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 less words.

DU REFI PLUS 2.0
STANDARD BALANCE AND HIGH BALANCE

10, 15, 20 and 30 Year Fixed Rate

LTV	CLTV	Purpose	Units	Occupancy	Credit Score	DTI Ratio
125	125	Rate & Term	1-2	O/O	620[1]	50
105	105	Rate & Term	3-4	O/O	620	50
105	105	Rate & Term	1	SH	660	50
105	105	Rate & Term	1-4	N/O/O	660	50
1. Second review/signature by a Corporate Underwriter or Operations Manager required for the following: O/O with LTV/CLTV >105% and credit scores between 620-659						

The DU Refi Plus 2.0 is a Rate and Term Refinance program for loans already owned or guaranteed by Fannie Mae. This program provides underwriting flexibilities, expanded eligibility criteria or reduced documentation requirements as compared to standard Rate & Term Refinance transactions.

All existing loans are eligible as long as the loan was sold to Fannie Mae, the new loan receives the appropriate feedback from DU, there is a benefit to the borrower and the original (existing) mortgage must have a note date on or before May 31, 2009.

Per Fannie Mae, application date deadline for DU Refi Plus Loans is December 31, 2018

PRODUCT NAME	• DU Refi Plus 2.0 10 Year Fixed 80% LTV or less • DU Refi Plus 2.0 15 Year Fixed 80% LTV or less • DU Refi Plus 2.0 20 Year Fixed 80% LTV or less • DU Refi Plus 2.0 30 Year Fixed 80% LTV or less • DU Refi Plus 2.0 10 Year Fixed 80.01-105% LTV • DU Refi Plus 2.0 15 Year Fixed 80.01-105% LTV • DU Refi Plus 2.0 20 Year Fixed 80.01-105% LTV • DU Refi Plus 2.0 30 Year Fixed 80.01-105% LTV • DU Refi Plus 2.0 10 Year Fixed Greater than 105% • DU Refi Plus 2.0 15 Year Fixed Greater than 105% • DU Refi Plus 2.0 20 Year Fixed Greater than 105% • DU Refi Plus 2.0 30 Year Fixed Greater than 105% • DU Refi Plus 2.0 High Balance 10 Year Fixed 80% LTV or less • DU Refi Plus 2.0 High Balance 15 Year Fixed 80% LTV or less • DU Refi Plus 2.0 High Balance 20 Year Fixed 80% LTV or less • DU Refi Plus 2.0 High Balance 30 Year Fixed 80% LTV or less • DU Refi Plus 2.0 High Balance 10 Year Fixed 80.01-105% LTV • DU Refi Plus 2.0 High Balance 15 Year Fixed 80.01-105% LTV • DU Refi Plus 2.0 High Balance 20 Year Fixed 80.01-105% LTV • DU Refi Plus 2.0 High Balance 30 Year Fixed 80.01-105% LTV • DU Refi Plus 2.0 High Balance 10 Year Fixed Greater than 105% • DU Refi Plus 2.0 High Balance 15 Year Fixed Greater than 105% • DU Refi Plus 2.0 High Balance 20 Year Fixed Greater than 105% • DU Refi Plus 2.0 High Balance 30 Year Fixed Greater than 105%
ALLOWABLE ORIGINATION CHANNELS	• Wholesale • Retail • Correspondent
AGENCY LINKS	• In addition to any Product Profile requirements, you must always meet the published Agency guidelines. If published Agency guidelines are more restrictive then what is allowed in the Product Profile, you must always defer to Agency Guidelines. • 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. • 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 • 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	• Refer to PRMG's "Eligible States" list for states currently available for business Standard Balance • $30,000 High Balance For loans on or after 11/28/2018: All States, except AK and HI: • 1 Unit $484,351 • 2 Units $620,201 • 3 Units $749,651 • 4 Units $931,601 For all loans on or after 11/28/2018: AK and HI:

	• 1 Unit $726,526 • 2 Units $930,301 • 3 Units $1,124,476 • 4 Units $1,397,401 For loans prior to 11/28/2018: All States, except AK and HI: • 1 Unit $453,101 • 2 Units $580,151 • 3 Units $701,251 • 4 Units $871,451 For loans prior to 11/28/2018: AK and HI: • 1 Unit $679,651 • 2 Units $870,226 • 3 Units $1,051,876 • 4 Units $1,307,176
MAXIMUM LOAN AMOUNT	• Refer to PRMG's "Eligible States" list for states currently available for business Standard Balance For all loans on or after 11/28/2018: All States, except AK and HI: • 1 Unit $484,350 • 2 Units $620,200 • 3 Units $749,650 • 4 Units $931,600 For all loans on or after 11/28/2018: AK and HI: • 1 Unit $726,525 • 2 Units $930,300 • 3 Units $1,124,475 • 4 Units $1,397,400 For all loans prior to 11/28/2018: All States, except AK and HI: • 1 Unit $453,100 • 2 Units $580,150 • 3 Units $701,250 • 4 Units $871,450 For all loans prior to 11/28/2018: AK and HI: • 1 Unit $679,650 • 2 Units $870,225 • 3 Units $1,051,875 • 4 Units $1,307,175 High Balance: • Max Fannie/Freddie Limits for all counties can be found here: • Select Fannie/Freddie for Limit Type option: https://entp.hud.gov/idapp/html/hicostlook.cfm
GEOGRAPHIC RESTRICTIONS	• Please refer to PRMG's "Eligible States" list, which can be found at this link: http://www.eprmg.net/guidelines/Eligible%20States.pdf • If the property is in Texas, please refer to the addendum at the end of this product profile. • For owner occupied primary residence Texas loans, if the property was ever refinanced under Section 50(a)(6) (a cash out refinance unless specific requirements are met as described in the Rate/Term Refinance section,) every subsequent refinance is considered a Section 50(a)(6) loan it must be processed under the Agency Texas Home Equity program. Additionally, if this is cash out loan, it must be processed under the Agency Texas Home Equity program.

	• Properties located in Illinois in the counties of Cook, Kane, Peoria or Will requires copies of the following to be closely reviewed: (1) A copy of the Certificate of Compliance with the counseling requirements or the Certificate of Exemption, if the lender or transaction is exempt and (2) A copy of Title Commitment free from any exceptions related to the anti-predatory lending database requirements. • Owner occupied properties in Kansas where the LTV exceeds 100% must have a full appraisal
DOCUMENTATION	• Full/Alt Doc • When all income used to qualify a loan for the borrower is made up exclusively of wage earner income reported on a W2 and/or fixed income reported on a 1099 (i.e., social security or VA benefits) transcripts are not required, unless full tax returns are required for the borrower by the AUS (i.e., borrower employed by family members). If multiple borrowers are qualifying on the loan, but the tax returns are not filed jointly, and one borrower requires full returns, but the other borrowers are qualified exclusively on W2 and/or fixed income then no transcripts are required for the W2/fixed income borrower and 1040 transcripts are required for the self-employed borrower/borrower requiring full returns. When using this option, there can also be no tax returns included in the loan file (including if tax returns are required to be reviewed by the PRMG underwriter for MCC Approval or other purpose). If the borrower earns other income that is used to qualify that would be able to be validated with 1040 transcripts (i.e., rental income from tax returns, etc.) then 1040 transcripts are required to validate that income. A completed and executable (signed) 4506T must be submitted with the loan file. For the borrowers where transcripts are not required, be sure to select the W2/1099 option only when completing the 4506-T. Do not mark the 1040 or Record of Account option. • When tax returns are required for a borrower or when borrower's qualifying income is not made up of W2 or fixed income reported on a 1099, validated 1040 tax transcripts are required if borrower's income is utilized as a source of repayment. If multiple borrowers are qualifying but the tax returns are not filed jointly (when one borrower requires full returns), then it is acceptable to provide no transcripts for the salaried/fixed income borrower and 1040 transcripts for the self-employed borrower/borrower requiring the tax returns. • For Fannie Mae (DU) loans: For a borrower who is qualified using either (1) base pay, (2) bonus, (3) overtime, or (4) commission income, then unreimbursed employee business expenses are not required to be analyzed or deducted from the borrower's qualifying income, or added to monthly liabilities. This applies regardless of whether unreimbursed employee business expenses are identified on tax returns (IRS Form 2106) or tax transcripts received from the IRS. Union dues and other voluntary deductions identified on the borrower's paystub do not need to be deducted from the borrower's income or treated as a liability. • When required, 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 are required to support the income used to qualify the borrower. The purpose of the 4506-T is to verify the income reported is accurate and when utilizing the 1040 tax transcripts to confirm that the employee does not have other expenses (such as 2106 expense) that otherwise would not be known. • Generally, when the documentation used to verify income is from the same calendar period as the tax transcript, the information must match exactly. However, if the income documentation is from the current calendar year and the transcript is from a prior year, there can be acceptable variances. If this variance exceeds 20%, document the rationale for using current income and review is required by an Operations

	Manager. • If tax transcripts are not available (due to a recent filing for the most recent tax year due) a copy of the IRS notice showing "No record of return filed" is required along with documented acknowledgement receipt (such as IRS officially stamped tax returns or evidence that the return was electronically received) from the IRS and the validated previous one year's tax transcripts. Stamped tax returns may not be used for previous year's tax returns that were not filed or for amended returns. Stamped returns from the Department of Hacienda is also allowed for any borrower whose income is from Puerto Rico if using the stamped return option, as long as all requirements are met, including transcripts for the previous year. Additionally, 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 for the stamped return. • Tax transcripts must come to lender directly from the IRS or through a third party vendor ordered/obtained by lender • 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 requirements, as outlined in sections B3-3.1-06 and B3-3.2-01 of Fannie Mae's Seller Guide. • When business tax returns are required by AUS, business income is used to qualify or 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. • A payoff demand is required in the file to document the current servicer. • Documentation (i.e., the original note) evidencing the borrowers who were on the original loan is required • W2 transcripts are allowed to take the place of a W2 when there is a reasonable explanation as to why they cannot be provided and Fannie Mae's requirements are met, as outlined in sections B3-3.1-02, Standards for Employment Documentation of Fannie Mae's Seller Guide. • 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, etc.) that has a balance of $5,000 or more, paid for by either borrower or seller, to ensure that the total payoffs are accurate, copies of the actual invoices (statements), an updated (current) credit report/refresh or credit supplement reflecting the current balance with a signed amendment (or similar) authorizing disbursement for these account(s) are required. You cannot use the amount listed on the credit report to document the payoff amount. • 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.

FULL/ALT DOC	• 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 120 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 **<u>all</u>** 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. • A signed IRS 4506-T is required at closing. • 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. • year for each salaried borrower • One year's federal income tax return for self-employed borrower • If AUS allows for VOD only (no bank statements), allowed for owner occupied and second home transactions only. Investment properties must also provide bank statements. • The pay stub must be dated no earlier than 30 days prior to the initial loan application date. • The pay stub 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 if the following is provided: a written VOE completed in its entirety and the most recent year's income tax returns. • IRS W-2 forms must computer generated (typed) and clearly identify the Borrower, Borrower's address, social security number and employer's name. • Reduced income/asset documentation may be allowed, see section below for

<table>
<tr><td></td><td colspan="2">requirements.
• Copy of photo ID for each borrower
• Letter of explanation for all inquiries in the past 90 days is required
• 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.</td></tr>
<tr><td>DOCUMENT EXPIRATIONS</td><td colspan="2">• 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</td></tr>
<tr><td rowspan="12">INCOME DOCUMENTATION</td><td colspan="2">• The following income documentation levels are eligible regardless if DU messaging requires deeper documentation. If income types are not included in the following income types, follow the Full/Alt Doc, Income Requirements/Limits or standard guidelines</td></tr>
<tr><td>Income Type</td><td>Required Documentation</td></tr>
<tr><td>All Employment Types</td><td>Require verbal VOE as described in Full/Alt Doc section</td></tr>
<tr><td>Base Pay (salary or hourly), Bonus and Overtime Income</td><td>One paystub. Applies to primary employment, secondary employment (second job and multiple jobs), and seasonal income.</td></tr>
<tr><td>Commission Income</td><td>One paystub or one year personal tax return. Applicable regardless of percentage of commission earnings.</td></tr>
<tr><td>Self-Employment</td><td>One year personal tax return. Applicable to primary and secondary self-employment.</td></tr>
<tr><td>Alimony or Child Support</td><td>Copy of divorce decree, separation agreement, court order or equivalent documentation, and one month documentation of receipt.</td></tr>
<tr><td>Rental Income</td><td>Lease or one year personal tax return (Form 1007 is not required). Applicable to rental income from subject or other properties owned by the borrower.</td></tr>
<tr><td>Retirement and Pension</td><td>One of the following: award letter, one year personal tax return, W-2 or 1099 form or one month bank statement reflecting direct deposit.</td></tr>
<tr><td>Social Security</td><td>One of the following: award letter, one year personal tax return, Form SSA-1099, or one month bank statement reflecting direct deposit.</td></tr>
<tr><td>Temporary Leave Income</td><td>File must include the following:
• The borrower’s written confirmation of his or her intent to return to work.
• No evidence or information from the borrower’s employer indicating that the borrower does not have the right to return to work after the leave period.
Regardless of the date of return, the amount of the “regular employment income” the borrower received prior to the temporary leave must be used to qualify.</td></tr>
</table>

<table>
<tr><td>ASSET DOCUMENTATION</td><td>• The following asset documentation levels are eligible regardless if DU messaging</td></tr>
</table>

requires deeper documentation. If asset types are not included in the following asset types, follow the Full/Alt Doc, Source of Funds or standard guidelines. For the below, proof of liquidation of assets is not necessary even if the borrower(s) are required to pay closing costs. A written VOD is not acceptable without bank statements.

Asset Type	**Required Documentation**
Checking, Savings, Certificate of Deposit, Money Market Accounts	One recent statement (monthly, quarterly, or annual) showing asset balance.
Stocks, Bond, Mutual Funds	One recent statement (monthly, quarterly, or annual) showing asset balance. Calculate asset at 70% of vested balance.
Retirement Accounts	One recent statement (monthly, quarterly, or annual) showing asset balance. Calculate asset at 60% of vested balance.
Trust Accounts	Written documentation of the value of the trust account and the conditions under with the borrower has access to the funds. The effect, if any, that the withdrawal of the funds will have on the trust income used in qualifying the borrower.
Secured Borrowed Funds	One recent statement (monthly, quarterly, or annual) showing asset balance.
Gifts	One recent statement (monthly, quarterly, or annual) showing asset balance.

AUTOMATED UNDERWRITING	• The last AUS finding, which must match the terms of the loan, must be in the loan file. 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.)

DESKTOP UNDERWRITER (DU)	• Must receive an Approve/Eligible determination.
	• DU Approval must state eligibility for the DU Refi Plus program by displaying the following message: This loan casefile was underwritten according to the DU Refi Plus expanded eligibility guidelines offered on certain limited cash-out refinance loan casefiles where the borrower's existing loan is identified by DU as a Fannie Mae loan. This loan casefile must be delivered with Special Feature Code 14.7.
	• All conditions outlined in the Findings Report must be satisfied.
	• A DU Recommendation with SSN Verification messaging (DU is unable to recognize a borrower) will require the following:
	    • Verify that the borrower's SSN has been entered into the system correctly. If not, correct the borrower's SSN and resubmit the loan to DU.
	    • Verify the current mortgage loan is reported on the borrower's credit report.
	    • Obtain a copy of a recent mortgage statement, the existing mortgage note or security instrument or the most recent Form 1098 for the mortgage that is being refinanced.

LOAN PRODUCT ADVISOR (LPA)	• Not allowed • Formerly known as Loan Prospector (LP)
PROPRIETARY U/W ENGINE	• N/A
MANUAL UNDERWRITING	• Not Allowed.
DU EARLY CHECK	• 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.
ELIGIBLE PROPERTY TYPES	• Single Family Residence attached and detached • 1-4 Units attached/detached • Modular Homes (see section below)

	• Log Homes (See section below for additional requirements) • Warrantable Condos Attached and Detached • PUDs Attached and Detached
INELIGIBLE PROPERTY TYPES	• Hawaii properties in lava zones 1 and 2 • Hawaii Homeland Leasehold properties • Mobile homes • Manufactured homes • Condotels • Houseboat • Segmented ownership projects • Properties with deed restrictions (except Age Restricted Properties, see section below) • Geodesic dome, Earth or Geothermal homes • Community Land Trusts • Mixed-Use (see below for properties with business use per tax returns or appraisal) • Non-Warrantable Condos • PUD hotel/motel/resort type projects • Condominium hotel/motel/resort type projects • Properties in a flood zone that do not participate in the National Flood Insurance Program • Co-ops • Unimproved land • Hotel Condominiums • Timeshares • Working farms and ranches • Commercial enterprises (e.g. Bed and Breakfast, Boarding House, Hotel) • Properties with less than 400 square feet of living space • Indian land (leased or fee simple) • vacant land or land development properties • properties that are not readily accessible by roads that meet local standards • on-frame modular construction • units in condo or co-op hotels • boarding houses (includes properties listed on sites like Airbnb where individual rooms are rented out like a boarding house) • bed and breakfast properties (includes properties listed on sites like airbnb where individual rooms are rented out like a bed and breakfast) • 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 agreement does not provide for this and is not eligible) and meets all Agency requirements
MODULAR HOMES	• Factory-built housing must assume the characteristics of site-built housing and be legally classified as real property. The purchase, conveyance, and financing (or refinancing) of the property, which must be evidenced by a valid and enforceable first lien mortgage or deed of trust that is recorded in the land records, must represent a single real estate transaction under applicable state law. • Prefabricated, panelized, or sectional housing units must conform to all local building codes in the jurisdiction in which they are permanently located. • Modular homes must be built to the state building code requirement of the state in

	which they are to be installed. There are several state agencies that have adopted a Uniform Building Code for modular homes.
DEED RESTRICTED PROPERTIES	• "55 and Older" restricted properties only • Primary residence, second home or non-owner occupied properties allowed • 1-2 units only (1 unit only for second home) • Must have "Housing Developments - Subject to Age Restrictions" form completed (See Forms section in FastTrac)
COMMUNITY DEVELOPMENT DISTRICT (CDD)	• Allowed, must meet any agency requirements in regards to special assessment districts

PROPERTIES WITH BUSINESS USE	• Dwellings that the borrower occupies as a principal residence that has any business in the home as indicated on the tax return or appraisal may be eligible with the following restrictions:
	    • The business use is a home office only and not a commercial type of business or a business with clientele that visits the home office
	    • The business use of the property represents a legal, permissible use of the property under the local zoning requirements.

PRIVATE TRANSFER FEE COVENANTS	• 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, Condominium 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. • See FNMA/FHLMC seller guide for additional information

LOG HOMES	• Log Homes are allowed with the following requirements:
	    • Must conform to code requirements,
	    • Any loan that has a unique or different characteristic other than the normal should not be considered for maximum financing.

PROPERTIES WITH UNEXPIRED REDEMPTION RIGHTS	• Allowed in states where it is common and customary • Must meet all agency requirements • Title must insure over the right of redemption • Redemption bond is required when required by the title company • Written disclosure to borrowers of properties that are subject to unexpired redemption periods must be provided • Must enter "Redemption Period" in Loan Program Comments section of Investor Overlay Screen in FT360
CONDOS	• Lender is not required to perform a review of condo projects, co-op projects, or PUDs. • The lender must represent and warrant that the property is not in a condo or co-op hotel or motel, houseboat project, or a timeshare or segmented ownership project. • Confirmation of hazard, flood, and liability insurance coverage is required.
NON-WARRANTABLE CONDOS	• Not Allowed.
PLANNED UNIT	• Follow DU requirements for review

DEVELOPMENTS (PUDS)	
MANUFACTURED HOME REQUIREMENTS	• N/A
LEASED LAND	• For DU Refi Plus loans that are secured by leasehold estates, the term of the leasehold estate must run for at least five years beyond the maturity date of the mortgage, unless fee simple title will vest at an earlier date in the borrower. If the term of the leasehold estate does not extend five years beyond the maturity date of the mortgage, the lender should consider offering the borrower a product with a shorter term as a remedy. The lender is not required to perform any additional review of the leasehold terms.
MAXIMUM ACREAGE	• Maximum 40 acres • More than 10 acres require very strong comparables • More than 20 acres requires additional value review and close analysis by the underwriter. • Must enter "Over 10 Acres" in Loan Program Comments section of Investor Overlay Screen in FT360 if property is over 10 acres • Working farms, commercial operations, or any other income producing properties are not allowed.
MULTIPLE PARCELS AND TAX ID NUMBERS	• The lots/parcels must be adjoining • The lots/parcels must be zoned residential • Only one lot/parcel may have a dwelling unit. An improvement that has been built across lot lines is acceptable. For example, a home built across both parcels where the lot line runs under the home is acceptable. • Limited nonresidential improvements such as a garage are acceptable on the second lot • The mortgage must be a first lien on each lot/parcel • Partial release for any lot/parcel is not allowed • Each parcel must be conveyed in its entirety • Two separate deeds are not permitted

UNPERMITTED ADDITIONS	• Allowed
	• The subject addition, improvement or conversion must comply with all Agency guidelines
	• The appraiser demonstrates the property's conformity to the neighborhood and marketability
	• The appraiser must also comment on any effect on value, marketability, zoning and safety.
	• The appraiser comments on quality of the work of the addition, improvement or conversion and it is described in the appraisal and deemed acceptable ("workmanlike quality")
	• The appraiser considers the contributory value or obsolescence of the addition, improvement or conversion. In some cases, the addition, improvement or conversion may not be part of the gross living area (GLA) and may be assigned no value or a negative value
	• If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal:
	    ◦ Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property.
	    ◦ The appraiser has no reason to believe the addition would not pass inspection for a permit.

	• Non-permitted additions that are NOT typical for the market area cannot be included in the GLA, basement or other living area.
OCCUPANCY	• Primary Residence (O/O), Second Homes (SH), Investment Properties (N/O/O). • Occupancy on new loan can change from occupancy on existing loan
PRIMARY RESIDENCE	• At least one borrower must occupy the property as their principal residence within 60 days of signing the security instrument and intend to continue occupancy for at least one year.
SECOND HOME	• 1 Unit properties only. • There is no limit on the number of properties financed with other lenders, however if the borrower has three or more loans with a specific lender, approval is needed to ensure acceptability with PRMG • Expenses relating to the borrower's current primary residence must be used in calculating the borrower's monthly housing ratio. Documentation of the primary residence housing expense must be provided. This includes borrowers who are currently renting or who own a primary residence.
NON-OWNER OCCUPIED	• There is no limit on the number of properties financed with other lenders, however if the borrower has three or more loans with a specific lender, approval is needed to ensure acceptability with PRMG. • Rent loss insurance coverage is not required. • Expenses relating to the borrower's current primary residence must be used in calculating the borrower's monthly housing ratio. Documentation of the primary residence housing expense must be provided. This includes borrowers who are currently renting or who own a primary residence. • All required minimum prepaids, escrow items and reserves are from borrower's own cash. No gift funds allowed. • See Negative Cash Flow and Landlord Experience Sections for additional information.
ELIGIBLE BORROWERS	• U.S. Citizens, Permanent and Non- Permanent Resident Aliens, Non-Occupying Co-Borrowers. • A maximum of 4 borrowers per loan application is allowed. • An existing borrower(s) may be removed from the new loan provided that at least one of the original borrower(s) is retained on the new loan. • A borrower may be added to the new loan, provided the existing borrower(s) remains. • ITIN (Individual Tax Payer Identification Numbers) are not allowed • Borrower must take title in individual names, no trusts, etc. allowed • Life estates are not eligible for financing. A life estate is an estate whose duration is limited to the life of the party holding it, or some other person, upon whose death the right reverts to the grantor or his heirs • Registered Domestic Partners are treated the same as spouses • The borrower must permanently reside in the United States. In addition, an accurate and successful AUS submission requires the borrower currently reside in the U.S. and have a U.S. address or an APO military address within the U.S. for active deployed military, regardless of citizenship. Adequate documentation must be provided to substantiate such residency in the U.S.

PERMANENT RESIDENT ALIENS	• Any non U.S. citizen who is lawfully in the United States as a non-permanent resident alien is now eligible for a mortgage on the same terms as a U.S. citizen.
	• A copy of the front and back of the green card is required
	• One of the following must be provided:
	    • A Permanent Resident Card/Alien Registration Receipt Card (USCIS Form I-551) with an original term of 10 years.
	    • Permanent Resident Alien Card (USCIS Form I-551) that is valid for 2 years,

	accompanied by the applicable INS receipts. • A valid Social Security number is required. • Credit and income history allowed in accordance with Agencies • Borrowers with diplomatic immunity are not eligible.

NON-PERMANENT RESIDENT ALIENS	• Any non-U.S. citizen who is lawfully in the United States as a non-permanent resident alien is now eligible for a mortgage on the same terms as a U.S. citizen or a permanent resident alien.
	• A non-permanent resident is a non-U.S. citizen who lawfully enters the United States for specific time-periods under the terms of a Visa. A non-permanent resident status may or may not permit employment. Asylees and refugees may also be eligible under this classification.
	• Individuals classified under Diplomatic Immunity, Temporary Protected Status, Deferred Enforced Departure or Humanitarian Parole are not eligible
	• All non-permanent resident aliens must provide evidence of one of the following:
	    • Unexpired Employment Authorization Document (EAD) issued by the United States Citizenship and Immigration Services (USCIS). If using an EAD card without an allowable visa, underwriter must enter "EAD Card Used" in Loan Program Comments section of Investor Overlay Screen in FT360.
	    • One of the following Visas: E-1, E-2, E-3, G-1, G-2, G-3, G-4, G-5, H-1, H-1B, L1, TC, TN-1, required. For further information see *http://www.uscis.gov/*
	• Form I-797C, Notice of Action, issued by the United States Citizenship and Immigration Services (USCIS) itself is not sufficient to document that a non-U.S. Citizen is legally present in the United States.
	• A borrower with an expired visa may be considered, subject to each of the following: (1) Visa classification is one of the eligible visas listed; (2) Confirmation that the borrower has submitted an application for extension of the visa or an application for a green card. Documentation includes, but is not limited to: (a) USCIS Form I-797 (issued when an application or petition is approved), (b) USCIS Form I-797C or I-797E (must not state that the application has been declined), c) application for extension of current visa (USCIS Form I-539 or equivalent) or copy of application for green card (USCIS Form I-485 or equivalent) and electronic verification of receipt from the USCIS web site, (d) If the borrower is sponsored by the employer, the employer may verify that they are sponsoring the visa renewal.
	• A valid SSN is required. A Tax ID number is not acceptable.
	• Credit and income history allowed in accordance with Agencies
	• Employment should be expected to continue for 3 years from closing date.
	• Borrowers under Deferred Action, the Dreamer's Act or DACA (EAD Code C33, C14, etc.) are not eligible. Although, these individuals may have been granted permission to remain in the U.S. for a period of time, DACA/Deferred Action does not grant a legal status. PRMG requires all borrowers to document proof of legal residency in the U.S. Additionally, they must follow the applicable guidelines for income (typically 2 year history and likely to continue for 3 years as applicable.) A borrower with DACA/Deferred Action status would not be able to meet the borrower eligibility documentation requirements (i.e., green card or meet applicable agency standard guidelines for income) and therefore is not be eligible.

FOREIGN NATIONALS	• Not Allowed
NON OCCUPYING CO-BORROWERS	• Non-occupying co-borrowers are acceptable when the following can be met: • Actual borrower income must be input into the AUS (i.e., $1.00 may not be entered for a borrower who does not earn income.) Additionally, the income from a non-occupying co-borrower cannot be used to offset significant or recent instances of major derogatory credit in the occupant-borrower's credit history.

	• The Non-Occupying Co-Borrower must be on a separate application. • Non-occupant co-borrower may either be an immediate family member or a non-family member as long as there is an established relationship and motivation is not equity participation for profit and may not be an interested third party in the transaction (e.g., builder or real estate agent)
FIRST TIME HOMEBUYERS	• N/A

POWER OF ATTORNEY	• Power of Attorney must be reviewed and approved by fulfillment center Operation Manager or PRMG's Compliance Group
	• Allowed with the following requirements:
	  • Power of Attorney (POA) must be limited or specific to the transaction
	  • Purchase or rate and term only allowed
	  • 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.
	  • POA can be used only for closing documents
	  • 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)
	  • Recorder's stamp, if previously recorded
	  • The attorney-in-fact must execute all closing documents at settlement
	  • Title policy must not contain any exceptions based on use of POA
	  • POA must be recorded along with or immediately prior to the closing documents
	  • If a lender determines a Power of Attorney is required by applicable law (so 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 met all Agency requirements

LEXIS-NEXIS SEARCH REQUIREMENT	• 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):
	  • Short Sale Purchase
	  • Property Flips <= 180 days
	  • Contractors on a 203K loan
	  • For Sale by Owner (FSBO) required for all except:
	    • 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	• 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): • 5-10 financed properties for second home and investment transactions. • 3-4 Units • 2-4 Unit properties in New Jersey • Renovation (203K/Homestyle) 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 borrower is also a Real Estate Agent for the loan transaction • Retail loans referred to the AFS department any time the referring Loan Officer or the AFS Loan Officer are in “New” or “Watch” status • 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	• 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:
	  • 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:
	  • 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	• 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. • 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. • Distributions from an investment (non-employment/non-retirement related) account are not an acceptable source of income but dividends earned from those investment accounts and reported on the 1040s are an acceptable source of income. • Follow Agency requirements for non-reimbursed business expenses. 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. • For borrowers with rental income, if a lease agreement is required then the lease agreement must executed by the landlord and the tenant and all pages of the lease agreement must be included. • Future income is not acceptable for qualifying purposes • For all subject investment properties and all 2-4 unit primary residences, when rental income is not used to qualify, the gross monthly rental income for each unit must be documented with one of the following: • If the property is currently rented: Form 1007, Form 1025, or Current Lease Agreement(s) • If the property is not currently rented: an opinion of market rents by the appraiser or borrower to provide the gross monthly rent being charged or to be charged for the property. Monthly rental amounts must be stated separately for each unit. The disclosure from the borrower must be in the form of a written statement from the borrower or an addition to the loan application • 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. • 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. • Foreign Income: Foreign income (income generated from non-U.S. sources) may be used only if its stability and continuance can be verified, and is supported by a signed 4506 and 2 years U.S. Federal Tax Returns along with the most recent YTD paystub(s) and two years W-2s, or Written Verification of Employment and most recent YTD paystub(s) covering 30 days of income. If the income is paid in a foreign currency the file must contain a printout evidencing the source used for the conversion of the foreign currency into U.S. dollars. The income must also be verified in the same manner as U.S. income sources. • 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. Gambling winnings/earning may only be used if borrower is a self-employed professional gambler, and self-employed income documentation requirements are followed, (gambling income will typically be filed on a schedule C). • 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 a the applicable number of month period. Qualify the borrower based on the income received on the final year-end paystub.
HOMEBUYER EDUCATION	• N/A

CREDIT	• The following credit overlays apply, regardless of DU approval:
	    • The borrower must meet the requirements of DU results, including the mortgage delinquency, bankruptcy, and foreclosure policies.
	    • Loans using DU version 9.1 or later, standard waiting periods for bankruptcy, foreclosure, deed-in-lieu, or pre-foreclosure do not need to be met. The DU approval will issue a message acknowledging the event. Follow the DU approval for any requirements.
	• All borrowers must have a qualifying credit score from at least 1 national repository.
	• 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).
	• Borrower must have sufficient credit experience, as determined by underwriter review, to ensure scores are reflective of borrower's credit history.
	• The use of a U.S. address to obtain a credit report for a borrower who resides in another country is not permitted.
	• 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.
	• Credit documentation must not be more than 120 days old from the note date
	• For disputed accounts, follow DU requirements
	• 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. • 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). • The credit report for the mortgage history must be updated to include the payment made for the most recent month due.
LDP/GSA REQUIREMENT	• 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.
INELIGIBLE EXISTING MORTGAGE LOAN	• Reverse Mortgage loans • Second Mortgage loans • Government Mortgage loans • Loans that are currently subject to any outstanding repurchase request from Fannie Mae • Mortgage loans that are subject to any credit enhancement (e.g. full or partial recourse) other than borrower paid or lender paid mortgage insurance (loans with lender paid mortgage insurance are not eligible)
RATIOS	• Max DTI 50%
QUALIFYING	• Fixed Rate Loans: 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. If the subject property will have a HELOC that will have a draw taken with the transaction, obtain a copy of the note or other documentation to determine what the payment will be at close and use that for qualifying. • Revolving debt can be paid off to qualify. However, the credit line must be closed and cancelled prior to closing and a credit supplement must be provided from the creditor. • If revolving debt is paid off and not closed, the borrower still must qualify with the payment as it appears on the credit report, a reduced monthly payment may not be

	used for qualifying • 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. • Installment debt may be paid down to qualify, but overall use of credit and credit history must be closely evaluated. • 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. • 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 student loan payment is provided on the credit report, the lender may use that amount for qualifying purposes. If the credit report does not reflect the correct monthly payment, the lender may use the monthly payment that is on the student loan documentation (the most recent student loan statement) to qualify the borrower. 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, the lender must determine the qualifying monthly payment using one of the following options: (1) If the borrower is on an income-driven payment plan, the lender may obtain student loan documentation to verify the actual monthly payment is $0. The lender may then qualify the borrower with a $0 payment. (2) For deferred loans or loans in forbearance, the lender may calculate (a) a payment equal to 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or (b) a fully amortizing payment using the documented loan repayment terms. • 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 fully amortized payment • For any additional properties, obtain a recent payment coupon or other documentation to ensure the loan is qualified using the full PITIA. • When the current housing payment is required for qualifying (for instance, renting primary and the subject is Second/NOO) and is not reported on the credit report, provide third party verification of payment amount to verify the housing expense on the borrower's principal residence. If living rent free, a rent free letter from landlord or person obligated on lease required. • If the borrower is on a payment plan with the IRS for prior tax years, the underwriter must condition for proof the money owed has been paid in full or verify the

	borrower has been in a payment plan that has been paid on time for at least 6 months (or less, but at least one payment must be made, based on underwriter's discretion) and count the debt in the DTI. There is no requirement for a record of account or other documentation to reflect tax payment status. For the current tax year (most recent tax filing), if the borrower is in a payment plan, the monthly tax payment amount must be included in the calculation of the borrower's DTI ratio, with at least one month payment required to have been made. Even if the 1040s shows payment due as long as there is no other evidence of an outstanding tax debt (i.e., tax liens, payments to the IRS) no additional evidence to reflect payment of the taxes is required. For Amended Tax Returns or Stamped Tax Return option, see the applicable guidance in the Product Profile for further requirements. • 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 documented/treated the same as a residential property for determining rental income, per agency guidelines. If there is mortgage interest reflected on Schedule E, must determine if borrower is personally obligated on the note and if so, obtain a mortgage rating that meets guidelines for mortgage payment history. • If borrower or non-occupant co-borrower will not be occupying the subject property (i.e., borrower on second home or investment property and any non-occupying co-borrower) does not have a current housing expense, because they state they live rent free on the 1003, proof they live rent free must be provided. Acceptable documentation would include, but is not limited to, an LOE from the owner/landlord of the residence where they currently live. • 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. • If borrower is on title (has ownership interest) and is on the note to other properties besides the subject property, follow agency guidelines for co-signed/contingent liabilities/debt paid by others for both the P&I payment as well as the TIA. If the PITIA is excluded because it is paid by another party, the mortgaged property must still be included in the borrower's property count, and the property must be included in the reserve calculation for multiple financed properties. If borrower is just on title, and not obligated on the note for non-subject properties, the TIA does not have to be included in borrower's ratios. • 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.
PAYMENT SHOCK	• N/A
LANDLORD EXPERIENCE	• Follow DU requirements

NEGATIVE CASH FLOW/ POSITIVE CASH FLOW	• Negative Cash Flow from investment properties and from 2-4 unit primary residences must be considered a liability for qualification purposes. • Properties with negative cash flow are closely reviewed to ensure an overall acceptable risk. • See Income Section for DU Refi Plus documentation requirements
CASH RESERVES	• Use underwriting guidelines as per DU findings.
REQUIRED DOWN PAYMENT / SOURCE OF FUNDS	• Custodial accounts are not an acceptable asset type • Business funds would be acceptable for closing as long as assets are documented following DU requirements. • The lowest ending balance of either statement provided will be allowed for funds to close. The underwriter must determine if the borrower has access to the funds and the use of the funds do not cause harm to the business. • When using foreign assets, funds must be transferred into a U.S. bank/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 • 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. • Cash on hand, including cash deposits that are typical for the borrower's line of work, are not allowed to be used for down payment, closing costs and reserves unless they are sourced or seasoned. • Cryptocurrency, digital currencies or altcoins (i.e. Bitcoins, Litecoin, Ethereum, etc.) may not be included as financial assets for mortgage qualification purposes and is an ineligible source of funds for down payment, closing costs or reserves unless being converted into U.S. currency. To be used as a source of funds for down payment, closing costs, or reserves, cryptocurrency, digital currencies or altcoins must be converted into U.S. currency and be held within a U.S. Financial Institution and verified prior to underwriting final approval. In addition to the verification of U.S. currency, the borrower(s) must be able to provide acceptable documentation for the source of funds used to initially acquire the cryptocurrency prior to the conversion. • If the borrower's source of funds are 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 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. • Access letter is <u>not</u> required for any accounts where a non-borrowing party is on the account (including a non-borrowing spouse) • 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. The required funds from the borrower do not have to be from an institution that was sourced in the loan file, as long as the borrower has sufficient funds in the sourced accounts to cover the amount of funds brought to closing. If the funds are not able to be confirmed as

	belonging to the borrower, the funds would be ineligible. This guidance is only in regards to borrower funds, not gift funds.
1031 TAX DEFERRED EXCHANGE	• N/A

GIFT FUNDS	• Donor must 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 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:
	    • 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 Closing Disclosure.
	• 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.
	• Not permitted on N/O/O

GIFTS OF EQUITY	• N/A
CONTRIBUTIONS BY AN INTERESTED PARTY	• N/A
DOWN PAYMENT ASSISTANCE	• N/A

SUBORDINATE FINANCING	• New subordinate financing is not allowed.
	• Subordination agreement is required along with a copy of the note of the subordinate financing
	• Existing subordinate financing must be re-subordinated.
	• 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.
	• The following types of subordinate financing that are typically unacceptable may be re-subordinated in connection with this mortgage program.
	    • Mortgages with negative amortization
	    • Subordinate financing that does not fully amortize under a level monthly payment plan where the maturity or balloon payment date is less than five years
	    • Subordinate financing that restricts prepayment (i.e., subordinate liens with

	prepayment penalties). • 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 agreement does not provide for this and is not eligible) and meets all Agency requirements

VALUE FOR LTV/CLTV CALCULATION	• See below.
	• For loans with Fixed/Closed End subordinated financing, CLTV/HCLTV must be calculated using the current unpaid principal balance (UPB).
	• For loans with HELOC subordinated financing, CLTV/HCLTV must be calculated using the amount designated on the recorded lien (original mortgage/deed of trust or a recorded modification of lien amount.) A statement from the lender agreeing to a reduced line amount is not sufficient unless it is a properly recorded modification agreement.
	    • If a HELOC has been permanently modified and the outstanding unpaid principal balance (UPB) is less than the permanently modified HELOC, the modified HELOC amount must be used when calculating the HCLTV.
	    • If the outstanding unpaid principal balance is greater than the permanently modified HELOC, the outstanding unpaid principal balance must be used to calculate the HCLTV.
	    • The loan file must contain evidence that the HELOC has been permanently modified with a copy of the recorded lien (modification agreement).

PURCHASE	• N/A
LIMITED CASH-OUT	• Use current appraised value.
CASH OUT	• N/A
MAXIMUM CASH PROCEEDS	• N/A
PURCHASE	• N/A

RATE/TERM REFINANCE	• For owner occupied primary residence Texas loans, if the property was ever refinanced under Section 50(a)(6) (a cash out refinance) every subsequent refinance is considered a Section 50(a)(6) loan it must be processed under the Agency Texas Home Equity program unless the following requirements are met to make it a Section 50(f)(2) transaction:
	    • Application date is on or after 1/1/18
	    • The refinance will be closed no less than one year from the closing of the previously funded home equity loan;
	    • The loan proceeds do not exceed any existing liens on the property being refinanced plus any costs associated to the refinance (i.e. no cash back to the borrower);
	    • The loan proceeds cannot be used to pay off other debts;
	    • The refinanced loan cannot exceed 80% loan to value;
	    • The lender must provide the borrower with a notice about their rights associated with a home equity or non-home equity loan 12 more days prior to closing.
	    • Note: for HELOC loans where the borrower has taken his/her last advance in under a year, in calculating the seasoning requirements, PRMG will look to the original advance of credit/HELOC Agreement Date.
	FNMA DU Refi Plus:
	• Used for the payoff of the outstanding principal balance of an existing FNMA first mortgage;

	• Loan amount may exceed existing loan unpaid principal balance (including accrued interest) only for payment of closing costs, prepaid items and lender fees. • Proceeds can NOT be used to pay off any junior liens, even if used to purchase the subject property • The financing of closing costs (including prepaid expenses); and cash back to the borrower in an amount no greater than $250. • If refinancing a 1st lien that was previously a Cash Out refinance, the loan must be a minimum of 6 months (note date to note date) old (12 months old if the previous LTV was > 80%) in order to be considered a Rate & Term refinance.
CASH OUT REFINANCE	• Not Allowed
SEASONING REQUIREMENTS	• See below
RECENTLY DELISTED PROPERTIES	• The property must have been removed from the MLS at least 1 day prior to the application date for Rate & Term refinances. • Evidence of listing cancellation is required. • If a primary residence, borrower must provide written confirmation of the intent to occupy

TITLE SEASONING/LOAN SEASONING	• The borrower must borrower must be on title at the time of or before the disbursement date of the new mortgage loan, with the following additional requirements:
	  ◦ At least one borrower is obligated on the new loan who was also a borrower obligated on the loan being refinanced.
	  ◦ See Eligible Borrowers section for additional requirements for adding/removing a borrower

ANTI-FLIPPING POLICY	• N/A
CURRENT PROPERTIES PENDING SALE OR PRIMARY RESIDENCES BEING CONVERTED TO SECOND HOMES OR INVESTMENT PROPERTIES	• N/A
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 • Transferred or Ported appraisals are allowed but must meet all requirements as described in PRMG's Transfer Policy, which is posted in the Appraisal section of the Resource Center or at the following link: • http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Transfer%20Policy.pdf • Additionally, if using a Transferred or Ported appraisal, "Transferred Appraisal" must be entered in the Loan Program Comments section of Investor Overlay Screen in FT360 and Secondary must be notified of the transferred appraisal if the loan is locked prior to approval. • If the transferred appraisal does not meet the requirements as outlined in the PRMG's Appraisal Guidelines document, the appraisal must be ordered identifying PRMG as the client/lender on the appraisal report. • Appraisal requirements per AUS findings are allowed (both appraisal and property fieldwork waivers are acceptable) • Traditional appraisal report completed by a state-licensed or state-certified appraiser

	when required by AUS findings
	• 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.
	• 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.
	• Follow agency requirements in regards to addressing appraisal deficiencies.
	• Appraisal Waiver (formerly known as DU Refi Plus Property Fieldwork Waiver (PFW)) may be used if allowed per AUS findings. (Note, Property Fieldwork Waivers work the same as a Property Inspection Waivers (PIW), but were called Property Fieldwork Waivers in conjunction with DU Refi Plus, but now are both called Appraisal Waivers.)
	• DU Refi Plus Appraisal Waiver:
	  • Available per DU recommendation.
	  • "Estimated" must be entered as the Appraisal Type.
	  • "Fannie Mae, Fannie Mae" must be entered as the Appraiser.
	  • Appraisal Waiver must be dated within 120 days of the note date.
	  • Underwriter must mark file as using PIW in FT360
	  • An Appraisal Waiver offer may not be exercised if an appraisal has already been obtained.
	  • HPML loans not eligible for an Appraisal Waiver
	  • Freddie Mac's Automated Collateral Evaluation (ACE) is not allowed.
	  • For properties located in a disaster area:
	  • For a period of 90 days from the incident (disaster) period end date, an Appraisal Waiver may still be used for valuation purposes, however, the Appraisal Waiver must be accompanied by one of the following inspection product:
	  • Property Inspection Report (Form 2075)
	  • Appraisal Update and/or Completion Report (Form 1004D)
	  • Certification from a Licensed Property Inspector
	  • Lender Certification with post-disaster photos that clearly demonstrate the property has not been adversely affected by the disaster. The Certification must not be executed by an employee that receives direct compensation from the subject transaction.
	  • DU must still offer the property fieldwork waiver on the final submission of the loan casefile to DU and the lender may exercise the waiver as long as the waiver offer is not more than four months old on the date of the note and mortgage. Note: Since loans utilizing Appraisal Waivers for the subject valuation do not contain an appraisal date, PRMG will consider the note date the appraisal date when determining documentation requirements.

REVIEW/SECOND	• When run through Fannie Mae's Collateral Underwriter, any appraisal with a score of

APPRAISAL	5 must have, at minimum, a desk review performed

FANNIE MAE'S COLLATERAL UNDERWRITER	• For all loans where CU results are returned:
	  • CU Findings must be imaged into system
	  • Underwriter must review findings and address any concerns or issues
	  • CU should be used when underwriting the appraisal to take advantage of the analysis tools
	  • Appraisal with a score of 4 or 5 requires underwriter to access the CU system, perform a thoroughly analysis using the tools within CU and ensure the value is supported.
	  • Appraisal with a score of 5, requires, at minimum, a desk review to support value
	  • A score of 4 may require a desk review at underwriter discretion.
	• Fannie Mae's CU site can be accessed at the following link: https://www.fanniemae.com/singlefamily/collateral-underwriter

ESTIMATED VALUE MESSAGE	• The following message will be issued on DU Refi Plus loan casefiles where the subject property address can be standardized, and Fannie Mae's databases have sufficient information about the property to estimate a value:
	  • Based on the standardized address, Desktop Underwriter estimates the value of the property at $<estimated value>. This estimated value was developed by internal proprietary models to help determine eligibility for a DU Refi Plus property fieldwork waiver. It is not the result of an appraisal, nor was it developed by a state licensed or certified appraiser. This estimate is intended to be used solely by the lender to underwrite the refinance of the borrower's mortgage loan.
	• If the DU Refi Plus property fieldwork waiver is offered, the lender has the option to:
	  • resubmit the loan casefile using the estimated value provided by DU; or
	  • exercise the waiver using the value entered by the lender (whether based on the lender's estimate, the borrower's estimate, or another value obtained for the property).
	• If a waiver is not offered, the lender has the option to:
	  • resubmit the loan casefile using the estimated value provided by DU (as PRMG does not allow an appraisal to be obtained, so no other option is available.)
	• Whether the lender uses the value it entered, or the value provided by DU, if the DU Refi Plus property fieldwork waiver offer is exercised, Fannie Mae will provide relief of representations and warranties on the value, condition, and marketability of the property.

TOTAL FINANCING ≥ $1MM	• No additional restrictions
NON-ARM'S LENGTH TRANSACTIONS	• N/A
BORROWERS EMPLOYED BY PARTY TO TRANSACTION OR IS A PART OF THE TRANSACTION	• Extra diligence should be exercised • The relationship should be disclosed • The borrower cannot be involved in the processing or origination of the loan • QC Audit required

PROPERTY INSURANCE	• See PRMG's Resource Center for PRMG Insurance Requirements and Additional Information
	• Hazard insurance and Flood insurance must be paid current.
	• For refinances transactions, all insurance policies must have, at minimum, an expiration date after the first payment date as shown on the note.
	• Acceptable Proof of Flood Insurance:
	  • Copy of Flood Insurance Policy
	  • Copy of Declaration Page

	Copy of the application for flood insurance with a paid receipt for the first year's premium or if paid at closing, premium reflected on the HUD • Flood policies and applications provided for closing must indicate the flood zone of the property. This zone must match our flood determination provider's zone. Otherwise, evidence that the borrower's zone is "grandfathered" must be provided. If the improvements are in a split zone (partially in and partially out) the policy must be rated for the more hazardous zone. • Flood insurance is required if there is knowledge that the property is exposed to flood risks, even if the property is located in a community that does not have FEMA flood maps. • For hazard insurance, properties in an attached condominium and **attached** PUD project (including 2-4 unit projects) require 100 percent of the insurable replacement cost coverage for the complete condominium (interior and exterior of the condominium). The HO-6 policy must be sufficient to repair the interior of the condominium unit, including any additions, improvements and betterments to its original condition in the event of a loss. If the HOA Master Policy does not provide coverage for the interiors of the project units, an HO-6 (or its equivalent) Policy for the individual unit is required. An HO-6 policy should have replacement cost coverage, and if the policy does not reflect the coverage amount, then the amount of coverage should be determined by the insurer. • If the homeowners association owns the common elements, areas/facilities of a project separately (or holds them in a leasehold estate), insurance on those areas is required to insure that ownership (if there are no common areas owned by HOA a letter from them will suffice to prove it is not needed.)
TITLE	• The newly originated refinance loan must remain in first lien position • Ensure all real estate taxes and assessments that could become a first lien are current including property taxes, condominium and homeowner's association dues, utility assessments and the personal property tax on manufactured homes • Obtain any Subordination Agreements, if needed • The title insurance policy must be written on an American Land and Title Association (ALTA) 2006 Form with appropriate endorsements • The title insurance policy must protect the mortgagee up to at least the current principal balance • The title policy must have correct information regarding the insured's name, loan number and amount of coverage • Property Reports, Ownership and Encumbrance Reports, Attorney's Opinions are not acceptable • Any existing tax or mechanic's liens must be paid in full through escrow. Proceeds from the new loan may not be used to pay liens • Taxes must be collected if due within 30 days of closing, regardless of the establishment of an impound account.
TITLE INSURANCE REQUIREMENTS FOR CONDOS/PUDS	• The Title Insurance policy for Condo and Planned Unit Developments (PUDs) must include coverage that provides protection by: - Insuring that the mortgage is superior to any lien for unpaid common expense assessments. In jurisdictions that give these assessments a limited priority over a first or second mortgage lien, the policy must provide assurance that those assessments have been paid through the effective date; - Insuring against any impairment or loss of title of PRMG's first lien caused by any past, present, or future violations of any covenants, conditions, or restrictions of the master deed for the project. The title insurance policy must specifically insure against any loss that results from a violation that existed as of the date of the

	policy; • Insuring that the unit does not encroach on another unit or on any of the common elements, areas or facilities. This policy must also insure that there is no encroachment on the unit by another unit or by any of the common elements, areas or facilities; • Insuring that the mortgage is secured by a unit in a condominium project that has been created in compliance with the applicable enabling statutes; • Insuring that real estate taxes are assessable and lien able only against the individual condominium unit and its undivided interest in the common elements, rather than against the project as a whole; and • Insuring that the owner of a PUD unit is a member of the homeowners association and that the membership is transferable if the unit is sold.

MORTGAGE INSURANCE	• Mortgage insurance is not required if the existing loan does not have mortgage insurance in place, regardless of the LTV.
	• When obtaining Mortgage Insurance in states that require an assessment/tax on the mortgage insurance, such as KY or WV, be sure to use the "Rate with Assessment/Tax", which is the standard MI factor plus the additional factor for the assessment/tax. Do not use the standard MI factor listed on the certificate, you must use the combined factor.
	• A MI cancellation letter is required from the servicer if the original loan no longer requires mortgage insurance, but was originated with mortgage insurance.
	• Loans which require mortgage insurance are only allowed when continued or transferred from Radian or Genworth. All other Mortgage Insurance companies are not allowed (see below for Correspondent).
	  ◦ The DU Findings will state if the current loan has Mortgage insurance. The MI Company and the percentage of coverage will be identified in the findings. The MI Company must be Radian or Genworth. Only borrower paid premiums are eligible.
	  ◦ If the new Loan has a LTV of 80.01% and greater AND the loan being refinanced currently has Mortgage Insurance, then the new loan will require Mortgage Insurance. If the insurance company is NOT Radian or Genworth, then those loans with mortgage insurance are not eligible on this product.
	  ◦ If the loan being refinanced does not have mortgage insurance coverage (either did not require MI originally or was legally removed either by borrower request or due to the 78.00% rule, then MI coverage will not be required for the new refinance loan.
	  ◦ PRMG must confirm the amount of coverage in effect and must process the MI transfer/modification with Radian or Genworth for existing amount (mortgage insurance must remain with current insurer.)
	  ◦ PRMG must obtain the mortgage insurance on the new loan from Radian or Genworth. The insurer, percentage of coverage, frequency and renewal type MUST remain the same on the new loan. Only loans that have Radian or Genworth as the MI company on the existing loan are allowed.
	  ◦ PRMG must provide the MI Certification in the closed loan file delivered to the investor reflecting the appropriate coverage amount.
	  ◦ The mortgage insurance certificate or accompanying documentation must contain the following information: Coverage Amount, Initial Rate, MI Type, Payment Type, and Premium Amount.
	  ◦ Lender Paid Monthly MI premiums are not eligible regardless of MI company
	  ◦ For the most updated information on processing the transfer go to www.radian.biz and select the HARP Modification Program

	• Additionally, information on the program with Radian can be found at the following links:
	  • Program Description: www.eprmg.net/InvestorForms/RadianHARPProgram.pdf
	  • Program FAQ*:* www.eprmg.net/InvestorForms/RadianHARPMortgageInsurance.pdf
	  • Submission Process: www.eprmg.net/InvestorForms/RadianHARPProcess.pdf
	• For Genworth loans, the most updated information on processing the transfer go to http://mortgageinsurance.genworth.com/and select the HARP Modification Program
	• Additionally, information on the program with Genworth can be found at the following links:
	  • Program Description: http://www.eprmg.net/InvestorForms/GenworthInsuredRefiSummary.pdf
	  • Program FAQ*:* http://www.eprmg.net/InvestorForms/GenworthHARPFAQ.pdf
	  • Documentation Requirements: http://www.eprmg.net/InvestorForms/GenworthHARPDocFlier.pdf
	  • Submission Process: http://www.eprmg.net/InvestorForms/GenworthHARPHowToSubmit.pdf
	• Submission Form: http://www.eprmg.net/InvestorForms/GenworthHARPSubmission.pdf
	• For Correspondent channel only, United Guaranty Residential Insurance (UG), National Mortgage Insurance (NMI), MGIC or Arch MI allowed in addition to the other MI companies listed above for transferred MI. Correspondent is responsible for ensuring all UG, MGIC or Arch MI requirements are met and, as such, all program parameters may not be eligible with UG, MGIC or Arch MI. Additionally, Correspondent must determine process to transfer coverage on a DU Refi Plus loan, and follow the required UG, MGIC or Arch MI procedures.
	• Automatic Cancellation Requirements for Borrower Paid MI:
	  • **DU Loans 1 Unit OO or SH:** The earlier of (1) the date the mortgage balance is first scheduled to reach 78% of the original value; or (2) the month following the mid-point of the amortization period
	  • **DU Loans 2-4 Unit OO or NOO:** The month following the mid-point of the amortization period

TEMPORARY BUYDOWNS	• Not allowed
INTEREST ONLY	• Not allowed
PRE-PAYMENT PENALTY	• N/A
SECOND LIEN BALLOON	• N/A
MULTIPLE LOANS	• No limit on number of other financed properties a borrower may own. • PRMG or its investors will only finance up to 4 loans for all borrowers and/or $2 million total in aggregate loan amounts. Therefore, if the aggregate loan amount (total with one lender/investor and subject loan amount combined) exceed $2 million, or the borrower has 4 or more current loans with one investor/investor approval is required with PRMG.
RESIDUAL INCOME EVALUATION	• 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: • 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):
	  • Principal Residence:
	    • Residual Income $2500 or greater: No minimum reserve requirement
	    • Residual Income >= $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
	  • Second Homes and Investment Properties:
	    • Residual Income $2500 or greater: Minimum program reserve requirements as described in Product Profile
	    • Residual Income < $2500: Loan is not eligible with PRMG

HIGHER PRICED MORTGAGE LOAN (HPML)	• 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 • DTI cannot exceed 45% • Property inspection waiver not allowed, full appraisal required • HPML loans must have an escrow account, regardless of LTV
SECTION 32 / HIGH COST LOAN	• Brokers are responsible for identifying loans that are considered high cost loans as defined by federal and/or state laws and/or regulations. 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	• N/A
SERVICING OPTIONS	• N/A
ESCROW ACCOUNT	• HPML loans must have an escrow account, regardless of LTV • Generally, escrow accounts are not required. However, loans requiring private mortgage insurance premiums must have the MI premium escrowed unless there is a single premium. • 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.
NET TANGIBLE BENEFIT	• The borrower must receive a benefit from the refinance transaction with either a

	reduced monthly P&I payment or movement to a more stable product.
	• Acceptable borrower benefits are met if:
	  • Monthly P&I decreases
	  • Loan term is shortened
	  • Interest rate is reduced
	  • An ARM or Balloon to a Fixed Rate loan
	• DU does not make the determination that the DU Refi Plus transaction will benefit the borrower
	• Net Tangible Benefit (NTB) form must be completed by the underwriter and can be found at the following link: http://www.eprmg.net/DU_Refi_Plus_Borrower_Benefit_Worksheet.pdf

UNDERWRITING	• Delegated underwriting allowed. • All loans must receive an "Approve/Eligible" from DU. • Existing loan must have been sold to Fannie Mae. This information can be obtained by using the loan lookup tool on www.fanniemae.com • Existing (original) loan must have a note date on or before May 31, 2009.
ASSUMABILITY	• Not Allowed.
INDEX	• N/A
MARGIN	• N/A
INTEREST RATE CAPS	• N/A
INTEREST RATE CHANGES	• N/A
MINIMUM FLOOR	• N/A

Texas Addendum

<table>
<tr><td colspan="2">The following guidelines refer to loans in Texas only. If a topic is not addressed in this addendum, the standard Agency guidelines above should be followed. Also, please note that no underwriting exceptions are allowed on properties located in Texas.</td></tr>
<tr><td>PURCHASE</td><td>N/A</td></tr>
<tr><td>RATE/TERM REFINANCE</td><td>
Proceeds from a rate/term refinance may only pay off the following:
1st liens that are not considered Section (a)(6) and Second liens used entirely for the purchase of the property.
When a prepayment penalty fee is assessed on an existing NON Section 50 (a) (6) loan and is included in the payoff amount, the new loan can be considered a rate/term refinance if the title company agrees and issues a new title policy for the full loan amount (including prepayment penalty fees)
HOA dues may be paid off if the title company requires them to be paid. If the title company does not require them to be paid, the borrower must pay the dues outside of closing, and they must NOT be included in the loan amount.

Proceeds from a rate/term refinance may NOT pay off the following:
Any loan that is considered a Section (a) (6) loan unless the below requirements are met that make it a Section (f)(2) transaction. Section (f)2 transactions are eligible with application dates on or after 1/1/18.
Any loan that the borrower received cash back on
Federal tax debt liens
Liens for delinquent property taxes on the property securing the new loan

Any previous Section 50(a)(6) must be processed as a Section 50(a)(6) unless the following requirements are met to make it a Section 50(f)(2) transaction:
Application dated on or after 1/1/18
The refinance will be closed no less than one year from the closing of the previously funded home equity loan;
The loan proceeds do not exceed any existing liens on the property being refinanced plus any costs associated to the refinance (i.e. no cash back to the borrower);
The loan proceeds cannot be used to pay off other debts;
The refinanced loan cannot exceed 80% loan to value;
The lender must provide the borrower with a notice about their rights associated with a home equity or non-home equity loan 12 more days prior to closing.
Note: for HELOC loans where the borrower has taken his/her last advance in under a year, in calculating the seasoning requirements, PRMG will look to the original advance of credit/HELOC Agreement Date

Rate/term refinances may NOT receive any cash back to the borrower, even incidental cash. Limited cash out refinances that allow the lesser of 2% of the loan amount or $2,000 are NOT eligible under the Texas rate/term refinance program.
Incidental cash back to the borrower at Closing is not allowed, including incidental cash back as result of POC fees being refunded to borrower. Additionally, incidental cash back must either be handled by reducing/curtailing principal or reducing the loan amount and having the documents re-drawn.
For owner occupied primary residence Texas loans, if the property was ever refinanced under Section 50(a)(6) (a cash out refinance) every subsequent refinance is considered a Section 50(a)(6) loan it must be processed under the Agency Texas Home Equity program unless the above requirements are met that make it a Section (f)(2) transaction. Section (f)2 transactions are eligible with application dates on or after 1/1/18.
</td></tr>
</table>

	• Total financed Closing costs are limited to those costs that are reasonable and actually required to close the transaction. Prepaids/escrows can't be financed into the new loan when grossed up in loan payoff. The documents should be redrawn reflecting the new loan amount. POC fees can't be financed into the loan amount. Special title insurance coverage must be obtained when impounds for prepaid expenses* are included in the new loan amount. Note that prepaids can only be included in the new loan amount if netted from the payoff of the existing loan. The following must be included as a Schedule B Exception: Possible defect in lien of the insured mortgage because of the Insured's inclusion of reserves or impounds for taxes and insurance in the original principal of the indebtedness secured by the insured mortgage. * Prepaid expenses are defined as real estate taxes (includes non-delinquent taxes which are due and payable, as well as reserves), hazard insurance premiums, and monthly MI premiums covering any period after the settlement date. • The following P-39 Express Insurance Coverage endorsement is recommend: Company insures the Insured against loss, if any, sustained by the Insured under the terms of this Policy by reason of a final, non-appealable judgment of a court of competent jurisdiction that divests the Insured of its interest as Insured because of this right, claim or interest. Company agrees to provide the defense to the Insured in accordance with the terms of this Policy if suit is brought against the Insured to divest the Insured of its interests as Insured because of this right, claim or interest. • Certain restrictions apply to Rate/Term refinance transactions that include subordinate liens. These restrictions include: (1) Only one loan subject to Section 50(a)(6) provisions may be secured by the subject property at any given time, regardless of lien position. (2) When the subordinate lien is subject to Section 50(a)(6) provisions, the maximum LTV/TLTV/CLTV is the lesser of 80% or the maximum allowed by product or loan amount. Subordinate liens used entirely to purchase the subject property may be eligible for payoff as a rate/term refinance, subject to the following requirements: (1) The HUD-1 Settlement Statement or Closing Disclosure from the transaction must be provided evidencing all funds were used to purchase the subject property. (2) The commitment for title insurance may not reflect that the loan was originated as a home equity/cash-out Section 50(a)(6) loan. (3) The financing may be paid off, paid down or re-subordinated with the refinance. (4) The borrower may not have received any cash back from the subordinate financing. If the borrower received cash back and the loan is being paid off or paid down, the lien is subject to Section 50(a)(6) provisions and considered a home equity/cash-out transaction, and therefore, ineligible. • Refinance transactions documentation must be provided (commitment for title insurance, mortgage/deed of trust and/or HUD-1 or Closing Disclosure) in each loan package to verify that a home equity/cash-out loan under Section 50(a)(6) has not previously been originated against the subject property. If the purpose of the loan is not clearly identified on the commitment for title insurance, it will be necessary to provide previous mortgage/deed of trust, Closing Disclosure, or HUD-1 for each transaction originated on or after 1/1/98 to verify the purpose of the existing Loan.
CASH OUT REFINANCE	• N/A

ELIGIBLE COSTS	• A rate/term refinance of a primary residence may include only the following costs:
	  • Pay off of the old loan plus points
	  • Pre-paid items, such as escrow funds and interest (See Additional Documentation section below)
	  • Taxes due
	• The closing costs, whose total may not exceed 5% of the loan amount, must be deemed "necessary and reasonable". Closing costs that may be included are noted below:
	  • Loan Origination
	  • Tax Service

	• Recording • Escrow Waiver • Processing • Appraisal • Credit Report • Final Inspection • Underwriting • Application • Survey • Title Insurance Premiums (Lender Policy) • Commitment • Express Mail • Flood Certification • Closing

ADDITIONAL DOCUMENTATION	• All rate/term refinances require a completed Texas Refinance Worksheet (See Exhibit A) • All rate/term refinances require a completed Borrower Acknowledgement Form (See Exhibit B) when the borrower is receiving a refund check at closing. • If impounds for prepaid expenses are included in the new loan amount, special title insurance coverage must be obtained as a Schedule B Exception. • For rate/term refinances, a copy of the commitment for title insurance, mortgage/deed of trust, Closing Disclosure, or HUD-1 is required in order to verify that a Section 50 (a) (6) loan has not previously been originated against the subject property.

Exhibit A

TEXAS REFINANCE
Worksheet

1. Is the loan being refinanced a "low-rate home loan*?" **Y/N**
   - If yes, continue.
   - If no, stop. This worksheet is not required.

2. Did a government or non-profit lender make the "low-rate home loan?" **Y/N**
   - If yes, continue.
   - If no, stop. This worksheet is not required.

3. When was the "low-rate home loan" closed? ____________ (Anniversary Date)
   - If the anniversary date is less than seven years, continue.
   - If the anniversary date is equal to or greater than seven years, stop. This worksheet is not required.

4. What was the initial interest rate on the "low-rate home loan?" _________ %
   A. In the case of a loan with a discounted introductory rate, what was the initial fully indexed rate? ________%
   B. Is the interest rate on the new loan less than the rate referenced in 4A? **Y/N**
   - If yes, continue.
   - If no, this loan is not eligible.

5. A. What were the total points and fees paid by the borrower on the "low-rate home loan?" $ _______________
   B. Are the points and fees being paid by the borrower on the new loan less than the points and fees referenced in 5A? **Y/N**
   - If yes, this loan is eligible.
   - If no, the loan is not eligible.

A "low-rate home loan" is a loan with an initial rate that is two percentage points or more below the yield on treasury securities with maturities comparable to the loan term. If the loan had a discounted introductory rate, then the fully indexed rate should be used to determine whether the loan is a "low-rate home loan".

Exhibit B

TEXAS REFINANCE
Borrower Acknowledgement

Borrower's Name:___________________________________ Loan #:____________________________________

BORROWER ACKNOWLEDGEMENT

The undersigned acknowledge(s) that any refund check received as part of today's real estate settlement is a partial or full reimbursement of funds paid to the lender prior to or at the closing of the loan and does not constitute proceeds of the loan from lender.

____________________ __________
Borrower Date

_____________________ __________
Borrower Date