

Wholesale – MAXEX 7/6 & 10/6 Arm Conforming High Balance, Jumbo Not A Replacement for Reading the MAXEX Guides *																			
Program Description																			
<p>This is a Delegated Underwriting program that offers loan amounts Up to \$1.5mm based on LTV and credit score combinations shown below and, on the table included on the last pages. This program may provide better pricing for Conforming High Balance and Jumbo ARM loans.</p> <p>ENCOMPASS PRODUCT SELECTION: Loan amounts from \$400,000 to the Agency county limit must use the Conforming (High Balance) product. Loan amounts above the Agency county limit must use the Non-Conforming (Jumbo) product.</p>																			
General Eligibility																			
Product Channel	Wholesale and Non-Delegated Correspondent (NDC)																		
Term	Fixed 7yrs adjusting every 6 months thereafter for remaining 23 years Fixed 10yrs adjusting every 6 months thereafter for remaining 20 years 2.75% Margin for both Index based on the SOFR index figure in effect on the day that is 45 days before the interest rate adjustment date Rate Caps are 5/1/5 (5% first adjustment; 1% subsequent adjustments; 5% life of loan cap)																		
Loan Purpose	Purchase, Rate/Term Refinance/Cash-out Refinance																		
Product Name	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">OB Name</th> <th style="width: 50%; text-align: center;">Encompass Name</th> </tr> </thead> <tbody> <tr> <td>Wholesale MAXEX High Balance 2 10yr/6m SOFR ARM</td> <td>WHL MAXEX Conforming 10yr/6m SOFR ARM</td> </tr> <tr> <td>Wholesale MAXEX High Balance 3 10yr/6m SOFR ARM</td> <td>WHL MAXEX Conforming 10yr/6m SOFR ARM</td> </tr> <tr> <td>Wholesale MAXEX High Balance 2 7yr/6m SOFR ARM</td> <td>WHL MAXEX Conforming 7 yr/6m SOFR ARM</td> </tr> <tr> <td>Wholesale MAXEX High Balance 3 7yr/6m SOFR ARM</td> <td>WHL MAXEX Conforming 7 yr/6m SOFR ARM</td> </tr> <tr> <td>Wholesale MAXEX JUMBO 2 10yr/6m SOFR ARM</td> <td>WHL MAXEX Non-Conforming 10yr/6m SOFR ARM</td> </tr> <tr> <td>Wholesale MAXEX JUMBO 3 10yr/6m SOFR ARM</td> <td>WHL MAXEX Non-Conforming 10yr/6m SOFR ARM</td> </tr> <tr> <td>Wholesale MAXEX JUMBO 2 7yr/6m SOFR ARM</td> <td>WHL MAXEX Non-Conforming 7yr/6m SOFR ARM</td> </tr> <tr> <td>Wholesale MAXEX JUMBO 3 7yr/6m SOFR ARM</td> <td>WHL MAXEX Non-Conforming 7yr/6m SOFR ARM</td> </tr> </tbody> </table>	OB Name	Encompass Name	Wholesale MAXEX High Balance 2 10yr/6m SOFR ARM	WHL MAXEX Conforming 10yr/6m SOFR ARM	Wholesale MAXEX High Balance 3 10yr/6m SOFR ARM	WHL MAXEX Conforming 10yr/6m SOFR ARM	Wholesale MAXEX High Balance 2 7yr/6m SOFR ARM	WHL MAXEX Conforming 7 yr/6m SOFR ARM	Wholesale MAXEX High Balance 3 7yr/6m SOFR ARM	WHL MAXEX Conforming 7 yr/6m SOFR ARM	Wholesale MAXEX JUMBO 2 10yr/6m SOFR ARM	WHL MAXEX Non-Conforming 10yr/6m SOFR ARM	Wholesale MAXEX JUMBO 3 10yr/6m SOFR ARM	WHL MAXEX Non-Conforming 10yr/6m SOFR ARM	Wholesale MAXEX JUMBO 2 7yr/6m SOFR ARM	WHL MAXEX Non-Conforming 7yr/6m SOFR ARM	Wholesale MAXEX JUMBO 3 7yr/6m SOFR ARM	WHL MAXEX Non-Conforming 7yr/6m SOFR ARM
OB Name	Encompass Name																		
Wholesale MAXEX High Balance 2 10yr/6m SOFR ARM	WHL MAXEX Conforming 10yr/6m SOFR ARM																		
Wholesale MAXEX High Balance 3 10yr/6m SOFR ARM	WHL MAXEX Conforming 10yr/6m SOFR ARM																		
Wholesale MAXEX High Balance 2 7yr/6m SOFR ARM	WHL MAXEX Conforming 7 yr/6m SOFR ARM																		
Wholesale MAXEX High Balance 3 7yr/6m SOFR ARM	WHL MAXEX Conforming 7 yr/6m SOFR ARM																		
Wholesale MAXEX JUMBO 2 10yr/6m SOFR ARM	WHL MAXEX Non-Conforming 10yr/6m SOFR ARM																		
Wholesale MAXEX JUMBO 3 10yr/6m SOFR ARM	WHL MAXEX Non-Conforming 10yr/6m SOFR ARM																		
Wholesale MAXEX JUMBO 2 7yr/6m SOFR ARM	WHL MAXEX Non-Conforming 7yr/6m SOFR ARM																		
Wholesale MAXEX JUMBO 3 7yr/6m SOFR ARM	WHL MAXEX Non-Conforming 7yr/6m SOFR ARM																		
Geographic Limitations	All states where UHM is licensed are eligible																		
Occupancy	Primary residence only																		
Maximum Loan Amount	Refer to table. Loan amounts from \$400,000 to the Agency count limit must use the conforming product. Loan amounts above the Agency county limit must use the Non-Conforming product. Maximum loan amount of \$1,250,000 for First Time Homebuyer.																		
Minimum Loan Amount	\$400,000																		
Fees	\$1195 on Wholesale Underwriting \$900 on Purchase Advise for NDC <ul style="list-style-type: none"> UW Fee Buy-out option available on Wholesale Only (refer to UHMGO Quick Pricer) 																		
Escrows	No LLPA to waive escrows at 80% LTV or lower																		
Pricing/Lock Period	35, 50, 65 available Extensions subject to Maxex guides																		
Maximum LTV/CLTV/HCLTV	Refer to table																		
Eligible Property Types	<ul style="list-style-type: none"> Single Family Residence Only (includes warrantable condos, PUD, and townhomes) 																		

Ineligible Transactions & Loan Attributes	<ul style="list-style-type: none"> • Temporary Buydowns • Texas Section 50(a)(6) • Leasehold • IL Land Trusts • UHM’s Construction to Permanent • Property TBD or Lock ‘n Shop • Recasting or re-amortizing • Land contract/contract for deed • Non-Arms length transactions
Interested Party Contributions (IPC)	<p>Follow Agency Guidelines.</p>
Borrower Eligibility	
Borrower Eligibility	<p>Eligible Borrower Type. All Borrowers on the loan must meet the eligibility requirements.</p> <ul style="list-style-type: none"> • US Citizens • Borrower on the Loan must have a valid Social Security number. • All borrowers must have a credit score (agency requirement) • Non-Occ Co-Borrower allowed per AUS • Acceptable VISA types: <ul style="list-style-type: none"> • E Series (E-1, E-2, E-3) • G Series (G-1, G-2, G-3, G-4, G-5) • H Series (H-1B, H-1C) • L Series (L-1, L-1A, L-1B, Spouse L-2 with EAD) • NATO Series (NATO 1 – 6) • O Series (O-1) • TN-1, Canadian NAFTA visa • TN-2, Mexican NAFTA visa • First time Homebuyer limitations: <ul style="list-style-type: none"> • 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. Owner-occupied only. • Maximum of four borrowers per loan
Ineligible Borrowers	<ul style="list-style-type: none"> • Borrowers with only an ITIN (Individual Taxpayer Identification Number). • Irrevocable trusts. • Corporations, limited partnerships, general partnerships, and limited liability companies. • Borrowers who are party to a lawsuit. • Borrowers with Diplomatic Immunity. • Foreign Nationals
Identity of Interest and Non-Arm’s Length Transactions	<p>Loans for transactions with identity of interest or non-arm’s length characteristics are not eligible under this Program. This includes sales between family members, business associates, entities where a borrower is a principal or officer, involves the builder/developer of the subject and employee or affiliate of the builder/developer.</p>
Assignment of Sales Contract	<p>Not eligible</p>
Continuity of Obligation	<p>For a refinance transaction to be eligible for purchase there must be a continuity of obligation of the outstanding lien that will be paid through the refinance transaction. See section 7.4 for full requirements.</p>

Appraisal/ Property Eligibility	
Appraiser Requirements	<ul style="list-style-type: none"> • Full interior and exterior inspection URAR required irrespective of DU findings • PIW not allowed, even if noted on the AUS feedback • Two full appraisals required for loan amounts >\$1.5mm • Appraisals transferred or assigned from another lender are not acceptable • Condition ratings C5 or C6 or Q6 are not allowed unless the issues that caused the ratings are cured prior to loan delivery. • Properties with greater than 10 acres must have three comparables with similar acreage.
Declining Markets	<ul style="list-style-type: none"> • Reduce maximum LTV/CLTV by 10% for any property located in an area of declining property values as reported by appraiser.
Appraisal Third Party review	<ul style="list-style-type: none"> • UHM requires a CDA on all MAXEX ARM loans regardless of CU Score or Loan Amount • If the desk review produces a negative variance >5% and <=10% to the appraised value and the LTV is >75%, the loan is not eligible for purchase; however, the seller has the option to order a Field Review to support the appraised value. If the field review also produces a negative variance >5% and <=10% to the appraised value, the loan will remain ineligible for purchase if the LTV is >=80% based on the field review value.
Eligible Condo Reviews	<ul style="list-style-type: none"> • UHM responsible for determining project meets Fannie Me eligibility requirements • Must be Fannie Mae or Freddie Mac Warrantable based on AUS used • Low/mid/high-rise new and established agency warrantable condominiums. • Condominiums with HOA in litigation are ineligible. • Minimum square footage 400.
Ineligible Property Types	<ul style="list-style-type: none"> • Second homes • Investment properties • More than 20 acres • Rural property zoning • Manufactured Homes • Co-Ops • Rural or agricultural properties • Condotel, B&B, timeshares, log homes, unique properties, etc. • Properties with an Oil and gas lease • Property site not compatible with neighborhood • Refer to full list in guide
Underwriting & Compliance Requirements	
AUS	DU and LP are acceptable. Must have an approve/accept Eligible. Approve Ineligible due only to the loan amount exceeding the Agency loan limit for the subject property count and number of units or LTV exceeding maximum allowed on C/O refinance.
Qualifying Ratios and Rate	Maximum DTI is 45%. Qualify at the greater of the start rate or the fully indexed rate
Income	<ul style="list-style-type: none"> • Foreign income not acceptable • Restricted stock units not acceptable as income • Income must be from a legal source. • If a discrepancy exists between the DU or LP feedback and their guide, the guide requirements must be followed. • Commission income must be documented with a written VOE breaking down the bonus or commission income for the past 2 years or a year-to-date paystub and W-2's supporting the income.

	<ul style="list-style-type: none"> • Self Employed: If the tax return for the previous tax year is not filed a 12-month P&L and <u>balance sheet</u> for this period is required. • Unacceptable income <ul style="list-style-type: none"> • Restricted stock income (RSU). • Income that is temporary. • Rental Income (Boarder Income) received from the borrower's primary residence. • Expense account payments. • Retained earnings • Automobile allowance
Assets	Gift of equity are ineligible
Reserves	<p>The greater of the AUS reserve requirements or the reserve requirements in the Product Matrix.</p> <p>Reserves must be verified and comprised of liquid assets that borrower can readily access. Equity lines of credit, gift funds, business assets and cash out from the subject property on refinance transactions are not acceptable sources to meet the reserve requirement</p>
Credit	<p>Refer to table for minimum credit scores.</p> <p>IMPORTANT NOTE: Credit rescues are not permitted unless the rescore is correcting erroneous line items or disputed accounts.</p>
Housing Payment History	<ul style="list-style-type: none"> • A minimum of twenty-four (24) months verified housing history is required with 0 x 30 payment history. • For rental verification, a standard VOR completed by a professional management company or 24 months bank statements or canceled checks are required. • Borrowers with no mortgage/rental history due to a residence scenario requiring no mortgage or rental payments are eligible with a satisfactory letter of explanation. • If primary residence housing history reflects a forbearance arrangement, the payment history must reflect 0 x 30 in the most recent 24 months since exiting forbearance. The payment history must be provided by the lender/servicer.
Foreclosure, DIL, BK, Short Sale	At least seven (7) years must have elapsed since bankruptcy discharge or dismissal, foreclosure, notice of default (NOD), short sale or deed in-lieu measured from the date of completion to the date of application.
Tax & Insurance Escrow	<ul style="list-style-type: none"> • When flood insurance is required, an escrow/impound account must be established for payment of the flood insurance premiums on all Loans delivered to UHM, regardless of the LTV and/or federal exemptions. • Otherwise, escrows for taxes and insurance are required for all Loans with LTVs greater than 80%, except as prohibited or required by Applicable law in certain states.
Delayed Financing	Delayed financing refinances in which the borrowers purchased the subject property for cash must be within 90 days of application date. A Closing Disclosure is required to document no mortgage financing was used to obtain the subject property.
Closing Requirements	
Loss Payee & Mortgagee Clause	<p>At time of closing use UHM:</p> <p>Insurance & Title: Union Home Mortgage Corp, ISAOA/ATIMA, PO Box 1173, Sylvania, OH</p>
Power of Attorney	<p>In certain situations, a specific, special, military, or limited Power of Attorney (POA) may be acceptable.</p> <ul style="list-style-type: none"> • Use of Power of Attorneys is not allowed for transactions with any of the following characteristics (not all characteristics may be applicable to this program): cash-out refinance; non-owner occupied

	(investment) properties; title taken as trust; identity of interest or non-arm's length transactions; non-occupant Borrowers. <ul style="list-style-type: none"> The Settlement Agent must not act as the attorney-in-fact or sign documents on behalf of any party to the transaction.
UHM Closing Document Prep	All closing packages must be prepared by UHM, regardless of a correspondent's ability/approval to fund loans
Production Channel	Wholesale and Non-Delegated Correspondent (NDC)
Training	Review Product Matrixes in UHMGO
Compensation Selection	Borrower or Lender Paid Only (BPO or LPO)
Broker Compensation	Max Compensation is LPO Selection

**LTV/CREDIT SCORE
ARM – MAXEX Investor #2 & Investor #3**

PRIMARY RESIDENCE					
Purchase, Rate & Term Refinance					
Property Type	LTV/CLTV	Maximum Loan	Min Credit Score – Months Reserves	Maximum DTI	Minimum Months Reserves Greater of DU/LPA or
1 Unit, SF, PUD, Condo	80%	\$1.0mm	720	45%	6
	80%	\$1.5mm	720	45%	12
	70%	\$1.0mm	700	40%	6
Cash Out Refinance*					
Property Type	LTV/CLTV	Maximum Loan	Min Credit Score	Maximum DTI	Minimum Months Reserves Greater of DU/LPA or
1-Unit, SFR, PUD, Condo	65%	\$1.0mm	720	45%	6
	65%	\$1.5mm	740	45%	12