

Overlay/Guidance Matrix

Topic	Product	OVERLAY				
AUS (Automated Underwriting System)	USDA, Conventional, FHA and VA	AUS approval recommendation is required for all Conventional Loans.				
Appraisal	Conventional/USDA	Transferred appraisal are not accepted.				
	FHA/VA	Allied will accept an appraisal transferred in from another lender with valid case number assignment.				
Buydown	All	Allied does not offer products with temporary buydowns				
Work History	ALL	All Borrowers must have a full two year work history completed on 1003 unless retired				
Credit History	All	Non-Traditional Credit is not acceptable but may be used to strengthen a loan at request of underwriter. All borrowers must have a minimum of two scores.				
Debt to income	Conventional (Non HARP)	Follow AUS Approval				
	HomeReady	Follow AUS Approval				
	USDA	AUS Approval = follow GUS / Manual Underwrite = 41%				
	FHA (non streamline)	Follow AUS Approval				
	FHA High Balance	Max 43% back ratio				
	FHA Streamline /manual	Max 43% back ratio				
	FHA 203K	Max 55% back Ratio				
	VA	Property Type	LTV/CLTV			
		1-4 Units	100%	Conforming	AUS	Manual
			100% *	\$1,000,000	Per AUS	43%
100% **	1,500,000		NA			
* Loan amounts > conforming require 25% guaranty ** Loan amounts > \$1 million (REFI ONLY) require CDA (Desk Review) by clear capital.						
FICO Minimum	Conventional (Non HARP)	Minimum 600, High Balance 620				
	HomeReady	Minimum 620				
	USDA	Minimum 620 with GUS Accept, 640 for Manual				
	DURP	Minimum 620				
	LPOA	Minimum 620, Minimum 660 on second home / investment properties				
	FHA (non streamline)	Minimum 580, High Balance 640, Manual underwrite / downgrade 620, HUD REO / \$100 down require 620 min.				
	FHA Streamline	Mortgage only credit report with no scores				
	FHA 203K	Minimum 620, Manual UW/Downgrade not allowed				
	Non QM	Minimum 620				
	VA (Non IRRRL)	Minimum 600 with AUS Approval, Manual UW Manual Downgrades 620 High balance 640 to \$1 Million and 660 to \$1.5 Million				
VA IRRRL	Minimum 620					
Earnest Money Deposit	All	All EMD's must be sourced regardless of amount				
Marijuana Income	All	Employment or Self-Employment from Marijuana growing or dispensary whether being used to qualify is ineligible regardless if the state has legalized it. If the loan file documents any income source or the subject property is associated with growing or dispensing marijuana the loan will be ineligible.				
Tax Transcripts	All	Tax returns are are not required for borrowers whose qualifying income is generated from wageearner (W-2) with less than 25% commission or fixed income on Form 1099 Transcripts are needed for USDA Loans, Stat Bond loans, Jumbo loans, handwritten paystubs, employed by family, borrowers with > 25% commission, borrower works in title				
IRS Taxes Due	Conventional, FHA, VA	Taxes should reflect as paid on the record of Account. If unpaid, current years IRS taxes on new payment plan requires verification that all payments due have been made in a timely manner. Minimum 1 payment made. Prior Years taxes due must be either paid in full or on payment plan with Three months payments made (cannot pay in advance)				
	USDA	Taxes should reflect as paid on the record of Account. If unpaid, current years IRS taxes on new payment plan requires verification that all payments due have been made in a timely manner. Minimum 3 timely payments made. (cannot pay in advance). Prior Years taxes due must be either paid in full or on payment plan with Three months payments made (cannot pay in advance)				
Profit and Loss Statements	Conventional	A year-to-date profit and loss statement is not required for most businesses, but if the borrower's loan application is dated more than 120 days after the end of the business's tax year, the lender may choose to require this document if it believes that it is needed to support its determination of the stability or continuance of the borrower's income. Additional situations may require the UW to request a P&L to determine income eligibility at their discretion. P&L's may not be used to increase the average on the tax returns. If you have this situation please contact UW management.				
	FHA USDA VA	The Mortgagee must obtain a year-to-date Profit and Loss (P&L) statement and balance sheet if more than a calendar quarter has elapsed since date of most recent calendar or				
Reserves	All	Reserves can not come from a gift.				

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Ineligible Transactions	All	Loans secured by states where Allied is not licensed
		Loans secured by working farms
		Life Estates
		Single Close Construction Loans
		Reverse Mortgages
		Power of Attorney's not prior approved by Allied
	FHA 203K	Historical properties
		Minimum \$100k Loan Amount
		All 203ks are limited to 1 General Contractor and require a HUD Consultant, unless prior approved by Underwriting

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Gift Documentation	Conventional	<p><u>Documentation Requirements</u></p> <p>Gifts must be evidenced by a letter signed by the donor, called a gift letter. The gift letter must:</p> <ul style="list-style-type: none"> -specify the dollar amount of the gift; -specify the date the funds were transferred; -include the donor's statement that no repayment is expected; and -indicate the donor's name, address, telephone number, and relationship to the borrower. ` <p>When a gift from a relative or domestic partner is being pooled with the borrower's funds to make up the required minimum cash down payment, the following items must also be included:</p> <p>A certification from the donor stating that he or she has lived with the borrower for the past 12 months and will continue to do so in the new residence.</p> <p>Documents that demonstrate a history of borrower and donor shared residency. The donor's address must be the same as the borrower's address. Examples include but are not limited to a copy of a driver's license, a bill, or a bank statement.</p> <p>Verifying Donor Availability of Funds and Transfer of Gift Funds</p> <p>The lender must verify that sufficient funds to cover the gift are either in the donor's account or have been transferred to the borrower's account. Acceptable documentation includes the following:</p> <ul style="list-style-type: none"> -a copy of the donor's check and the borrower's deposit slip, -a copy of the donor's withdrawal slip and the borrower's deposit slip, -a copy of the donor's check to the closing agent, or -a settlement statement showing receipt of the donor's check. <p>*When the funds are not transferred prior to settlement, the lender must document that the donor gave the closing agent the gift funds in the form of a certified check, a cashier's check, or other official check.</p>

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Gift Documentation	FHA/VA/USDA	<p><u>Required Documentation</u> The Mortgagee must obtain a gift letter signed and dated by the donor and Borrower that includes the following: -the donor's name, address, and telephone number; -the donor's relationship to the Borrower; -the dollar amount of the gift; and -a statement that no repayment is required.</p> <p><u>Documenting the Transfer of Gifts</u> The Mortgagee must verify and document the transfer of gift funds from the donor to the Borrower in accordance with the requirements below. a. If the gift funds have been verified in the Borrower's account, obtain the donor's bank statement showing the withdrawal and evidence of the deposit into the Borrower's account. b. If the gift funds are not verified in the Borrower's account, obtain the certified check or money order or cashier's check or wire transfer or other official check, and a bank statement showing the withdrawal from the donor's account. If the gift funds are paid directly to the settlement agent, the Mortgagee must verify that the settlement agent received the funds from the donor for the amount of the gift, and that the funds were from an acceptable source. If the gift funds are being borrowed by the donor and documentation from the bank or other savings account is not available, the Mortgagee must have the donor provide written evidence that the funds were borrowed from an acceptable source, not from a party to the transaction. The Mortgagee and its Affiliates are prohibited from providing the loan of gift funds to the donor unless the terms of the loan are equivalent to those available to the general public. Regardless of when gift funds are made available to a Borrower, the Mortgagee must be able to make a reasonable determination that the gift funds were not provided by an unacceptable source.</p>
Paystubs	All	Paystubs are required within 30 days of closing. This can be from the latest date on the paystub (either period end or pay date)
Gift from Non Borrowing Spouse	All	Funds coming from a non borrowing spouse must be treated as gifts when the borrower is not on the asset statement and documented as such
Cash out Letter	All	Cash out letter is required when cash out is greater than 15% of the loan amount.
Unreimbursed Business Expenses	Conventional/VA	2106 Expense must be counted against the borrower's DTI as a reduction in income if the borrower is > 25% commissioned employee.
	USDA, FHA,	2106 Expenses must be counted against the borrowers DTI as a reduction in income regardless of pay type.
Self Employment Loss from Secondary Employment	Conventional	When tax returns show a self employment loss for the borrower from a secondary source of income and they earn their primary income from a W2 job , the resulting loss must be counted against the borrowers income unless we can show likelihood that the loss will not continue or was a one time event. Fannie Has a provision that allows us to not
	FHA/VA/USDA	When tax returns show a self employment loss for the borrower from a secondary source of income and they earn their primary income from a W2 job , the resulting loss must be counted against the borrowers income unless we can show likelihood that the loss will not continue or was a one time event.
Free and Clear Property	All	If borrower owns a Free and Clear property. A Lien search is required to show the property is free and clear. If you cannot obtain a lien search reach out to Scenario Desk for
Topic	Product	GUIDANCE
Waiting Periods for Significant Derogatory Events	Conventional	<p>Bankruptcy (Chapter 7 or 11) A four-year waiting period is required, measured from the discharge or dismissal date of the bankruptcy action.</p> <p>Bankruptcy (Chapter 13) A distinction is made between Chapter 13 bankruptcies that were discharged and those that were dismissed. The waiting period required for Chapter 13 two years from the discharge date, or four years from the dismissal date. *The shorter waiting period based on the discharge date recognizes that borrowers have already met a portion of the waiting period within the time</p> <p>Foreclosure</p> <p>A seven-year waiting period is required, and is measured from the completion date of the foreclosure action as reported on the credit report or Pre-Foreclosure Sale / Short Sale / Deed in Lieu</p> <p>A four-year waiting period is required from the completion date of the deed-in-lieu of foreclosure, preforeclosure sale, or charge-off as reported on the Foreclosure and Bankruptcy on the same mortgage.</p>

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Waiting Periods for Significant Derogatory Events	FHA	<p>Bankruptcy (Chapter 7 or 11)</p> <p>The Mortgagee must document the passage of two years since the discharge date of any bankruptcy. If the bankruptcy was discharged within two years</p> <p>Bankruptcy (Chapter 13)</p> <p>The Mortgagee must document the passage of two years since the discharge date of any bankruptcy. If the bankruptcy was discharged within two years</p> <p>Foreclosure / Short Sale / Deed In Lieu</p> <p>The Mortgagee must manually downgrade to a Refer if the Borrower had a foreclosure in which title transferred from the Borrower within three years of</p> <p>Foreclosure and Bankruptcy on the same mortgage.</p> <p>The Mortgagee must apply separate waiting periods for the Bankruptcy and Foreclosure.</p>
Waiting Periods for Significant Derogatory Events	FHA	<p>Bankruptcy (Chapter 7 or 11)</p> <p>A two year waiting period is required, measured from the discharge or dismissal date of the bankruptcy action.</p> <p>Bankruptcy (Chapter 13)</p> <p>A distinction is made between Chapter 13 bankruptcies that were discharged and those that were dismissed. The waiting period required for Chapter 13</p> <ul style="list-style-type: none"> -the applicant must have made a minimum of 12 months payments into BK and, - must have the permission of the Trustee or Judge to enter into new credit. <p>Foreclosure / Short Sale / Deed In Lieu</p> <p>A two year waiting period is required, measured from the date of the foreclosure action.</p> <p>Foreclosure and Bankruptcy on the same mortgage.</p> <p>The Mortgagee must apply separate waiting periods for the Bankruptcy and Foreclosure.</p>
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Full Access Letter on Joint Accounts for Non borrowers.	Conventional	Full access letter is required for all joint accounts when the joint account holder is not a party to our transaction unless the account is joint with the
	USDA, FHA, VA	Full access letter is required for all joint accounts when the joint account holder is not a party to our transaction.
IRS Tax Liens	All	All tax liens must be paid in full at or prior to Closing. If taxes are due but not a lien yet, they must be paid at or prior to closing unless the borrower is on an approved IRS payment plan and can verify payments have been made. IF the taxes are for the current year, 1 payment must have been made. For previous years 3 monthly payments must have been
Solar Panels	FHA/VA	Properties with Solar Panels - Panels must be owned or financed. Leased equipment is ineligible for financing.
Solar Panels	Conventional, USDA	<p><u>Properties with Solar Panels</u></p> <p>Allied Mortgage will purchase or securitize a mortgage loan on a property with solar panels. If the property owner is the owner of the solar panels, standard eligibility requirements apply (for example, appraisal, insurance, and title).</p> <p>If the solar panels are leased from or owned by a third party under a power purchase agreement or other similar arrangement (title will show UCC liens regarding the leases), the following requirements apply (whether to the original agreement or as subsequently amended).</p> <p>The property must maintain access to an alternate source of electric power that meets community standards.</p> <p>The monthly lease payment must be included in the debt-to-income (DTI) ratio calculation unless the lease is structured to</p> <ul style="list-style-type: none"> · provide delivery of a specific amount of energy at a fixed payment during a given period, and · have a production guarantee that compensates the borrower on a prorated basis in the event the solar panels fail to meet the energy output required for in the lease for that period. <p>Payments under power purchase agreements where the payment is calculated solely based on the energy produced may be excluded from the DTI ratio.</p> <p>The lease or power purchase agreement must indicate that</p>
PUD Requirements	Conventional	<p>Unit securing the mortgage must be complete.</p> <p>Home owners Insurance policy must meet Fannie/Freddie insurance requirements</p> <p>In addition to normal insurance requirements HOA must have \$1 million liability coverage for any common areas (ie parking lots, playgrounds, clubhouse</p> <p>Confirmation from HOA that past due HOA fees in instance of foreclosure do not exceed 6 months.</p>
	FHA/VA/USDA	<p>Unit securing the mortgage must be complete.</p> <p>Home owners Insurance policy must meet Agency insurance requirements</p> <p>In addition to normal insurance requirements HOA must have \$1 million liability coverage for any common areas (ie parking lots, playgrounds, clubhouse</p>

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Non Us Citizen	All	<p>Required Visas All non-permanent resident aliens must provide evidence of a valid, acceptable visa or an Employment Authorization Document (EAD). A copy of the unexpired visa (see Expired Visa Requirements below) or EAD must be included in the Loan file.</p> <p>Eligible Visa Classes</p> <p>Expired Visa Requirements A borrower with an expired visa may be considered, subject to each of the following:</p> <ul style="list-style-type: none"> - Visa classification is one of the eligible visas listed above. - Confirmation that the borrower has submitted an application for extension of the visa or an application for a green card. Documentation includes, but is not limited to: <ul style="list-style-type: none"> ● USCIS Form I-797 (issued when an application or petition is approved). ● USCIS Form I-797C or I-797E (must not state that the application has been declined). ● Application for extension of current visa (USCIS Form I-539 or equivalent) or copy of application for green card (USCIS Form I-485 or equivalent) and ● If the borrower is sponsored by the employer, the employer may verify that they are sponsoring the visa renewal. <p>Employment Authorization Document (EAD)</p> <p>A current (unexpired) Employment Authorization Document (EAD) issued by United States Citizenship and Immigration Services (USCIS) may be provided. If the EAD will expire within one year, the following must be provided:</p> <ul style="list-style-type: none"> ● One previous EAD renewal must be documented, or ● If there are no prior EAD renewals, the likelihood of renewal must be determined based on the information from the USCIS.
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<p>Future Employment (Job Offers)*</p>	<p>Conventional</p>	<p>Option 1 - Loan Delivered after the borrower starts employment The lender must obtain an executed copy of the borrower's offer or contract for future employment and anticipated income</p> <p>Prior to delivering the loan, the lender must obtain a paystub from the borrower that includes sufficient information to support the income used to qualify</p> <p>Option 2 -- Loan Delivered Prior To Borrower Starting Employment This option is limited to loans that meet the following criteria:</p> <ul style="list-style-type: none"> purchase principal residence, one-unit property, the borrower is the borrower is <p>The lender must obtain and review the borrower's offer or contract for future employment. The employment offer or contract must clearly identify the employer and the borrower, be signed by the employer, and be accepted and signed by the borrower;</p> <p>clearly identify the terms of employment, including position, type and rate of pay, and start date; and</p> <p>be non-contingent. Note: If conditions of employment exist, the lender must confirm prior to closing that all conditions of employment are satisfied either by verbal verification or written documentation. This confirmation must be noted in the mortgage loan file</p> <p>The employment start date as shown on the employment offer or contract must be within 60 days of the note date.</p> <p>The lender must document, in addition to the amount of reserves required by DU or for the transaction, one of the following:</p> <p style="padding-left: 40px;">Financial reserves sufficient to cover principal, interest, taxes, insurance, and association dues (PITIA) for the subject property for six months; or</p> <p style="padding-left: 40px;">Financial reserves or current income sufficient to cover the monthly liabilities included in the debt-to-income ratio, including the PITIA for the subject property, for the number of months between the note date and the employment start date, plus one. Current income refers to income that is currently being received by the borrower (or coborrower), may or may not be used for qualifying, and may or may not continue after the borrower starts employment under the offer or contract. Current income may be used in lieu of or in addition to financial reserves. For this purpose, the lender</p> <p>The Lender must deliver sith special feature code 707</p> <p style="text-align: right;">*Requires Management approval and lock must extend through delivery date.</p>
<p>Future Employment (Job Offers)*</p>	<p>USDA, FHA, VA</p>	<p>The lender must document that the income is guaranteed to begin within 60 days of closing and must not be from a family owned business</p> <p>The Mortgagee must verify and document the existence and amount of Expected Income with the employer in writing and that it is guaranteed to begin within 60 Days of mortgage closing.</p> <p>Any and All contingencies listed on the offer letter must be either met or waived.</p> <p>Income is calculated in accordance with the standards for the type of income being received. The Mortgagee must also verify that the Borrower will have sufficient income or cash Reserves to support the Mortgage Payment and any other obligations between mortgage closing and the beginning of the receipt of the income.</p> <p style="text-align: right;">*Requires Management approval and lock must extend through delivery date.</p>



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