

<b>SECTION 1:</b>	<b>CODING</b>												
	<b>PROGRAM CODES:</b>												
	<table border="1"> <thead> <tr> <th><u>Term</u></th> <th><u>Program Codes</u></th> </tr> </thead> <tbody> <tr> <td>Jumbo 30 year fixed</td> <td>3000-05</td> </tr> <tr> <td>Jumbo 15 year fixed</td> <td>3300-05</td> </tr> <tr> <td>Jumbo 5/1 LIBOR ARM</td> <td>3700-05</td> </tr> <tr> <td>Jumbo 7/1 LIBOR ARM</td> <td>3800-05</td> </tr> <tr> <td>Jumbo 10/1 LIBOR ARM</td> <td>3900-05</td> </tr> </tbody> </table>	<u>Term</u>	<u>Program Codes</u>	Jumbo 30 year fixed	3000-05	Jumbo 15 year fixed	3300-05	Jumbo 5/1 LIBOR ARM	3700-05	Jumbo 7/1 LIBOR ARM	3800-05	Jumbo 10/1 LIBOR ARM	3900-05
<u>Term</u>	<u>Program Codes</u>												
Jumbo 30 year fixed	3000-05												
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<b>SECTION 2:</b>	<b>LOAN AMOUNTS AND LTV PERCENTAGES</b>
<b>MINIMUM/MAXIMUM LOAN AMOUNTS</b>	MINIMUM – There is no minimum loan size. Maximum is \$2,000,000
	<b>Fully Amortizing Fixed and 5/1, 7/1 and 10/1 ARM's – Properties in all states except FL, IN, MI, NV, OH, RI</b>
	<b>Purchase and No Cash out Refinance – Single Family Detached or Attached and PUD</b>

<b>MAXIMUM LTV/CLTV – FIXED AND ARM – FULLY AMORTIZING:</b>	<b>Single Family and PUD</b>	Loan Amount	Market Classification (2)	Max LTV	Max CLTV	Credit Score	Reserves (PITI)
		Up to \$750,000	1	75%	85%	720	Fixed 15-20 yr: 9 months Fixed 30 yr: 12 months ARM: 12 months
			1, 2, 3	80%	80%		
			4	75%	75%		
		\$750,001 - \$1,500,000	1, 2, 3	80%	80%	720	Fixed 15-20 yr: 12 months Fixed 30 yr: 16 months ARM: 16 months
			4	75%	75%		
	\$1,500,001- \$2,000,000	1 & 2	80%	80%	720	Fixed 15-20 yr: 12 months Fixed 30 yr: 16 months ARM: 16 months	
		3	75%	75%			
		4	70%	70%			

**NOTES:**

- See Page 11 & 12 for requirements when using retirement accounts as a portion of PCL.
- Market Classification 1, 2, 3 or 4 – Refer to Market Risk Classification Table attached to this announcement.

**Purchase and No Cash out Refinance – Single Family Detached or Attached and PUD – Properties located in FL, IN, MI, NV, OH, RI**

<b>Single Family and PUD</b>	Loan Amount	Market Classification (2)	Max LTV	Max CLTV	Credit Score	Required Post Closing Liquidity
	Up to \$750,000	1 & 2	80%	80%	720	Fixed 15-20 yr: 9 months Fixed 30 yr: 12 months ARM: 12 months
		3	75%	75%		
		4	70%	70%		
	\$750,001- \$1,500,000	1 & 2	80%	80%	720	Fixed 15-20 yr: 12 months Fixed 30 yr: 16 months ARM: 16 months
		3	75%	75%		
		4	70%	70%		
	\$1,500,001- \$2,000,000	1, 2, 3	70%	70%	720	Fixed 15-20 yr: 12 months Fixed 30 yr: 16 months ARM: 16 months
		4	65%	65%		

**NOTES:**

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- Market Classification 1, 2, 3 or 4 – Refer to Market Risk Classification Table attached to this

**MAXIMUM LTV/CLTV  
– FIXED AND ARM –  
FULLY AMORTIZING**

**Condos**

announcement.  
**Primary Residence – Purchase and Rate/Term Refinance – Condos in all States except FL, IN, MI, NV, OH, RI**

Loan Amount	Market Classification (3)	Max LTV	Max CLTV	Credit Score	Required Post Closing Liquidity
Up to \$750,000	1	75%	85%(2)	720	Fixed 15-20 yr: 9 months Fixed 30 yr: 12 months ARM: 12 months
	1, 2, 3	80%(2)	80%(2)		
	4	75%	75%		
\$750,001-\$1,500,000	1 & 2	75%	75%	720	Fixed 15-20 yr: 12 months Fixed 30 yr: 16 months ARM: 16 months
	3	70%	70%		
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\$1,500,001-\$2,000,000	1, 2, 3	70%	70%	720	Fixed 15-20 yr: 12 months Fixed 30 yr: 16 months ARM: 16 months
	4	65%	65%		

**NOTES:**

1. See Page 11 & 12 for requirements when using retirement accounts as a portion of PCL..
2. LTV/CLTV >75% not allowed on 5/1 ARM.
3. Market Classification 1, 2, 3 or 4 – Refer to Market Risk Classification Table attached to this announcement.

**Condos**

**Primary Residence – Purchase and Rate/Term Refinance – Condos in FL, IN, MI, NV, OH, RI**

Loan Amount	Market Classification (3)	Max LTV	Max CLTV	Credit Score	Required Post Closing Liquidity
Up to \$750,000	1 & 2	80%(2)	80%(2)	720	Fixed 15-20 yr: 9 months Fixed 30 yr: 12 months ARM: 12 months
	3	75%	75%		
	4	70%	70%		
\$750,001-\$1,500,000	1 & 2	75%	75%	720	Fixed 15-20 yr: 12 months Fixed 30 yr: 16 months ARM: 16 months
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	4	65%	65%		

**NOTES:**

1. See Page 11 & 12 for requirements when using retirement accounts as a portion of PCL.
2. LTV/CLTV >75% not allowed on 5/1 ARM.
3. Market Classification 1, 2, 3 or 4 – Refer to Market Risk Classification Table attached to this announcement.

**Cash out Refinances are not allowed.**

<b>SECTION 3:</b>	<b>PROGRAM PARAMETERS</b>
<b>ELIGIBLE LOAN TYPES:</b>	<ul style="list-style-type: none"> <li>• <b>30 and 15 year Fixed Rate Fully Amortizing</b></li> <li>• <b>Fixed-Period ARM:</b> This program provides an initial fixed-period term of 5, 7 or 10 years. At the end of the fixed period, the loan is fully amortized over the remaining term as an adjustable-rate mortgage.</li> <li>• <b>Interest Only Loans are not allowed on the fixed rate or fixed period ARM programs.</b></li> </ul>
<b>ARM MARGIN:</b>	2.25% margin
<b>LIFE CAPS:</b>	<p><b>Life floor:</b> The life floor will never be lower than the margin  <b>Life cap:</b> Maximum of 5% over the Note Rate  <b>First Adjustment:</b> Maximum of 5% over the Note Rate; thereafter, 2% annually.</p>
<b>INTEREST RATE AND PAYMENT CHANGES:</b>	<ul style="list-style-type: none"> <li>• The interest rate can be adjusted up or down at each rate change dated, based on the movements in the index.</li> <li>• The interest rate will be adjusted to equal the sum of the index plus the required margin, rounded to the nearest .125%, and subject to the interest rate caps.</li> <li>• The monthly payment will be adjusted in accordance with the change in the interest rate.</li> </ul>
<b>INTEREST ONLY:</b>	Not Allowed
<b>INDEX:</b>	<b>LIBOR Index:</b> The average of interbank offered rates for one year in U.S. dollar-denominated deposits in the London market (LIBOR) as published in The Wall Street Journal. The index figure is the most recent index figure from the WSJ that is available on the day that is 45-days before the interest rate change date.
<b>TEMPORARY BUYDOWNS</b>	Not Allowed
<b>ASSUMABILITY</b>	<p><b>5/1 , 7/1 and 10/1 ARM:</b>  Assumable during the adjustable rate period by qualified Borrowers who meet investor guidelines. Fees are 1% of the outstanding principal balance plus any actual costs (i.e. credit report, appraisal fees) which are subject to change.  <b>Fixed Rate:</b> Not Assumable</p>
<b>CONVERSION OPTION:</b>	None
<b>PREPAYMENT PENALTY:</b>	Not Permitted
<b>SECTION 4:</b>	<b>BORROWER ELIGIBILITY</b>
<b>ELIGIBLE BORROWERS</b>	<p>U.S. Citizens  Permanent resident aliens (green card holders)  Non-Permanent Resident Alien with a valid visa  Non-Occupant Co-Borrowers  Must have valid Social Security Number (SSN)</p>
<b>NON-OCCUPANT CO-BORROWER</b>	<p>Allowed</p> <ul style="list-style-type: none"> <li>• Occupant Borrowers Ratio with Non-Occupant Co Borrower: 45%</li> <li>• See qualify/ratios for further details.</li> </ul>
<b>PERMANENT RESIDENT ALIEN:</b>	<ul style="list-style-type: none"> <li>• Eligible with proof of lawful permanent residency</li> <li>• Underwritten same as U.S. Citizen</li> </ul>

**NON-PERMANENT  
RESIDENT ALIEN**

- Eligible with proof of valid Visa. A copy of the unexpired visa must be included in the loan file evidencing one of the acceptable visa classes.
- Must have a minimum two-year history of credit and employment in the U.S. or another country.
- Non-permanent resident aliens who meet at least one of the following requirements are eligible for the same financing terms as a U.S. citizen
  1. Minimum two-year history of residence, employment and credit in the U.S., or
  2. Borrower with a U.S. citizen or permanent resident alien.

**INELIGIBLE  
BORROWERS:**

Non-Resident Aliens, Borrowers with Diplomatic Immunity and Foreign Nationals.

**NON-ARMS LENGTH  
TRANSACTION:**

Not eligible

**NUMBER OF OTHER  
PROPERTIES:**

Maximum of 4 mortgages residential properties, regardless of occupancy.  
**Note:** When the aggregate financing for all properties owned by the borrower(s) exceeds \$3,000,000, the minimum Post Closing Liquidity is 36 months PITI.

**SECTION 5:  
UNDERWRITING**

**CREDIT CRITERIA**

**Second signature underwriting approval is required.** Please allow 5-7 business days for approval – see daily rate sheet for current turn times. **Loans must be approved in order to lock.**

**RATE AND TERM  
REFINANCE**

**RATE/TERM REFINANCES**

Transactions meeting the following criteria are to be Rate/Term refinances (additional requirements apply to owner-occupied homestead properties in Texas - refer to Texas Rate and Term refinances below.

- Payoff of the current mortgage (principal balance plus accrued interest, and any required prepayment penalty, only; other costs such as late fees and past-due amounts may not be paid with the new loan)
    - If the first mortgage is a Home Equity Line of Credit (HELOC) a copy of the HUD-1 Settlement Statement from the borrower's purchase of the subject property, or documentation of home improvements made to the property, must be provided evidencing the proceeds were used in their entirety to acquire or improve the subject property
  - Payoff (as defined above) of any subordinate mortgage lien used in its entirety to acquire or improve the subject property
  - Payoff (as defined above) any other mortgage lien against the subject, provided:
    - The lien has been open at least 12 months, and
    - Total draws in the past 12 months do not exceed 2% of the new first mortgage amount
  - Standard loan fees (e.g., closing costs on the new mortgage; prepaids, such as interest, taxes and insurance, etc; and points)
  - Incidental cash to the borrower not to exceed 1% of the principal balance of the new loan amount
- Temporary Buydowns are not allowed.

**Texas Rate and Term Refinances:** Once the borrower has executed a home equity/cash-out refinance on an owner occupied, homestead property under Section 50(a)(6), Article XVI of the Texas Constitution, all subsequent transactions are considered home equity-cash-out refinances until title is transferred. In other words, once a cash-out, always a cash-out. Therefore, a rate/term refinance originated to pay off an existing home equity/cash-out mortgage is ineligible.

Documentation (commitment for title insurance, mortgage/deed of trust and/or HUD-1) must be provided in each loan package to verify that a home equity/cash-out loan under Section 50(a)(6) has not previously been originated against the subject property.

**RATE AND TERM  
REFINANCE (cont'd):**

The following guidelines apply to all rate/term refinances secured by owner occupied, homestead properties in the state of Texas:

- Total financed closing costs are limited to 10% of the new loan amount. 10% is deemed reasonable.
- Special title insurance coverage must be obtained when impounds for prepaid expenses are included in the new loan amount. The following must be included as a Schedule B Exception:
  - Possible defect in lien of the insured mortgage because of the Insured's inclusion of reserves or impounds for taxes and insurance in the original principal of the indebtedness secured by the insured mortgage.
- Incidental cash back to the borrower at closing is not allowed.

**Pay Off of Subordinate Lien(s)** - Subordinate liens **used entirely to purchase the subject property** may be eligible for payoff as a rate/term refinance, subject to the following requirements

If the subordinate lien was **used entirely for home improvements**, the lien is eligible for pay off as a rate/term refinance.

- The subordinate lien must have been originally closed using the entire amount for home improvements as evidenced by a Mechanic's lien contract on the commitment for title insurance. Documenting the home improvements by obtaining canceled checks, invoices, receipts, lien waivers, etc., is not acceptable.

**CASH OUT  
REFINANCE:**

Cash out refinance transactions are ineligible.

Home Equity/Cash-out Refinance Transactions under Section 50(a)(6) are not eligible

**CREDIT SCORES**

The minimum representative credit score should not be lower than:

- 720

Non-traditional credit is not allowed.

Additionally, a housing payment history (mortgage, rental or combination of the two) covering the most recent 12 months (minimum) with no late payments must be verified either by the credit bureau or by direct verification.

**Credit Score Selection**

The following criteria may be used to determine each individual borrower's Credit Score using the "middle/lower" method

- If there are three valid credit scores for a borrower, the middle score (numerical middle of the three scores) is used.
- If there are three valid scores for a borrower but two of the scores are the same, the duplicate score is used.

**Loan Score Selection**

After selecting the appropriate Credit Score for each borrower, the Loan Score must be determined

- If there is more than one borrower, the lowest selected Credit Score among all borrowers is the Loan Score.
- When there is only one borrower, the selected Credit Score for that borrower is also the Loan Score.

**CREDIT SCORES**

**No Score:**  
If all borrowers do not have a credit score, the loan is ineligible.

**CREDIT DOCUMENTS**

The maximum age of credit document is 90 days for existing construction – 120 days for new construction. Credit documents include credit reports, employment income and asset documents. The age of the document is measured from the date of the document to the date the note is signed.

**BANKRUPTCY AND FORECLOSE REQUIREMENTS:**

Borrowers with a bankruptcy, foreclosure, deed-in-lieu or settled-for-less proceeding discharged within the last seven years are not eligible.

**RATIOS**

- Fully Amortizing Fixed and ARM's - Maximum DTI of 40%;
- Maximum occupant borrower DTI when non-occupant borrower is present is 45%; however, the transaction (both borrowers combined) must still meet the standard 40% requirement.

Transactions	Front End Ratio	Total Debt to Income Ratio	Occupant Borrower's Ratio with Non-Occupant Co-Borrower
Non-First Time Homebuyer	36%	40%	45%
First Time Homebuyer	36%	40%	45%

**QUALIFYING**

Qualifying Rate:

- Fully Amortizing Fixed Rate – note rate
- 7/1 & 10/1 ARM: Based on the higher of the fully indexed rate or the initial note rate, not to exceed the start rate plus lifetime cap.
- 5/1 Arm – Based on the higher of the fully indexed rate or the initial note rate plus two percent.

**SEASONING:**

6 Months seasoning (property ownership required)

**SECONDARY FINANCING:**

Any refinance transaction secured by a property currently listed for sale or listed for sale within the six months prior to the loan application is ineligible.

Subordinate financing is permitted.

For transactions including subordinate financing, the following requirements apply for both **HELOC and Closed End Loans:**

- The subordinate financing must be recorded and clearly subordinate to the first mortgage.
- The maximum LTV/TLTV\*/CLTV\*\* may not exceed the guideline limits referenced on page 1 and 2.
- If there is/will be an outstanding balance at the time of closing, the payment on the subordinate financing must be included in the calculation of the borrower's debt-to-income ratio(s).
- Negative amortization is not allowed; scheduled payments must be sufficient to cover at least the interest due.
- Equity share or shared appreciation is not allowed.

•Subordinate financing from the borrower's employer may not include a provision requiring repayment upon termination.

Subordinate financing from the property seller (seller carry-back, including any property seller or other private party carried financing)

**SUBORDINATE  
FINANCING (cont'd):**

- Is allowed only after the borrower has made a 5% minimum down payment / cash investment.
- Is allowed only when the maximum CLTV is the lesser of 95% or the published CLTV limits referenced on page 1 and 2.

-Affects interested party Contribution Limits.

Should be at market rate. If the interest rate is more than 2% below Fannie Mae's posted net yield in effect for second mortgages at time of closing it must be treated as a sales concession and a dollar for dollar reduction made to the sales price.

**For new Closed End subordinate financing the following also apply:**

- Maturity date or amortization basis of the junior lien must not be less than five years after the Note date of the first lien Mortgage, unless the junior lien is fully amortizing
- The loan cannot have a balloon or call option within five years of the date of the Note.

The terms of a HELOC may provide for a balloon or call option within the first five years after the Note date of the first Mortgage.

**Acceptable Documentation**

The terms of any subordinate financing must be verified. The following sources of verification are acceptable:

- Existing subordinate loans (loans that will be re-subordinated):
  - A copy of the credit report, **or**
  - A copy of the mortgage note, **or**
  - A direct verification from the lender, **or**
  - A copy of the loan statement

*Reminder for home equity lines of credit (HELOC):* If an existing HELOC is reduced without modifying the original Note, the original line limit must be used to calculate the Combined-Loan-to-Value ratio.

- New subordinate loans obtained prior to or at closing:
  - A copy of the mortgage note, **or**
  - A direct verification from the lender, **or**
  - A copy of the commitment letter from the lender **or**  
A copy of the HUD-1 evidencing proceeds

**EMPLOYMENT AND**

**INCOME SALARIED  
AND HOURLY  
WAGES:**

**Salaried borrowers** are required to exhibit the following employment standards:

- A minimum of two years employment which may be demonstrated across different employers if the same or related field.
- Prior to closing, the employment must independently verified and a note must be in the loan file that the borrower is employed.
- Any employment gap over 30 days should be addressed,
- Borrowers should exhibit the potential for maintaining continuous employment and/or income.

The following documentation is required:

- Paystubs with YTD Earnings;
- 2 year's W-2's;
- 2 year's 1040's may be required based on underwriter's discretion.

**Borrowers who are re-entering the Workforce:** Income from borrowers who re-enter the workforce and currently have less than a two-year employment and income history may be used to qualify, if:

- The borrower has been at the current employer for a minimum of six months, and
- There is evidence of a previous employment history.

**SELF EMPLOYMENT**

Self employed borrowers are required to exhibit the following stability standards:

- Minimum of two years operating same business; self employed borrowers are required to provide copies of signed individual (and business if appropriate) tax returns, including all applicable schedules for the previous 2 years.
- Year-to-date Income/Expense Statement and Balance Sheet are also required if more than 120 days have lapsed since the last fiscal year end.

**DEPARTURE  
RESIDENCE POLICY:**

**Departure Residence Policy for Relocation Borrowers** - The monthly PITI on the property pending sale does not need to be included in the monthly debt payment-to-income ratio when the mortgage file contains **all** of the following documentation:

- The borrower's executed non-contingent sales contract for the previous residence **and**
- A Lender's Commitment to the buyer of the previous residence if the executed sales contract includes a financing contingency **and**
- The greater of six months PITI, or standard post-closing/reserve requirements for both properties is required.

You do not need to include the amount of the payment on the property pending sale in the monthly debt payment-to-income ratio when the mortgage file contains the following documentation:

- An executed buyout agreement that is part of an employer relocation plan where the employer/relocation company takes responsibility for the outstanding mortgage(s)
- 10% post-close liquidity is required

**Departure Residence Policy for Conversion of Principal Residence to Second Home or Investment Property****Current principal residence is pending sale but will not be sold (closed) prior to the new transaction:**

- Both the current and the proposed mortgage principal, interest, taxes and insurance (PITI) payments must be used to qualify the borrower for the new transaction, and
- The greater of six months PITI, or standard post-closing/reserve requirements for both properties is required.

**Existing Property Converting to Second Home**

- Both the current and the proposed mortgage PITI payments must be used to qualify the borrower for the new transaction, and,
- The greater of six months PITI, or standard post-closing/reserve requirements for both properties is required.

**Existing Property Converting to Investment Property**

If there is documented equity of at least 30 percent in the departure property, 75 percent of rental income may be used to offset the mortgage PITI payment in qualifying when:

- Reserve requirements are the greater of six months PITI for both properties or 10% post-close liquidity, **and**
- Rental income is documented with a fully executed lease agreement when the borrower's tax returns reflect a two-year history of managing investment properties, as evidenced by the most current two years filed and signed Federal IRS 1040 tax returns, **and**
- Proof is provided that a security deposit was received from the tenant and deposited into the borrower's account.

*If rental income will not be used to offset the mortgage payment to qualify, the following reserve requirements must be met:*

**DEPARTURE**

**RESIDENCE POLICY  
(cont'd):**

- The greater of six months PITI, or standard post-closing/reserve requirements for both properties is required.

The 30% equity, in the departure property, may be documented with an AVM or a Full Appraisal.

**Note:** AVM is not eligible when the departure property is a Condo.

If 30% equity in the departure property cannot be documented, or the borrower does not have a two-year history of managing investment properties as evidenced by the most current two years filed and signed Federal IRS 1040 tax returns, rental income may not be used to offset the mortgage PITI payment in qualifying **and:**

- Both the current and the proposed mortgage PITI payments must be used to qualify the borrower for the new transaction; **and**
- The greater of six months PITI, or standard post-closing/reserve requirements for both properties is required.

**VERBAL VOE**

**Verbal Verification of Employment for hourly, salary, and commission income (VOE)**

For each employed borrower, including second jobs, verbal verification of employment (VOE) must be obtained as part of the underwriting documentation in each loan file. The phone number and, if possible, an address for the borrower's employer must be obtained independently by using a telephone book, the internet, directory assistance or by contacting the applicable licensing bureau. Verbal verifications should be completed by the borrower's Human Resource, Personnel Department, or supervisor within 10 calendar days prior to the Note date. A verbal VOE documentation must include:

- The name and title of the person who confirmed the employment
- The date of the call
- The source of the phone number
- The borrower's current employment status
- The borrower's job title
- The borrower's date of hire / dates of employment
- Probability of continued employment

If an employer will not provide verbal verification of employment, a written verification of employment request must be sent to the employer. Written employment verification documentation must include the name and title of the person performing the verification and be received at least 10 calendar days prior to the closing date.

If it is discovered that the borrower is no longer employed, the loan may not fund until the borrower's new employment and income can be verified and the loan re-evaluated. Negative comments received from an employer could be a reason to decline the application. However, prior to doing so, the underwriter must perform a detailed investigation of the comments, arrive at a precise reason to support the decision and document the decision in writing.

**Verbal VOE requirements for self-employed income are:**

Independent verification of the existence of the borrower's business within 30 calendar days prior to the note date through:

- A third party, such as a CPA, regulatory agency, or applicable licensing bureau, if possible; and
- Verifying the phone listing and address for the borrower's business using a telephone book, the internet, or directory assistance.

If the contact is made verbally, the lender must document the source of the information obtained and the name and title of the lender's employee who obtained the information. If a borrower is in the military, a military Leave and Earnings Statement (LES) dated within 30 days of the Note date is acceptable in lieu of a verbal or written VOE.

**IRS Form 4506-T**

**IRS Form 4506-T** – a signed and processed IRS Form 4506-T is required on all loans to obtain the borrower(s)'s tax return transcripts for the two years prior to the loan application, regardless of income or documentation type. All borrowers must sign the IRS Form 4506-T at application and closing; only the form signed at application must be processed. All forms and transcripts must be included in the loan file. This form

**REAL ESTATE  
OBLIGATIONS:**

is required on all conventional loans, all wage earners, self-employed, commission and all other non-employment income types.

**Continuity of Obligation:**

These guidelines apply to no cash-out refinance transactions as cash out transactions are not eligible: For a refinance of an existing lien, continuity of obligation must be present from the existing to the new lien. Acceptable continuity of obligation transactions with outstanding lien against the property exists when any of the following conditions are met:

- There is at least one borrower obligated on the new loan who was also a borrower obligated on the existing loan being refinanced.
- The obligor who will not be on the new loan is being bought out of the property due to an event such as an inheritance, divorce or separation (for example). The borrower who inherited/retains sole ownership of the property may not receive any of the proceeds from the refinance transaction. Terms of the property transfer and disposition of proceeds must be obtained in writing and signed by all parties. In addition, in the case of a divorce or separation, the borrower and the co-owner receiving the buy-out proceeds must have jointly owned the property for a minimum of 12 months prior to the initial loan application and must provide evidence that they occupied the property as a Primary Residence.
- The title on the existing loan has been held in the name of a natural person or an LLC and the borrower was a member of the LLC prior to the transfer.

**Notes:**

- Transfer of ownership from a corporation to an individual does not meet the acceptable continuity definition.
- If continuity of obligation does not exist, the loan will be underwritten as a purchase transaction.

**ASSETS**

Assets used for down payment must be documented to show that they are from borrower's own funds. The loan application should provide an accurate reflection of the funds required from the borrower to close the transaction. The application must clearly state the source of the funds for down payment and closing costs, and cannot state other or any vague description. This applies to all loan applications. The funds required to close are the difference between the funds needed to complete the transaction and the mortgage amount. When a borrower will be paying off debts, adequate funds should be documented to complete the debt payoff, in addition to the funds required to close the transaction and any required cash reserves.

**CASH RESERVES**

A minimum of 9 months PITI is required. Post closing liquidity is defined as a percentage of the new loan amount. Some purchase and rate/term refinance transactions with high LTV require higher reserve levels (see LTV matrix on page 1).

Liquid assets verified to meet the reserve (post-closing liquidity) requirements may be in the form of:

- Cash equivalents (checking, savings, or money market accounts)
- 100% of the vested value of Publicly Traded Stocks, Mutual Funds and Government Securities may be used.
- Cash surrender value of life insurance (less outstanding loans, if repayment not included in debt ratio calculation)
- For borrowers who have reached the required age for non-penalty withdrawal:
  - 70 percent of vested pension, profit sharing, 401K, or IRA (less outstanding loans)
  - 100% of Roth IRA (less outstanding loans)
- For borrowers who have not reached the required age for non-penalty withdrawal, 70% of vested pension, profit sharing, 401K and Traditional and Roth IRA (less outstanding loans) may be used to meet half of the require post-closing liquidity when:
  - LTV/CLTV < 60%, or

**CASH RESERVES**

(cont'd):

- Debt to Income Ratio < 24%, or
- Total vested balance in retirement funds exceed \$750,000.

- Educational savings accounts, such as 529 Plans, are eligible as follows: 70% of the balance may be used to meet half of the required post-closing liquidity when the LTV/CLTV < 60%, or DTI < 24%.
- Equity proceeds from the sale of a residence.
- Funds held in business accounts may be eligible for use under certain circumstances.

The following assets are **ineligible** for purposes of meeting the minimum reserve requirement:

- For borrowers who have not reached the required age for non-penalty withdrawal: Retirement funds, including but not limited to vested pension, profit sharing, 401K, or IRA, except as noted in the asset section above. Retirement funds may not be liquidated in order to be used to meet reserve (post-closing liquidity) requirements.
- Gift funds
- Borrowed funds
- Stock in a closely held corporation
- Proceeds from the sale of assets other than the sale of a residence
- Proceeds from a cash-out refinance transaction

**GIFT FUNDS:**

For primary homes the full down payment may be from a gift when the LTV/CLTV is 80% or less.

**SECTION 6: PROPERTY/APPRAISALS**

**ELIGIBLE PROPERTIES:**

- Primary Residence
- Single Family (Attached or detached)
  - PUD
  - Condo

**INELIGIBLE PROPERTIES**

**Ineligible properties:** 2-4 units, Time-share projects, Unimproved land, Factory built, mobile home type manufactured homes, Condotels/Resort Condominiums, Hotel Condominium, New construction homes purchased through auction, Log, earth or dome homes, Hobby Farms, leasehold property and cooperatives

**OCCUPANCY**

Owner-occupied primary residences only. 2nd Homes and Investment Properties are not eligible.

**STATE RESTRICTIONS**

Geographic Restrictions apply based on **Market Risk Classification** which can reduce the maximum allowable LTV. (see attached Market Classification Table)

**APPRAISAL**

All appraisal orders, requests and questions must be sent to the **WesLend Appraisal Desk at AppraisalDesk@Weslendfinancial.com.**

The number of appraisals required will be based on the total loan amount and the median home price for the county in which the property is located. Additional documentation will be required for higher value homes where the median home price is equal to or less than \$200,000. **(see Median Home Price Classification List). All appraisals are to be completed by a Certified Appraiser.**

**APPRAISAL  
Continued...**

Total Loan Amount	Appraisal Documentation Required		
	Median Home Price ≤ \$100,000	Median Home Price \$100,001 - \$500,000	Median Home Price > \$500,000
≤ \$1,000,000	One Full Appraisal	One Full Appraisal	One Full Appraisal
\$1,000,001 through \$1,500,000	One full appraisal completed by a certified appraiser and one of the following: <ul style="list-style-type: none"> <li>• RVS Desk Review, or</li> <li>• Another Full Appraisal completed by a certified appraiser.</li> </ul> The LTV/CLTV will be calculated based on: <ul style="list-style-type: none"> <li>• Single Appraisal Option: The lower of the reviewed value or the sales price.</li> <li>• Two Appraisal Option: The lesser of the lowest appraised value or the sales price.</li> </ul>	One full appraisal completed by a certified appraiser and one of the following: <ul style="list-style-type: none"> <li>• RVS Desk Review, or</li> <li>• Another Full Appraisal completed by a certified appraiser.</li> </ul> The LTV/CLTV will be calculated based on: <ul style="list-style-type: none"> <li>• Single Appraisal Option: The lower of the reviewed value or the sales price.</li> <li>• Two Appraisal Option: The lesser of the lowest appraised value or the sales price.</li> </ul>	One Full Appraisal
> \$1,500,000	Two full appraisals completed by certified appraisers, and a Residential Valuation Services (RVS) review on each appraisal. The LTV/CLTV will be calculated based on: <ul style="list-style-type: none"> <li>• The lower of the reviewed values, or the sales price.</li> </ul>	One full appraisal completed by a certified appraiser and one of the following: <ul style="list-style-type: none"> <li>• RVS Desk Review, or</li> <li>• Another Full Appraisal completed by a certified appraiser.</li> </ul> The LTV/CLTV will be calculated based on: <ul style="list-style-type: none"> <li>• Single Appraisal Option: The lower of the reviewed value or the sales price.</li> <li>• Two Appraisal Option: The lesser of the lowest appraised value or the sales price.</li> </ul>	One full appraisal completed by a certified appraiser and one of the following: <ul style="list-style-type: none"> <li>• RVS Desk Review, or</li> <li>• Another Full Appraisal completed by a certified appraiser.</li> </ul> The LTV/CLTV will be calculated based on: <ul style="list-style-type: none"> <li>• Single Appraisal Option: The lower of the reviewed value or the sales price.</li> <li>• Two Appraisal Option: The lesser of the lowest appraised value or the sales price.</li> </ul>

- LTV will be based on the lower of the appraised value or the sales price except where noted above.
- Age of appraisal – 90 Days.

**CONDO PROJECTS:**

Loans secured by existing and new condominiums must adhere to Fannie Mae guidelines for condo project eligibility and approval as well as the guidelines outlined below. As a reminder, a site condominium property that consists of single family detached homes requires no project review/analysis, but must be coded as a condominium property type.

**1) Acceptable Condominium Project Reviews**

The following project reviews are acceptable for Non Conforming Loans:

- a. Fannie Mae Limited Review
- b. Condo Project Manager (CPM) – to be completed on full project reviews:
  - HOA Certification
  - CC & R's
  - Budget
  - ByLaws
  - Articles of Incorporation
  - Fidelity for over 20 units
  - Master Insurance Policy with sufficient coverage.

<b>SECTION 7:</b>	<b>INSURANCE</b>
<b>MORTGAGE INSURANCE</b>	Not Applicable
<b>IMPOUNDS</b>	Property tax and insurance escrows may be waived in all States since the maximum LTV on this program is 80%.
<b>SECTION 8:</b>	<b>TITLE/CLOSING AGENTS</b>
<b>TITLE DOCUMENTATION:</b>	<b>Title History Review Policy:</b> The preliminary title report must reflect a minimum 24-month title history.
<b>PLAT/SURVEYS:</b>	<ul style="list-style-type: none"> <li>• Surveys are required in some areas.</li> <li>• If surveys are not commonly required in the area where the property is located an ALTA 9 endorsement or its equivalent should be provided.</li> <li>• If it is not customary to supply either a survey or an endorsement, the title policy must not have a survey exception.</li> </ul>
<b>INTER VIVOS REVOCABLE TRUSTS:</b>	<p>Living ("inter vivos") trusts must comply with local state regulations and the following requirements to be eligible for financing:</p> <p>To be eligible the borrower must be:</p> <ul style="list-style-type: none"> <li>• The settlor, or the person who created the trust, and</li> <li>• The beneficiary, or the person who is designated to benefit from the trust, and</li> <li>• The trustee, or the person who will administer the trust for the benefit of the beneficiary, the borrower.</li> </ul> <p>Eligible borrowers include:</p> <ul style="list-style-type: none"> <li>• One or more borrowers with one living trust, or</li> <li>• Two or more borrowers with separate living trusts, or</li> </ul> <p>The following documentation is required:</p> <ol style="list-style-type: none"> <li>1. Attorney's Opinion letter from the borrower's attorney verifying all of the following: <ol style="list-style-type: none"> <li>a. The trust was validly created and is duly existing under applicable law,</li> <li>b. The trust is revocable,</li> <li>c. The borrower is the settlor of the trust and the beneficiary of the trust,</li> <li>d. The trustee is: <ul style="list-style-type: none"> <li>• Duly qualified under applicable law to serve as trustee,</li> <li>• Is the borrower,</li> <li>• Is the settlor,</li> <li>• Is fully authorized under the trust documents and applicable law to pledge or otherwise encumber the trust assets</li> </ul> </li> </ol> </li> <li>2. Complete copy of the trust documents certified by the borrower to be accurate, OR A copy of the abstract or summary for jurisdictions that require a lender to review and rely on an abstract or summary of trust documents instead of the trust agreements.</li> </ol>

**INTER VIVOS  
REVOCABLE TRUSTS  
(cont'd):**

**Exception for Trust Certificate Authorized States**

In lieu of the Attorney's Opinion letter and copies of trust documents the title company Trust Certification is acceptable for the following states:

Alabama	District of Columbia	Michigan	New Hampshire	Pennsylvania	Utah
Arizona	Idaho	Minnesota	New Mexico	South Carolina	Vermont
Arkansas	Iowa	Missouri	North Carolina	South Dakota	Virginia
California	Kansas	Nebraska	Ohio	Tennessee	Wyoming
Delaware	Maine	Nevada	Oregon	Texas	

The same terms and conditions apply as shown above for the Attorney's Opinion.

Other title and closing requirements:

- The title to the property is vested in the trustee on behalf of the trust (or such other customary practices),
- Title binder may not contain any exceptions to coverage based on the mortgaged property being held by the living trust,
- The Note must be executed individually by the settlor and by the trustee on behalf of the trust,
- The Mortgage or Deed of Trust is executed by the trustee on behalf of the trust. The Revocable Trust Rider must be used with the mortgage or Deed of Trust.
- The date of the Trust must be reflected on the note as part of the description below the Trustee's signature, e.g. Jane Doe, Trustee of the Jane Doe Trust dated April 1, 2000.

**SECTION 9:**

**FEES/MISCELLANEOUS**

**FEE LIMITATIONS:**

- Points and fees limitation – please refer to the WesLend Conventional and FHA Fee sheet available at [www.weslendwholesale.com](http://www.weslendwholesale.com).
- Points and fees include origination fees, underwriting fees, finder's fees and any other fees that the lender charges as a condition of making the loan whether they are paid to the lender or a 3<sup>rd</sup> party.
- Bona fide discount points (points used to lower the interest rate), fees paid for actual services performed to make the loan (i.e. attorney fees, notary fees, appraisal, credit reports, surveys title exams, flood and tax certifications, home inspections, cost of MI, title policies, hazard insurance, flood insurance, transfer taxes and fees, escrow deposits for tax and insurance premiums) AND other miscellaneous fees that in total do not exceed .25% of the loan amount are **not** included in the points and fees calculation.
- Loans where the "points and fees" or "annual percentage rate" exceed the maximum thresholds described under HOEPA (Section 32) are not eligible for purchase. This applies to all types of mortgages (Purchases and refinances) except second homes, non-owner occupied properties or HELOC.
- Reminder: Section 32 (HOEPA) thresholds are: APR that exceeds the yield on the Treasury securities for the same term of the loan by >10% OR the total points and fees paid by the borrower exceeds the greater of 8% or the maximum dollar amount set annually by the Federal Reserve. For a purchase transaction the maximum real estate commission cannot exceed 8% of the sales price.

**SELLER/INTERESTED  
PARTY  
CONTRIBUTIONS:**

All LTV's - 6%