

Correspondent Lending Conforming Agency Overlays

May 2023



Introduction

The purpose of credit and property underwriting is to ensure that each loan meets the quality standards of AIG Asset Management (U.S.), LLC(AMG). A loan meets underwriting quality standards if the borrower's credit and capacity to make payments and the quality of the collateral are consistent with the mortgage Loan Program under which the Mortgage Loan is sold. All standards for determining stable monthly income, adequate credit history and sufficient liquid assets must be applied in the same manner to each borrower. The likelihood of timely repayment is expected to be commensurate with the credit quality of the Loan Program, and the represented value of the subject property is expected to reflect accurately its market value. A Seller is responsible throughout the life of the loan for all representations and warranties related to the data accuracy, omissions, misstatements, misrepresentations, clear title, compliance with legal and lending practice requirements, and product guidelines.

These Conforming Agency Overlays set forth the standards that apply to all conforming loan programs that may be eligible for purchase. The loan originator must have conducted all origination and underwriting procedures without regard to the borrower's race, color, religion, national origin, age, sex, marital status, handicap, income derived from a public assistance program, or status in any other class of persons protected under any applicable federal, state, or local law.

Regardless of underwriting method, additional information may be requested at the discretion of the underwriter.

For topics not specifically addressed in these Conforming Agency Overlays, Sellers should refer to the applicable agency guidelines determined by the AUS utilized.

These Conforming Agency Overlays are a part of the Correspondent Lending Seller's Guide (Seller's Guide). All capitalized terms not defined in these Conforming Agency Overlays have the respective meanings set forth in the Correspondent Lending Seller's Guide.

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These Correspondent Lending Conforming Agency Overlays (Exhibit A-1) are dated May 8, 2023. This Agency Overlay document may be updated or modified from time to time. AMG believes the information contained in this document relating to state laws and third-party requirements to be accurate and effective as of May 15, 2023. However, this information is provided for informational purposes only and may change at any time without notice. AMG is providing this information without any warranties, express or implied.

Desktop Underwriter, DU, Desktop Originator, DO, Homepath, Homestyle, and HomeReady, are marks of Fannie Mae. LPA and LCA are Freddie Mac Products.

AIG Asset Management (U.S.), LLC ("AMG" or the "Adviser") is a registered investment adviser with the U.S. Securities and Exchange Commission. AMG is an indirect subsidiary of Corebridge Financial, Inc., formerly AIG Life & Retirement. AMG provides investment advisory and asset management services to American International Group, Inc. ("AIG"), Corebridge, and their subsidiaries, which are typically insurance companies.

MC-2-A987H-1016



Occupancy Types	<ul style="list-style-type: none"> • Primary, Second Home & Investment Property 	
Maximum LTV/HCLTV	<ul style="list-style-type: none"> • 95.00% LTV/HCLTV • All files must have an AUS Approve/Eligible or Accept/Eligible 	
Loan Limits	<ul style="list-style-type: none"> • Loan Amounts Up to \$726,200. 	<ul style="list-style-type: none"> • High Balance and Super Conforming may not exceed FHFA limits and may never exceed \$1,089,300.
Product Description	<ul style="list-style-type: none"> • Conventional Conforming Fixed-Rate • 15, 20 & 30 year terms • Purchase, Rate & Term Refinance, Cash-out Refinance 	<ul style="list-style-type: none"> • Conventional High Balance/Super Conforming Fixed-Rate • 15, 20 & 30 year terms • Purchase, Rate & Term Refinance, Cash-out Refinance
Product Codes	<ul style="list-style-type: none"> • 15-year Fixed (FX15) • 20-year Fixed (FX20) • 30-year Fixed (FX30) 	<ul style="list-style-type: none"> • 15-yr High Balance/Super Conforming Fixed (HFX15) • 20-yr High Balance/Super Conforming Fixed (HFX20) • 30-yr High Balance/Super Conforming Fixed (HFX30)
Loan File Requirements	<ul style="list-style-type: none"> • Initial application must be signed and dated by the loan officer. • The terms of the closed loan must match the terms and proper version control of the final loan casefile submission to the AUS. • We will not accept the average median credit score and will continue to qualify borrower based on the lowest mid-score of all borrowers. Qualifying credit scores less than 620 are ineligible. • All borrowers (US Citizens, permanent and non-permanent residents) must have a valid Social Security number. <ul style="list-style-type: none"> ○ Permanent and non-permanent residents must have current legal residency documented as noted below: <ul style="list-style-type: none"> ▪ For permanent residents, a copy of the green card is required (front and back). ▪ For non-permanent residents, only H1B and L1 Visas are eligible. The documentation must include the borrower's name, eligible visa category, and expiration date. • Income Calculation Worksheets must be provided in each file and must include all monthly income types with calculations for each income type, and total qualifying income for each borrower. • A payment history is required on the subject loan when 15 days or more have elapsed since the first payment due date. The payment history should include all payments and disbursements from the new subject Mortgage Loan. • We will not purchase mortgage loans if any company or individual who is a material party to the mortgage loan transaction is listed on the Department of Housing and Urban Development (HUD) Limited Denial of Participation List, Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons List, the Freddie Mac Exclusionary List (if the Seller is a Freddie Mac approved Seller/Servicer with access to such list), or the General Services Administration (GSA) Excluded Party List System. All lists must be checked for all parties to the transaction. 	
Appraisal Requirements (Collateral Underwriter(CU)/ Loan Collateral Advisor (LCA) /Uniform Collateral Data Portal (UCDP))	<p>For Loans requiring an appraisal report:</p> <ul style="list-style-type: none"> • Appraisals may not be transferred from another lender, regardless of written assurances. • All appraisals in the file must contain a copy of the current appraiser's license. • CU or LCA results must be included in each loan file. • Sellers or their designated agents are required to submit appraisal data files (based on the final version of the appraisal) to <u>both</u> Fannie Mae and Freddie Mac prior to Loan purchase. • The loan file must include the final UCDP Submission Summary Report (SSR) from each agency regardless of the final Document File Status. • When a successful submission to UCDP is received by only <u>one</u> Agency, then follow the guidance below: <ul style="list-style-type: none"> ○ When using DU, a successful UCDP document file status is required from Fannie Mae. ○ When using LPA, a successful UCDP document file status is required from Freddie Mac. 	
Down-Payment Assistance Programs	<p>Down Payment Assistance Programs are eligible if all of the following requirements are met:</p> <ul style="list-style-type: none"> • First Mortgage may not be subject to any terms or conditions of a bond program and the DAP, UCAP or HAP must meet the applicable Fannie Mae requirements. • Does not restrict the transfer of servicing rights of the first Mortgage. • Does not require prior notification or approval from the sponsoring authority when the first Mortgage's servicing rights are transferred. 	
DU Day One Certainty and LPA Asset and Income Modeler (AIM)	<ul style="list-style-type: none"> • Loans using Fannie Mae Day One Certainty services (DU Validation Service, Collateral Underwriting (CU) and Appraisal Waiver/Value Acceptance, or Value Acceptance + Property Data) are eligible. • Loans using Freddie Mac LPA asset and income modeler (AIM) and automated collateral evaluation (ACE or ACE+PDR) are eligible. 	
Electronic Records and Signatures	<p>The following documents/notarizations are ineligible:</p> <ul style="list-style-type: none"> • E-Notes • E-Mortgages • E-Notarizations • Remote Notarization 	<p>Electronic signatures are ineligible for the following documents:</p> <ul style="list-style-type: none"> • Note • Security instrument • Notarized documents • Notice of Right to Cancel
Escrows/Impounds/Escrow Holdbacks	<ul style="list-style-type: none"> • Escrow waivers are not permitted for loans with an LTV over 80%, unless the subject property is located in the state of California, with an LTV of 80.01–89.99%. • Partial escrow waivers are permitted provided the loan meets escrow waiver eligibility requirements. • Escrow waivers are not eligible for MI policy premiums and flood insurance. • Property taxes assessed on a new construction property must be based on the estimated tax figure for the fully completed property. The estimated figure should be used for both the qualifying PITIA as well as the amount collected for escrowed taxes (if applicable). It is not acceptable to escrow taxes based on partially completed property tax amounts. • Escrows for elective insurance are not acceptable. Elective insurance is any coverage not required by state law or Agency guidelines. This includes escrows for flood insurance policies on properties which are not designated to be in SFHA zone A or V. 	



	<ul style="list-style-type: none"> • Escrow Holdbacks: It is the seller's responsibility to monitor and disburse the funds in escrow and provide a clear final inspection and evidence of funds released.
Flood and Hazard Insurance Requirements	<p>Seller should follow Fannie Mae guidelines as they relate to Hazard and Flood Insurance requirements, unless otherwise specified in these Guidelines and/or Correspondent Lending Seller's Guide. Flood insurance must be in force on any property located in a Special Flood Hazard Area (SFHA), as designated by the Federal Emergency Management Agency (FEMA).</p> <ul style="list-style-type: none"> • Documentation should be in the form of a declaration page or policy. • Binders are not considered acceptable evidence of insurance. • Maximum allowable deductible securing a first mortgage loan is 5 percent of the face value of the policy. • A renewal policy is required for hazard and flood insurance policies expiring within 50 calendar days from the loan closing. For purchase transactions, evidence of first year paid premium must be provided. • Flood insurance policy for each Mortgage Loan is in an amount representing coverage not less than the least of (A) the outstanding principal balance of the Mortgage Loan (plus any additional amount required to prevent the Mortgagor from being deemed a co-insurer), (B) the full insurable value of the related Mortgaged Property, and (C) the maximum amount of insurance, which was available under the Flood Disaster Protection Act of 1973, as amended. • Loans are not eligible for purchase until the required amount of coverage is in effect (any waiting periods must have expired). <p>Provide one of the following for Flood Insurance policies obtained through the National Flood Insurance Program (NFIP):</p> <ul style="list-style-type: none"> ○ Flood policy declarations page evidencing that a flood insurance policy is in force for the subject property ○ Complete flood insurance application and proof that the first year's premium has been paid in full.
Form 4506-C	<ul style="list-style-type: none"> • Fully completed and signed IRS Form 4506-C must be obtained at closing for each borrower whose income is used to qualify for the loan. The most current version of the IRS Form 4506-C must be completed and provided at the time of closing. • Additionally, when business tax returns are used in the loan decision, fully completed and signed IRS Form 4506-C is required for each business.
Ineligible Assets	<ul style="list-style-type: none"> • Assets resulting from illegal activity based on local, state, or federal authorities. • Virtual currency, such as Bitcoin, are ineligible for use in the transaction, even when liquidated. • Foreign assets (including gift funds, unless seasoned in a U.S. bank account for 90 days). • Individual Development Accounts (IDAs). • Self-directed IRAs invested in real estate are ineligible for use as reserves.
Ineligible Citizenship	<ul style="list-style-type: none"> • Individuals classified under Diplomatic Immunity. • Foreign Nationals with no residency status, Temporary Protected Status, Deferred Enforced Departure, or Humanitarian Parole.
Ineligible Credit Characteristics	<ul style="list-style-type: none"> • Credit reports with no credit score. • Credit reports with outstanding fraud alerts which have not been addressed. All fraud alert messages must be satisfactorily addressed to ensure the information presented on the loan application is true and correct. • Credit reports with partially displayed Social Security numbers. • Foreign credit reports. • Non-traditional credit reports. • We will not accept the average median credit score and will continue to qualify borrowers based on the lowest mid-score of all borrowers. Qualifying credit scores less than 620 are ineligible.
Ineligible Income Types	<ul style="list-style-type: none"> • Income resulting from illegal activity based on local, state, and federal authorities. • Income from virtual or cryptocurrency. • Loans with borrowers whose income is derived from the sale of marijuana.
Ineligible Loan Attributes	<ul style="list-style-type: none"> • Assignment of Sales Contract transactions. • Blind Trusts or properties closing with address confidentiality. • Delayed Financing. • Fannie Mae RefiNow Homepath, HomeStyle, and Home Ready Mortgage Loan Programs. (Including, but not limited to EEM Loans, Renovation Mortgages, Home Opportunities Mortgages and Rehabilitation Mortgages), Lease-purchase, Community Land Trust, and High LTV Refinance Options and HFA mortgage programs. • Forbearance: The subject loan being sold to us cannot be in forbearance, have been in forbearance, or requested forbearance. • Freddie Mac Home Possible Loans, , Refi Possible, Enhanced Relief Refinance Mortgage, Streamline Refinance Mortgages, Special Purpose Cash-out refinances, HFA mortgage programs, CHOICERenovation, GreenCHOICE mortgages and Community Land Trust. • Government backed loans (FHAVA/USDA). • HUD-184 and RD 502 Mortgages. • Land Trusts. • Leasehold estates which do not ensure Fannie Mae or AMG's first lien enforceability. • Liens (new or subordinated) using Tax Assessment or Utility Company to ensure payment. • Life estates. • Loans with a recast of the principal balance. • Loans with more than four borrowers. • Loans with temporary Buydowns or Assumptions. • Manually underwritten loans. • Negotiated Loan Credit Variances or Pilot Programs. • PACE loans. • Properties with resale deed restrictions other than those restrictions related to age.



Ineligible Loan Attributes (cont.)	<ul style="list-style-type: none"> • QM Rebuttable Presumption loans. • Short Refinance Loans or Refinance of a Restructured Loan. • Single close construction loans. • Streamlined Purchase Money Mortgages. • Subordinate liens with negative amortization. • Texas Section 50(a)(6), Texas Section 50(a)(3) and Texas Section 50(f)(2) loans. 				
Ineligible Property Locations and Types	<ul style="list-style-type: none"> • US Territories (Puerto Rico, Guam and US Virgin Islands). • Condominium projects labeled as “Unavailable” on Fannie Mae Condo Project Manager (CPM). • Co-operatives. • Group Homes. • Loans requiring exceptions from any of the following: Freddie Mac Condo Project Advisor, Fannie Mae Credit Variance Administration System, and/or Fannie Mae Project Eligibility Waiver. • Manufactured, Mobile, and Modular Homes. • Non-warrantable Condominium. • Project that contains multi-dwelling unit Condos/PUDs. • Properties considered commercial. • Properties held in the name of an LLC or Partnership. • Properties included in a rental pool. • PUDs with a blanket or pooled insurance policy. • Second homes with seasonal limitations on year-round occupancy. 				
Like-Kind Exchanges/1031 Tax Deferred	<p>AMG permits 1031 Tax Deferred Exchanges to be used towards all or part of the down payment for second home and investment property purchases only with the following restrictions:</p> <ul style="list-style-type: none"> • Reverse exchanges are ineligible because the borrower is not in title to the property at the time of Closing. • No seller provided subordinate financing. • The Loan Closing must be handled by a qualified intermediary. A qualified intermediary is an entity (usually a subsidiary of a title company) who enters into a written agreement with the taxpayer. The qualified intermediary cannot be the borrower’s agent, attorney, accountant, investment banker, or broker. This exchange agreement requires the qualified intermediary to acquire and transfer the relinquished property and to acquire and transfer the replacement property. The relinquished property is the property “sold” and the replacement property is the property “acquired.” <p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Copies of all closing documents (1031 exchange agreement, Closing Disclosure, and title transfer) and purchase agreement on the relinquished property must be in the loan file. • Both purchase agreements (relinquished and replacement properties) must contain appropriate language to identify the 1031 Tax Deferred Exchange. 				
Mixed Use Properties	<p>Mixed use properties are eligible for purchase if the nature, intent, and primary purpose of the property is residential in use.</p> <ul style="list-style-type: none"> • In general, the commercial /agricultural use should not exceed 20% of total gross living area/acreage of the property. • Income generated on property used for agricultural purposes should be minimal. • The commercial use should generate a minimal amount of traffic noise. • The room layout must be reasonable for a residential home 				
Mortgage Insurance Requirements	<p>Standard Agency MI coverage is required.</p> <table border="1" data-bbox="397 1255 1542 1459"> <tr> <td data-bbox="397 1255 625 1371">Eligible PMI Premium Plans</td> <td data-bbox="625 1255 1542 1371"> <ul style="list-style-type: none"> • Single Premium • Split Premium • Financed MI premium (LTV/HCLTV may not exceed the allowable maximum as per these Guidelines) </td> </tr> <tr> <td data-bbox="397 1371 625 1459">Ineligible PMI Premium plans</td> <td data-bbox="625 1371 1542 1459"> <ul style="list-style-type: none"> • Custom MI • Lower cost MI • Reduced MI coverage </td> </tr> </table> <p>New York State: Irrespective of the use of appraised value or sales price for determining whether mortgage insurance is required, the standard LTV ratio calculation must be used to determine the level of mortgage insurance coverage that is required on the mortgage loan.</p>	Eligible PMI Premium Plans	<ul style="list-style-type: none"> • Single Premium • Split Premium • Financed MI premium (LTV/HCLTV may not exceed the allowable maximum as per these Guidelines) 	Ineligible PMI Premium plans	<ul style="list-style-type: none"> • Custom MI • Lower cost MI • Reduced MI coverage
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Property Surveys	<p>Sellers will be required to obtain a new survey if the title company requires a new survey in order to delete an exception.</p>				
Qualified Mortgage (QM) / TRID	<ul style="list-style-type: none"> • A current compliance report with a schedule of pre-paid finance charges used in the calculation of the APR must be provided in the closed loan file to evidence a Qualified Mortgage in Compliance with Agencies, TRID, and Reg Z. • The file must contain documentation to support the borrower’s most recent rate lock date with the lender. • All loans, including investment properties, must be deemed QM Safe Harbor to be eligible for purchase. • Bona Fide Discount Points: All files must contain a Discount Point Fee Disclosure document when Discount Points must be excluded to qualify as a QM. • All Loan Estimates and Closing Disclosures provided to the borrower must be included in the closed loan package. If Draft Documents are not clearly stamped DRAFT then a signed attestation from a Vice President or higher is required to document the specific disclosure is a draft and was not provided to the borrower. • Required TRID disclosure waiting periods may not be waived. 				
Subordinate Financing	<ul style="list-style-type: none"> • Equity share or shared appreciation is ineligible. • Subordinate financing from the property seller (seller carry-back, including any property seller or other private party carried financing) 				



	<ul style="list-style-type: none"> ○ Allowed only after the borrower has made a 5% minimum down payment / cash investment. ○ Must be considered in the interested party contribution limits. ○ Should be at market rate. ● Texas refinance transactions which include the re-subordination of a 50(a)(6) second lien, may not exceed the lesser of the maximum product LTV/CLTV/HCLTV or 80% LTV/CLTV/HCLTV. <p>For new and existing Closed-End subordinate financing the following also apply:</p> <ul style="list-style-type: none"> ● Maturity date or amortization basis of the junior lien must not be less than five years after the date printed on the Note of the first lien Mortgage unless the junior lien is fully amortizing. ● The loan cannot have a balloon or call option within five years of the date printed on the Note. <p>Note: The terms of a HELOC may allow a balloon or call option within the first five years of the first Mortgage Note date.</p> <p>Home Equity Lines of Credit (HELOCs): If an existing HELOC is reduced without modifying the original Note, the original line limit must be used to calculate the HCLTV ratio.</p> <p>Documentation requirements for all subordinate financing:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> <ul style="list-style-type: none"> ● Mortgage Note </td> <td style="width: 50%; padding: 5px;"> <ul style="list-style-type: none"> ● Final Closing Disclosure evidencing proceeds (for new subordinate loans only). </td> </tr> <tr> <td style="padding: 5px;"> <ul style="list-style-type: none"> ● Subordination or Re-subordination Agreement </td> <td style="padding: 5px;"> <ul style="list-style-type: none"> ● Terms of subordinate financing must be verified in file. HELOCs with outstanding balances where payment is not verified on the credit report, provide either a current billing statement or calculate a payment using the greater of \$10 or 5% of the outstanding balance. </td> </tr> </table>	<ul style="list-style-type: none"> ● Mortgage Note 	<ul style="list-style-type: none"> ● Final Closing Disclosure evidencing proceeds (for new subordinate loans only). 	<ul style="list-style-type: none"> ● Subordination or Re-subordination Agreement 	<ul style="list-style-type: none"> ● Terms of subordinate financing must be verified in file. HELOCs with outstanding balances where payment is not verified on the credit report, provide either a current billing statement or calculate a payment using the greater of \$10 or 5% of the outstanding balance.
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Uniform Closing Dataset	<p>Include the final UCD submission response from either Fannie Mae (Successful with no fatal edit messages) OR Freddie Mac (Satisfied with no red critical messages). Sellers may provide successful/satisfied UCD submission responses from <u>both</u> Fannie Mae and Freddie Mac to forgo assigning or transferring the UCD file to AMG.</p> <ul style="list-style-type: none"> ● Transfer and/or assign of the UCD file to AMG must be completed by the loan's purchase date. ● Ensure the DU casefile ID or LPA Key ID number matches the UCD file. ● Include the latest Closing Disclosure matching the UCD file submitted to the applicable agency.
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