Guidelines Summary
Effective September 26, 2016
<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EZ Decisioning DU/Loan Product Advisor MI Product Eligibility and Program Guidelines</td>
</tr>
<tr>
<td>3</td>
<td>Standard Program Loan Amount Product Eligibility</td>
</tr>
<tr>
<td>4</td>
<td>Standard Program Jumbo Loan Amount Product Eligibility</td>
</tr>
<tr>
<td>5</td>
<td>Standard Program Guidelines</td>
</tr>
<tr>
<td>9</td>
<td>Condominium Project Criteria</td>
</tr>
<tr>
<td>10</td>
<td>Down Payment Assistance Program Guidelines</td>
</tr>
</tbody>
</table>
## MI Product Eligibility

<table>
<thead>
<tr>
<th>OCCUPANCY</th>
<th>LOAN PURPOSE</th>
<th>PROPERTY TYPES</th>
<th>MAX. LTV/CLTV</th>
<th>MAX. LOAN AMOUNT</th>
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<tr>
<td><strong>Owner-Occupied</strong></td>
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<td>≤ 97/97</td>
<td>$417,000</td>
<td>620</td>
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<sup>1</sup>Ineligible: Short-term ARMs < 5-year fixed period.

<sup>2</sup>Loan Amounts per applicable GSE conforming High Balance Loans and FHFA High Cost Limits.

<sup>3</sup>Must be Fannie/Freddie warrantable.

<sup>4</sup>Co-ops eligible in the states of CT, DC, IL, MA, MD, NH, NJ, NY, and VA.
EZ Decisioning – DU/Loan Product Advisor MI Program Guidelines

EZ DECISIONING PROGRAM
The EZ Decisioning Program is designed for loans utilizing Fannie Mae’s DU® and Freddie Mac’s Loan Product Advisor.®

Loans are not automatically approved or priced for mortgage insurance based solely on decisions obtained from DU and Loan Product Advisor. Unless otherwise noted, follow the applicable GSE Seller Guide requirements.

LOANS MUST RECEIVE ONE OF THE FOLLOWING RECOMMENDATIONS:
- Desktop Underwriter (DU):
  - Approve/Eligible or Approve/Ineligible.
- Loan Product Advisor:
  - Accept/Eligible or Accept/Ineligible.
- DU Approve/Ineligible or Loan Product Advisor Accept/Ineligible due to:
  - 97% LTV.
  - ARM Product:
    - Max. 97% LTV if ≥ 5-year initial fixed-rate term.
    - Max. 95% LTV if < 5-year initial fixed-rate term.

LOANS MUST CONFORM TO THE FOLLOWING GUIDELINE OVERLAYS:
- Appraisal:
  - A full interior/exterior inspection with photos is required.
  - Subject property condition must have an overall condition rating of C1-C4 to be eligible for delegated delivery.
  - Ineligible: Exterior-only streamlined appraisals (Form 2055), property inspections (Form 2070 and 2075) and property fieldwork waivers such as those driven by DU or Loan Product Advisor recommendations.
- A maximum of 3 properties as detailed below will be insured (limit includes loans currently insured):
  - Primary home – 1 loan maximum.
  - Second home – 1 second home and 1 investment property OR
  - Investment property – 2 loans maximum (no second home).
- Construction-to-Permanent (CTP)
  - Mortgage insurance activation available at conversion to permanent financing.
  - For activation requirements, please see Standard CTP section (page 8).

NON-TRADITIONAL CREDIT
- Owner-occupied.
- 1-unit property (no manufactured homes).
- Maximum 90% LTV.
- Debt-to-Income (DTI) ratio must be less than 40%.
- Must have an Approve recommendation.
- All other requirements per Fannie Mae Selling Guide.

When underwriting loans using DU/Loan Product Advisor, the lender is expected to:
- Employ prudent underwriting judgment.
- Confirm that all the information provided to DU or Loan Product Advisor is accurate.
- Assess the appraisal for accuracy and determine that the value is well-supported.

INELIGIBLE FOR EZ DECISIONING PROGRAM
- Cash-out refinance.
- Properties located in the Commonwealth of Puerto Rico, Guam and the U.S. Virgin Islands.
- 3-4 Units (refer to Down Payment Assistance program).

Note: Borrowers not meeting EZ Decisioning requirements may be eligible under Standard Program Guidelines.
### Standard Program
#### Loan Amount Product Eligibility

<table>
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<tr>
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<th>LOAN PURPOSE</th>
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<td>Manufactured Homes</td>
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<td>Ineligible: Single-wide</td>
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<td>manufactured homes</td>
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<td></td>
<td><strong>2-Units</strong></td>
<td></td>
<td>95/95</td>
<td>$533,850&lt;sup&gt;2&lt;/sup&gt;</td>
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<tr>
<td></td>
<td><strong>Cash-Out Refinance</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1-Unit Single-Family (detached &amp; attached),</td>
<td>85/85</td>
<td>$417,000&lt;sup&gt;2&lt;/sup&gt;</td>
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<td><strong>Second Home</strong></td>
<td><strong>Purchase or Rate/Term Refinance</strong></td>
<td>1-Unit Single-Family (detached &amp; attached),</td>
<td>90/90</td>
<td>$625,500&lt;sup&gt;2&lt;/sup&gt;</td>
<td>700</td>
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</tbody>
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<sup>1</sup>Ineligible: Short-term ARMs < 5-year fixed period.

<sup>2</sup>AK and HI properties: Maximum $625,500 loan amount for 1-Unit and $800,775 for 2-Units.

<sup>3</sup>Must be Fannie/Freddie warrantable.

<sup>4</sup>Co-ops eligible in the states of CT, DC, IL, MA, MD, NH, NJ, NY, and VA.
## Standard Program Jumbo Loan Amount Product Eligibility

<table>
<thead>
<tr>
<th>OCCUPANCY</th>
<th>LOAN PURPOSE</th>
<th>PROPERTY TYPE</th>
<th>MAX. LTV/CLTV</th>
<th>MAX. (^2) LOAN AMOUNT</th>
<th>MIN. CREDIT SCORE</th>
<th>MAX. DTI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-Occupied(^1)</td>
<td>Purchase or Rate/Term Refinance</td>
<td>1-Unit Single-Family (detached &amp; attached), Condominiums(^3), Co-ops(^4)</td>
<td>95/95</td>
<td>$650,000</td>
<td>700</td>
<td>45</td>
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<tr>
<td></td>
<td></td>
<td>1-Unit Single-Family (detached &amp; attached)</td>
<td>90/90</td>
<td>$850,000</td>
<td>720</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Construction-to-Permanent, Rehabilitation/ Renovation Purchase or Rate/Term</td>
<td>1-Unit Single-Family (detached &amp; attached)</td>
<td>85/85</td>
<td>$1,000,000</td>
<td>740</td>
<td>41</td>
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<td>Purchase or Rate/Term Refinance</td>
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\(^1\)Ineligible: Short-term ARMs < 5-year fixed period.

\(^2\)Full MI underwriting required for loan amounts > $1,000,000.

\(^3\)Must be Fannie/Freddie warrantable.

\(^4\)Co-ops eligible in the states of CT, DC, IL, MA, MD, NH, NJ, NY, and VA.
## Standard Program Guidelines

### STANDARD PROGRAM

The Standard Program is designed for loans that are manually underwritten, not utilizing Fannie Mae’s Desktop Underwriter® (DU®) and Freddie Mac’s Loan Product Advisor.  

### ELIGIBLE PROPERTY TYPES

- Properties in 50 states plus the District of Columbia.
- Properties up to 10 acres, provided the property is residential in nature.
- 1-Unit Single-Family attached and detached.
- 2-Units.
- Warrantable Condominiums:
  - All condominium projects must meet Fannie Mae or Freddie Mac guidelines. Lenders are responsible for determining and documenting that all project eligibility representations and warranties are met (see pg. 9 for additional details).
- Cooperative Housing Units (Co-ops):
  - Refer to Program matrices for eligible states.
  - Must meet Fannie/Freddie’s eligibility criteria.
- Manufactured Homes:
  - Must meet Fannie/Freddie’s eligibility criteria.

### ELIGIBLE LOAN TYPE

- Purchase.
- Purchase/Relocation - Corporate relocation agreement or detail of company’s relocation package. Includes financing directly related to the home purchase.
- Rate/Term Refinance:
  - Pay off an existing lien, including reasonable and customary closing costs.
  - Pay off an interim construction loan, which may include the payoff of an existing lot loan. Loan-to-Value (LTV) based on the current appraised value.
  - Pay off a subordinate lien if seasoned ≥ 12 months:
    - If the subordinate lien is a HELOC (home equity line of credit), the total draws taken out during the prior 12 months cannot exceed $2,000.
  - Pay off a subordinate lien seasoned < 12 months, provided documentation verifies the lien was used to purchase the subject property.
  - Subordinate liens that are not paid off with the transaction may be subordinated to the new first lien.
- Maximum cash back may not exceed the lesser of 2% of the loan amount or $2,000.

### Cash-Out Refinance

- The proceeds exceed the outstanding principal balance of the existing liens plus reasonable and customary closing costs.
- Pay off a subordinate lien, which is seasoned less than 12 months.
- All debt consolidation is considered a cash-out transaction.
- Ineligible for cash-out transactions:
  - Short-term ARMs with 1-3 years fixed period.
  - Property purchased within the last 6 months.
  - Property listed for sale within the last 6 months.
  - Existing first lien refinanced within the last 12 months as cash-out.
- Maximum cash-out $150,000

### Rehabilitation/Renovation Loan - A transaction that provides the borrower with funds to cover the costs to renovate, remodel or repair a property:

- The loan purpose may either be a purchase or a rate/term refinance.
- Loan must meet Fannie Mae or Freddie Mac documentation requirements.
- The borrower may not be the contractor or provide repairs as a “do it yourself” option.
- A certificate of completion and recertification of value from the appraiser completed in accordance with Fannie Mae and Freddie Mac guidelines must be included in the file.

### ELIGIBLE LOAN TYPE

- Fixed-rate, fixed-payment, fully amortized over term:
  - Maximum 30-year amortization term.
- Adjustable-Rate Mortgage (ARM)
  - Positively Amortizing Hybrid ARMs
    - Qualify using the greater of the fully indexed rate or the note rate.
  - Positively Amortizing Short-term ARMs
    - 1 to 5 years fixed period:
      - Purchase and Rate/Term Refinance only.
      - Owner-occupied.
      - Qualify using the greater of the fully indexed rate or the note rate + 2.0%.
- ARM Caps
  - Fixed term ≥ 5 years, maximum rate caps 5% initial/annual and 6% lifetime.
  - Fixed term < 5 years, maximum rate caps 2% initial/annual and 6% lifetime.
  - Balloon loans with a minimum 5-year term.
  - Temporary Buydowns:
    - Owner-occupied primary residence.
    - Fixed-rate and ARM loans.
    - Max 3% rate reduction; max. 1% rate increase annually.
    - Qualify at note rate.

### ELIGIBLE BORROWERS

- U.S. Citizens.
- Permanent and Non-Permanent Resident Aliens:
  - Loan file must contain acceptable documentation to verify the legal U.S. residence status.
  - Inter Vivos Revocable Trusts.
  - Non-occupant co-borrowers.
  - Borrower must be owner-occupant.
- Ineligible: Non-Resident Aliens, Partnerships, Corporations, Syndications, Trusts (other than Inter Vivos Revocable Trusts), and Foreign Nationals.

### EMPLOYMENT/INCOME DOCUMENTATION

#### Full Income Documentation

Verification of the borrower’s employment and income for at least 2 full years:

- A verbal Verification of Employment (VOE) (completed ≤ 10 days prior to closing); and
- Written Verification of Employment OR
- 1 month’s paystubs, which contain at least 30 days of year-to-date earnings, and 2 years’ W-2s OR
- Self Employed: 2 years’ personal and/or business tax returns (with all schedules) and a current year Profit and Loss (P&L) statement.

#### Documentation Efficiencies

(Per DU/Loan Product Advisor for assets, employment, and income):

- Must receive DU Approve or Loan Product Advisor Accept.
- Confirm all information submitted to DU or Loan Product Advisor is accurate.
- A Documentation Efficiency of only a Verbal Verification of Employment is not acceptable.
VALID CREDIT SCORE
For credit scores to be valid, at least 2 credit repositories must generate a score for a borrower based on a minimum credit history of 3 tradelines evaluated for 12 months or 2 tradelines evaluated for 24 months.

CREDIT HISTORY
- The credit report must be < 120 days old on the date the Mortgage Note is signed.
- If at least 1 borrower has valid credit scores, the loan representative score will be determined by identifying the middle of 3 scores or the lower of 2 scores for each borrower. The score used for qualifying will be the lower of the resulting scores among the borrower(s), excluding borrowers without scores.
- Judgments, liens, collections and voluntary or involuntary repossessions must all be paid in full at the time of loan closing, especially any debt affecting title. However, collection accounts do not have to be paid off at or prior to closing if the balance of an individual account is less than $250 or the total balance of all accounts is $1,000 or less.
- Minimum 4 years’ re-established traditional credit after discharge of a bankruptcy; 2 years’ with documented extenuating circumstances.
- Minimum of 5 years’ re-established traditional credit is required for borrowers with more than 1 bankruptcy in the past 7 years.

NON-TRADITIONAL CREDIT
A transaction is considered for non-traditional credit when all borrowers do not have a valid credit score:
- Purchase or Rate/Term Refinance.
- Maximum 95% LTV.
- Maximum $417,000 ($625,500 AK/HI).
- Minimum 3% borrower’s own contribution.
- Minimum 2 months’ reserves.
- Minimum 4 sources of non-traditional credit with at least 12 months’ history:
  - 1 housing reference.
  - 1 utility company, AND
  - 2 from other sources.
- References must be provided by one of the following:
  - A credit agency’s non-traditional credit report.
  - 12 months’ cancelled checks/money orders directly from creditors; OR
  - 12 months’ consecutive account statements.
- 0x30 housing delinquency in past 12 months.
- 0x60 consumer credit delinquency in past 12 months.
- No collections or judgments (except medical) in past 24 months; judgments must be satisfied.
- Ineligible:
  - Delegated submission.
  - Borrowers with a Bankruptcy/Foreclosure.
  - Deed-in-lieu/short sale.
  - Construction-to-Permanent Loans.
  - Standard Jumbo loan amounts.
  - Second Home.
  - Cash-out Refinance.
  - Investment property.

MINIMUM DOWN PAYMENT/CLOSING COSTS
Borrower(s) must have minimum equity or down payment from their own funds as follows:
- Owner-Occupied:
  - Minimum 3% borrower’s funds must be verified as part of the transaction for all LTVs.
  - Gifts or Grants may be considered as borrower funds if either:
    - Verified 3% borrower’s own funds are available in other asset account(s).
    - The loan representative credit score is a minimum 720.
    - Additional funds for down payment, closing costs, reserves, and prepaid escrow may be from any of the following sources:
      - Gift, from a family member defined as related by blood, marriage, adoption or legal guardianship, domestic partner or fiancé/fiancée not related to the transaction, or borrower’s employer. Funds to be documented with a gift letter and evidence of transfer of funds.
      - A Grant or Down Payment Assistance (see DPA/HFA Program on page 10).
      - Gifts of Equity are acceptable from an immediate family member (parent, grandparent, and sibling). The terms of the equity gift must be documented.
- Second Home:
  - Minimum 5% borrower funds must be verified as part of the transaction.
  - Investment:
    - Minimum 15% borrower funds must be verified as part of the transaction.
    - No gift or grant funds can be applied towards borrower funds.
- Ineligible:
  - The gift/grant provider may not be an interested party to the transaction.
  - Sweat equity as defined by Fannie/Freddie.

CASH RESERVES
- Owner-occupied:
  - Purchase or Cash-out Refinance.
    - Minimum 2 months’ verified PITIA (principal, interest, taxes, insurance, association dues).
    - Cannot be proceeds from subject mortgage.
  - Rate/Term Refinance:
    - None required.
- Second Home:
  - Minimum 2 months’ verified PITIA.
- Investment property:
  - Minimum 6 months’ verified PITIA.
- Standard Jumbo Loan Amounts:
  (Per applicable Product Eligibility matrix)
  - $417,000 - $650,000 = 4 months’ PITIA.
  - $650,000 - $850,000 = 6 months’ PITIA.
  - $850,000 - $1,000,000 = 12 months’ PITIA.

CONVERSION OF PRIMARY RESIDENCE
- If the current primary residence will not be sold with title transferred prior to closing of the subject transaction or will be converted to a second home or investment property:
  - PITIA for conversion property must be included in the debt ratio unless the following applies:
    - The conversion property is a pending sale documented with a signed valid purchase agreement with financing contingencies cleared.
    - Rental income for the conversion property can be considered if the rental income is supported with a fully executed lease agreement and a 25% vacancy factor applied.
MULTIPLE LOANS TO SINGLE BORROWER
- Arch MI will insure a maximum of 3 loans per borrower at one time.
- Within the multiple loans to a borrower limit, the maximum number/types of loans is as follows (limit includes loans currently insured):
  - Primary home – 1 loan maximum AND
  - Second home /Investment property - 1 second home and 1 investment property or 2 investment properties.

APPRaisal
- A full interior/exterior appraisal with photos is required. It should be presented with required Fannie/Freddie forms and meet Fannie/Freddie guidelines.
- Appraisal requirements:
  - Loans ≤ $1,000,000:
    - 1 independent interior/exterior appraisal with photos.
  - Loans > $1,000,000:
    - 1 independent interior/exterior appraisal with photos and a second full appraisal or a complete field review supporting value.
- Appraisals must be ≤ 120 days old on the date the mortgage note is signed.
- Appraisals ≥ 120 days old up to 12 months old must be recertified.
- A new appraisal is required if the existing appraisal is ≥ 12 months old.
- Appraisals originally ordered for an FHA loan are acceptable.

INELIGIBLE FOR MORTGAGE INSURANCE
- Interest-only loans.
- Amortization and repayment terms exceeding 30 years.
- Short-term ARMs less than 1-year fixed period.
- Limited documentation loans.
- Negative amortization mortgages, including option payment mortgages.
- Single-wide manufactured homes.
- 3-4 Units.
- Cash-out on Short-term ARMs with 1-3 fixed period.
- Properties located in Puerto Rico, Guam and the Virgin Islands.

INELIGIBLE FOR DELIVERY VIA THE DELEGATED CHANNEL
- Borrowers with a history of foreclosure, short sale or a deed-in-lieu.
- Property Flip defined as: The seller in a purchase transaction acquired the property < 180 days from the date of the purchase contract.

CONSTRUCTION-TO-PERMANENT (CTP) GUIDELINES
DEFINITION
- Financing obtained for construction and permanent financing of a home. This can occur as a “one-time” transaction in which the construction loan financing becomes the permanent financing. Or, it can be a “two-time” transaction in which new permanent financing is written and recorded once the property is completed.
- Arch MI’s program offers the option to activate mortgage insurance coverage either at the initial construction financing or upon completion of the property.

CONSTRUCTION PHASE
- Mortgage insurance coverage may be activated either at inception of the interim/ construction loan or upon conversion to permanent financing when the property is completed.
- The Commitment will be issued for a period of 12 months. Extension/Reinstatement after 12 months is not permitted. A new MI application with current borrower information will be required and will be subject to current published program guidelines and rates at the time of the new application.
- The Commitment is subject to credit documentation update (see Underwriting Requirements section for details).

LOAN PURPOSE AND LTV
- Construction-Purchase – A transaction where the borrower is not currently the owner of record of the land and/or is acquiring the lot at the time the construction loan is obtained:
  - If the borrower does not own the land, the initial draw disbursement may assist in purchasing the land. However, the borrower’s down payment must be used towards the purchase of the land before any mortgage proceeds are used.
  - The LTV will be based on the lot purchase price plus the documented costs of improvements or the current appraised value upon completion, whichever is less:
- If the land is acquired by gift or inheritance, use the appraised value of the land, and document the acquisition and transfer of the land.
- Cost of improvements is defined as the documented costs to build the home, the costs to obtain the construction and/or the permanent financing and the cost of the lot depending on when the lot was acquired.
- Construction costs may include, but are not limited to, building permits and architectural drawings, survey, and loan fees, in addition to the cost of labor and materials required to complete the improvements.
- Construction-Refinance – A transaction where the borrower holds title to the lot and is named as the borrower for the construction loan:
  - The LTV may be based on the current as completed appraised value.
  - Maximum cash-out not to exceed 2% of the loan amount or $2,000, whichever is LESS.
  - Borrower paid expenses which are reimbursed and not documented or exceed the construction loan are considered cash-out and not permitted.

Ineligible:
- Owner/Builder Transactions.
- Condominiums, Co-ops, and Manufactured Homes.

UNDERWRITING REQUIREMENTS
- The Premium Rate and Debt-to-Income (DTI) will be determined using the interest rate and value established for the permanent financing.
- If the current residence is under a contingent sales contract and will be sold upon completion, the PITIA for both the current residence and the newly completed residence must be considered in the DTI (debt-to-income) calculation. The underwriter may exclude the current residence PITIA if they can ascertain there is a ready market for the current residence. The following market conditions should be present:
  - A ready market is apparent with marketing times no greater than 6 months.
  - Property values are stable or increasing.
  - The equity in the current residence is sufficient to cover all liens and sales and closing costs.
- Activation of coverage greater than 120 days from the original commitment date requires:
  - Recertification of the property value.
  - Verbal Verification of Employment.
- The following additional documents should be included in the final loan file:
  - Contract between the builder and borrower showing materials and construction cost, time to complete and draw schedule.
  - A proposed dwelling survey (Plot Plan).

**CONVERSION TO PERMANENT**
- When the lender receives the final inspections, final title update, and Certificate of Occupancy (if applicable), conversion to a fully amortized loan will occur. The loan will become fully amortized over the remaining term.
- The lender must notify appraiser of any material changes made to the plans and specifications, and certify no impact on final value.

**MORTGAGE INSURANCE ACTIVATION**
- Mortgage insurance coverage may be placed in-force as determined by the lender, either at initial construction financing or property completion. If the lender chooses to activate coverage at the time of property completion, it can choose the effective date based on local practices:
  1. Date of the certificate of occupancy.
  2. Date the property is accepted as complete by the borrower.
- Loan cannot be in default as of the date lender activates the mortgage insurance.
- Contact Arch MI Policy Servicing at (800) 909-4264 to activate coverage.
- Premium payment to be remitted within 45 days of the effective date selected to secure coverage after construction is completed:
  - If the initial premium payment is received past 45 days, the date the premium payment is received will be the effective date for coverage.

**NOTE:** In order for a claim to be paid for a Construction-to-Permanent loan, the insurance must be in-force with the premiums paid and the construction must be completed according to the construction plans and specifications on which the appraisal was based. Default caused by the borrower’s inability to secure permanent financing or the lender’s unwillingness to convert the loan to a permanent loan is NOT a covered event of default for mortgage insurance purposes.

**COVERAGES AND PREMIUMS**
- For information regarding rates and surcharges, please refer to our most current published rate sheets on our Website at archmi.com/rates or get a quote from our RateStar program at archmi.com/ratestarlogin.
- When Single Premium is financed, the maximum CLTV is 103% and is subject to state restrictions.
Condominium Project Criteria

PROJECT ELIGIBILITY
- Condominium projects meeting all applicable Fannie Mae or Freddie Mac project requirements (e.g., “warrantable”) and Arch MI project requirements are eligible for insurance from Arch MI.
- The lender is responsible for determining condominium project eligibility using a GSE review type as specified within the applicable Selling Guide. The lender represents and warrants that the condominium project meets all GSE project requirements.
- Arch MI is not responsible for verifying that all applicable GSE requirements have been met, but relies on the lender to make this determination.

MAXIMUM ARCH MI PROJECT EXPOSURE
- No more than 33% of the project can be insured by Arch MI.
- For 2 to 4-Unit Projects, Arch MI will insure a maximum of 1 unit.

DETACHED UNIT SITE CONDOS
- If submitted under the Standard Program, follow single-family residence guidelines; the lender is not required to determine condominium project eligibility.
- If submitted under the EZ Decisioning program, must meet all applicable GSE and Arch MI condominium project eligibility requirements.

CONDOMINIUM PROJECT DOCUMENTATION REQUIREMENTS
- The loan file must indicate the type of GSE review completed to determine condominium project eligibility and include documentation supporting the determination.

Sample Documentation to Support Condominium Project Eligibility
- Fannie Mae Condo Project Manager (CPM) or Project Eligibility Review Service (PERS) determination.
- Appraisal – used to determine project characteristics, ownership, pre-sale levels, marketability, and completion levels (required).
- Home Owners Association (HOA) Questionnaire - can be used to determine investor concentration, commercial usage, and single-entity ownership and project delinquency levels.
- Budget/Balance Sheet – utilized to verify the financial resources of the HOA. This determines the ability to provide maintenance and upkeep for the project grounds, fund necessary project improvements, and maintain adequate insurance.
- Other documentation used to validate eligibility of the condominium project under the applicable review type completed.

INELIGIBLE CONDOMINIUM TYPES
Arch MI will not insure any of the following types of condominium projects:
- Projects with pending lawsuits that impact the safety, structural soundness, habitability or functional use of the project.
- Projects with outstanding environmental issues.
- Any project or building that is owned by several owners as tenants-in-common.
- Condotels.
- Kiddie condos (condominiums purchased for student occupancy).
- Timeshare, fractional or incremental ownership.
- Manufactured housing site condominiums.
- Multi-dwelling unit condominiums.
- New projects where the seller is offering excessive sale/financing concessions.
### AUS (Automated Underwriting System) Program

<table>
<thead>
<tr>
<th>OCCUPANCY</th>
<th>LOAN PURPOSE</th>
<th>PROPERTY TYPES</th>
<th>MAX. LTV/CLTV</th>
<th>MAX. LOAN AMOUNT</th>
<th>MIN. CREDIT SCORE</th>
<th>MAX. DTI</th>
<th>LOAN PURPOSE</th>
<th>CASH RESERVES</th>
<th>NON-TRADITIONAL CREDIT</th>
<th>INELIGIBLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-Occupied</td>
<td>Purchase or Rate/Term Refinance</td>
<td>1-Unit Single-Family (detached &amp; attached) Condominiums, Co-ops&lt;sup&gt;3&lt;/sup&gt;</td>
<td>97/105</td>
<td>$417,000</td>
<td>620</td>
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<tr>
<td></td>
<td></td>
<td>Manufactured Homes</td>
<td>95/95</td>
<td>$417,000</td>
<td>620</td>
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<tr>
<td></td>
<td></td>
<td>2-Units</td>
<td>95/95</td>
<td>$533,850</td>
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<tr>
<td></td>
<td></td>
<td>3-4 Units</td>
<td>95/95</td>
<td>$625,500</td>
<td>680</td>
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</tr>
</tbody>
</table>

<sup>1</sup>AK and HI properties: Maximum $625,500 unless otherwise noted.

<sup>2</sup>Must be Fannie/Freddie warrantable.

<sup>3</sup>Co-ops eligible in the states of CT, DC, IL, MA, MD, NH, NJ, NY, and VA.

### Standard Program

<table>
<thead>
<tr>
<th>OCCUPANCY</th>
<th>LOAN PURPOSE</th>
<th>PROPERTY TYPES</th>
<th>MAX. LTV/CLTV</th>
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<tr>
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<td>Purchase or Rate/Term Refinance</td>
<td>1-Unit Single-Family (detached &amp; attached), Condominiums&lt;sup&gt;2&lt;/sup&gt;</td>
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<td>$417,000</td>
<td>680</td>
<td>45</td>
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</tbody>
</table>

<sup>1</sup>AK and HI properties: Maximum $625,500 unless otherwise noted.

<sup>2</sup>Must be Fannie/Freddie warrantable.

*Unless otherwise specified, all Standard Program guidelines apply.*

### Program Description

These guidelines cover affordable housing programs with specified requirements offering financing towards down payment assistance, closing costs, and other contributions to the purchase and refinance of residential properties. These include programs offered by the GSEs (ex. Fannie Mae HomeReady™, Freddie Mac Home Possible®), the FHLBs (ex. First Home ClubSM, Mortgage Partnership Finance Program®) and state or local housing finance agencies (HFAs).

### AUS Program Approval

All applicable GSE programs, including Fannie Mae HomeReady and HFA Preferred™ and Freddie Mac Home Possible and Home Possible Advantage<sup>®</sup> are accepted with a DU® Approve/ Eligible or Loan Product AdvisorSM Accept/Eligible. Programs offered by agencies such as the FHLBs or HFAs are also eligible under this program without an AUS risk classification.

### Housing Finance Agencies

Housing Financing Agency guidelines that do not utilize a GSE AUS and/or do not adhere to Arch MI’s Affordable Housing Program guidelines are subject to prior approval by Arch MI.

### Standard Program

Specific programs offered by Lenders are available under the Standard Program with prior approval by Arch MI.

The following guidelines apply to the Standard Program:

### Borrower Contribution

- Borrower contribution: Lesser of $1,000 or 1% borrower funds.

### Eligible Property Types

- 1-Unit single family attached and detached.
- Condominiums.
Roll out More Relos Priced by RateStar

With more and more Americans on the move for work, relocation loans are a growing market. Capture a bigger share of these opportunities when you insure them with Arch MI – priced by Arch MI RateStar®!

RateStar matches individual loan risk to our most competitive MI rates, so you may be able to pass on substantial savings to your eligible borrowers.

Relo with RateStar: Compare the Savings!

<table>
<thead>
<tr>
<th>LTV: 95%</th>
<th>Purchase (Rate Sheet)</th>
<th>Relocation (Rate Sheet)</th>
<th>Purchase (RateStar)</th>
<th>Relocation (RateStar)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FICO: 710 with 710 co-borrower</td>
<td>.87% PREMIUM (or $181.25/month)</td>
<td>.80% PREMIUM (or $166.67/month)</td>
<td>.68% PREMIUM (or $141.67/month)</td>
<td>.58% PREMIUM (or $120.83/month)</td>
</tr>
<tr>
<td>Loan Amount: $250K</td>
<td>Location: Dallas, TX</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Save Your Borrower...</td>
<td>$14.58/month, $174.96/year</td>
<td>$20.84/month, $250/year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Arch MI’s Guidelines for Relo: Simple and Straightforward

A relocation loan is defined as a purchase transaction where an employer is relocating a new or existing employee and assists in the financing of their new property. The relocation is administered by the corporate employer or its agent.

Beyond financial assistance with the purchase mortgage loan or the down payment, a relocation loan may offer financial assistance for any of the following:
- Down Payment
- Closing costs
- Buydowns or interest rate subsidies
- Bridge loans
- Payment differential

Additional expenses, such as moving and temporary housing, may also be included with any of the above items.

Learn more about potential relo opportunities for your business! Contact your Arch MI Account Manager today.
A Star is Born

Get Arch MI’s Most Dynamic and Competitive MI Rate Program Matched Precisely to Your Borrower!

- **DYNAMIC PRICING SOLUTION**: RateStar provides a more sophisticated and dynamic pricing solution than conventional rate sheets
- **REVOLUTIONARY DESIGN**: RateStar has an advanced, revolutionary design that delivers an MI Quote in seconds
- **EASY TO USE**: RateStar is easy to use and fully mobile, accessible anywhere, anytime
- **CONNECTED TECHNOLOGY**: RateStar is integrated with most loan origination systems and pricing engines
- **HIGH-QUALITY LOANS**: RateStar rewards your origination of high-quality loans
- **90-DAY PROMISE**: RateStar Final Quotes are backed by our 90-Day Promise

For more information, visit archmi.com/RateStar or contact your Arch MI Account Manager.

*Arch MI offers a RateStar Promise to honor your RateStar Final Quote for 90 days. Once you have submitted the additional information required to finalize your initial rate quote, the loan will receive a RateStar Final Quote. The RateStar Promise gives you 90 days to prepare your loan for closure and submit your loan for insurance Commitment. So long as there is no change to the submitted loan information, Arch MI will honor the RateStar Promise for the RateStar Final Quote unless prohibited by law, such as if the rate is no longer legally available for use by Arch MI.
Are Your Borrowers **HomeReady**? Arch MI Is, Too!

Borrowers ready to buy a home with only a small down payment may be “HomeReady” – able to qualify under Fannie Mae’s affordable program for low- and moderate-income homebuyers.

<table>
<thead>
<tr>
<th>Arch MI is also “HomeReady”! DU-approved loans are eligible for coverage through our flexible Down Payment Assistance/HFA guidelines:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower MI requirements than FHA for LTVs &gt; 90-97%</td>
</tr>
<tr>
<td>Non-borrower household income (as compensating factor to 50% DTI)</td>
</tr>
<tr>
<td>Non-occupant borrowers included in qualifying (income, assets, liabilities, credit)</td>
</tr>
<tr>
<td>Rental income from an accessory unit</td>
</tr>
<tr>
<td>Manufactured housing and HomeStyle® Renovation to 95% LTV</td>
</tr>
<tr>
<td>Non-traditional credit (1-Unit only)</td>
</tr>
<tr>
<td>CLTV up to 105% with eligible CommunitySeconds®</td>
</tr>
<tr>
<td>Arch MI’s complimentary program may meet homebuyer education requirement through 9/30/2016*</td>
</tr>
</tbody>
</table>

**PLUS:** **Arch MI RateStar** pricing matches our most competitive rates to the individual loan, which could mean an even lower monthly payment for many **HomeReady** borrowers!

**Questions about HomeReady and Arch MI? Contact your Arch MI Account Manager.**

*See Fannie Mae HomeReady FAQs for Homeownership Education and Housing Counseling*
ARCH MI’s UNDERWRITING NETWORK
Phone: (888) 746-6264