Non-Conforming Fixed Rate and ARMs

Investor Overlay

- Approved States: Alabama, Arkansas, Colorado, Florida, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, Texas (Cash out Refinances not allowed), South Carolina, Virginia and West Virginia, Ohio

Product Overview
The Non-Conforming Fixed Rate product provides for a fixed rate and level payments for the life of the loan. This program allows for loan amounts above Fannie Mae maximum loan limits.
The Non-Conforming LIBOR ARM product is an adjustable rate loan tied to the average rate for one year U.S. Dollar denominated deposits in London markets are based on quotations of major banks, also known as the London Interbank Offered Rate (LIBOR). Renasant Bank offers ARM products that provide for an initial fixed-rate period of 5, 7 or 10 years, with annual interest rate and payment adjustments thereafter.

Product Codes and Terms

NC30	30 year Term Fully Amortizing
NC15	15 year Term Fully Amortizing
NC5/1	5 year initial fixed rate period with a 30-year Term Fully Amortizing
NC 7/1	7 year initial fixed rate period with a 30-year Term Fully Amortizing
NC10/1	10 year initial fixed rate period with a 30-year Term Fully Amortizing

Qualifying Rate:

NC30	Note Rate
NC15	Note Rate
NC5/1	Greater of the fully indexed rate (*Fully indexed rate=Index + Margin) or the Note Rate + 2%
NC 7/1	Greater of the fully indexed rate (*Fully indexed rate=Index + Margin) or the Note Rates
NC10/1	Greater of the fully indexed rate (*Fully indexed rate=Index + Margin) or the Note Rate

The following attributes are not allowed: Interest Only, Negative Amortization, Graduated Payments, Temporary Buy downs, Balloon Payments, Loans with Prepayment Penalties.

Non-Conforming Fixed Rate and ARMs

ARM Summary

Interest rate adjustment caps	5/1, 7/1& 10/1 ARMs: • Initial: 2% up/down • Subsequent: 2% up/down • Lifetime: 5%
Margin	2.25
Index	1-Year LIBOR
Interest rate floor	Equal to the margin
Change dates	5/1 ARM: • The first change date is the 60th payment due date. Subsequent change dates are every twelve (12) months thereafter. 7/1 ARM: • The first change date is the 84th payment due date. Subsequent change dates are every twelve (12) months thereafter. 10/1 ARM: • The first change date is the 120thpayment due date. Subsequent change dates are every twelve (12) months thereafter.
Conversion Option	None available
Assumption	Assumable

Occupancy / Eligible Properties

- Primary residences for 1-2 unit properties
- Second home residences for 1 unit property
    - Must be located a reasonable distance away from the borrower's principal residence
    - Must be occupied by the borrower for some portion of the year
    - Must be suitable for year-round use
- Fannie Mae warrantable condos (Fannie Mae PERS or Condo Project Manager "CPM" approval required)
- PUDs
- Properties with ≤ 20 acres
    - For properties > 10-20 acres
        1. Maximum 35% Land to Value
        2. No Income producing attributes

- Title must be in the borrower's name at the time of application for refinance transactions at the time of closing for all transactions. Borrower ownership interest must show fee simple.
- Renasant Bank will accept Affirmative Title coverage on properties in a right of redemption. The title commitment will need to show the affirmative coverage along with the right of redemption exception to title. It should read:

  "This policy will insure the mortgagee against any loss or damage caused by the enforcement of said rights of redemption" Or "The company insures the insured against all loss arising from the exercise of any outstanding right of redemption"

  If the applied loan amount is greater than the original foreclosed amount, a Bond must be issued to cover the entire loan amount. It must be issued to Renasant Bank. (Please contact Secondary Marketing about ARMs).

Ineligible Properties

- Investment property
- 3-4 Unit Owner Occupied Properties
- 2-4 Unit Second Homes
- Manufactured/Mobile housing
- Co-ops
- Leasehold condos, condotels and non-warrantable condos
- Ranches, orchards or working farms
- Mixed Use Properties
- Dome or Geothermal homes
- Unique Properties
- Log Homes
- Properties subject to existing oil or gas leases
- Leasehold Estates
- Properties with > 20 acres-if property has acreage, appraiser must indicate total acreage. It is not acceptable to have property appraised with only 20 acres in order to meet eligibility.

Non-Conforming Fixed Rate and ARMs

Regulatory Compliance

- Renasant Bank must ensure each loan has been originated, closed and transferred in compliance with all applicable federal, state and local laws, regulations and orders. ***Therefore, a Renasant Bank Compliance Specialist must review all Good Faith Estimates and Initial Truth-In-Lending and any Change of Circumstance/Redisclosures prior to being disclosed to borrower.*** Hardship waivers are not allowed.
- Request review of GFE and issue of Initial TIL or Change Circumstance through Quick Submit-Request for GFE Review and TIL on the Renasant Connect home page.

Borrower Eligibility

- Eligible Borrowers
  - U.S. Citizens
  - Inter-Vivos Revocable Trusts*(Trust must be approved by Renasant Bank Compliance Specialist)*
  - Permanent Resident Aliens are eligible if they meet the following requirements:
    - Can provide acceptable documentation to verify a non-U.S. citizen borrower is legally present in the U.S.
    - Must be employed in the United States for the past 24 months.
  - Non-Permanent Resident Aliens
    - 30 Year Fixed Rate Only
    - Primary Residence Only
    - Maximum LTV/CLTV/HCLTV-75%
    - No other real estate ownership
    - Unexpired password from the country of citizenship containing INS form I-94 which must be stamped Employment Authorized
    - An Employment Authorization Card along with a copy of the Petition for Non-Immigrant Worker (form I-140) in file
    - Unexpired H1B and H2B visas only
    - Credit trade line requirements must be met; no exceptions
    - Employment history and income verification and validation requirements must be met; no exceptions
  - All borrowers must have a valid social security number.
  - First Time Homebuyers: A first-time homebuyer is defined as anyone who has not owned a home for three (3) years. For loans with more than one (1) borrower where ar least one borrower has owned a home in the past three (3) years, first-time homebuyer requirements do not apply. (see loan amount limits and reserve requirements)

- Ineligible Borrowers
    - Irrevocable Trusts or Land Trusts
    - Limited partnerships, general partners, corporations and limited liability companies
    - Borrowers with only an ITIN (Individual Taxpayer Identification Number)

Multiple Properties Financed/Owned

The borrower(s) may own a total of four (4) financed, 1-4 unit residential properties, including the subject property and regardless of occupancy. All financed properties, other the subject property, require an additional six (6) months PITI reserves for each property. Note: Financed properties held in the name of an LLC or other corporation can be excluded from the calculation of number of properties financed, only in cases where the borrower is not personally obligated for the mortgage.

Maximum LTV/CLTV Matrix

PRIMARY RESIDENCE: Purchase					
Property Type	**Maximum LTV/CLTV/HCLTV[2]**	**Maximum Loan Amount[1]**	**Minimum Loan Amount[2]**	**Minimum FICO Score[4]**	**Maximum DTI**
1-unit PUD Condo	80%	$1,500,000	$417,001 or $1 above the conforming limit for # of units	720	40%[5]/43%
	70%	$1,000,000		700	40%[5]/43%
	75%	$2,000,000		720	40%[5]/43%
	70%	$2,500,000[3]		720	40%[5]/43%
2-unit	65%	$1,000,000		700	40%[5]/43%
	60%	$1,500,000		720	40%[5]/43%

Non-Conforming Fixed Rate and ARMs

PRIMARY RESIDENCE: Rate & Term Refinance

Property Type	Maximum LTV/CLTV/HCLTV[2]	Maximum Loan Amount[1]	Minimum Loan Amount[2]	Minimum FICO Score[4]	Maximum DTI
1-unit PUD Condo	80%	$1,000,000	$417,001 or $1 above the conforming limit for # of units	720	40%[5]/43%
	70%	$1,000,000		700	40%[5]/43%
	75%	$1,500,000		720	40%[5]/43%
	70%	$2,000,000		720	40%[5]/43%
	60%	$2,500,000[3]		720	40%[5]/43%
2-unit	65%	$1,000,000		700	40%[5]/43%
	60%	$1,500,000		720	40%[5]/43%

PRIMARY RESIDENCE: Cash Out Refinance

Property Type	Maximum LTV/CLTV/HCLTV[2]	Maximum Loan Amount[1]	Minimum Loan Amount[2]	Maximum Cash Out	Minimum FICO Score[4]	Maximum DTI
1-unit PUD Condo	70%	$1,000,000	$417,001 or $1 above the conforming limit	$250,000	720	40%[5]/43%
	65%	$1,000,000		$250,000	700	40%[5]/43%
	65%	$1,500,000		$500,000	720	40%[5]/43%
	60%	$2,000,000		$500,000	720	40%[5]/43%
	50%	$2,500,000[3]		$750,000	720	40%[5]/43%

SECOND HOME: Purchase and Rate Term Refinance

Property Type	Maximum LTV/CLTV/HCLTV[2]	Maximum Loan Amount[1]	Minimum Loan Amount[2]	Minimum FICO Score[4]	Maximum DTI
1-unit PUD Condo	75%	$1,000,000	$417,001 or $1 above the conforming limits	720	40%[5]/43%
	70%	$1,500,000		720	40%[5]/43%
	65%	$2,000,000		720	40%[5]/43%
	50%	$2,500,000[3]		720	40%[5]/43%

1-First time homebuyers (borrowers who have not owned a property in the last 3 years) are subject to a maximum loan amount of $1,000,000

2-Loan Amount > $2,000,000 available for 30 year fixed rate product only

3-DTI maximum is limited to 40% for ARMs and 43% for Fixed Rated

Transaction Types

- Purchases
- Rate & Term Refinance with the following limits:
  - The new loan amount is limited to the payoff of the present first lien mortgage, any seasoned non-first lien mortgages, closing costs and prepays.
    - A seasoned non-first lien mortgage is a purchase money mortgage or a mortgage has been in place for 12 months.
    - A seasoned equity line is defined as not having any draws greater than $2,000 in the past 12 months.
    - Withdrawal activity must be documented with a transaction histroy for the Line of Credit.
  - Cash to the borrower is limited to 1% of the principal amount of the new mortgage.
  - Properties listed for sale within the past 6 months of loan application are not eligible for a rate/term refinance transaction.
  - Inherited properties may not be refinanced prior to 12 months ownership.
- Cash Out Refinance with the following limits:
  - Borrower must have owned property for at least six months prior to the application date unless requirements for Delayed Purchase Refinance are met.
  - Properties listed for sale within the past 12 months of loan application are not eligible for a cash out refinance transaction.
  - Inherited properties may not be refinanced prior to 12 months ownership.
  - Texas Cash Out refinances are not eligible.
  - For cash out refinance transactions where the borrower is paying off a loan from a pledged asset or retirement account loan, the following guidelines apply:
    - Cash out limitation is waived if previous transaction is a purchase
    - Seasoning requirement for cash out is waived (borrower does not have to have owned property for at least 6 months prior to subject transaction)
    - HUD-1 Settlement Statement must reflect payoff or pay down of pledged asset loan or retirment account loanl if cash out proceeds exceed payoff of loans, excess cash must meet cash out limits.
  - Inherited Properties
    - LTV is based on the current appraised value
    - Property must be fully transferred from the Estate ownership for a minimum of 12 months
    - If the property was inherited less than 12 months ago, the transaction can be considered for a Rate/Term refinance provided the borrower:
      - Retains sole ownership of the property after the payout of other beneficiaries
      - Would receive cash in hand not to exceed 1% of the loan amount

- For cash out refinance transactions where the borrower is paying off a loan from a pledged asset or retirement account loan, the following guidelines apply:
  - Cash out limitation is waived if previous transaction is a purchase
  - Seasoning requirement for cash out is waived (borrower does not have to have owned property for at least 6 months prior to subject transaction).
  - HUD-1 Settlement Statement must reflect payoff or pay down of pledged asset loan or retirement account loan; if cash out proceeds exceed payoff of loans, excess cash must meet cash out limits

- Construction to Permanent Financing - The conversion of construction-to-permanent financing involves the granting of a long-term mortgage to a Borrower for the purpose of replacing interim construction financing the Borrower has obtained to fund the construction of a new residence. The Borrower must hold title to the lot, which may have been previously acquired or purchased as part of the transaction.
  - Rate & Term and Cash Out Refinance Transactions:
    - For lots owned ≥ 12 months from application date for subject transaction, LTV/CLTV/HCLTV is based on the current appraised value.
    - For lots owned < 12 months from application date for subject transaction, LTV/CLTV/HCLTV is based on the lesser of the current appraised value of the property or the total acquisition costs (sum of construction costs and purchase price of lot)
- Delayed Purchase Refinance **-** Defined as the refinance of a property purchased by the borrower for cash within 6months of the current loan's application date, a delayed purchase refinance requires the following:
  - Underwritten as a rate & term refinance
  - Primary Residence and Second Homes Allowed
  - HUD-1 from the original purchase. Documentation must show the down payment and closing costs for the purchase were from the borrower's own funds (no borrowed, gift or shared funds).
  - Funds secured by a pledged asset or retirement account are not considered borrower's own funds for the Delayed Purchase Refinance program.

LTV/CLTV/HCLTV Calculations

- Purchases: The LTV/CLTV/HCLTV for a purchase transaction is calculated based on the lesser of the purchase price or appraised value of the subject property
- Refinances: Rate &Term and Cash Out
  - If the borrower has less than 12 months ownership in the property, the LTV/CLTV/HCLTV for a refinance transaction is calculated on the lesser of the purchase price or appraised value.
  - For homes where capital improvements have been made to the property after purchases, LTV/CLTV/HCLTV will be based off the current appraised value due to 12 month ownership is required.
  - If the borrower has owned the property for 12 months, the LTV/CLTV/HCLTV is based on the appraised value.
  - Released subordinate liens must be paid off and closed to be excluded from CLTV/HCLTV calculation.
  - See Transaction Types section for LTV/CLTV/HCLTV related to construction-to-permanent refinances.
- Delayed Purchase Refinance: The LTV/CLTV/HCLTV is calculated based on the lesser of the purchase price or appraised value of the subject property.

Non-Arm's Length Transactions

- Not Eligible-Except the following transactions:
  - Family sales or transfers
  - Property sellers are representing themselves as agent in real estate transaction.
  - Buyers/Borrowers are representing themselves as agent in real estate transaction.
  - The borrower is the employee of the originating lender and the lender has an established employee loan program
  - Renter buying from landlord (24 months cancelled checks required to verify satisfactory pay history)

- A Non-Arm's length transaction is any transaction where there is a relationship or business affiliation between the borrower(s) and/or any parties in the transaction. If a direct relationship exists between any of the parties to a transaction, including the borrower/buyer, seller (if applicable), employer, lender, broker or appraiser, then the transaction will be considered non-arm's length. Examples of non-arm's length transactions include, but are not limited to:
    - Family sales or transfers
    - Borrower(s) purchasing a property from a builder who, in turn, is purchasing the borrower's existing property
    - Renters buying from landlord
    - Property trades between buyer and seller
    - Employer to employee sales or transfers
    - Borrowers or co-borrowers employed in the real estate or construction trades who are involved in the construction, financing or sale (i.e. listing agent) of the subject property.

Financing

- Secondary or Subordinate Financing
    - Institutional financing only up to the maximum LTV/CLTV/HCLTV. Certain corporate sponsored second liens may be acceptable with investor approval.
    - Subordinate liens must be recorded and clearly subordinate to the first mortgage lien.
    - Full disclosure must be made on the existence of subordinate financing and the subordinate financing repayment terms
    - Acceptable Subordinate Financing types
        - Mortgages with regular payments to cover at least the interest due so negative amortization does not occur.
        - Mortgage terms require interest at a market rate.
    - Seller subordinate financing not allowed.
- Interested Party Contributions
    - Interested party contributions include funds contributed by the property seller, builder, real estate agent/broker, mortgage lender (or their affiliates), or any other party with an interest in the real estate transaction. Interested party contributions may only be used for closing costs and prepaid expenses, and may never be applied to any portion of the down payment or contributed to the borrower's financial reserve requirements.
    - Interested party contributions are limited according to the CLTV/HCLTV:

CLTV/HCLTV	Limit
80%	6%

- Seller Concessions
  All seller concessions must be addressed in the sales contract, appraisal and HUD-1. A seller concession is defined as any interested party contribution beyond the stated limits in the above section, or any amounts not being used for closing costs or prepaid expenses (i.e. funds for repairs not completed prior to closing is a seller concession). If a seller concession is present, both the appraised value and sales price must be reduced by the concession amount for purposes of calculating the LTV/CLTV/HCLTV.
- Personal Property
  Any personal property transferred with a property sale must be deemed to have zero transfer value, as indicated by the sales contract and the appraisal report. If any value is associated with the personal property, the sales price and appraised value must be reduced by the personal property value for purposes of calculating the LTV/CLTV/HCLTV.
- Escrows
  An escrow account must be established to collect and pay property taxes and insurance premiums for the subject property. Loans without an escrow account established are subject to a price adjustment.

Underwriting Guidelines Documentation
Full income and asset verification is required. All loans must be manually underwritten and fully documented. ***No documentation waivers based on Agency AUS recommendations are permitted, do not run Fannie Mae DU findings on these loan files.*** Unless otherwise addressed below, Fannie Mae underwriting guidelines should be followed.

Age of Documents:

Type	Age of Documenation
Credit Report	90 days from Note date
Income	90 days from Note date
Assets	90 days from Note date
Appraisal	120 days from Note date
Title Commitment	60 days from Note date

Assets
- Checking and Savings Accounts
  - The two most recent, consecutive months' statements for each account are required.
  - Large deposits inconsistent with monthly income or other deposits must be verified

- Marketable Securities/Stock Accounts
  - Two most recent, consecutive months' stock/securities account statements are required
  - Full value of stock accounts can be considered in the calculation of assets available for closing and reserves
  - Non-vested or restricted stock accounts are not eligible for use as down payment or reserves
- Retirement Accounts
  - Most recent retirement account statement covering a minimum two month's period
  - Evidence of liquidation is required when funds are used for down payment or closing costs
  - 60% of the vested value of retirement accounts, after reduction of any outstanding loans, may be considered toward the required reserves
  - Retirement accounts that do not allow any type of withdrawal are ineligible for use as reserves.
- Business Funds

  Business funds may be used for down payment and/or closing costs, not for purpose of calculating reserves. In order to use business funds, the following items must be documented:
  - Cash flow analysis required using 3 months business bank statements to determine no negative impact to business based on withdrawal of funds
  - Borrower must have access to funds
  - The borrower must be the sole proprietor or 100% of the owner of the business (or all borrowers combined own 100%)
- Gift Funds
  - For purchases transactions, gift funds may be used once the borrower contributes at least 5% from their own funds. Gift funds may not be used to meet reserves.
  - Donor must be an immediate family member, future spouse, or domestic partner living with borrower
  - An executed gift letter with the gift amount, donor's name, address, telephone number, and relationship is required
  - Proof of owner's ability to give and transfer of funds or evidence of receipt must be documented.
- Reserve Requirements
  - Beyond the minimum reserve requirements, and in an effort to fully document the borrowers' ability to meet their obligations, borrowers should disclose and verify all other liquid assets

- First time homebuyers (borrowers who have not owned a property in the last 3 years) require reserves of 12 months PITI and are limited to a maximum loan amount of $1,000,000

- All financed properties, other than the subject property, require an additional 6 months PITI in reserves for each property

Occupancy	Loan Amount	Required Reserves[1]
Primary Residence	≤ $1,000,000	6 months PITI
	$1,000,001 - $1,500,000	9 months PITI
	$1,500,001 - $2,000,000	12 months PITI
	$2,000,001 - $2,500,000	24 months PITI
Second Home	≤ $1,000,000	12 months PITI
	$1,000,001 - $1,500,000	18 months PITI
	$1,500,001 - $2,000,000	24 months PITI
	$2,000,001 - $2,500,000	36 months PITI

1 For hybrid ARMs add 3 months PITI for minimum reserves required as noted above

Credit Standards

- Age of Credit Report may not be more than 90 days old as of the note date
- Representative FICO Score is determined by the following:
  - If 2 credit bureau scores are reported, the representative score will be the lower score *(minimum of 2 credit scores is required for each borrower)*
  - If 3 credit bureau scores are reported, the representative score will be the middle of the 3
  - When there is more than 1 borrower, the lowest of all borrowers' representative credit scores will be used
- Trade lines
  - Minimum three (3) trade lines are required. The following requirements apply:
    - One (1) trade line must be open for 24 months and active within the most recent six months
    - Two (2) remaining trade lines must be rated for 12 months and may be opened or closed

    OR
    - Minimum two (2) trade lines are acceptable if the borrower has a satisfactory mortgage rating for at least 12 months (opened or closed) within the last 24 months and one (1) additional open trade line.
    - Each borrower contributing income for qualifying must meet the minimum trade line requirements; however borrowers not contributing income for qualifying purposes are not subject to minimum trade line requirements.

- Authorized user accounts are not allowed as an acceptable trade line
- Non-traditional credit is not allowed as an acceptable trade line

- Mortgage/Rent
  0 X 30 late payments in the past 24 months (no exceptions), applies to all borrowers on the loan application
- Authorized User Accounts
  Will not be considered as acceptable trade lines
- Disputed Trade lines
  - All disputed trade lines must be included in the total expense ratio (debt-to-income/DTI) if the account belongs to the borrower(s), unless documentation can be provided that authenticates the dispute
  - Derogatory accounts must be considered in analyzing the borrower(s) willingness to repay debt. However, if a disputed account has a zero balance, and no late payments, it can be disregarded
- Non-Traditional Credit
  Will not be considered as acceptable trade lines
- Bankruptcy 7, 11, and 13
  None allowed
- Foreclosure, Short Sale, and Deed-in-Lieu
  None allowed
- Loan Modification
  None allowed, unless the modification is unrelated to hardship and there is no debt forgiveness.
- Debt-to-Income (DTI)
  - The DTI ratio is based on the total of existing monthly liabilities plus any planned future liabilities based on credit inquiries or otherwise disclosed by the borrower, and then divided by the calculated gross monthly income. Liabilities include all housing expenses, revolving debt, installment debt, real estate loans, rent, alimony, child support, and other consistent and recurring expenses
  - For other properties owned, documentation to confirm the P&I, taxes, insurance, HOA dues, lease payments or other property-related expenses must be provided.
  - Maximum DTI for fixed rated products – 43%, ARM Products – 40%
- Credit Inquiries
  - Renasant Bank must review the section of the borrower's credit report for presence of creditor inquiries to determine the number and age of the inquiries.
  - When the credit report indicates recent inquiries took place within 120 days of the credit report date, Renasant Bank must confirm the borrower has not obtained any additional credit not reflected in the credit report or the mortgage application. In these instances the borrower must explain the reason for the credit inquiry. If additional credit was obtained, a verification of debt must be provided and the borrower must be qualified with the monthly payment.

Employment and Income

- Stability of Employment and Income – The following is required to establish stability of employment and income for the borrower(s) whose income is used to qualify:
  - A minimum of 2 years employment and income history. Gaps of employment in excess of 30 days during the past 2 years require a satisfactory letter of explanation and the borrower must be employed with their current employer for a minimum of 6 months to qualify.
  - Income may not be used for qualification purposes if it comes from any source not verified, is not stable, or will not continue.
  - Investor Residual Income Worksheet must be completed
- Documentation Standards
  - IRS Form 4506-T/Tax Transcripts
    - A completed, signed and dated IRS 4506-T must be completed for all borrowers at closing whose income is used to qualify for the mortgage.
    - A 4506-T must be processed and personal and business tax transcripts obtained (for each year requested) to validate against all personal and business tax returns used for qualifying and/or W-2 forms.
    - In the case where taxes have been filed and the tax transcripts are not available from the IRS, the IRS response to the request must reflect "No Record Found." In these cases, an additional prior year's tax transcripts should be obtained and provided. Large increases in income not validated through a tax transcript may only be considered for qualifying on a case-by-case basis
  - Paystubs
    - Must clearly identify the borrower as the employee
    - Show the borrower's current pay period and year-to-date earnings
    - If the borrower is paid hourly, the number of hours must be shown on the paystub
    - Paystubs must be computer generated
    - Paystubs issued electronically via email or downloaded from the internet must show the URL address, date and time printed, and identifying information on place of origin and/or author of the documentation.
  - W-2 Forms must be complete and be a copy provided by the employer
  - Verification of Employment (VOE), Verbal VOE (VVOE), Self-Employed Confirmation
    - A written VOE may be required for a borrower's income sourced from commissions, bonus, overtime, or other income when the income is not clearly documented on W-2 forms or paystubs
    - A verbal verification of employment confirming the borrower's employment status is required for all borrowers whose income is used for

qualification purposes. The VVOE should be completed within 10 business days before the Note date for wage income.

- Verification of self-employed business by a third-party source should be obtained within 30 calendar days from the Note date.
- The following standards apply:
  - Written VOE: Use standard Fannie Mae Verification of Employment Form
  - Written VOE can not be used as a sole source for verification of employment, paystubs and W2s are still required
  - VVOE should contain the following information: Date of contract, borrower's date of employment, borrower's employment status and job title, name of contact person at employer, phone number of contact person at employer, title of contact person at employer, name of employer, name and title of person contacting employer, and method and source used to obtain the phone number
  - Self-Employed Confirmation must include: verification of the existence of the borrower's business from a third party, such as a CPA, regulatory agency, or applicable licensing bureau – a borrower's website is not acceptable as third party identification; listing and address of the borrower's business using a telephone book, internet, or directory assistance; and name and title of the person completing the verification

- Tax Returns – the following standards apply when using income tax returns to verify income:
  - Personal Income Tax Returns
    - Must be completed with all schedules (W-2 Forms, 1099 Forms, K-1 Schedules, etc.)
    - Signed and dated
  - Business Income Tax Returns
    - Must be completed with all schedules (K-1 Schedules, Form 1065, etc.) and must be Signed and dated
  - For Unfiled Tax Returns for the prior year's tax return:
    - Between January 1 and the tax filing date (typically April 15), borrowers must provide IRS form 1099 and W-2 forms from the previous year. Loans closing in January prior to receipt of W-2s may use the prior year year-end paystub. For borrowers using 1099s, evidence of receipt of 1099 income must be provided.
    - Between the tax filing date and the extension expiration date (typically October 15), borrowers must provide (as applicable): copy of the filed extension, W-2 forms for corporations, form 1099 for commission income, current year profit and loss (signed by the

borrower), and year-end profit and loss for prior year (signed by the borrower) and balance sheet for prior calendar year if business is a sole proprietorship

- After the extension expiration date, loan is not eligible without prior year tax returns

- Income Analysis Form: Fannie Mae Form 1084 Cash Flow is required to be used to show income calculation. Income analysis for borrowers with multiple employers, business, or income sources must show income/loss details separately, not in aggregate.

- Income Documentation Requirements: Various forms of documentation are required depending on the type of income used to qualify. Income amounts should be averaged for the time period covered. Unless otherwise stated, when *declining income* has occurred, the most recent 12 months should be used. In certain cases, average income for a longer period may be used when the decline is related to a one-time capital expenditure. Documentation for the capital expenditure must be provided. *In all cases, the decline in income must be analyzed to determine if the rate of decline would have a negative impact on the continuance of income and borrower's ability to repay.*

  The following income documentation must be provided for each borrower whose income is used to qualify:

Type	**Documentation Requirements**
Employment Income	
Salaried	An earnings trend must be established and documented. Large increases in salary over the previous two years must be explained and documented. • W-2 forms or personal tax returns, including all schedules, for prior two years. • Year-to-date pay stub up through and including the most current pay period at the time of application. • If the borrower is claiming overtime pay, it must be shown on the YTD paystub.
Hourly & Variable Income	An earnings trend must be established and documented. Stable to increasing income should be averaged over a minimum two year period. Declining income must be explained by the employer/borrower and a written determination by the underwriter must be provided if declining income is used for qualifying. • W-2 forms or personal tax returns, including all schedules, for prior two years. • Year-to-date pay stub up through and including the most current pay period at the time of application.
Part-Time Income	Borrower must have worked the part-time job uninterrupted for the past two years, and plans to continue. If the part-time income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used. • W-2 forms for prior two years. • Year-to-date pay stub up through and including the most current pay period at the time of application.

Commission	Commission income must be averaged over the previous two years. If the commission income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used.

	• W-2 forms for prior two years if commissions are less than 25% of the total income. • Tax returns, including all schedules, and W-2 form from the previous two years if commissions are ≥ 25% of the total income. • Unreimbursed business expenses (form 2106) must be subtracted from income. • Year-to-date paystub up through and including the most current pay period at the time of application.
Overtime & Bonus	An earnings trend for bonus and overtime must be established and documented. A period of more than two years must be used in calculating the average overtime and bonus income if the income varies significantly from year to year. If either type of income shows a continual decline, written sound rationalization for using the income to qualify must be provided, or income should not be used. • W-2 forms or personal tax returns, including all schedules, for prior two years. • Year-to-date pay stub up through and including the most current pay period at the time of application.
Self Employed Income Self-employed borrowers are defined as those individuals who have 25% or greater ownership interest or receive a 1099 statement to document income. Borrowers who are employed by a family member are considered to be self-employed, regardless of the percentage of ownership, and self-employed documentation is required. Potential ownership by the borrower must be addressed.	
Sole Proprietorship	• Personal tax returns, including all schedules, for prior two years • Current quarter P&L • See Tax Returns section for additional requirements for unfiled prior year returns.
Partnerships (General, Limited) Limited Liability Companies "S" Corporations	• Personal tax returns, including all schedules, for prior two years. • YTD P&L • K-1s from prior two years, showing ownership percentage. K-1s are not required if the source is reporting positive income and the income is not used for qualification. • If K-1s show a loss, they are required, regardless if they are used for qualifying purposes. If using capital gains, interest/dividend or W2 income from this source is used, K-1s are required. • Business tax returns (1065/1120), including all schedules, for the prior two years are required if the borrower has an ownership percentage ≥ 25%; they are not required if reporting positive income via a K-1, and the income is not used for qualification purposes. • Business credit report for Corporations and "S" Corporations are required.
Rental Income	

All properties	• Personal tax returns, including all schedules for prior two years. • For properties listed on Schedule E of the borrower's tax returns, net rental income should be calculated as the total of (income + depreciation + interest + taxes + insurance) divided by the applicable months minus the current PITI. o If the subject property is the borrower's primary residence and generating rental income, the full PITI must be included in the borrower's total monthly obligations. • If rental income is not available on the borrower's tax returns, a current executed lease agreement is required. Net rental income should be calculated as the gross monthly rent multiplied by 75%. • Net rental income must be added to the borrower's total monthly income. Net rental losses must be added to the borrower's total monthly obligations.

Departing Residence	When a borrower vacates a principal residence in favor of another principal residence, the rental income, reduced by the appropriate vacancy factor may be considered in the underwriting analysis under the following circumstances: • Sufficient Equity in Vacated Property: The borrower has an LTV/CLTV of 75% or less as determined by a residential appraisal dated within 6 months. • Full appraisal or exterior only appraisal allowed.
Retirement Income	

Pension, Annuity and IRA distributions
 	
Asset Depletion/Dissipation
	• Fixed income payments such as social security or pension income can be used at full value/distribution and may not be considered in any annuity calculation.
	• Existing distribution of assets from an IRA, 401K or similar retirement asset account must be sufficient to sustain income continuance for a minimum of three (3) years.
	  o Verification of the assets of the plan and verification of receipt of the distribution of at least six (6) months is required,
	  o Note: Distributions from asset accounts cannot be set up, or changed, solely for loan qualification purposes.
	• Asset distribution of all post closing liquid and retirement assets are acceptable for borrowers of retirement age or with retirement-like situations, i.e. sale of company, etc.
	  o Annuity (depletion of assets) is calculated using a 3% return over the life of the loan. Use of this income calculation supersedes use of existing retirement distributions (exclusive of pension distributions) if those assets are considered in the calculation.

Social Security Income	• Benefits (for children or surviving spouse) with a defined expiration date must have a remaining term of at least three years. • Social Security income must be verified by a Social Security Administration benefit verification letter (sometimes called a “proof of income letter’, “budget letter, “benefits letter”, or “proof of award letter”). If any benefits expire within the first full three years of the loan, the income source may not be used in qualifying.
Other Income	
Alimony and Separate Maintenance Income	• Will be considered with a divorce decree, court ordered separation agreement, court decree or legal agreement providing the payment terms confirming income will continue for at least three (3) years. If the income is the borrower’s primary income source and there is a defined expiration date (even if beyond 3 years), the income may not be acceptable for qualifying purposes. • Documentation evidencing the borrower has been receiving full, regular and timely payments for the past 12 months.
Capital Gains	Capital gains for like assets may be considered as effective income. The earnings trend or loss must be considered in the overall analysis of this income type. If the rend results in a gain, it may be added as effective income. If the trend consistently shows a loss, it must be deducted from the total income • Tax returns for the prior three years, including Schedule D. • Gains must be consistent amounts from consistent sources. • Verified assets to support continuance must be documented.
Dividend/Interest	Interest and Dividend income may be used as long as documentation supports a two-year history of receipt. • Tax returns for the prior two years • Proof of assets to support the continuation of interest and dividend income.

Stock Options &	• May not be used as qualifying income.

RENASANT BANK
Mortgage Lending

Restricted Stock Grants	
Note Income	• A copy of the Note must document the amount, frequency and duration of payments. • Regular receipt of note income for the past 12 months must be documented and evidence of note income must be reflected on tax returns. • Verification the income is expected to continue for a minimum of three (3) years.
Trust Income	Income from trusts may be used if guaranteed and regular payments will continue for at least three years. • Regular receipt of trust income for the past 12 months must be documented. • A copy of the Trust Agreement or Trustee Statement showing: o Total amount of borrower-designated trust funds o Terms of payment o Duration of trust o Portion of income not taxable. • Non-taxable trust income must include proof of distribution.
Foreign Income	• W-2 forms or personal tax returns, including all schedules for prior two years. • Year-to-date paystub. • All income must be converted to U.S. currency.
Non-Taxable income including child support, disability, foster care, military, etc.	• Documentation must be provided to support continuation of income for a minimum three (3) years. • Income may be grossed up by 125% for income qualification purposes. Tax returns must be provided to confirm income is non-taxable.
Non-Taxable Income including child support, disability, foster care, military, etc.	• Documentation must be provided to support continuation of income for a minimum of three years. • Income may be grossed up by 125% for income qualification purposes. Tax returns must be provided to confirm income is non-taxable. • The amount of continuing tax savings attributed to regular income not subject to Federal taxes may be added to the borrower's gross income. • The percentage of non-taxable income may be added cannot exceed the appropriate tax rate for the income amount. Additional allowances for dependents are not acceptable. • Documentation Requirements: must document and support the amount of income grossed-up for any nontaxable income source and should use the same tax rate the borrower used to calculate his/her income tax from the previous year. • If the borrower is not required to file a Federal tax return, the tax rate to use is 25%.
Trailing Co-borrowers	• Income from trailing co-borrowers will not be considered.

Unacceptable income sources include, but are not limited to the following:

- Any unverified source
- Temporary income or a one-time occurrence
- Rental income received from the borrower's single family primary residence or second home.
- Retained earnings
- Education benefits

Property Appraisal Requirements

First Lien Loan Amount	Appraisal Requirement
Purchase Transactions*	
≤ $2,000,000	One (1) Full Appraisal
>$2,000,000	Two (2) Full Appraisals
Refinance Transactions	
≤$1,000,000	One (1) Full Appraisal
>$1,000,000	Two (2) Full Appraisals

*For properties purchased by the seller of the property within 90 days of the fully executed purchase contract, additional requirements apply:

- Second appraisal required
- Property seller on the purcahse contract is the owner of record
- Increases in value should be documented with commentary from the appraiser and recent paired sales.

In addition to the following, refer to the Fannie Mae guidelines for appraisal requirements:

- **All appraisals must be ordered through SettlmentOne AMC Portal**
- Please upload the Settlement One Appraisal to the Non Conforming Appraisal Submission form via The Green GO Button on the Renasant Connect homepage. The loan file must be registered with Secondary Marketing prior to submitting the Non-Conforming appraisal for review. If the appraisal is received by 2 p.m. central time the appraisal will be uploaded the same business day to the investor portal and forward to an underwriter for review. If the appraisal is received after 2 p.m. central time the appraisal will be uploaded the next business day. The investor and underwriter total review time may take up to five (5) business days.(Appraisal can be submitted for review by Renasant Bank and investor, prior to full credit package delivery for underwriting)
- Appraisals should not include comparables greater than six (6) months old at the time of underwriting review.
- Properties with values significantly in excess of the predominant value of the subject property's market area may be ineligible.
- Fannie Mae Appraisal Forms must be used: 1004, 1025 or 1073.

- **Appraisals must be dated within 120 days of the Note date. After a 120 day period, a new appraisal is required (re-certification of value is not acceptable).**

- When two appraisal are required, the following apply:
  - Appraisals must be completed by two independent appraisers and appraisal companies, however both appraisals must be ordered through SettlementOne Portal.
  - The LTV will be determined by the lower of the two appraised values as long as the lower appraisal supports the value conclusion.
  - The underwriter must review both appraisal reports and address any inconsistencies between the two reports and all discrepancies must be reconciled.

Title and Closing
In addition to the following, refer to Renasant Bank guidelines for requirements related to title, insurance and mortgagee clauses.

- Title Policy Forms: The title policy must be written on one of the following forms:
  - 2006 American Land Title Association (ALTA) standard form
  - ALTA form with amendments required by state law in states in which standard ALTA forms of coverage are not used, or in which the 2006 ALTA forms have not yet been adopted, provided those amendments do not materially impair protection to Renasant Bank.
- Title Requirements:
  - Amount of Coverage: The amount of title insurance coverage must be ≥ the original principal amount of the mortgage.
  - Other Requirements:
    - The title insurance coverage must include an environmental protection lien endorsement (ALTA Endorsement 8.1-06 or equivalent state form provides the required coverage).
    - References are to the ALTA 2006 form of endorsement, but state forms may be used in states in which standard ALTA forms of coverage are not used or in which the 2006 ALTA forms have not yet been adopted. However, if these forms are used, the Seller/Originator must ensure those amendments do not materially impair protection to Renasant Bank. As an alternative to endorsements, the requisite protections may be incorporated into the policy.
    - Title policies may not include the creditors' rights exclusion language ALTA adopted in 1990.
  - Applicable Endorsements: Different property types (i.e. condos, PUDS) as well as different mortgage types may require additional title policy endorsements. It is Renasant Bank's resposibility to ensure the first lien is protected and therefore Renasant Bank must obtain any endorsements are necessary to provide protection.

- Title Exceptions
  The title to the subject property must be good, marketable and free and clear of all encumbrances and prior liens. Renasant Bank will not purchase a mortgage secured by property with an unacceptable title impediment, including unpaid real esate taxes and survey exceptions. If surveys are not commonly required in particular jurisdictions, the lender must provide an ALTA 9 Endorsement. If it is not customary in a particular area to supply either the survey or an endorsement, the title policy must not have a survey exception.