

Fannie Mae and Freddie Mac Overlay Matrix (08/06/25)

Table of Contents

Included in this document are:

- Introduction
- Chase Collateral Underwriting Overlays
 - 1004D/Form 442 Completion Alternatives
 - Appraisal
 - Appraisal Waiver + Property Data Report (PDR)
 - Coastal Barriers
 - Condo – Delegated
 - Condo – Non-Delegated
 - Co-ops
 - Dynamic Appraisals – (UAD) 3.6
 - Resale Restrictions
 - Trainee/Apprentice Appraisers
 - Transferred (or Assigned) Appraisals
- Asset Overlays
 - Assets as a Basis for Repayment of Obligations
 - Down Payment Assistance Programs
- Borrower Overlays
 - Bank Examiners/External Auditors
 - Conservatorship
 - Foreign Borrower
- Credit Overlays
 - Credit Report – Suppressed Credit
 - Credit Score
 - Reaffirmation of Debts After Chapter 7 Bankruptcy
- Income Overlays
 - Foreign Income (Employment and Non-Employment)
 - Ineligible Income Sources
 - Mortgage Credit Certificates (MCC)
 - Rental Income – Short Term
 - Tax Transcripts
- Areas of Clarity
 - 1031 Exchange
 - Buy Before You Sell or Similar Programs
 - Deposit Accounts Held by a Financial Technology (FinTech) Company
 - Economic Issues
 - First Time Homebuyer (FTHB)/AMI Credit Fee Waiver
 - Mandatory Furlough
 - Properties Owned Free and Clear
 - Short-term Installment Obligations
 - Student Loan Debt
 - Verbal Verification of Employment (VVOE) – Schedule K-1 <25% Ownership in a Business
 - Vesting in a Trust
- Operational Requirements
 - 4506-C
 - Closed Loan Documents
 - Documents in a Foreign Language
 - Electronic Signatures
 - Guidelines Applicable to All Loans Delivered to Chase
 - Insurance Requirements – Property and Flood
 - Note Seasoning
 - Power of Attorney
 - Removing a Borrower – Non-Delegated Transactions
 - Settlement Agent
 - UCDP SSR

Introduction

For Agency credit and collateral guidelines, comply with:

- Automated Underwriting System (AUS) Findings
- Applicable Agency guidelines based on AUS method

- Applicable Chase Agency product guides, and
- Chase specific overlays as outlined in this topic

Chase Collateral Underwriting Overlays

1004D/Form 442 Completion Alternatives

Follow respective agency guidelines based on AUS method, plus the completed attestation, Form 400 or substantially similar document included in the closed loan file delivered to Chase must include all required photos. A link to photos stored in a separate location is not permitted.

Appraisal

- When an appraisal or other valuation product is obtained, the Correspondent must verify the appraiser or other provider is not on the Ineligible Valuation Provider List. Refer to the Ineligible Valuation Provider List topic for additional information
- Fannie Mac Only: Ratings C5 or C6 must be cured prior to closing to bring the property condition to a C1-C4.

Appraisal Waiver +Property Data Report (PDR)

The completed PDR included in the closed loan file delivered to Chase must include all required photos. A link to photos stored in a separate location is not permitted.

Coastal Barriers

Fannie Mae only: Properties located in CBRS/OPA that are not also in SFHA are not eligible.

Condo – Delegated

Requirements include but are not limited to:

- Condo project review method must align with the underwriting method as follows:
 - DU – Must be warranted with a Fannie Mae Project Type Code
 - LPA – Must be warranted with a Freddie Mac Project Review Method
- The Chase Condominium Project List must be checked at the time the loan is locked and until the date of closing, to confirm the project is not declined by Chase. If declined, the loan is not eligible for delivery to Chase until such time as the project is no longer declined.
- Correspondents must check the Fannie Mae CPM and Freddie Mac CPA-PAR status up until the date of closing to ensure the project does not have a status of “Unavailable” or “Not Eligible”. Projects in these status require Chase project review prior to purchase of the loan
- The Correspondent is solely responsible under their Chase Reps and Warrants for providing an accurate condominium warranty in accordance with the applicable Agency condominium guidelines and any Chase requirements.
- The condominium file delivered to Chase must contain the delegated Correspondent’s warranty of the project.

Refer to the Delegated Project Reviews for Attached and Detached Condominiums topic for detailed requirements.

Condo – Non-Delegated

Must be submitted to Chase Project Underwriting for review. Refer to the Project Submission Process and Chase Requirements - Condo topic for detailed requirements.

Note: For Chase Community Lending transactions, correspondent lenders may choose to retain their project delegation where the correspondent also has delegated Agency authority.

Co-ops

Requirements include but are not limited to:

- Co-op projects must be approved by Chase Project Approval Group
- Co-op loans must be underwritten by Chase, unless Correspondent receives co-op underwriting authority
- The Chase Co-op Project List must be checked at the time the loan is locked and until the date of closing, to confirm the project is not declined by Chase. If declined, the loan is not eligible for delivery to Chase until such time as the project is no longer declined.

Refer to the Co-op Share Lending Overview topic for detailed requirements.

Dynamic Appraisals – (UAD) 3.6

Appraisals completed using the new Dynamic Appraisal form and Uniform Appraisal Dataset (UAD) 3.6 under the early adoption period are not eligible for delivery to Chase.

Resale Restrictions

- Follow requirements outlined in the following sections of the Resale Restrictions – Property topic.
 - Review Requirements – Agency and Non-Agency
 - Lien Position and Title Considerations – Agency and Non-Agency
- Ineligible Resale Restrictions
 - LPA transactions: Properties that have legally binding resale restrictions, are not eligible for sale to Chase when:
 - The restriction an income-based restriction, or
 - The transaction is a purchase and the resale restriction terminates upon foreclosure
 - DU transactions: Properties that have legally binding resale restrictions that create a Shared Equity Transaction are not eligible for sale to Chase when:
 - The resale restriction terminates at foreclosure, or
 - A delegated correspondent utilizes the Fannie Mae Certified Shared Equity Program List option (SFC792), in lieu of completing their own review of the resale restriction
 - Any Resale restrictions that allow for the application of the Affordable LTV calculation are not eligible
 - Resale restrictions that contain provisions that require the first mortgage holder to send a notice of default or foreclosure to any third party including the zoning authority or local jurisdiction are not eligible

Note: When representing and warranting the Resale restriction under your Delegated authority, the Correspondent must provide a completed Chase Resale Restriction and Down Payment Assistance Program Information Form in the closed loan package.

Trainee/Apprentice Appraisers

Supervisor appraiser must be a certified appraiser on:

- Complex appraisals for transaction amounts >\$400,000
- Loans where transaction is \geq \$1,000,000 as required by State/Federal law or regulation

Additionally, for loans where transaction is \geq \$1,000,000, an appraiser trainee/appraiser apprentice can complete the appraisal, but the supervisor must complete an interior and exterior inspection of the property. This must be indicated in the Appraiser's Certification.

Refer to the Complex Transaction – Agency and Non-Agency Requirement section in the Appraisals topic for all requirements.

Transferred (or Assigned) Appraisals

Not permitted

Asset Overlays

Assets as a Basis for Repayment of Obligations

Assets as a basis for repayment of obligations (also known as Annuitization of Assets), is not permitted on Delegated Freddie Mac LPA transactions

Down Payment Assistance Programs

Refer to the Down Payment Assistance Programs topic for requirements.

Requirements include but are not limited to:

- Follow respective agency guidelines based on AUS method, plus:
 - When representing and warranting the Housing Down Payment Assistance Program under their Delegated authority, the Correspondent must provide a completed Chase Resale Restriction and Down Payment Assistance Program Information Form in the closed loan package.
 - The program cannot contain any ineligible features listed in the Ineligible Program Features section of the Down Payment Assistance Programs topic

Borrower Overlays

Bank Examiners/External Auditors

Additional requirements apply when a borrower is employed by one of the following:

- Bank Examiners
 - Federal Reserve System
 - Office of the Comptroller of the Currency (OCC)
 - Federal Deposit Insurance Corporation (FDIC)
 - Consumer Finance Protection Bureau (CFPB)
 - State of Michigan
 - Other countries where Chase operates
- External Auditors

- PricewaterhouseCoopers
- Faw, Casson & Co.
- Meaden & Moore

Refer to the Examiners and External Auditors topic for complete details.

Conservatorship

Permitted, Chase Legal Review required

Foreign Borrower

Refer to the Foreign Borrower Requirements topic for all foreign requirements.

Credit Overlays

Credit Report – Suppressed

Credit Report must be free of suppressed information.

Credit Score

- Representative Credit Score must be used for product eligibility, pricing, and loan delivery.
- All applicants must have a valid credit score
 - Credit reports based on non-traditional credit sources such as Experian Boost, UltraFICO are not permitted
 - Non-traditional credit not allowed

Refer to the Loan Amount, Maximum LTV/CLTV/HCLTV and Credit Score/Report sections of the applicable product guide for minimum credit score requirements.

Reaffirmation of Debts After Chapter 7 Bankruptcy

The following debts must be reaffirmed after a Chapter 7 Bankruptcy when paying off is a condition of approval and one or more of the borrowers on the application to a new loan was a filing party to the Chapter 7 Bankruptcy from which the debt(s) being paid off were included:

- Any mortgage being refinanced on the subject property, or
- Any debt included in a prior Chapter 7 Bankruptcy

Income Overlays

Foreign Income (Employment and Non-Employment)

Follow respective Agency guidelines based on AUS method, source and type of income, plus obtain copies of the borrower’s signed U.S. individual federal income tax returns for the most recent two years that include foreign income.

Ineligible Income Sources

Income derived from an activity that is deemed illegal by federal or state law (for example, income derived from a business that is legal by state law but illegal by federal law) cannot be considered.

Mortgage Credit Certificates (MCC)

MCCs are not allowed for qualifying or tax credit purposes

Rental Income – Short Term

Short-term rental income may be used for loans underwritten using DU and LPA, in the following instances:

- Subject property – refinance transactions only
- Non-subject property – purchase and refinance transactions

Follow respective agency guidelines based on AUS method, plus:

Subject Matter	Requirement
Documentation	Determine income calculation for a property that was owned in the prior calendar year by obtaining and using all of the following: <ul style="list-style-type: none"> • Borrower’s signed federal income tax returns (Internal Revenue Service (IRS) Form 1040) including Schedule 1 and Schedule E for the most recent year, and

	<ul style="list-style-type: none"> Form 72/1025 or 1000/1007 if short-term rental income is from the subject property
	Note: Lease agreements cannot be used to document or calculate short-term rental income
Calculation	To calculate short-term rental income from Schedule E, divide the net amount by 12 months, regardless of fair rental days

Tax Transcripts

Refer to Tax Transcripts Requirements topic in the Online Guide for details.

Areas of Clarity

1031 Exchange

1031 Exchange funds can only be used for investment property transactions

Buy Before You Sell or Similar Programs

When a borrower participates in a “Buy Before You Sell” or similar program, the PITIA must be included in the DTI calculation to ensure a comprehensive evaluation of financial obligations.

Deposit Accounts Held by a Financial Technology (FinTech) Company

- Deposit accounts held by a financial technology (FinTech) company are permissible if they are backed by a financial institution that provides deposit insurance through Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA).
- Deposits must be in U.S. currency and held in institutions located in the United States (U.S.)

Economic Issues

The Correspondent must not ignore national, regional, or local economic issues in the employment analysis if it could affect the stability of the employment and income or impact the loan decision. Borrowers should exhibit the potential for maintaining continuous employment and/or income to meet minimum investor guidelines. Any known economic issue relating to employment and/or loss of income must be addressed by the borrower and the employer.

First Time Homebuyer (FTHB) /AMI Credit Fee Waiver

Resubmission may be required to determine First Time Homebuyer (FTHB) /AMI Agency Credit Fee, waiver eligibility when income changes on FTHB transactions. See the chart below for direction.

IF current AUS Findings indicate...	AND the income...	THEN the Correspondent...
Loan qualified for First Time Homebuyer Credit Fee Waiver,	Increases,	must resubmit to AUS for updated findings (Chase Overlay)
	Decreases,	
Loan does not qualify for First Time Homebuyer Credit Fee Waiver,	Increases,	should refer to respective agency guidelines regarding resubmission requirements and resubmission tolerances
	Decreases.	

Mandatory Furlough

Borrowers that are on a Mandatory Furlough from their job (such as, plant shutdown, temporary layoff, etc.) 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:

- VVOE indicating the borrower has returned to work under the same terms as prior to the furlough, and
- Paystub verifying return to work and supporting the qualifying income used for the loan

Properties Owned Free and Clear

When a property is owned free and clear, the property taxes, homeowners’ insurance and HOA fees (when applicable) must be verified, documented and included in the DTI.

Short-term Installment Obligations

When Short-term Installment Plans (for example, Buy Now/Pay Later) are identified, either through disclosure by the borrower or from loan file documentation (application, credit report or bank statements), treat in a consistent manner with the existing approach applied to other more traditional short-term installment obligations.

Installment debt with fewer monthly payments remaining also should be considered as a recurring monthly debt obligation if it significantly

affects the borrower's ability to meet their credit obligations.

Student Loan Debt

DU Transactions: In accordance with Fannie Mae Student loan debt FAQ, for loans in an Income Driven Repayment (IDR) plan or graduated repayment where the plan is in effect as of the mortgage loan closing, the Correspondent may use the current monthly payment from the repayment plan for qualification purposes.

Verbal Verification of Employment (VVOE) - Schedule K-1 <25% Ownership in a Business

For both Fannie Mae and Freddie Mac transactions obtain a Verbal Verification of Employment (VVOE) for each borrower using income to qualify. Refer to the applicable sections of Agency guidelines based on AUS method:

- DU – Underwriter discretion to follow either the salaried or self-employed VVOE requirements, or
- LPA – Follow self-employed VVOE requirements

Vesting in a Trust

Refer to the Trusts topic for details. Requirements include but are not limited to:

- Signature requirements
- Eligible trusts
- Trust review

Operational Requirements

4506-C

Sections 5a and 5d of IRS form 4506-C must be completed as outlined in the 4506-C section of the Closed Loan Documentation Requirements topic.

Closed Loan Documents

Refer to the Closed Loan Documentation Requirements topic for details. Requirements include but are not limited to the following forms based on transaction type, when delivering a loan to Chase:

- A Funding Request Form or alternative compliance report
- Closing Disclosure required on all loans including investment streamline refinance. Additionally, for Rescindable transactions, the Closing Disclosure (CD) (must be signed and dated by all parties required to execute based on ownership rights due to title vesting or ownership rights afforded under state law
- Co-op refinance transactions: Any prior Power of Attorney used to sign the Proprietary Lease must be included in the loan file
- Loan Estimate required all loans including investment and co-ops
- When representing and warranting the Resale restriction under your Delegated authority, the Correspondent must provide a completed Chase Resale Restriction Information Form
- UCC-1: The debtor's (borrower's) name in Section 1 of UCC-1 must exactly match the name on the most recently issued unexpired New York driver's license or New York state-issued identification card.
 - If mortgage loan customer does not have either an unexpired New York driver's license or New York identification card, then a government-issued identification can be used
 - When the name on the ID provided does not match the name on the stock or membership certificate, proprietary lease, and Note, all variations of the debtor's name must be recorded in section 28 or as an "AKA" attachment to the UCC-1

Note: Name Affidavit is not acceptable when there are variations between the UCC-1 and the driver's license. Refer to the Co-op Closed Loan Documentation topic for details.

- PATRIOT Act Information Form (all loans)
- W-9 Request for Taxpayer Identification Number (all loans)

Documents in a Foreign Language

All documents included in a loan file must be in English or must be translated into English by the document originator or an unaffiliated third-party translation service. The translation must be attached to each document, and the Correspondent represents and warrants the translation is complete and accurate.

Electronic Signatures

- Chase Correspondent approval is required prior to delivering eNotes to Chase.
- The following must be included in the Loan File delivered to Chase when delivering eSigned documents:
 - An attribution/audit trail document
 - An electronic Consent (eConsent) for each borrower

Refer to Electronic Signature Requirements topic for additional requirements specific to the delivery of documents with electronic signatures.

Guidelines applicable to all loans delivered to Chase

Topics in the following folders apply to all loans delivered to Chase:

- Seller Eligibility and Performance
- Trust
- Philosophy and Principles
- Registration and Pricing
- Compliance-Related Topics
- Closed Loan Documentation
- Closed Loan Delivery
- Post Purchase Guidelines
- Loan Integrity
- Representations and Warranties

Insurance Requirements – Property and Flood

Refer to the following topics for complete Chase property insurance requirement:

- Insurance – Property
- Insurance – Flood
- Insurance – Liability/Fidelity for Condo and Co-Op projects

Requirements include, but are not limited to:

- Hazard and flood coverage reconciliation
- Hazard and Flood name of insured for individual unit policies requirement
- Minimum days remaining for hazard and flood policy at the time the loan is purchased by Chase
- Flood insurance requirements on detached structures, condominiums, and co-ops
- Acceptable proof of Flood Coverage, Certificates of Flood Insurance and Binders (including but not limited to ACORD forms) are not acceptable
- Condo/Co-op Master Policy must include the Ordinance or Law Endorsement is required regardless of compliance with current zoning

Note Seasoning

Maximum number of calendar days from Note date to loan delivery and loan purchase:

- Complete closed loan file received by Chase: 45
- Loan is purchased by Chase: 60

Power of Attorney

- Employee of title insurer, settlement agent, or affiliate cannot be the attorney-in-fact
- If a POA is required to be recorded under state law, or was otherwise sent for recordings, the recorded POA must be provided to Chase within 30 days of receiving from the recording office

Removing a Borrower – Non-Delegated Transactions

To protect your lock and ensure compliance with Fair Lending and ECOA regulatory requirements, Chase must issue a new loan number when a borrower or co-borrower is removed from a non-delegated transaction. Refer to the Removing a Borrower section of the Best Efforts topic

Settlement Agent

Correspondent must check the Ineligible Settlement Agent List on every loan.

Refer to the Ineligible Settlement Agent List topic for details.

UCDP SSR

- For every Agency transaction at least one successful UCDP SSR is required before the appraisal review can be completed
- SSR reflecting “Successful” Status from both Agency platforms is required to be included in the Closed Loan File