



LASSEN JUMBO AUS					
Purchase / Rate & Term					
Occupancy	Property Type	Max Loan Amount <=	Max LTV / CLTV <=	Credit Score	Reserves follow the greater of the AUS reserve requirements or reserve requirements listed below:
Primary	SFR, PUD, & Condo	\$1,500,000	80%	660	LA <= \$1,000,000 - 6 Months PITI LA > \$1,000,000 <= \$2,000,000 - 9 Months PITI LA > \$2,000,000 - 12 Months PITI 2-Units Properties, All Loan amounts - 12 Months PITI
		\$2,000,000	75%	680	
		\$2,000,000	65%	660	
		\$2,500,000	80%	720	
		\$3,000,000	80%	740	
	2-Units	\$1,000,000	80%	660	
		\$1,500,000	65%	660	
\$2,000,000		60%	660		
2nd Home	SFR, PUD, & Condo	\$1,000,000	80%	660	LA <= \$2,000,000 - 9 Months PITI LA > \$2,000,000 - 12 Months PITI
		\$1,500,000	70%	680	
		\$2,000,000	55%	700	
		\$2,500,000	80%	720	
		\$3,000,000	80%	740	
Non-Owner	SFR, PUD, Condo, & 2-4 Units	\$1,000,000	70%	680	All Loan Amounts - 12 Months PITI
		\$1,500,000	65%	680	



Cash-Out					
Occupancy	Property Type	Max Loan Amount <=	Max LTV / CLTV <=	Credit Score	Reserves follow the greater of the AUS reserve requirements or reserve requirements listed below:
Primary	SFR, PUD, & Condo	\$1,000,000	75%	660	LA <= \$1,000,000 - 6 Months PITI LA > \$1,000,000 <= \$2,000,000 - 9 Months PITI LA > \$2,000,000 - 12 Months PITI 2-Units Properties, All Loan amounts - 12 Months PITI
		\$1,500,000	70%	680	
		\$2,000,000	80%	720	
		\$2,000,000	55%	660	
	2-Units	\$1,000,000	70%	680	
		\$1,500,000	55%	660	
2nd Home	SFR, PUD, & Condo	\$1,000,000	75%	700	LA <= \$2,000,000 - 9 Months PITI LA > \$2,000,000 - 12 Months PITI
		\$1,500,000	65%	700	
		\$2,000,000	75%	740	
Non-Owner	SFR, PUD, Condo, & 2-4 Units	\$1,000,000	65%	680	All Loan Amounts - 12 Months PITI
		\$1,500,000	60%	720	



LASSEN JUMBO AUS				
Available Products	Product	Qualifying Rate	Term	I.O. Term
	30 Year Fixed	Note Rate	360	N/A
APR / APOR	No higher priced covered transactions allowed. All loans must be QM Safe Harbor			
Buydown Option	<p>A buydown option is available on owner occupied and second home purchase transactions. The buydown is funded by a credit from the Seller. The buydown fund contributions can only come from the seller. The credit cannot come from realtors, loan officers, lender credit, or the borrower. The buydown is available in 2 different options: 2/1 or 1/0. The year 1 payment is based on a bought down rate, for example, on the 2/1, the first year rate is 2% below the locked rate, the year two payment is based on a rate that is 1% below the locked rate, and finally, year three payments are based on the locked rate.</p> <p>The difference between the actual payment and the payment required by the note rate is paid every month by the loan servicer from the buydown premium collected at closing. At the beginning of the year following the end of the buydown period, and thereafter, the full amortizing payment is made by the borrower. If the loan pays off prior to the end of the buydown period, the remainder of the buydown fund is credited to the borrower in the payoff calculation.</p> <p>The following terms and restrictions apply:</p> <ul style="list-style-type: none"> - The buydown is only available on Owner Occupied or Second Home purchase transactions - For qualification purposes the actual locked rate and associated payment are used - The buydown only impacts the amount of the monthly payments made by the borrower over the first 1 or 2 years depending on which option is selected - For loans with impounds/escrows: the borrower makes the full monthly payment amount for any impounds/escrows - There is no negative amortization - Buydown amount cannot exceed IPC limits - Appraisal must reflect that the IPC used to fund, or partially fund, a buydown has been included in the analysis - Purchase agreement must reflect IPC to be granted to the buyer/borrower - A Buydown agreement is signed at closing by the borrower 			
Minimum Loan Amount	\$400,000			
AUS Decision Requirements	FNMA DU is the only eligible AUS system allowed for the program DU decision needs to be Approve/Eligible or Approve/Ineligible due only to loan amount			
Secondary Financing	Only institutional or employer provided seconds are allowed			
Property Type	Single Family Residence (Detached & Attached) PUD Condo (All condo's must meet FNMA warrantable condo requirements) 2 - 4 Unit			
Ineligible Transactions	Assigned purchase agreements are not allowed Rate and term transaction with less than six months seasoning from a previous cash out, measured to note date Trust vesting on 2 - 4 Unit properties			



<p>Continuity of Obligation</p>	<p>Continuity of obligation is met when any one of the following exists:</p> <ul style="list-style-type: none"> - At least one borrower is obligated on the new loan who was also a borrower obligated on the existing loan being refinanced. - The borrower has been on title and residing in the property for at least twelve (12) months and has either paid the mortgage for the last twelve (12) months or can demonstrate a relationship (relative, domestic partner, etc.,) with the current obligor. - The loan being refinanced and the title to the property are in the name of a natural person prior to transfer. - The borrower on a new refinance transaction has been added to title through a transfer from a trust, LLC or partnership. The following requirements apply: <ul style="list-style-type: none"> - Borrower must have been a beneficiary/creator (trust) or 25% or more owner of the LLC or partnership prior to the transfer. - The transferring entity and/or borrower has had a consecutive ownership (on title) for at least the most recent six (6) months prior to the disbursement of the new loan. - NOTE: Transfer of ownership from a corporation to an individual does not meet the continuity of obligation requirement. - The borrower has recently been legally awarded the property (divorce, separation, or dissolution of a domestic partnership).
<p>Max Cash-Out</p>	<p>Loan Amount <= \$1,500,000 - \$350,000 Loan Amount > \$1,500,000 - \$500,000</p>
<p>Property Value Determination</p>	<p>Follow Fannie Mae</p>
<p>Flips</p>	<p>If a seller has taken title to the subject property within 90 days prior to date of sales contract the following requirements apply. Measurement is based on the closing date of initial transaction and the date of the fully executed purchase contract for the subject transaction.</p> <ul style="list-style-type: none"> - Property seller on the purchase contract and title commitment is the owner of record - LTV/CLTV will be based on the lesser of the prior sales price or the current appraised value <p>Note: loans that are bank or relocation sales are exempt from the above requirements.</p>
<p>Delayed Financing</p>	<p>Delayed financing transactions in which the borrower purchased the subject property for cash within 6 months from the date of the application are eligible for purchase by Morgan Stanley.</p> <p>Requirements:</p> <ul style="list-style-type: none"> - Delayed financing transactions are underwritten and priced as rate and term refinances and are not subject to cash out refinancing program limitations. Note: DU will identify the transaction as a cash-out refinance. - Incidental cash back limits apply for cash in excess of the original purchase price or appraised value (whichever is less). - The original purchase transaction must be documented by a Closing Disclosure confirming that no mortgage financing was used to obtain the subject property. - Properties located in the state of Texas must follow Texas Constitution requirements for equity refinance transactions.
<p>Texas 50(a)(6) & (f)(2)</p>	<p>Maximum LTV/CLTV: the lesser of 80% or program maximum.</p> <p>Eligible Property Types:</p> <ul style="list-style-type: none"> - 1-unit principal residence designated as the borrower's homestead under Texas law, attached or detached unit - Condominium - Planned Unit Development



Borrower Requirements	
Eligible Borrowers	U.S. Citizen Permanent Residents Non-permanent Residents
Non-Permanent Residents	Borrower must have a current two year history of working in the U.S. without any gaps in U.S. employment greater than 30 days. Valid visa types: <ul style="list-style-type: none"> - E Series (E-1, E-2, E-3) - G Series (G-12, 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 Homebuyers	Maximum loan amount \$1,500,000. Investment properties are ineligible. Borrower's living rent free must meet the following minimum tradeline requirements: <ul style="list-style-type: none"> - Minimum 3 tradelines, with at least 1 tradeline open for a minimum 24 months from the application date. - 1 tradeline must have had activity in the past 12 months from the application date. - The minimum of 3 tradelines must have had no significant adverse credit, such as charge offs or collections. - Authorized user accounts cannot be used in the determination of minimum tradelines.
Multiple Properties Owned	The lessor of six(6) or the Fannie Mae max for the transaction
Max # of Borrower's	Four(4)
Non-Occupant Co-Borrowers	Follow Fannie Mae



Credit	
Credit Score	See eligibility matrix. Rapid re-scores and credit re-pulls prior to report expiration are not allowed unless the re-score/re-pull is the result of an error on the credit report. Errors must be confirmed by the creditor.
Frozen Credit	Credit reports with bureaus identified as “frozen” are required to be unfrozen and a current credit report with all bureaus unfrozen is required.
Age of Documentation	Within 120 days of note date
Housing Payment History	<p>Mortgage:</p> <ul style="list-style-type: none"> - 0x30x12, 0x60x24, 0x90x24 <p>Rent:</p> <ul style="list-style-type: none"> - 0x30x12 <p>Lack of housing payment history must be satisfactorily explained. Acceptable explanations include:</p> <ul style="list-style-type: none"> - Borrower previously living with family member rent free. - Current primary residence owned free and clear.
Major Credit Events	<p>Significant Credit Events:</p> <p>Use of extenuating circumstances to reduce waiting period for foreclosure, bankruptcy, short sale/deed in lieu of foreclosure is not allowed. Regardless of the AUS Findings, borrowers with above credit events that are seasoned less than 7 years require the following:</p> <ul style="list-style-type: none"> - 0x30x24 rental housing history in the past 24 months - No mortgage late payments since credit event <p>Multiple Credit Events:</p> <ul style="list-style-type: none"> - Not allowed. - Credit events more than ten (10) years old from application date do not need to be evaluated or considered.
Collections & Charge Offs	Follow Fannie Mae
Required Credit History	Follow Fannie Mae
Business Liabilities	Follow Fannie Mae
Mortgage Forbearance	Borrowers who did not make payments while on a lender approved forbearance program are not allowed. This applies to any REO whether or not the property is currently owned by the borrower.
Debts Paid by Other (Contingent Liability)	Follow Fannie Mae



Income	
Debt to Income Ratios (DTI)	Max DTI is 49.990
Paying Off Debt to Qualify	Follow Fannie Mae
Income	In general follow Fannie Mae DU Findings. Note: a standalone WVOE is not allowed
Tax Transcripts	Required on all income used for qualifying
P&L's	Required when self-employment is the primary source of qualifying income
Self-Employed	Follow Fannie Mae
Maximum Number of Business Entities	<ul style="list-style-type: none"> - No limit on the number of Schedule C - A transaction may have up to two 1065 and/or 1120 entities between all the borrowers - REO held inside an entity is generally not considered an entity for this purpose provided the entity's sole activity is to hold real estate - An entity with a percentage of ownership that does not require business returns is not considered in this calculation for max number of entities - Transactions that exceed the number of entities may be approved case by case via exception
Rental Income	Follow Fannie Mae
RSU Income	Allowed
Declining Income	Follow Fannie Mae and DU
Assets	
Interested Party Contributions	Follow Fannie Mae
Business Funds	Follow Fannie Mae
Gift Funds	Follow Fannie Mae
Gift of Equity	Follow Fannie Mae
Reserves	See eligibility matrix
Source of Reserves	Checking, savings, brokerage, IRA, and 401K (if TOW allows)
Ineligible Source of Reserves	Cash out proceeds from subject, or any REO Gift funds Business funds



Property / Appraisal Information	
Acreage/ Rural	No limit. Over 10 acres requires three similar acreage comparables.
PIW	Not allowed
Recently Listed Properties	Cash out: must be off market at least six months prior to application date
Condos	Follow Fannie Mae
Ineligible Properties	<ul style="list-style-type: none"> Unique properties Working farms Income producing properties Cooperatives Condotels Manufactured homes Mixed-use properties Leasehold properties Commercial properties Condos with HOAs in litigation Properties on Indian reservations Island of Hawaii lava zones 1 and 2
Log Homes	Acceptable with similar comps which show log homes are common in the area and are market accepted
Leasehold	Not allowed
HERO / PACE / Solar Panels	Follow FNMA Any energy efficiency-based liens, like PACE or HERO, when paid off through loan proceeds, the transaction is treated like a rate & term. Cannot be subordinated.



<p>Property Zoning</p>	<p>Zoning designations are determined by the City or County based on the property location, each governing entity has their own unique zoning titles or descriptions. The property's specific zoning will describe, in general, what type of activity is allowed, and the density that is allowed. Regardless of what the zoning designation is for the subject property, the property must meet the 3 requirements listed below.</p> <ul style="list-style-type: none"> - The current usage of the subject property is residential - Residential must be an allowed usage of the subject property zoning - Residential must be the highest and best use of the subject property, as defined by the appraiser <p>As long as the property passes the 3 question test listed above, the zoning designation is acceptable.</p>
<p>Non-Residential Improvements</p>	<p>Any non-residential improvements, like shops, storage structures, barns or animal shelters must meet the criteria listed below:</p> <ul style="list-style-type: none"> - Must be minor in scope - Common for the area - They must have no impact on the property being residential in nature - They must be given only nominal contributory value by the appraiser and not impact marketability
<p>Horse Improvements</p>	<p>Must be minor in nature and consistent with owner usage only. In general, a 1 to 4 horse stable is acceptable. Small fenced off riding areas are usually acceptable. Any improvements that indicate usage for more than the owner, like grandstands, parking areas, guest quarters or excessive vehicles, will make the property ineligible. The horse improvements must meet the following test:</p> <ul style="list-style-type: none"> - Must be minor in scope - Common for the area - They must have no impact on the property being residential in nature <p>They must be given only nominal contributory value by the appraiser and not impact marketability</p>
<p>ADU</p>	<p>An accessory dwelling unit is typically an additional living area independent of the primary dwelling unit, and includes a fully functioning kitchen and bathroom. Some examples may include a living area over a garage and basement units. Whether a property is a one-unit property with an accessory unit or a two-unit property will be based on the characteristics of the property, which may include, but are not limited to, the existence of separate utilities, a unique postal address, and whether the unit is rented. The appraiser is required to provide a description of the accessory unit, and analyze any effect it has on the value or marketability of the subject property.</p> <p>If the property contains an accessory unit, the property is eligible under the following conditions:</p> <ul style="list-style-type: none"> - The property is a one-unit - The property contains only one accessory unit, multiple accessory units are not permitted - Accessory unit cannot be a manufactured home - The appraisal report demonstrates that the improvements are typical for the market through an analysis of at least one comparable property with the same use - The borrower qualifies for the mortgage without considering any rental income from the accessory unit.



Appraisal Requirements	<p>Loan Amount ≤ \$1,500,000 - one appraisal</p> <p>Loan Amount > \$1,500,000 - two appraisals</p>
Appraisal Review Product	<p>Secondary valuation requirements when 1 appraisal is required:</p> <ul style="list-style-type: none"> - CU score ≤ 2.5, or - CDA supporting appraised value <p>If the CDA returns a value that is “indeterminate” or if the CDA indicates a lower value than the appraised value and exceeds a 10% tolerance, then a field review or 2nd appraisal is required.</p> <p>It is acceptable to provide a field review or second appraisal in lieu of a CDA. The use of an appraisal review product does not relieve the Seller of its representations and warranties relating to the property and the appraisal, including the underwriting review.</p> <ul style="list-style-type: none"> - If a field review product value is more than 10% below the appraised value, a second appraisal is required. - Value will be based on the lesser of the original appraisal, field review, or 2nd appraisal.
Appraisal Age	120 days. Re-certification of value (1004d) is not allowed
Transferred Appraisals	Not allowed
Declining Property Value	For properties located within a declining market, maximum LTV/CLTV will be reduced by 10%