



## Overlay Matrix Conventional Loans

In addition to FNMA and FHLMC seller guides, Thrive Mortgage must establish processes designed to achieve loan quality and mitigate risk associated with the lender’s origination processes consistent with our reps and warrants with the agencies.

As a result, the following guidelines will apply to our FNMA and FHLMC loans.

Topic	Requirement
<b>Assets</b>	A copy of the Earnest Money check to confirm the EMC was received from an acceptable depository account listed on the application and not from an interested party.
<b>Business Assets Used for Closing</b>	At minimum, the most recent three months of business bank statements.
<b>Closed Loan Documents</b>	Transcripts are not required for borrowers who are wage earners only. Tax Return Transcripts will be required to support income other than W-2, and when required on bond and Homestyle loans.
<b>Closed Loan Documents</b>	<p>Thrive will pull an Undisclosed Debt Notice (UDN) report within 14 calendar days of the note date.</p> <ul style="list-style-type: none"> <li>• If mortgage lates appear, they will need to be addressed.</li> <li>• Increased payments or new debt that cause the DTI ratio to increase more than 3% from what original credit report contained, the Underwriter must update the 1003 to include the new debt or increase in payments, rerun final AUS and maintain Approve/Eligible or Accept findings. Final documents including the 1003 will need to be updated prior to CTC being issued. Increased payments or new debt which results in a DTI change LESS THAN 3% do NOT require any correction or further underwriter review UNLESS the DTI is pushed over 45% DTI by the new or increased debt.</li> <li>• If the DTI ratio is pushed over <b>45%</b> by any increased payments or new debt discovered on the UDN report, the Underwriter will need to add the additional debt to the 1003 and rerun final AUS and maintain acceptable findings.</li> <li>• When loans already have a back-end ratio over <b>45%</b> PRIOR TO the UDN report being pulled, <b>ANY</b> increase in payments or new debt must be accounted for on the final 1003 and Approve/Eligible or Accept findings maintained.</li> <li>• If the UDN report reveals new inquiries, a Letter of Explanation must be obtained by the borrower regarding the reason for the credit pull and whether the inquiry resulted in a new debt.</li> <li>• If the UDN report reveals decreased or no increase in debt from CTC, the Underwriter does not need to take any action.</li> </ul>



<b>Closed Loan Documents</b>	<p>Fraud reports will continue to be required both at the time of initial submission and resubmission to UW. Additional documentation may be required based on findings within the report.</p> <p>A Civil Court Search is required for non-purchasing spouses on government loans in community property states.</p>
<b>Closed Loan Documents</b>	<p>Verifying existence of business is required to be executed within 30 days prior to the note date by a third party.</p>
<b>Collateral</b>	<p>Any subject property greater than 10 acres, verify your land to value is not greater than 40%. Anything greater than 40% will require Underwriting Management approval and second level review.</p>
<b>Compliance/ Closing Overlays</b>	<p>Principal curtailments in Texas will be limited to \$1,000. With exception granted by Closing Manager, Thrive will allow a maximum amount of curtailment up to the lesser of \$2500 or 2% of the original loan amount for the subject loan.</p>
<b>Compliance/ Closing Overlays</b>	<p>Thrive will require escrows on all loans with LTV &gt; 80%. Thrive Mortgage can permit escrow waivers on an exception basis.</p> <p>The exception for the waiver cannot 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, insurance, and other items described above.</p>
<b>Credit</b>	<p>Thrive requires a minimum of 1 credit score for each of the borrowers on the application along with Approved AUS findings.</p>