

Explorer Stand-Alone Second Lien

First Guaranty Mortgage Corporation®
5800 Tennyson Parkway, Suite 450 • Plano, Texas 75024
fgmc.com/maverick-solutions/



Program Requirements

Loan Eligibility

FICO Requirements	Max CLTV	Occupancy	Max CLTV	Property Type	Max CLTV
740 +	100%	Owner-Occupied	100%	SFR/Condo	100%
700 – 739	95%	Second Home	90%	2- 4 Unit	90%
680 – 699	90%				

Program Requirements

Adverse Credit	All delinquent credit including delinquent taxes, judgements, charge-off accounts, tax liens, and mechanic's lien, must be paid off prior to or at closing.
Age of Documents	Credit documents including credit reports, income, and asset documentation must be no more than 120 days old on the Note Date. All other loan documentation must follow Fannie Mae requirements.
Appraisal Requirements	<ul style="list-style-type: none"> • Combined loan amount ≤ \$1.5M - One (1) full appraisal • Combined loan amount > \$1.5M - Two (2) full appraisals • Transferred appraisals are allowed; must be on Fannie Mae approved form • FHA/VA appraisal transfers are ineligible <p>Appraisal waivers are not acceptable</p>
AUS Requirements	<ul style="list-style-type: none"> • All loans must be run through DU • DU Approve/Eligible • Approve/Ineligible is only acceptable if the ineligible reason is within the parameters detailed in this Product Guide <p>Fannie Mae DU Findings Report must be run at time of loan submission, initial underwrite and prior to final approval; findings to be included in the loan file.</p> <p>All conditions noted on the underwriting recommendation must be addressed and be in compliance with eligibility guidelines.</p> <p>Reference the Fannie Mae Selling Guide for any additional requirements not addressed in this section.</p>
Borrower Eligibility	<ul style="list-style-type: none"> • US Citizen • Permanent Resident Alien • Non-Permanent Resident Alien
Borrower Required Funds	<p>A minimum down payment of 5% of the borrower's own funds is required for any purchase transaction.</p> <p>Gift funds are ineligible</p>
Cash Out	<p>Cash Out not available in Texas</p> <p>Minimum six (6) months ownership seasoning of subject property</p> <p>If seasoning < 12 months, LTV is based on the lower of purchase price or appraised value</p> <p>Maximum cash back</p> <ul style="list-style-type: none"> • Primary Residence: \$350,000 • Second Home: \$250,000
Compliance Requirements	<p>Must comply with all State & Federal regulations</p> <p>Higher Priced Covered Transactions (HPCT) and Higher Priced Mortgage Loans (HPML) loans are eligible</p> <ul style="list-style-type: none"> • If the 2nd lien is HPML, taxes and insurance must be held in escrow on the 1st mortgage, otherwise, the 2nd lien must be non-HPML <p>Loans that violate the Home Ownership and Equity Protection Act (HOEPA) are ineligible</p>
Condominiums	<p>Must include documentation to support Fannie Mae warrantable</p> <p>Non-warrantable condominiums are ineligible</p> <p>The Uniform Underwriting and Transmittal Summary (FNMA Form 1008) must confirm that the condominium project is Fannie Mae Warrantable and indicate the type of review completed.</p>
Credit	<p>Minimum 680 FICO</p> <p>Borrower's initial application date will be used to determine seasoning for prior bankruptcy, loss mitigation, foreclosure events, etc.</p>
Credit: Bankruptcy History	<ul style="list-style-type: none"> • Chapter 7: Four (4) years from discharge date to application date • Chapter 11 and Chapter 13: Two (2) years from discharge date to application date <p>Voluntary bankruptcy dismissal dates are treated the same as discharge dates; involuntary Chapter 13 dismissal treated as Chapter 7.</p> <p>Extenuating circumstances for derogatory credit are not eligible.</p>

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Credit: Bankruptcy – Multiple	Loans to borrowers with multiple bankruptcies are ineligible regardless of the age of the bankruptcy or whether it was discharged or dismissed. The following are not considered as multiple bankruptcies: <ul style="list-style-type: none"> • When a Chapter 13 converts to a Chapter 7 bankruptcy • When individual borrowers each have filed separate bankruptcies • Bankruptcies discharged greater than 7 years ago
Credit: Major Derogatory	If a foreclosure is included in the bankruptcy, each event is treated separately for qualification determination. <ul style="list-style-type: none"> • Foreclosure, short sale and deed-in-lieu must have 4 years from completion to application date • All delinquent credit including delinquent taxes, judgements, charge-off accounts, tax liens, and mechanic's lien, must be paid off prior to or at closing
Credit: Housing/Mortgage History	0 x 30 x 12 Borrower(s) without mortgage or rent history in last 12 months are ineligible, regardless of whether have owned property clear and free. At least one (1) borrower must have a fully documented, recent, consecutive 12 month housing history.
Debt Ratios	Maximum 45% DTI
Delayed Financing	Ineligible
Escrow Holdback	No Escrow Holdbacks
Escrows	Not required on second liens
Finance Seasoning	For all refinance transactions, a minimum of six (6) months must have elapsed since the most recent financing transaction on the subject property (either the original purchase transaction or subsequent refinance). Note Date to Note Date is used to calculate the six (6) months.
First Mortgage Requirements	Must have an existing first lien or concurrently closing purchase money first lien. A first lien secured by GNMA (FHA/USDA/VA) is not eligible. <ul style="list-style-type: none"> • A copy of the first lien note is required to evidence: <ul style="list-style-type: none"> ◦ Financing must not permit the note holder to "call" the loan due within the first five years following the loan closing, except in situations where the borrower is in default ◦ Must have a minimum remaining term of five (5) years at time of close ◦ If interest only, the remaining I/O term must be a minimum of five (5) years • For a concurrent closing, the first lien approval letter and Note must support the above
First Time Home Buyer	Eligible
Foreign Income	Ineligible
Foreign National	Ineligible
Fraud Detection Tools	The loan file must include a third-party fraud detection report; red flags, discrepancies, and/or conflicting information must be resolved.
Ineligible States & Territories	<ul style="list-style-type: none"> • American Samoa • Guam • Hawaii • New York (ineligible for Retail & Wholesale) • Northern Mariana Islands • Puerto Rico • U.S. Virgin Islands
Interest Credit	FGMC will allow interest credits at closing through the seventh calendar day of the month in which the mortgage loan is closed.
Lien Position	FGMC must have second lien position UCC Filings, PACE liens, private transfer covenants, mechanics lien, and other items that would impact title, marketability or foreclosure must be satisfied prior to the Note Date
Lien Type	A stand-alone second lien is closed behind an existing first lien or concurrently closing purchase money first lien.
Loan Amount	<ul style="list-style-type: none"> • Minimum loan amount < 30-year term: \$25,000 • Minimum loan amount = 30-year term: \$50,000 • Maximum loan amount: \$500,000
Loan Purpose	<ul style="list-style-type: none"> • Purchase • Rate-Term Refinance • Cash-Out Refinance
Loss Mitigation	Four (4) years from the completion date of the derogatory credit event to the disbursement date of the new loan. Prior loss mitigation includes Deed-in-Lieu, Pre-Foreclosure, Short Sale, Notice of Default (NOD), Short Refinance, Charge-Off, and Modification.
Maximum Loans to One Borrower to FGMC	Aggregate dollar amount of all loans sold to FGMC or serviced by FGMC may not exceed \$4MM Maximum ten (10) financed properties including subject property



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Occupancy	<ul style="list-style-type: none"> • Owner Occupied • Second Home
Power of Attorney	Power of Attorney is ineligible on a cash out transaction
Pre-Payment Penalty	Prepayment penalty ineligible
Principal Curtailments	Eligible up to the lesser of 2% of the new loan amount or \$2,000 and must be clearly reflected on the Closing Disclosure. Follow Fannie Mae requirements
Product Types	Fixed Rate Full Amortization <ul style="list-style-type: none"> • 10, 15, 20, and 30 year terms available
Property Types	<p>Eligible Property Types:</p> <ul style="list-style-type: none"> • Single Family Residence • 2 -4 Units • Townhomes • Warrantable Condos <p>Ineligible Property Types:</p> <ul style="list-style-type: none"> • > 4-unit Dwellings • Bed and Breakfast Establishments • Boarding Houses • Commercial Enterprises • Condo Hotel / Condotel • Cooperative (Co-op) Properties • Group Homes • Hotels and Motels • Land Trust • Manufactured Homes • Methamphetamine Homes (unless certified safe for habitation) • Non-Warrantable Condos • Private Clubs • Properties on an Indian Reservation • Properties with Gross Living Area (GLA) less than 600 square feet per unit • Properties Located in a Declining Market per the Appraiser or 3rd Party Valuation Performed • Properties with Individual Water Purification Systems required to make the Water Safe and Potable • Sinkhole Homes • Timeshares • Transient Housing • Unique Properties (any property of unorthodox construction and where the appraiser cannot demonstrate market acceptance, i.e., container homes) • Working Farms, Ranches and/or Orchards
Qualifying Payment on First Lien	<ul style="list-style-type: none"> • The mortgage payment (PITIA) must be verified; document escrows if not included in mortgage payment • Applies to all first lien types including Fixed, ARM and Interest Only
Qualifying Payment on Second Lien	<ul style="list-style-type: none"> • Qualify using fully amortized fixed payment
Standalone Second: Ineligible 1st Lien	<ul style="list-style-type: none"> • Assignments of Contract • Negative amortization feature • Material modifications, regardless of seasoning • Amortization term greater than 30 years • Contract for Deed or Contract for Purchase • Privately held first lien • Loans with provisions prohibiting the placement of additional liens on the subject property • Loans with provisions for future advances • Loans secured by GNMA (FHA/USDA/VA)

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Program Requirements

<i>Program Requirements</i>	
Taxes and Insurance	Must verify 1st lien is escrowed or evidence homeowner's, taxes, flood (if applicable) are current. If the First lien is: <ul style="list-style-type: none"> • Impounded for taxes and insurance: No action required. • Not impounded for taxes and insurance: If the payments more than 45 days or greater from the Note Date, no action is required. • Not impounded for taxes and insurance and payment is due within 45 days of the Note Date: The file must include proof of payment, or it must be paid at closing.
	If the 2nd lien is HPML, taxes and insurance must be held in escrow on the 1st mortgage, otherwise, the 2nd lien must be non-HPML.
	The appropriate amount of hazard insurance is determined as the lesser of: <ul style="list-style-type: none"> • 100% of the insurable value of the improvements with replacement cost coverage, as established by then property insurer, or the unpaid principal balance of the first and second mortgage; or • The combined unpaid principal balance of the first and any secondary financing, as long as it equals the minimum amount required to compensate for any damage or loss on a replacement cost basis, 80% of the insured value of the improvements. If it does not, then coverage that does provide the minimum required amount must be obtained.
Title	Title insurance required

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