



**SOUTHPOINT**  
FINANCIAL SERVICES, INC.

# CONVENTIONAL

PROGRAM GUIDELINES AND MATRICES



# CONVENTIONAL LTV/CLTV MATRICES

Minimum credit score is determined by DU or LP

## Max Fixed Rate LTV/CLTV

## Max ARM LTV/CLTV

	Purpose	Conf. / High Balance	Units	Fannie DU	Freddie LP	Fannie DU	Freddie LP	
Primary Residence	Purchase, Rate/Term	Conforming	1	97 <sup>1</sup> %	95%	95%	95%	
			2	85%	80%	85%	80%	
			3-4	75%	80%	75%	80%	
	Purchase, Rate/Term	High Balance	1	95%	95%	95%	95%	
			2	85%	80%	85%	80%	
			3-4	75%	80%	75%	80%	
	Cash Out <sup>4</sup>	Conforming	1	80%	80%	80%	80%	
			2-4	75%	75%	75%	75%	
	Cash Out <sup>4</sup>	High Balance	1	80%	80%	80%	80%	
			2-4	75%	75%	75%	75%	
	2 <sup>nd</sup> Home	Purchase, Rate/Term	Conforming	1	90%	85%	90%	85%
		Cash Out	Conforming	1	75%	75%	75%	75%
Purchase, Rate/Term		High Balance	1	90%	80%	90%	80%	
Cash Out		High Balance	1	75%	75%	75%	75%	
Investment	Purchase	Conforming	1	85%	85%	85%	85%	
			2-4	75%	75%	75%	75%	
	Rate/Term	Conforming	1	75%	85%	75%	85%	
			2-4	75%	75%	75%	75%	
	Cash Out	Conforming	1	75%	75%	75%	75%	
			2-4	70%	70%	70%	70%	
	Purchase	High Balance	1	85%	85%	85%	85%	
			2-4	75%	75%	75%	75%	
	Rate/Term	High Balance	1	75%	85%	75%	85%	
			2-4	75%	75%	75%	75%	
	Cash Out	High Balance	1	75%	75%	75%	75%	
			2-4	70%	70%	70%	70%	

1 - LTV, CLTV, and HCLTV Ratios greater than 95%: These transactions are not permitted for high balance or loans with non-occupant borrower. For purchase transactions, at least one borrower must be a first-time homebuyer. For limited cash out, Fannie Mae must be the owner of the existing mortgage. | 2 - LTV/CLTV restrictions may apply based on borrower's credit history. Refer to Agency Guidelines for details. | 3 - Manufactured Housing is only available through Fannie Mae and Max LTV/CLTV is 95% (Singlewide Homes are not eligible) | 4 - Manufactured Housing Max Cash Out LTV is 65%

*If not addressed below, Southpoint Financial follows Fannie Mae and Freddie Mac guidelines without overlay.*

### *Age of Documents*

#### Fannie Mae:

All credit documents - Credit, Paystubs, Bank statements, Title good for 120 days; Appraisal good for 120 days.

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#### Freddie Mac:

- Follow Fannie Mae

### *Business Purpose Loans Non-Owner Occupied Only*

#### Refinance:

- Executed Lease agreement
- If short term rental, confirmation of listing on short term rental site
  - Income must be reported on tax returns. Leases not permitted.
- Tax return showing rental income on sch E
- If property not owned during previous Tax filing year, then

must provide proof of receipt of both Security Deposit and Rental Income

◦ Must be Arms-Length tenants.

- Require signed Borrower Certification of Loan Business Purpose, provided with Initial Disclosures and;
- Require signed and notarized Borrower Certification of Loan for Business purpose executed at closing
- Appraisal requirements follow agency guidelines

#### Purchase:

- Proof of transfer of security deposit on Final CD, if property is currently rented
- Borrower must own current primary residence
- Require signed and notarized Borrower Certification of Loan for Business Purpose (included in Initial Disclosures and Closing packages)
- Appraisal requirements follow agency guidelines





## *Credit Score Eligibility in DU (Fannie Mae Only)*

For loan casefiles with more than one borrower, DU will now use an average median credit score as follows, when determining if a loan casefile meets the minimum credit score requirement of 620:

- First, DU will determine each borrower's applicable credit score (middle of the three scores received, or the lower of the two when only two scores received).
- Second, DU will average the applicable credit scores for all borrowers on the loan casefile to determine if the 620-credit score requirement is met.
- Example:
  - o Borrower 1 mid FICO - 619
  - o Borrower 2 mid FICO - 693
  - o Average median credit score - 656 (average of 619 and 693)
    - DU will average the borrowers' applicable credit scores to ensure a minimum 620 credit score for the DU loan casefile.
    - DU's average median credit score will only be used in the eligibility assessment. The representative credit score will continue to be used for pricing

## *Escrow Holdbacks*

No escrow holdbacks allowed

## *Income, Assets and Property Related to Illegal Activities*

If the income or asset source is not acceptable under all laws, such as income generated through marijuana sales, then the loan is ineligible for Southpoint Financial; this includes both self-employed borrowers and wage earners working for a company. Likewise, all use of the subject property must be in compliance with all laws. Properties that have mixeduse that do not meet all local, state or federal laws are ineligible for Southpoint Financial.



## Minimum Loan Amount

### Fannie Mae:

- \$50,000
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### Freddie Mac:

- Follow Fannie Mae

## Ineligible Property Types

### Fannie Mae:

- Condition Rating of C5/C6 or a Quality Rating of Q6
  - Condominium Conversions that were converted within the last three years
  - Condotels/Hotel Condominiums
  - Cooperatives • Geodesic Domes
  - Home Possible Financing
  - Land Trust • Log Homes
  - Mobile Homes
  - Singlewide Manufactured Homes
  - Property currently in litigation (see condo for additional information)
  - Timeshares • Unimproved Land
  - Working Farms and Ranches
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### Freddie Mac:

- Follow Fannie Mae

## Texas 50(a)(6)

### Fannie Mae:

- Texas 50 (a)(6) Refinance mortgages are eligible:
    - Owner Occupied 80% LTV/CLTV
    - 3% Fee restriction in accordance with Texas Constitution.
    - Full Appraisal Required
    - No new secondary financing
    - Power of Attorney not allowed
    - Max 10 acres
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### Freddie Mac:

- Follow Fannie Mae
- Non-Occupant Co-Borrower not allowed

## Underwriting

### Fannie Mae:

- All loans must be approved by DU. No Manual underwrites.
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### Freddie Mac:

- All loans must be approved by LP. No Manual underwrites.

## PRODUCT CODES

### *Fannie Mae*

30 Year Fixed	CF30
20 Year Fixed	CF20
15 Year Fixed	CF15
30 Year Fixed High Balance	CF30HB
20 Year Fixed High Balance	CF20HB
15 Year Fixed High Balance	CF15HB
5/1 ARM	CA5/1L
7/1 ARM	CA7/1L
10/1 ARM	CA10/1L
5/1 ARM High Balance	CA5/1LHB
7/1 ARM High Balance	CA7/1LHB
10/1 ARM High Balance	CA10/1LHB
Fannie Mae	Product Code
30 Year Fixed - Manufactured	CF30 MF
20 Year Fixed - Manufactured	CF20 MF
15 Year Fixed - Manufactured	CF15 MF
30 Year Fixed High Balance - Manufactured	CF30HB MF
20 Year Fixed High Balance - Manufactured	CF20HB MF
15 Year Fixed High Balance - Manufactured	CF15HB MF

### *Product Code*

### *Freddie Mac*

30 Year Fixed	CF30LP
20 Year Fixed	CF20LP
15 Year Fixed	CF15LP
30 Year Fixed High Balance	CF30HB LP
15 Year Fixed High Balance	CF15HB LP
5/1 ARM	CA5/1L LP
7/1 ARM	CA7/1L LP
10/1 ARM	CA10/1L LP
5/1 ARM	CLP5/1LHB LP
7/1 ARM	CLP7/1LHB LP
10/1 ARM	CLP10/1LHB LP

### *Product Code*

[Click to view Fannie Mae Guidelines](#)  
[Click to view Freddie Mac Guidelines](#)