

**EXPRESS CHOICE QM ELIGIBILITY MATRIX**

**FIXED RATE AND HYBRID ARM PRODUCTS**

**PRIMARY RESIDENCE | PURCHASE, RATE AND TERM REFINANCE**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount <sup>1</sup>
Purchase or Rate and Term Refinance	1-2	680	90% <sup>2</sup>	\$1,000,000
		661	80%	\$1,500,000
		680	75%	\$2,000,000
	3-4	661	70%	\$2,000,000

**PRIMARY RESIDENCE | CASH-OUT REFINANCE<sup>3</sup>**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out Refinance	1-2	680	80%	\$1,000,000	\$250,000
		661	70%	\$1,000,000	\$250,000
		661	60%	\$1,500,000	\$500,000

**SECOND HOME | PURCHASE, RATE AND TERM REFINANCE<sup>5</sup>**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount <sup>1</sup>
Purchase or Rate and Term Refinance	1	661	80%	\$1,000,000
			70%	\$1,500,000
			65%	\$2,000,000

**SECOND HOME | CASH-OUT REFINANCE**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount	Maximum Cash-Out
Cash-Out	1	661	65%	\$1,000,000	\$250,000
			60%	\$1,500,000	\$500,000

**INVESTMENT | PURCHASE, RATE AND TERM REFINANCE, CASH-OUT REFINANCE<sup>4,5</sup>**

Transaction Type	Units	Minimum FICO	Maximum LTV/CLTV/HCLTV	Maximum Loan Amount
Purchase	1-4	680	75%	\$1,000,000
Rate and Term Refinance		680	70%	\$1,000,000
Cash-Out Refinance		680	60%	\$1,000,000 Max cash-out \$250,000

**1** First-Time Homebuyers are subject to a maximum loan amount of \$1,000,000. Loan amounts up to \$1,500,000 allowed in CA. See Eligible Borrower section for specific requirements for First-Time homebuyers.

**2** The following requirements apply for transactions with LTVs greater than 80%:

- MI not required.
- Secondary financing is allowed. See Secondary Financing section for allowable secondary financing.
- Non-permanent resident aliens not allowed.
- Escrow/impound accounts required for LTVs greater than 80% unless prohibited by applicable laws.

**3** Texas 50 (a) (6) refinance (Texas Equity Loans) only allowed on 20, 25 and 30-year fixed rate. Additional restrictions apply, please see Jumbo Program Eligibility Supplement.

**4** The following requirements apply for Investment Property Purchase, Rate and Term Refinance and Cash-Out

Refinance transactions:

- Florida condominiums limited to 50% LTV.CLTV>HCLTV.
- Secondary financing is allowed. See Secondary Financing section for allowable secondary financing.
- Non-permanent resident aliens not allowed.
- Escrow/impound accounts required for LTVs greater than 80% unless prohibited by applicable laws.
- Gift funds not allowed
- First-time homebuyers not allowed
- If using rental income an executed lease agreement must be provided; see Rental Income requirements in the Income/Employment section for more details.

**5** The following requirements apply for Investment Property Purchase, Rate and Term Refinance and Cash-Out

Refinance transactions:

- Transaction must be arm's length.
- Appraiser to provide rent comparable schedule.
- First-Time Homebuyers not allowed.
- For investment property cash-out refinances, the loan is subject to ATR testing. The loan purpose must be for business purposes. The loan file must contain a signed letter from the borrower indicating the cash-out received is for business purposes.

#### **CHOICE LOANS QM NOTES:**

- Minimum loan amount is \$1 over the current conforming/high balance limit set by the FHFA. [fhfa.gov](http://fhfa.gov).
- Higher Priced Mortgage Loans (HPML) are allowed if the following requirements are met:
  - Loan must have an escrow account for a minimum of 5 years
  - If the property was acquired by the seller less than 90 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 10% then a second full appraisal is required.
  - If the property was acquired by the seller between 91-180 days from the purchase agreement and the purchase price exceeds the seller's acquisition price by more than 20% then a second full appraisal is required.
  - If a second appraisal is required for one of the above two reasons, the borrower may only be charged for one of the appraisals.
- Exceptions may be granted on a case-by-case basis by Commerce (at its sole determination) for loans with terms or characteristics that are outside of Commerce's Choice QM guidelines. Approval of the exception must be granted by Commerce prior to Final Approval.
- Residual income calculation must be provided and must meet the residual income requirements indicated in the Income/Employment section of this guide.