

## 8:1 CONFORMING FIXED RATE

LOAN PRODUCT CODES	LOAN PRODUCT	LOAN TERM/AMORTIZATION*
101	30 Year Fixed Rate	241- 360 months
104	20 Year Fixed Rate	181- 240 months
102	15 Year Fixed Rate	121- 180 months
110	10 Year Fixed Rate	120 months

\*Minimum Amortization Term- 120 months

Refer to BB&T's current [Overlay and Allowances Matrix- Conventional Conforming and Super Conforming](#) and the [Conforming Underwriting Guidelines](#) section for additional information.

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### APPRAISALS

BB&T will accept the form required by the LPA or DU response with the following limitations.

The following are not allowed regardless of DU recommendation:

- DU- Forms 2055, 2075, and 1075

### ASSUMABILITY

Not assumable

### CERTIFICATIONS

Primary Residence and Second Home:

Qualified Mortgage (QM), Higher-Priced (HPML) and High Cost (HCL) Mortgage Loan Certification or comparable form that validates QM status, HPML and HCL. BB&T does not purchase high cost loans.

### CREDIT SCORE

Minimum Credit Score for Purchase and No Cash Out Refinance transactions: 620

Minimum Credit Score for Cash-Out Refinance transactions: 620

Reference the [Price Adjustments and LTV Charts](#) for minimum credit score requirements on specific product/loan types.

### **Eligibility Requirements – Not all Borrowers have Usable Credit Scores**

#### ***Freddie Mac Loan Product Advisor (LPA)***

Requirements for Accept:

- At least one Borrower on the transaction has a usable Credit Score, as determined by LPA, which meets BB&T Correspondent Lending minimum credit score requirements.
- The transaction is a purchase or “no cash-out” refinance.
- The Mortgage is secured by a 1-unit property, and all Borrowers occupy the property as their Primary Residence.

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- Borrowers with a usable Credit Score contribute more than 50% of the total monthly income.
- Conforming loan amounts are eligible.
- A-Minus mortgages are ineligible for delivery to BB&T Correspondent Lending.

### ***Fannie Mae Desktop Underwriter (DU)***

Requirements for DU Approve/Eligible Mortgages:

- At least one Borrower on the transaction has a usable Credit Score, as determined by DU, which meets BB&T Correspondent Lending minimum credit score requirements.
- The transaction is a purchase or limited cash-out refinance.
- The Mortgage is secured by a 1-unit property, and all Borrowers occupy the property as their Primary Residence.
- Conforming loan amounts are eligible.
- Borrowers with a usable Credit Score contribute more than 50% of the qualifying income.
- Reserves may be required as determined by DU.

### **Rescoring and Credit Repair**

BB&T prohibits the use of credit repair designed to help a borrower manipulate the credit data in order to obtain financing for which they would not otherwise qualify. The following documents will be required at the time of delivery to validate the borrower qualified for the initial loan.

- Initial credit report and LP/DU findings at the time of application with an acceptable response of Accept/ Approve Eligible.
- The final credit report (if another was pulled for loan file decisioning) and LP/DU findings with an acceptable response of Accept/ Approve Eligible.

### **DEBT-TO-INCOME RATIO (DTI)**

LPA- Maximum DTI must not exceed 55%

DU- Maximum DTI must not exceed 50%

### **ELIGIBLE DOWNPAYMENT ASSISTANCE PROGRAMS**

- Federal Home Loan Bank (FHLB)
- BB&T approved Affordable Down Payment Assistance Programs – please refer to the [Downpayment Assistance Approval List](#) located on the BB&T Correspondent Lending website for additional information.

### **ESCROW WAIVER**

Permitted when the Loan to Value is 80% or less (or 89.99% or less in California).

There is a reduction in Servicing Released Premium for waiving escrows.

Refer to BB&T's current Rate Sheet.

### **HOMEOWNERSHIP COUNSELING DISCLOSURE**

Homeownership Counseling Disclosure required per the 2013 HOEPA Rule, an amendment to Regulation X (RESPA).

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**INELIGIBLE LOAN TYPES AND PROGRAMS**

Refer to “Ineligible Transactions” in Section 3:28 of the [Conforming Underwriting Guidelines](#).

**LETTERS OF EXPLANATION**

Letters of explanation addressing issues deemed material to the credit decision must be signed with a “wet signature” or an “electronic signature.” All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

**LOAN PURPOSE**

- Purchase
- No Cash-Out Refinance
- Cash-Out Refinance

**LTV**

Reference the [Price Adjustments and LTV Charts](#)

**MAXIMUM INTERESTED PARTY CONTRIBUTIONS**

Maximum financing concessions are based on TLTV when secondary financing is present, LTV when no secondary financing is present.

OCCUPANCY	LTV/TLTV	AMOUNT
Primary Residence	Over 90% to 95%	3%
	Over 75% to 90%	6%
	75% and below	9%
Second Home	Over 75% to 90%	6%
	75% and below	9%
Investment Property	All LTV's	2%

**MAXIMUM LOAN AMOUNT**

Up to the FHFA Conforming Loan Limit

**MINIMUM LOAN AMOUNT**

None

**MORTGAGE INSURANCE**

Required on all loans with LTV's above 80%.

Refer to “Mortgage Insurance Options” in the [Conforming Underwriting Guidelines](#) section for more information.

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**NOTE**

Freddie Mac 3200

Unit Number must be included in the property address line.

Refer to [Legal Document Matrix](#) for additional information.

**OCCUPANCY REQUIREMENTS**

Primary Residence

Second Home

Investment Property

**OVERLAYS**

Refer to BB&T's current [Overlay and Allowances Matrix- Conventional Conforming and Super Conforming](#) for additional information.

**POINTS AND FEES CAPS**

3% of the total loan amount for a loan amount greater than or equal to \$105,158

\$3,155 for a loan amount greater than or equal to \$63,095 but less than \$105,158

5% of the total loan amount for a loan greater than or equal to \$21,032 but less than \$63,095

\$1,052 for a loan amount greater than or equal to \$13,145 but less than \$21,032

8% of the total loan amount for a loan less than \$13,145

**PRICING**

Refer to the Rate Sheet and BB&T's current [Price Adjustments and LTV Charts](#) for any price adjustments that might be applicable.

**PROPERTY TYPES**

Primary Residence and Investment Property

- 1-4 Family
- Condominiums
- PUDs

Second Home

- 1-Family
- Condominiums
- PUDs

**Attached PUDs**

Property Insurance requirements:

- HO3/comparable full coverage homeowners insurance policy; **or**
- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for attached PUDs where the homeowners association has a blanket policy covering the exterior structure only; **or**
- Homeowners Association blanket policy covering the exterior **and** interior of the unit.

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- HO6 coverage will not be escrowed separately if blanket policy covers the exterior and interior of the unit.
- HO3/comparable full coverage policies will be escrowed.

### **Condominiums**

Correspondents are responsible for classing Condominiums as outlined in the [Conforming Underwriting Guidelines](#).

Property Insurance requirements:

- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for Condominiums where the condominium master policy covers the exterior structure only; **or**
- Condominium master policy covering the exterior **and** interior of the unit.
- HO6 coverage will not be escrowed separately if master policy covers the exterior and interior of the unit.

### **Ineligible Property Types**

Refer to “Ineligible Transactions” in Section 3:28 of the [Conforming Underwriting Guidelines](#)

### **QM STATUS**

Safe Harbor: Mortgage that does not exceed limits on upfront points and fees; has an APR relative to the APOR that is equal to or less than 1.5% for first-lien loans.

Rebuttable Presumption: Mortgage than does not exceed limits on upfront points and fees; has an APR that exceeds the APOR as of the date the interest rate is set by 1.5% or more for first-lien loans. Also known as “Higher-Priced”.

### **REFINANCES**

Refer to Freddie Mac Seller/Servicer Guide, as well as BB&T’s current [Price Adjustments and LTV Charts](#) and the [Conforming Underwriting Guidelines](#) section.

### **RESIDENCY STATUS**

US Citizens

Permanent Resident Aliens

Non-Permanent Resident Aliens – see eligible Visa types listed in Section 3:8 of [Conforming Underwriting Guidelines](#).

### **SECONDARY FINANCING**

Refer to BB&T’s current [Price Adjustments and LTV Charts](#) and the Conforming Underwriting Guidelines section.

### **SECURITY INSTRUMENT**

Use the applicable Freddie Mac/Fannie Mae security instrument for the state in which the property is located.

### **TEMPORARY BUYDOWNS**

Not Allowed

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### **UNDERWRITING**

BB&T expects that all eligible Conforming loans will be submitted to Loan Product Advisor or Desktop Underwriter (either directly or through a MI Company).

Ineligible feedback responses: LPA Caution A-Minus eligible, LPA Caution, or DU Refer with Caution.

### **WORKSHEETS**

- Points and Fees Worksheet or comparable form
- Ability to Repay Worksheet or comparable form; **OR**
  - Income calculation for each borrower on either the Transmittal Summary or on a separate form; **AND**
  - Income and debt amounts must match on the Transmittal Summary, final application and final AUS submission; **AND**
  - Total debt-to-income ratio on the Transmittal Summary and final AUS submission must match.

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BB&T associates and authorized representatives.*

## 8:2 CONFORMING 3/1, 5/1, 7/1, AND 10/1 LIBOR P&I ARMS (NON-CONVERTIBLE)

LOAN PRODUCT CODES	LOAN PRODUCT
340	3/1 Year Discounted or Premium Non-Convertible ARM with 2/2/5 Caps
144	5/1 Year Discounted or Premium Non-Convertible ARM with 2/2/5 Caps
375	7/1 Year Discounted or Premium Non-Convertible ARM with 5/2/5 Caps
376	10/1 Year Discounted or Premium Non-Convertible ARM with 5/2/5 Caps

Refer to BB&T's current [Overlay and Allowances Matrix- Conventional Conforming and Super Conforming](#) and the [Conforming Underwriting Guidelines](#) section for additional information.

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### ADDITIONAL DISCLOSURES

PRODUCT	LIBOR-INDEXED ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE
340	3/1 Year Discounted or Premium Non-Convertible ARM with 2/2/5 Caps
144	5/1 Year Discounted or Premium Non-Convertible ARM with 2/2/5 Caps
375	7/1 Year Discounted or Premium Non-Convertible ARM with 5/2/5 Caps
376	10/1 Year Discounted or Premium Non-Convertible ARM with 5/2/5 Caps

- Use the Discounted disclosure if the Note rate is less than the index plus margin.
- Use the Premium disclosure if the Note rate is equal to or greater than the index plus margin.
- The Consumer Handbook on Adjustable Rate Mortgages must be given to the borrower at application along with the applicable disclosure as indicated above.

### APPRAISALS

BB&T will accept the form required by the LPA or DU response except for the following limitations.

The following are not allowed regardless of DU recommendation:

- DU - Forms 2055, 2075, and 1075

### ASSUMABILITY

3/1 ARM: assumable during life of loan

5/1, 7/1 & 10/1 ARMs: assumable while in the adjustable phase, not assumable during fixed hybrid period.

### CERTIFICATIONS

Primary Residence and Second Home:

Qualified Mortgage (QM), Higher-Priced (HPML) and High Cost (HCL) Mortgage Loan Certification or comparable form that validates QM status, HPML and HCL. BB&T does not purchase high cost loans.

## **CREDIT SCORE**

Minimum Credit Score for Purchase and No Cash Out Refinance transactions: 620

Minimum Credit Score for Cash-Out Refinance transactions: 620

Reference the [Price Adjustments and LTV Charts](#) for minimum credit score requirements on specific product/loan types.

## **Eligibility Requirements – Not all Borrowers have Usable Credit Scores**

### ***Freddie Mac Loan Product Advisor (LPA)***

Requirements for Accept:

- At least one Borrower on the transaction has a usable Credit Score, as determined by LPA, which meets BB&T Correspondent Lending minimum credit score requirements.
- The transaction is a purchase or “no cash-out” refinance.
- The Mortgage is secured by a 1-unit property, and all Borrowers occupy the property as their Primary Residence.
- Borrowers with a usable Credit Score contribute more than 50% of the total monthly income.
- Conforming loan amounts are eligible.
- A-Minus mortgages are ineligible for delivery to BB&T Correspondent Lending.

### ***Fannie Mae Desktop Underwriter (DU)***

Requirements for DU Approve/Eligible Mortgages:

- At least one Borrower on the transaction has a usable Credit Score, as determined by DU, which meets BB&T Correspondent Lending minimum credit score requirements.
- The transaction is a purchase or limited cash-out refinance.
- The Mortgage is secured by a 1-unit property, and all Borrowers occupy the property as their Primary Residence.
- Conforming loan amounts are eligible.
- Borrowers with a usable Credit Score contribute more than 50% of the qualifying income.
- Reserves may be required as determined by DU.

## **Rescoring and Credit Repair**

BB&T prohibits the use of credit repair designed to help a borrower manipulate the credit data in order to obtain financing for which they would not otherwise qualify. The following documents will be required at the time of delivery to validate the borrower qualified for the initial loan.

- Initial credit report and LP/DU findings, at the time of application, with an acceptable response of Accept/ Approve Eligible.
- The final credit report (if another was pulled for loan file decisioning) and LP/DU findings with an acceptable response of Accept/ Approve Eligible.

## **DEBT-TO-INCOME RATIO (DTI)**

LPA - maximum DTI must not exceed 55%

DU - maximum DTI must not exceed 50%

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**ELIGIBLE DOWNPAYMENT ASSISTANCE PROGRAMS**

- Federal Home Loan Bank (FHLB)
- BB&T approved Affordable Down payment Assistance Programs – please refer to the [Downpayment Assistance Approval List](#) located on the BB&T Correspondent Lending website for additional information.

**ESCROW WAIVER**

Permitted when the Loan to Value is 80% or less (or 89.99% or less in California).

There is a reduction in Servicing Released Premium for waiving escrows

Refer to BB&T’s current Rate Sheet or SRP Schedule.

**HOMEOWNERSHIP COUNSELING DISCLOSURE**

Homeownership Counseling Disclosure required per the 2013 HOEPA Rule, an amendment to Regulation X (RESPA).

**INDEX**

12 Month LIBOR index

**INELIGIBLE LOAN TYPES AND PROGRAMS**

Refer to “Ineligible Transactions” in Section 3:28 of the [Conforming Underwriting Guidelines](#).

**INTEREST RATE ADJUSTMENTS**

The “Initial Interest Rate Adjustment” will be 36, 60, 84, 120 months after the first month following loan closing; thereafter, the Interest Rate will be subject to change annually. For loans which close on the first day of the month, the Initial Interest Rate Adjustment will be 36, 60, 84, 120 months after the month of loan closing; thereafter, the Interest Rate will be subject to change annually.

**INTEREST RATE CAPS & FLOOR**

CAP	3/1 AND 5/1 P&I LIBOR ARM	7/1 AND 10/1 P&I LIBOR ARMS
Initial	2% (Increase or Decrease)	5% (Increase or Decrease)
Annual	2% (Increase or Decrease)	2% (Increase or Decrease)
Lifetime	5%	5%

Margin of 2.25% is the Floor

**INTEREST RATE FORMULA**

Index plus margin rounded to the nearest .125%.

**LETTERS OF EXPLANATION**

Letters of explanation addressing issues deemed material to the credit decision must be signed with a “wet signature” or an “electronic signature.” All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

**LOAN PURPOSE**

Purchase  
 No Cash-Out Refinance  
 Cash-Out Refinance

**LOAN TERM/AMORTIZATION TERM**

Amortization terms 181-360 months (15 years, 1 month to 30 years).  
 The outstanding principal balance will be re-amortized over the remaining life of the loan at each interest rate change date.

**Note:** Amortization terms below 181 months for Adjustable-rate products are NOT allowed.

**LTV/TLTV/HTLTV**

Reference the [Price Adjustments and LTV Charts](#)

**MARGIN**

225 basis points (2.25%)

**MAXIMUM INTERESTED PARTY CONTRIBUTIONS**

Maximum financing concessions are based on TLTV when secondary financing is present, LTV when no secondary financing is present.

OCCUPANCY	LTV/TLTV	AMOUNT
Primary Residence	Over 90% to 95%	3%
	Over 75% to 90%	6%
	75% and below	9%
Second Home	Over 75% to 90%	6%
	75% and below	9%
Investment Property	All LTV's	2%

**MAXIMUM LOAN AMOUNT**

Up to the FHFA Conforming Loan Limit

**MINIMUM LOAN AMOUNT**

None

**MORTGAGE INSURANCE**

Required on all loans with LTV's above 80%.  
 Refer to "Mortgage Insurance Options" in the [Conforming Underwriting Guidelines](#) section for more information.

**NEGATIVE AMORTIZATION**

None

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**NOTE**

PRODUCT	FREDDIE MAC	FANNIE MAE
340	5530	3526
144, 375, 376	5531	3528

Unit Number must be included in the property address line.

Refer to [Legal Document Matrix](#) for additional information.

**OCCUPANCY REQUIREMENTS**

Primary Residence

Second Home

Investment Property

**OVERLAYS**

Refer to BB&T's current [Overlay and Allowances Matrix- Conventional Conforming and Super Conforming](#) for additional information.

**PAYMENT ADJUSTMENT**

The initial payment adjustment will be not less than 36, 60, 84, 120 months from the date of the first payment; thereafter, the monthly payment to change annually.

**POINTS AND FEES CAPS**

3% of the total loan amount for a loan amount greater than or equal to \$105,158

\$3,155 for a loan amount greater than or equal to \$63,095 but less than \$105,158

5% of the total loan amount for a loan greater than or equal to \$21,032 but less than \$63,095

\$1,052 for a loan amount greater than or equal to \$13,145 but less than \$21,032

8% of the total loan amount for a loan less than \$13,145

**PRICING**

Refer to the Rate Sheet and BB&T's current [Price Adjustments and LTV Charts](#) for any price adjustments for any applicable price adjustments

**PROPERTY TYPES**

Primary Residence and Investment Property

- 1-4 Family
- Condominiums
- PUDs

Second Home

- 1-Family
- Condominiums
- PUDs

**Attached PUDs**

Property Insurance requirements:

- HO3/comparable full coverage homeowners insurance policy; **or**
- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for attached PUDs where the homeowners association has a blanket policy covering the exterior structure only; **or**
- Homeowners Association blanket policy covering the exterior **and** interior of the unit.
- HO6 coverage will not be escrowed separately if blanket policy covers the exterior and interior of the unit.
- HO3/comparable full coverage policies will be escrowed.

**Condominiums**

Correspondents are responsible for classing Condominiums as outlined in the [Conforming Underwriting Guidelines](#).

Property Insurance requirements:

- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for Condominiums where the condominium master policy covers the exterior structure only; **or**
- Condominium master policy covering the exterior **and** interior of the unit.
- HO6 coverage will not be escrowed separately if master policy covers the exterior and interior of the unit.

**Ineligible Property Types**

Refer to “Ineligible Transactions” in Section 3:28 of the [Conforming Underwriting Guidelines](#)

**QM STATUS**

Safe Harbor: Mortgage that does not exceed limits on upfront points and fees; has an APR relative to the APOR that is equal to or less than 1.5% for first-lien loans.

Rebuttable Presumption: Mortgage than does not exceed limits on upfront points and fees; has an APR that exceeds the APOR as of the date the interest rate is set by 1.5%. Also known as “Higher-Priced”.

**QUALIFYING RATE\*****3/1 & 5/1 P&I LIBOR ARM**

Qualify at the greater of:

- Note rate plus 2.0% **or**
- Fully indexed rate (index plus margin)

**7/1 & 10/1 P&I LIBOR ARMs**

Qualify at note rate

**7/1 & 10/1 P&I LIBOR ARMs*****Higher Priced Covered Transactions as defined by Reg Z 12 C.F.R. 1026.43(b)***

Qualify at the greater of:

- Note rate **or**
- Fully indexed rate (index plus margin)

**\*Correspondents must adhere to specific State requirements.**

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**QUALIFYING RATE REQUIREMENT FOR AUS**

**Fannie Mae DU ARM Plan**

- 3/1 P&I LIBOR ARM – 2723
- 5/1 P&I LIBOR ARM – 2725
- 7/1 P&I LIBOR ARM – 2727
- 10/1 P&I LIBOR ARM – 2729

**Freddie Mac LPA**

Loan Product Advisor will assess the loan and calculate the debt-to-income ratio based on the requirements listed above.

**REFINANCES**

Refer to Freddie Mac Seller/Servicer Guide, as well as BB&T’s current [Price Adjustments and LTV Charts](#) and the [Conforming Underwriting Guidelines](#) section.

**RESIDENCY STATUS**

- US Citizens
- Permanent Resident Alien
- Non-Permanent Resident Aliens – see eligible Visa types listed in Section 3:8 of [Conforming Underwriting Guidelines](#).

**RIDER**

PRODUCT	FREDDIE MAC	FANNIE MAE
340	5130	3189
144, 375, 376	5131	3187

Refer to [Legal Document Matrix](#) for additional information

**SECONDARY FINANCING**

Refer to BB&T’s current [Price Adjustments and LTV Charts](#) as well as the [Conforming Underwriting Guidelines](#)

**SECURITY INSTRUMENT**

Use the applicable Freddie Mac/Fannie Mae security instrument for the state in which the property is located.

**TEMPORARY BUYDOWNS**

Not Allowed

**UNDERWRITING**

BB&T expects that all eligible Conforming loans will be submitted to Loan Product Advisor or Desktop Underwriter (either directly or through a MI Company).

Ineligible feedback responses: LPA Caution A-Minus eligible, LPA Caution, or DU Refer with Caution.



**WORKSHEETS**

- Points and Fees Worksheet or comparable form
- Ability to Repay Worksheet or comparable form; **OR**
  - Income calculation for each borrower on either the Transmittal Summary or on a separate form; **AND**
  - Income and debt amounts must match on the Transmittal Summary, final application and final AUS submission; **AND**
  - Total debt-to-income ratio on the Transmittal Summary and final AUS submission must match.

**8:3 SUPER CONFORMING FINANCING PROGRAM\***

**\*Fannie Mae HomeReady and Freddie Mac Home Possible mortgages are eligible for Super Conforming Loan Limits; however, Super Conforming HomeReady / Home Possible Mortgages must conform to the guidance contained within the Fannie Mae HomeReady / Freddie Mac Home Possible Product Description for [Fixed](#) and [ARMs](#).**

LOAN PRODUCT CODES	LOAN PRODUCT	LOAN TERM/ AMORTIZATION TERM**
101	30 Year Fixed Rate	241-360 months
104	20 Year Fixed Rate	181-240 months
102	15 Year Fixed Rate	121-180 months
110	10 Year Fixed Rate	120 months
144	5/1 Non-Convertible P&I LIBOR ARM 2/2/5 Caps	360 months
375	7/1 Non-Convertible P&I LIBOR ARM 5/2/5 Caps	360 months
376	10/1 Non-Convertible P&I LIBOR ARM 5/2/5 Caps	360 months

\*\*Minimum Amortization Term – 120 months for Fixed Rate products and 181 months for ARM products.

Refer to BB&T’s current [Overlay and Allowances Matrix- Conventional Conforming and Super Conforming](#) and the [Conforming Underwriting Guidelines](#) section for additional information.

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**APPRAISAL REQUIREMENTS**

Full URAR- interior and exterior inspection required.

Condominiums in a new project, a newly converted project, or an area where the property seller owns substantial number of units, at least two comparable sales must be outside the influence of the developer, builder or property seller.

Resales from within the subject property may be used to meet this requirement.

MI Declining Market Policies apply for LTV's over 80%

LPA Automated Collateral Evaluation (ACE) and DU Appraisal Waivers (AW) are ineligible.

**ASSUMABILITY**

5/1, 7/1 & 10/1 ARM- assumable while in the adjustable phase, not assumable during fixed hybrid period.

### **AUTOMATED UNDERWRITING**

LPA Accept or DU Approve response required

**Ineligible feedback responses:** LPA Caution A-Minus eligible, LPA Caution, or DU Refer with Caution.

### **CERTIFICATIONS**

Primary Residence and Second Home:

Qualified Mortgage (QM), Higher-Priced (HPML) and High Cost (HCL) Mortgage Loan Certification or comparable form that validates QM status, HPML and HCL. BB&T does not purchase high cost loans.

### **CREDIT REQUIREMENTS**

LPA or DU is required on all Super Conforming loans. Follow LPA or DU feedback with the following additional requirements:

The borrowers' credit reputation is acceptable if:

- The mortgage receives a Risk Class of Accept or Approve/Eligible
- Non-traditional credit is not allowed
- Super Conforming loan amounts, underwritten by DU, may not exceed \$1 million
- Ineligible feedback responses: LPA Caution A-Minus eligible, LPA Caution, or DU Refer with Caution.

### **CREDIT SCORE**

Minimum credit score requirements - Freddie Mac Loan Product Advisor (LPA) Accept or Fannie Mae Desktop Underwriter (DU) Approve/Eligible:

- Purchase and No Cash Out Refinance Transactions: **620**
- Cash Out Refinance Transactions: **620**

### **ELIGIBILITY REQUIREMENTS – NOT ALL BORROWERS HAVE USABLE CREDIT SCORES**

Freddie Mac Loan Product Advisor (LPA)

Requirements for Accept Mortgages:

- At least one Borrower on the transaction has a usable Credit Score, as determined by LPA, which meets BB&T Correspondent Lending minimum credit score requirements.
- The transaction is a purchase or “no cash-out” refinance.
- The Mortgage is secured by a 1-unit property, and all Borrowers occupy the property as their Primary Residence.
- Borrowers with a usable Credit Score contribute more than 50% of the total monthly income.
- Super Conforming loan amounts are eligible.
- A-Minus mortgages are ineligible for delivery to BB&T Correspondent Lending.

### **FANNIE MAE DESKTOP UNDERWRITER (DU)**

Requirements for DU Approve/Eligible Mortgages: All borrowers must have usable credit scores.

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**Rescoring and Credit Repair**

BB&T prohibits the use of credit repair designed to help a borrower manipulate the credit data in order to obtain financing for which they would not otherwise qualify. The following documents will be required at the time of delivery to validate the borrower qualified for the initial loan.

- Initial credit report and LP/DU findings, at the time of application, with an acceptable response of Accept/ Approve Eligible.
- The final credit report (if another was pulled for loan file decisioning) and LP/DU findings with an acceptable response of Accept/ Approve Eligible.

**DOCUMENTATION**

Follow LPA or DU feedback and refer to the [Conforming Underwriting Guidelines](#) for any overlays.

**DOWNPAYMENT AND ASSETS**

Follow LPA or DU

LTV/TLTV/HTLTV	Minimum Borrower Contribution required from Borrower’s own Funds	
80% or less	1-4 Unit Primary Residences & Second Homes	None – All funds to complete the transaction can come from a gift.
Greater than 80%	1 unit Primary Residence	None – All funds to complete the transaction can come from a gift.
	2-4 Unit Primary Residences & Second Homes	5% - After the minimum Borrower contribution has been met, gifts can be used to supplement the down payment, closing costs & reserves.

Proof of liquidation of asset accounts is required, regardless of LPA or DU feedback.

**ELIGIBLE DOWNPAYMENT ASSISTANCE PROGRAMS**

- Federal Home Loan Bank (FHLB)
- BB&T approved Affordable Downpayment Assistance Programs – please refer to the [Downpayment Assistance Approval List](#) located on the BB&T Correspondent Lending website for additional information.

**EMPLOYMENT HISTORY**

Follow LPA or DU feedback and refer to the [Conforming Underwriting Guidelines](#) for any overlays.

**ESCROWS**

Required for LTV’s greater than 80% (or greater than 89.99% in California)

**ESCROW WAIVER**

Permitted when the Loan to Value is 80% or less (or 89.99% or less in California), and the loan is not designated as a Higher Priced Mortgage Loan (HPML)

Escrow waivers are NOT permitted under the following scenarios: (no exceptions permitted under Federal Law)

- Loans with LTVs greater than 80% (or greater than 89.99% in California)
- Higher Priced Mortgage Loans (HPMLs), regardless of LTV
- Properties within a flood hazard area must have flood insurance escrows.

Refer to BB&T’s current Rate Sheet or SRP Schedule.

There is a reduction in Servicing Released Premium for waiving escrows.

**HOMEOWNERSHIP COUNSELING DISCLOSURE**

Homeownership Counseling Disclosure required per the 2013 HOEPA Rule, an amendment to Regulation X (RESPA).

**INDEX**

12 Month LIBOR index

**INELIGIBLE LOAN TYPES AND PROGRAMS**

- ARMs other than 5/1 ARMs with 2/2/5; 7/1 and 10/1 ARMs with 5/2/5
- Lending on Native American Tribal Lands
- LPA Caution A-Minus Eligible
- Super Conforming loans, with loan amounts greater than \$1,000,000, approved through DU
- Properties subject to Property Assessed Clean Energy (PACE) Obligations
- Special Purpose Cash-Out

**INTEREST RATE ADJUSTMENTS**

The “Initial Interest Rate Adjustment” will be 60, 84, and 120 months after the first month following loan closing; thereafter, the Interest Rate will be subject to change annually. For loans which close on the first day of the month, the Initial Interest Rate Adjustment will be 60, 84, and 120 months after the month of loan closing; thereafter, the Interest Rate will be subject to change annually.

**INTEREST RATE CAPS & FLOOR**

<b>CAP</b>	<b>5/1 P&amp;I LIBOR ARM</b>	<b>7/1 AND 10/1 P&amp;I LIBOR ARMs</b>
Initial	2% (Increase or Decrease)	5% (Increase or Decrease)
Annual	2% (Increase or Decrease)	2% (Increase or Decrease)
Lifetime	5%	5%

Margin of 2.25% is the Floor

**INTEREST RATE FORMULA**

Index plus margin rounded to the nearest .125%.

**LETTERS OF EXPLANATION**

Letters of explanation addressing issues deemed material to the credit decision must be signed with a “wet signature” or an “electronic signature.” All electronic signatures by the borrower must be in compliance with the E-Sign Act and the loan file must include a properly disclosed and executed E-Sign Disclosure and a Consent Form from each borrower.

**LOAN PURPOSE**

- Purchase
- No Cash-Out Refinance
- Cash-Out Refinance

**LOAN AMOUNT**

All properties must be located in a market eligible for the high-cost loan limits. Please visit the FHFA website to determine if a market qualifies.

[Federal Housing Finance Agency – Conforming Loan Limit](#)

**LTV/TLTV/HTLTV**

Reference the [Price Adjustments and LTV Charts](#)

**MARGIN**

225 basis points (2.25%)

**MAXIMUM CASH-OUT**

No Maximum

**MAXIMUM INTERESTED PARTY CONTRIBUTIONS**

Maximum financing concessions are based on TLTV when secondary financing is present, LTV when no secondary financing is present.

OCCUPANCY	LTV/TLTV	AMOUNT
Primary Residence	Over 90%	3%
	Over 75% to 90%	6%
	75% and below	9%
Second Home	Over 75% to 90%	6%
	75% and below	9%
Investment Property	All LTV's	2%

**MORTGAGE INSURANCE**

- Required on all loans with LTV's above 80%
- Lender Paid MI (Single Premium) and Financed MI are allowed.
- Refer to "Mortgage Insurance Options" in the [Conforming Underwriting Guidelines](#) section for more information.

**NEGATIVE AMORTIZATION**

None

**NOTE**

PRODUCT	FREDDIE MAC/FANNIE MAE	
101, 104, 102, 110	3200	
PRODUCT	FREDDIE MAC	FANNIE MAE
144	5531	3528
375	5531	3528
376	5531	3528

Unit Number **must be** included in the property address line.

Refer to [Legal Document Matrix](#) for additional information

**OCCUPANCY REQUIREMENTS**

- Primary Residence
- Second Home
- Investment Property

**OVERLAYS**

Refer to BB&T's current [Overlay and Allowances Matrix- Conventional Conforming and Super Conforming](#) for additional information.

**PAYMENT ADJUSTMENT**

The initial payment adjustment will be not less than 60, 84, 120 months from the date of the first payment; thereafter, the monthly payment to change annually.

**POINTS AND FEES CAPS**

- 3% of the total loan amount for a loan amount greater than or equal to \$105,158
- \$3,155 for a loan amount greater than or equal to \$63,095 but less than \$105,158
- 5% of the total loan amount for a loan greater than or equal to \$21,032 but less than \$63,095
- \$1,052 for a loan amount greater than or equal to \$13,145 but less than \$21,032
- 8% of the total loan amount for a loan less than \$13,145

[-Internal-]

## **PROPERTY TYPES**

**Primary Residence and Investment Property-** 1-4 Family, Condominiums, PUDs

**Second Home-** 1-Family, Condominiums, PUDs

### **Attached PUDs**

Property Insurance requirements:

- HO3/comparable full coverage homeowners insurance policy; **OR**
- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for attached PUDs where the homeowners association has a blanket policy covering the exterior structure only; **OR**
- Homeowners Association blanket policy covering the exterior **AND** interior of the unit.
- HO3/comparable full coverage policies will be escrowed.

### **Condominiums**

Correspondents are responsible for classing Condominiums as outlined in the [Conforming Underwriting Guidelines](#).

Property Insurance requirements:

- HO6 policy required with coverage, as determined by the insurer, which is sufficient to repair the unit to its condition prior to a loss claim event for Condominiums where the condominium master policy covers the exterior structure only; **OR**
- Condominium master policy covering the exterior **AND** interior of the unit.

## **INELIGIBLE PROPERTY TYPES**

Manufactured Homes

## **PRICING**

Refer to the Rate Sheet and BB&T's current [Price Adjustments and LTV Charts](#) for any price adjustments that might be applicable.

## **QM STATUS**

**Safe Harbor:** Mortgage that does not exceed limits on upfront points and fees; has an APR relative to the APOR that is equal to or less than 1.5% for first-lien loans.

**Rebuttable Presumption:** Mortgage than does not exceed limits on upfront points and fees; has an APR that exceeds the APOR as of the date the interest rate is set by 1.5% or more for first-lien loans. Also known as "Higher-Priced".

## **QUALIFYING RATE**

### **5/1 P&I LIBOR ARM**

- Qualify at the greater of:
  - Note rate plus 2.0% or
  - Fully indexed rate (index plus margin)

**7/1 & 10/1 P&I LIBOR ARMs**

Qualify at note rate

**7/1 & 10/1 P&I LIBOR ARMs**

For Higher Priced Covered Transactions as defined by Reg Z 12 C.F.R. 1026.43(b)

- Qualify at the greater of:
  - Note rate or
  - Fully indexed rate (index plus margin)

**Note:** Correspondents must adhere to specific State requirements.

**QUALIFYING RATE REQUIREMENT FOR AUS**

***Fannie Mae DU ARM Plan***

5/1 P&I LIBOR ARM – 2725

7/1 P&I LIBOR ARM – 2727

10/1 P&I LIBOR ARM – 2729

***Freddie Mac LPA***

Loan Product Advisor will assess the loan and calculate the debt-to-income ratio based on the requirements listed above.

**QUALIFYING RATIOS**

Maximum debt-to-income (DTI) ratio is **45%**, regardless of LPA or DU response.

**REFINANCES**

Refer to Freddie Mac Seller/Servicer Guide, Single Family Forms and the Guide as well as [Conforming Underwriting Guidelines](#) section.

**RESERVES**

Refer to the [Conforming Underwriting Guidelines](#) or [Price Adjustments and LTV Charts](#)

**RESIDENCY STATUS**

US Citizens

Permanent Resident Alien

Non-Permanent Resident Alien

**RIDER**

PRODUCT	FREDDIE MAC	FANNIE MAE
144, 375, 376	5131	3187

Refer to [Legal Document Matrix](#) for additional information.

[-Internal-]

**SECONDARY FINANCING**

Refer to BB&T's current [Price Adjustments and LTV Charts](#) and the [Conforming Underwriting Guidelines](#) section.

**SECURITY INSTRUMENT**

Use the applicable Freddie Mac/Fannie Mae security instrument for the state in which the property is located.

**TEMPORARY BUYDOWNS**

Not allowed

**WORKSHEETS**

Points and Fees Worksheet or comparable form

Ability to Repay Worksheet or comparable form OR

- Income calculation for each borrower on either the Transmittal Summary or on a separate form; AND
- Income and debt amounts must match on the Transmittal Summary, final application and final AUS submission; AND
- Total debt-to-income ratio on the Transmittal Summary and final AUS submission must match.