

## HOMEPATH CONFORMING FIXED AND ARM PRODUCTS DU 8.0

	HOMEPATH FIXED RATE	HOMEPATH 5/1 LIBOR ARM	HOMEPATH 7/1 LIBOR ARM
<b>1. PRODUCT DESCRIPTION</b>	<ul style="list-style-type: none"> <li>Conventional Conforming Fixed Rate</li> <li>Fully amortizing</li> <li>Eligible properties must be owned by Fannie Mae (as a result of foreclosure or other similar action such as deed-in-lieu of foreclosure), sold by Fannie Mae to the borrower(s), and designated by Fannie Mae as eligible for a HomePath Mortgage</li> <li>Client must document the file with the appropriate pages printed from <a href="http://www.homepath.com">www.homepath.com</a> showing that the property was eligible for HomePath financing</li> </ul>	<ul style="list-style-type: none"> <li>Conventional conforming five year/ one year adjustable rate mortgage</li> <li>30 year term</li> <li>Fully amortizing</li> <li>Non-Convertible</li> <li>Eligible properties must be owned by Fannie Mae (as a result of foreclosure or other similar actions such as a deed-in-lieu of foreclosure), sold by Fannie Mae to the borrower(s), and designated by Fannie Mae as eligible for a HomePath Mortgage.</li> <li>Lender must document the file with the appropriate pages printed from <a href="http://www.homepath.com">www.homepath.com</a> showing that the property was eligible for HomePath financing.</li> </ul>	<ul style="list-style-type: none"> <li>Conventional conforming seven year/one year adjustable rate mortgage</li> <li>15 to 30 years in five year increments</li> <li>Fully amortizing</li> <li>Non-Convertible</li> <li>Eligible properties must be owned by Fannie Mae (as a result of foreclosure or other similar actions such as deed-in-lieu of foreclosure), sold by Fannie Mae to the borrower(s) and designated by Fannie Mae as eligible for a HomePath Mortgage</li> <li>Lender must document the file with the appropriate pages printed from <a href="http://www.homepath.com">www.homepath.com</a> showing that the property was eligible for HomePath financing.</li> </ul>
<b>2. INDEX</b>	N/A	London Interbank offered rate for twelve month United States dollar-denominated deposits, as published in the Wall Street Journal (Libor)	
<b>3. MARGIN</b>	N/A	2.25%, 2.375%, or 2.500%	
<b>4. ANNUAL ADJUSTMENT CAP</b>	N/A	2%	
<b>5. LIFE CAP</b>	N/A	5%	
<b>6. RATE AT ADJUSTMENT</b>	N/A	<ul style="list-style-type: none"> <li>Initial note rate is in effect for 60 months; the first interest adjustment is subject to life cap, thereafter, a 2% annual adjustment cap begins with the second adjustment</li> <li>Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps</li> </ul>	<ul style="list-style-type: none"> <li>Initial note rate is in effect for 84 months; initial adjustment is subject to the life cap, thereafter, a 2% annual adjustment cap begins with the second adjustment.</li> <li>Rate is equal to the note margin plus index rounded to the nearest .125%. Subject to annual/life caps</li> </ul>
<b>7. QUALIFYING RATE AND RATIOS</b>	Ratios <ul style="list-style-type: none"> <li>DU Approve/Eligible – Ratios Evaluated by DU</li> </ul>	Qualifying Rate <ul style="list-style-type: none"> <li>Qualify using the greater of the fully indexed, fully amortizing rate or Note rate + 2.00%</li> </ul> Ratios <ul style="list-style-type: none"> <li>DU Approve/Eligible –Ratios evaluated by DU</li> </ul>	Qualifying Rate <ul style="list-style-type: none"> <li>Qualify at note rate</li> </ul> Ratios <ul style="list-style-type: none"> <li>DU Approve/Eligible – Ratios evaluated by DU</li> </ul>
<b>8. TYPES OF FINANCING</b>	Purchase Mortgages.		
<b>9. MAXIMUM LOAN AMOUNT</b>	<u>Conforming</u> Maximum loan amount: \$417,000		

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**10. LOAN AMOUNT AND LTV LIMITATIONS**

**HOMEPATH STANDARD GRIDS**

<b>FIXED RATE, LIBOR ARM</b>	
<b>Primary Residences</b>	
<b>Purchase</b>	
LTV	Credit Score
95%	660
80%	620

<b>FIXED RATE, LIBOR ARM</b>	
<b>Second Homes <sup>1</sup></b>	
<b>Purchase</b>	
LTV	Credit Score
90%	660
80%	620

<sup>1</sup> Guidelines listed are for second homes suitable for year-round occupancy.

<b>FIXED RATE, LIBOR ARM</b>	
<b>Investment Properties</b>	
<b>Purchase</b>	
LTV	Credit Score
85%	660
80%	620

**11. SECONDARY FINANCING**

Not Permitted

**12. PROPERTY TYPES**

**Eligible Property Types**

- 1 unit
- Condos – Fannie Mae warrantable projects
- PUDs – Fannie Mae Warrantable projects
- Modular Pre-Cut/ Panelized Housing

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	<b>Ineligible Property Types</b> <ul style="list-style-type: none"> <li>• Co-Ops             <ul style="list-style-type: none"> <li>• Condo Hotels</li> <li>• Manufactured homes</li> <li>• Leasehold Estates</li> <li>• Homepath Renovation Mortgage Financing</li> </ul> </li> <li>• Florida is restricted to 1 unit single family primary residences only-no condos</li> </ul>	
<b>13. OCCUPANCY</b>	<ul style="list-style-type: none"> <li>• Primary Residence</li> <li>• Second Homes</li> <li>• Investment Property</li> </ul>	
<b>14. GEOGRAPHIC LOCATIONS</b>	<ul style="list-style-type: none"> <li>• Colorado</li> <li>• Florida</li> <li>• Louisiana</li> <li>• Oklahoma</li> <li>• Oregon</li> <li>• Texas</li> </ul>	
<b>15. ASSUMPTIONS</b>	Not Permitted	Permitted after first annual adjustment. Creditworthy borrowers only
<b>10. UNDERWRITING</b>	<b>Automated Underwriting Requirements</b> <ul style="list-style-type: none"> <li>• Underwriting through DU is required</li> <li>• DU recommendation of Approve/ Eligible             <ul style="list-style-type: none"> <li>• <b>Note: All other findings are not permitted</b></li> </ul> </li> </ul> <p>The following DU messages may be disregarded, provided that the loan complies with all HomePath Mortgage requirements:</p> <ul style="list-style-type: none"> <li>• Any message relating to amount of MI required</li> <li>• Any message that says the maximum allowable interested-party contribution has been exceeded on principal residence or second home with LTV &gt; 90%</li> <li>• Any message related to the level of fieldwork recommendation</li> </ul>	
<b>11. BORROWER ELIGIBILITY</b>	<b>Permanent Resident Aliens</b> <ul style="list-style-type: none"> <li>• Verify Alien Registration Card if borrower is not living in the U.S.</li> </ul> <b>Non-Permanent Resident Aliens</b> <ul style="list-style-type: none"> <li>• Must be a legal resident of the U. S. as evidenced by social security number</li> <li>• Borrower must be employed in the U. S             <ul style="list-style-type: none"> <li>• Tax Identification Number (TIN) is not acceptable</li> </ul> </li> </ul> <b>Foreign Nationals</b> <ul style="list-style-type: none"> <li>• Not permitted</li> </ul>	

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<b>12. CO-BORROWERS</b>	DU Approve/ Eligible – Co-borrower does not have to occupy the subject property but borrower must be able to qualify on his/her own
<b>13. CREDIT</b>	<ul style="list-style-type: none"> <li>• DU Approve/ Eligible             <ul style="list-style-type: none"> <li>• Refer to #10 for minimum credit score requirements</li> </ul> </li> <li>• <b>Mortgage Delinquencies</b> – Loans will be ineligible with:             <ul style="list-style-type: none"> <li>• One or more mortgage/ rental delinquency of 60, 90, 120, 150 days or greater reported within 12 months of the date of the credit report</li> </ul> </li> <li>• <b>Bankruptcy/ Foreclosure/ Deed-In-Lieu</b> <ul style="list-style-type: none"> <li>• Measured by discharge or dismissal date</li> <li>• Chapter 7 Bankruptcy-min of 4 yrs</li> <li>• Chapter 13 Bankruptcy- min of 2 yrs</li> <li>• Foreclosure- min of 5 yrs</li> <li>• Deed-in-Lieu of Foreclosure-min of 2 yrs</li> <li>• Pre-foreclosure Sale/Short Sale- min of 2-7 yrs (case by case)</li> </ul> </li> </ul>
<b>14. ASSETS</b>	<p><b>Borrower Investment</b></p> <ul style="list-style-type: none"> <li>• All transactions require 5% from the borrower’s own funds-see Gift section below for exception on primary residence</li> </ul> <p><b>Seller Contributions</b>  <u>Primary residence and Second Homes</u></p> <ul style="list-style-type: none"> <li>• 6% for LTV 75.01% - 95.00%</li> <li>• 9% for LTV &lt;=75%</li> </ul> <ul style="list-style-type: none"> <li>• <u>Investment Properties</u> <ul style="list-style-type: none"> <li>• 2%</li> </ul> </li> </ul> <p><b>Gifts</b></p> <ul style="list-style-type: none"> <li>• <u>Primary Residence and Second Homes</u> <ul style="list-style-type: none"> <li>• Acceptable provided borrower investment is met. The borrower investment is waived on primary residences and second homes when gift funds reduce the LTV to &lt;= 80%</li> </ul> </li> <li>• <u>Investment Properties</u> <ul style="list-style-type: none"> <li>• Gifts are not permitted</li> </ul> </li> </ul> <p><b>Reserves</b></p> <ul style="list-style-type: none"> <li>• Additional reserves may be required by DU based on risk</li> <li>• <u>Primary Residence</u>            No minimum PITIA (PITI on ALL properties)           <ul style="list-style-type: none"> <li>• If either the borrower’s primary residence is for sale, but the sale will not close before the Note Date of the Mortgage on the new primary residence, or the borrower is converting hi/her primary residence to a second home or investment property the following is required:               <ul style="list-style-type: none"> <li>• Six months PITIA reserves required for both the retained and subject properties</li> </ul> </li> </ul> </li> <li>• <u>Second Homes (all transaction types)</u> <ul style="list-style-type: none"> <li>• 2 months PITIA</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>• <u>Investment Property (all transaction types)</u> <ul style="list-style-type: none"> <li>• 6 months PITIA</li> </ul> </li> </ul> <p>See Section 15 for additional reserve requirements for multiple financed properties</p>
<b>15. LIMITATIONS ON OTHER R.E OWNED</b>	<p><b>Multiple Loans to the Same Borrower</b></p> <ul style="list-style-type: none"> <li>• Maximum 20% concentration in any one project or subdivision</li> <li>• <u>Primary Residences</u> <ul style="list-style-type: none"> <li>• Up to 4 Financed properties (including the subject property) or \$2 million whichever is less</li> </ul> </li> <li>• <u>Second Homes &amp; Investment Properties</u> <ul style="list-style-type: none"> <li>• Up to 4 financed properties including the subject property (Max of \$2 million exposure)</li> <li>• Two months PITIA if subject property is second home</li> <li>• Six months PITIA if subject property is investment property</li> <li>• Two months PITIA on each additionally financed second home or investment property</li> </ul> </li> </ul> <p><b>Note: Financed Properties are defined as 1-4 residential units. Ownership in commercial or multifamily (more than four dwelling units) real estate is not included in the limitation.</b></p> <ul style="list-style-type: none"> <li>• Classic will only accept one (1) loan per borrower</li> </ul>
<b>16. APPRAISAL REQUIREMENTS</b>	<ul style="list-style-type: none"> <li>• No appraisal is required</li> <li>• The sales price of the property (as evidenced by the sales contract between Fannie Mae and the buyer/ borrower) will be used as the property value for purposes of loan delivery and for determining the LTV</li> <li>• If the borrower, at his/ her option, chooses to obtain an appraisal, then: <ul style="list-style-type: none"> <li>• The borrower must order the appraisal from an appraiser selected by the borrower (and not one recommended by lender), and the appraisal must be paid for by the borrower outside of the loan transaction.</li> </ul> </li> <li>• The property value shown on the appraisal will not impact the LTV calculation <ul style="list-style-type: none"> <li>• Client must inform the borrower that the purpose of the borrower-ordered appraisal and its content are for the use and information of the borrower only, and will not be considered for purposes of the loan transaction</li> </ul> </li> </ul>
<b>17. MORTGAGE INSURANCE</b>	<p>N/A</p>
<b>18. SPECIAL REQUIREMENTS/ RESTRICTIONS</b>	<p>Form 4506-T must be processed prior to closing.</p>