

**RESERVES REQUIREMENT**

	Primary Residence	Second Home & Investment Property
<b>Fannie</b>	<p>Loans underwritten through D/U</p> <p>D/U will determine the reserve requirements based on overall risk assessment of the loan. DU will calculate the reserve requirement for subject property which will be shown on AUS findings.</p> <p>Vacating current primary:</p> <p>No additional reserve requirements. See above.</p>	<p>Loans underwritten through DU</p> <p>For a mortgage loan secured by a second home or an investment property, the minimum reserve requirements are determined as follows:</p> <p><b>For borrowers with no other financed properties</b> – DU will calculate the reserve requirements.</p> <p><b>If the borrower owns other financed properties</b>, the following additional reserves must be calculated and documented. These additional reserves are required OVER AND ABOVE the reserves required on the DU findings. The required reserves for a financed property are based on the qualifying payment amount of the financed property.</p> <p>If the total number of financed properties is:</p> <ul style="list-style-type: none"> <li>• 1 to 4 financed properties, then additional reserves required in addition to DU requirements: <ul style="list-style-type: none"> <li>➤ 2 months reserves for each second home or investment property</li> </ul> </li> <li>• 5 to 10 financed properties, then additional reserves required in addition to DU requirements: <ul style="list-style-type: none"> <li>➤ 6 months reserves for each second home or</li> <li>➤ Investment property.</li> </ul> </li> </ul>

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<p><b>Freddie</b></p>	<p>Loans underwritten through LP</p> <p>One unit:               None required Two-Four unit:       *6 months for subject property</p> <p>*These are included in the amount of reserves required by LP</p> <p><b>Borrowers vacating primary residence (Also see Vacating Primary Residence – Qualifying Considerations):</b></p> <p>For a mortgage secure by the borrower’s primary residence, the minimum reserve requirements are determined as follows:</p> <p>If the borrower’s current principal residence is pending sale (will not close prior to closing of subject), or is converting to a second home or investment property, the following additional reserves (PITIA) must be manually calculated and documented.</p> <p>These reserves are required OVER AND ABOVE the reserves required on the LP findings</p> <p>If the percentage of equity in the current principal residence is</p> <ul style="list-style-type: none"> <li>➤ 30% or more, then additional reserves required in addition to DU requirements</li> </ul>	<p>Loans underwritten through LP</p> <p>Second Home:       *2 months for subject property Investment:           *6 months for the subject property</p> <p>*These are included in the amount of reserves required by LP</p> <p>If the borrower owns other financed properties, the following additional reserves must be calculated and documented. These additional reserves are required OVER AND ABOVE the reserves required on the LP findings. The required reserves for a financed property are based on the qualifying payment amount of the financed property.</p> <p>2 months reserves for each additional second home and/or 1-4 unit investment property</p>
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<p><b>Freddie - continued</b></p>	<ul style="list-style-type: none"> <li>➤ 2 months on subject property and</li> <li>➤ 2 months on current principal residence</li> </ul> <ul style="list-style-type: none"> <li>• Less than 30%, then additional reserves required in addition to DU requirements             <ul style="list-style-type: none"> <li>➤ 6 months on subject property and</li> <li>➤ 6 months on current principal residence</li> </ul> </li> </ul> <p>The lender must document the borrower’s equity in the existing principal residence with a new appraisal with a minimum exterior only inspection.</p>	
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<p><b>FHA</b></p>	<p>*Manually underwritten loans</p> <ul style="list-style-type: none"> <li>➤ 1-2 Units: 1 total monthly mortgage payment (no gifts)</li> <li>➤ 3-4 Units: 3 total monthly mortgage payments (no gifts)</li> </ul> <p>AUS Approved/Eligible loans</p> <p>1-2 Units: FHA does not generally have cash reserve requirements. However, based on overall risk assessment, reserves may be required for AUS approval.</p> <p>3-4 units: 3 total monthly mortgage payments</p> <p><b>Vacating current Primary residence: No additional cash reserves are required. However, also see Vacating Current Primary Residence – Qualifying considerations</b></p>	<p>DOES NOT APPLY</p>
<p><b>RD</b></p>	<p>RD does not generally have cash reserve requirement. However, based on overall risk assessment, reserves may be required for GUS approval.</p>	<p>DOES NOT APPLY</p>
<p><b>VA</b></p>	<p>VA does not have cash reserve requirements. However, based on overall risk assessment, reserves may be required for AUS approval</p>	<p>DOES NOT APPLY</p>
<p><b>Jumbo &amp; Non-Warrantable</b></p>	<p>SEE INDIVIDUAL PRODUCT GUIDELINES</p>	