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.

FHA STREAMLINE
STANDARD AND HIGH BALANCE

Standard Balance
15, 20, 25 and 30 Year Fixed Rate
5/1 ARM

LTV	CLTV	Purpose	Units	Occupancy	Credit Score
N/A[1]	125[3]	Streamline Refi	1-4	O/O	620 - Wholesale/Correspondent 580 - Retail
N/A[1]	125[3]	Streamline Refi	1	SH[2,4]	620 - Wholesale/Correspondent 580 - Retail
N/A[1]	125[3]	Streamline Refi	1-4	N/O/O[2]	620 - Wholesale/Correspondent 580 - Retail

1. No max LTV when no subordinate financing exists
2. Fixed rate only allowed
3. Loans containing a Partial Claim Note (issued under the FHA-HAMP Partial Claim Option) are limited to maximum 100% CLTV and Partial Claim Notes must be included in the CLTV calculation.
4. Must be a HUD Approved Secondary Residence

High Balance
30 Year Fixed Rate
5/1 ARM

LTV	CLTV	Purpose	Units	Occupancy	Credit Score
N/A[1]	125[3]	Streamline Refi	1-4	O/O	640
N/A[1]	125[3]	Streamline Refi	1	SH[2,4]	640
N/A[1]	125[3]	Streamline Refi	1-4	N/O/O[2]	640

1. No max LTV when no subordinate financing exists
2. Fixed rate only allowed
3. Loans containing a Partial Claim Note (issued under the FHA-HAMP Partial Claim Option) are limited to maximum 100% CLTV and Partial Claim Notes must be included in the CLTV calculation.
4. Must be a HUD Approved Secondary Residence

Manual Underwriting required,
Automated Underwriting not allowed!

PRODUCT NAME	Standard Balance:

	• FHA Streamline Refi 15 Year Fixed • FHA Streamline Refi 20 Year Fixed • FHA Streamline Refi 25 Year Fixed • FHA Streamline Refi 30 Year Fixed • FHA Streamline Refi 5/1 ARM • FHA Streamline Refi Credit Qualified 15 Year Fixed • FHA Streamline Refi Credit Qualified 20 Year Fixed • FHA Streamline Refi Credit Qualified 25 Year Fixed • FHA Streamline Refi Credit Qualified 30 Year Fixed • FHA Streamline Refi Credit Qualified 5/1 ARM High Balance: • FHA Streamline High Balance 30 Year Fixed • FHA Streamline High Balance 5/1 ARM • FHA Streamline High Balance Credit Qualified 30 Year Fixed • FHA Streamline High Balance Credit Qualified 5/1 ARM
ALLOWABLE ORIGINATION CHANNELS	• Wholesale • Retail • Correspondent (must HUD Approved with FHA Mortgagee ID Number, see Correspondent Section for additional information)
CORRESPONDENT	• Correspondents in conditional DE (preclosing) status must have case number pulled under Correspondent's EIN with applicable PRMG's branch mortgage ID in the Sponsor/Agent ID section (on right side of Case Number Assignment screen). See Resource Center for additional information on completing the case number assignment. • Correspondents in unconditional DE (full eagle) status must have case number pulled under Correspondent's FHA Mortgagee ID Number with PRMG's branch mortgage ID in the Sponsor/Agent ID section (on right side of Case Number Assignment screen). See Resource Center for additional information on completing the case number assignment. • Exception to allow test cases underwritten by conditionally approved correspondent may be available and is subject to investor availability to be confirmed by Exception Pricing
AGENCY LINKS	• In addition to any Product Profile requirements, you must always meet the published HUD guidelines. If published HUD guidelines are more restrictive then what is allowed in the Product Profile, you must always defer to HUD 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 HUD Housing Handbooks site, and from there, obtain access to the 4000.1 Handbook: • http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsgh • Access the All Regs version of the Handbook at: • http://www.allregs.com/tpl/public/fha_freesite.aspx
MINIMUM LOAN AMOUNT	**Standard Balance:** • No Minimum Loan Amount • Note that loan amounts under $30,000 will require special pricing by Secondary Marketing **High Balance** For cases assigned prior to 1/1/2019, base loan amount: All States except Alaska and Hawaii:

	• 1 Unit $453,101 • 2 Units $580,151 • 3 Units $701,251 • 4 Units $871,451 • Alaska and Hawaii: • 1 Unit $679,651 • 2 Units $870,226 • 3 Units $1,051,876 • 4 Units $1,307,176 For cases assigned on or after 1/1/2019: All States, except Alaska and Hawaii • 1 Unit $484,351 • 2 Units $620,201 • 3 Units $749,651 • 4 Units $931,601 For cases assigned on or after 1/1/2019: Alaska and Hawaii • 1 Unit $726,526 • 2 Units $930,301 • 3 Units $1,124,476 • 4 Units $1,397,401
MAX. LOAN AMOUNT	• Refer to PRMG's "Eligible States" list for states currently available for business **Standard Balance** For cases assigned prior to 1/1/2019: All States except Alaska and Hawaii: • 1 Unit $453,100 • 2 Units $580,150 • 3 Units $701,250 • 4 Units $871,450 Alaska and Hawaii • 1 Unit $679,650 • 2 Units $870,225 • 3 Units $1,051,875 • 4 Units $1,307,175 For all loans on or after 1/1/2019: All States, except Alaska and Hawaii: • 1 Unit $484,350 • 2 Units $620,200 • 3 Units $749,650 • 4 Units $931,600 For all loans on or after 1/1/2019: Alaska and Hawaii • 1 Unit $726,525 • 2 Units $930,300 • 3 Units $1,124,475 • 4 Units $1,397,400 **High Balance** • Streamline refinance transactions are not subject to the current FHA county limits and are allowed to exceed those limits in accordance Handbook 4000.1.
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. • 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.
FEE RESTRICTIONS	• Lender or Borrower paid transactions allowed.
MORTGAGE TYPES	• Any FHA programs/mortgage types identified in the FHA Handbook that are not specifically allowed in the product profile, including but not limited, to Energy Efficient Mortgages are not eligible.
DOCUMENTATION	• All loans: the FHA Connection Refinance Authorization Results must be included in the loan file and the endorsement/insured date of the FHA Loan being refinanced is displayed in the "Original Endorsement Date" field • 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. • Must authenticate documents obtained from an Internet website and examine portions of printouts downloaded from the Internet including the Uniform Resource Locator (URL) address, as well as the date and time the documents were printed. The lender must visit the URL or the main website listed in the URL if the page is password protected to verify the website exists and print out evidence documenting the lender's visit to the URL and website. • Preliminary Title policy must be no more than 90 days when the note is signed • Must verify borrower's funds to close, in excess of the total mortgage payment of the new Mortgage, in accordance with Sources of Funds.in the 4000.1 • Asset verification is required for any financing costs that are not included in the new mortgage amount in excess of the total mortgage payment of the new Mortgage, in accordance with Sources of Funds.in the 4000.1. • 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 deposits over 1% of the adjusted value require an explanation from the borrower as to how they were accumulated in alignment with HUD's requirement for cash on hand. • 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. • Evidence of a valid Social Security number • Access letter required for any accounts where a non-borrowing party is on the account (including a non-borrowing spouse) • Copy of the note from the current loan. • For non-self-employed borrowers: Verbal VOE is required to be completed no more than 10 days prior to the note date for wet funding states and escrow states. If the Verbal VOE is completed more than 10 days prior to the funding date, another Verbal VOE should be completed 10 days prior to funding date for escrow states. • For self-employed borrowers: No more than 30 calendar days prior to note date, verify the existence of the borrower's business from a third party that may include a CPA letter (cannot be vague, must state length of time doing taxes and be signed by CPA), regulatory agency, or appropriate licensing bureau; and 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. If the contact is made verbally, PRMG must document the source of the information obtained and the name and title of PRMG's employee who obtained the information. Please note, a verbal VOE from a CPA is not an acceptable third party verification for self-employed borrowers. 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 s not allowed. If all other methods of obtaining third party verification have been exhausted, the borrower can provide letters from three clients indicating the type of service performed, length of time of business relationship, frequency of service, payment arrangements, etc. and support the income with current bank statements, deposits, etc. The underwriter must thoroughly investigate that the business, income and proof of business is legitimate.
NON-CREDIT QUALIFYING DOCUMENTATION	• Mortgage only rating with scores is acceptable, a full tri-merge is not required. A tri-merged in-file credit report with credit scores (only mortgage rating needs to be reviewed) will also be accepted. • An abbreviated URLA may be used. Sections IV, V, VI and VIII (a) through VIII(k) do not need to be completed per HUD, however employment information must be provided on the 1003 in order to allow a verbal VOE to be performed. • Income should not be shown on the application • For loans in Rebuttable Presumption only (to meet DTI requirements as outlined in the Ratios section), appropriate income documentation is required.
CREDIT QUALIFYING DOCUMENTATION	• Tri-merged in-file credit report with credit scores. • Last 2 years W2s • 4506-T • 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. • 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 HUD 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. • If there is proof of expenses incurred by the borrower that would reduce income (i.e., 2106 expenses, reimbursed expenses (at underwriter discretion as it may be an indication of unreimbursed expenses), reference to 1099 commission income, or if commission income exceeds 25% of borrower's total annual employment income) then 1040 transcripts are also required. If there is evidence or proof of expenses that would reduce income then the no transcript option is not allowed to be utilized. • If tax returns/transcripts are included in the file, for any reason (including to qualify for use of an MCC, rental income, proof of first time homebuyer, etc.), and the returns/transcripts reflect unreimbursed employee business expenses (2106 expenses), those expenses must be considered in income calculations. • Tax transcripts must come to lender directly from the IRS or through a third party vendor ordered/obtained by lender • 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 • Two years IRS 1040 Transcripts are required on all loans when the borrower is employed by a relative or closely held family business. • For self-employed borrowers or a borrower who has commission income greater than 25 percent of the borrower's total earnings, using tax transcripts in lieu of returns is allowed as outlined per 4000.1 • Amended tax returns must have been filed at least sixty (60) days prior to the earliest of the purchase agreement, initial credit report date, or mortgage application date, unless the changes made are non-material to the amount of income claimed, and qualification for the mortgage loan. When using the amended returns if filed within

<table>
<tr><td></td><td>sixty (60) days to the earliest of the purchase agreement, initial credit report date, or mortgage application date, or after, the Underwriter must provide justification and commentary regarding its use, including that borrower does not require use of amended income for qualification. Regardless of when the amended returns were filed, 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, and the ability to pay, if the check has not yet cancelled.

Profit and loss statement and balance sheet required if more than a calendar quarter has elapsed since date of most recent calendar or fiscal-year end tax return was filed by the borrower. (A balance sheet is not required for self-employed borrowers filing Schedule C income.) Additionally, if income used to qualify the borrower exceeds the two year average of tax returns, an audited profit and loss statement or signed quarterly tax returns obtained from IRS are required.
Letter of explanation is required for borrowers who are self-employed or have non-W2 income/loss if there is a variance of 10% or more between the total income on the tax transcripts and the tax returns.
Debt ratios are calculated based on full income documentation.
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.
For deleting a borrower (See Adding / Deleting Borrowers section)
</td></tr>
<tr><td>DOCUMENT EXPIRATIONS</td><td>
Preliminary Title policy must be no more than 90 days when the note is signed
Credit documentation must not be more than 120 days old from the disbursement date
</td></tr>
<tr><td>INCOME DOCUMENTATION</td><td>
The following income documentation requirements are the minimum required on all loans, both credit qualifying and non-credit qualifying.

<table>
<tr><th>Income Type</th><th>Documentation Requirements</th></tr>
<tr><td>Salaried/W-2 Wage Earner</td><td>Verbal VOE</td></tr>
<tr><td>Self-Employment Income</td><td>Verification of self-employed applicant’s business (for instance, most recent quarterly tax payment/CPA Letter/current unexpired business license)</td></tr>
</table>

Credit qualifying transactions require income documentation to meet HUD requirements
Non-credit qualifying transactions only need to list most recent employer on application (2 year history not required)
</td></tr>
<tr><td>POWER OF ATTORNEY</td><td>
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

</td></tr>
</table>

	• 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
	  • 203K loans (Lexis Nexis is required on all contractors as well)
	  • VOE only used (when allowed by AUS) and not supported by paystub/W2 for Wholesale and Correspondent channels only (not required for retail channel)
	  • If the borrower is employed by a party to the transaction
	  • When the 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. • 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. For Credit Qualifying Transactions: • Income calculations must be included in the file • For borrowers with social security or disability income, in addition to standard documentation requirements, a copy of the last Notice of Award letter or an equivalent document that establishes the award benefit expiration date must be provided to document continuance of income. (An Awards Letter is the only acceptable documentation to establish continuance of any type of Social Security benefits.) If the benefits do not have a defined expiration date, the underwriter should assume income will continue. Under no circumstance, should documentation be requested concerning the borrower's disability or medical condition. • If a borrower is currently on temporary disability (including maternal/parental leave), the borrower must provide a letter of intent to return to work and the employer must provide a letter or other communication of the borrower's right to return to work and a description of the employment terms (same as prior to leave). The temporary disability benefits must be used for loan qualification and must not terminate prior to the borrower returning to work, unless the borrower(s) has liquid reserves sufficient to offset reduced income, covering the gap between the benefits expiration and the return to work dates. See 4000.1 for specific requirements. • For borrowers with gaps in employment of six months or more (an extended absence), the borrower's current income can be used for qualifying if it can verify and document that: (1) the borrower has been employed in the current job for at least six months at the time of case number assignment; and (2) a two year work history prior to the absence from employment using standard or alternative employment verification. • Follow HUD 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. • 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 not allowed. • Must comply with all rental income documentation and calculation requirements in accordance with Handbook 4000.1
AUTOMATED UNDERWRITING	•
DESKTOP UNDERWRITER (DU)	• DU is not allowed. • TOTAL Scorecard may NOT be used.
LOAN PRODUCT ADVISOR (LPA)	• Not allowed • Formerly known as Loan Prospector (LP) • TOTAL Scorecard may NOT be used.
MANUAL UNDERWRITING	• ALL loans MUST be manually underwritten. • For Credit Qualifying Streamlines, must follow more conservative of the Product Profiles or Manual Underwrite section of Handbook 4000.1, with the exception of Appraisals or LTV Calculations (as the requirements in those sections are excluded from Credit Qualifying Streamline Refinances)
CAIVRS	• Credit Alert Interactive Voice Response System (CAIVRS) does not need to be run
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.
MORTGAGE CREDIT REJECT/SANCTION	• For credit qualifying loans, any mortgage credit reject or mortgage credit sanction will require a second signature from an Operations Manager. The underwriter must justify on their LT why they want to overturn another lender's decline and document the file accordingly.
ELIGIBLE PROPERTY TYPES	• Single Family Residence. • 1 – 4 Units • Modular Homes • Condos (allowed in accordance with FHA Streamline guidelines as published by HUD) • Site Condos • PUDs Attached and Detached • Log Homes
INELIGIBLE PROPERTY TYPES	• Hawaii properties in lava zones 1 and 2 • Hawaii Homeland Leasehold properties • Mobile homes. • Condotels. • Hotel Condominiums

	• Mixed-Use • Co-ops • Manufactured Homes • Leasehold Condos • Timeshares • Geodesic dome, Earth or Geothermal homes • Working Farms and Ranches • Unimproved land • Commercial enterprises (e.g. Bed and Breakfast, Boarding House, Hotel) • Property currently in litigation • Properties in a flood zone that do not participate in the National Flood Insurance Program • Properties with individual water purification systems (an individual water purification system is a system that is needed to make the water safe and meet code when the individual water supply is unsafe for human consumption unless the system is operating properly. This is not a system that is installed to improve the taste or softness of the water.) • Indian land (leased or fee simple) • Properties rated in "less than average" condition • Refinances of Good Neighbor Next Door loans that were originated in the last 3 years • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program)
CONDOS	• Allowed • If project is no longer approved or does not meet Lender Certification criteria, then only a FHA-to-FHA streamline refinance is allowed.
LOG HOMES	• Log Homes are allowed
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.
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
LEASED LAND	• Residential properties in the area consisting of leasehold or ground rent estates are readily marketable and acceptable in the subject area • The leasehold is in full force and effect and is not subject to any prior lien or encumbrance by which the leasehold could be terminated or subjected to any charge or penalty • The remaining term or exercised renewal of the lease with any renewals enforceable by the mortgage do not terminate earlier than ten years after the maturity date of

	the loan • Comply with all FHA requirements • Indian leased land is not allowed • Leasehold Condos are not allowed
MULTIPLE PARCELS	• Allowed, follow HUD in regard to the number of parcels and excess/surplus land • The lots/parcels must be adjoining • The lots/parcels must be zoned residential • Two or more parcel ID numbers are acceptable, as long as they are included in the Deed of Trust and are part of only one legal description. If the additional lot/parcel is vacant and able to be subdivided, it cannot be given value, and must meet FHA guidelines for Excess and Surplus Land. If the additional lot/parcel provides access to the lot with the dwelling, then it is acceptable for value to be give, as determined by an FHA Appraiser. • Limited nonresidential improvements such as a garage are acceptable on the second lot • The mortgage must be a first lien on each lot/parcel
LEGAL RESTRICTIONS ON CONVEYANCE (FREE ASSUMABILITY)	• There may be no legal restrictions on conveyance (transfer of title) in accordance with 24 CFR § 203.41, which would include items like Private Transfer Fees and Community Enhancement Fees unless specifically allowed per 24 CFR § 203.41. (see AllRegs for additional information on 24 CFR § 203.41.) • Underwriter must review and confirm that if are legal restrictions on conveyance, they are allowed in accordance with 24 CFR § 203.41 and are not further restricted by the product profile (for instance allowable deed restriction types).
	•
COMMUNITY DEVELOPMENT DISTRICT (CDD)	• Allowed, must meet any agency requirements in regards to special assessment districts
MAXIMUM ACREAGE	• Maximum 40 acres • Must enter “Over 10 Acres” in Loan Program Comments section of Investor Overlay Screen in FT360 if property is over 10 acres
PROPERTIES WITH UNPERMITTED ADDITIONS	• Allowed for unpermitted renovations that do not add any additional structure/square footage to the property. • The subject property complies with all HUD guidelines

ILLINOIS LAND TRUST	• Illinois land trusts are allowed subject to the following:
	  • All beneficiaries are individuals;
	  • The Mortgage applicant(s) must be one of the beneficiaries of the trust;
	  • The trustee must be a corporation or financial institution customarily engaged in the business of acting as trustee under Illinois land trusts;
	  • The beneficiaries have sole power of direction over the land trust and trustee;
	  • All beneficiaries are obligated as individuals under the terms of the note;
	  • The Mortgage applicants have been underwritten and are qualified Borrowers under the requirements of the product;
	  • All such Land Trust Mortgages are secured by owner-occupied, 1-4 family properties; and
	  • The term of the trust agreement is at least as long as the term of the security instrument.
	• Documentation
	  • Where the property is to be held in a land trust, all of the following additional documentation must be provided:
	    • Land Trust Rider to the Mortgage/Deed of Trust
	    • Land Trust Rider to the Note

	- Security Assignment to Beneficial Interest in Land Trust - The trust agreement must be reviewed by the underwriter. No additions, deletions, or other riders to the standard forms are permitted. - The Note, Mortgage and documents required above must be completed and executed as follows: - The Note and Mortgage must include the number of the trust and the date on which the trust was created. This information should follow the name of the trustee on these documents. - The beneficiary must execute the Note and land trust rider to that Note. - The trustee must execute the Mortgage, the Note, and the land trust rider to each. - The beneficiary must assign his/her beneficial interest in the Note and trust agreement to the Seller. - The riders must be dated and executed the same day as the Mortgage and Note. - If Illinois Land Trust then "Illinois Land Trust" must be entered in the Loan Program Comments section of Investor Overlay Screen in FT360 and Secondary must be notified if the loan is locked prior to approval.
DEED RESTRICTED PROPERTIES	"55 and Older" restricted properties only - Must have "Housing Developments - Subject to Age Restrictions" form completed (See Forms section in FastTrac)
OCCUPANCY	- Primary Residence (O/O) - Second Home (SH) - Non-Owner Occupied (N/O/O) - If a borrower is re-occupying a property that was previously an investment property, Streamline Refinances are not allowed (unless the borrower has re-occupied the residence 12 months or more prior to the loan application date.) - Occupancy is determined by the current use of the subject property, not the use at origination of the existing loan - The Mortgagee must review the borrower's employment documentation or obtain utility bills to evidence that the borrower currently occupies the property as their principal residence. - The Mortgagee must obtain evidence that the secondary residence has been approved by the Jurisdictional HOC. - The mortgagee must process the streamline refinance as a non-owner occupied property if the mortgagee cannot obtain evidence that the borrower occupies the property either as a principal or secondary residence.
SECOND HOME	- Can only be a fixed rate - Must meet all HUD requirements for streamlines of second homes
NON-OWNER OCCUPIED	- Can only be a fixed rate - Must meet all HUD requirements for streamlines of investment properties
ELIGIBLE BORROWERS	- U.S. Citizens, Permanent and Non- Permanent Resident Aliens, Existing Non-Occupying Co-Borrowers. - A maximum of 4 borrowers per loan application is allowed. - ITIN (Individual Tax Payer Identification Numbers) are not allowed - Borrowers with diplomatic immunity 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. Adequate

	documentation must be provided to substantiate such residency in the U.S.

RESIDENT ALIENS	• Permanent resident aliens are eligible and must provide evidence of a valid Social Security number.
	• Non-permanent resident alien may be eligible provided:
	  • the Property will be the Borrower's Principal Residence;
	  • the Borrower has a valid SSN, except for those employed by the World Bank, a foreign embassy, or equivalent employer identified by HUD;
	  • the Borrower is eligible to work in the United States, as evidenced by the Employment Authorization Document issued by the USCIS; and
	  • the Borrower satisfies the same requirements, terms and conditions as those for U.S. citizens.
	  • The Employment Authorization Document is required to substantiate work status. If the Employment Authorization Document will expire within one year and a prior history of residency status renewals exists, the Mortgagee may assume that continuation will be granted. If there are no prior renewals, the Mortgagee must determine the likelihood of renewal based on information from the USCIS.
	  • A Borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS is automatically eligible to work in this country. The Employment Authorization Document is not required, but documentation substantiating the refugee or asylee status must be obtained.
	• 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 NATIONAL	• N/A
NON-OCCUPYING CO-BORROWERS	• Non-occupying co-borrowers that were on the original loan may remain. • Adding a non-occupying co-borrower is NOT allowed.
ADDING / DELETING BORROWERS	• The current deed or title must be used to verify that all current borrowers are listed as owners. • A borrower may be added to title as long as the existing borrowers remain on the note without credit qualifying. • Borrower(s) can be deleted and processed as a non-credit qualifying as allowed per HUD and supporting documentation is provided to allow non-credit qualifying transaction • If unable to meet exception for non-credit qualifying, borrower(s) can be deleted as long at least one borrower from the existing mortgage remains as a borrower and transaction must be processed as a credit qualifying loan and meet HUD requirements
CREDIT	• DE Underwriter Final Loan Approval Date cannot be after Note Date. • The use of a U.S. address to obtain a credit report for a borrower who resides in another country is not permitted. • If the borrower's credit report contains a FACTA credit alert, the completed Fraud Alert Confirmation form must be in the file (available via Resource Center). • If a disputed account is a borrower's verified previously delinquent mortgage trade line, which may affect the credit score of the borrower, information regarding the dispute must be obtained. The underwriter must verify that the credit report is

	considering the previously delinquent mortgage. 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), the dispute should be removed at the bureau level and credit report re-run to reflect accurate credit message without dispute. 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. • Non-Credit Qualifying Streamlines only on previously indemnified loans. • MERS search must be run on borrower for non-credit qualifying transactions and on borrower for credit qualifying transactions only • Credit documentation must not be more than 120 days old from disbursement date • PRMG does not allow use of extenuating circumstances in the credit decision for reduced seasoning or satisfactory credit requirements.
NON-CREDIT QUALIFYING CREDIT REQUIREMENTS	• Qualifying FICO score is determined by using the middle of three or lowest of two scores. If there are multiple borrowers, then use the lowest representative score of all borrowers to qualify. If only one score is available, then use the one provided. • All borrowers must have a valid FICO score. • If the credit report used in the loan file reports other derogatory credit, credit qualifying guideline seasoning does not need to apply for the derogatory items reported and can be completely disregarded. Only subject mortgage history is reviewed for mortgage lates. • The borrower must be current on the mortgage being refinanced for the month due prior to the month in which they close the refinance and for the month in which they close. For example, if the loan is closing on April 8, the borrower must have paid the March payment within the month of March and must make the April payment by closing. However, the borrower's payment that is due at the time of closing (in the example, the April payment) may be included in the payoff statement from the current lender and no additional money is required to be brought into closing. The underwriter must verify that a payment is not being skipped and the payment that is due is included in the payoff statement. It is the borrower's responsibility to make the current month's payment should the loan not close before the last business day of the month in which the refinance takes place. Otherwise, the payment will be considered late and the loan will not be eligible for FHA streamline financing for a minimum of 1 year. Additionally, if the present month's payment is made by the borrower prior to close, then only 30 days of interest, not 60 days of interest can be included in the payoff. For instance, if the borrower made his May payment on May 8th and the loan closed on May 28th only 30 days of interest can be charged. • Subject properties that have had a loan modification or previous short refinance are eligible. • Borrowers with a loan modification or short refinance in their credit history are eligible. • The mortgage history is based on up to a 12 month, or life of loan, payment history. • The borrower must have made all mortgage payments for all mortgages on the subject property within the month due for the six months prior to case number assignment and have no 30-Day late payment for the previous twelve months for all Mortgages on the subject properties (for a 0x30x12 history). The Borrower must have made the payments for all mortgages secured by the subject property within the month due for the month prior to mortgage disbursement. • The credit report for the mortgage history must be updated to include the payment made for the most recent month due. • If loan is seasoned less than 12 months (12 months of payments not 12 months of ownership), must meet above payment history requirements since loan inception

	(However, on the date of the FHA case number assignment the borrower must have made at least six payments on the FHA-insured Mortgage that is being refinanced; at least six full months must have passed since the first payment due date of the Mortgage that is being refinanced; at least 210 Days must have passed from the closing date of the Mortgage that is being refinanced; and if the borrower assumed the mortgage that is being refinanced, they must have made six payments since the time of assumption)
CREDIT QUALIFYING CREDIT REQUIREMENTS	• Use HUD underwriting guidelines with the following specifics: • Qualifying FICO score is determined by using the middle of three or lowest of two scores. If there are multiple borrowers, then use the lowest representative score of all borrowers to qualify. If only one score is available, then use the one provided. • All borrowers must have a valid FICO score. • The borrower must be current on the mortgage being refinanced for the month due prior to the month in which they close the refinance and for the month in which they close. For example, if the loan is closing on April 8, the borrower must have paid the March payment within the month of March and must make the April payment by closing. However, the borrower's payment that is due at the time of closing (in the example, the April payment) may be included in the payoff statement from the current lender and no additional money is required to be brought into closing. The underwriter must verify that a payment is not being skipped and the payment that is due is included in the payoff statement. It is the borrower's responsibility to make the current month's payment should the loan not close before the last business day of the month in which the refinance takes place. Otherwise, the payment will be considered late and the loan will not be eligible for FHA streamline financing for a minimum of 1 year. Additionally, if the present month's payment is made by the borrower prior to close, then only 30 days of interest, not 60 days of interest can be included in the payoff. For instance, if the borrower made his May payment on May 8th and the loan closed on May 28th only 30 days of interest can be charged. • The mortgage history is based on up to a 12 month, or life of loan, payment history. • For contingent/co-signed liabilities, follow HUD guidelines which will allow the payment to be excluded from monthly liabilities only if (1) documentation is provided to evidence that the other party to the debt has been making regular on-time payments during the previous 12 months and does not have a history of delinquent payments on the loan; or (2) documentation is provided which verifies and documents that there is no possibility that the debt holder will pursue debt collection against the borrower should the other party default. • For cases assigned prior to 9/30/16, the borrower must have made all mortgage payments for all mortgages on the subject property within the month due for the six months prior to case number assignment and have no 30-Day late payment for the previous six months for all mortgages (for a 0x30x12 history). The Borrower must have made the payments for all mortgages secured by the subject property within the month due for the month prior to mortgage disbursement. For all mortgages on all other properties, the Borrower must have no 30-Day late payment for the previous six months. • For cases on or after 9/30/16, the borrower must have made all mortgage payments for all mortgages on all properties with less than six months of mortgage payment history, the borrower must have made all payments within the month due. For all non-subject mortgages on all properties with greater than six months of mortgage payment history, the borrower must have made all mortgage payments within the month due for the six months prior to case number assignment and have no more than one 30-Day late payment for the previous six months. For all subject mortgages with greater than six months of mortgage payment history, the borrower must have made all mortgage payments within the month due for the twelve months prior to

	case number assignment (for a 0x30x12 history on the subject property). The Borrower must have made the payments for all Mortgages secured by the subject Property within the month due for the month prior to mortgage Disbursement. • The credit report for the mortgage history must be updated to include the payment made for the most recent month due. • If loan is seasoned less than 12 months (12 months of payments not 12 months of ownership), must meet above payment history requirements since loan inception (However, on the date of the FHA case number assignment the borrower must have made at least six payments on the FHA-insured Mortgage that is being refinanced; at least six full months must have passed since the first payment due date of the Mortgage that is being refinanced; at least 210 Days must have passed from the closing date of the Mortgage that is being refinanced; and if the borrower assumed the mortgage that is being refinanced, they must have made six payments since the time of assumption) • Court ordered judgments must be resolved or paid off, in accordance with HUD. • An explanation is required for judgments, collections and charge-offs and they must be paid per Underwriter recommendation. • If a judgment or tax lien is being paid off and 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 Agency Guidelines will allow a judgment or tax lien to be paid off with the transaction all Agency Guidelines must be met (i.e., must be paid through the transaction and funds must be verified and documented). • Chapter 7 bankruptcies must be discharged at least 2 years from the application date and the borrower has re-established their credit or chosen not to incur new credit obligations - Per HUD they do not require seasoning or a downgrade for a dismissed bankruptcy. • Chapter 13 bankruptcies requires that one year of the pay-out period under the bankruptcy has elapsed, the borrower's payment performance has been satisfactory and all required payments have been made on time, and the borrower has received written permission from bankruptcy court to enter into the mortgage transaction. • Subject properties that have had a loan modification or previous short refinance are eligible. A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments. • Borrowers with a loan modification or short refinance in their credit history are eligible. A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments. If mortgage payment history requirements (as required by HUD for mortgage history) are not met, a downgrade to a manual underwrite is required. • Deed-in-lieu of foreclosures are considered foreclosures. • Short sales (Pre-Foreclosure Sales) within the last 3 years to the case number assignment date are not allowed, with the following exception: if a short sale has occurred within 3 years of the case assignment date, there is no seasoning requirement as long as the loan is manually underwritten, all Mortgage Payments on the prior Mortgage were made within the month due for the 12-month period preceding the Short Sale; and installment debt payments for the same time period were also made within the month due. • Foreclosure: Foreclosures within the last 3 years from the application date are not allowed • Must obtain a credit report for a non-borrowing spouse who resides in a community

	property state, or if the subject property is located in a community property state. The credit report must indicate the non-borrowing spouse's SSN, where an SSN exists, was matched with the SSA, or the must either provide separate documentation indicating that the SSN was matched with the SSA or provide a statement that the non-borrowing spouse does not have an SSN. Where an SSN does not exist for a non-borrowing spouse, the credit report must contain, at a minimum, the non-borrowing spouse's full name, date of birth, and previous addresses for the last two years. • In community property states, tax liens of any non-borrowing spouse must be paid. The credit history of the non-borrowing spouse in regards to the lien does not have to be considered, but the tax liens have to be paid. • The debts of a non-purchasing spouse must be included in the borrowers qualifying ratios if the borrower resides in a community property state or the property is located in a community property state unless that debt is specifically excluded by state law. The underwriter must ensure the debt that is not being included complies with state law and the debt can in no way effect the new first trust deed lien. Additionally, if the debt being excluded is a mortgage lien, it is important to ensure the current loan transaction is not being used to provide a bail out for the other mortgage lien. • Non-borrowing spouse's credit history cannot be used when making a credit decision on the loan, however if a property appears on a joint tax return, the borrower lives in a property or the borrower is on title, the mortgage history of that property will need to be considered as part of the borrower's credit history as well. • It is necessary to review the borrower's credit history for the 24 months prior to the case number assignment date, including for borrower housing payment history. Note, for housing history, must evaluate previous housing expenses and related expenses, including utilities.
TRADE LINE REQUIREMENTS	• All borrowers must have a valid credit score. The credit score cannot be determined using insufficient trade lines (authorized user accounts, deferred student loans or disputed credit lines.) • There are no minimum traditional (credit reported directly to the credit bureaus) trade line requirements with a DU Approve/Eligible. You must always meet the requirements as listed on the DU approval. • Non-traditional credit is not allowed as a basis for loan approval

RATIOS	• For credit qualifying:
	  • If loan falls under HPML, max DTI is 43%
	  • For cases assigned prior to 4/21/14: 31%/43%
	  • Must comply with more restrictive of below ratios or Approval Ratio Requirements (II.A.5.d) from Handbook 4000.1
	  • 31%/43% for borrowers with no compensating factors and must meet any additional requirements as outlined in Handbook 4000.1: II.A.5.d
	  • 37%/47% with one compensating factors and must meet any additional requirements as outlined in Handbook 4000.1: II.A.5.d
	  • 40%/50% with two compensating factors and must meet any additional requirements as outlined in Handbook 4000.1: II.A.5.d
	  • 40%/40% ratio category allowed by Handbook 4000.1: II.A.5.d for borrowers with no discretionary debt may not be utilized
	• For compensating factors on manual underwrites, if using residual income as one of the factors, in addition to the deductions listed in the 4000.1, underwriter must also include "all other debts on the credit report"
	• For non-credit qualifying, no ratios are calculated, however if loan is in Rebuttal Presumption (APR exceeds APOR by more than the combined annual MIP plus

	1.15%), then income documentation is required and max DTI is 43%. See Rebuttal Presumption section for additional information/requirements
QUALIFYING	• Fixed Rate: Qualify at note rate • ARMs: Qualify at note rate • Minnesota Properties: All ARMS qualify at the greater of the product's qualifying requirement or the loans fully indexed fully amortized rate • ARMs in Rebuttable Presumption: See Rebuttable Presumption Section for qualifying in regards to DTI for Rebuttable Presumption • Installment debt can be paid off to qualify. • Installment (closed end) debt does not have to be included if they will be paid off within 10 months and the cumulative payments of all such debts are less than or equal to 5 percent of the Borrower's gross monthly income. The borrower may not pay down the balance in order to meet the 10-month requirement. • Accounts for which the borrower is an authorized user must be included in a borrower's DTI ratio unless documentation shows that the primary account holder has made all required payments on the account for the previous 12 months. If less than three payments have been required on the account in the previous 12 months, the payment amount must be included in the borrower's DTI. • 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. • The percentage of non-taxable income that may be added cannot exceed the greater of 15% or the appropriate tax rate for the income amount, based on the borrower's tax rate for the previous year. If the borrower was not required to file a federal tax return for the previous tax reporting period, gross up the non-taxable income by 15%. Any additional adjustments or allowances based on the number of the borrower's dependents is not allowed • A tax withholding table can be found at the following link, but sure to use the most recent tax table: https://www.irs.gov/pub/irs-pdf/n1036.pdf • 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 there is no payment on the credit report, obtain a copy of the billing statement, or note to determine the payment amount, based on the terms of the note, or the statement. If there is no balance, a payment does not need to be included. • Business use of subject property, as reflected on tax returns, may not exceed 25% of the home. • Lease payments must be included in the borrower's recurring monthly debt obligations, regardless of the number of months remaining on the lease unless there is evidence provided that the lease will not be renewed and another vehicle will not be purchased/leased, or if another vehicle was leased/purchased then the payment for that vehicle should be included in the ratios as appropriate. • All deferred obligations (excluding student loans), regardless of when they will begin, must be included in the qualifying ratios. The lender must obtain evidence of: the deferral; the outstanding balance; the terms of liability; and the anticipated monthly payment. If the actual monthly payment is not available for installment debt, the lender must utilize the terms of the debt or 5 percent of the outstanding balance to establish the monthly payment. • Student loans must be included in the borrower's liabilities, regardless of the payment type or status of payments (deferred or in payment status). If the payment used for the monthly obligation is: (1) less than 1 percent of the outstanding balance reported on the Borrower's credit report, and (2) less than the monthly payment

	reported on the Borrower's credit report; then written documentation must be obtained of the actual monthly payment, the payment status, and evidence of the outstanding balance and terms from the creditor. Regardless of the payment status, use either: (1) the greater of: (a) 1 percent of the outstanding balance on the loan; or (b) the monthly payment reported on the Borrower's credit report; or (2) the actual documented payment, provided the payment will fully amortize the loan over its term. • For 30 day accounts, must verify the borrower paid the outstanding balance in full on every 30-Day account each month for the past 12 months. 30-Day accounts that are paid monthly are not included in the borrower's DTI. If the credit report reflects any late payments in the last 12 months, must utilize 5% of the outstanding balance as the borrower's monthly debt to be included in the DTI. Must use the credit report to document that the borrower has paid the balance on the account monthly for the previous 12 months. Must use the credit report to document the balance, and must document that funds are available to pay off the balance in excess of the funds and reserves required to close the mortgage. • For revolving accounts, must include the monthly payment shown on the credit report for the revolving charge account. Where the credit report does not include a monthly payment for the account, must use the payment shown on the current account statement or 5% of the outstanding balance. Must use the credit report to document the terms, balance and payment amount on the account, if available. Where the credit report does not reflect the necessary information on the charge account, must obtain a copy of the most recent charge account statement or use 5% of the outstanding balance to document the monthly payment. • If a credit report shows an asterisk next to the payment, it can be an indication that the payment listed is not the required monthly minimum payment amount, and as such will require supplemental documentation to support the payment, as required by the agency or, if revolving, 5% of the balance can be used for the payment • 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 the borrower has a tax lien, the underwriter must condition for proof the money owed has been paid in full or paid off in full at closing and must include the current amount of the lien, including all interest and late fees or provide evidence to verify the borrower has entered into a valid repayment agreement with the federal agency to make regular payments on the debt and the borrower has made timely payments for at least three months of scheduled payments. The borrower cannot prepay scheduled payments in order to meet the required minimum of three months of payments. The lender must include the payment amount in the agreement in the calculation of the borrower's DTI ratio. 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 there is evidence the borrower has outstanding tax debt or the if the borrower is in a payment plan, then the monthly tax payment amount must be included in the calculation of the borrower's DTI ratio, but there is no minimum months of payment required to have been made. For prior tax years, if there is evidence the borrower has outstanding tax debt or the borrower is in a payment plan, evidence to verify the borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and underwriter discretion can be used to determine the minimum months of payment required to have been made. Even if the 1040s shows payment due as long as there

<table>
<tr><td></td><td>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.
• If a borrower is on title (has ownership interest) and is on the note to other properties besides the subject property, follow FHA guidelines for contingent liabilities for both the P&I payment as well as the taxes, insurance and additional items (association fees) (TIA). 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 as long as documentation is provided to show 12 months' satisfactory payments by the other party who is on title and the note, in alignment with contingent liability requirements. If the taxes and insurance are not escrowed or the property is owned free and clear, and the TIA is not paid on a monthly basis (i.e. annually, semi-annually) then a sufficient history of payments made by the other party on title must be presented to make a reasonable conclusion that it will continue. The other party making the payments must be both on the note (if there is a lien) and on title (in all cases) in order to exclude</td></tr>
<tr><td>PAYMENT SHOCK</td><td>• N/A</td></tr>
<tr><td>NET TANGIBLE BENEFIT</td><td>• It must be determined that there is a net tangible benefit as a result of the streamline refinance transaction.
• A Net Tangible Benefit is a reduced Combined Rate, a reduced term, and/or a change from an ARM to a fixed rate Mortgage that results in a financial benefit to the Borrower.
• The following table outlines the minimum requirements that need to be met, in order to have an acceptable net tangible benefit to the borrower:
<table>
<tr><th>Refinancing To
From</th><th>Fixed Rate
New Combined Rate</th><th>Hybrid (Fixed Period) ARM
New Combined Rate</th></tr>
<tr><td>Fixed Rate</td><td>At least 0.5 percentage points below the prior Combined Rate.</td><td>At least 2 percentage points below the prior Combined Rate.</td></tr>
<tr><td>Any ARM With Less Than 15 Months to Next Payment Change Date</td><td>No more than 2 percentage points above the prior Combined Rate.</td><td>At least 1 percentage point below the prior Combined Rate.</td></tr>
<tr><td>Any ARM With Greater Than or Equal to 15 Months to Next Payment Change Date</td><td>No more than 2 percentage points above the prior Combined Rate.</td><td>At least 1 percentage point below the prior Combined Rate.</td></tr>
</table>
For a Reduction in Term, the net tangible benefit test is met if:
• the remaining amortization period of the existing mortgage is reduced;
• the new interest rate does not exceed the current interest rate; and
• the combined principal, interest and MIP payment of the new Mortgage does not exceed the combined principal, interest and MIP of the refinanced Mortgage by more than $50.</td></tr>
<tr><td>LOAN TERM CHANGES</td><td>• The term of the mortgage is the lesser of 30 years or the remaining term plus 12 years (this becomes a factor when the original term was 15 years).</td></tr>
<tr><td>NEGATIVE CASH FLOW/ POSITIVE CASH FLOW</td><td>• If credit qualifying, rental income supported by a lease from a family member or interested party is not allowed</td></tr>
<tr><td>CASH RESERVES</td><td>Non-Credit Qualifying:
• No cash reserve requirements
Credit Qualifying (no gifts for reserves):</td></tr>
</table>

	• 1-2 Unit properties: 1 month PITIA • 3-4 Unit properties: 3 months PITIA
SUBORDINATE FINANCING	• No new subordinate financing may be obtained. • However, existing subordinate financing must be subordinated. • When subordinating an existing HELOC, the maximum accessible credit limit must be used for CLTV calculation. • For High Balance loans the max LTV = max CLTV • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program).

MORTGAGE CREDIT CERTIFICATES (MCC)	• PRMG will not allow MCCs that are paid by the issuer directly to the servicing lender as a supplement to the borrower's monthly payment.
	• The MCC cannot restrict the transfer of ownership or servicing rights of the first Mortgage. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage's servicing rights.
	• PRMG must be documented as an approved participant in good standing with the MCC issuing authority.
	• PRMG must confirm that that they will represent and warrant their responsibility for all requirements prescribed by the issuing authority. The MCC must not require any subsequent investor or servicing lender to fulfill any special requirements of the issuer or the IRS, including servicing and/or reporting responsibilities.
	• HUD will only allow the MCC to be included as effective income when the MCC is not paid to the servicer. It cannot be used to reduce the PITIA since PRMG does not allow payments directly to the servicer.
	• Copy of the MCC and associated calculations must be in the file.
	• Must comply with all HUD Requirements
	• Following documents must be in loan file if MCC is being used to qualify:
	  • Copy of the Mortgage Credit Certificate (A Commitment in lieu of the Certificate will not satisfy this requirement)
	  • Copy of the W-4 and worksheet
	  • MCC Worksheet
	• On wholesale transactions, broker to verify that PRMG is approved with the issuing MCC and that no specific training is required by the lender. If PRMG needs to be approved (provided additional training is not required), broker can provide information to Account Executive who can request the application be submitted to the MCC by PRMG for approval. Broker is responsible for obtaining any paperwork, etc. from the MCC. On retail transactions, Loan Officer to verify that PRMG is approved with the issuing MCC and if specific training is required by the lender, the Loan Officer must complete the training. If any training is required by other staff (besides the loan officer) it must be approved by management. If PRMG needs to be approved by issuing MCC, Loan Officer can request application be submitted by PRMG for approval. Loan Officer is responsible for obtaining any paperwork, etc. from the MCC.
	• Must complete the MCC screen in FastTrac and review the below document.
	• Additional information about Mortgage Credit Certificates can be found here:
	• http://www.eprmg.net/MortgageCreditCertificates.pdf

VALUE FOR LTV/CLTV CALCULATION/MAX MORTGAGE AMOUNT	• Use the original value of the Property to calculate the LTV
NON-CREDIT QUALIFYING STREAMLINE REFINANCE OR CREDIT QUALIFYING	• Calculating the mortgage: • For owner-occupied principal residences and HUD-approved secondary residences, the maximum base loan amount for streamline refinances is:

STREAMLINE REFINANCE	• the lesser of (1) the outstanding principal balance of the existing mortgage as of the month prior to mortgage disbursement; plus interest due on the existing mortgage; and MIP due on existing Mortgage; or (2) the original principal balance of the existing mortgage (including financed UFMIP); • less any refund of UFMIP (if financed in original mortgage). • For Investment properties, the maximum base loan amount for streamline refinances is: • the lesser of (1) the outstanding principal balance of the existing Mortgage as of the month prior to mortgage Disbursement; or (2) the original principal balance of the existing Mortgage (including financed UFMIP); • less any refund of UFMIP (if financed in original Mortgage). • Lender may utilize estimates in calculating the maximum mortgage amount to the extent that the total mortgage amount does not result in the borrower receiving greater than $500 cash back at mortgage disbursement. • Cash to the borrower resulting from the refund of borrowers unused escrow balance from the previous mortgage must not be considered in the $500 cash back limit whether received at or subsequent to mortgage disbursement. • When the estimates utilized in calculating the maximum mortgage amount resulted in greater than $500 cash back to the borrower at mortgage disbursement, lender may reduce the borrower's outstanding principal balance to satisfy the $500 cash back requirement.
CASH OUT	• N/A
STREAMLINE REFINANCE	• Cash back to the borrower is not allowed with the exception of minor adjustments at closing, provided that the amount does not exceed $500.
CASH OUT REFINANCE	• N/A
SHORT REFINANCE	• Not allowed
SEASONING REQUIREMENTS	• See below
RECENTLY DELISTED PROPERTIES	• Must have been removed from prior to the application date. Evidence of listing cancellation is required. • If a primary residence, borrower must provide written confirmation of the intent to occupy • The loan file must also document a letter of intent signed by the borrower acknowledging they do not intend to relist the property for 12 months after the note date
TITLE SEASONING/LOAN SEASONING	• On the date of FHA case number assignment, (1) the borrower must have made at least six payments on the FHA-insured mortgage being refinanced, (2) at least six full months must have passed since the first payment due date of the refinanced mortgage, and (3) at least 210 days must have passed from the closing date of the mortgage being refinanced. If a borrower has legally assumed the loan, without the benefit of a credit review, they must have owned the property at least 6 months before they are eligible for a streamline refinance.
APPRAISAL	• Not allowed
REVIEW/SECOND APPRAISALS	• N/A
TERMITE INSPECTION	• N/A
REAL ESTATE AGENT ALSO LOAN OFFICER/BROKER	• Not allowed on retail or correspondent transactions • For wholesale transaction only, unless restricted by state law, allowed if broker is not an approved HUD lender • QC Audit Required

MORTGAGE INSURANCE	• All loans, regardless of LTV require mortgage insurance. • Mortgage Insurance Premiums are listed below as "Upfront Amount/Monthly Fee."

CASE NUMBERS ASSIGNED ON OR AFTER JANUARY 26, 2015 – ALL LOAN PURPOSES EXCEPT STREAMLINES OF LOANS ENDORSED PRIOR TO JUNE 1, 2009			
Loan Terms > 15 Years			
LTV/Base Loan Amount	≤ 95%	> 95%	
<=$625,500	1.75%/.80%	1.75%/.85%	
>$625,500	1.75%/1.00%	1.75%/1.05%	
Loan Terms ≤ 15 Years			
LTV/Base Loan Amount	≤ 78%	>78% and ≤ 90%	> 90%
<=$625,500	1.75%/0.45%	1.75%/0.45%	1.75%/0.70%
>$625,500	1.75%/0.45%	1.75%/0.70%	1.75%/0.95%

- For all loan terms with LTVs <=90% cancellation of the annual (monthly) premium will occur after the borrower has paid the premium for eleven years
- For all loan terms with LTVs >90% the annual (monthly) premium will continue for the loan term

CASE NUMBERS ASSIGNED ON OR AFTER JUNE 11, 2012 – STREAMLINE REFINANCES OF LOANS ENDORSED PRIOR TO JUNE 1, 2009 ONLY	
All Loan Terms	
LTV/Base Loan Amount	All LTVs
All Loan Amounts	.01%/0.55%

- For all loan terms with LTVs <=90% cancellation of the annual (monthly) premium will occur after the borrower has paid the premium for eleven years
- For all loan terms with LTVs >90% the annual (monthly) premium will continue for the loan term

PROPERTY INSURANCE	• See PRMG's Resource Center for PRMG Insurance Requirements and Additional Information
	• 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.
	• As required per HUD, Flood insurance in Special Flood Hazard Areas must be obtained through the National Flood Insurance Program (NFIP).
	• Flood Insurance: Maximum deductible clause for a flood insurance policy is $5,000
	• 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. • 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 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.

TEMPORARY BUYDOWNS	• Not allowed.
MULTIPLE LOANS	• Maximum number of residential properties that can be financed are limited to 4, including the subject property. This includes joint or total ownership and is cumulative across all borrowers on the loan.
RESIDUAL INCOME EVALUATION	• Not Required

REBUTTABLE PRESUMPTION	• If loan is in Rebuttable Presumption (APR exceeds APOR by more than the combined annual MIP plus 1.15%), income documentation must be obtained and max DTI allowed is 43%
	• For DTI calculation purposes, the following must be met:
	    • Use the highest payment of principal and interest scheduled in the first seven years of the loan;
	    • Include taxes and insurance, including MIP; and
	    • Verification of the gross monthly income and other resources by using reliable methods, based upon the circumstances of the proposed loan

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 • Not allowed on non-credit qualifying streamlines (must be credit qualifying) • Max DTI 43% if loan is HPML • If loan is a HPML, "HPML" must be entered in Loan Program Comments section of

	Investor Overlay Screen in FT360. This should occur each time the HPML test is run and should be updated if the loan moves in our out of HPML status, with the last entry occurring prior to funding. • 5/1 ARMs not eligible • 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.
ESCROW ACCOUNT	• Escrows are required for taxes and insurance, regardless of LTV. • 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.
UNDERWRITING	• Delegated underwriting allowed.
ASSUMABILITY	• Not allowed
INDEX	• 1 Year Treasury
MARGIN	• 2.00%
INTEREST RATE CAPS	• 5/1 ARM: • **1% Initial Adjustment Cap** - Commencing with the first interest rate adjustment date, the interest rate cannot be increased or decreased by more than 1% from the interest rate in effect immediately prior to the interest rate adjustment date. • **1% Adjustment Cap** - Commencing with the second interest rate adjustment date, the interest rate cannot be increased or decreased by more than 1% from the interest rate in effect immediately prior to the interest rate adjustment date. • **5% Lifetime Cap** - There is a life of loan interest rate ceiling equal to the sum of the initial interest rate plus 5%.
INTEREST RATE CHANGES	• **Interest Rate** - The initial interest rate will be set at time of lock-in and will remain constant for the first 5 years of the loan. On the first interest rate adjustment date, the interest rate will be adjusted to equal the sum of the index plus the required margin rounded to the nearest .125%, subject to the interest rate caps. On the second interest rate adjustment date and thereafter, the interest rate will be the sum of the index plus the required margin rounded to the nearest .125% subject to the interest rate caps. • **Interest Rate Adjustment Date** - Initial note rate is in effect for 60 to 66 months; thereafter the annual adjustment cap begins with the first adjustment
ARM DOCUMENTS	• Standard FHA ARM Note and Rider

FHA Streamline Refinance Minimum Submission Requirements

See Resource Center in FastTrac for FHA Streamline Submission Requirements

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>• N/A</td></tr>
<tr><td>CASH OUT REFINANCE</td><td>• N/A</td></tr>
<tr><td>STREAMLINE REFINANCE</td><td>• If the first or second lien is subject to Texas Section 50 (a)(6), an FHA Streamline is not allowed.
• The Underwriting Conditions and Closing Instructions must indicate “No Cash Back to the borrower is permitted.”
• Streamline Refinances may NOT receive ANY cash back to the borrower, even incidental cash. Incidental cash back is NOT allowed under the Texas Streamline Refinance program.
• 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 below, every subsequent refinance is considered a Section 50(a)(6) loan it must be processed under the Agency Texas Home Equity program.
• 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
• In addition to standard refinance guidelines, the following guidelines apply to all rate/term refinances secured by Owner Occupied, Homestead properties in the state of Texas: Total financed Closing costs are limited to 10% of the new loan amount and 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. 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. 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. *Prepaids are defined as funds collected for the payment of 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</td></tr>
</table>

	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." • Documentation is required (title insurance binder, Mortgage/Deed of Trust, and/or HUD-1) which verifies that a home equity/cash out Loan {Section 50(a)(6)} has not previously been originated on the subject property. If the purpose of the Loan is not clearly identified on the title binder, it will be necessary to provide the previous Deed of Trust or Hud-1 settlement statement for each transaction originated on or after 1/1/98 to verify the purpose of the existing Loan. • If any subordinate financing exists, its purpose must be verified. Documentation (title insurance binder, Mortgage/Deed of Trust, and/or HUD-1) which verifies the purpose of the subordinate financing is required. If that purpose is not clearly identified on the title binder, it will be necessary to provide the previous Mortgage/Deed of Trust and/or HUD-1 settlement statement for each transaction originated on or after 1/1/98 to verify the purpose of the existing subordinate financing. Depending on the purpose of the subordinate Loan, the following options are available: (1) If the subordinate Loan was used for purchase of the home, the HUD-1 settlement statement from that transaction must be provided as evidence and the title binder may not reflect that Loan was originated as a home equity/cash out {Section 50 (a)(6)} Loan. (2) If the subordinate Loan was used for home improvements, it must have been originally closed with the purpose to use the entire amount for home improvements as evidenced by a Mechanics' or Materialmen's lien on the title binder. Documenting the home improvements by obtaining canceled checks, invoices, receipts, lien waivers, etc is not acceptable. In either of those situations, the financing may be paid off, paid down, or re-subordinated as a rate/term refinance provided the first mortgage was not originated as a home equity/cash out {Section 50 (a)(6)} Loan. If the borrower received any cash back from the subordinate financing and the Loan is being paid off or paid down, the lien is subject to Texas Equity provisions and considered a home equity/cash out {Section 50 (a)(6)}and therefore ineligible. If the subordinate lien was used for a purpose other than the purchase of the home or home improvements, then it must be re-subordinated. The subordinate financing may not be paid off or paid down with the proceeds of the refinance since the entire transaction would then be considered a cash-out/home equity transaction which is ineligible for purchase by Wells Fargo. The first mortgage may not have been originated as a home equity/ cash out {Section 50 (a)(6)} Loan.
ADDITIONAL DOCUMENTATION	• All streamline 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 streamline refinances, a copy of the commitment for title insurance, mortgage/deed of trust, 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