

GENERAL SPECIFICATIONS

- FRM Amortization: 15, 20, 30 years
- ARM Amortization: 30 year only for ARM transactions
 - 5/1 LIBOR, 7/1 LIBOR, 10/1 LIBOR; 2.25 margin/floor
 - 5/1 ARM - 2% Initial, 2% Annual, 5% Lifetime
 - 7/1 & 10/1 ARM - 5% Initial, 2% Annual, 5% Lifetime
- Maximum Loan Amount \$1,000,000
- Buydown: Not Permitted
- Eligible Properties
 - 1-4 Units: Warrantable Condo, PUD, Townhouse
- Primary Residence, Second Home, Investment Property

SECONDARY FINANCING

- Loans over 80% LTV must meet MI Provider guidelines
- Second lien must have regular monthly payments sufficient to meet the interest due so that negative amortization does not occur
- Property seller is permitted to provide after the borrower has made a minimum 5% down payment is met.
- Maturity date of the second lien cannot be less than 5 years from the note date of the first lien, unless the junior lien is fully amortizing or a HELOC.
- HELOC terms may provide for a balloon or call option within the first 5 years after the Note Date of the first lien. Both the HELOC limit and the disbursed amount must be entered into LP.
- For any refinance, any eligible subordinate financing may remain in place; however, it must be resubordinated to the first mortgage and meet any TLTV/HTLTV limits.

UNDERWRITING

- All loans must be submitted to LP and must receive a LP Accept recommendation
- Minimum risk score of 620 unless a higher score is required from LP
- Ratios: Must follow the more restrictive of LP or 50%
 - 5/1 ARM: Qualify at the great of fully indexed rate or the Note Rate plus 2%
 - 7/1 ARM: Qualify at the Note Rate
- Reserves:

Primary, 1 Unit	Primary 2-4 Unit	2nd Home	Investment
Per LP	6 months PITI	2 months PITI	6 months PITI
- Second Home and Investment properties require an additional 2 months PITI for each additional financed second home or investment property.
- Non-Occupant Co-Borrowers are permitted:
 - For LP Accept, LP does not calculate or evaluate occupant borrower's housing to expense-to-income ratio.
 - For LTVs greater than 80%, the occupant borrower must make the first 5% down payment from the occupant borrower's funds.
- Bankruptcy*: Ch-13: 2yrs from discharge, 4yrs from dismissal. Ch-7: 4yrs from discharge
- Foreclosure/Short Sale/DIL*: 7 yr for foreclosure, 4yrs for Short Sale or Deed in Lieu (*Shorter periods may be considered for extenuating circumstances)
- Verbal VOE 10 Business days prior to note date

OCCUPANCY

- Maximum of 4 financed properties per individual
- Primary Residence: 1-4 Units
- Secondary/Vacation Home
 - 1 Unit only, must be suitable for year-around use
 - No rental income may be used when qualifying
 - Transactions that include non-arm's length and/or identity of interest characteristics are not eligible for new construction properties
 - Each borrower individually and all borrower collectively may not own and/or be obligated on more than six 1-4 unit financed properties, including the subject property.
- Investment Property
 - 1-4 Unit
 - Seller contribution is limited to 2.0%
 - Transactions that include non-arm's length and/or identity of interest characteristics are not eligible for new construction
 - If borrower(s) qualify with the full PITIA plus operating expenses for the subject Investment property included in the Borrower's monthly debt-to-income ratio, no further evaluation or calculation of rental income from the subject property is required and Form 998 is not required
 - Each borrower individually and all borrower collectively may not own and/or be obligated on more than six 1-4 unit financed properties, including the subject property.

ADDITIONAL REQUIREMENTS

- All loans require a full interior/exterior appraisal report regardless of LP recommendation; appraisal must include interior photographs of specific rooms and areas of the home.
- A fully completed, signed and dated Form 4506T
- When a borrower owns more than one financed 1-4 unit investment property, the product is limited to 7/1 & 10/1 ARMs.

REFINANCE

- Limited Cash Out Refinance
 - For limited cash out refinance to include the payoff of a subordinate mortgage, the subordinate mortgage must have been used in whole to acquire the subject property.
 - A limited cash out may receive the lesser of 2% of the loan amount or \$2,000 in cash back at closing
 - When the mortgage being refinanced was a purchase money transaction, the mortgage being refinanced must be seasoned at least 120 days from Note Date to Note Date.
 - For properties located in Texas, the first mortgage being refinanced cannot be a 50(a)(6), a/k/a Texas Home Equity Loan.
- Cash Out Refinance
 - The cash out refinance mortgage must comply with the applicable LTV/TLTV/HTLTV ratio limits and all other Freddie Mac requirements.
 - When the mortgage being refinanced was a purchase money transaction, the mortgage being refinanced must be seasoned at least 120 days from Note Date to Note Date.
 - At least one Borrower must have been on the title to the subject property for a minimum of 6 months prior to the Note Date.
 - If none of the borrowers have been on title to the subject property for at least 6 months, the following requirements must be met:
 - The executed HUD-1 Settlement Statement from the purchase transaction must reflect that no financing secured by the property was used to purchase the subject property.
 - The title report must reflect the borrower as owned with liens on the property
 - The source of funds used to purchase the property must be fully documented
 - If funds were borrowed to purchase the subject property, those funds must be repaid and reflected on the HUD-1
 - The amount of the new mortgage must not exceed the sum of the original purchase price plus closing costs.
 - There must have been no affiliation or relationship between the buyer and seller of the purchase transaction
 - Cash out transaction are not eligible for primary residences located in the state of Texas

MORTGAGE INSURANCE

- MI is required for all loans with an LTV >80%
- Must submit full loan file to MI provider for underwriting and certification
- Must meet all MI Provider eligibility and declining/distressed market guidelines
- Ineligible MI Programs: Split Premium, Financed MI, Lender Paid Monthly Plans, Agency minimum coverage option.

LTV/TLTV/HTLTV MATRIX

Super Conforming Agency Loan Amounts to \$625,000

Purchase	Max LTV/TLTV/HTLTV
1 Unit, Primary Residence	90%
2-4 Unit, Primary Residence	75%
Second Home	80%
1 Unit Investment	80%
2-4 Unit Investment	70%

No Cash Out

Max LTV/TLTV/HTLTV

1 Unit, Primary Residence	90%
2-4 Unit, Primary Residence	75%
Second Home	80%
1 Unit, Investment	75%
2-4 Unit, Investment	70%

Cash Out Refinance

Max LTV/TLTV/HTLTV

1 Unit, Primary Residence	75%
2-4 Unit, Primary Residence	65%
Second Home	65%
1-4 Unit, Investment Property	65%

Super Conforming Agency Loan Amounts > \$625,000 ** 1 Unit Only **

Purchase and No Cash Out Refinance Max LTV/TLTV/HTLTV

1 Unit, Primary Residence	80%
Second Home	65%
1 Unit, Investment	70%

Cash Out Refinance

Max LTV/TLTV/HTLTV

1 Unit, Primary Residence	65%
Second Home	65%
1 Unit, Investment	65%

