

Jumbo AUS and Jumbo Plus AUS



Agenda

- Introduce product support and Value Proposition
- Define the characteristics of the Jumbo AUS and Jumbo Plus AUS Products
- Review program Highlights and Details
- Navigate through resources
- Q&A



Product Support and Value Proposition



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Product Support

- We make subject matter experts available from beginning to end to support a flawless execution.
 - Your credit teams will have access to a dedicated group to assist with scenarios, single loan variances, and guideline expertise.
 - Nonagency@Bayview.com can be utilized for all **pre-close questions**, scenarios and Single Loan Variance (SLV) requests.
 - **LakeviewCorrespondent.com** can be utilized to answer your **post-closing, pre-purchase questions** regarding loan status, suspense conditions, escalations and rebuttals



Jumbo AUS Product Characteristics



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Jumbo AUS Product

- Super prime with common sense flexibility.
- 15 year fixed and ARM options available
- First-time Homebuyers permitted with maximum \$1,500,000 loan amount
- Non-Permanent Resident Aliens permitted for Primary Residence
- DTI Requirements:
 - 30 Year Fixed Rate = 49.99%
 - 15 Year Fixed Rate and ARMs
 - Maximum = 43%
 - FICO ≥ 700 and < 720 = Maximum 40% DTI
- Max cash back at closing is limited to 1% of the new loan amount for a rate/term refi



Jumbo AUS Product, continued

- Acceptable DU Recommendations

Approve/Ineligible Reasons	Approve/Eligible Reasons
<ul style="list-style-type: none">• Loan Amount• Maximum cash-out on a rate/term refinance transaction	<ul style="list-style-type: none">• 15-year fixed rate and ARM terms loan amounts down to \$600,000• High balance loan amount

- Reserves range between 6-24 months
- Minimum loan amount
 - 30 Year Fixed: Minimum loan amounts are \$1 above the current FHFA conforming loan limits.
 - High balance loans are permitted
 - ARMS & 15-year fixed rate: Minimum \$600,000 loan amount
- Up to 40 acres.



Jumbo AUS Product Codes and Terms

Fixed Rate	ARMs
PJF315 – Fixed 15-year term	PJA500 – 5/6 SOFR ARM 30-year 2/1/5
PJF330 – Fixed 20-, 25-, 30-year terms	PJA700 – 7/6 SOFR ARM 30-year 5/1/5
	PJA100 – 10/6 SOFR ARM 30-year 5/1/5



15-Year Fixed Rate and ARM Restrictions

- First-time Homebuyer: Maximum loan amount \$1,250,000
- Minimum Loan Amount: \$400,000
- Maximum Cash Out: \$500,000
- Texas 50(a)(6) permitted (delegated only)
- Ineligible Property Types:
 - 2-4 units not eligible
 - 2nd home & investment properties not eligible
 - Cooperatives not eligible
- Appraisal Review
 - CU not permitted to meet appraisal review requirement
 - CDA required for every loan
 - Field review required for any CDA variance greater than 5% with an LTV greater than 75%



Jumbo Plus AUS Characteristics



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Jumbo Plus AUS Product

- Expanded prime with common sense flexibility
- Product code PJF311
- Terms of 20-, 25-, 30-year fixed-rate available.
- First-time Homebuyers permitted with maximum \$1,500,000 loan amount
- Non-permanent Resident Aliens permitted for primary residence only
- DTI Requirements:
 - Maximum 49.99%
 - DTI > 45% permitted
 - minimum 700 FICO
 - minimum six months reserves
- Maximum cash back to the borrower on a rate/term refinance is 1% of the loan amount.



Jumbo AUS Product, continued

- Acceptable DU Recommendations

Approve/Ineligible Reasons	Approve/Eligible Reasons
<ul style="list-style-type: none">• Loan Amount• Maximum cash-out on a rate/term refinance transaction	<ul style="list-style-type: none">• Loan amounts down to \$300,000• High balance loan amount

- Reserves range between 3-15 months dependent upon occupancy, loan amount and LTV
- Minimum loan amount is \$300,000. High balance loan amounts are permitted
- Up to 40 acres
- Non-Warrantable Condos/Condotels are permitted



Credit Comparison

Attribute	Jumbo AUS Requirement	Jumbo Plus AUS Requirement
Mortgage History	<ul style="list-style-type: none">• 0X30X24• VORs not required	<ul style="list-style-type: none">• 1X30X12• 2X30X2• VORs not required
Credit Events	7 years	4 years
Multiple Credit Events	Not Allowed	
Required # of Credit Scores	All borrowers must have a minimum of two credit scores	



Program Highlights and Details



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Salaried, Bonus, & Commission Income

- Income and Employment must be documented per the DU findings
 - All income sources and methods of income calculation must meet the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide as well as requirements below.
- Secondary validation of the income documentation is required

Income Documentation Source	Allowable Secondary Verification
<ul style="list-style-type: none">• Paystub and W-2(s)	<ul style="list-style-type: none">• W-2 transcript(s) or Fannie approved 3rd party vendor (i.e., The Work Number)
<ul style="list-style-type: none">• Fannie approved 3rd party vendor (i.e., The Work Number)	<ul style="list-style-type: none">• W-2 transcript(s)



Salaried, Bonus, & Commission Income, continued

- Secondary validation of the income documentation is required, continued
 - Manual verification of employment, even if through a third party are not permitted
 - Transcripts should be obtained directly from the IRS
 - The IRS transcripts and the supporting income documentation must be consistent
 - If third-party verification (i.e., The Work Number) is the source used to verify income, then W-2 transcripts are also required as the secondary verification of the income
- Commission/Bonus Income
 - Follow requirements above for salaried borrowers, and
 - Commission/Bonus income must be documented for the most recent two years with a year-to-date paystub and W-2s



Self-Employment Requirements

- Defined as having 25% or greater ownership
- Underwriter must consider economic impacts to the business and determine stability of income
- Aggregate secondary and separate sources of self-employment losses reporting on 1040 tax transcripts greater than 5% of the borrowers total qualifying income must be deducted from qualifying income



Self-Employment Documentation

- Follow the requirements per the DU findings and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide (published June 3, 2020), except as detailed below:
 - If DU returns a recommendation for one year of tax returns, the most recent year's tax return must be provided. IRS extensions are not permitted.
 - If borrower has filed an extension, the most recent prior two years tax returns are required
- YTD profit and loss statement (audited or unaudited)
 - Unaudited profit and loss statements: Must be signed by the borrower
 - Must not be more than 90 days aged prior to the Note date.
- Verification of the existence of the business through a third-party source within 20 days of the Note date



Asset Depletion

- Borrowers may use assets as a basis for the repayment of the mortgage obligation
 - Primary residence (1-2 units) and Second Homes only
 - Purchase, Rate/Term and Cash-out transactions are eligible
 - There are no age restrictions for the use of Asset Depletion as a source of qualifying income
 - Minimum Net Eligible asset requirement of \$1,000,000
 - Income from assets may not be double counted
 - Most recent two years of tax returns and corresponding tax transcripts are required



Asset Depletion

- Eligible assets to be used as income:
 - Retirement assets
 - Lump-sum distribution not deposited into an eligible retirement account
 - Depository accounts and securities
 - Assets from the sale of the borrower's business



Asset Documentation

- Follow the DU and the requirements in chapters B3-3 through B3-6 of the Fannie Mae Single Family Selling Guide
- Gift Funds
 - Gift funds may be used once borrower has contributed 5% of their own funds
 - Not permitted for reserves.



Asset Documentation

- **Business Funds**

- Acceptable source of funds for down payment and closing costs. Not permitted for reserves.
- Cash flow analysis required using most recent three months business bank statements to determine no negative impact to business. Business bank statements must not reflect any NSFs (non-sufficient funds) or overdrafts.
- If borrower(s) ownership in the business is less than 100%, the following requirements must be met:
 - Borrower(s) must have majority ownership of 51% or greater.
 - The other owners of the business must provide an access letter to the business funds.
 - Borrower(s) % of ownership must be applied to the balance of business funds for use by borrower(s).

- **Stocks, Bonds & Mutual Funds**

- Do not require documentation of liquidation or of the borrower's receipt of funds when used for down payment or closing costs



Collateral – Property Eligibility

- Primary Residence – 1-4 units
- Second Homes – 1 unit
- Acreage
 - Maximum 40 acres
 - For properties >10 acres and up to 40 acres
 - Max land value of 35%
 - Properties must be residential in nature with no income producing attributes
- Condominiums – Warrantable
 - Follow Fannie Mae for review types, including Limited Review.
- Condominiums – Non-Warrantable/Condotels (Jumbo Plus AUS product only)
- Cooperatives (Co-ops)
 - Follow Fannie requirements
 - No geographic restrictions but must have co-op comps
 - Primary and second homes only



Non-Warrantable Condos/Condotel

Condominiums – Non-Warrantable	Condominium Hotels
Eligible for Jumbo Plus AUS Only	Eligible for Jumbo Plus AUS Only
10% reduction to maximum LTV/CLTV up to a maximum of 70%	10% reduction to maximum LTV/CLTV up to a maximum of 70%
Primary and Second homes only	Primary and Second homes only
Only one non-warrantable feature is permitted	Housekeeping, front desk, card key access and daily rentals allowed
Commercial Space – allows up to 50%	Commercial Space – allows up to 50%
Single Entity Ownership – allows up to 25%	Minimum 500 square feet and must have fully functioning kitchen
Presale Requirements – New or converted projects to have at least 30%	No fractional ownership allowed
Budgeted Reserves – allows for projects with replacement reserves less than 10%	Must be located in a resort area or metropolitan area with project associated with luxury high-end hotel brand



Appraisal Requirements

- Validation of appraised value can be done through
 - A Collateral Underwriter (CU) score of 2.5 or less
 - Collateral Desktop Analysis (CDA) ordered from Clear Capital
 - CCA XP ordered from Consolidated Analytics
- Two appraisals required for the following transactions:
 - Purchase transaction with loan amount > \$2,000,000
 - Refinance transaction with loan amount > \$1,500,000
 - Appraisals must be completed by two independent companies
 - Lower of the two values will be used as the appraised value



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