	N/A	620
<b>NOO 1 UNIT PURCHASE</b>				
80%	80	85	85	660
<b>NOO 1 UNIT RATE TERM</b>				
>55% - 75%	70	75	75	660
≤55%	N/A	N/A	N/A	620
<b>NOO 1-2 UNIT CASH OUT</b>				
1Unit >70% -75%	70	75	75	700
2Units ≤70%	65	75	75	700
1&2 Units ≤55%	55	75	75	620
<b>NOO 2-4 UNIT PURCHASE / RATE TERM</b>				
>55% - 75%	70	75	75	700
≤55%	55	75	75	620

  

FANNIE / FREDDIE MAX LOAN AMOUNTS	
UNITS	MAX LOAN AMOUNT
1	\$417,000
2	\$533,850
3	\$645,300
4	\$801,950

Larger loan amounts may apply in OFHEO high cost areas, check with AE for details.

\*All loans must be approved through AUS. Max debt ratio 50% for LTVs up to 95%. Max debt ratio 45% for LTV over 95%. Approval is always subject to acceptable mortgage insurance coverage.



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For specific guidelines relating to:

**FANNIE MAE: 5-10 FINANCED PROPERTIES – (Used when the subject Property is an Investment Property or 2<sup>nd</sup> Home)** [FNMA-5-10 Financed Properties.doc](#)

### MISCELLANEOUS

- ◆ **For Second and Investor loans: For LP loans** a borrower cannot have more than 4 financed properties including primary. **For DU loans – may allow 5-10 financed properties – see link above.** Crescent may allow multiple loans to a borrower to 2 on a case-by-case.
- ◆ **Crescent will require a Net Tangible Benefit form to be completed on all Refinance Transactions (state specific forms as required). The borrower benefit requirement can be met in four different ways based on changes in the terms between the existing loan and the new loan.**
  - **Reduction in the monthly principal & interest pmt**
  - **Reduction in the interest rate**
  - **Reduction in the amortization term**
  - **Movement to a more stable product**
- ◆ **Cash Out Refinances:** Borrower must have owned property for 6 months prior to application (Fannie Mae) or 6 months prior to new note date (Freddie Mac). If borrower has been on title at least 6 months, but cannot demonstrate an acceptable continuity of obligation, the loan is considered a cash out and LTV is limited to 50% off current value.
- ◆ **Delayed Financing Exception – Fannie Mae Only:** Borrowers who purchased the subject property within the past six months are eligible for a cash-out refinance if all of the following requirements are met: <sup>1</sup> The new loan amount can be no more than the actual documented amount of the borrower's initial investment in purchasing the property plus the financing of closing costs, prepaid fees, and points (subject to the maximum LTV/CLTV/HCLTV ratios for the transaction). <sup>2</sup> The Purchase transaction was an arms-length transaction. <sup>3</sup> The transaction is documented by the HUD-1, which confirms that no mortgage financing was used to obtain the subject property. <sup>4</sup> The sources of funds for the purchase transaction are documented (such as, bank statements, personal loan documents, HELOC on another property).  
<sup>5</sup> All other cash-out refinance eligibility requirements are met and cash-out pricing is applied.  
**Note** – The preliminary title search or report must not reflect any existing liens on the subject property. If the source of funds to acquire the property was an unsecured loan or HELOC (secured by another property), the new HUD-1 must reflect that source being paid off with the proceeds of the new refinance transaction.

- ◆ **Rate / Term refinances:** 4 months ownership seasoning is required for Freddie Mac. Crescent will consider shorter timeframes for Fannie Mae as appropriate. (Unallowable refinance is when someone closes an interim loan in order to skirt agency guidelines, with the intent to refinance quickly). On a rate a term refi, borrower can payoff existing 1<sup>st</sup> lien, secondary financing that was used to purchase the property (as evidenced by a HUD 1), closing costs, prepaids, and cash to the borrower not to exceed lesser of 2% or \$2000.
- ◆ **Refinances on homes listed for sale:**  
Limited Cash Out: no specific time frame, but home must have been taken off the market PRIOR to the date of application for this loan. Value must be supported. If property was taken off the market within 30 days prior to application, we will also require an acceptable letter of explanation from the borrower as well as a statement that they do not intend to relist the property post closing.  
Cash Out: If property listed for sale in 6 months preceding application, max LTV 70%
- ◆ **Important** – PMI Certs will be ordered on construction 2-time loans just prior to closing and subject to MI restrictions at that time.
- ◆ **Manufactured Homes:** Not acceptable
- ◆ **Modular Homes:** (Off Frame) Acceptable providing comps are similar.
- ◆ **Condominium:** Established project only. Primary to 90 LTV, Second Home to 75. No Investment. All units and amenities are 100 percent complete, no more than 10 percent owned by developer. [Refer to parameters.](#) No condotels. For DU: "Spot limited" only for established projects. Must meet FNMA guides. May limit # of units Crescent will finance in a project. Targeted projects with specific marketing efforts, or if lender is named as preferred lender by the developer or HOA, project will not be eligible. No condotels.
- ◆ **Declining Market:** Any property in declining market as identified by agencies, OFHEO, or MI Company may be subject to reduction in max LTV. Agencies may allow for higher LTV/CLTV than Mortgage Insurance Companies will insure. Please visit "links" section of [www.crescentexpress.net](http://www.crescentexpress.net) for web links to Mortgage Insurance companies.

- ◆ **Converting Primary to a Second Home**  
When a borrower is purchasing a new primary residence and converting his current residence to a 2nd home, we will count both payments reserves per DU/ LP findings.
- ◆ **LP/DU-Primary Residence Converted to Investment Property** - when converting to investment property and borrower purchasing new primary residence. If LTV/TLTV/HCLTV for current primary residence is greater than 70%, rental income can't be used to qualify. Both payments (current & new) must be included in the payment to income ratio.  
If LTV/TLTV/HCLTV for current primary residence is less than 70% (as evidenced by a 2055 exterior only inspection dated within 60 days of the new Note), rental income may be used provided we have a fully executed lease and a receipt of a security deposit from tenant and evidence of the deposit into borrower's account. If this can't be documented then both mortgage payments will be used in qualifying.
- ◆ **New construction**-appraisal must be within 120 days of Note and input in AU should reflect new construction – not refinance. If over 120 days, 1004D required.
- ◆ **Data Integrity** in AU/LP system must match documents in file, regardless of feedback message i.e. income, assets, etc.
- ◆ DU Approve Eligible/LP Accept findings only, no levels, no cautions available.
- ◆ **Standard MI** for LTV's >80%. [For LPMI refer to parameters.](#)
- ◆ **All Texas Refis** - must comply with 50 (a) (6) & any owner-occupied refinance that falls under this regulation will be limited to 80% LTV, primary residence, single family unit.
- ◆ **For LP loans**, a refinance is "paying off" existing mortgage with the cancellation of the existing promissory Note and a new Note is executed by the same borrower or a previously owned free and clear by the same borrower.
- ◆ **Subordinate Liens** – new and existing for LTV's > 80%. Please check with Crescent underwriter for most recent guideline.
- ◆ **Verbal VOE's** – 10 business days prior to closing.
- ◆ **New Construction** – 1x and 2x Close and Renovation refer to [1x Close Option I](#); [1x Close Option II](#); [1x Close Renovation Option III](#); [2x Close](#)



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### MISCELLANEOUS (continued)

- ◆ Currently Crescent does not close loans in Name of Trust or LLC.
- ◆ Community second are not acceptable on purchase transactions or for resubordination on refinances.

### SELLER CONTRIBUTIONS

LTV/TLTV	PRIMARY	SECOND HOME	INVESTMENT
90.01 – 95%	3%	N/A	N/A
75.01 – 90%	6%	6%	N/A
<75%	9%	9%	2%

- ◆ Minimum loan amount for NOO properties is \$50,000.
- ◆ As a rule, Crescent does not close loans for improvements located on “leased land.” Any exceptions must go through Underwriting Manager/ Credit Risk Manager. These exceptions may only include leased land documents that have been reviewed by FNMA Legal Department.
- ◆ **Borrowers Primary Residence** – Pending Sale (will not close prior to our closing). Must count both payments in DTI.

### INCOME

A signed 4506T is required for all borrowers prior to closing & income will be verified prior to closing through the IRS. This must be completed by Crescent.

- ◆ **Self-Employed Income:**
  - Income analysis form #91 (Freddie) or a similar one will be required for all self-employed and commission income & must be in the file for underwriting.
  - When a borrower is self-employed, tax returns will be required regardless of whether or not the income is used to qualify to determine the impact of a business loss. When the loan is input in the automated system, if the borrower owns a business (even part-time) you must indicate self-employed even if the income from self-employment is not being used to qualify.
  - Length of self employment to be determined per AU findings. Document income per AU findings.
  - If the tax returns reflect a significant increase or decrease in income, additional documentation must be supplied to support the income is stable and likely to continue for the next 3 yrs. This may be additional yrs tax returns, etc.
  - When the tax return reflects a loss that could have a negative effect on household income, even if it is from a non-purchasing spouse, the U/W will evaluate to see what impact this will have on the ability to meet their housing expense.
  - Additional income the borrower draws through his corporation, partnership or S Corporation cannot be used for qualifying if personal returns do not show a history. There must also be a reasonable expectation that the income will continue.
  - Verification of the borrower’s business existence must be verified from 3<sup>rd</sup> party sources include, but are not limited to, a regulatory agency, phone directory, internet, directory assistance, licensing bureau, etc. This function will be done by Crescent.
  - Commission Income – Generally 2 years commission is needed to obtain AU approval. Document per AU findings. Employee paid expenses must be deducted from borrower’s gross commission income. Income calculations will be based on agency guides & could fluctuate based on frequency of receipt.

- ◆ **Other Income:**
  - A 2-yr history of employment/income will be reviewed. A written note must be in the file either on the transmittal or a separate attachment reflecting how income used to qualify the borrower was calculated. For overtime, hourly, part-time income, etc. this can be from the processor to reflect income used to input in LP/DU. The income/employment must be stable & likely to continue for at least the next 3 yrs. Income received for less than 2 yrs is generally not acceptable, but will be reviewed on a case-by-case basis & may require additional documentation.
  - When grossing up tax exempt income to qualify, documentation such as tax returns **must** be in the file to support the income that is not taxable. If documentation is not available, the tax exempt income cannot be grossed up.
  - **Freddie Mac: Income from alimony, child support or separate maintenance requires documentation showing that the payer was obligated for payments for the most recent 12 mos. & payments will continue for the next 3 yrs. Document per AU findings. If payer was obligated for less than 12 mos., but not less than 6 mos., income used to qualify may be considered if the amount of the monthly payment does not exceed 30% of the borrower’s qualifying monthly income.**
  - **Fannie Mae: Provide documentation per the DU findings for alimony, child support or separate maintenance income.**
  - When the 1003 reflects a borrower is separated, the underwriter will request the written agreement (if applicable) to establish the borrower’s financial position. If a separation agreement is not applicable, the underwriter may ask for an affidavit from borrower to determine if there are any obligations that may be a potential risk.
  - Housing/parsonage allowance, royalty income & notes receivable must have been received for 12 mos. & will continue for 3 yrs.
  - Capital gains, public assistance income, foster care income & dividend & interest income must have been received for most recent 2 yrs & will continue for 3 yrs at same level as income used to qualify.
  - Trust income must continue for at least the next 3 years (but no history is required).
  - Significant increases or decreases in income must be carefully analyzed. All income used to qualify must be documented to be stable & anticipated to continue for the foreseeable future.



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### INCOME (continued)

#### Examples:

1. Borrower received a one-time incentive payment that brought their earnings up from previous earnings.
  2. Borrower had an injury that prevented him from working or earning income but back on job (previous earnings may be lower).
- For a newly employed borrower that has less than 2 yrs. Employment & income history, income may be used to qualify if documentation is in file to support the borrower was either in school or in a training program immediately prior to the current employment history.
  - Borrowers who are re-entering the workforce & have less than 2 yrs. employment/income history, the income may be used if the borrower has been at current employer for a minimum of 6 mos. & we document borrower had previous employment in the same field. Borrowers will need to document the reason they have not been employed during the last 2 yrs.
  - Rental Income: This income will be determined by actual cash flow from Schedule E. Reserves must be documented per AU findings. If Schedule E does not reflect rental property because the property was acquired after that tax yr, form 998 (operating income statement) may be used if the rental income is from the subject or a signed lease for other REO may be used (75% of the gross rental income less PITI is used for qualification). Rental income generated from borrower's 2<sup>nd</sup> home may not be used to qualify.
  - Automobile Allowance: Must have a 2 yr. consecutive history of receiving it & evidence the allowance will continue for 3 more yrs. The full amount of the allowance may be added to the borrower's income & the full amount of the lease or financing amount is added to the monthly obligations. Any associated business expenditures must be calculated in the borrower's debt-to-income ratio.
  - In order to count salary increases when running LP loans, you must obtain in writing the amount & effective date of the increase. The effective date must be no more than 90 days after the Note date. Crescent must obtain a verbal VOE within 10 business days prior to the Note date with documentation per the guide. LTV's > 80% are subject to MI Guides.

- When in putting a loan in LP or DU, if a borrower will be on the loan, but not using their income to qualify & they are self-employed or have a small company on the side in addition to a full time job, you must still input the borrower as self-employed.
- LP only - purchase single family, primary residence, for future employment – to use as effective income, you must provide a signed offer letter by all parties. This offer letter must be non-contingent. The time frame between the Mortgage Note date and the start of employment must not exceed 90 days. Borrower must have adequate cash reserves after the Note date to pay the monthly principal & interest, taxes & insurance during the 3-mo. employment gap plus 3 additional mos (6 mos). A verbal VOE for the current employment within 10 business days of the Note date must be obtained by Crescent. LTV's > 80% are subject to MI Guides.

### ASSETS

- ◆ A gift letter, signed by the donor, will be required regardless of the AU findings.
- ◆ **Retirement Accounts:**  
Can be used for closing requirements or considered as reserves under certain circumstances. You must use the borrower's vested balance in the account & subtract any outstanding loans that are secured by the account. Then 60% of the remaining balance can be considered for U/W (or the net balance minus the minimum federal income tax withholding required by the IRS).
- ◆ Crescent will require proof of liquidation of funds from stocks, bonds & retirement accounts when using for closing or down payment.
- ◆ Document source of funds for large deposits in any account.
- ◆ Document source of funds for earnest money.
- ◆ If a self-employed borrower is using funds from a business account for closing, we will require a letter from his/her accountant confirming that the borrower has unrestricted access to the funds & that the withdrawal of the funds will not have a detrimental effect on the business. The accountant cannot be an interested party to the transaction and cannot be related to the borrower.
- ◆ **Reserves:**  
When the borrower will own 5-10 properties (including the subject):
  - 2 mos. On subject if it is a 2<sup>nd</sup> home.
  - 6 mos. On subject if it is an investment property.
  - 6 mos. On each other financed 2<sup>nd</sup> home or investment property.All reserves must be liquid & available without penalty. The "housing expense" for purposes of determining sufficient reserves, must include:
  - Principal
  - Interest
  - Hazard Insurance
  - Flood Insurance
  - Mortgage Insurance



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### ASSETS (continued)

- ◆ **Reserves (continued)**
  - Taxes
  - Ground Rent
  - Special Assessments
  - Owners Association Dues
  - Subordinate Financing when applicable
- ◆ Any funds needed at closing must be verified. Reserves verified as needed per findings.

### CREDIT

- ◆ All revolving debt less than 10 mos. will be included in DTL. If the payment is not on the credit report & cannot be verified, 5% of the outstanding balance must be used to qualify.
- ◆ Crescent will include any installment debts less than 10 mos. that could impact the borrower's ability to pay his mortgage payments in the debt ratio unless 6 mos. reserves can be documented to offset that payment regardless of the AU findings. This includes car payments, car leases, etc.
- ◆ Inquires on the credit report generally reflect the borrower's request for new or additional credit. Inquiries within the last 120 days must be addressed by creditor or a signed statement from the borrower & carefully reviewed when underwriting the loan. Any material discrepancy from the initial application & information in the credit report must be explained with a written statement in the file from the underwriter.
- ◆ Any mortgage debt not shown on the credit report must be verified.
- ◆ For all conventional LTV's, Crescent will require 3 tradelines unless one tradeline is a large installment debt or a mortgage debt, for LTV's > 80% MI rules will also apply. The borrower must have sufficient credit history to reflect their ability to maintain payments in a timely manner.
- ◆ Verbal VOE's will be performed by Crescent on all loans within 10 days prior to closing. Crescent to document source of the information. Cannot use source supplied by broker/correspondent/borrower.
- ◆ Age of Credit Docs – 90 days.
- ◆ Debts with secured assets – may not count in debt ratio as long as the loan is secured by the financial asset & was made by a financial institution. Assets that exceed the loan balance available to borrower may be considered.
- ◆ Installment debt with deferred payment – must be included in debt ratio calculation.
- ◆ Contingent Liability – to disregard this liability, you must have evidence showing debt paid by someone other than our borrower & evidence of clean 12mos. pay history.
- ◆ Crescent will comply with agency guides to insure good quality loans are being made. These steps include: checking social security numbers, verifying identity, validation of qualified parties to the transaction & determine if the borrower acquired any additional undisclosed debt prior to closing.

- ◆ Prior to the loan closing, Crescent will use a 3<sup>rd</sup> party vendor who will "refresh" the borrowers' liabilities. This will not have any impact on the borrowers' credit score. If the "refresh" reflects debts that could impair the initial underwriting decision, the loan will be required to go back to the underwriter for review. If the "refresh" does not reflect additional liabilities, the loan will proceed through the closing process. It is very important you counsel the borrowers at the time of the initial loan application to encourage all liabilities be disclosed & for them not to incur any additional liabilities prior to closing.
- ◆ For Correspondent Customers who have the ability to draw their own closing documents, Crescent is the underwriter, it is imperative a "refresh" be done by Crescent prior to your closing. The underwriter will note this as a prior to closing condition and you must inform Crescent of your anticipated closing date so that we may "refresh" credit prior to closing. Failure to inform Crescent may result in a non-purchasable loan.
- ◆ Crescent does not do manual underwrites – all loans must have LP "Accept" or DU "Approve Eligible;" however, a full underwrite is required as the automated system is only a tool to be used in underwriting the file. Any previous bankruptcy/foreclosure risk have been evaluated when run through the automated system.
- ◆ Non-Traditional credit not acceptable.
- ◆ A borrower who has been late on mortgage payments in the last 12 months & displays a poor credit history risk could be denied regardless of AU findings.
- ◆ Due to more strict underwriting requirements, Crescent does not take loans when the borrower has had a "short sale" on previous home.



#### APPRAISAL

- ◆ Loans run through DU that receive an excessive value warning or loans run through LP that have an HVE factor greater than 20% will result in at least one of the following:
  - 2<sup>nd</sup> review by an Underwriting Manager.
  - Desk Review/Field Review
  - Rejection of the appraisal if it is unacceptable.

The feedback message may be received on any new loan input in LP & on resubmissions. The HVE is an estimate & you will more than likely see a difference between the HVE & the appraised value; however, if Y5 or Y6 is in the feedback message, this may be an indication the value and/or purchase price may be excessive.

**IMPORTANT – THE HVE POINT VALUE ESTIMATE SHOULD NOT BE SHARED WITH THE APPRAISER & SHOULD BE TREATED AS CONFIDENTIAL AS YOU MUST STILL COMPLY WITH THE APPRAISER INDEPENDENCE POLICY.**

- ◆ [LP-HVE Value Estimates Memo dated 3-10-10](#)
- ◆ Resubmissions – Please keep in mind, it is very important to input correct information when running LP/DU as each resubmission is subject to being updated. This can be very critical - the closer you get to closing & re-doing the GFE, another appraisal may be required. Agency databases are updated regularly.
- ◆ Full appraisal required regardless of AU findings unless the loan is run through DU with PIW or 2075 option given. Refer to – [Bulletin 10-08-10](#) for more details.
- ◆ All appraisal requests will be placed through Crescent with exception of a Correspondent Customer who closes in their name and the Correspondent's policies & procedures have been approved by Crescent Appraisal Department. The Correspondent will provide a Certification with each appraisal they have complied with Appraisal Independence requirements.