

HOMEPATH FLEXIBLE – DU 8.0

FANNIE MAE																																											
1. PRODUCT DESCRIPTION	<ul style="list-style-type: none"> Conventional Conforming Fixed Rate 15 to 30 year terms with 5 year increments Fully amortizing 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. Client must document the file with the appropriate pages printed from www.homepath.com 																																										
2. TEMPORARY BUYDOWNS	Annual <ul style="list-style-type: none"> Maximum 1% per adjustment Maximum 3% below note rate Refer to #6 Loan Amount and LTV Limitations for maximum LTV/CLTV 																																										
3. QUALIFYING RATE & RATIOS	Qualifying rate <ul style="list-style-type: none"> Qualify at note rate Ratios <ul style="list-style-type: none"> DU Approve loans – ratios evaluated by DU 																																										
4. TYPES OF FINANCING	Purchase Mortgages																																										
5. MAXIMUM LOAN AMOUNT	\$417,000																																										
6. LOAN AMOUNT AND LTV LIMITATIONS	HCLTV (HELOC CLTV) = first mortgage balance + total HELOC amount (funded + unfunded portion) divided by the lesser of the appraised value or sales price (if applicable) <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="7">PRIMARY RESIDENCES¹</th> </tr> <tr> <th>Units</th> <th>Min. LTV</th> <th>Max LTV</th> <th>Min CLTV</th> <th>Max CLTV</th> <th>HCLTV</th> <th>Credit Score</th> </tr> </thead> <tbody> <tr> <td colspan="7">Purchases WITH Subordinate Financing</td> </tr> <tr> <td>1 unit</td> <td>n/a</td> <td>97%</td> <td>95.01%</td> <td>97%</td> <td>n/a</td> <td>660</td> </tr> <tr> <td colspan="7">Purchases WITHOUT subordinate financing</td> </tr> <tr> <td>1 unit</td> <td>95.01%</td> <td>97%</td> <td>n/a</td> <td>n/a</td> <td>n/a</td> <td>660</td> </tr> </tbody> </table> <p style="text-align: center; font-size: small;">¹ for purchase transactions, if the borrower does not have 5% of their own funds; LTVs between 90% - 95% are eligible if the borrower receives a gift in the amount needed for down payment</p>	PRIMARY RESIDENCES ¹							Units	Min. LTV	Max LTV	Min CLTV	Max CLTV	HCLTV	Credit Score	Purchases WITH Subordinate Financing							1 unit	n/a	97%	95.01%	97%	n/a	660	Purchases WITHOUT subordinate financing							1 unit	95.01%	97%	n/a	n/a	n/a	660
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7. SECONDARY FINANCING	<ul style="list-style-type: none"> • Secondary financing is permitted. See #6 Loan Amount and LTV Limitations • HELOC's and closed end seconds permitted • Seller seconds are NOT permitted
8. PROPERTY TYPES	<p>Eligible Properties</p> <ul style="list-style-type: none"> • 1 unit • Condos ¹ – Fannie Mae warrantable <ul style="list-style-type: none"> • Florida Condos <ul style="list-style-type: none"> • Primary Residence- limited project review not permitted; full project warranty required <ul style="list-style-type: none"> • Ineligible Project Warranty – FHA approved Project, CPM Expedited*, Limited Project Review • Eligible Project Warranty <ul style="list-style-type: none"> • New and Newly converted Attached Condominium projects – must have PERS Final Project Approval issued by FNMA (posted on efanniema.com) • Established Attached Condominium Projects * - Must have Lender Full Review <p>*CPM Expedited – all established attached condominium projects that have been submitted to CPM and received a “certified by lender” recommendation on an OWNER OCCUPIED recommendation as of January 15, 2009 with <=75% LTV/ CLTV will be valid until the expiration date. CPM Expedited issued after January 15, 2009 are ineligible, regardless of LTV/ CLTV.</p> <ul style="list-style-type: none"> • PUDs – Fannie Mae warrantable projects • Modular Pre-Cut/ Panelized Housing • Leasehold Estates <p>Ineligible Properties</p> <ul style="list-style-type: none"> • 2 4 units • Co –ops • Manufactured Homes • Condo Hotels <p>¹ lender is not required to warrant that the condominium, cooperative or PUD project meets Fannie Mae's project eligibility criteria, provided that for each mortgage secured by a condominium or cooperative unit”</p> <ul style="list-style-type: none"> • Lender must check project status in CPM: <ul style="list-style-type: none"> • If anything other than “unavailable” then no more research in CPM is required • If “unavailable,” then the project may be a condominium or cooperative hotel project and lender may contact Fannie Mae's Project Standards Team to determine whether or not the Mortgage is eligible for HomePath financing • Lender must make inquiries, including internet searches on the project, which include: <ul style="list-style-type: none"> • Looking at project name to determine whether it contains “hotel,” “motel,” “inn,” or “lodge” • Researching project address to see if it has the same address as a hotel; and

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	<ul style="list-style-type: none"> Reviewing the advertised project features to see if there is evidence that the project is a condominium or cooperative hotel (such as daily cleaning service, nightly rentals, etc.) <p>Project Type Code: V-Condominium project E- PUD</p>
9. OCCUPANCY	Primary Residence
10. GEOGRAPHIC LOCATIONS / RESTRICTIONS	<ul style="list-style-type: none"> Colorado Florida Louisiana Oklahoma Oregon Texas
11. ASSUMPTIONS	Not Permitted
12. PREPAYMENT PENALTY	None
13. UNDERWRITING	<p>Automated Underwriting Requirements</p> <ul style="list-style-type: none"> Underwriting through DU is required DU recommendation of Approve/Eligible <ul style="list-style-type: none"> Note: All other findings are not permitted DU findings must indicate “This case was processed according to DU Flexible mortgage guidelines” <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"> Any message relating to amount of MI required Any message that says the maximum allowable interested-party contribution has been exceeded on principal residence or second home with LTV >90% Any message related to the level of fieldwork recommendation
14. PROCESSING STYLES	Standard
15. BORROWER ELIGIBILITY	<p>Permanent Resident Alien</p> <ul style="list-style-type: none"> Must live and be employed in the US <p>Non-Permanent Resident Alien</p> <ul style="list-style-type: none"> Must be a legal resident of the US as evidenced by a social security number

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	<ul style="list-style-type: none"> • Must be employed in the US • Tax Identification Number (TIN) not acceptable
16. CO-BORROWERS	All borrowers must occupy the subject property
17. CREDIT	<p>DU Approve</p> <ul style="list-style-type: none"> • Minimum credit score 660 <p>Mortgage Delinquencies – loans will be ineligible with:</p> <ul style="list-style-type: none"> • One or more mortgage delinquency of 60, 90, 120, 150 days or greater reported within 12 months of the date of the credit report. • Short payoff related to a delinquent mortgage obligation within the last seven years • Participation in a restructure of the mortgage due to delinquency <ul style="list-style-type: none"> • Requires 48 month period to reestablish credit <p>Bankruptcy/Foreclosure/Deed-in-Lieu</p> <ul style="list-style-type: none"> • Measured by discharge or dismissal date
18. ASSETS	<p>Borrower Investment</p> <ul style="list-style-type: none"> • \$500 toward closing costs, prepaids and/or down payment from borrower’s own funds OR • 3% toward closing costs, prepaids and/or down payment from sources listed in the Closing Costs and Prepaids category • The \$500 or 3% Borrower Investment cannot come from seller contributions. <p>Seller Contributions Basis for the limit is based on CLTV ratio</p> <ul style="list-style-type: none"> • May not be applied to Borrower Investment • 6% for CLTV <=97% <p>Gifts</p> <ul style="list-style-type: none"> • Acceptable <p>Closing Costs and Prepaids</p> <ul style="list-style-type: none"> • The following are acceptable sources of funds: <ul style="list-style-type: none"> • Borrower’s own funds • Gifts or grants must meet the following criteria: <ul style="list-style-type: none"> • All gifts or grants must be recognized in DU as a gift under source of down payment or asset section • The terms and conditions of the gift or grant must be documented by the donor and identify the donor’s name, address and relationship to the borrower or a copy of the award letter (if a grant) • Unsecured loans from a relative, employer, county/state/local/ government municipally or non-profit agency <ul style="list-style-type: none"> • Loans must be fixed rate with an interest rate no higher than 2% above the note rate. No balloon payment permitted within the first five years

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	<ul style="list-style-type: none"> • The lender of the unsecured loan is not an interested party to the transaction, and did not borrow funds from an interested party to the transaction • The terms and conditions of the loan must be documented by the donor and identify the donor’s name, address and relationship to the borrower. The terms and conditions must be documented with a copy of the award letter or legal agreement from the provider • The required payment must be included in the DTI • The unsecured loan is not a credit card advance or unsecured line of credit <ul style="list-style-type: none"> • Premium pricing proceeds can pay for closing costs (not prepaids) not to exceed actual costs. May not be applied to borrower investment <p>Reserves</p> <ul style="list-style-type: none"> • DU determined • 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 his/her primary residence to a second home or investment property; the following is required: <ul style="list-style-type: none"> • Six months PITIA reserves required for both the retained and subject property
<p>19. LIMITAIONS ON OTHER R.E. OWNED</p>	<p>Multiple Loans to the Same Borrower</p> <ul style="list-style-type: none"> • Maximum 20% concentration in any one project or subdivision • <u>Primary Residences</u> <ul style="list-style-type: none"> • Up to 4 financed properties (including the subject property) or \$2 million, whichever is less <p>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 limitations.</p> <ul style="list-style-type: none"> • No multiple loans underwritten simultaneously • Refer to #13 Underwriting
<p>20. APPRAISER REQUIREMENTS</p>	<p>N/A</p>
<p>21. APPRAISAL REQUIREMENTS</p>	<ul style="list-style-type: none"> • No appraisal is required except for the following: <ul style="list-style-type: none"> • All properties in Texas require interior/exterior appraisal regardless of DU recommendation • 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/CLTV • Client is not required to represent and warrant the value or condition of the property • If the borrower, at its option chooses to obtain an appraisal. Then: <ul style="list-style-type: none"> • 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 • CHF must not request a copy of the appraisal, but if one is provided by the borrower then it must be included in the loan file with a note that the appraisal was ordered by the borrower outside of the loan transaction and was not reviewed or approved by CHF



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	<ul style="list-style-type: none">• The property value shown on the appraisal will not impact the LTV calculation• Client must inform the borrower that the purposes of the borrower-ordered appraisal and its contents are for the use and information of the borrower only and will not be considered for purposes of the loan transaction
22. MORTGAGE INSURANCE	N/A
23. SPECIAL REQUIREMENTS RESTRICTIONS	Form 4506-T must be processed prior to closing