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LOAN PROGRAM:

- Freddie Mac® fixed rate product provides for a fixed interest rate and level payments for the life of the loan.
 - **High Balance (Super Conforming)** – Loans must meet permanent high balance parameters. Refer to **LOCK-IN/REGISTRATION** section for additional considerations.
 - **HomePossible** - <http://www.freddiemac.com/homepossible/>
- The underwriting information contained is intended for use in conjunction with Freddie Mac®:
 - **Guides** (<http://www.freddiemac.com/sell/guide/>)
 - and*
 - **Bulletins** (<http://www.freddiemac.com/sell/guide/bulletins/>); **News** (<http://www.freddiemac.com/singlefamily/news/>); & **subscribed to Bulletins** (<http://www.freddiemac.com/singlefamily/news/subscribe.html>)
 - and*
 - **Website** (<http://www.freddiemac.com/>)
 - **High Balance (Super Conforming)** (http://www.freddiemac.com/singlefamily/mortgages/super_conforming.html); **High Balance (Super Conforming) Fact Sheet** (http://www.freddiemac.com/singlefamily/mortgages/docs/super_conforming_791.pdf); & **Freddie Mac Allregs**. Refer to **LOCK-IN/REGISTRATION** section for additional considerations.
- Wintrust® Mortgage herein referred to as WM.

LOCK-IN/REGISTRATION:

- TPO Client Connect Portal Tips:
 - Loan Type – Conforming.
 - Amortization – 10, 15, 20, 25 & 30 years. Odd terms 10 – 30 years available upon request.
 - **High Balance (Super Conforming)** – 15, 20 or 30 years.
 - **Loan limits** [click here \(http://www.freddiemac.com/sell/selbuln/limit.htm\)](http://www.freddiemac.com/sell/selbuln/limit.htm).
 - **Federal Housing Finance Agency** [click here \(http://www.fhfa.gov/Default.aspx?Page=185\)](http://www.fhfa.gov/Default.aspx?Page=185).
 - **Loan Program Labels:**
 - WM_Conf_10_Fxd_LP (Refer to LIMITATIONS ON REAL ESTATE OWNED section)
 - WM_Conf_15_Fxd_LP
 - WM_Conf_20_Fxd_LP
 - WM_Conf_25_Fxd_LP (Investment Property Ineligible)
 - WM_Conf_30_Fxd_LP
 - WM_Conf_30_Fxd_2-1_BUYDOWN_LP
 - WM_Conf_5/1_LBR_2/2/5_LP
 - WM_Conf_7/1_LBR_5/2/5_LP
 - WM_Conf_10/1_LBR_5/2/5_LP
 - **High Balance (Super Conforming):**
 - WM_Conf_15_Fxd_HB_LP
 - WM_Conf_20_Fxd_HB_LP
 - WM_Conf_30_Fxd_HB_LP
 - **HomeOne Programs**
 - WM_HomeOne_15_Fxd
 - WM_HomeOne_20_Fxd
 - WM_HomeOne_30_Fxd
 - **Home Possible**
 - WM_HomePossible_30_Fxd
 - WM_HomePossible_30_Fxd_HB

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MINIMUM MORTGAGE:

- None.

MAXIMUM MORTGAGE:

- Currently published [FHLMC™ loan limits](#).
- **High Balance (Super Conforming)** – For each transaction you must go to the Federal Housing Finance Agency (FHFA) website to determine if your property is eligible for the [higher loan limits](#). Refer to [LOCK-IN/REGISTRATION](#) section for additional considerations.
- Refer to [Freddie Mac Allregs](#) for additional considerations.

MAXIMUM LTV/CLTV:

- Refer to [Eligibility Matrix](#) (http://www.freddie.mac.com/sell/factsheets/ltv_tltv.htm).
 - **High Balance (Super Conforming)** - [Eligibility Matrix](#) (http://www.freddie.mac.com/singlefamily/mortgages/docs/Updated_LTVs_superconforming.pdf) & [Freddie Mac Allregs](#). Refer to [LOCK-IN/REGISTRATION](#) section for additional considerations.
- Refer to [Freddie Mac Allregs](#) for additional considerations.

ADDITIONAL CONSIDERATIONS:

- **Freddie Mac Exclusionary List** – Freddie Mac® maintains the list to protect the integrity of its Mortgage purchase and servicing functions. Persons or entities whose conduct presents an undue risk of loss to Freddie Mac®, as determined by Freddie Mac® in its sole discretion, may be placed on the list, in which case they are prohibited from doing business with Freddie Mac®, either directly or indirectly. WM will consider the loan ineligible.
- Refer to [Freddie Mac Allregs](#) for access and additional considerations.
- **Non-Arm's Length Transactions** - Non-arm's length transactions are purchase transactions in which there is a relationship or business affiliation between the seller and the buyer of the property. WM allows non-arm's length transactions for the purchase of existing properties. For newly constructed properties, if the Borrower has a relationship or business affiliation (any ownership interest, or employment) with the builder, developer, or seller of the property, WM will only purchase mortgage loans secured by a primary residence. WM will not originate or purchase mortgage loans on newly constructed homes secured by a second home or investment property if the Borrower has a relationship or business affiliation with the builder, developer, or seller of the property.
 - Non-Arm's Length Transactions are not eligible when the Uniform Collateral Date Portal Submission Summary Report (SSR) indicates any of the following:
 - Collateral Underwriter (CU) score of 4 or higher
 - Unscored appraisal (CU score of 999)
 - Risk flag of overvaluation, eligibility, or quality (regardless of score)
- **HomeOne** – HomeOne is a low down payment option that serves the needs of more first-time homebuyers, along with no cash-out refinance borrowers. See Freddie Mac section 4605.2 for more information.
 - [HomeOne Mortgage Freddie Mac website](#).
 - Fixed rate only.
 - 1 unit primary residence
 - Minimum 620 credit score.
- **Home Possible** – Home Possible is a Freddie Mac initiative that is based on income levels.
 - <http://www.freddie.mac.com/homepossible/>
 - [Affordable Income and Property Eligibility](#)
 - See [GEOGRAPHIC RESTRICTIONS](#) section for ineligible markets.

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- **Property in a flood zone:**
 - The minimum amount of flood insurance required for most first mortgages secured by one-to-four-unit properties, individual PUD units, and certain individual condo units (such as those in detached condos, townhouses or rowhouses) is the lowest of:
 - 100% of the replacement cost of the insurable value of the improvements.
 - The maximum insurance available from the NFIP, which is currently \$250,000 per dwelling, or
 - The unpaid principal balance of the mortgage
 - Refer to Freddie Mac Allregs for access and additional considerations.
- **Higher-Priced Mortgage Loans (HPML) ineligible.**
- **Mortgage Credit Certificates (MCC) allowed.**

AGE OF DOCUMENTS:

- **APPRAISAL:**
 - 120 days for existing property and new construction. *The age of the Appraisal is measured from the date of the Note and mortgage.* Refer to [Freddie Mac Allregs](#) for additional considerations.
 - *Appraisals reported on Forms 70 (Uniform Residential Appraisal Report), 2055 (Exterior-Only Inspection Residential Appraisal Report), 465 (Individual Condo Unit Appraisal Report), and 466 (Exterior-Only Inspection Individual Condo Unit Appraisal Report) must be completed in accordance with the UAD Specification (9/1/11). [Click here](#) for more details.*
 - Recertification of value eligible per agency requirements. 1004MC must not indicate property in declining market.
- **CREDIT:**
 - Existing Construction maximum age of credit documents is 120 days.
 - New Construction maximum age of credit documents is 120 days.
 - Credit Documents include: Credit Report, Employment Documentation, Income Documentation, and Asset Documentation.

Note: *The age of the document is measured from the date of the document to the date the Note is signed.*
- Loan must be purchased by WM within 45 calendar days of the Note date.

APPLICATION:

- A fully complete and signed IRS Form 4506-T must be signed and dated at application and at closing for each Borrower on the loan regardless of income source or employment (Personal, Business, and any other Income Sources).
 - Personal 4506-T required
 - A fully complete and signed IRS Form 4506-T for each business tax return used in the loan decision and/or included in the credit file must be included in the closed loan file (signed at closing).
- Tax Return Transcripts:
 - No tax return transcripts are required when all income information used to decision the file is made up exclusively of wage earner income reported on a W2 or fixed income reporting on a 1099, unless required by the AUS.
 - Seller to request and include the most recent years 1040 tax return transcripts for all other transaction, unless more required by the AUS.
- When required, transcripts must be obtained directly from a tax transcript vendor or the IRS by the Seller rather than accepted from a Borrower. Wintrust Mortgage will accept Borrower-obtained transcripts in cases where the Seller has received a rejection using the rejection code reason 10 or verbiage related to a "limitation". Provide the following:
 - Evidence of the IRS rejection.
 - Borrower-obtained IRS transcripts.
- W-2 transcripts in lieu of actual W-2 forms for W-2 Borrowers only – not eligible if rental, self-employment or other sources of income/expense is known.

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APPRAISAL REQUIREMENTS:

- As determined by Loan Product Advisor® (LPA®) findings.
- Interior photographs are required in addition to standard exhibits on all interior inspections:
 - Kitchens
 - All bathrooms
 - Main living area
 - Any physical deterioration (if applicable)
 - Recent updates if applicable (i.e. restoration, remodel or renovation)
- Refer to [AGE OF DOCUMENTS](#) section.
- Properties with rental income, including 2-4 unit with borrower occupying one unit as a primary.
 - Follow Freddie Mac Documentation Guidelines – [Rental Matrix](#)
- Transferred Appraisals – Ineligible.
- Property Inspection Alternative (PIA) – Eligible.
- Property Inspection Waiver (PIW) – Ineligible.
- Refer to [Freddie Mac Allregs](#) for additional considerations.
- As defined by the Agencies, the **Property Condition** will have a rating of **C1 thru C6** and the **Quality of Construction** will have a rating of **Q1 thru Q6**. Refer to the [UAD Field-Specific Standardization Requirements](#) for the definitions for each of these ratings.
 - Agencies each have their property eligibility and Appraisal requirements resulting from the UAD Condition and Quality ratings, including but not limited to:

Fannie Mae		Freddie Mac	
Condition Ratings		Condition Ratings	
C1-C5	Eligible provided in 'as is' condition.	C1-C4	Eligible provided in 'as is' condition.
C6	Eligible for delivery provided any deficiencies that impact the safety, soundness, or structural integrity of the property are repaired.	C5-C6	Eligible if all issues that caused the property be rated as such are cured.
Quality Ratings		Quality Ratings	
Q1-Q5	Eligible provided in 'as is' condition.	Q1-Q5	Eligible provided in 'as is' condition.
Q6	Eligible for delivery provided any deficiencies that impact the safety, soundness, or structural integrity of the property are repaired.	Q6	Eligible if all issues that caused the property be rated as such are cured.

- As made apparent in the table above, the Agencies do not align. In order to obtain investment quality loans, **Wintrust® Mortgage will adopt the more conservative Agency policy** regardless of AUS.

NOTE: Escrows for completion ineligible with a Condition Rating of C5 or C6 and a Quality Rating of Q6. Repairs must be completed prior to closing.
- **HVE Variance (High Value Flag)** – To be approved by WM’s Collateral Underwriting Department.
- **PROCEDURE FOR APPRAISALS ON PROPERTIES IN A DISASTER AREA:**
 - If property was appraised **prior** to the disaster you must obtain a Catastrophic Disaster Area Inspection Report (CDAIR) **prior** to closing. Appraiser must provide an addendum stating “I have reviewed the subject property and noted no damage, deferred maintenance, adverse affect on value or marketability related to the recent severe weather.”
 - If the Appraiser indicates damage, the extent of the damage must be addressed, and completion of any repairs needed to ensure that the property is “safe, sound and sanitary” will be required. A new full Appraisal is required.
 - If a property is appraised **after** the disaster, you must obtain an interior and exterior inspection even if the AUS or loan program has offered a more streamlined property inspection.
 - Non-standard Appraisals (1075/466, 2055 or 2075/2070) are **not** allowed for a minimum of one (1) year after the disaster.
 - Refer to [FEMA website](#).
 - Verify the Borrowers place of employment has not been negatively impacted by these events.
- **HIGH BALANCE (Super Conforming):**
 - An interior/exterior Appraisal is required.
 - Refer to [Freddie Mac Allregs](#), [LOAN PROGRAM](#), and [LOCK-IN/REGISTRATION](#) section for additional considerations.

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ARM INDEX:

- Libor

ARM INITIAL INTEREST RATE CAPS:

- 5/1 – 2%
- 7/1 & 10/1 – 5%

ARM INTEREST RATE CEILING:

- 5% above the note rate

ARM INTEREST RATE FLOOR:

- Margin

ARM MARGIN:

- 2.25

ARM RATE ADJUSTMENT:

- 5/1 – 2%
- 7/1 & 10/1 – 2%

ASSUMABILITY:

- Fixed - Not allowed.
- ARM – Assumable

BORROWERS ELIGIBILITY:

- U.S. Citizen.
 - Permanent Resident Aliens – Provide Alien Registration Card if Borrower is not living in the U.S. Refer to [Freddie Mac Allregs](#) for additional considerations.
- Non-Permanent Resident Aliens:
 - Must be a legal resident of the U.S. as evidenced by Social Security Number.
 - Borrower must be employed in the U.S.
 - Refer to [Freddie Mac Allregs](#) for additional considerations.

BORROWERS INELIGIBLE:

- Foreign Diplomats with diplomatic immunity.
- Foreign Nationals.
- ITIN (Individual Taxpayer Identification Number).

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BUYDOWNS (TEMPORARY):

- 30 year Fixed.
- Purchase transaction only.
- 1 Unit primary residence only.
- High Balance ineligible.
- ARM products ineligible.
- Buydown period cannot exceed 24 months.
- Total annual increase cannot exceed 1% per 12-month intervals. (2-1 Buydown)
- Maximum buydown is 2%.
- Borrowers must be qualified at the Note Rate.
- Refer to Allregs for additional considerations.

CASH RESERVES:

- If reserves are entered into Loan Prospector Advisor® (LPA™) they must be documented.
- Follow AUS and Freddie Mac Section 5501.2 for cash reserves requirement.
 - Review 5501.2 when borrow has multiple financed properties and subject property is Second Home or Investment.
- Rate and term refinances have no reserve requirement unless needed as a compensating factor. Refer to **Rate/ Term Refinance** sub-section of the [REFINANCE](#) section for additional considerations.
- The cash out on a cash-out refinance may not be used to meet the reserve requirement.
- Business Assets – Refer to DOCUMENTATION section
- **Sweat Equity** – Refer to [GIFT](#) section.
- Refer to [Freddie Mac Allregs](#) for additional considerations.

CLOSING DOCUMENTS:

- Please follow State/Federal Requirements and Fannie/Freddie guidelines.
 - Seller disbursement over \$5,000 must be explained excluding Title Commitment lien payoff, Real Estate Commissions and Taxes.
 - All Files sent to Investor Delivery located in Rosemont, IL, must have full Title Commitment. Short form policies cannot be used in lieu of the title commitment.
 - If New York CEMA must comply with Freddie Mac Selling guide.
 - Must close using Wintrust Mortgage approved attorney.
 - See Tools section of Correspondent website.
- Digital Signatures are allowed.

CO-BORROWER(S):

- Permitted.
- Refer to Non-Occupying Co-Borrower section.
- Refer to [Freddie Mac Allregs](#) for additional considerations.

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CONTINUITY OF OBLIGATION:

- When an existing Mortgage will be satisfied as a result of a refinance transaction, one (1) of the following requirements must be met:
 - At least one (1) Borrower on the refinance Mortgage was a Borrower on the Mortgage being refinanced; *or*
 - At least one (1) Borrower on the refinance Mortgage held Title to and resided in the Mortgaged Premises as a Primary Residence for at least twelve (12) months and the Mortgage file contains documentation evidencing that the Borrower, *either*:
 - Has been making timely Mortgage payments, including the payments for any secondary financing, for the most recent twelve (12) month period; *or*
 - Is a Related Person to a Borrower on the Mortgage being refinanced; *or*
 - At least one (1) Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation or dissolution of a domestic partnership.

CONVERSION OF PRINCIPAL RESIDENCE:

- **PURCHASE OF A NEW PRIMARY RESIDENCE AND THE CONVERSION OF THE EXISTING PRIMARY RESIDENCE TO A SECOND HOME OR INVESTMENT PROPERTY:**
 - **Second Home:**
 - If the Borrower is converting a Primary Residence to a Second Home, and purchasing a new Primary Residence, the following requirements must be met:
 - The amounts of both the housing payment of the residence being converted to a Second Home and the subject Mortgage must be included the monthly debt payment-to-income ratio in accordance with the requirements in [Freddie Mac Allregs](#)
 - **1-Unit to an Investment Property:**
 - If the Borrower is converting their 1-unit Primary Residence to an Investment Property and purchasing a new Primary Residence, the following requirements must be met:
 - The rental income must be documented with a copy of the fully executed lease and, in addition, the receipt of a security deposit from the tenant with evidence of the deposit into the Borrower's designated account.

NOTE: 2-4 Units refer to [Freddie Mac Allregs](#) for additional considerations.

CREDIT:

- As determined by Loan Product Advisor® (LPA®), never below 620.
 - One (1) occupant Borrower with a credit score and one (1) occupant Borrower without a credit score is eligible with AUS approval and all the following conditions are met:
 - The property is a one (1) unit, Primary Residence, and all Borrowers will occupy the property.
 - The transaction is a purchase or rate/term (no cash-out) refinance.
 - Borrowers without a usable credit score are **not** self-employed.
 - The Borrower with traditional credit and a credit score is contributing more than 50% of the qualifying income.
 - Price adjustments may apply, contact Secondary Marketing at secondary@wintrustmortgage.com.
- A tri-merged credit report is required.
- Although credit scores may be generated if a repository's file includes only one (1) Tradeline, Underwriter must not use any FICO score based on fewer than three (3) Tradelines. This is important both to ensure that the credit score is adequately indicative of a Borrower's credit reputation and to ensure fairness for Borrowers in using Credit Scores to evaluate their overall credit reputation.
- To identify the underwriting score, you must use the middle/lower method. It is the method used by Loan Product Advisor® and is most predictive of the Borrower's overall credit reputation.
 - If three (3) usable credit scores are obtained for a Borrower, the Underwriting Score for that Borrower is the one (1) with the middle value. For example, if the credit scores are 660, 656, 640, the single credit score selected by the Underwriter would be 656. When there is a duplicate score, the Underwriter would select that score to be the Underwriting Score. If the credit scores for a Borrower are 660, 660 and 640, the Underwriter would select 660.

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- If two (2) usable credit scores are obtained for a Borrower, the Underwriting Score for that Borrower is the lower of the two (2) FICO scores.
- If only one (1) usable credit score is obtained for a Borrower, that credit score is the Underwriting Score.
- For multiple Borrowers choose the lowest underwriting score.
- **High Balance (Super Conforming)** – All Borrowers must have a FICO. Refer to [Freddie Mac Allregs](#), [LOAN PROGRAM](#), and [LOCK-IN/REGISTRATION](#) section for additional considerations.
- **Non-Traditional Credit** – Ineligible.
- Refer to [Freddie Mac Allregs](#) for additional considerations.
- **Adverse or Derogatory Credit** – The significance of the derogatory information has already been considered by Loan Product Advisor® and the Borrower’s credit reputation has been deemed acceptable. However, if evidence of a short sale is disclosed on a credit report or contained elsewhere in the file, the requirements for significant adverse or derogatory information caused by extenuating circumstances and financial mismanagement require manual underwrites and therefore are ineligible for this program. Loan will need to be originated under a government program.
- Refer to [Freddie Mac Allregs](#) for additional considerations.
- **SIGNIFICANT DEROGATORY CREDIT EVENTS WAITING PERIOD REQUIREMENTS:**

DEROGATORY EVENT	WAITING PERIOD REQUIREMENTS**
Bankruptcy (other than a Chapter 13 Bankruptcy)	48 months from the discharge or dismissal date
Bankruptcy Chapter 13	24 months after the discharge date 48 months from the dismissal date
Deed-in-Lieu of Foreclosure and Preforeclosure Sale	48 months from the execution date
Foreclosure	84 months from the completion date as reported on the credit report
Multiple Bankruptcy Filings in the Past Seven (7) Years	60 months from the most recent discharge or dismissal date
Other Significant Adverse or Derogatory Credit Information	48 months from the most recent significant adverse or derogatory credit information
Short Sale	48 months from the completion date

** Refer to [Freddie Mac Allregs](#) for additional considerations.

CURRENT PRINCIPAL RESIDENCE PENDING SALE:

- If the Borrower’s current Primary Residence is pending sale and the sale will not close before the Mortgage Note Date, or for Mortgages for Newly Constructed Homes, the Effective Date of Permanent Financing, the following requirements must be met:
 - The amount of both the housing payment on the residence that is pending sale and the amount of the payments on the subject Mortgage must be included in the monthly debt payment-to-income ratio in accordance with the requirements in [Freddie Mac Allregs](#)
- You do not need to include the amount of the payment on the property pending sale in the monthly debt payment-to-income ratio when the Mortgage file contains all of the following documentation:
 - The Borrower’s executed non-contingent sales contract for the previous residence, *and*
 - A Lender’s commitment to the buyer of the previous residence (if the executed sales contract includes a financing contingency).

** Refer to [Freddie Mac Allregs](#) for additional considerations.

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DISCLOSURES:

- Follow State/Federal Requirements.

DOCUMENTATION:

- Loan Product Advisor® (LPA®) will dictate level of documentation required depending on the overall risk evaluation of the loan.
- Employment and income commencing after the Note Date allowed – paystub required before purchase by Wintrust Mortgage. Refer to section 5303.2 and Freddie guides for additional considerations.
- W-2 transcripts in lieu of actual W-2 forms for W-2 borrowers only – Not eligible if rental, self employment or others sources of income/expense is known.
- **Verification of Employment**
 - Required within 10 calendar days prior to the Note up until delivery on W2 Borrowers.
 - Required within 30 days prior of the note via CPA letter or business license lookup from a government agency for Self-Employed Borrowers per section 37.22 of Freddie guide.
- **Rental Income** – Refer to [Freddie Mac Allregs](#).
 - When rental income is not used to qualify, the expected market rent must be documented according to agency guidelines and included on the 1008. The Comparable Rent Schedule (1007) is only necessary when rental income is being considered for qualification.
- **Self-Employment** - A cash flow analysis must be documented for the Borrower’s business using the individual and/or business tax returns. Perform the required analysis using any format that determines that the withdrawal of the funds for the Down Payment and Closing Costs, Financing Costs, Prepays/Escrows, and Reserves will not have a detrimental effect on the business. The file must contain the written cash flow analysis and conclusions.
 - ***Wintrust Mortgage does not allow the option of obtaining a letter from an Accountant to confirm that the use of business assets for funds to close will not negatively impact the business.***
- **Mandatory Furlough** – Borrowers that are on a Mandatory Furlough from their job must return to work prior to the closing of the loan in order to use the income for qualifying purposes. Additionally, the following documentation is required:
 - Verbal Verification from the employer reflecting that the Borrower has returned to work under the same terms as prior to the furlough, and
 - Copy of most recent pay stub(s) verifying that the Borrower has returned to work and supporting the qualifying income used for the loan.
- **1031 Tax Deferred Exchanges** – Wintrust Mortgage will allow 1031 exchanges to be used towards down payment for second home and investment property purchases only with the following restrictions:
 - Reverse exchanges are ineligible because the Borrower is not in title to the property at the time of closing.
 - Product grade must allow second homes and investment properties.
 - 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”.
 - Copies of all closing documents and purchase agreement on the relinquished property must be obtained. Required documentation includes:
 - 1031 exchange agreement
 - Closing Disclosure
 - Title transfer

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- Both purchase agreements (relinquished and replacement properties) must contain appropriate language to identify the 1031 exchange. An example of satisfactory language is:
 - Phase I (Sale): “Buyer is aware that seller is to perform a 1031 tax deferred exchange. Seller requests buyer’s cooperation in such an exchange and agrees to hold buyer harmless from any and all claims, liabilities, costs, or delays in time resulting from such an exchange. Buyer agrees to an assignment of this contract by the seller.”
 - Phase II (Buy): “Seller is aware that buyer is to perform a 1031 tax deferred exchange. Buyer requests seller’s cooperation in such an exchange and agrees to hold seller harmless from any and all claims, liabilities, costs, or delays in time resulting from such an exchange. Seller agrees to an assignment of this contract by the buyer.”
- Equity from exchange can be used for all or part of the down payment.

NOTE: If a Borrower is purchasing a seller’s 1031 investment property to occupy as a primary residence, the Borrower is accommodating the seller. The transaction is not considered a 1031 tax deferred exchange and is eligible.
- **Trade Equity** – Equity from trading a Borrower’s existing property is acceptable after the Borrower has made a 5% cash down payment. The amount of equity is determined by subtracting the outstanding loan balance of the property that is being traded, plus any transfer costs, from the lesser of that property’s appraised value or its trade-in value, as agreed to by both parties.
 - A separate written appraisal for the property that is being taken in trade is required. A search of the land records to verify ownership of the property and to document if there are any existing liens on the property is also required.
- Assets as a basis for mortgage qualifications is not allowed.
- Cash assets not allowed.
- Refer to [Freddie Mac Allregs](#) for additional considerations.
- Loan Product Advisor® [Documentation Matrix](#).

DOWN PAYMENT REQUIRED:

- 5% from Borrower’s own funds – Second Home and Investment.
- **Investment Property** – Must come from Borrower’s own funds.
 - **High Balance (Super Conforming)** – Refer to [Freddie Mac Allregs](#), [LOAN PROGRAM](#), and [LOCK-IN/REGISTRATION](#) section for additional considerations.
- **Sweat Equity**
- **Business Assets** – Refer to DOCUMENTATION section.

LPA® INFORMATION:

- Loans must be run through Loan Product Advisor® (LPA®). All loans must receive an “Accept” dated prior to closing date.
 - Loans submitted for purchase must follow the documentation requirements of the most recent LPA Feedback Certificate, regardless of the original classification.
 - All loans must be properly verified of Income, Liabilities and Assets regardless of AUS findings or LTV.
 - ALL Rate/Term Refinance loans run through LPA® cannot be designated as “Open Access” (Freddie Mac® version of Fannie Mae® DU Refi Plus™). If LPA® findings indicate “Open Access” loan is ineligible for this program.
- **Manual Underwriting** – Ineligible.
- **High Balance (Super Conforming)** - must be ran through Loan Product Advisor (LPA®) and receive an “Accept”. Refer to [LOCK-IN/REGISTRATION](#) section for additional considerations.

ESCROW HOLDBACKS:

- Allowed for weather related items:
 - Does not affect livability.
 - Must be completed within 120 days.
- A final completion certificate from the Appraiser upon completion.

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ESCROW WAIVERS:

- Refer to the TPO Client Connect Portal for price adjustments.
- LTV's >80% ineligible.
- To permit escrow waivers, subject to the mortgage documents and applicable law, the waiver must not be based solely on the LTV ratio of a loan, but also on whether the Borrower has the financial ability to handle the lump-sum payments of taxes and insurances i.e. Borrowers with blemished credit histories or first-time homebuyers.
- If escrowing, HO6 must be escrowed (if applicable).
- Private mortgage insurance premiums must always be escrowed, unless single premium.
- For established escrow account flood insurance must be escrowed, if required.

GEOGRAPHIC RESTRICTIONS:

- **Florida** – Broward, Miami-Dade and Monroe counties ineligible.
- **Nevada** – Requires WM approval.
- **Texas** – 50(a)(6) not allowed.
- **Hawaii** – Properties in Lava zones 1 & 2 ineligible.
- **New York CEMA** – Allowed with approved WM Attorney (Contact correspondent rep for more details).
- **Home Possible and HomeOne**
 - Program prohibited in cities that are in declining markets based on [FHFA Metropolitan Index](#) which we list below.
 - **Ineligible Markets as of 5/22/19:**
 - None

GIFTS:

- **OWNER/OCCUPIED**
 - Relatives
 - All LTVs allowed
- **SECOND HOME:**
 - Relatives.
 - If the LTV/CLTV is 80% or less, the entire down payment may be a gift.
- **INVESTMENT:**
 - Not permitted.
- A gift letter signed by the donor. Including the door information on the application will no longer be sufficient asset documentation.
- Refer to [Freddie Mac Allregs](#) for additional considerations.
- **Gift of Equity** – Permitted for Primary Residence and Second Home purchases. The acceptable donor and minimum Borrower contribution requirements apply. Refer to [Freddie Mac Allregs](#) for additional considerations.
- **Sweat Equity** - Sweat Equity is credit for labor performed or material furnished by the Borrower on the Mortgaged Premises. Credit will not be given for Sweat Equity unless there is at least a 5% down payment in cash or one of the types of other Equity described in this subsection (Refer to [Freddie Mac Allregs](#)). Such credit must be fully explained and verifiable. Any labor performed or any material furnished must be completed in a skillful, workmanlike manner in order to support the appraised value. Completion in a skillful, workmanlike manner must be certified by the Appraiser.
- DPA's not allowed.

INTEREST ONLY OPTION:

- N/A.

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LIMITATIONS ON REAL ESTATE OWNED:

- Subject property is a Primary Residence – unlimited number of financed properties.
- Each Borrower individually and all Borrowers collectively must not own and/or be obligated on more than six (6) 1-4 financed properties including the subject property when the subject property is a Second Home or Investment Property.
 - Loans closing after August 20, 2018 allowed up to 10 financed properties with specific requirements. See Freddie Mac Allregs for current requirements.
- When the subject property is a Second Home or Investment property and the Borrower owns more than one (1) financed 1-4 Unit Investment property, 10 year amortization ineligible.
- Refer to CASH RESERVES section.

MORTGAGE INSURANCE:

LTV	STANDARD COVERAGE	
	≤ 20 YEAR TERM	>20 YEAR TERM
90.01 – 95%	25%	30%
85.01 – 90%	12%	25%
80.01 – 85%	6%	12%

- **Custom MI, Financed, Monthly Lender Paid (LPMI), Lower Cost, Minimum MI, Reduced, or Split Premium** – Ineligible.
- **Borrower Single and Monthly Paid Premiums** – Eligible.
- **Single Premium Upfront LPMI** – Eligible.
- **HIGH BALANCE (Super Conforming):**
 - Standard MI.
 - Upfront Single Premium LPMI eligible.
 - Monthly LPMI and any Financed MI ineligible.
 - Refer to [Freddie Mac Allregs](#), [LOAN PROGRAM](#), and [LOCK-IN/REGISTRATION](#) section for additional considerations.

MORTGAGE INSURERS APPROVED:

- Genworth.
- MGIC.
- National MI.
- Radian.
- UG.
- Essent.
- Arch MI.

NEW CONSTRUCTION:

- Refer to [Freddie Mac Allregs](#) (Conversion of Construction-to-Permanent Financing) for additional considerations.
- Refer to [Freddie Mac Allregs](#) for additional considerations.

NON-OCCUPYING BORROWER:

- LPA® provides Borrower qualifying ratios and combined qualifying ratios from both Borrower and non-occupant Co-Borrower.
- Occupant Borrower must have 5% of own funds if LTV/CLTV is >80%.
- Permitted when the LTV is ≤95%.
- Refer to [Freddie Mac Allregs](#) for additional considerations.

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OCCUPANCY:

- Primary Residence.
- Second Home.
- Investment Property.
 - May not be affiliated with the Builder/Developer or Property Seller.
 - Refer to APPRAISAL REQUIREMENTS section.
 - Follow LPA® recommendation unless noted above.
- Refer to [Freddie Mac Allregs](#) for additional considerations.

POWER OF ATTORNEY:

- Another individual may act on behalf of the Borrower(s) at closing if all of the following are met:
 - Proper POA forms are executed
 - POA is recorded in the jurisdiction where the Security Instrument was recorded
 - A POA is acceptable on a refinance only if it specifically makes reference to the terms of the refinance transaction
 - Title policy does not contain any exceptions based on the use of such power
 - POA allowed for loans with one (1) Borrower, except on cash-out refinances
 - Single borrower POA option cannot be used for both initial application and closing application on same transaction.

PREPAYMENT PENALTY:

- N/A.

PROPERTY TYPES ELIGIBLE:

- 1-4 Units.
- Condominiums – Refer to [Guides](#) for additional considerations.
- **Condominiums Pending Litigation** – Case-by-Case basis. Contact condosupport@wintrustmortgage.com.
- PUDs – Refer to [Guides](#) for additional considerations.

PROPERTY TYPES INELIGIBLE:

- Co-Ops.
- Renovation.
- Manufactured Homes.
- Condo-Hotels / Condotels
- Non-Warrantable Condos.
- Properties with Pooled Master Insurance.
- Agricultural.
- Deed Restricted Properties.
- Life Estates.
- Loans secured by properties located in Non-Participating Communities or Coastal Barrier Resource Systems Areas.

RATIOS:

- As determined by Loan Product Advisor®.
- Fixed - Qualify at Note rate.
- 5/1 ARM – No less than the greater of the Note rate + 2 percentage points or the fully indexed rate
- 7/1 and 10/1 - Note Rate for Mortgages that are not higher-priced covered transactions as defined in Regulation Z, 12 C.F.R. 1026.43(b) (HPCTs) or the Greater of the note rate or fully indexed rate if transaction is Higher Priced. (See Guide section 30.16)

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REFINANCES:

• **ALL REFINANCES:**

- The refinance Mortgage must comply with [Guides](#) (Maximum LTV, TLTV, & HTLTV).
- When an existing Mortgage will be satisfied as a result of a refinance transaction, one (1) of the following requirements must be met:
 - At least one (1) Borrower on the refinance Mortgage was a Borrower on the Mortgage being refinanced; **or**
 - At least one (1) Borrower on the refinance Mortgage held Title to and resided in the Mortgaged Premises as a Primary Residence for at least twelve (12) months and the Mortgage file contains documentation evidencing that the Borrower, **either:**
 - Has been making timely Mortgage payments, including the payments for any secondary financing, for the most recent twelve (12) month period; **or**
 - Is a Related Person to a Borrower on the Mortgage being refinanced; **or**
 - At least one (1) Borrower on the refinance Mortgage inherited or was legally awarded the Mortgaged Premises by a court in the case of divorce, separation or dissolution of a domestic partnership.
- Refer to the [Guides](#) for additional considerations.

• **PROPERTIES LISTED FOR SALE:**

- Rate/Term Refinance – The subject property must not be currently listed for sale. It must be taken off the market prior to close and the borrower must confirm their intent to occupy the subject property (for primary residence) and/or continuance to own (second home/investment).
- Cash-Out - The subject property must not be currently listed for sale. It must be taken off the market on or before the application date and the borrower must confirm their intent to occupy the subject property (for primary residence) and/or continuance to own (second home/investment).

• **RATE/TERM (NO CASH-OUT) REFINANCES:**

- The refinance Mortgage must comply with the [Guides](#) (Maximum LTV, TLTV, & HTLTV).
- A "no cash-out" refinance Mortgage is a Mortgage for which the proceeds may be used only to:
 - Pay off the first Mortgage, regardless of its age; for Construction Conversion Mortgages, the amount of the Interim Construction Financing secured by the Mortgaged Premises is considered an amount used to pay off the first Mortgage. However, paying off unsecured liens or construction costs paid by the Borrower outside of the secured Interim Construction Financing is considered cash-out to the Borrower, if above the \$2,000 or 2% of loan amount limit.
 - Pay off any junior liens secured by the Mortgaged Premises that were used in their entirety to acquire the subject property.
 - Pay related Closing Costs, Financing Costs and Prepaids/Escrows.
 - Disburse cash out to the Borrower (or any other payee) not to exceed 2% of the new refinance Mortgage or \$2,000, whichever is less.
- Refer to the [Guides](#) for additional considerations.

• **CASH-OUT REFINANCES:**

- The refinance Mortgage must comply with the [Guides](#) (Maximum LTV, TLTV, & HTLTV).
- **Texas** – 50(a)(6) not allowed.
- A cash-out refinance Mortgage is a Mortgage in which the use of the loan amount is not limited to specific purposes.
- At least one (1) Borrower must have been on the title to the subject property for at least six (6) months prior to the Note Date, exceptions:
 - If at least one borrower on the cash-out refinance mortgage either inherited or was legally awarded the subject property.
 - In a case where a Settlement/Closing Disclosure Statement is required, a trustee's deed is acceptable if a Settlement/Closing Disclosure Statement was not used for purchase transaction.

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- A Mortgage placed on a property previously owned free and clear by the Borrower is always considered a cash-out refinance Mortgage.
- Refer to the [Guides](#) for additional considerations.
- Freddie Mac® revised their requirements to allow a cash-out refinance when the property was purchased free and clear of liens and the Borrower has not been on the Title to the subject property for at least six (6) months prior to the Note date, provided the underlying purchase transaction and the cash-out refinance mortgage meet specific requirements.
 - [Click here](#) to review Bulletin.
 - [Click here](#) to review revised Section 24.6 of their guides.
- **SPECIAL PURPOSE CASH-OUT:**
 - The refinance Mortgage must comply with the [Guides](#) (Maximum LTV, TLTV, & HTLTV).
 - Refer to the [Guides](#) for additional considerations.

RELOCATION OR TRAILING CO-BORROWER:

- The use of trailing secondary wage earner income is not allowed.

RIGHT OF OWNERSHIP:

- Fee simple.

SALES CONCESSIONS:

- Must be disclosed and acknowledged on the Appraisal.
- Seller contributions cannot be applied to the Borrower’s minimum down payment requirement.
- Lesser of the sales price or appraised value.
- The prepayment of HOA dues must come from the Builder or Builder agent.
- Contributions for HOA dues must be paid directly to the Association.
- The maximum allowable sales incentive (Realtor commission, finders fee, etc.) is limited to 8% of the sale price.
- **PRIMARY RESIDENCE OR SECOND HOME:**
 - 3% Maximum for LTV/TLTV >90%.
 - 6% Maximum for LTV/TLTV >75% ≤90%.
 - 9% Maximum for LTV/TLTV ≤75%.
- **INVESTMENT PROPERTY:**
 - 2% Maximum.
- **HIGH BALANCE (Super Conforming):**
 - **Primary Residence & Second Home** – 3% regardless of LTV/TLTV.
 - **Investment** – 2%.
 - Refer to [LOCK-IN/REGISTRATION](#) section for additional considerations.

SUBORDINATE FINANCING:

- Refer to the [Guides](#) (Maximum LTV, TLTV, & HTLTV).
- **PURCHASES:**
 - For financing other than HELOCs, the maturity date or amortization basis of the junior lien must not be less than five (5) years after the Note Date of the first lien Mortgage delivered to Freddie Mac®, unless the junior lien is fully amortizing. If the junior lien contains a balloon or call provision within the five (5) year period, the first lien Mortgage is ineligible for purchase.
 - The terms of the secondary financing must provide for regular monthly payments sufficient to meet the interest due; interest may not accrue.

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- Secondary financing that is a HELOC must meet the requirements set forth below:
 - With respect to the maturity date for Mortgages with a HELOC, the terms of the HELOC may provide for a balloon or call option within the first five (5) years after the Note Date of the First Lien Mortgage.
 - For Loan Product Advisor® Mortgages, the Seller must submit both the limit of the Home Equity Line of Credit and the disbursed amount of the Home Equity Line of Credit to Loan Product Advisor.
- Refer to the [Guides](#) for additional considerations.
- **REFINANCES:**
 - Freddie Mac® will purchase first lien refinance Mortgages with existing junior liens (including home equity lines of credit) that are not paid off from the proceeds of the refinance Mortgage if the following requirements are met:
 - The existing junior lien must be subordinated to the first Mortgage established by the refinance.
 - The junior lien must have scheduled payments sufficient to meet the interest due.
- Terms of any secondary financing must be disclosed to the Appraiser and to the MI. The terms of the secondary financing that must be disclosed include, but are not limited to, the Note Rate and the institution or individual providing the financing.
- The Seller may not indicate a value needed to support the transaction, or provide any information to the appraiser about an expected loan-to-value ratio.
- Payments on the secondary financing must be included in the Borrower's monthly housing expense.
- Refer to the [Guides](#) for additional considerations.

TITLE REQUIREMENTS:

- Short Form Title policy allowed and encouraged (Title Commitment still required).
- The title policy and/or preliminary title report must include a minimum six (6) months history of property ownership from the effective date of the policy or preliminary report.

TITLE VESTING:

- Individual.
- Joint Tenants.
- Tenants in Common.
- Inter Vivos Revocable Trust (Living Trust).
 - Attorney's Opinion on Attorney's letterhead
 - A certified copy of the entire Trust document must be provided in the file
 - Refer to the Living Trust/Revocable Trust Questionnaire
 - Refer to the Guides for additional considerations
- Illinois Land Trusts are allowed subject to the following:
 - All beneficiaries must be individuals.
 - The loan applicant(s) must be one of the beneficiaries of the trust.
 - The trustee must be a corporation or financial institution customarily engaged in the business of acting as trustee under Illinois Land Trusts.
 - The beneficiaries must have sole power of direction over the land trust and trustee.
 - All beneficiaries must be obligated as individuals under the terms of the Note.
 - The loan applicants must have been underwritten to and be qualified borrowers under the requirements of the product.
 - All such land trust loans must be secured by one-to-four-unit properties occupied as primary residences, second homes or investments.
 - The term of the trust agreement must be at least as long as the term of the Security Instrument.
 - The subject property must be the only asset of the Illinois Land Trust.
- Title changes (vesting) from a limited liability company (LLC) or partnership to an individual is not allowed.



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UNDERWRITING SUBMISSION PROCEDURE:

- Loans must be run through Loan Product Advisor® (LPA®). All loans must receive an “Accept” dated prior to closing date.
- **Loan Product Advisor® Feedback Messages** –To review a complete list of updates to Loan Product Advisor® (LPA®) Feedback Messages [click here](#). LP is being updated to provide detailed income documentation feedback messages.
- **CORRESPONDENT Non-Delegated:**
 - ***ALL credit packages must be submitted to correspondent@wintrustmortgage.com. Please be sure to include the appropriate Underwriting Checklist Submission Document from our Correspondent website.***
- **CORRESPONDENT:**
- Lenders with delegated underwriting authority may underwrite this product – FNMA Form 1008 must be signed by the Underwriter. ***Third party contract underwriting ineligible.***