



Tip: To find specific information for a product, Press Ctrl+F (or use “Find” from the Edit Menu) and then search for the information or topic you are looking for. If you don’t find the topic the first time, try variations, different terms or fewer words.

**Colorado CHFA Preferred Plus CONVENTIONAL
with Down Payment Assistance GRANT OR Zero Percent 2nd Mortgage Loan DPA
For Retail, must be referred to AFS for Origination
(loan cannot be originated by branch)**

30 Year Fixed

LTV	CLTV	Purpose	Unit	Occupancy	Credit Score	DTI Ratio
97	105	Purchase/Rate & Term	1	O/O	620	45%

PRODUCT NAMES	<ul style="list-style-type: none"> Colorado CHFA Preferred Plus 30 Year Conventional Fixed Colorado CHFA Zero Percent 2nd Mortgage Loan DPA
ALLOWABLE ORIGINATION CHANNELS	<ul style="list-style-type: none"> Wholesale <ul style="list-style-type: none"> Broker must be approved by CHFA to originate this product Retail <ul style="list-style-type: none"> Loans must be referred to the AFS department for origination
SERVICER	<ul style="list-style-type: none"> Colorado Housing Finance Authority = Master Servicer
DOWN PAYMENT/CLOSING COST ASSISTANCE – CHFA GRANT	<ul style="list-style-type: none"> The Down Payment/Closing Cost Assistance is a gift available only with the Colorado CHFA Preferred Plus Borrowers qualifying under this program must utilize the down payment assistance associated with this program. The first trust deed is not allowed to be used without using the DPA. Prior to 3/6/17, in conjunction with the first, Borrower receives a non-repayable grant equal to 3% of the total first mortgage loan amount to apply toward down payment, or closing costs. On or after 3/6/17, in conjunction with the first, the Borrower receives a non-repayable grant equal to 4% of the total first mortgage loan amount to apply toward down payment, or closing costs. Higher interest rate on CHFA first mortgage with DPA GRANT Only one of the available DPAs can be used in conjunction with the first mortgage (you cannot use both the GRANT and Zero Percent Second Loan on the same transaction). The funds may be used to fund up to 100% of the Borrower’s cash requirement to close, including the down payment, closing costs, pre-paid items and other related Mortgage Loan fees and expenses. No portion of the gift funds can be paid to the Borrower unless the Borrower is being reimbursed for an overage of his/her earnest money deposit to the extent the

	<p>minimum Borrower contribution has been satisfied.</p> <ul style="list-style-type: none"> • The DPA Grant Letter is generated upon CHFA approval of the loan and it will be available in CHFA’s Loan Reservation System HomeConnection. • A copy of the grant letter will be generated during the Reservation Process; obtained from CHFA Loan Reservation System HomeConnection and must be filed in the loan file. • Lenders upfront the grant at closing to be reimbursed by CHFA upon purchase of the CHFA Preferred Plus Conventional First Mortgage. • Excess funds resulting from CHFA Down Payment Assistance Grants may not result in cash back to the borrower at closing.
DOWN PAYMENT/CLOSING COST ASSISTANCE - ZERO PERCENT SECOND MORTGAGE LOAN DPA	<ul style="list-style-type: none"> • The Down Payment/Closing Cost Assistance Zero Percent Second is a subordinate lien available only with the Colorado CHFA Preferred Plus • Up to 5% of CHFA first mortgage total loan amount • Funds may be used towards down payment, closing costs, and/or prepaid items • No monthly payments required, must be paid in full upon sale or refinance • Lower interest rate on CHFA first mortgage with Zero Percent Second Mortgage Loan • Borrowers qualifying under this program must utilize the down payment assistance associated with this program. • Only one of the available DPAs can be used in conjunction with the first mortgage (you cannot use both the GRANT and Zero Percent Second Loan on the same transaction). • Does not impact DTI • Does impact CLTV • If refinancing to new CHFA first mortgage, can be resubordinated • Additional loan must be created in FT360 to accommodate second • Must provide a separate Loan Estimate and Closing Disclosure as well as all other required disclosures, and will be generated from Doc Magic. • The CHFA Second Mortgage Loan will close with Colorado Housing and Finance Authority as the lender and should be shown on the title commitment in such manner as to make clear that the second priority lien is in the name of Colorado Housing and Finance Authority. • This is a second lien that will subordinate to the first mortgage and must be considered “secured borrowed funds” • On the loan application, Question H “Is any part of the down payment borrowed” should show as Yes.
DOWN PAYMENT ASSISTANCE ON CLOSING DISCLOSURE	<ul style="list-style-type: none"> • All down payment assistance proceeds must be disclosed on the Closing Disclosure, Section L -Paid Already by or on Behalf of the Borrower at Closing. The down payment assistance proceeds must be labeled accurately. For example: "Second loan" is not appropriate if the assistance is a grant or gift. Multi-purpose labels such as Second/Grant/Gift will not be accepted, it must be specific to the transaction. If the borrower is receiving down payment assistance from multiple sources, all assistance sources must be itemized on the Closing Disclosure. Unless the CFPB comes out with guidance restricting it, it is acceptable to place assistance proceeds as "Other Credits" if necessary due to space limitations.
BORROWER PREMIUM	<ul style="list-style-type: none"> • Prior to 3/6/17, available to offset borrower’s closing costs and prepaids only. Higher interest rates apply. Pricing will be available from FT360/OB. • On or after 3/6/17, not available.
AUS DATA ENTRY REQUIREMENTS OF DPA LOAN	<ul style="list-style-type: none"> • See Housing Authority Products with DPA Liens in FT360 in the Resource Center, which can be located at the following link: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/Housing

	<p>AuthorityProductswithDPALiensinFT360.pdf</p> <ul style="list-style-type: none"> • In MORNETPlus Community Lending Section of the Streamlined 1003: <ul style="list-style-type: none"> • Mark the Checkbox which corresponds with the Community Lending Program the Conventional 1st lien is being paired with • Enter the County • Select the desired Fannie Mae Community Lending Product • Select the desired Community Seconds Repayment Structure
TRAINING	<ul style="list-style-type: none"> • Completion of the 1 hour CHFA Lender Certification Training is required for all employees, loan officers, or any staff member prior to locking/reserving a loan through CHFA's Loan Reservation System HomeConnection: • https://www.chfainfo.com/participating-lenders/single-family/education • For underwriting, delivery and funding information – 1-hour Live Webinar Compliance Training provided by CHFA https://www.chfainfo.com/participating-lenders/single-family/education, this covers CHFA guidelines and program requirements, including CHFA down payment assistance. • For post-closing – 1 Hour Live Webinar Purchase Training provided by CHFA https://www.chfainfo.com/participating-lenders/single-family/education, this is geared especially for post closers/final document delivery staff, and is an in-depth training on the processes and procedures of submitting Final Documents.
AGENCY LINKS	<ul style="list-style-type: none"> • For additional reference, Colorado CHFA Preferred Plus guidelines posted on CHFA website: • https://www.chfainfo.com/participating-lenders/single-family/Pages/Programs-Forms-CHFA-Preferred.aspx • In addition to any Product Profile requirements, you must always meet the published Agency guidelines. If published Agency guidelines are more restrictive than what is allowed in the Product Profile, you must always defer to Agency Guidelines. • Use the following link to access the Fannie Mae website, and from there, access to their guidelines: https://www.efanniemae.com/home/index.jsp or • https://www.fanniemae.com/content/guide/selling/index.html • All PRMG staff can access all end Agency guidelines though AllRegs Online at http://allregs.elliemae.com. Instructions on how PRMG staff can access the AllRegs service is available in the Resource Center. • The following link provides access the Fannie Mae Seller Guide through All Regs: • http://www.allregs.com/tpl/public/fnma_freesiteconv_tll.aspx
MINIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • No minimum loan amount
MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • With reservations prior to 1/3/17, \$417,000 • With reservations on or after 1/3/17, \$424,100
GEOGRAPHIC RESTRICTIONS	<ul style="list-style-type: none"> • State of Colorado only • See State Specific Requirements in Resource Center for state specific information
MORTGAGE TYPES	<ul style="list-style-type: none"> • Conventional
FEES	<p>Retail:</p> <ul style="list-style-type: none"> • First Mortgage – 1% Origination Fee charged • Standard PRMG Underwriting and Processing Fee to be charged • Standard fees normally charged to the borrower (i.e. Appraisal Fee, Credit Report Fee, Flood Certification, Freight, Document Preparation) are allowed • When using CHFA's MCC, MCC Lender Processing Fee for PRMG of \$200 applies • When using CHFA's MCC, MCC Program Administration Fee for CHFA of \$250 applies • In all cases the lender must meet federal and Colorado lending laws regarding fees and charges.

	<ul style="list-style-type: none"> • No additional fees are allowed for the Grant Assistance. • Total points and fees may not exceed the lower of: the allowable applicable agency, insurer, guarantor, or Fannie Mae or Freddie Mac guidelines, or five percent (5%) of the total loan amount. • Zero Percent Second Mortgage Loan: <ul style="list-style-type: none"> • Recording fees – Only charge total charges to record and index. • Title Company settlement fees – Only charge third party settlement fee charges. • No other fees allowed. <p>Wholesale:</p> <ul style="list-style-type: none"> • PRMG must disclose file for broker: • http://www.prmg.net/tpo-le-disclosure-request/ • Must be a Borrower Paid transaction • Max 1% Origination Fee may be charged • Processing Fee may be charged • \$990 PRMG Underwriting Fee to be charged • When using CHFA’s MCC, MCC Lender Processing Fee for PRMG of \$200 applies • When using CHFA’s MCC, MCC Program Administration Fee for CHFA of \$250 applies • Standard fees normally charged to the borrower (i.e. Appraisal Fee, Credit Report Fee, Flood Certification, Freight, Document Preparation) are allowed • In all cases the lender must meet federal and Colorado lending laws regarding fees and charges. • No additional fees are allowed for the Grant Assistance. • Total points and fees may not exceed the lower of: the allowable applicable agency, insurer, guarantor, or Fannie Mae or Freddie Mac guidelines, or five percent (5%) of the total loan amount. • Zero Percent Second Mortgage Loan: <ul style="list-style-type: none"> • Recording fees – Only charge total charges to record and index. • Title Company settlement fees – Only charge third party settlement fee charges. • No other fees allowed.
<p>FIRST LOAN INTEREST RATES</p>	<ul style="list-style-type: none"> • CHFA posts the First Mortgage interest rates daily on their website • https://www.chfainfo.com/participating-lenders/single-family/Pages/rates.aspx • The loan Delivery period is sixty (60) days from the date of Reservation. All Mortgage Loans must be closed, delivered to CHFA, and Approved for Purchase prior to Reservation Expiration. • On all extension requests, AFS will extend the loan by contacting CHFA’s Secondary Department and will immediately send an email to PRMG Secondary with the updated lock confirmation indicating the lock has been extended. Secondary will then update FT360. • The one time extension request is 30 days at the existing interest rate, and at a cost of 0.35 percent of the First Mortgage Loan amount (original principal balance). • This information is posted on the daily rate sheet. Rates can be subject to intra-day pricing changes. • The Interest Rate Extension form can be found on CHFA website: • https://www.chfainfo.com/participating-lenders/single-family/forms/chfaform704.pdf
<p>FT360 SETUP/LOAN SUBMISSION/LOAN DISCLOSURES/LOAN DOCUMENTS</p>	<ul style="list-style-type: none"> • Special process applies for loan setup process and disclosures • For retail transactions, must follow instructions from the document found at the Resource Center for entering loans and creating disclosures. http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/CO-CHFADataEntryAndCHFAUploadProcess.pdf • For wholesale transactions, PRMG must disclose file for broker

	<ul style="list-style-type: none"> • For wholesale transactions, broker submits first mortgage to PRMG’s Setup team who will create all subordinate liens: <ul style="list-style-type: none"> • Register your loan in the TPO portal • Provide Title & Escrow Documentation (Can be uploaded to loan registration or Email to: disclosuredepartment@prmg.net) • Complete the TPO LE disclosure request form http://www.prmg.net/tpo-le-disclosure-request/
DOCUMENTATION	<ul style="list-style-type: none"> • Full/Alt Doc • CHFA requires most current year of tax returns, extensions not acceptable • No W-2s or Wage and Income Transcripts in lieu of tax returns • Business use of the subject property cannot exceed 15% as shown on Tax Returns • Household size differences between loan application and tax return will require a letter of explanation from borrower • Regardless of DU findings, all loans must have evidence that the most current year’s 1040 tax returns have been validated for all borrowers with any type of qualifying income. If the results cannot be obtained due to an extension, a “No Record Found” message is acceptable, and a validated 4506-T on the previous year is required. Note: The purpose of the 4506-T is to confirm that the employee does not have other expenses (such as 2106 expense) that otherwise would not be known. • Full 1040 tax transcripts are required to support income used to qualify. • Tax transcripts must be provided for the number of years of income documentation required to be in the loan file, in accordance with the AUS findings and/or Agency requirements • Tax transcripts must come to lender directly from the IRS or through a third party vendor ordered/obtained by lender • Required current (as of last filing year) IRS tax returns for all borrowers including all pages and schedules along with signature(s) on page 2. • Must provide most recent W-2(s) or SSA-1099(s). • If a borrower is not required to file and income tax return, the loan file must include a written explanation as to why the borrower was not required to file an income tax return. • Lenders must include a written explanation of any discrepancies between the transcript income and the income documentation supplied to qualify the borrower. • When business tax returns are required by AUS, business income is used to qualify, business income is used to offset a loss on personal tax returns or is included in the loan file, a separate IRS Form 4506-T must be executed (but not processed and must allow enough time to be executed post-closing after delivery to investor) for each business for the required number of years of income documented, for each self-employed borrower on the loan transaction. Allowable signatures (per IRS): 1120/1120S: Borrower must sign name with title and only the following titles are acceptable: President, Vice President, CEO, CFO, Owner, 1065: Borrower must sign name with title and only the following titles are acceptable: General Partner, Limited Partner, Partner, Managing Member, Member. • When an extension for business tax returns has been filed for the most recent tax year the IRS Form 7004 and the IRS Form 4506–T transcripts confirming “No Transcripts Available” for the applicable tax year are required. The IRS form 4868 will continue to be required for extensions filed for personal tax returns. • Preliminary Title policy must be no more than 90 days when the note is signed • Bank statements cannot be dated more than 45 days prior to the date of the loan application • When paying off any non-transaction related item (i.e., debts, third party payouts,

	<p>etc.) that has a balance of \$5,000 or more, paid for by either buyer or seller, to ensure that the total payoffs are accurate, copies of the actual invoices (statements) or a signed amendment authorizing disbursement for these account(s) are required. You cannot use the amount listed on the credit report to document the payoff amount.</p> <ul style="list-style-type: none"> • All documentation used in qualifying the borrower must be legible and if not in English, will require a full written translation of the entire documentation into English. • All loans meeting Rebuttable Presumption under QM/ATR requirements must have the Residual Income Evaluation worksheet/requirements met. See Residual Income Evaluation section for requirements.
FULL/ALT DOC	<ul style="list-style-type: none"> • Standard FNMA full or alternative documentation may be provided • For non-self-employed borrowers: Verbal VOE is required to be completed no more than 10 days prior to the note date for wet funding states and escrow states. If the Verbal VOE is completed more than 10 days prior to the funding date, another Verbal VOE should be completed 10 days prior to funding date for escrow states. • For self-employed borrowers: No more than 30 calendar days prior to note date, verify the existence of the borrower’s business from a third party that may include a CPA letter (cannot be vague, must state length of time doing taxes and be signed by CPA), regulatory agency, or appropriate licensing bureau; OR verify a phone listing and address for the borrower’s business through resources such as the telephone book, directory assistance, internet, or contact the appropriate licensing bureau. Verification may not be made verbally, and a certification by PRMG indicating the information was verified is not allowed. Documentation from the source used to verify the information must be obtained and in the file. Internet sites such as 411.com, Chamber of Commerce sites and Manta.com where they allow the business owner to add their own information are not acceptable. Also single source verifications, such as from superpages.com, yellowpages.com and searchbug.com are not allowed. If all other methods of obtaining third party verification have been exhausted, the borrower can provide letters from three clients indicating the type of service performed, length of time of business relationship, frequency of service, payment arrangements, etc. and support the income with current bank statements, deposits, etc. The underwriter must thoroughly investigate that the business, income and proof of business is legitimate. • Amended tax returns cannot be used to qualify if they are amended after the application, initial credit report date or purchase contract date unless the changes made are non-material to the amount of income claimed, and qualification for the mortgage loan. Due diligence must be exercised with close examination of the original, and amended returns, to determine if the use of the amended return is warranted and the following documentation should be reviewed when income from the amended return is required: A letter of explanation regarding the reason for the re-filing; evidence of filing (must be validated with a record of account (4506T results); copy of the original 1040; any extensions filed, and evidence of payment of the taxes due (or evidence borrower is on a payment plan in lieu of full payment as long as the borrower qualifies with the payment in the ratios), and the ability to pay, if the check has not yet cancelled. • Paystubs must be dated no earlier than 30 days prior to the initial loan application date. • Paystubs must be computer generated (typed) and clearly identify the borrower as the employee, the employer’ name and all necessary information to calculate income, including gross year-to-date earnings, base salary with pay period specified, and must clearly specify the employer’s name. Handwritten pay stubs are acceptable

	<p>if the following is provided: a written VOE completed in its entirety and the most recent year's income tax returns.</p> <ul style="list-style-type: none"> • IRS W-2 forms must computer generated (typed) and clearly identify the Borrower, Borrower's address, social security number and employer's name. • Requires standard income documentation per Fannie Mae guidelines for child support, alimony and separate maintenance payments or retirement income when using that income to qualify. DU may allow for reduced documentation with these income types and this will not be allowed. • Tax transcripts are allowed to take the place of a tax returns when they are required as long as you are meeting Fannie Mae's and Freddie Mac's requirements, as outlined in sections B3-3.1-06 and B3-3.2-01 of Fannie Mae's Seller or 37.23 of Freddie Mac's Seller Guide (as applicable) • Number of years self-employed/business tax returns is allowed per DU findings (one year acceptable if findings allow for it.) • Self-employed borrowers must provide at least page 1 and 2 of tax returns • For self-employed borrowers who have not yet filed the previous year's tax returns, a P&L for that tax year will be required. • If AUS allows for VOD only (no bank statements), allowed for owner occupied • A signed IRS 4506-T is required at application and closing. • Letter of explanation for all inquiries in the past 90 days is required • Copy of photo ID for each borrower. • Provide a written analysis of the income used to qualify the borrower on the Transmittal Summary or like document(s) in the file. An Income Analysis must be completed for self-employed borrowers.
DOCUMENT EXPIRATIONS	<ul style="list-style-type: none"> • Credit documentation must not be more than 120 days old from the note date • Residential appraisal reports must be dated no more than 12 months prior to the note date but if over 120 days from note date, update within 120 days of note date is required. • Preliminary Title policy must be no more than 90 days when the note is signed • Bank statements cannot be dated more than 45 days prior to the date of the loan application • Paystubs must be dated no earlier than 30 days prior to the initial loan application date
AUTOMATED UNDERWRITING	<ul style="list-style-type: none"> • The last AUS finding, which must match the terms of the loan, must be in the loan file. If resubmitting to AUS after the note date, must comply with applicable AUS resubmission requirements. For all loans, the first submission to the AUS must occur prior to the note date (it cannot be the same as the note date.) • There are no restrictions on loans being switched from one AUS to another. An Approve/Eligible from the other AUS that it was submitted through is NOT required.
DESKTOP UNDERWRITER (DU)	<ul style="list-style-type: none"> • Must receive an Approve/Eligible • HFA Preferred must be selected in the Community Lender Product Field • Colorado CHFA Preferred Plus subordinate loans must be entered as Community Seconds (Special Feature Code 741 on findings) • Freddie Mac Loan Product Advisor (LPA) and other customized automated underwriting systems are not acceptable. • All conditions outlined in the Findings Report must be satisfied.
LOAN PRODUCT ADVISOR (LPA)	<ul style="list-style-type: none"> • Not allowed • Formerly known as Loan Prospector (LP)
MANUAL UNDERWRITING	<ul style="list-style-type: none"> • Not allowed
DU EARLY CHECK	<ul style="list-style-type: none"> • Fannie Mae's EarlyCheck must be run at final loan approval/clear to close, and all

	findings must be review to ensure accuracy and all fatal errors must be corrected.
MISCELLANEOUS UNDERWRITING	<ul style="list-style-type: none"> • Not Allowed
NON-TRADITIONAL CREDIT	<ul style="list-style-type: none"> • Not allowed
LDP/GSA REQUIREMENT	<ul style="list-style-type: none"> • All parties involved with and who handle the loan file (see instructions in the Resource Center for additional information) must be checked against HUD's Limited Denial of Participation (LDP) list at • https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp and the General Services Administration's (GSA) Excluded Party List at • https://www.sam.gov/portal/public/SAM/ • Any entity noted on either of the LDP and GSA lists must be removed from the transaction or will cause the loan to be ineligible. • The parties to verify include, but are not limited to, Buyers (including AKAs on the credit report), Sellers, Loan Officer, Buyers Agent, Sellers Agent, Escrow Officer, Title Officer, Appraiser, Processor, and Underwriter.
PROPERTY TYPES ELIGIBLE	<ul style="list-style-type: none"> • Single Family Residence (attached and detached) • Condominiums attached and detached, which are Fannie Mae eligible and approved • Planned Unit Development (PUDs) attached and detached, which are Fannie Mae eligible and approved.
INELIGIBLE PROPERTY	<ul style="list-style-type: none"> • Income / Investment Property • 2-4 Units • Accessory units, such as a guest house, granny units and in law quarters • Second Homes • Non-warrantable Condos • Excess acreage – CHFA acreage limit 50 acres • Properties with cistern as only water source • Co-ops • Manufactured Homes • Mobile homes, campers and similar vehicles • Condotels • Mixed-Use • Leased Land/leaseholds • Land Trusts • Log Homes • Properties that do not meet Fannie Mae requirements.
PRIVATE TRANSFER FEE COVENANTS	<ul style="list-style-type: none"> • Private Transfer Fees are prohibited by Colorado Law for all CHFA residential mortgage programs • A Private Transfer Fee, as defined by FHFA, is a fee that may be attached to real property by the owner or another private party - frequently the property developer - and provide for a transfer fee to be paid to an identified third party - such as a developer or its trustee - upon each resale of the property. The fee typically is stated as a fixed amount or as a percentage of the sales price, and often exists for a period of 99 years. • Private transfer fees paid to the following to benefit the property are eligible: Homeowner Associations, Certain tax-exempt organizations that use private transfer fee proceeds to benefit the property. • Any property with unallowable private transfer fee covenants are ineligible if they are encumbered by private transfer fee covenants if those covenants were created on or after February 8, 2011, unless permitted by the Private Transfer Fee Regulation.

	<ul style="list-style-type: none"> • See FNMA seller guide for additional information.
PROPERTIES WITH GAS, OIL AND/OR SUBSURFACE MINERAL RIGHTS	<ul style="list-style-type: none"> • Outstanding oil, gas, water, or mineral rights are acceptable if commonly granted by private institutional mortgage investors in the area where the Mortgaged Premises are located, and: • The exercise of such rights will not result in damage to the subject property, or impairment of the use, or marketability of the subject property for residential purposes, and there is no right of surface, or subsurface entry within 200 feet of the residential structure, or • There is a comprehensive endorsement to the title insurance policy that affirmatively insures the lender against damage, or loss, due to the exercise of such rights.
CONDOS	<ul style="list-style-type: none"> • Condo projects must be warrantable with a Limited Review, CPM/Full Review or PERS Approval. • CHFA Form 770 Lender Certification Condo Approval must be completed by the underwriter after condo review has been completed to confirm project is warrantable. This must be provided once the loan is submitted in CHFA’s Loan Reservation System HomeConnection. This form can be found in the Resource Center, or is available from the CHFA website at the following link: https://www.chfainfo.com/participating-lenders/single-family/programs-forms • In addition to the following requirements, insurance allowed per Fannie Mae requirements, see Seller Guide Subpart B7: <ul style="list-style-type: none"> • A copy of the blanket insurance policy is required. The blanket or master condominium and unit policies must meet Fannie Mae requirements. • Copy of HO-6 policy a.k.a. “walls-in” coverage policy, unless able to document that a master policy provides interior unit coverage, including replacement of interior improvements and betterment coverage to insure improvements that the Borrower has made to the unit. The HO-6 coverage amount must meet Fannie Mae guidelines.
LIMITED REVIEW (DU) LTV/OCCUPANCY LIMITS	<ul style="list-style-type: none"> • Limited Review guidelines allow the lender to evaluate and approve condo projects using limited documentation. Eligibility is based on specific loan level criteria, including LTV, occupancy and the method by which the loan is evaluated and decisioned. • Detached Condos – All States: <ul style="list-style-type: none"> • Eligible for all LTV/CLTV/HCLTV and occupancy types • Attached Established Condos <ul style="list-style-type: none"> • Max 90% LTV/CLTV/HCLTV for owner occupied properties
FANNIE MAE (DU) ATTACHED AND DETACHED CONDO LIMITED REVIEW REQUIREMENTS	<ul style="list-style-type: none"> • All Limited Reviews are performed by the underwriter • Detached condos may not require a limited review questionnaire if information needed to perform the limited review is available on the appraisal or other documentation. However, project approval via limited review is required for detached condos. If there is no association, there must be evidence it never existed or was officially dissolved. See Appraisal Guidelines for specific requirements. • Limited review questionnaire may be used in conjunction with additional information that is found in the file in order to perform the review for detached and/or attached condos. • Fannie Mae Limited Review Requirements (always defer to Fannie Mae Seller Guide): <ul style="list-style-type: none"> • The project is not an ineligible project. See below, but always defer to Fannie Mae Seller Guide, section B4-2.1-02, Ineligible Projects. • The project does not consist of manufactured homes. Note: Manufactured housing projects require a Fannie Mae PERS review.

	<ul style="list-style-type: none"> • If the subject unit is a detached unit, the unit securing the mortgage must be 100% complete. • The appraisal of the subject unit meets all applicable appraisal requirements, as stated in Fannie Mae Seller Guide, section B4-1, Appraisal Requirements. • The unit securing the mortgage satisfies all insurance requirements as stated in See Fannie Mae Seller Guide, Subpart B7, Insurance, including all provision applicable to condo projects in Chapter B7-4, Additional Project Insurance. • Note, per Fannie Mae, provided the project and loan transaction are eligible for and meet all of the eligibility requirements of the Limited Review process, the lender is not required to validate that the project also meets the eligibility requirements of another project review type. However, in the event the lender becomes aware of a circumstance that would cause the project or transaction to be ineligible under a Limited Review, the lender must use one of the other project review methods to determine project eligibility and the project must meet all of the eligibility requirements of that selected alternate project review type.
CPM/FULL LENDER REVIEWS	<ul style="list-style-type: none"> • When using a Full Lender Review, LTV/CLTV allowed to product guidelines in all states • Must be used if transaction is not eligible for limited review or has not been approved through PERS • If project is not eligible through CPM/Full Lender Review process, terms of loan (i.e., larger down payment) can be made to allow the project to be reviewed using the Limited Review requirements. Project must then be eligible under the Limited Review requirements. • CPM/Full Lender Reviews are only eligible when submitted by the fulfillment center or retail branch to condoreviews@prmg.net with the Condo Review Submission form and required documentation and an approval on the project is issued through Condo Reviews. • Request for CPM/Full Lender condo review should be submitted by the fulfillment center or retail branch when all required documentation has been obtained (loan does not have to be in an underwritten or approved status). • The Condo Review Submission form can be found on the Resource Center or at the following link: • http://www.eprmg.net/ResourceCenter/GeneralForms/HOA%20Full%20Lender%20Condo%20Review%20Submission%20Form.pdf • When a CPM/Full Lender Review is used, the following documentation is required: condo review submission form (from Resource Center or above link), condominium questionnaire (from Resource Center, Condo Certs or similar), appraisal of subject unit (can be submitted after condo review is completed, but final project approval will not be issued until appraisal is received), current annual budget, insurance certificate for applicable types and AUS findings (showing approved); For New Construction or New Gut Rehab conversions only: all above listed documentation, copy of Declaration of Condominium including Amendments and Bylaws, presale form (available in the Resource Center)
CONDO CONVERSIONS	<ul style="list-style-type: none"> • Condo conversions (new and established) allowed • New conversions (not meeting the definition of an established product - at least 90% of the total units in the project have been conveyed to the unit purchasers; the project is 100% complete, including all units and common elements; the project is not subject to additional phasing or annexation; and control of the HOA has been turned over to the unit owners) in the State of Florida must be Fannie Mae PERS approved • New conversions that are non-gut rehabs (in all states) that contain more than 4

	<p>residential units must be Fannie Mae PERS approved</p> <ul style="list-style-type: none"> • Must comply with all Agency guidelines • For new conversions that are not required to be PERS approved, CPM/Full Lender Review is required. See CPM/Full Lender Reviews section for submission instructions.
NON-WARRANTABLE CONDOS	<ul style="list-style-type: none"> • Not Allowed
PLANNED UNIT DEVELOPMENTS (PUDS)	<ul style="list-style-type: none"> • Detached PUDs are not subject to project review and information regarding the HOA such as project certs, letters from the HOA (with the exception of letter regarding ownership in regards the common elements, areas/facilities of a project for insurance purposes) must not appear in the file. • Insurance allowed per Fannie Mae requirements, see Seller Guide Subpart B7 • Attached PUD lender reviews are performed by underwriter • A Lender Review on attached PUDs must be performed and PRMG must confirm that the following is in the process of the review: <ul style="list-style-type: none"> • The appraisal of the unit meets all appraisal requirements in Fannie Mae Seller Guide Chapter B4-1, Appraisal Requirements. • The individual unit securing the mortgage must be complete (PRMG does not allow for Postponed Improvements.) • The unit securing the mortgage satisfies all Fannie Mae's insurance requirements in Subpart B7, Insurance, including all provisions applicable to PUD projects in Seller Guide Chapter B7-4, Additional Project Insurance. • All PUD projects (attached and detached) must be in compliance with Fannie Mae's policy for priority liens (see B4-2.1-02, Ineligible Projects). • Note: Any unit located in a condo project within a larger PUD project or master association must meet the applicable requirements for condo projects. Attached PUD/Condo Warranty form is available in the Resource Center • Documentation, as determined by underwriter, to verify the attached PUD is warrantable is required and Attached PUD Warranty must be completed (if required by underwriter). • The underwriter must complete the PRMG Attached PUD/Condo Warranty Form which can be found in the Resource Center, and that is the only document that should go to the investor. The underwriter should include the project information used for the condo review in the loan file, but it should not be sent to the investor with the closed loan file. Please use the Imaging label "Condo/PUD Review Supporting Documentation (Do not send to investor)" for this information.
INELIGIBLE PROJECT TYPES PER FANNIE MAE'S SELLER GUIDE	<ul style="list-style-type: none"> • See Fannie Mae Seller Guide for additional information. The below information applies to all attached and detached condo projects. With the exception of Priority of Common Expense Assessments, the restrictions below do not apply to attached or detached PUDs. • Investment securities (i.e., projects that have documents on file with the Securities and Exchange Commission (SEC) or projects where unit ownership is characterized or promoted as an investment opportunity). • Timeshare, fractional, or segmented ownership projects. • New projects where the seller is offering sale or financing structures in excess of Fannie Mae's eligibility policies for individual mortgage loans. These excessive structures include, but are not limited to, builder/developer contributions, sales concessions, HOA assessments, or principal and interest payment abatements, and/or contributions not disclosed on the HUD-1 Settlement Statement. • Projects with mandatory upfront or periodic membership fees for the use of recreational amenities, such as country club facilities and golf courses, owned by an

	<p>outside party (including the developer or builder). Membership fees paid for the use of recreational amenities owned exclusively by the HOA or master association are acceptable.</p> <ul style="list-style-type: none"> • Projects that are managed and operated as a hotel or motel, even though the units are individually owned. (See Seller Guide for additional detail.) • Projects with covenants, conditions, and restrictions that split ownership of the property or curtail an individual borrower’s ability to utilize the property. (See Seller Guide for additional detail.) • Projects with property that is not real estate, such as houseboat projects. (See Seller Guide for additional detail.) • Any project that is owned or operated as a continuing care facility. (See Seller Guide for additional detail.) • Projects with non-incidentual business operations owned or operated by the HOA including, but not limited to, a restaurant, spa, or health club. See Seller Guide for additional detail.) • Projects that do not meet the requirements for live-work projects. (See Seller Guide for additional detail.) • Projects in which the HOA or co-op corporation is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project. (See Seller Guide for additional detail.) • Any project that permits a priority lien for unpaid common expenses in excess of Fannie Mae’s priority lien limitations. (See Seller Guide for additional detail.) Note: This restriction applies to all PUD projects, whether the units are attached or detached as well as attached or detached condos. • Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns more than the following total number of units in the project: projects with 2 to 4 units – 1 unit; projects with 5 to 20 units – 2 units; projects with 21 or more units – 10%. Units currently subject to any lease arrangement must be included in the calculation. This includes lease arrangements containing provisions for the future purchase of the units such as lease-purchase and lease-to-own arrangements. Units are not included in the calculation if they are owned by the developer/sponsor and are vacant and being actively marketed for sale. • Multi-dwelling unit projects that permit an owner to hold title (or stock ownership and the accompanying occupancy rights) to more than one dwelling unit, with ownership of all of his or her owned units (or shares) evidenced by a single deed and financed by a single mortgage (or share loan). (See Seller Guide for additional detail.) • The total space that is used for nonresidential or commercial purposes may not exceed: 25% for condo projects (See Seller Guide for additional detail.) • Projects containing manufactured housing that have not been approved by Fannie Mae through the PERS process, as required. • Newly converted non-gut rehabilitation projects with more than four attached units that have not been approved by Fannie Mae through the PERS process, as required. • New or newly converted projects in Florida with attached units that have not been approved by Fannie Mae through the PERS process, as required • Projects that represent a legal, but non-conforming, use of the land, if zoning regulations prohibit rebuilding the improvements to current density in the event of their partial or full destruction. (See B4-1.3-04, Site Section of the Appraisal Report (04/15/2014).)
LEASED LAND	<ul style="list-style-type: none"> • Allowed CHFA Form 780 Affordable Housing Restrictions Approval Lender Certification must be completed by the underwriter after review has been

	<p>completed to confirm its review of the Affordable Housing Restrictions on the Property is warrantable. This form can be found in the Resource Center, or is available from the CHFA website at the following link: https://www.chfainfo.com/participating-lenders/single-family/programs-forms</p>
MAXIMUM ACREAGE	<ul style="list-style-type: none"> • May not exceed five (5) acres
PROPERTIES WITH UNPERMITTED ADDITIONS	<ul style="list-style-type: none"> • Not Allowed
PROPERTIES WITH ACCESSORY UNIT	<ul style="list-style-type: none"> • Not Allowed
CONSTRUCTION TO PERMANENT FINANCING	<ul style="list-style-type: none"> • Not Allowed
OCCUPANCY	<ul style="list-style-type: none"> • Primary Residence (O/O)
ELIGIBLE BORROWERS	<ul style="list-style-type: none"> • U.S. Citizen, permanent resident alien or qualified alien • Both first time and non-first-time homebuyers are eligible • All borrowers must occupy the property as their primary residence within 60 days of closing • Non-borrowing parties cannot be on the deed, including non-borrowing spouses • ITIN (Individual Tax Payer Identification Numbers) are not allowed; all borrower must have valid and verifiable social security numbers • Borrowers with diplomatic immunity are not allowed • Borrower must take title in individual names, no trusts, etc. allowed • Borrower's income regardless of family size may not exceed \$88,340
U.S. CITIZENS	<ul style="list-style-type: none"> • Allowed
PERMANENT RESIDENT ALIEN	<ul style="list-style-type: none"> • Allowed • Permanent resident aliens are eligible and must provide evidence of a valid Social Security number.
NON-PERMANENT ALIEN	<ul style="list-style-type: none"> • Qualified non-permanent residents allowed • Must obtain documentation to verify that a non-U.S. citizen borrower is legally present in the United States. • Must make a determination of the non-U.S. citizen's status based on the circumstances of the individual case, using documentation as deemed appropriate. • Non-U.S. citizen borrower must be legally present in the United States • Borrowers with diplomatic immunity are not eligible
FOREIGN NATIONALS	<ul style="list-style-type: none"> • Not Allowed
NON-OCCUPYING CO-BORROWERS	<ul style="list-style-type: none"> • Not allowed
NON-OCCUPYING CO-SIGNERS	<ul style="list-style-type: none"> • Not Allowed
HOMEOWNERSHIP REQUIREMENTS	<ul style="list-style-type: none"> • The program is available for both first time and non-first time homebuyers. • At the time of loan closing, the borrowers may have an ownership interest in one other residential dwelling. However, the borrower must occupy the CHFA loan as the primary residence. • All borrowers must occupy the property as their primary residence within 60 days of closing. • Only one CHFA loan program per borrower(s) will be acceptable
HOMEBUYER EDUCATION	<ul style="list-style-type: none"> • CHFA requires all borrowers and co-borrowers to individually complete an online or classroom-based CHFA-approved homebuyer education course provided by a CHFA-approved provider on CHFA's website at the following link: • https://www.chfainfo.com/participating-lenders/single-family/homebuyer-education

	<ul style="list-style-type: none"> • In Person Classes <ul style="list-style-type: none"> • No cost to attendees • Online Class <ul style="list-style-type: none"> • Fee - \$99 for first borrower, \$50 for each additional borrower • Required one-on-one counseling session via phone by agency staff after completing online course • Certificates expire twelve (12) months after date of class • Borrower must be under contract prior to expiration of certificate • Homebuyer education is not required on a refinance
POWER OF ATTORNEY	<ul style="list-style-type: none"> • Power of Attorney must be reviewed and approved by fulfillment center Operation Manager or PRMG's Compliance Group • Allowed with the following requirements: <ul style="list-style-type: none"> • Power of Attorney (POA) must be limited or specific to the transaction • Purchase and rate and term only allowed • Power of Attorney can be used only for closing documents. • The property address and legal description must agree with the Deed of Trust/Mortgage. • It must be clear that the mortgage is appointing a Power of Attorney. • It must be clear who is being appointed with a Power of Attorney. • The original must be recorded concurrently with the Deed of Trust/Mortgage. • The person being appointed with the Power of Attorney is "Attorney in Fact" and must sign the closing documents as follows: Jane Doe by John Doe, Her Attorney-in-Fact. The manner of signing must clearly show the signer to be the one authorized to sign for the other specifically named individual. • Power of Attorney may not be used to sign loan documents if no other borrower executed such documents unless, the Attorney in Fact is a relative or Attorney at Law. • The attorney-in-fact may not be the seller, appraiser, broker, etc. or have any other direct or indirect financial interest in the transaction. • A statement that the POA is in full force and effect on the closing date, survives subsequent disability (durable), and has to be revoked in writing, or gives a specific expiration date which survives the closing date. • A statement of the borrower's name exactly as it will appear on all closing documents. • Notarized signature of borrower (if executed outside the U.S., it must be notarized at a U.S. Embassy or a military installation) • Power of Attorney cannot expire prior to the execution of the loan documents if there is an expiration date. • A Limited (specific) Power of Attorney in those cases that require one, with the exception of those currently in active military duty. • Title policy must not contain any exceptions based on use of POA. • The Title Company must insure a valid Power of Attorney and that seller has a valid first lien. • The attorney-in-fact must execute all closing documents at settlement. • If a lender determines a Power of Attorney is required by applicable law (it cannot be restricted by investor requirements), lender must include a written statement explaining use of the Power of Attorney and may also be required to provide supporting documentation. • A written statement that explains the circumstances of the use of the POA must be included in the loan file. • Must meet all state and Agency requirements.

MANDATORY HOME WARRANTY INSURANCE COVERAGE	<ul style="list-style-type: none"> • All homebuyer(s) are encouraged to obtain a one-year home warranty protection policy. • The insurance should cover the following items at a minimum: water heater(s), air conditioning, heating, oven/stove/range.
LEXIS-NEXIS SEARCH REQUIREMENT	<ul style="list-style-type: none"> • For any of the following transaction types an email request (which includes a screenshot or snip of the loan in the FastTrac pipeline) must be sent to QC to have a LexisNexis search run on involved parties to the transactions to ensure there is no relationship between the buyer and seller. (Not all items listed may be applicable to this product, review product profiles for what is allowed): <ul style="list-style-type: none"> • Short Sale Purchase • Property Flips <= 180 days • Contractors on a 203K loan • For Sale by Owner (FSBO) required for all except: <ul style="list-style-type: none"> • If the borrower and seller are related or are landlord and tenant, and the relationship is disclosed and is acceptable per PRMG guidelines • An investor, such as HUD, FNMA, FHLMC, etc. • REO lender who acquired the subject property by Trustee Sale as the Beneficiary
QC AUDIT REQUIRED	<ul style="list-style-type: none"> • A QC audit is required if the loan has any of the following high risk characteristics (not all items listed may be applicable to this product, review product profiles for what is allowed): <ul style="list-style-type: none"> • 5-10 financed properties for second home and investment transactions. • 3-4 Units • 2-4 Unit properties in New Jersey • 203K loans (Lexis Nexis is required on all contractors as well) • VOE only used (when allowed by AUS) and not supported by paystub/W2 for Wholesale and Correspondent channels only (not required for retail channel) • If the borrower is employed by a party to the transaction • When the Real Estate Agent is also the Loan Officer on the transaction (not allowed on retail). • NOTE: The above list applies to credit qualifying loans only.
QC REVALIDATION REQUIRED	<ul style="list-style-type: none"> • A QC validation is required if the loan has any of the following characteristics (not all items listed may be applicable to this product, review product profiles for what is allowed): • A revalidation of the VOE (in addition to the audit) is required by the QC Department if the following is used: <ul style="list-style-type: none"> • VOE only used (when allowed by AUS) and not supported by paystub/W2 and • Wholesale and Correspondent channels only (not required for retail channel) • A revalidation of the VOD is required by the QC Department for the if the following is used: <ul style="list-style-type: none"> • VOD only used (when allowed by AUS) and not supported by bank statements and • Wholesale and Correspondent channels only (not required for retail channel) • Note: A Borrower Authorization in name of PRMG may be required to obtain VOD or VOE revalidation if requested by the verifying institution.
INCOME REQUIREMENTS/LIMITS	<ul style="list-style-type: none"> • Underwriter has the discretion when evaluating the loan file to utilize a more conservative approach to income/expenses for qualification purposes based on the circumstances of the loan. • All income sources used to qualify borrowers must be legal at the local, state, and federal level. Any income derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-

employed borrowers and wage earners working for a company.

- Boarder income is not allowed.
- All income used for loan eligibility will be calculated as family income. "Family income" is defined as the annualized gross income of the borrower and any other person expected to be liable on the mortgage, be vested on title and live in the residence being financed.
- Fannie Mae requires that if the Schedule K-1 reflects a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then no further documentation of adequate business liquidity to support the withdrawal of earnings is required in order to include that income in the borrower's cash flow. If the Schedule K-1 does not reflect a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then the lender must confirm the business has adequate liquidity using the Quick (Acid Test) Ratio (for businesses that rely heavily on inventory to generate income) or the Current (Working Capital) Ratio to support the withdrawal of earnings to include the income in the borrower's cash flow and the result of one or greater for either ratio is generally sufficient to confirm adequate business liquidity. The file must contain the underwriter's written analysis and conclusions and, at underwriter's discretion additional documentation (such as a CPA letter or bank account statements) to support the liquidity decision. The analysis must provide enough detail/support so that anyone reviewing the file would come to the same conclusion. See Fannie Mae seller guide for additional guidance.
- When required to verify a self-employed borrower's business is solvent in order to use the business income to qualify and the Schedule L on the business tax returns is not completed, additional documentation will be required to support solvency of the business. Documentation may include P&L, balance sheets, business bank statements and business credit report. Specific documentation will be determined at underwriter's discretion.
- Follow Agency requirements for non-reimbursed business expenses calculations. If the borrower has claimed automobile depreciation on Form 2106, this expense should be added to the borrower's income. Vehicle depreciation can be calculated one of two ways – by using the standard mileage deduction or actual depreciation expense. The method used by the borrower will be disclosed on the second page of Form 2106. If the borrower used the standard mileage deduction, multiply the business miles driven by the depreciation factor for the appropriate year and add the calculated amount to Total Income. If the borrower claimed the actual depreciation expense, add this amount to Total Income.
- Housing or Parsonage Allowance must be received for 12 months and be likely to continue for the next three years.
- Future (Projected) income is not acceptable for qualifying purposes
- Housing Assistance Payments (HAPs), which are often known as Section 8 Homeowner Vouchers, where a portion of the mortgage payment is paid directly to the borrower/lender as a subsidy for the mortgage payment on the subject property is not allowed.
- Section 8 rents where borrower is paid a rent subsidy for other tenants from the government for the property (either for rents on units 2-4 on subject property or on other rental property) is allowed. Must have documentation of new executed leases, or lease addendums to the new owner and to show that the Section 8 income will transfer to the new owner. Additionally, there may be no obligation to the servicer to receive the Section 8 funds. Borrowers must follow standard guideline requirements to determine if rents are allowed to be used for qualifying.

	<ul style="list-style-type: none"> • When the borrower has less than a two-year history of receiving income, the underwriter must provide a written analysis to justify the determination that the income used to qualify the borrower is stable. • If the borrower is employed by the property seller, real estate broker, relative or a family business, the following documentation must be obtained: <ul style="list-style-type: none"> • Must comply with identity of interest requirements • Documentation as required by AUS • Borrower’s signed and completed personal federal income tax returns for the most recent two-year period. • A 4506-T must be included in the submission package requesting the most recent 2 years’ tax transcripts and will be processed for comparison between tax transcripts and income documentation. A 4506-T must be signed at application and at closing. • Note: Current income reported on the VOE or pay stub may be used if it is consistent with W-2 earnings reported on the tax returns. If the tax returns do not include W-2 earnings or income is substantially lower than the current VOE or pay stub, further investigation is needed to determine whether income is stable. • Income from gambling should be documented with 2 years’ tax returns, documented YTD earnings (i.e., 1099 or formal receipt from casino and income must be in line with prior gross income), proof of deposit of YTD earnings (i.e., bank checking/savings statements), CPA letter supporting how borrower earns income. Underwriter to exercise caution and carefully review for itemized deduction for gambling losses (typically shown on the 1040 Schedule A). Any reported gambling loss would need to be considered in the income analysis. Tax transcripts should be obtained for each tax year. Underwriter must document rational for using current income if there is a variance. • Teacher Income: when a borrower is employed as a teacher, the annual salary must be verified. If monthly or weekly base pay is provided, the employer must verify the number of pay periods per year if the payout is not clear or the income must be averaged based on the most recent W-2 over 12 months. Stipends or supplemental income must be documented as regular and continuous. Borrowers with a contract for their first year of employment who have started work but have not received a paystub must provide a copy of contract, written verification of employment, and verbal verification of employment. Borrowers with a contract for their first year of employment with the school district must be on the job prior to closing. For teacher income paid over a less than 12-month period and obtaining financing during the summer months when income is not being received, provide a final year-end paystub from the school, verbal verification of employment, and copy of the contract indicating that the borrower is paid over the applicable number of month period. Qualify the borrower based on the income received on the final year-end paystub.
MAXIMUM PROGRAM COMPLIANCE INCOME LIMITS	<ul style="list-style-type: none"> • Household limits are based on household size (family size) and must not exceed CHFA Preferred Plus income limits which can be found on CHFA’s website: • https://www.chfainfo.com/participating-lenders/single-family/Pages/IPPL.aspx
CREDIT	<ul style="list-style-type: none"> • Use underwriting guidelines as per DU recommendation; with the derogatory credit seasoning as it appears in the Derogatory Credit section in this profile (this product does not use Credit Reestablishment Periods for Agency Loans document which includes information regarding derogatory credit seasoning.) • The use of a U.S. address to obtain a credit report for a borrower who resides in another country is not permitted.

- If the borrower's credit report contains a FACTA credit alert, the completed Fraud Alert Confirmation form must be in the file (available via Resource Center).
- All borrowers must have a qualifying credit score from at least 1 national repository.
- Borrower must have sufficient credit experience, as determined by underwriter review, to ensure scores are reflective of borrower's credit history
- Use of credit repair vendors designed to help a borrower falsely repair their credit profile by intentionally manipulating data to improve their credit score for purposes of loan eligibility, pricing improvement, and/or creditworthiness is prohibited. Legitimate scenarios when corrections to a borrower's credit profile are required (e.g., public records information does not belong to the borrower) are acceptable. Corrections to the borrower's credit profile should be made at the credit repository level to ensure the credit score is representative of a borrower's true creditworthiness.
- Payment histories on all mortgage trade lines, regardless of occupancy, including first and second mortgage liens, home equity lines of credit, land without improvements, mobile homes, and manufactured homes are considered mortgage credit, even if reported as an installment loan.
- MERS search must be run on borrower
- Credit documentation must not be more than 120 days old from the note date
- For disputed accounts, follow DU Results
- In addition to other listed requirements regarding disputed accounts, if a disputed account is a borrower's verified previously delinquent mortgage trade line, which may affect the credit decision of the AUS, information regarding the dispute must be obtained. The underwriter must verify that the AUS is considering the previously delinquent mortgage in the credit decision. If it is unclear if the previously delinquent mortgage is being considered (and based on underwriter discretion, the delinquent mortgage may impact the credit score/AUS decision), the dispute should be removed at the bureau level, credit report re-run to reflect accurate credit message without dispute, and the AUS re-run to include account in the AUS decision. For instance, a zero balance where the last activity is more than 3 years prior to the credit report date may be determined by the underwriter to not require the dispute to be removed
- Borrowers with a housing payment history, including mortgage and/or rental payment history, showing excessive delinquencies (60 day or greater late in the past 12 months) are not eligible.
- Existing mortgages must be current.
- The credit report for the mortgage history must be updated to include the payment made for the most recent month due.
- If a borrower has purchased or refinanced their current primary residence in the last 12 months, they are not eligible for a purchase transaction on a new primary residence without Operations Management or Corporate Underwriting review of the circumstances unless the existing lender has agreed to allow the borrower to purchase a new primary residence. If the existing lender has not provided the approval for a new primary residence and instead circumstances are approved by Operations Manager or Corporate Underwriting, an exception may be required.
- All private non-construction mortgages require cancelled checks or proof of payment for 12 months or for the number of months the mortgage has been open if less than 12 months
- Delinquent credit—including taxes, judgments, charged-off accounts (see below for exceptions), tax liens, mechanics' or materialmen's liens, and liens that have the potential to affect first lien position or diminish the borrower's equity—must be paid

	<p>off at or prior to closing, with the exception of the collection/charged-off accounts as listed below.</p> <ul style="list-style-type: none"> • If a judgment or tax lien is being paid off and AUS/Agency Guidelines are requiring proof of satisfaction or if it is paid off prior to closing, evidence the judgment is satisfied or the tax lien has been released is required. If the AUS/Agency Guidelines will allow a judgment or tax lien to be paid off with the transaction all AUS/Agency Guidelines must be met (i.e., must be paid through the transaction and funds must be verified and documented). • For past-due collection and charge-off accounts, always comply with AUS requirements. Additionally, accounts that are reported as past-due (not reported as collection accounts) must be brought current. If any lien threatens the first trust deed position it must be satisfied
TRADELINE REQUIREMENTS	<ul style="list-style-type: none"> • Per AUS
DEROGATORY CREDIT	<ul style="list-style-type: none"> • Bankruptcy – Chapter 7 or 11: 4 years from discharge or dismissal date to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) • Bankruptcy – Chapter 13: 2 years from discharge date to credit report date used in the AUS decision and 4 years from dismissal date to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) • Multiple Bankruptcy Filings: 5 years to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) if more than one filing within the past 7 years • If a mortgage debt has been discharged through bankruptcy, even if a foreclosure action is subsequently completed to reclaim the property in satisfaction of the debt, the borrower is held to the bankruptcy waiting periods and not the foreclosure waiting period. Documentation must be provided to verify that the mortgage debt in question was in fact discharged as part of the bankruptcy. <ul style="list-style-type: none"> • If the loan casefile receives a Refer with Caution recommendation due to a foreclosure identified by DU as taking place in the last seven years, the account was one discharged through a bankruptcy, and the bankruptcy waiting period requirements have been met, the user may instruct DU to disregard the foreclosure information. This would be done by entering “Confirmed CR FC Incorrect” in the Explanation field for question c. in the Declarations section of the online loan application and resubmitting the loan casefile to DU. The user must then document that the mortgage was discharged through the bankruptcy and that the applicable bankruptcy waiting period requirements have been met. • Borrower must provide evidence of mortgage being discharged through bankruptcy, such as the Discharge of Debt document that would be received by the borrower from the court and it must show the mortgage included in the discharged debt. • Foreclosure: 7 years to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) • Deed-in-Lieu of Foreclosures, Short Sales and Preforeclosure sale: 4 years from to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) with LTV ratios per eligibility matrix. • Extenuating circumstances are not allowed to be used in credit decisions.
RATIOS	<ul style="list-style-type: none"> • 45% DTI
QUALIFYING	<ul style="list-style-type: none"> • Fixed: Qualify at note rate. • To calculate DTI for loans with subordinate HELOCS (for all properties): If there is a balance, use the payment that is reflected on the credit report. If not shown on the

credit report, payments on a HELOC with an outstanding balance may be calculated at the greater of \$10.00 or 5% of the outstanding balance or payment reflected on the borrower's billing statement. If there is no balance, a payment does not need to be included.

- Paying off revolving debt to qualify is allowed. The debt includes any revolving debt (including American Express) that is being paid off and not included in the ratios. Account must be paid in full prior to or at closing and documentation must be provided evidencing repayment. Source of funds must be documented. Accounts are not required to be closed.
- Installment debt may be paid down to qualify, but overall use of credit and credit history must be closely evaluated.
- Installment debt with less than 10 months remaining does not need to be included in ratios unless the payment may affect the borrower's ability to meet their credit obligations after closing, with additional consideration if the borrower has limited or no cash after closing. (Lease payments are not considered installment debt and must be included in the ratios.)
- Lease payments must be included in the ratios regardless of the number of months remaining on the lease. This is because the expiration of a lease agreement for rental housing or an automobile typically leads to either a new lease agreement, the buyout of the existing lease, or the purchase of a new vehicle or house. You cannot pay off the lease to qualify in any circumstance and the payment must be included in the ratios.
- Deferred Loans: Loans deferred or in forbearance are always included in the loan qualification. If the credit report does not indicate the monthly amount that will be payable at the end of the deferment period, copies of the borrower's payment letters or forbearance must be obtained to determine the monthly payment used for loan qualification. See below for student loans.
- For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the lender must include a monthly payment in the borrower's recurring monthly debt obligation when qualifying the borrower. If a monthly payment is provided on the credit report, the lender may use that amount as the monthly payment for qualifying purposes. If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment (which may be the case for deferred loans or loans in forbearance), the lender must calculate a qualifying monthly payment using one of the options below: (1) 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or (2) a fully amortizing payment using the documented loan repayment terms. Note, per Fannie Mae's Student Loan Solutions FAQ, as long as documentation is provided showing the Income Based Repayment (or Income Driven Repayment) plan payment is \$0, the borrower can qualify with \$0 for the monthly qualifying payment.
- If a credit report shows an asterisk next to the payment, it can be an indication that the payment listed is not the required monthly minimum payment amount, and as such will require supplemental documentation to support a payment of less than 5%. If supporting documentation is not able to be provided, use 5% of the outstanding balance as the borrower's recurring monthly debt obligation
- For non-HELOC loans, when qualifying a borrower that has a non-subject negative amortization or interest only loan, use the payment on the credit report.
- If the 1040s or other documentation reflect the borrower owes money to the IRS, the underwriter must condition for proof the money owed has been paid in full. Payment plans are not allowed. Must provide confirmation (internal form or local tax authority) that indicates all outstanding taxes have been paid.

	<ul style="list-style-type: none"> • Tax liens must be paid off prior to, or at closing, regardless of if the borrower has a satisfactory payment plan and the government will allow subordination of the lien. • At minimum, an interest only payment must be included in the debt ratio for borrowers with a single payment Note. A single payment Note is one in which the loan, including principal and interest, is due in one lump sum payment. A single payment Note would be an unsecured Note which is not tied to the property in any way. Reserves and loan proceeds may not be used to offset payments. • When commercial properties are reflected on the Schedule E they must be treated the same as a residential rental, verifying PITIA and using the standard residential form and calculation. Also, if there is mortgage interest showing, but no lien on credit, must obtain the payment coupon to properly calculate the net rental income/loss and must also get an acceptable rating. • For loans secured by financial assets, evidence the loan is collateralized by the financial asset is required (i.e., 401K statement showing loan) or payment must be included in the ratios. • For loans using DU Approvals, If a borrower is obligated on a non-mortgage debt—but is not the party who is actually repaying the debt—the lender may exclude the debt from the borrower’s recurring monthly obligations. This policy applies whether or not the other party is obligated on the debt, but is not applicable if the other party is an interested party to the subject transaction (such as the seller or realtor). Non-mortgage debts include installment, revolving, lease payments, alimony, child support, and separate maintenance. The lender must obtain the most recent 12 months’ cancelled checks (or bank statements) from the other party documenting a 12-month satisfactory payment history. There must be no delinquent payments for that debt in order to exclude it from the borrower’s debt-to-income ratio.
CASH RESERVES	<ul style="list-style-type: none"> • DU Approval: None required, however, subject to underwriter discretion or per “DU” recommendation • Cash saved at home not allowed. • All verifications of funds, including the most recent asset account statements, must be dated within 45 days of the loan application or an updated statement is required.
ANTI-FLIPPING POLICY	<ul style="list-style-type: none"> • Guidance for underwriting flips can be found here: • http://www.eprmg.net/ConfFlips.pdf • The following transactions would not be considered a flip and would not be subject to additional Anti-Flipping Requirements. However, that the appraiser must still report and analyze a minimum three-year sales history for the subject property AND if the value has increased by 15% or more in one year or 30% in three years from the original sales price the appraiser must analyze and explain the increase if due to a below market sale, such as a property in foreclosure. If the increase was due improvements, the appraiser must analyze and explain. <ul style="list-style-type: none"> • State and Federally chartered financial institutions and government sponsored enterprises (Fannie and Freddie) • Sales by HUD of its real estate owned • Sales of properties acquired through inheritance – Must document seller’s inheritance of the property • Sales of properties acquired by employers or relocation agencies in connection with relocations of employees (Must provide relocation agreement indicating the seller acquired the property as a result of company transfer of the previous owner). • The property Seller must have taken title to the subject property at least 1 day prior to the contract date on the sale of the property to the applicant. • Property flip transactions are assessed by the seller’s date of acquisition as the date

	<p>of settlement on the seller's purchase of that property and the execution of a sales contract to another party.</p> <ul style="list-style-type: none"> • Any property that is involved in a re-sale that occurred within the last 6 months, must meet the following additional criteria: • PRMG will verify that the property seller on the Purchase Contract is "In Title" and Owner. This can be verified by including a property sales history report, a copy of the deed of conveyance, a copy of the property tax bill, a computer generated print out from the assessor's website or the title commitment or binder indication legal ownership. For refinances, this would also include a copy of the current mortgage, Deed of Trust, or Contract for Deed. The name of the owner on the title report must match the seller's name on the purchase contract. <ul style="list-style-type: none"> • If the seller is an entity (LLC, trust, etc.) documentation showing legal registration of the entity such as articles of incorporation with the seal, or a business license. • The borrower(s) can have no affiliation with the entity of any kind. • Since the property seller has not owned the property for 12 months, then a chain of title for the last 12 months is required. Acceptable sources for the chain of title include copies of recorded deeds, tax statements, or a 12-month chain of title on the title commitment. • A transaction where the property has been sold within the last 12 months requires scrutiny to ensure the transaction is legitimate. Some characteristics of fraudulent transactions include but are not limited to foreclosure bailouts, distressed sales, and inflated values due to stated improvements that are unsupported. • The subject transaction cannot include a transfer of personal property or other special arrangement between buyer and seller. • Non-arm's length transactions are prohibited. Verification that there is no apparent relationship between the parties to the transaction, either on the current sale or previous sale. • A full appraisal is required. • Appraisals must indicate required sales history information. • The appraiser must report and analyze a minimum three-year sales history for the subject property AND if the value has increased by 15% or more in one year or 30% in three years from the original sales price the appraiser must analyze and explain the increase if due to a below market sale, such as a property in foreclosure. If the increase was due to improvements, the appraiser must analyze and explain. • If the property value increased from the prior sale by more than 20%, additional diligence should be used by the underwriter.
VALUE FOR LTV/CLTV CALCULATION	<ul style="list-style-type: none"> • See below • For loans with Fixed/Closed End subordinated financing, CLTV/HCLTV must be calculated using the current unpaid principal balance (UPB).
PURCHASE	<ul style="list-style-type: none"> • Use current appraised value.
PURCHASE	<ul style="list-style-type: none"> • If there is evidence that borrower, a member of the borrower's family or party who has a clearly defined interest in the borrower (i.e., close family friend) previously owned a home being purchased that was a distressed sale (i.e., short sale) or foreclosure by the borrower or borrower's family member, the borrower may not purchase the property, regardless of the length of time since the distressed sale/foreclosure or the number of owners between the distressed sale/foreclosure and current owner. • Purchase Transaction Seller Rent Backs of the subject property for owner occupied or second home properties are limited to 60 days, must be reflected on the sales contract and HUD, and are not counted towards borrower's minimum investment

	<p>requirements.</p> <ul style="list-style-type: none"> On auction transactions, auction terms must be included as part of the purchase contract provided to the appraiser for review
RATE/TERM REFINANCE	<p>FNMA LIMITED CASH-OUT CAN BE DEFINED AS FOLLOWS:</p> <ul style="list-style-type: none"> The payoff of the outstanding principal balance of an existing first mortgage; The payoff of the outstanding principal balance of any existing subordinate mortgage that was used in whole to acquire the subject property; The financing of closing costs (including prepaid expenses); Cash back to the borrower in an amount no more than the lesser of 2% of the balance of the new refinance mortgage or \$2,000. Refer to Mortgage Insurance section to determine if mortgage insurance is eligible for financing This means that those refinance mortgages that involve the refinance of subordinate liens that were not used in whole to purchase the subject property (including home improvement, HELOC and second mortgages obtained for the purpose of taking equity out of the property, even if a portion of the subordinate lien was used to purchase the property) will be considered cash-out refinance mortgages. This requirement includes secondary financing seasoned greater than 12 months. Twelve months seasoning does not cure the “cash-out” classification. If refinancing a loan that was a refinance of a 1st lien and non-purchase money Second lien, the loan must be seasoned for a minimum of 6 months (disbursement date of existing loan to disbursement date of new loan) old. Otherwise, the loan must be considered a Cash Out refinance There is no specific loan seasoning requirement for a cash out 1st lien being refinanced to a rate and term refinance. <p>SUBORDINATION OF EXISTING SECONDARY FINANCING:</p> <ul style="list-style-type: none"> If the existing secondary financing (installment seconds or HELOCS) is subordinated to a new first mortgage and the new first mortgage is originated solely for the purpose and under the guidelines of a Rate/Term refinance (i.e. only paying off the existing first mortgage plus the addition of customary closing costs) then the transaction would be considered a Rate/Term Refinance. However, if ANY of the funds are used to payoff OR pay down the existing secondary financing, the transaction will be considered a cash-out refinance. Twelve months seasoning does not cure the “cash-out”
CASH OUT REFINANCE	<ul style="list-style-type: none"> N/A
REPAIR ESCROW/ESCROW HOLDBACKS	<ul style="list-style-type: none"> Not Allowed
SEASONING REQUIREMENTS	<ul style="list-style-type: none"> N/A
RECENTLY DELISTED PROPERTIES	<ul style="list-style-type: none"> N/A
TITLE SEASONING	<ul style="list-style-type: none"> N/A
CURRENT PROPERTIES BEING CONVERTED TO SECOND HOMES OR INVESTMENT PROPERTIES	<ul style="list-style-type: none"> When the borrower owns mortgaged real estate, the status of the property determines how the existing property's PITIA must be considered in qualifying for the new mortgage transaction. If the mortgaged property owned by the borrower is an existing investment property or a current principal residence converting to investment use, the borrower must be qualified in accordance standard Rental Income Requirements (which may include a copy of the lease and/or other evidence as required by Fannie Mae), Reserve Requirements, and Multiple Loans requirements, as well as another other Agency requirements for qualifying. Rental income from the converted property is eligible, as long as the borrower qualifies using standard rental income documentation, requirements and calculations. There is no equity requirement in the converted

	<p>property in order to use rental income to qualify</p> <ul style="list-style-type: none"> • an existing second home or a current principal residence converting to a second home, the PITIA of the second home must also be counted as part of the borrower's recurring monthly debt obligations; or • the borrower's current principal residence that is pending sale but will not close (with title transfer to the new owner) prior to the subject transaction, the lender must comply with the below. <ul style="list-style-type: none"> • If the borrower's current principal residence is pending sale, but the transaction will not close with title transfer to the new owner prior to the subject transaction, and the borrower is purchasing a new principal residence, the current PITIA and the proposed PITIA must be used in qualifying the borrower for the new mortgage loan. However, the current principal residence's PITIA does not have to be used in qualifying the borrower as long as the following documentation is provided: <ul style="list-style-type: none"> • the executed sales contract for the current residence, and • confirmation that any financing contingencies have been cleared.
TEMPORARY BUYDOWNS	<ul style="list-style-type: none"> • Not Allowed
REQUIRED DOWN PAYMENT	<ul style="list-style-type: none"> • Minimum borrower investment \$1,000 (may be a gift)
REQUIRED DOWN PAYMENT / SOURCE OF FUNDS	<ul style="list-style-type: none"> • All transactions: All funds needed to complete the transaction can come from a gift. • Financial contribution must be at least \$1,000 (may be a gift) • Evidence of the trail showing funds into escrow required • Access letter is <u>not</u> required for any accounts where a non-borrowing party is on the account (including a non-borrowing spouse) • Custodial accounts are allowed in accordance with Fannie Mae • The following are required to document the sale of personal assets for funds to close: the borrower's ownership of the asset, the value of the asset, as determined by an independent and reputable source, the transfer of ownership of the asset, as documented by either a bill of sale or a statement from the purchaser, the borrower's receipt of the sale proceeds from documents such as deposit slips, bank statements, or copies of the purchaser's canceled check. Depending on the significance of the funds in question, the lender may accept alternatives to this required documentation, particularly when the proceeds of the sale represent a minor percentage of the borrower's overall financial contribution. • All asset sources used to qualify borrowers must be legal at the local, state, and federal level. Any assets derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company. • If the borrower's source of funds is from a country included on the OFAC Sanctioned Countries List that is found in the Resource Center, the funds are not eligible for use in the transaction. • Any allowable fees paid by credit card or unsecured line of credit, must comply with Agency requirements, including ensuring the borrower has sufficient verified funds to pay these fees and the amount charged for the fee is included in the borrower's DTI, as appropriate. • Large deposits must be evaluated when bank statements (typically covering the most recent two months) are used. Large deposits are defined as a single deposit that exceeds 50% of the total monthly qualifying income for the loan. For refinances, documentation or explanation for large deposits is not required; however, the underwriter remains responsible for ensuring that any borrowed funds, including any related liability, are considered. For purchases, If funds from a large deposit are needed to complete the purchase transaction (that is, are used for the down

payment, closing costs, or financial reserves), the underwriter must document that those funds are from an acceptable source. Occasionally, a borrower may not have all of the documentation required to confirm the source of a deposit. In those instances, the underwriter must use reasonable judgment based on the available documentation as well as the borrower's debt-to-income ratio and overall income and credit profile. Examples of acceptable documentation include the borrower's written explanation, proof of ownership of an asset that was sold, or a copy of a wedding invitation to support receipt of gift funds. The underwriter must place in the loan file written documentation of the rationale for using the funds. Verified funds must be reduced by the amount (or portion) of the undocumented large deposit (as defined above), and the underwriter must confirm that the remaining funds are sufficient for the down payment, closing costs, and financial reserves. When the underwriter uses a reduced asset amount, net of the unsourced amount of a large deposit that reduced amount must be used for underwriting purposes. Note: When a deposit has both sourced and unsourced portions, only the unsourced portion must be used to calculate whether or not it must be considered a large deposit. Note: If the source of a large deposit is readily identifiable on the account statement(s), such as a direct deposit from an employer (payroll), the Social Security Administration, or IRS or state income tax refund, or a transfer of funds between verified accounts, and the source of the deposit is printed on the statement, the underwriter does not need to obtain further explanation or documentation. However, if the source of the deposit is printed on the statement, but the underwriter still has questions as to whether the funds may have been borrowed, the underwriter should obtain additional documentation.

- Sweat equity and cash on hand not allowed
- When using foreign assets, funds must be transferred into a u./deposit account prior to closing, proof the transferred funds belonged to borrower(s) prior to transfer and verification of the source for large deposits is required
- When business funds are used, the following requirements must be met: Assets must be related to the business that the Borrower owns that is documented in the loan file and if borrower is not 100% owner, evidence that borrower has access to use the funds is required; Borrower must be at least 25% owner in the business (to be considered self-employed and eligible to use the assets); Verification of funds in the account is required. (Note: Large deposits that are not in line with business revenue/income stream should be explained and verified.) Regardless of the documentation required for the process type, the underwriter must perform a cash flow analysis based on the tax returns provided, as well as analyzing, at minimum, the most current three month's business bank statements to determine that the withdrawal of funds will not have a detrimental effect on the business. The file must contain the underwriter's written analysis and conclusions and documentation (such as a CPA letter (preferred) or 12 months' bank account statements) to support the decision. The cash flow analysis must provide enough detail/support so that anyone reviewing the file would come to the same conclusion.
- When wiring assets/funds (either gift funds or the borrowers own funds) for closing, like all assets, they must be appropriately and completely documented.
- If the wire is for gift funds and does not show the donor's name and account number, then a statement/transaction history documenting the outgoing wire would be needed. The statement/transaction history would need to contain the account owner's information.
- Funds that are brought to closing (i.e., cashier's checks or wire) by the borrower must be verified as belonging to the borrower and from the institution that was sourced in the loan file. If the account number appears on the wire/cashier's check,

<p>GIFT FUNDS</p>	<p>it must match the account numbers that were verified in the loan file.</p> <ul style="list-style-type: none"> • Donor may be a relative, defined as the borrower’s spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or a fiancé, fiancée, or domestic partner. • The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction • Gift letter required and must include: donor’s name and relationship to borrower, donor’s mailing address and telephone number, identify the transaction (property address, borrower’s name), state the amount of the gift, specifically state that the funds are a gift and it does not need to be repaid, and letter must be signed by the donor. • The transfer of the gift funds to the borrower must be documented in one of the following ways: <ul style="list-style-type: none"> • Copy of the donor’s cancelled check and the borrower’s deposit receipt or bank statement; or • Copy of the donor’s withdrawal slip and the borrower’s deposit receipt or bank statement. • If the transferred occurred with certified funds, a letter from the bank that issued the certified check must be provided stating that the funds came from the donors account and the borrower’s deposit receipt or bank statement • Verification of a wire transfer from donor’s account into borrower’s account • If the funds have not been transferred prior to settlement, documentation must be provided that shows that the donor gave the closing agent the gift funds in the form of a certified check, a cashier’s check, other official check or wire, and must be evidenced on the HUD-1. • For any wire transfer of gift funds, a copy of the wire confirmation form also needs to be included and the depository institution where the wire came from must be identified, as well as donor information (name, account number, etc.) The information must match the institution, gift amount and additional information on the gift letter. • Acceptable after a minimum down payment has been made by the borrower from their own resources as required by the transaction, See Required Down Payment/Source of Funds section for when gifts are allowed and requirements for minimum down payment. • Not allowed on non-owner occupied properties. • Gifts of equity allowed, see Gifts of Equity section.
<p>CONTRIBUTIONS BY AN INTERESTED PARTY</p>	<ul style="list-style-type: none"> • Contributions by an interested party may be used for closing costs, prepaids and other financing costs. • Primary Residence: <ul style="list-style-type: none"> • 9% of the lesser of the sales price or appraised value for LTV/CLTVs ≤ 75%. • 6% of the lesser of the sales price or appraised value for LTV/CLTVs > 75% and ≤ 90%. • 3% of the lesser of the sales price or appraised value for LTV/CLTVs > 90% • Payment of condominium fees, personal property and down payment assistance not allowed
<p>SUBORDINATE FINANCING</p>	<ul style="list-style-type: none"> • No subordinate financing allowed except those that meet Fannie Mae’s Community Seconds guidelines (see Down Payment Assistance Section) • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program) unless the lien will subordinate via a subordination agreement where the lien is no longer part of the property taxes that can take first lien priority (note, the HERO subordination

	<p>agreement does not provide for this and is not eligible) and meets all Agency requirements</p>
<p>ADDITIONAL DOWN PAYMENT ASSISTANCE</p>	<ul style="list-style-type: none"> • This program may be layered with a Fannie Mae approved Community Seconds program used for closing costs and/or down payment assistance per individual requirements. <ul style="list-style-type: none"> • The locality subordinate loan must meet Fannie Mae Community Seconds guidelines. • The maximum CLTV must meet Agency requirements. • In the case of conflicting guidelines, the lender must follow the more restrictive. • PRMG DPA approval must indicate eligible for Fannie Mae Housing Authority Product <ul style="list-style-type: none"> • Fannie Mae Community Seconds Checklist must be completed, signed and dated and in each loan file https://www.fanniemae.com/content/fact_sheet/community-seconds-checklist.pdf • To determine if DPA is approved, send an email to DPArequests@prmg.net with the property state, DPA program name, DPA contact name and phone number or review the list posted with the product Profiles in the Resource Center. If it is determined the DPA is not already approved, the DPA can be submitted for approval using the DPA Submission form (found in the Resource Center). Required information must be submitted for approval and a determination regarding the DPA will be made regarding acceptability. • Access the PRMG Eligible DPA list and a link to the synopsis that must be reviewed by the loan officer, processor and underwriter to ensure all requirements for the DPA are met at the following link: http://www.eprmg.net/ResourceCenter/PoliciesProceduresInformation/PRMG%20DPA%20List.pdf • The underwriter must verify the DPA used on the loan is the same program that is confirmed in the email/list and that it is eligible with the product and enter the information in FastTrac. Instructions for this can be found at the following link: http://www.eprmg.net/DPA-Training.pdf • When using a DPA, loan must comply with max LTV/CLTV and all borrower minimum contributions (DPA cannot be used to meet borrower minimum contributions.) • Additionally, the following are requirements of the program and if any evidence appears that it cannot be met, it will no longer be eligible. <ul style="list-style-type: none"> • The DPA, UCAP or HAP must meet the applicable Fannie Mae or Freddie Mac requirements • The first Mortgage is not subject to any terms or conditions of a bond program; and • The DPA, UCAP or HAP does not restrict the transfer of servicing rights of the first Mortgage. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage's servicing rights.
<p>MORTGAGE CREDIT CERTIFICATES (MCC)</p>	<ul style="list-style-type: none"> • CHFA's MCC is allowed with the Preferred Plus product. CHFA charges an MCC Program administration fee of two hundred fifty dollars (\$250) for each MCC with a CHFA Loan, and the Lender must collect the fee on behalf of CHFA when you add a CHFA MCC to a CHFA loan • When using CHFA's MCC, Lender may charge MCC Lender Processing fee of \$200 • The MCC cannot restrict the transfer of ownership or servicing rights of the first Mortgage. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage's servicing

	<p>rights.</p> <ul style="list-style-type: none"> • Mortgage Credit Certificates (MCC) are payment subsidies issued by a government entity to qualifying homebuyers. It may be in the form of direct payments or tax rebates/credits. • When qualifying the borrower and calculating the borrower's debt-to-income ratio, treat the maximum possible MCC income as an addition to the borrower's income, rather than as a reduction to the amount of the borrower's mortgage payment. Use the following calculation when determining the available income: $[(\text{Mortgage Amount}) \times (\text{Note Rate}) \times (\text{MCC \%})] \div 12 = \text{Amount added to borrower's monthly income}$. • If the borrower obtaining the MCC needs the monthly subsidy to qualify, then the loan file must contain all of the following: • Copy of the Mortgage Credit Certificate (A Commitment in lieu of the Certificate will not satisfy this requirement), Copy of the W-4 and worksheet (must include calculations and adjustments to income), MCC Worksheet • PRMG is responsible for compliance with all requirements of the issuing authority and must verify PRMG is approved to participate as a lender in the program. • On retail transactions, Loan Officer to verify that PRMG is approved with the issuing MCC and if specific training is required by the lender, the Loan Officer must complete the training. If any training is required by other staff (besides the loan officer) it must be approved by management. If PRMG needs to be approved by issuing MCC, Loan Officer can request application be submitted by PRMG for approval. Loan Officer is responsible for obtaining any paperwork, etc. from the MCC. • Must complete the MCC screen in FastTrac and review the below document. • Additional information about Mortgage Credit Certificates can be found here: • http://www.eprmg.net/MortgageCreditCertificates.pdf
<p>NON-ARM'S LENGTH TRANSACTIONS</p>	<ul style="list-style-type: none"> • A non-arm's length transaction occurs when a personal or business relationship exists between the borrowers and the builder or seller. For example: <ul style="list-style-type: none"> • Family sales or transfers • Corporate sales or transfers • Mortgagors employed in the real estate or construction trade who are involved in the construction, financing or sale of the subject property • Mortgagors employed in the real estate or construction trade who are involved in the construction, financing or sale of the subject property • Some transactions involving principals/sellers/other vendors (such as, an appraiser, settlement agent, title company, etc.) who are involved in the lending process of the subject property. • Sales between landlord/tenant • Property flips are not allowed • Non-arm's length transactions with family members are generally acceptable if the following requirements are met: <ul style="list-style-type: none"> • The family member is the borrower's spouse, child, parent, or any other individual related to the borrowers by blood, adoption, or legal guardianship. • An executed purchase agreement between the purchaser and the family member is in the file. • Refinance transactions must have at least one borrower from the loan being refinanced on the new loan. • The source and ownership of funds for the down payment, closing costs, and reserves are well documented. • The appraised value of the property is well supported, particularly any gifts of equity or gifts of more than 20% of the LTV.

- If the loan is a non-arm’s length transaction, the relationship must be disclosed on the purchase contract. Purchase contract must be closely reviewed.
- Purchase may not be a short sale.
- Borrower must provide a copy of the canceled earnest money check to verify payment to the Seller.
- A payment history for the existing mortgage (verification of seller’s mortgage) on the subject property must be obtained and show no pattern of delinquency within the past 12 months.
- Full documentation is required for income, employment and assets.
- Full appraisal is required, regardless of AU findings
- The appraiser must be informed of the non-arm’s length transaction and address whether or not the market value has been affected by the relationship of the parties.
- Appraiser must verify last sale date and sales price of the subject property, and must provide recent listing and/or marketing materials.
- The real estate agent for the subject property may act as the loan officer for the borrowers purchasing the same subject property, however extra diligence must be exercised.
- Not allowed on new construction second homes or new construction non-owner occupied properties.
- Allowed all owner occupied properties, existing construction second home and existing construction non-owner occupied properties.
- Transactions cannot be for bail-out purposes.
- For purchases, Title must not evidence a foreclosure or Notice of Default.

REAL ESTATE AGENT ALSO LOAN OFFICER/BROKER

- The real estate agent for the subject property may not act as the loan officer/broker for the borrowers purchasing the same subject property.

MORTGAGE INSURANCE

- Mortgage insurance must be ordered through any of the following Mortgage Insurance: Essent, Genworth, or Radian
- Either Borrower paid monthly or single premium with financed MI is allowed – maximum LTV 97 (Gross LTV with financed MI included cannot exceed 97%) is acceptable. Lender Paid MI is not allowed.
- **Delegated MI not allowed**
- Must enter HFA under Special Program when ordering mortgage insurance for Housing Authority loans
- Information about ordering MI in FT360 for Housing Finance Authorities can be found here: <http://www.eprmg.net/HFA-MI-FT360Training.pdf>

LTV	Coverage
95.01% - 97.0%	18%
90.01% - 95.0%	16%
85.01% - 90.0%	12%
80.01% - 85.0%	6%

APPRAISAL

- Additional appraisal requirements can be found in the PRMG Appraisal Guidelines which is available in the Resource Center or at the following link
- <http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Guidelines.pdf>
- Appraisal must indicate that the home has at least a 30 year remaining useful life.
- Transferred or Ported appraisals are not allowed.
- Traditional appraisal report completed by a state-licensed or state-certified appraiser required on all loans.
- Residential appraisal reports must be dated no more than 12 months prior to the note date. An Appraisal Update is required on all appraisals dated more than 120 days prior to the note date.

	<ul style="list-style-type: none"> • The Update Appraisal Form (1004D) must be used. If the value of the property is less than the original appraised value, then a new appraisal will need to be ordered. If the value of the property has not declined, then the loan may process without requiring any additional fieldwork. The appraisal update must occur within the four months that precede the date of the note and mortgage. The original appraiser should complete the appraisal update; however, lenders may use substitute appraisers. When updates are completed by substitute appraisers, the substitute appraiser must review the original appraisal and express an opinion about whether the original appraiser's opinion of market value was reasonable on the date of the original appraisal report. The lender must note in the file why the original appraiser was not used. • The use of an appraisal report (expired or unexpired) that was utilized for a different closed loan is not permitted. • Defects and/or repair conditions identified by the appraiser on the appraisal report must be corrected. All units must be complete with respect to construction or repairs and ready to occupy. • Properties with a condition rating of C5 or C6 in "as is" condition or "subject to repairs" are not acceptable. A quality rating of Q6 is not acceptable. • Full appraisals required for purchase transactions of REO properties and all purchases of properties whose most recent transaction was a foreclosure sale, apparent adverse physical deficiencies or conditions, apparent adverse environmental conditions and the subject property does not conform to the neighborhood • For all refinances, if the property has been owned less than 12 months and the appraisal shows a substantial increase in value from the purchase price, the appraiser should ensure that the increase in value is valid. • The appraiser must report and analyze a minimum three-year sales history for the subject property. The sales history of the subject property and comparable sales will be used to determine if any substantial appreciation or property churning has occurred. If there has been a prior sale of the subject property within three years and there is an increase in value, the appreciation or improvements must be explained. If the value has increased by 15% or more in one year or 30% in three years from the original sales price the appraiser must analyze and explain the increase if due to a below market sale, such as a property in foreclosure. If the increase was due to improvements, the appraiser must analyze and explain.
	<ul style="list-style-type: none"> • An exterior property inspection is required for properties located in an identified FEMA disaster area if the original appraisal was completed prior to the disaster being declared. For 90 days after the disaster date, a full appraisal will be required. See PRMG Disaster Guidance/Announcements for specific details and full requirements. • If property is in an area declared a disaster by FEMA, and using reduced appraisal documentation (such as a 2055/2075), immediately before or up to 90 days after a disaster, a full appraisal will be required and the appraiser must address any lingering negative impact on value, habitability or marketability of the disaster occurrence. • For any loan secured by property located within a Federally Declared Disaster Area (FEMA) • A re-inspection/certification of the subject property, with photograph, must be obtained prior to funding/purchase. The re-inspection must state the property is habitable and contains no evidence of damage based on the exterior inspection. • Loans with appraisals completed after the dates of the Natural Disaster (FEMA declaration dates) are not subject to the above requirements unless specifically requested by an underwriter.

	<ul style="list-style-type: none"> • If the subject property is a prior foreclosure, the utilities must be operational at the time of the appraisal. • When adjustments are made to the appraisal for the year built, whether they are made for the actual age or the effective age of the subject property, the appraiser must provide an explanation for the adjustments and the condition of the property. • PRMG reserves the right to require additional appraisal reviews/reports at the underwriter's discretion. • If property is legal, non-conforming and a rebuild letter is required (see Appraisal Guidelines for requirements), property must be able to be rebuilt to 100%. If a rebuild letter is not required, property is not required to be rebuilt to 100%, but must meet requirements as described in Appraisal Guidelines (found in the Resource Center).
REVIEW/SECOND APPRAISALS	<ul style="list-style-type: none"> • Review appraisals must be completed by a PRMG approved Appraisal Company. • AUS red flag warnings for excessive value (cash-out and limited cash-out refinance) or excessive value with valuation risk (cash-out and limited cash-out refinance) require a desk review • AUS red flag warnings for rapid appreciation or rapid appreciation with valuation risk do not require a desk review • When run through Fannie Mae's Collateral Underwriter, any appraisal with a score of 5 must have, at minimum, a desk review performed.
SALES CONTRACT CHANGES	<ul style="list-style-type: none"> • Purchase agreements renegotiated after the completion of the appraisal that increase the sales price are only acceptable under the following circumstances: • The sales price adjustment is due to price overruns that impact the tangible value of the property on new construction. An updated appraisal must be obtained to verify the value of the modifications. • A renegotiation of only seller paid closing costs and/or prepaids occurs where seller paid closing cost/prepaids are common and customary for the market and supported by comparables. • Changes in the purchase contract resulting from renegotiating terms of sale will require additional review and consideration by the appraiser.
RESIDUAL INCOME EVALUATION	<ul style="list-style-type: none"> • All loans meeting Rebuttable Presumption under QM/ATR requirements (are a Higher Priced Covered Transaction (HPCT) - which is same calculation as HPML, but applies to all occupancy types) must contain the Residual Income Evaluation worksheet, which can be found as a tab within the Income Calculations worksheet in the Resource Center. The following is a summary of requirements that trigger Rebuttable Presumption: <ul style="list-style-type: none"> • The loan is underwritten to the Agency's u/w guidelines and is eligible for purchase or guarantee by the respective Agency • The points and fees do not exceed the QM limits • The loan term does not exceed 30 years • Fully-amortizing regular payments • No risky features • The loan is a HPCT (same calculation as HPML, but applies to all occupancy types) • Residual Income is the resulting sum when taking the gross income, less all housing and debt payments, (see worksheet for more details.) • Loans with an application date as of 1/10/14 that have Rebuttal Presumption (HPML/HPCT loans) must also meet the following requirements in regards to Residual Income (loans with an application date prior to 1/10/14 and are considered HPML should contain the document, but are not required to meet the following): <ul style="list-style-type: none"> • Principal Residence: <ul style="list-style-type: none"> • Residual Income \$2500 or greater: No minimum reserve requirement

	<ul style="list-style-type: none"> Residual Income \geq \$800 and $<$ \$2500: Minimum reserves are the greater of three (3) months liquid (as defined by FNMA/FHLMC) PITIA reserves OR minimum program reserve requirements as described in Product Profile (Note: Underwriters should consider requiring additional reserves for loans with higher layered risks) Residual Income $<$ \$800: Loan is not eligible with PRMG
HIGHER PRICED MORTGAGE LOAN (HPML)	<ul style="list-style-type: none"> Allowed within the parameters of Section 35 of CFPB Regulation Z Must comply with all limitations and requirements of HPML loans as described in PRMG's Compliance Policy regarding HPML-Section 35 loans. HPML loans must have an escrow account, regardless of LTV
SECTION 32 / HIGH COST LOAN	<ul style="list-style-type: none"> High cost loans are not allowed: Loan is not a high cost loan as defined by Section 32 of the Federal Truth-in-Lending Act; and Loan is not a high cost loan as defined by applicable state laws and/or regulations.
REAL ESTATE COMMISSIONS	<ul style="list-style-type: none"> The maximum real estate commission allowed is 8% aggregate.
SERVICING OPTIONS	<ul style="list-style-type: none"> N/A
ESCROW ACCOUNT	<ul style="list-style-type: none"> Escrows are required for LTVs $>$ 80%. HPML loans must have an escrow account, regardless of LTV Payment of monthly private mortgage insurance must always be escrowed Flood insurance must be impounded (escrowed) for all loans with a note date of 1/1/16 or later if the property is in a Special Flood Hazard Area (SFHA), designated as a flood zone beginning with A or V, regardless of LTV and/or federal exemptions and is required for the life of the loan. It is not required to be impounded if the flood insurance is paid through the condominium association, HOA dues, etc. Additionally, the escrow requirement needs to be stated in the Flood Notice that is provided to the borrower. Escrows may not be waived for the following (unless requiring an escrow account is not permitted by applicable law): Rate/Term refinance when prepaid real estate taxes are included in the loan amount
UNDERWRITING	<ul style="list-style-type: none"> Delegated underwriting allowed DU underwriting is acceptable provided the loan receives an "Approve" from DU. <ul style="list-style-type: none"> Manual underwriting and nontraditional credit not allowed.
ASSUMABILITY	<ul style="list-style-type: none"> Not Assumable
INDEX	<ul style="list-style-type: none"> N/A
MARGIN	<ul style="list-style-type: none"> N/A
INTEREST RATE CAPS	<ul style="list-style-type: none"> N/A
INTEREST RATE CHANGES	<ul style="list-style-type: none"> N/A
SUBMISSION INFORMATION	<p>Lenders must fund the First Mortgage Loans at loan closing. All loans will be locked, approved, DPA funds requested, and post-closing documents uploaded through the CHFA Loan Reservation System HomeConnection.</p> <p>All employees, loan officers, or any staff member prior to locking/reserving a loan through HomeConnection are required to complete lender training. Training is available on CHFA's website: https://www.chfainfo.com/participating-lenders/single-family/education</p> <p>Servicing information for participating lenders is available on CHFA website: https://www.chfainfo.com/participating-lenders/single-family/loanservicing</p> <p>Step 1 Qualify</p>

- Buyers must present an executed sales agreement before being entered into HomeConnection.

Step 2 Reserve

- Reserve funds on HomeConnection:
<https://chfaconn.chfainfo.com/Account/Login?ReturnUrl=%2f>
- Refer to CHFA Form 707 Reservation Worksheet for required borrower and loan information. You will receive a loan number and a message that you've completed the reservation successfully. Receipt of a CHFA loan number or a pipeline status indicating "Reserved" does not mean that CHFA has determined a Borrower or the Property are in compliance with Program requirements. The file will need to be reviewed by CHFA for compliance.
- **Zero Percent Second Mortgage Loan Required CHFA Forms (may use lender's version for the LE/CD)**
- CHFA Form 375 Second Mortgage Documents Instructions
- CHFA Form 376 Second Mortgage Loan Estimate
- CHFA Form 377 CHFA Second Mortgage Closing Disclosure
- Reservation Timeline:
- The loan Delivery period is: 60 days from the date of Reservation
- Forms and documents must be delivered: 90 days after the First Mortgage Loan Purchase Date

Step 3 Underwrite and Certify

- CHFA requires submission of a full Program Compliance file at the time of Program Compliance Review for all Mortgage Loans. Refer to CHFA Form 727 Program Compliance Review Submission Checklist for a specific list of all the required documents due at time of review loans are reviewed within three (3) Business Days after receipt of a complete CHFA Program Compliance Review file.
- Note: CHFA requires the Income Calculation Worksheet to be submitted PRIOR to Compliance Review. Failure to provide this document will result in CHFA suspending the loan for purchase.
- PRMG will be required to register and assign the First Mortgage using MERS to CHFA within five (5) calendar days after purchase of the Loan.

Step 4 Close and Certify

- CHFA will review the Purchase package for completeness and accuracy prior to the Purchase of the Mortgage Loan. Refer to CHFA Form 728 Purchase Review Submission Checklist for a list of all of the required documents. At time of Purchase, the CHFA Loan Analyst will enter the actual amount of the down payment assistance as stated on the Settlement Statement.

Step 5 SHIP and Submit

- Use CHFA's Document Delivery System in CHFA HomeConnection for uploading documents, unless an original is required. Be sure to follow CHFA Form 738 Post Closing Review Submission Checklist when submitting files.
- Original documents should be mailed to CHFA's offices at 1981 Blake Street, Denver CO 80202.

	<ul style="list-style-type: none"> • Mortgage Electronic Registration System (MERS) • The CHFA First Mortgage Loan should be closed using a MERS as Original Mortgagee (MOM) Deed of Trust, which must be recorded in the appropriate county. Should the Mortgage Loan be closed using a non-MOM Deed of Trust, the assignment to MERS must be executed by the Participating Lender. CHFA Form 230M, Assignment of Deed of Trust (to MERS), is available at www.chfainfo.com • If the Mortgage Identification Number (MIN) is omitted or incorrect on the MOM Deed of Trust and/or Assignment, a Mortgagee Affidavit (available on the MERS website, www.mersinc.com) is required to add and/or correct the MIN number. The Mortgagee Affidavit, recorded in the appropriate county, is required at Post Closing. Upon Purchase of a First Mortgage Loan by CHFA, the Participating Lender must initiate the transfer of servicing and beneficial rights in the MERS System (www.mersinc.com) within five (5) calendar days after purchase of the Loan. • Mortgagee Clause • The mortgagee clause should read: “Colorado Housing and Finance Authority, Its Successors and/or Assigns”. If the mortgagee clause is in the name of the Participating Lender, a transfer letter from the Participating Lender to CHFA is required. <p>Hazard Insurance, H06 Insurance, and Flood Insurance: COLORADO HOUSING AND FINANCE AUTHORITY, ITS SUCCESSORS AND/OR ASSIGNS P.O. BOX 961292 FORT WORTH, TX 76161-0292</p> <p>Private Mortgage Insurance and Flood Determination Certificate: COLORADO HOUSING AND FINANCE AUTHORITY, ITS SUCCESSORS AND/OR ASSIGNS 1 Corporate Drive, Suite #360 Lake Zurich, IL 60047-8945</p> <ul style="list-style-type: none"> • Additionally, the fax number for insurance declaration pages, policies, renewals, cancellation notices, and other associated insurance notices is 855.640.4865. <p>Post-Closing Timeline:</p> <ul style="list-style-type: none"> • Required forms and documents must be delivered to CHFA within ninety (90) days after the First Mortgage Loan Purchase Date, unless an earlier date is required. Failure to deliver within one hundred twenty (120) days after Purchase will result in a one hundred fifty dollars (\$150) Late Document Fee being charged.
<p>LOAN RESERVATION PROCESS</p>	<ul style="list-style-type: none"> • Interest Rates are posted daily on CHFA’s website: https://www.chfainfo.com/participating-lenders/single-family/Pages/rates.aspx • All loans must be reserved through the CHFA’s Loan Reservation System HomeConnection: https://chfaconn.chfainfo.com/Account/Login?ReturnUrl=%2f • Reservations may be made on Business Days from 9:30 a.m. to 10:00 p.m. M.S.T. Reservations should be made after a sales contract has been executed between the buyer and seller. DO NOT RESERVE EARLY. • On all extension requests, AFS will extend the loan by contacting CHFA’s Secondary Department and will immediately send an email to PRMG Secondary with the updated lock confirmation indicating the lock has been extended. Secondary will then update FT360. • The one time extension request is 30 days at the existing interest rate, and at a cost

	<p>of 0.35 percent of the First Mortgage Loan amount (original principal balance).</p> <ul style="list-style-type: none"> • Reservation Timeline: <ul style="list-style-type: none"> • The loan Delivery period is: 60 days from the date of Reservation • Forms and documents must be delivered: 90 days after the First Mortgage Loan Purchase Date • If a loan is within the original sixty (60) day Reservation Period, you may request a one-time thirty (30) day extension for a fee of thirty-five one-hundredths of one percent (0.35%) of the original principal balance (OPB). This fee may be paid by the Borrower, Participating Lender, or seller and will be deducted in the CHFA purchase advice. • If the Mortgage Loan is not delivered to CHFA prior to the end of the Reservation Period and an Extension has not been requested, CHFA will charge the Lender one quarter of one percent (.25%) of the OPB for the Loan Delivery Extension, and ten (10) days will be added to the Delivery Period. • If the Mortgage Loan is not delivered to CHFA by the end of the Loan Delivery Extension, the Reservation may be cancelled and CHFA may not Purchase the Mortgage Loan if submitted at a later date. • If the Mortgage Loan has not been Approved for Purchased within the Funding Review Period, CHFA will charge the Lender a penalty of one quarter of one percent (.25%) of the OPB and add a ten (10) day Funding Extension to the Funding Period. • Once the Mortgage Loan has been delivered and reviewed, if it is suspended due to missing, incomplete, or inaccurate information, the Participating Lender will be given ten (10) days to cure the deficiency. Regardless of the number of days remaining in the Reservation Period, if the suspension is not cured within ten (10) days, the Lender will be charged a Suspension Penalty equal to one quarter of one percent (.25%) of the OPB. • If a Participating Lender cancels a Mortgage Loan, a new Reservation for the same Borrower may be made within thirty (30) days of cancellation; however, the Interest Rate will be the higher of the original Reservation Interest Rate or the Interest Rate at the time of the new Reservation. • Reservations are not transferrable between Borrowers. Once a Mortgage Loan is cancelled, a new Reservation for the same Borrower, made within 30 days of the cancellation date, will be the higher of the previous Reservation’s interest rate or today’s interest rate.
<p>CANCELLATION OF LOAN RESERVATION</p>	<ul style="list-style-type: none"> • Cancel loan reservation on CHFA’s Loan Reservation System HomeConnection: https://chfaconn.chfainfo.com/Account/Login?ReturnUrl=%2f • Once the Mortgage Loan has been submitted for Program Compliance Review, the Reservation may be cancelled by submitting a completed CHFA Form 704, Change or Cancellation of Reservation. The CHFA Form 704 is available on CHFA’s website under forms: https://www.chfainfo.com/participating-lenders/single-family/Pages/Programs-Forms.aspx • If PRMG does not produce evidence of a valid cancellation, then there may be a charge of one hundred dollars (\$100) Cancellation Fee for each cancelled reservation. • Notify Secondary Marketing Department of cancellation request.

Colorado CHFA Preferred Plus Conventional Loan Process – Conventional

Lenders must fund the First Mortgage Loans at loan closing. All loans will be locked, approved, DPA funds requested, and post-closing documents uploaded through the CHFA Loan Reservation System HomeConnection.

All employees, loan officers, or any staff member prior to locking/reserving a loan through HomeConnection are required to complete lender training. Training is available on CHFA's website: <https://www.chfainfo.com/participating-lenders/single-family/education>

Servicing information for participating lenders is available on CHFA website: <https://www.chfainfo.com/participating-lenders/single-family/loanservicing>

Step 1 Qualify

Buyers must present an executed sales agreement before being entered into HomeConnection.

Step 2 Reserve

Reserve funds on HomeConnection: <https://chfaconn.chfainfo.com/Account/Login?ReturnUrl=%2f>

Refer to CHFA Form 707 Reservation Worksheet for required borrower and loan information. You will receive a loan number and a message that you've completed the reservation successfully. Receipt of a CHFA loan number or a pipeline status indicating "Reserved" does not mean that CHFA has determined a Borrower or the Property are in compliance with Program requirements. The file will need to be reviewed by CHFA for compliance.

Reservation Timeline:

- The loan Delivery period is: 60 days from the date of Reservation
- Forms and documents must be delivered: 90 days after the First Mortgage Loan Purchase Date

Step 3 Underwrite and Certify

CHFA requires submission of a full Program Compliance file at the time of Program Compliance Review for all Mortgage Loans. Refer to CHFA Form 727 Program Compliance Review Submission Checklist for a specific list of all the required documents due at time of review loans are reviewed within three (3) Business Days after receipt of a complete CHFA Program Compliance Review file.

Note: CHFA requires the Income Calculation Worksheet to be submitted PRIOR to Compliance Review. Failure to provide this document will result in CHFA suspending the loan for purchase.

PRMG will be required to register and assign the First Mortgage using MERS to CHFA within five (5) calendar days after purchase of the Loan.

Step 4 Close and Certify

CHFA will review the Purchase package for completeness and accuracy prior to the Purchase of the Mortgage Loan. Refer to CHFA Form 728 Purchase Review Submission Checklist for a list of all of the required documents. At time of Purchase, the CHFA Loan Analyst will enter the actual amount of the down payment assistance as stated on the Settlement Statement.

Step 5 SHIP and Submit

Use CHFA's Document Delivery System in CHFA HomeConnection for uploading documents, unless an original is required. Be sure to follow CHFA Form 738 Post Closing Review Submission Checklist when submitting files.

Original documents should be mailed to CHFA's Temporary Physical Address for all overnight packages:
7595 Technology Way, Denver CO 80237
P.O. Box 60 Denver CO 80201

Mortgage Electronic Registration System (MERS) - **CHFA MERS No. 1008017**

The CHFA First Mortgage Loan should be closed using a MERS as Original Mortgagee (MOM) Deed of Trust, which must be recorded in the appropriate county. Should the Mortgage Loan be closed using a non-MOM Deed of Trust, the assignment to MERS must be executed by the Participating Lender. CHFA Form 230M, Assignment of Deed of Trust (to MERS), is available at www.chfainfo.com

If the Mortgage Identification Number (MIN) is omitted or incorrect on the MOM Deed of Trust and/or Assignment, a Mortgagee Affidavit (available on the MERS website, www.mersinc.com) is required to add and/or correct the MIN number. The Mortgagee Affidavit, recorded in the appropriate county, is required at Post Closing. Upon Purchase of a First Mortgage Loan by CHFA, the Participating Lender must initiate the transfer of servicing and beneficial rights in the MERS System (www.mersinc.com) within five (5) calendar days after purchase of the Loan.

Mortgagee Clause

The mortgagee clause should read: “Colorado Housing and Finance Authority, Its Successors and/or Assigns”. If the mortgagee clause is in the name of the Participating Lender, a transfer letter from the Participating Lender to CHFA is required.

- **Hazard Insurance, H06 Insurance, and Flood Insurance:**
COLORADO HOUSING AND FINANCE AUTHORITY, ITS SUCCESSORS AND/OR ASSIGNS
P.O. BOX 961292
FORT WORTH, TX 76161-0292
- **Private Mortgage Insurance and Flood Determination Certificate:**
COLORADO HOUSING AND FINANCE AUTHORITY, ITS SUCCESSORS AND/OR ASSIGNS
1 Corporate Drive, Suite #360
Lake Zurich, IL 60047-8945

Additionally, the fax number for insurance declaration pages, policies, renewals, cancellation notices, and other associated insurance notices is 855.640.4865.

Post-Closing Timeline:

- Required forms and documents must be delivered to CHFA within ninety (90) days after the First Mortgage Loan Purchase Date, unless an earlier date is required. Failure to deliver within one hundred twenty (120) days after Purchase will result in a one hundred fifty dollars (\$150) Late Document Fee being charged.