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

CalHFA STANDARD CONVENTIONAL
STANDARD AND HIGH BALANCE

DPA OPTIONS SUBJECT TO CHANGE BASED ON MARKET CONDITIONS
MUST CONFIRM AVAILABILITY WITH HOUSING AUTHORITY.

30 Year Fixed

LTV	CLTV	Purpose	Units	Occupancy	Credit Score	DTI Ratio
97[1]	105	Purchase	1	O/O	640	45
1. For high balance loan amounts, max LTV 95%						

PRODUCT NAMES	• CalHFA 30 Year Conventional Fixed • CalHFA 30 Year High Balance Conventional Fixed
ALLOWABLE ORIGINATION CHANNELS	• Wholesale • Retail • May be originated through standard retail origination process
SERVICER	• LakeView Servicing = Master Servicer
AGENCY LINKS	• For additional reference, CalHFA Conventional Loan Programs guidelines posted at CalHFA's website: http://www.calhfa.ca.gov/homeownership/programs/conventional.pdf • All PRMG staff can access all end Agency guidelines though AllRegs Online at http://allregs.elliemae.com. Instructions on how PRMG staff can access the AllRegs service is available in the Resource Center. • The following link provides access to the Fannie Mae Seller Guide through AllRegs: • http://www.allregs.com/tpl/public/fnma_freesiteconv_tll.aspx

CALHFA CONVENTIONAL PROGRAM OVERVIEW	• The CalHFA Conventional program is a Fannie Mae HFA Preferred fully-amortized 30-year fixed rate first mortgage. It can be combined with either the MyHome Assistance Program (MyHome) or the Extra Credit Teacher Purchase Program (ECTP)
	• Effective for all loans locked on or after 7/20/19:
	    • Use the Location Eligible (LE) Income Limits Lookup Tool https://www.calhfa.ca.gov/homeownership/limits/index.htm between July 20, 2019 through September 4, 2019 to check if their borrowers are eligible for CalHFA lower interest rates (≤100% AMI or low income census tract). Lenders will still be required to enter the property's Federal Information Processing Standards (FIPS) code in MAS to validate the borrower's eligibility for the lower rate.
	• Effective for all loans locked on or after 9/5/19:
	    • CalHFA's Location Eligible (LE) lower interest rates (defined in Program Bulletin

	2019-06 https://www.calhfa.ca.gov/homeownership/bulletins/2019/2019-06.pdf) will be restricted to eligible borrowers with incomes of <80% AMI as posted on Fannie Mae's HomeReady® Lookup Tool (regardless of census tract). • Starting on September 5, 2019, the lower interest rates will be posted on CalHFA's interest rate page https://www.calhfa.ca.gov/apps/rates/ under the title Low Income (LI) Eligible which will replace the current Location Eligible (LE) title. • Any CalHFA conventional loan <80% AMI will still receive the HFA Preferred Charter MI discounted coverage and MI rates. • Borrowers whose income exceeds 80% AMI and meets CalHFA's income limits will continue to be eligible with a higher interest rate. • Any CalHFA conventional loan >80% AMI will require Fannie Mae's standard mortgage insurance (MI) coverages and rates. • Starting September 5, 2019 lenders can use any Fannie Mae approved mortgage insurance company as detailed in CalHFA's Program Bulletin 2019-16 https://www.calhfa.ca.gov/homeownership/bulletins/2019/2019-16.pdf.
PRODUCT REQUIREMENT	• Housing Authority approval required. Loan must be submitted to the agency and approved by them in the required timeframe as outlined in the product profile and on their website. Loan may not proceed to docs or funding without agency approval.
DOWN PAYMENT ASSISTANCE	• Borrowers qualifying under this program must utilize one of the down payment assistance options from CalHFA. The first trust deed is not allowed to be used without using one of their DPAs. • This program may be layered with the following down payment and/or closing cost assistance options for first-time homebuyers only: • MyHome Assistance Program • May be used for closing cost and/or down payment assistance • In the case of conflicting guidelines, the lender must follow the more restrictive • Must be recorded in the Second Lien position • For full MyHome underwriting guidelines and details, refer to the MyHome Product Profile, located on the Resource Center • Extra Credit Teacher Program (ECTP) • May be used for down payment assistance and/or closing cost • In the case of conflicting guidelines, the lender must follow the more restrictive • Must be recorded in the Second Lien Position • For full ECTP underwriting guidelines and details, refer to the ECTP Product Profile, located on the Resource Center • **Note: MyHome and ECTP cannot be combined** • For retail only, this program may be layered with CalHFA Mortgage Credit Certificate Tax Credit Program (MCC Tax Credit Program) or other Mortgage Credit Certificate (MCC) programs for first-time homebuyers only • MCC credit may be used for credit-qualifying purposes, per investor guidelines • In the case of conflicting guidelines, the lender must follow the more restrictive • For full CalHFA MCC Tax Credit Program underwriting guidelines and details, refer to the MCC Tax Credit Program Handbook or log onto the MCC Administrator's website at www.ehousingplus.com • For full guidelines on the MyHome Assistance Program or the ECTP Program, please refer to the product profiles, located on the Resource Center. • CalHFA EIN #: 68-0181576
DOWN PAYMENT ASSISTANCE ON CLOSING DISCLOSURE	• All down payment assistance proceeds must be disclosed on the Closing Disclosure, Section L -Paid Already by or on Behalf of the Borrower at Closing. The down payment assistance proceeds must be labeled accurately. For example: "Second loan" is not appropriate if the assistance is a grant or gift. Multi-purpose labels such

	as Second/Grant/Gift will not be accepted, it must be specific to the transaction. If the borrower is receiving down payment assistance from multiple sources, all assistance sources must be itemized on the Closing Disclosure. Unless the CFPB comes out with guidance restricting it, it is acceptable to place assistance proceeds as "Other Credits" if necessary due to space limitations.

AUS DATA ENTRY REQUIREMENTS OF DPA LOAN	• See Housing Authority Products with DPA Liens in FT360 in the Resource Center, which can be located at the following link: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/HousingAuthorityProductswithDPALiensinFT360.pdf
	• In MORNETPlus Community Lending Section of the Streamlined 1003:
	  • Mark the Checkbox which corresponds with the Community Lending Program the Conventional 1st lien is being paired with
	  • Enter the County
	  • Select the desired Fannie Mae Community Lending Product
	  • Select the desired Community Seconds Repayment Structure
	  • If the DPA Is a second mortgage, both the community lending and community seconds boxes must be checked. If the DPA is a grant, then only the community lending box must be checked

MINIMUM LOAN AMOUNT	• CalHFA's scenario calculator can be found at the following link: https://www.calhfa.ca.gov/calc/scenario.html
	Standard Balance
	  • No Minimum Loan Amount
	High Balance:
	  • 1 Unit $484,351

MAXIMUM LOAN AMOUNT	Standard Balance: • 1 Unit $484,350 High Balance: • Max Fannie/Freddie Limits for all counties can be found here: • Select Fannie/Freddie for Limit Type option: https://entp.hud.gov/idapp/html/hicostlook.cfm • CalHFA's scenario calculator can be found at the following link: https://www.calhfa.ca.gov/calc/scenario.html
GEOGRAPHIC RESTRICTIONS	• California only • Please refer to PRMG's "Eligible States" list, which can be found at this link: http://www.eprmg.net/guidelines/Eligible%20States.pdf
MORTGAGE TYPES	• Conventional
MAXIMUM SALES PRICE	• $765,000 for all counties in California
FEES	**Retail**: 1st • First Mortgage: 2.75% Origination Fee must be charged. Total customary lender origination fees not to exceed the greater of 3% of the loan amount or $3,000 • No other PRMG fee (Processing, Underwriting, etc.) to be charged • High Balance fee is not included in the 3% or $3,000 fee limit • CalHFA Fees: None • In addition to the above fees, other customary third-party fees such as credit report fee, appraisal fee, insurance fee or similar settlement or financing costs may be charged. • In all cases the lender must meet federal and California lending laws regarding fees and charges. 2nd • Second Mortgage: No DPA 2nd on the Standard Conventional Option **Wholesale**

	• PRMG must disclose file for broker • Must be a Borrower Paid transaction 1st • First Mortgage: Max 2.25% Origination Fee may be charged. Total customary lender/broker origination fees not to exceed the greater of 3% of the loan amount or $3,000. $990 PRMG Underwriting Fee to be charged • No other non-third party fees, (including non-third-party-Processing Fees) to be charged • High Balance fee is not included in the 3% or $3,000 fee limit • CalHFA Fees: None • In addition to the above fees, other customary third-party fees such as credit report fee, appraisal fee, insurance fee or similar settlement or financing costs may be charged. • In all cases the lender must meet federal and California lending laws regarding fees and charges. • Third-party Processing fees are allowed, but that fee is included in the 3%/$3,000 lender/originator cap. If this cap is exceeded, the broker fee will be reduced to meet the 3%/$3,000 cap. 2nd • Second Mortgage: No DPA 2nd on Standard Conventional Option

INCOME LIMITS	• Effective for all loans locked on or after 9/5/19:
	  • CalHFA's Location Eligible (LE) lower interest rates (defined in Program Bulletin 2019-06 https://www.calhfa.ca.gov/homeownership/bulletins/2019/2019-06.pdf) will be restricted to eligible borrowers with incomes of <80% AMI as posted on Fannie Mae's HomeReady® Lookup Tool (regardless of census tract).
	    • Starting on September 5, 2019, the lower interest rates will be posted on CalHFA's interest rate page https://www.calhfa.ca.gov/apps/rates/ under the title Low Income (LI) Eligible which will replace the current Location Eligible (LE) title.
	    • Any CalHFA conventional loan <80% AMI will still receive the HFA Preferred Charter MI discounted coverage and MI rates.
	  • Borrowers whose income exceeds 80% AMI and meets CalHFA's income limits will continue to be eligible with a higher interest rate.
	    • Any CalHFA conventional loan >80% AMI will require Fannie Mae's standard mortgage insurance (MI) coverages and rates.
	• Starting September 5, 2019 lenders can use any Fannie Mae approved mortgage insurance company as detailed in CalHFA's Program Bulletin 2019-16 https://www.calhfa.ca.gov/homeownership/bulletins/2019/2019-16.pdf.
	• The income of borrowers may not exceed CalHFA published income limits: http://www.calhfa.ca.gov/homeownership/limits/income/income.pdf

CALHFA LOAN SCENARIO CALCULATOR	• Use the Loan Scenario calculator to compare CalHFA loans, and determine loan amounts for ECTP and MyHome Assistance • Print out of Loan Scenario calculator must be included in file submission • http://www.calhfa.ca.gov/calc/scenario.html
FT360 SETUP/LOAN SUBMISSION/LOAN DISCLOSURES/LOAN DOCUMENTS	• Special process applies for loan setup process and disclosures • For retail transactions, must follow instructions from the document found at the following link or on the Resource Center for entering loans and creating disclosures: • http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/CalHFA-DataEntryandDisclosureProcess.pdf • For wholesale transactions, broker submits first mortgage to PRMG's Setup team who will create all subordinate liens. Follow submission instructions from the document at the following link or from the Resource Center:

	• http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/CalHFATPOBrokerSubmissionInstructions.pdf • For wholesale transactions, PRMG must disclose file for broker
DOCUMENTATION	• Full/Alt Doc • When all income used to qualify a loan for the borrower is made up exclusively of wage earner income reported on a W2 and/or fixed income reported on a 1099 (i.e., social security or VA benefits) transcripts are not required, unless full tax returns are required for the borrower by the AUS (i.e., borrower employed by family members). If multiple borrowers are qualifying on the loan, but the tax returns are not filed jointly, and one borrower requires full returns, but the other borrowers are qualified exclusively on W2 and/or fixed income then no transcripts are required for the W2/fixed income borrower and 1040 transcripts are required for the self-employed borrower/borrower requiring full returns. When using this option, there can also be no tax returns included in the loan file (including if tax returns are required to be reviewed by the PRMG underwriter for MCC Approval or other purpose). If the borrower earns other income that is used to qualify that would be able to be validated with 1040 transcripts (i.e., rental income from tax returns, etc.) then 1040 transcripts are required to validate that income. A completed and executable (signed) 4506T must be submitted with the loan file. For the borrowers where transcripts are not required, be sure to select the W2/1099 option only when completing the 4506-T. Do not mark the 1040 or Record of Account option. • When tax returns are required for a borrower or when borrower's qualifying income is not made up of W2 or fixed income reported on a 1099, validated 1040 tax transcripts are required if borrower's income is utilized as a source of repayment. If multiple borrowers are qualifying but the tax returns are not filed jointly (when one borrower requires full returns), then it is acceptable to provide no transcripts for the salaried/fixed income borrower and 1040 transcripts for the self-employed borrower/borrower requiring the tax returns. • Tax transcripts must come to lender directly from the IRS or through a third party vendor ordered/obtained by lender. • For Fannie Mae (DU) loans: For a borrower who is qualified using either (1) base pay, (2) bonus, (3) overtime, or (4) commission income, then unreimbursed employee business expenses are not required to be analyzed or deducted from the borrower's qualifying income, or added to monthly liabilities. Union dues and other voluntary deductions identified on the borrower's paystub do not need to be deducted from the borrower's income or treated as a liability. • Verification of employment and other supporting documentation regarding income such as paycheck stubs should be no more than sixty days old at the time of submission to the Agency for loan approval. • Required current (as of last filing year) IRS tax returns for all borrowers including all pages and schedules along with signature(s) on page 2. • Must provide most recent W-2(s) or SSA-1099(s). • If a borrower is not required to file and income tax return, the loan file must include a written explanation as to why the borrower was not required to file an income tax return. • Lenders must include a written explanation of any discrepancies between the transcript income and the income documentation supplied to qualify the borrower. • When business tax returns are required by AUS, business income is used to qualify, business income is used to offset a loss on personal tax returns or is included in the loan file, a separate IRS Form 4506-T must be executed (but not processed and must allow enough time to be executed post-closing after delivery to investor) for each business for the required number of years of income documented, for each self-employed borrower on the loan transaction. Allowable signatures (per IRS):

	1120/1120S: Borrower must sign name with title and only the following titles are acceptable: President, Vice President, CEO, CFO, Owner, 1065: Borrower must sign name with title and only the following titles are acceptable: General Partner, Limited Partner, Partner, Managing Member, Member. • When an extension for business tax returns has been filed for the most recent tax year the IRS Form 7004 and the IRS Form 4506–T transcripts confirming “No Transcripts Available” for the applicable tax year are required. The IRS form 4868 will continue to be required for extensions filed for personal tax returns. • Preliminary Title policy must be no more than 90 days when the note is signed • Bank statements cannot be dated more than 45 days prior to the date of the loan application • When paying off any non-transaction related item (i.e., debts, third party payouts, 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. • All loans meeting Rebuttable Presumption under QM/ATR requirements must have the Residual Income Evaluation worksheet/requirements met. See Residual Income Evaluation section for requirements.
FULL/ALT DOC	• Standard FNMA full or alternative documentation may be provided • For non-self-employed borrowers: Verbal VOE is required to be completed no more than 10 days prior to the note date for wet funding states and escrow states. If the Verbal VOE is completed more than 10 days prior to the funding date, another Verbal VOE should be completed 10 days prior to funding date for escrow states. • For self-employed borrowers: No more than 30 calendar days prior to note date, verify the existence of the borrower’s business from a third party that may include a CPA letter (cannot be vague, must state length of time doing taxes and be signed by CPA), regulatory agency, or appropriate licensing bureau; OR verify a phone listing and address for the borrower’s business through resources such as the telephone book, directory assistance, internet, or contact the appropriate licensing bureau. Verification may not be made verbally, and a certification by PRMG indicating the information was verified is not allowed. Documentation from the source used to verify the information must be obtained and in the file. Internet sites such as 411.com, Chamber of Commerce sites and Manta.com where they allow the business owner to add their own information are not acceptable. Also single source verifications, such as from superpages.com, yellowpages.com and searchbug.com are not allowed. If <u>all</u> other methods of obtaining third party verification have been exhausted, the borrower can provide letters from three clients indicating the type of service performed, length of time of business relationship, frequency of service, payment arrangements, etc. and support the income with current bank statements, deposits, etc. The underwriter must thoroughly investigate that the business, income and proof of business is legitimate. • Amended tax returns cannot be used to qualify if they are amended after the application, initial credit report date or purchase contract date unless the changes made are non-material to the amount of income claimed, and qualification for the mortgage loan. Due diligence must be exercised with close examination of the original, and amended returns, to determine if the use of the amended return is warranted and the following documentation should be reviewed when income from

	the amended return is required: A letter of explanation regarding the reason for the re-filing; evidence of filing (must be validated with a record of account (4506T results); copy of the original 1040; any extensions filed, and evidence of payment of the taxes due (or evidence borrower is on a payment plan in lieu of full payment as long as the borrower qualifies with the payment in the ratios), and the ability to pay, if the check has not yet cancelled. • Paystubs must be dated no earlier than 30 days prior to the initial loan application date. • Paystubs must be computer generated (typed) and clearly identify the borrower as the employee, the employer' name and all necessary information to calculate income, including gross year-to-date earnings, base salary with pay period specified, and must clearly specify the employer's name. Handwritten pay stubs are acceptable if the following is provided: a written VOE completed in its entirety and the most recent year's income tax returns. • IRS W-2 forms must computer generated (typed) and clearly identify the Borrower, Borrower's address, social security number and employer's name. • Requires standard income documentation per Fannie Mae guidelines for child support, alimony and separate maintenance payments or retirement income when using that income to qualify. DU may allow for reduced documentation with these income types and this will not be allowed. • Tax transcripts are allowed to take the place of a tax returns when they are required as long as you are meeting Fannie Mae's and Freddie Mac's requirements, as outlined in sections B3-3.1-06 and B3-3.2-01 of Fannie Mae's Seller or 37.23 of Freddie Mac's Seller Guide (as applicable) • Number of years self-employed/business tax returns is allowed per DU findings (one year acceptable if findings allow for it.) • Self-employed borrowers must provide at least page 1 and 2 of tax returns • If AUS allows for VOD only (no bank statements), allowed for owner occupied • A signed IRS 4506-T is required at application and closing. • Letter of explanation for all inquiries in the past 90 days is required • Photo ID not required for file • 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. • Private Party VOM/VOR as a stand-alone document is not permitted, 12 months cancelled checks are required to document the payment history. • VOE as a stand-alone document is not acceptable (must have supporting paystubs)
DOCUMENT EXPIRATIONS	• Credit documentation must not be more than 120 days old from the note date • Residential appraisal reports must be dated no more than 12 months prior to the note date but if over 120 days from note date, update within 120 days of note date is required. • Preliminary Title policy must be no more than 90 days when the note is signed • Bank statements cannot be dated more than 45 days prior to the date of the loan application • Paystubs must be dated no earlier than 30 days prior to the initial loan application date
AUTOMATED UNDERWRITING	• The last AUS finding, which must match the terms of the loan, must be in the loan file. If resubmitting to AUS after the note date, must comply with applicable AUS resubmission requirements. For all loans, the first submission to the AUS must occur prior to the note date (it cannot be the same as the note date.) • There are no restrictions on loans being switched from one AUS to another. An Approve/Eligible from the other AUS that it was submitted through is NOT required.

DESKTOP UNDERWRITER (DU)	• Must receive an Approve/Eligible • HFA Preferred must be selected in the Community Lender Product Field • CalHFA subordinate loans must be entered as Community Seconds • Freddie Mac Loan Product Advisor (LPA) and other customized automated underwriting systems are not acceptable. • All conditions outlined in the Findings Report must be satisfied.
LOAN PRODUCT ADVISOR (LPA)	• Not allowed • Formerly known as Loan Prospector (LP)
MANUAL UNDERWRITING	• Not allowed.
DU EARLY CHECK	• Fannie Mae's EarlyCheck must be run at final loan approval/clear to close, and all findings must be review to ensure accuracy and all fatal errors must be corrected.
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.
ELIGIBLE PROPERTY TYPES	• Single Family Residence • Condominiums attached and detached, which are Fannie Mae eligible and approved • Planned Unit Development (PUDs) attached and detached, which are Fannie Mae eligible and approved. • Manufactured Homes (see section below for requirements)
INELIGIBLE PROPERTY	• 2-4 Unit Properties • Mobile homes • Co-ops • Condotels • Mixed-Use • Land Trusts • Properties with lot size over five (5) acres • Log Homes • Properties that do not meet Fannie Mae and California Health and Safety Code requirements. • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program)
MANUFACTURED HOME REQUIREMENTS	• Manufactured homes must be underwritten by a Level 4 Underwriter, or a second review/signature of the property by a Level 4 underwriter is required • Maximum LTV: 97.00% (see below for DU Property Type requirements by LTV) • LTV >95% must meet Fannie Mae MH Advantage requirements; https://www.fanniemae.com/singlefamily/manufactured-homes • Maximum CLTV: 105.00% • 660 minimum credit score (CalHFA requirement) • Must select MH Advantage as Subject Property Type Field in DU for 97% LTV/105% CLTV • Must select Manufactured Home or Manufactured Home: Condo/PUD/Co-op in the Subject Property Type field in DU for 95% LTV/105% CLTV • Singlewide manufactured homes are not eligible

	• No leasehold properties • Manual Underwriting is not permitted • All manufactured homes must meet Fannie Mae requirements • Second review/signature of the property appraisal is required by Operations Manager or equivalent • A checklist that can be used to assist in review can be found on the Resource Center or at the following link (designed for use with standard agency products, not all PRMG specific requirements may apply): • http://www.eprmg.net/ResourceCenter/Checklists/AgencyDUPortfolioManufacturedHomeChecklist.pdf • Additional Information can be found in the following document and must be reviewed and complied with: www.eprmg.net/ManufacturedHomeRequirements.pdf • Lenders seeking MH Advantage 97% LTV conventional financing from CalHFA on manufactured homes must validate their claims of MH Advantage eligibility, or risk the home purchase falling out of escrow. Appraisals of eligible manufactured homes must contain a photo of Fannie Mae's MH Advantage Sticker as defined in the MH Advantage™ Appraisal requirements here: https://www.fanniemae.com/content/fact_sheet/mh-advantage-appraisal-requirements.pdf . • MH Advantage appraisals submitted to CalHFA without the MH Advantage Sticker will immediately be suspended by CalHFA. • Manufactured home appraisals submitted to CalHFA for 97% LTV conventional financing without the MH Advantage Sticker will immediately be suspended by CalHFA.
DEED RESTRICTED PROPERTIES	• Allowed • "55 and Older" restricted properties only • Primary residence, second home or non-owner occupied properties allowed • Full appraisal required

LEASEHOLD ESTATES	• Effective for all reservations on or after Thursday, February 1, 2018, CalHFA will accept Leasehold Estate Properties as defined below:
	• A Leasehold Estate is an estate or interest in real property by which the owner gives another pursuant to written agreement the right to occupy or use their land for a period of time as long as the conditions of the agreement are met
	    • Must follow FHA or FNMA guidelines
	    • All Leasehold Estate documentation must be submitted to Lakeview Loan Servicing at time of purchase for review and approval
	• Not allowed for manufactured homes

PRIVATE TRANSFER FEE COVENANTS	• A Private Transfer Fee, as defined by FHFA, is a fee that may be attached to real property by the owner or another private party - frequently the property developer - and provide for a transfer fee to be paid to an identified third party - such as a developer or its trustee - upon each resale of the property. The fee typically is stated as a fixed amount or as a percentage of the sales price, and often exists for a period of 99 years. • Private transfer fees paid to the following to benefit the property are eligible: Homeowner Associations, Condominium Associations, Certain tax-exempt organizations that use private transfer fee proceeds to benefit the property. • Any property with unallowable private transfer fee covenants are ineligible if they are encumbered by private transfer fee covenants if those covenants were created on or after February 8, 2011, unless permitted by the Private Transfer Fee Regulation. • See FNMA seller guide for additional information.

PROPERTIES WITH GAS, OIL AND/OR SUBSURFACE MINERAL RIGHTS	• Outstanding oil, gas, water, or mineral rights are acceptable if commonly granted by private institutional mortgage investors in the area where the Mortgaged Premises are located, and: • The exercise of such rights will not result in damage to the subject property, or impairment of the use, or marketability of the subject property for residential purposes, and there is no right of surface, or subsurface entry within 200 feet of the residential structure, or • There is a comprehensive endorsement to the title insurance policy that affirmatively insures the lender against damage, or loss, due to the exercise of such rights.

CONDOS	• Condo projects must be warrantable with a Limited Review, CPM/Full Review or PERS Approval. The following steps must be used to document warrantability:
	  ◦ Determine if the project is eligible under the Limited Project Review process. (See section below regarding Limited Review process). If the project is approved under Limited Project Review criteria, the unit is eligible for purchase by PRMG. No further steps are required.
	  ◦ If the project does not meet FNMA Limited Product Review guidelines, determine if the project is listed as approved on the FNMA website (full PERS Approval, not conditional) - https://www.fanniemae.com/singlefamily/project-eligibility-review-service. If the project is approved and has not expired, and it is verified there are no changes that would make it ineligible, the project is warrantable and the unit is eligible for purchase by PRMG. No further steps are required. PRMG does not offer services to submit projects to Fannie Mae for PERS Approvals.
	  ◦ If the project does not meet eligibility criteria described above, the project may be submitted for a CPM/Full Review to condoreviews@prmg.net with the Condo Review Submission form and required documentation and an approval on the project (if eligible) will be issued through Condo Reviews. (See section below regarding CPM/Full Lender Reviews).
	• Insurance allowed per Fannie Mae requirements, see Seller Guide Subpart B7
	• See section below for condos in monetary litigation
	• The underwriter must complete the PRMG Attached PUD/Condo Warranty Form which can be found in the Resource Center, and that is the only document that should go to the investor. The underwriter should include the project information used for the condo review in the loan file, but it should not be sent to the investor with the closed loan file. Please use the Imaging label "Condo/PUD Review Supporting Documentation (Do not send to investor)" for this information.

LIMITED REVIEW (DU) LTV/OCCUPANCY LIMITS	• Limited Review guidelines allow the lender to evaluate and approve condo projects using limited documentation. Eligibility is based on specific loan level criteria, including LTV, occupancy and the method by which the loan is evaluated and decisioned.
	• **Detached Condos – All States**
	  ◦ Review not required
	• **Attached Established Condos**
	  ◦ Max 90% LTV/CLTV/HCLTV for owner occupied properties
	  ◦ Max 75% LTV/CLTV/HCLTV for second homes
	• Not eligible for investment properties

FANNIE MAE (DU) ATTACHED CONDO LIMITED REVIEW REQUIREMENTS	• All Limited Reviews are performed by the underwriter • Limited review questionnaire may be used in conjunction with additional information that is found in the file in order to perform the review for attached condos. • Fannie Mae Limited Review Requirements (always defer to Fannie Mae Seller Guide):

	- The project is not an ineligible project. See below, but always defer to Fannie Mae Seller Guide, section B4-2.1-02, Ineligible Projects. - The project does not consist of manufactured homes. Note: Manufactured housing projects require a Fannie Mae PERS review. - If the subject unit is a detached unit, the unit securing the mortgage must be 100% complete. - The appraisal of the subject unit meets all applicable appraisal requirements, as stated in Fannie Mae Seller Guide, section B4-1, Appraisal Requirements. - The unit securing the mortgage satisfies all insurance requirements as stated in See Fannie Mae Seller Guide, Subpart B7, Insurance, including all provision applicable to condo projects in Chapter B7–4, Additional Project Insurance. • Note, per Fannie Mae, provided the project and loan transaction are eligible for and meet all of the eligibility requirements of the Limited Review process, the lender is not required to validate that the project also meets the eligibility requirements of another project review type. However, in the event the lender becomes aware of a circumstance that would cause the project or transaction to be ineligible under a Limited Review, the lender must use one of the other project review methods to determine project eligibility and the project must meet all of the eligibility requirements of that selected alternate project review type.
FANNIE MAE (DU) DETACHED CONDO REVIEW REQUIREMENTS	• If the property is a detached condo (site condo) a review is not required
CPM/FULL LENDER REVIEWS	• When using a Full Lender Review, LTV/CLTV allowed to product guidelines in all states • Must be used if transaction is not eligible for limited review or has not been approved through PERS • If project is not eligible through CPM/Full Lender Review process, terms of loan (i.e., larger down payment) can be made to allow the project to be reviewed using the Limited Review requirements. Project must then be eligible under the Limited Review requirements. • CPM/Full Lender Reviews are only eligible when submitted by the fulfillment center or retail branch to condoreviews@prmg.net with the Condo Review Submission form and required documentation and an approval on the project is issued through Condo Reviews. • Request for CPM/Full Lender condo review should be submitted by the fulfillment center or retail branch when all required documentation has been obtained (loan does not have to be in an underwritten or approved status). • The Condo Review Submission form can be found on the Resource Center or at the following link: • http://www.eprmg.net/ResourceCenter/GeneralForms/HOA%20Full%20Lender%20Condo%20Review%20Submission%20Form.pdf • When a CPM/Full Lender Review is used, the following documentation is required: condo review submission form (from Resource Center or above link), condominium questionnaire (from Resource Center, Condo Certs or similar), appraisal of subject unit (can be submitted after condo review is completed, but final project approval will not be issued until appraisal is received), current annual budget, insurance certificate for applicable types and AUS findings (showing approved); For New Construction or New Gut Rehab conversions only: all above listed documentation, copy of Declaration of Condominium including Amendments and Bylaws, presale form (available in the Resource Center)
CONDO CONVERSIONS	• Condo conversions (new and established) allowed • New conversions (not meeting the definition of an established product - at least 90%

	of the total units in the project have been conveyed to the unit purchasers; the project is 100% complete, including all units and common elements; the project is not subject to additional phasing or annexation; and control of the HOA has been turned over to the unit owners) in the State of Florida must be Fannie Mae PERS approved • New conversions that are non-gut rehabs (in all states) that contain more than 4 residential units must be Fannie Mae PERS approved • Must comply with all Agency guidelines • For new conversions that are not required to be PERS approved, CPM/Full Lender Review is required. See CPM/Full Lender Reviews section for submission instructions.
NON-WARRANTABLE CONDOS	• Not Allowed

PLANNED UNIT DEVELOPMENTS (PUDS)	• Detached PUDs are not subject to project review and information regarding the HOA such as project certs, letters from the HOA (with the exception of letter regarding ownership in regards the common elements, areas/facilities of a project for insurance purposes) must not appear in the file.
	• Insurance allowed per Fannie Mae requirements, sell Seller Guide Subpart B7
	• Attached PUD lender reviews are performed by underwriter
	• A Lender Review on attached PUDs must be performed and PRMG must confirm that following in the process of the review:
	    • The appraisal of the unit meets all appraisal requirements in Fannie Mae Seller Guide Chapter B4-1, Appraisal Requirements.
	    • The individual unit securing the mortgage must be complete (PRMG does not allow for Postponed Improvements.)
	    • The unit securing the mortgage satisfies all Fannie Mae's insurance requirements in Subpart B7, Insurance, including all provisions applicable to PUD projects in Seller Guide Chapter B7-4, Additional Project Insurance.
	• All PUD projects (attached and detached) must be in compliance with Fannie Mae's policy for priority liens (see B4-2.1-02, Ineligible Projects).
	• Note: Any unit located in a condo project within a larger PUD project or master association must meet the applicable requirements for condo projects. Attached PUD/Condo Warranty form is available in the Resource Center
	• Documentation, as determined by underwriter, to verify the attached PUD is warrantable is required and Attached PUD Warranty must be completed (if required by underwriter).
	• The underwriter must complete the PRMG Attached PUD/Condo Warranty Form which can be found in the Resource Center, and that is the only document that should go to the investor. The underwriter should include the project information used for the condo review in the loan file, but it should not be sent to the investor with the closed loan file. Please use the Imaging label "Condo/PUD Review Supporting Documentation (Do not send to investor)" for this information.

INELIGIBLE PROJECT TYPES PER FANNIE MAE'S SELLER GUIDE	• See Fannie Mae Seller Guide for additional information. The below information applies to all attached condo projects. With the exception of Priority of Common Expense Assessments, the restrictions below do not apply to attached or detached PUDs and detached condos.
	    • Timeshare, fractional, or segmented ownership projects.
	    • New projects where the seller is offering sale or financing structures in excess of Fannie Mae's eligibility policies for individual mortgage loans. These excessive structures include, but are not limited to, builder/developer contributions, sales concessions, HOA assessments, or principal and interest payment abatements, and/or contributions not disclosed on the settlement statement.

	- Projects with mandatory upfront or periodic membership fees for the use of recreational amenities, such as country club facilities and golf courses, owned by an outside party (including the developer or builder). Membership fees paid for the use of recreational amenities owned exclusively by the HOA or master association are acceptable. - Projects that are managed and operated as a hotel or motel, even though the units are individually owned. (See Seller Guide for additional detail.) - Projects with covenants, conditions, and restrictions that split ownership of the property or curtail an individual borrower's ability to utilize the property. (See Seller Guide for additional detail.) - Projects with property that is not real estate, such as houseboat projects. (See Seller Guide for additional detail.) - Any project that is owned or operated as a continuing care facility. (See Seller Guide for additional detail.) - Projects with non-incidental business operations owned or operated by the HOA including, but not limited to, a restaurant, spa, or health club. (See Seller Guide for additional detail and exceptions to this policy.) - Projects that do not meet the requirements for live-work projects. (See Seller Guide for additional detail.) - Projects in which the HOA or co-op corporation is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project. (See Seller Guide for additional detail.) - Any project that permits a priority lien for unpaid common expenses in excess of Fannie Mae's priority lien limitations. (See Fannie Mae Selling Guide Section B4-2.1-01, General Information on Project Standards for additional detail.) - Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns more than the following total number of units in the project: projects with 5 to 20 units – 2 units; projects with 21 or more units – 20%; (See Seller Guide for additional detail.) - Multi-dwelling unit projects that permit an owner to hold title (or stock ownership and the accompanying occupancy rights) to more than one dwelling unit, with ownership of all of his or her owned units (or shares) evidenced by a single deed and financed by a single mortgage (or share loan). (See Seller Guide for additional detail.) - The total space that is used for nonresidential or commercial purposes may not exceed 35%.(See Seller Guide for additional detail.)
LEASED LAND	Not allowed
MAXIMUM ACREAGE	Lot size cannot exceed five (5) acres.
MULTIPLE PARCELS	Allowed, must meet Fannie Mae requirements
PROPERTIES WITH UNPERMITTED ADDITIONS	- The subject addition complies with all Fannie Mae guidelines - The quality of the work is described in the appraisal and deemed acceptable ("workmanlike quality") by the appraiser; - If the appraiser gives the unpermitted addition value, the appraiser must be able to demonstrate market acceptance by the use of comparable sales with similar additions and state the following in the appraisal: - Non-Permitted additions are typical for the market area and a typical buyer would consider the "unpermitted" additional square footage to be part of the overall square footage of the property. - The appraiser has no reason to believe the addition would not pass inspection for a permit.
PROPERTIES WITH	Guest houses, granny units and in-law quarters are eligible under the following

ACCESSORY UNIT	conditions: • Must be zoned for Single Family occupancy • Cannot be zoned 2-4 units • Must meet investor guidelines and city/county zoning ordinances • If rental income from the ADU is used for credit qualifying, CalHFA will also use the gross rental income for the compliance income calculation
CONSTRUCTION TO PERMANENT FINANCING	• Not allowed
OCCUPANCY	• Primary Residence (O/O)
ELIGIBLE BORROWERS	• US Citizen, permanent resident alien or qualified alien • First-Time Homebuyers as well as Non-First-Time Homebuyers are eligible • For first-time homebuyers: Must have evidence borrower is a first time home buyer (defined as a person who does not have or has not had, an ownership interest in any principal residence (a home in which they lived) or resided in a home owned by their spouse at any time during the three-year period prior to the execution of the mortgage loan documents.) May use a fraud tool (DataVerify), property profiles, or other documentation as deemed acceptable by Underwriter to evidence this requirement. • A maximum of 4 borrowers per loan application is allowed. • ITIN (Individual Tax Payer Identification Numbers) are not allowed; all borrower must have valid and verifiable social security numbers • All borrowers must occupy the property as their primary residence within 60 days of closing • Non-borrowing parties cannot be on the deed, including non-borrowing spouses • Borrowers with diplomatic immunity are not allowed • Borrower must take title in individual names, no trusts, LLC, etc. allowed • Borrower's income must not exceed CalHFA's income limits http://www.calhfa.ca.gov/homeownership/limits/income/income.pdf • The income limits can be found in CalHFA's program handbook, as well as CalHFA Lender Manual, the CalHFA-approved lender and the mortgage insurer
U.S. CITIZENS	• Allowed
PERMANENT RESIDENT ALIEN	• Allowed • Permanent resident aliens are eligible and must provide evidence of a valid Social Security number.

NON-PERMANENT ALIEN	Must meet Fannie Mae requirements, and in addition meet one of the following:
	• An alien who is granted asylum under section 208 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States with the following:
	    ○ A Valid I-94 with class of Admission as 208 and stamped as "asylum granted" (or a signed, stamped court decision indicating the immigration judge has granted the asylum if the stamp on the I-94 has not yet occurred); and
	    ○ A current, valid Employment Authorization Document (EAD) with a category code A05.
	• A refugee who is admitted to the United States under section 207 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States with the following:
	    ○ a valid I-94 with Class of Admission as 207 and a refugee admission stamp; and
	    ○ A current, valid EAD with category code A03.
	• An alien who is granted conditional entry pursuant to section 203 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States with the following:

	○ A current, valid family based, employment based or diversity visa (as defined in the Lawful Non-Permanent Qualified Resident chart*); and ○ For family based visa borrowers or spouses/children of employer sponsored visa borrowers (as defined in the Lawful Non-Permanent Qualified Resident chart*), a current, valid EAD. ○ Note: The Lawful Non-Permanent Qualified Resident chart can be found here: https://www.eprmg.net/LakeviewBorrowerEligibility.pdf and is SUBJECT TO UPDATES BY INVESTOR. CONFIRM STATUS OF LIST WITH CORPORATE • An alien who is a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance act of 1980. These individuals are paroled into the United Sates. Document legal residency and eligibility to work in the United States with the following: ○ I94 with stamp showing Cuban/Haitian entrant (Status Pending); and ○ A current, valid EAD A04 or C11. • An alien who has been battered or subjected to extreme cruelty under Section 431 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States with the following: ○ A current, valid U1-4 or T1-4 visa, and ○ A current, valid EAD. Note: If the authorization documentation (visa, I94, I551, passport or EAD, as applicable), will expire within one year from the loan closing date and a prior history of renewals exist, continuation may be assumed. • Borrowers under Deferred Action, the Dreamer's Act or DACA (EAD Code C33, C14, etc.) are not eligible. Although, these individuals may have been granted permission to remain in the U.S. for a period of time, DACA/Deferred Action does not grant a legal status. PRMG requires all borrowers to document proof of legal residency in the U.S. Additionally, they must follow the applicable guidelines for income (typically 2 year history and likely to continue for 3 years as applicable.) A borrower with DACA/Deferred Action status would not be able to meet the borrower eligibility documentation requirements (i.e., green card or meet applicable agency standard guidelines for income) and therefore is not be eligible.
FOREIGN NATIONALS	• Not Allowed
NON-OCCUPYING CO-BORROWERS	• Not allowed • All borrowers must occupy the property and on title to be on the loan
NON-OCCUPYING CO-SIGNERS	• Not allowed • All borrowers must occupy the property and on title to be on the loan
HOMEBUYER EDUCATION	• Homebuyer education counseling will be required for one occupying first time homebuyer: • The homebuyer education course must be taken with one of the following: • Online on the eHomeAmerica website • https://calhfa.ehomeamerica.org • In-person through NeighborWorks America http://www.nw.org/network/nwdata/homeownershipcenter.asp • HUD Approved Housing Counseling Agencies http://hud.gov/offices/hsg/sfh/hcc/hcs.cfm?weblistaction=summary • CalHFA's required eHome homebuyer education class costs can vary but typically ranges from $50 to $120, including immediate access to their completed certification for printing (must use the https://calhfa.ehomeamerica.org site for this price, other homebuyer education courses prices vary.) • Ensure borrowers do not pay up to $350 for eHome's online homebuyer education class (including a follow-up telephone interview, not required by CalHFA), they will

	need to use the link on CalHFA's website listed above when registering for their homebuyer education. • Homebuyer Education Certificates expire after one year

POWER OF ATTORNEY	• Power of Attorney must be reviewed and approved by fulfillment center Operation Manager or PRMG's Compliance Group
	• Allowed with the following requirements:
	  • Power of Attorney (POA) must be limited or specific to the transaction
	  • Purchase and term only allowed
	  • Power of Attorney can be used only for closing documents.
	  • The property address and legal description must agree with the Deed of Trust/Mortgage.
	  • It must be clear that the mortgage is appointing a Power of Attorney.
	  • It must be clear who is being appointed with a Power of Attorney.
	  • The original must be recorded concurrently with the Deed of Trust/Mortgage.
	  • The person being appointed with the Power of Attorney is "Attorney in Fact" and must sign the closing documents as follows: Jane Doe by John Doe, Her Attorney-in Fact. The manner of signing must clearly show the signer to be the one authorized to sign for the other specifically named individual.
	  • Power of Attorney may not be used to sign loan documents if no other borrower executed such documents unless, the Attorney in Fact is a relative or Attorney at Law.
	  • The attorney-in-fact may not be the seller, appraiser, broker, etc. or have any other direct or indirect financial interest in the transaction.
	  • A statement that the POA is in full force and effect on the closing date, survives subsequent disability (durable), and has to be revoked in writing, or gives a specific expiration date which survives the closing date.
	  • A statement of the borrower's name exactly as it will appear on all closing documents.
	  • Notarized signature of borrower (if executed outside the U.S., it must be notarized at a U.S. Embassy or a military installation)
	  • Power of Attorney cannot expire prior to the execution of the loan documents if there is an expiration date.
	  • A Limited (specific) Power of Attorney in those cases that require one, with the exception of those currently in active military duty.
	  • Title policy must not contain any exceptions based on use of POA.
	  • The Title Company must insure a valid Power of Attorney and that seller has a valid first lien.
	  • The attorney-in-fact must execute all closing documents at settlement.
	  • If a lender determines a Power of Attorney is required by applicable law (it cannot be restricted by investor requirements), lender must include a written statement explaining use of the Power of Attorney and may also be required to provide supporting documentation.
	  • A written statement that explains the circumstances of the use of the POA must be included in the loan file.
	  • Must meet all state and Agency requirements.

MANDATORY HOME WARRANTY INSURANCE COVERAGE	• All first-time homebuyer(s) must obtain a one-year home warranty protection policy. • The insurance must cover the following items at a minimum: water heater(s), air conditioning, heating, oven/stove/range. • Home Warranty to be paid through the close of escrow. • Home Warranty must be disclosed on Final Settlement Statement or copy of insurance declaration page required. • If borrower is purchasing a new construction property from a builder and the builder

<table>
<tr><td></td><td>is providing the home warranty.</td></tr>
<tr><td>LEXIS-NEXIS SEARCH REQUIREMENT</td><td>
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

</td></tr>
<tr><td>QC AUDIT REQUIRED</td><td>
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

All NJ 2-4 unit properties will require a Bank VOD. This can be ordered by the branch for the retail channel and will be ordered as part of the QC process for Wholesale/Correspondent channels.

Renovation (203K/Homestyle) loans (Lexis Nexis is required on all contractors as well)
VOE only used (when allowed by AUS) and not supported by paystub/W2 for Wholesale and Correspondent channels only (not required for retail channel)
If the borrower is employed by a party to the transaction
When the borrower is also a Real Estate Agent for the loan transaction
Retail loans referred to the AFS department any time the referring Loan Officer or the AFS Loan Officer are in “New” or “Watch” status
When the Real Estate Agent is also the Loan Officer on the transaction (not allowed on retail).

NOTE: The above list applies to credit qualifying loans only.
</td></tr>
<tr><td>QC REVALIDATION REQUIRED</td><td>
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.
</td></tr>
<tr><td>INCOME REQUIREMENTS/LIMITS</td><td>
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.
</td></tr>
</table>

	• 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.
	• All income used for loan eligibility will be calculated as family income. "Family income" is defined as the annualized gross income of the borrower and any other person expected to be liable on the mortgage, be vested on title and live in the residence being financed.
	• Fannie Mae requires that if the Schedule K-1 reflects a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then no further documentation of adequate business liquidity to support the withdrawal of earnings is required in order to include that income in the borrower's cash flow. If the Schedule K-1 does not reflect a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then the lender must confirm the business has adequate liquidity using the Quick (Acid Test) Ratio (for businesses that rely heavily on inventory to generate income) or the Current (Working Capital) Ratio to support the withdrawal of earnings to include the income in the borrower's cash flow and the result of one or greater for either ratio is generally sufficient to confirm adequate business liquidity. The file must contain the underwriter's written analysis and conclusions and, at underwriter's discretion additional documentation (such as a CPA letter or bank account statements) to support the liquidity decision. The analysis must provide enough detail/support so that anyone reviewing the file would come to the same conclusion. See Fannie Mae seller guide for additional guidance.
	• When required to verify a self-employed borrower's business is solvent in order to use the business income to qualify and the Schedule L on the business tax returns is not completed, additional documentation will be required to support solvency of the business. Documentation may include P&L, balance sheets, business bank statements and business credit report. Specific documentation will be determined at underwriter's discretion.
	• Housing or Parsonage Allowance must be received for 12 months and be likely to continue for the next three years.
	• Future (Projected) income is not acceptable for qualifying purposes
	• VOE as a stand-alone document is not acceptable (must have supporting paystubs)
	• Housing Assistance Payments (HAPs), which are often known as Section 8 Homeowner Vouchers, where a portion of the mortgage payment is paid directly to the borrower/lender as a subsidy for the mortgage payment on the subject property is not allowed.
	• Section 8 rents where borrower is paid a rent subsidy for other tenants from the government for the property (either for rents on units 2-4 on subject property or on other rental property) is allowed. Must have documentation of new executed leases, or lease addendums to the new owner and to show that the Section 8 income will transfer to the new owner. Additionally there may be no obligation to the servicer to receive the Section 8 funds. Borrowers must follow standard guideline requirements to determine if rents are allowed to be used for qualifying.
	• When the borrower has less than a two-year history of receiving income, the underwriter must provide a written analysis to justify the determination that the income used to qualify the borrower is stable.
	• If the borrower is employed by the property seller, real estate broker, relative or a family business, the following documentation must be obtained:
	  • Must comply with identity of interest requirements
	  • Documentation as required by AUS

	- Borrower's signed and completed personal federal income tax returns for the most recent two year period. - A 4506-T must be included in the submission package requesting the most recent 2 years tax transcripts and will be processed for comparison between tax transcripts and income documentation. A 4506-T must be signed at application and at closing. - Note: Current income reported on the VOE or pay stub may be used if it is consistent with W-2 earnings reported on the tax returns. If the tax returns do not include W-2 earnings or income is substantially lower than the current VOE or pay stub, further investigation is needed to determine whether income is stable. • Income from gambling should be documented with 2 years tax returns, documented YTD earnings (i.e., 1099 or formal receipt from casino and income must be in line with prior gross income), proof of deposit of YTD earnings (i.e., bank checking/savings statements), CPA letter supporting how borrower earns income. Underwriter to exercise caution and carefully review for itemized deduction for gambling losses (typically shown on the 1040 Schedule A). Any reported gambling loss would need to be considered in the income analysis. Tax transcripts should be obtained for each tax year. Underwriter must document rational for using current income if there is a variance. Gambling winnings/earning may only be used if borrower is a self-employed professional gambler, and self-employed income documentation requirements are followed, (gambling income will typically be filed on a schedule C). • Teacher Income: when a borrower is employed as a teacher, the annual salary must be verified. If monthly or weekly base pay is provided, the employer must verify the number of pay periods per year if the payout is not clear or the income must be averaged based on the most recent W-2 over 12 months. Stipends or supplemental income must be documented as regular and continuous. Borrowers with a contract for their first year of employment who have started work but have not received a paystub must provide a copy of contract, written verification of employment, and verbal verification of employment. Borrowers with a contract for their first year of employment with the school district must be on the job prior to closing. For teacher income paid over a less than 12 month period and obtaining financing during the summer months when income is not being received, provide a final year-end paystub from the school, verbal verification of employment, and copy of the contract indicating that the borrower is paid over a the applicable number of month period. Qualify the borrower based on the income received on the final year-end paystub.
MAXIMUM PROGRAM COMPLIANCE INCOME LIMITS	• Qualifying income is the income used by the lender to determine that the borrowers have the ability to meet their monthly obligation. Qualifying income may differ from the income used by CalHFA for program compliance purposes. All sources of income must be used to determine program compliance income limits. • The income of all borrowers cannot exceed the published CalHFA income limits detailed in the program handbook established for the county in which the property is located. • Effective 2/1/19, CalHFA will use the lender's credit qualifying income, calculated per agency requirement for income limits. • When multiple CalHFA loan programs are used in combination, the most restrictive income limits will apply. • CalHFA will calculate family income for CalHFA CalPlus loan eligibility. "Family income" is defined as the annualized gross income of a mortgagor, and any other person expected to: (1) be liable on the mortgage, (2) be vested on title; and (3) live in the residence being financed.

	• See CalHFA program guidelines for included incomes and income limits, which can be found at the following link: http://www.calhfa.ca.gov/homeownership/limits/income/income.pdf
CREDIT	• Use underwriting guidelines as per DU recommendation; with the derogatory credit seasoning as it appears in the Derogatory Credit section in this profile (this product does not use Credit Reestablishment Periods for Agency Loans document which includes information regarding derogatory credit seasoning.) • The use of a U.S. address to obtain a credit report for a borrower who resides in another country is not permitted. • If the borrower's credit report contains a FACTA credit alert, the completed Fraud Alert Confirmation form must be in the file (available via Resource Center). • All borrowers must have a qualifying credit score from at least 1 national repository. • Borrower must have sufficient credit experience, as determined by underwriter review, to ensure scores are reflective of borrower's credit history • Use of credit repair vendors designed to help a borrower falsely repair their credit profile by intentionally manipulating data to improve their credit score for purposes of loan eligibility, pricing improvement, and/or creditworthiness is prohibited. Legitimate scenarios when corrections to a borrower's credit profile are required (e.g., public records information does not belong to the borrower) are acceptable. Corrections to the borrower's credit profile should be made at the credit repository level to ensure the credit score is representative of a borrower's true creditworthiness. • Payment histories on all mortgage trade lines, regardless of occupancy, including first and second mortgage liens, home equity lines of credit, land without improvements, mobile homes, and manufactured homes are considered mortgage credit, even if reported as an installment loan. • MERS search must be run on borrower • Credit documentation must not be more than 120 days old from the note date • For disputed accounts, follow DU Results • In addition to other listed requirements regarding disputed accounts, if a disputed account is a borrower's verified previously delinquent mortgage trade line, which may affect the credit decision of the AUS, information regarding the dispute must be obtained. The underwriter must verify that the AUS is considering the previously delinquent mortgage in the credit decision. If it is unclear if the previously delinquent mortgage is being considered (and based on underwriter discretion, the delinquent mortgage may impact the credit score/AUS decision), the dispute should be removed at the bureau level, credit report re-run to reflect accurate credit message without dispute, and the AUS re-run to include account in the AUS decision. For instance, a zero balance where the last activity is more than 3 years prior to the credit report date may be determined by the underwriter to not require the dispute to be removed • Borrowers with a housing payment history, including mortgage and/or rental payment history, showing excessive delinquencies (60 day or greater late in the past 12 months) are not eligible. • Existing mortgages must be current. • The credit report for the mortgage history must be updated to include the payment made for the most recent month due. • If a borrower has refinanced their current primary residence in the last 12 months they are not eligible for a purchase transaction on an new primary residence without Operations Management or Corporate Underwriting review of the circumstances • All private non-construction mortgages require cancelled checks or proof of payment for 12 months or for the number of months the mortgage has been open if less than 12 months

	• Delinquent credit—including taxes, judgments, charged-off accounts (see below for exceptions), tax liens, mechanics' or materialmen's liens, and liens that have the potential to affect first lien position or diminish the borrower's equity—must be paid off at or prior to closing, with the exception of the collection/charged-off accounts as listed below. • If a judgment or tax lien is being paid off and AUS/Agency Guidelines are requiring proof of satisfaction or if it is paid off prior to closing, evidence the judgment is satisfied or the tax lien has been released is required. If the AUS/Agency Guidelines will allow a judgment or tax lien to be paid off with the transaction all AUS/Agency Guidelines must be met (i.e., must be paid through the transaction and funds must be verified and documented). • For past-due collection and charge-off accounts, always comply with AUS requirements. Additionally, accounts that are reported as past-due (not reported as collection accounts) must be brought current. If any lien threatens the first trust deed position it must be satisfied
TRADELINE REQUIREMENTS	• Per AUS

DEROGATORY CREDIT	• Bankruptcy – Chapter 7 or 11: 4 years from discharge or dismissal date to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings)
	• Bankruptcy – Chapter 13: 2 years from discharge date to credit report date used in the AUS decision and 4 years from dismissal date to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings)
	• Multiple Bankruptcy Filings: 5 years to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) if more than one filing within the past 7 years
	• If a mortgage debt has been discharged through bankruptcy, even if a foreclosure action is subsequently completed to reclaim the property in satisfaction of the debt, the borrower is held to the bankruptcy waiting periods and not the foreclosure waiting period. Documentation must be provided to verify that the mortgage debt in question was in fact discharged as part of the bankruptcy.
	    • If the loan casefile receives a Refer with Caution recommendation due to a foreclosure identified by DU as taking place in the last seven years, the account was one discharged through a bankruptcy, and the bankruptcy waiting period requirements have been met, the user may instruct DU to disregard the foreclosure information. This would be done by entering "Confirmed CR FC Incorrect" in the Explanation field for question c. in the Declarations section of the online loan application and resubmitting the loan casefile to DU. The user must then document that the mortgage was discharged through the bankruptcy and that the applicable bankruptcy waiting period requirements have been met.
	    • Borrower must provide evidence of mortgage being discharged through bankruptcy, such as the Discharge of Debt document that would be received by the borrower from the court and it must show the mortgage included in the discharged debt.
	• Foreclosure: 7 years to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings)
	• Deed-in-Lieu of Foreclosures and Preforeclosure sale: 4 years from to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) with LTV ratios per eligibility matrix.
	• Short Sales: the following time frames must have passed since the date the Short Sale occurred and the following LTV limits apply. If not the loan will be denied.
	  • 48 months must have passed since the completion date of the short sale

	(measured back from the date of the new loan application) when the sale was a result of financial mismanagement. • The loan file must contain documentation of the date the short sale was completed such as a HUD settlement statement. • If non-subject property is a restructured (modified) mortgage loan (in which the terms of the original transaction had been changed, resulting in the forgiveness or restructure of debt through a modification or origination of a new loan), borrower is eligible with no additional seasoning requirements. • Extenuating circumstances are not allowed to be used in credit decisions.
RATIOS	• 45% DTI
QUALIFYING	• Fixed: Qualify at note rate. • To calculate DTI for loans with subordinate HELOCS (for all properties): If there is a balance, use the payment that is reflected on the credit report. If not shown on the credit report, payments on a HELOC with an outstanding balance may be calculated at the greater of $10.00 or 5% of the outstanding balance or payment reflected on the borrower's billing statement. If there is no balance, a payment does not need to be included. • Paying off revolving debt to qualify is allowed. The debt includes any revolving debt (including American Express) that is being paid off and not included in the ratios. Account must be paid in full prior to or at closing and documentation must be provided evidencing repayment. Source of funds must be documented. Accounts are not required to be closed. • Installment debt may be paid down to qualify, but overall use of credit and credit history must be closely evaluated. • Installment debt with less than 10 months remaining does not need to be included in ratios unless the payment may affect the borrower's ability to meet their credit obligations after closing, with additional consideration if the borrower has limited or no cash after closing. (Lease payments are not considered installment debt and must be included in the ratios.) • Lease payments must be included in the ratios regardless of the number of months remaining on the lease. This is because the expiration of a lease agreement for rental housing or an automobile typically leads to either a new lease agreement, the buyout of the existing lease, or the purchase of a new vehicle or house. In general, you cannot pay off the lease to qualify and the payment must be included in the ratios. However, an auto lease payment can be omitted from the ratios if it has been paid and closed and there is evidence of the borrower has another vehicle (evidence and documentation to show this must be in the loan file and if the borrower still has the vehicle in their possession the lease is not considered closed and the payment cannot be excluded). • Deferred Loans: Loans deferred or in forbearance are always included in the loan qualification. If the credit report does not indicate the monthly amount that will be payable at the end of the deferment period, copies of the borrower's payment letters or forbearance must be obtained to determine the monthly payment used for loan qualification. See below for student loans. • For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the lender must include a monthly payment in the borrower's recurring monthly debt obligation when qualifying the borrower. If a monthly payment is provided on the credit report, the lender may use that amount as the monthly payment for qualifying purposes. If the credit report does not provide a monthly payment for the student loan, or if the credit report shows $0 as the monthly payment (which may be the case for deferred loans or loans in forbearance), the lender must calculate a qualifying monthly payment using one of the options below:

	(1) 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or (2) a fully amortizing payment using the documented loan repayment terms. Note, per Fannie Mae's Student Loan Solutions FAQ, as long as documentation is provided showing the Income Based Repayment (or Income Driven Repayment) plan payment is $0, the borrower can qualify with $0 for the monthly qualifying payment. • If a credit report shows an asterisk next to the payment, it can be an indication that the payment listed is not the required monthly minimum payment amount, and as such will require supplemental documentation to support a payment of less than 5%. If supporting documentation is not able to be provided, use 5% of the outstanding balance as the borrower's recurring monthly debt obligation • For non-HELOC loans, when qualifying a borrower that has a non-subject negative amortization or interest only loan, use the payment on the credit report. • If the borrower is on a payment plan with the IRS for prior tax years, the underwriter must condition for proof the money owed has been paid in full or verify the borrower has been in a payment plan that has been paid on time for at least 6 months (or less, but at least one payment must be made, based on underwriter's discretion) and count the debt in the DTI. There is no requirement for a record of account or other documentation to reflect tax payment status. For the current tax year (most recent tax filing), if the 1040s or other documentation shows the borrower has outstanding tax debt for the current tax year, evidence of payment of the taxes due (or evidence borrower is on a payment plan with at least one month payment required to have been made in lieu of full payment as long as the borrower qualifies with the payment in the ratios) is required. If the check to the IRS has not yet cancelled, the file must reflect the borrower's ability to pay (borrower must have enough assets after backing out funds used for transaction and reserves). For Amended Tax Returns option, see the applicable guidance in the Product Profile for further requirements. • Tax liens must be paid off prior to, or at closing, regardless of if the borrower has a satisfactory payment plan and the government will allow subordination of the lien. • At minimum, an interest only payment must be included in the debt ratio for borrowers with a single payment Note. A single payment Note is one in which the loan, including principal and interest, is due in one lump sum payment. A single payment Note would be an unsecured Note which is not tied to the property in any way. Reserves and loan proceeds may not be used to offset payments. • When commercial properties are reflected on the Schedule E they must be documented/treated the same as a residential property for determining rental income, per agency guidelines. If there is mortgage interest reflected on Schedule E, must determine if borrower is personally obligated on the note and if so, obtain a mortgage rating that meets guidelines for mortgage payment history. • For loans secured by financial assets, evidence the loan is collateralized by the financial asset is required (i.e., 401K statement showing loan) or payment must be included in the ratios. • For loans using DU Approvals, If a borrower is obligated on a non-mortgage debt—but is not the party who is actually repaying the debt—the lender may exclude the debt from the borrower's recurring monthly obligations. This policy applies whether or not the other party is obligated on the debt, but is not applicable if the other party is an interested party to the subject transaction (such as the seller or realtor). Non-mortgage debts include installment, revolving, lease payments, alimony, child support, and separate maintenance. The lender must obtain the most recent 12 months' cancelled checks (or bank statements) from the other party documenting a 12–month satisfactory payment history. There must be no delinquent payments for that debt in order to exclude it from the borrower's debt-to-income ratio.

CASH RESERVES	• DU Approval: None required, however, subject to underwriter discretion or per "DU" recommendation • Cash saved at home not allowed. • All verifications of funds, including the most recent asset account statements, must be dated within 45 days of the loan application or an updated statement is required.

ANTI-FLIPPING POLICY	• Guidance for underwriting flips can be found here: http://www.eprmg.net/ConfFlips.pdf
	• The following transactions would not be considered a flip and would not be subject to additional Anti-Flipping Requirements. However, the appraiser must still report and analyze a minimum three-year sales history for the subject property AND if the value has increased by 15% or more in one year or 30% in three years from the original sales price the appraiser must analyze and explain the increase if due to a below market sale, such as a property in foreclosure. If the increase was due improvements, the appraiser must analyze and explain.
	  ◦ State and Federally chartered financial institutions and government sponsored enterprises (Fannie and Freddie)
	  ◦ Sales by HUD of its real estate owned
	  ◦ Sales of properties acquired through inheritance – Must document seller's inheritance of the property
	  ◦ Sales of properties acquired by employers or relocation agencies in connection with relocations of employees (Must provide relocation agreement indicating the seller acquired the property as a result of company transfer of the previous owner).
	• The property Seller must have taken title to the subject property at least 1 day prior to the contract date on the sale of the property to the applicant.
	• Property flip transactions are assessed by the seller's date of acquisition as the date of settlement on the seller's purchase of that property and the execution of a sales contract to another party.
	• Any property that is involved in a re-sale that occurred within the last 6 months, must meet the following additional criteria:
	• PRMG will verify that the property seller on the Purchase Contract is "In Title" and Owner. This can be verified by including a property sales history report, a copy of the deed of conveyance, a copy of the property tax bill, a computer-generated print out from the assessor's website or the title commitment or binder indication legal ownership. For refinances, this would also include a copy of the current mortgage, Deed of Trust, or Contract for Deed. The name of the owner on the title report must match the seller's name on the purchase contract.
	  ◦ If the seller is an entity (LLC, trust, etc.) documentation showing legal registration of the entity such as articles of incorporation with the seal, or a business license.
	  ◦ The borrower(s) can have no affiliation with the entity of any kind.
	• Since the property seller has not owned the property for 12 months, then a chain of title for the last 12 months is required. Acceptable sources for the chain of title include copies of recorded deeds, tax statements, or a 12-month chain of title on the title commitment.
	• A transaction where the property has been sold within the last 12 months requires scrutiny to ensure the transaction is legitimate. Some characteristics of fraudulent transactions include but are not limited to foreclosure bailouts, distressed sales, and inflated values due to stated improvements that are unsupported.
	• The subject transaction cannot include a transfer of personal property or other special arrangement between buyer and seller.
	• Non-arm's length transactions are prohibited. Verification that there is no apparent relationship between the parties to the transaction, either on the current sale or

	previous sale. • A full appraisal is required. • Appraisals must indicate required sales history information. • The appraiser must report and analyze a minimum three-year sales history for the subject property AND if the value has increased by 15% or more in one year or 30% in three years from the original sales price the appraiser must analyze and explain the increase if due to a below market sale, such as a property in foreclosure. If the increase was due to improvements, the appraiser must analyze and explain. • If the property value increased from the prior sale by more than 20%, additional diligence should be used by the underwriter.
VALUE FOR LTV/CLTV CALCULATION	• See below • For loans with Fixed/Closed End subordinated financing, CLTV/HCLTV must be calculated using the current unpaid principal balance (UPB).
PURCHASE	• Use lesser of current appraised value or acquisition cost. • If there is evidence that borrower, a member of the borrower's family or party who has a clearly defined interest in the borrower (i.e., close family friend) previously owned a home being purchased that was a distressed sale (i.e., short sale) or foreclosure by the borrower or borrower's family member, the borrower may not purchase the property, regardless of the length of time since the distressed sale/foreclosure or the number of owners between the distressed sale/foreclosure and current owner. Bail outs not allowed. • Purchase contract assignment (assignment of the sales contract) not allowed. • Purchase Transaction Seller Rent Backs of the subject property for owner occupied or second home properties are limited to 60 days, must be reflected on the sales contract and Closing Disclosure, and are not counted towards borrower's minimum investment requirements. For condos, not allowed between borrower and developer. • On auction transactions, auction terms must be included as part of the purchase contract provided to the appraiser for review
RATE/TERM REFINANCE	• N/A
CASH OUT REFINANCE	• N/A
REPAIR ESCROW/ESCROW HOLDBACKS	• Not Allowed
SEASONING REQUIREMENTS	• N/A
RECENTLY DELISTED PROPERTIES	• N/A
TITLE SEASONING/LOAN SEASONING	• N/A
CURRENT PROPERTIES BEING CONVERTED TO SECOND HOMES OR INVESTMENT PROPERTIES	• N/A
TEMPORARY BUYDOWNS	• Not Allowed
REQUIRED DOWN PAYMENT	• No minimum requirement (gifts allowed-see gift section below for details).
REQUIRED DOWN PAYMENT / SOURCE OF FUNDS	• All transactions: All funds needed to complete the transaction can come from a gift. • Funds that are brought to closing (i.e., cashier's checks or wire) by the borrower must be verified as belonging to the borrower. The required funds from the borrower do not have to be from an institution that was sourced in the loan file, as long as the borrower has sufficient funds in the sourced accounts to cover the amount of funds brought to closing. If the funds are not able to be confirmed as belonging to the

	borrower, the funds would be ineligible. This guidance is only in regards to borrower funds, <u>not</u> gift funds. • Access letter is <u>not</u> required for any accounts where a non-borrowing party is on the account (including a non-borrowing spouse) • Custodial accounts are allowed in accordance with Fannie Mae • The following are required to document the sale of personal assets for funds to close: the borrower's ownership of the asset, the value of the asset, as determined by an independent and reputable source, the transfer of ownership of the asset, as documented by either a bill of sale or a statement from the purchaser, the borrower's receipt of the sale proceeds from documents such as deposit slips, bank statements, or copies of the purchaser's canceled check. Depending on the significance of the funds in question, the lender may accept alternatives to this required documentation, particularly when the proceeds of the sale represent a minor percentage of the borrower's overall financial contribution. • All asset sources used to qualify borrowers must be legal at the local, state, and federal level. Any assets derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company. • Cash on hand, including cash deposits that are typical for the borrower's line of work, are not allowed to be used for down payment, closing costs and reserves unless they are sourced or seasoned. • Cryptocurrency, digital currencies or altcoins (i.e. Bitcoins, Litecoin, Ethereum, etc.) may not be included as financial assets for mortgage qualification purposes and is an ineligible source of funds for down payment, closing costs or reserves unless being converted into U.S. currency. To be used as a source of funds for down payment, closing costs, or reserves, cryptocurrency, digital currencies or altcoins must be converted into U.S. currency and be held within a U.S. Financial Institution and verified prior to underwriting final approval. In addition to the verification of U.S. currency, the borrower(s) must be able to provide acceptable documentation for the source of funds used to initially acquire the cryptocurrency prior to the conversion. • If the borrower's source of funds is from a country included on the OFAC Sanctioned Countries List that is found in the Resource Center, the funds are not eligible for use in the transaction. • Any allowable fees paid by credit card must comply with Agency requirements, including ensuring the borrower has sufficient verified funds to pay these fees and the amount charged for the fee is included in the borrower's DTI, as appropriate. • Large deposits must be evaluated when bank statements (typically covering the most recent two months) are used. Large deposits are defined as a single deposit that exceeds 50% of the total monthly qualifying income for the loan. For refinances, documentation or explanation for large deposits is not required; however, the underwriter remains responsible for ensuring that any borrowed funds, including any related liability, are considered. For purchases, If funds from a large deposit are needed to complete the purchase transaction (that is, are used for the down payment, closing costs, or financial reserves), the underwriter must document that those funds are from an acceptable source. Occasionally, a borrower may not have all of the documentation required to confirm the source of a deposit. In those instances, the underwriter must use reasonable judgment based on the available documentation as well as the borrower's debt-to-income ratio and overall income and credit profile. Examples of acceptable documentation include the borrower's written explanation, proof of ownership of an asset that was sold, or a copy of a wedding invitation to support receipt of gift funds. The underwriter must place in the loan file written documentation of the rationale for using the funds. Verified funds must be reduced by the amount (or portion) of the undocumented large deposit (as

	defined above), and the underwriter must confirm that the remaining funds are sufficient for the down payment, closing costs, and financial reserves. When the underwriter uses a reduced asset amount, net of the unsourced amount of a large deposit that reduced amount must be used for underwriting purposes. Note: When a deposit has both sourced and unsourced portions, only the unsourced portion must be used to calculate whether or not it must be considered a large deposit. Note: If the source of a large deposit is readily identifiable on the account statement(s), such as a direct deposit from an employer (payroll), the Social Security Administration, or IRS or state income tax refund, or a transfer of funds between verified accounts, and the source of the deposit is printed on the statement, the underwriter does not need to obtain further explanation or documentation. However, if the source of the deposit is printed on the statement, but the underwriter still has questions as to whether the funds may have been borrowed, the underwriter should obtain additional documentation. • Sweat equity and cash on hand not allowed • When using foreign assets, funds must be transferred into a U.S. bank/deposit account prior to closing, proof the transferred funds belonged to borrower(s) prior to transfer and verification of the source for large deposits is required • When business funds are used, the following requirements must be met: Assets must be related to the business that the Borrower owns that is documented in the loan file and if borrower is not 100% owner, evidence that borrower has access to use the funds is required; Borrower must be at least 25% owner in the business (to be considered self-employed and eligible to use the assets); Verification of funds in the account is required. (Note: Large deposits that are not in line with business revenue/income stream should be explained and verified.) Regardless of the documentation required for the process type, the underwriter must perform a cash flow analysis based on the tax returns provided, as well as analyzing, at minimum, the most current three month's business bank statements to determine that the withdrawal of funds will not have a detrimental effect on the business. The file must contain the underwriter's written analysis and conclusions and documentation (such as a CPA letter (preferred) or 12 months bank account statements) to support the decision. The cash flow analysis must provide enough detail/support so that anyone reviewing the file would come to the same conclusion. • When wiring assets/funds (either gift funds or the borrowers own funds) for closing, like all assets, they must be appropriately and completely documented. • If the wire is for gift funds and does not show the donor's name and account number then a statement/transaction history documenting the outgoing wire would be needed. The statement/transaction history would need to contain the account owner's information.
GIFT FUNDS	• Donor may be a relative, defined as the borrower's spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or a fiancé, fiancée, or domestic partner. • The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction • Gift letter required and must include: donor's name and relationship to borrower, donor's mailing address and telephone number, identify the transaction (property address, borrower's name), state the amount of the gift, specifically state that the funds are a gift and it does not need to be repaid, and letter must be signed by the donor. • The transfer of the gift funds to the borrower must be documented in one of the following ways: • Copy of the donor's cancelled check and the borrower's deposit receipt or bank statement; or

	• Copy of the donor's withdrawal slip and the borrower's deposit receipt or bank statement. • If the transferred occurred with certified funds, a letter from the bank that issued the certified check must be provided stating that the funds came from the donors account and the borrower's deposit receipt or bank statement • Verification of a wire transfer from donor's account into borrower's account • If the funds have not been transferred prior to settlement, documentation must be provided that shows that the donor gave the closing agent the gift funds in the form of a certified check, a cashier's check, other official check or wire, and must be evidenced on the HUD-1. • For any wire transfer of gift funds, a copy of the wire confirmation form also needs to be included and the depository institution where the wire came from must be identified, as well as donor information (name, account number, etc.) The information must match the institution, gift amount and additional information on the gift letter. • Acceptable after a minimum down payment has been made by the borrower from their own resources as required by the transaction, See Required Down Payment/Source of Funds section for when gifts are allowed and requirements for minimum down payment. • Not allowed on non-owner occupied properties. • Gifts of equity allowed, see Gifts of Equity section.
CONTRIBUTIONS BY AN INTERESTED PARTY	• Contributions by an interested party may be used for closing costs, prepaids and other financing costs. • Primary Residence: • 9% of the lesser of the sales price or appraised value for LTV/CLTVs ≤ 75%. • 6% of the lesser of the sales price or appraised value for LTV/CLTVs > 75% and ≤ 90%. • 3% of the lesser of the sales price or appraised value for LTV/CLTVs > 90% • Payment of condominium fees, personal property and down payment assistance not allowed
SUBORDINATE FINANCING	• Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program)
DOWN PAYMENT ASSISTANCE (NON CALHFA SUBORDINATE)	• This program may be layered with a Fannie Mae approved Community Seconds program used for closing costs and/or down payment assistance per individual requirements. • The locality subordinate loan must meet Fannie Mae Community Seconds guidelines. • The maximum CLTV must meet CalHFA requirements. • In the case of conflicting guidelines, the lender must follow the more restrictive. • PRMG DPA approval must indicate eligible for Fannie Mae Housing Authority Product • To determine if DPA is approved, send an email to DPArequests@prmg.net with the property state, DPA program name, DPA contact name and phone number or review the list posted with the product Profiles in the Resource Center. If it is determined the DPA is not already approved, the DPA can be submitted for approval using the DPA Submission form (found in the Resource Center). Required information must be submitted for approval and a determination regarding the DPA will be made regarding acceptability. • Access the PRMG Eligible DPA list and a link to the synopsis that must be reviewed by the loan officer, processor and underwriter to ensure all requirements for the DPA are met at the following link: http://www.eprmg.net/ResourceCenter/PoliciesProceduresInformation/PRMG%20D

	PA%20List.pdf
	• The underwriter must verify the DPA used on the loan is the same program that is confirmed in the email/list and that it is eligible with the product and enter the information in FastTrac. Instructions for this can be found at the following link: http://www.eprmg.net/DPA-Training.pdf
	• When using a DPA, loan must comply with max LTV/CLTV and all borrower minimum contributions (DPA cannot be used to meet borrower minimum contributions.)
	• Additionally, the following are requirements of the program and if any evidence appears that it cannot be met, it will no longer be eligible.
	    • The DPA, UCAP or HAP must meet the applicable Fannie Mae or Freddie Mac requirements
	    • The first Mortgage is not subject to any terms or conditions of a bond program; and
	    • The DPA, UCAP or HAP does not restrict the transfer of servicing rights of the first Mortgage. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage's servicing rights.

MORTGAGE CREDIT CERTIFICATES (MCC)	• Mortgage Credit Certificates (MCC) are payment subsidies issued by a government entity to qualifying homebuyers. It may be in the form of direct payments or tax rebates/credits. • CalHFA's MCC Tax Credit Closing may be layered with this product for retail transactions • CalHFA's MCC is not eligible for wholesale transactions • On Wholesale transactions, third party processing (Contract Processing) fee may be charged, as allowed per the Fee section • 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. • When qualifying the borrower and calculating the borrower's debt-to-income ratio, treat the maximum possible MCC income as an addition to the borrower's income, rather than as a reduction to the amount of the borrower's mortgage payment. Use the following calculation when determining the available income: [(Mortgage Amount) x (Note Rate) x (MCC %)] ÷ 12 = Amount added to borrower's monthly income. • If the borrower obtaining the MCC needs the monthly subsidy to qualify, then the loan file must contain all of the following: • Copy of the Mortgage Credit Certificate (A Commitment in lieu of the Certificate will not satisfy this requirement), Copy of the W-4 and worksheet (must include calculations and adjustments to income), MCC Worksheet • PRMG is responsible for compliance with all requirements of the issuing authority and must verify PRMG is approved to participate as a lender in the program. • 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
NON-ARM'S LENGTH	• A non-arm's length transaction occurs when a personal or business relationship exists

TRANSACTIONS	between the borrowers and the builder or seller. For example: • Family sales or transfers • Corporate sales or transfers • Mortgagors employed in the real estate or construction trade who are involved in the construction, financing or sale of the subject property Mortgagors employed in the real estate or construction trade who are involved in the construction, financing or sale of the subject property • Some transactions involving principals/sellers/other vendors (such as, an appraiser, settlement agent, title company, etc.) who are involved in the lending process of the subject property. • Sales between landlord/tenant • Property flips are not allowed • Non-arm's length transactions with family members (or acceptable gift donors) are generally acceptable if the following requirements are met: • The family member is the borrower's spouse, child, parent, or any other individual related to the borrowers by blood, adoption, or legal guardianship. • An executed purchase agreement between the purchaser and the family member is in the file. • The source and ownership of funds for the down payment, closing costs, and reserves are well documented. • The appraised value of the property is well supported, particularly any gifts of equity or gifts of more than 20% of the LTV. • If the loan is a non-arm's length transaction, the relationship must be disclosed on the purchase contract. Purchase contract must be closely reviewed. • Purchase may not be a short sale. • Borrower must provide a copy of the canceled earnest money check to verify payment to the Seller. • A payment history for the existing mortgage (verification of seller's mortgage) on the subject property must be obtained and show no pattern of delinquency within the past 12 months. (does not apply to identity of interest/at-interest transactions) • Full documentation is required for income, employment and assets. • Full appraisal is required, regardless of AU findings • The appraiser must be informed of the non-arm's length transaction and address whether or not the market value has been affected by the relationship of the parties. • Appraiser must verify last sale date and sales price of the subject property, and must provide recent listing and/or marketing materials. (does not apply to identity of interest/at-interest transactions) • The real estate agent for the subject property may act as the loan officer for the borrowers purchasing the same subject property, however extra diligence must be exercised. • Not allowed on new construction second homes or new construction non-owner occupied properties. • Allowed all owner occupied properties, existing construction second home and existing construction non-owner occupied properties. • Transactions cannot be for bail-out purposes. • For purchases, Title must not evidence a foreclosure or Notice of Default.
	• For refinances, if the borrower has been on title less than 6 months from the date of application, the payoff demand from the purchase transaction must reflect the mortgage was current at the time the borrower purchased the property.
REAL ESTATE AGENT ALSO LOAN OFFICER/BROKER	• The real estate agent for the subject property may act as the loan officer or broker for the borrowers purchasing the same subject property and does not have to be for the same company as long as it is allowed by the state in which the property is

	located. • Not allowed on retail transactions. • QC Audit required
MORTGAGE INSURANCE	• For loans reserved prior to 9/5/2019: Mortgage insurance must be ordered through Genworth Mortgage Insurance. • For loans reserved on or after 9/5/2019: Mortgage insurance can be ordered through Arch, Essent, Genworth, NMI and Radian MI Companies • Either Borrower paid monthly or a single premium mortgage insurance payment is acceptable. Lender Paid MI not allowed • Delegated MI allowed (refer to Underwriting section below) • When obtaining Mortgage Insurance in states that require an assessment/tax on the mortgage insurance, such as KY or WV, be sure to use the "Rate with Assessment/Tax", which is the standard MI factor plus the additional factor for the assessment/tax. Do not use the standard MI factor listed on the certificate, you must use the combined factor. • As of 6/4/18, Genworth MI will allow all DTIs of scores <700 for all MI types (Single Premium, Monthly Premium etc.) • Financed mortgage insurance premium must be included in the LTV and CLTV. • Must enter HFA under Special Program when ordering mortgage insurance for Housing Authority loans • Information about ordering MI in FT360 for Housing Finance Authorities can be found here: http://www.eprmg.net/HFA-MI-FT360Training.pdf • Additionally information can also be found from Genworth's training guide, see page two of the document from the following link: https://mortgageinsurance.genworth.com/pdfs/Other/10861025.Encompass.Non.Delegated.216.pdf • You must select the mortgage insurance rates under the Housing Finance Agency Rates section from Genworth's website. • Loans locked prior to 9/5/19 or locked on or after 9/5/19 with AMI <=80%: LTV / Coverage 95.01% - 97.0% / 18% 90.01% - 95.0% / 16% 85.01% - 90.0% / 12% 80.01% - 85.0% / 6% • Loans locked on or after 9/5/19 with AMI >80%: LTV / Coverage 95.01% - 97.0% / 35% 90.01% - 95.0% / 30% 85.01% - 90.0% / 25% 80.01% - 85.0% / 12%
APPRAISAL	• Additional appraisal requirements can be found in the PRMG Appraisal Guidelines which is available in the Resource Center or at the following link http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Guidelines.pdf • Transferred or Ported appraisals are allowed but must meet all requirements as described in PRMG's Transfer Policy, which is posted in the Appraisal section of the Resource Center or at the following link: http://www.eprmg.net/PRMG%20Appraisal%20Transfer%20Policy.pdf • If the transferred appraisal does not meet the requirements as outlined in the

	PRMG's Appraisal Guidelines document, the appraisal must be ordered identifying PRMG as the client/lender on the appraisal report. • Traditional appraisal report completed by a state-licensed or state-certified appraiser required on all loans. • Residential appraisal reports must be dated no more than 12 months prior to the note date. An Appraisal Update is required on all appraisals dated more than 120 days prior to the note date. • The Update Appraisal Form (1004D) must be used. If the value of the property is less than the original appraised value then a new appraisal will need to be ordered. If the value of the property has not declined, then the loan may process without requiring any additional fieldwork. The appraisal update must occur within the four months that precede the date of the note and mortgage. The original appraiser should complete the appraisal update; however, lenders may use substitute appraisers. When updates are completed by substitute appraisers, the substitute appraiser must review the original appraisal and express an opinion about whether the original appraiser's opinion of market value was reasonable on the date of the original appraisal report. The lender must note in the file why the original appraiser was not used. • Appraisals may be reused from prior transactions as allowed by FNMA • Defects and/or repair conditions identified by the appraiser on the appraisal report must be corrected. All units must be complete with respect to construction or repairs and ready to occupy. • Properties with a condition rating of C5 or C6 in "as is" condition or "subject to repairs" are not acceptable. A quality rating of Q6 is not acceptable. • Full appraisals required for purchase transactions of REO properties and all purchases of properties whose most recent transaction was a foreclosure sale, apparent adverse physical deficiencies or conditions, apparent adverse environmental conditions and the subject property does not conform to the neighborhood • For all refinances, if the property has been owned less than 12 months and the appraisal shows a substantial increase in value from the purchase price, the appraiser should ensure that the increase in value in valid. • The appraiser must report and analyze a minimum three-year sales history for the subject property. The sales history of the subject property and comparable sales will be used to determine if any substantial appreciation or property churning has occurred. If there has been a prior sale of the subject property within three years and there is an increase in value, the appreciation or improvements must be explained. If the value has increased by 15% or more in one year or 30% in three years from the original sales price the appraiser must analyze and explain the increase if due to a below market sale, such as a property in foreclosure. If the increase was due improvements, the appraiser must analyze and explain. • An exterior property inspection is required for properties located in an identified FEMA disaster area if the original appraisal was completed prior to the disaster being declared. For 90 days after the disaster date, a full appraisal will be required. See PRMG Disaster Guidance/Announcements for specific details and full requirements. • If property is in an area declared a disaster by FEMA, and using reduced appraisal documentation (such as a 2055/2075), immediately before or up to 90 days after a disaster, a full appraisal will be required and the appraiser must address any lingering negative impact on value, habitability or marketability of the disaster occurrence. • For any loan secured by property located within a Federally Declared Disaster Area (FEMA) a re-inspection/certification of the subject property, with photograph, must be obtained prior to funding/purchase. The re-inspection must state the property is habitable and contains no evidence of damage based on the exterior inspection. • A property inspection is required for any loan secured by a property in the affected

	area. If the subject property is located in one of the impacted counties and the appraisal was completed prior to the incident period end date, a post disaster inspection is required confirming the property was not adversely affected by the disaster. If FEMA does not identify an area as a disaster, PRMG reserves the right to declare an area not identified by FEMA as a disaster. In these cases PRMG will communicate any declarations. • The Disaster Policy should be followed during an ongoing disaster and up to 90 days from the FEMA declaration • Utilize any of the following re-inspection options to satisfy the post disaster inspection requirement, with a photograph of the subject property: • Property Inspection Report (Fannie Mae Form 2075/Freddie Mac Form 2070) • Appraisal Update and/or Completion Report (Fannie Mae Form 1004D/Freddie Mac Form 442) • Uniform Residential Appraisal Report (Fannie Mae Form 1004/Freddie Mac Form 70) • Exterior Only Appraisal Report (Freddie Mac Form 2055) • Individual Condominium or PUD Unit Appraisal Report (Fannie Mae Form 1073/Freddie Mac Form 465) • Disaster Inspection Certification from a Licensed Certified Inspector • If the appraiser notes defects in the exterior inspection, a Uniform Residential Appraisal Report with an interior and exterior inspection and photographs is required. If damage is revealed by the inspection, it must be repaired prior to purchase • Loans with appraisals completed after the dates of the Natural Disaster (FEMA declaration dates) are not subject to the above requirements unless specifically requested by an underwriter. • If the subject property is a prior foreclosure, the utilities must be operational at the time of the appraisal. • When adjustments are made to the appraisal for the year built, whether they are made for the actual age or the effective age of the subject property, the appraiser must provide an explanation for the adjustments and the condition of the property. • PRMG reserves the right to require additional appraisal reviews/reports at the underwriter's discretion. • If property is legal, non-conforming and a rebuild letter is required (see Appraisal Guidelines for requirements), property must be able to be rebuilt to 100%. If a rebuild letter is not required, property is not required to be rebuilt to 100%, but must meet requirements as described in Appraisal Guidelines (found in the Resource Center). • Loans that include the proprietary messages from FNMA that indicate 100% of the loans submitted with appraisals from the identified appraiser will be reviewed or that FNMA will not accept appraisals from the identified appraiser, as applicable are not eligible.
REVIEW/SECOND APPRAISALS	• Review appraisals must be completed by a PRMG approved Appraisal Company. • AUS red flag warnings for excessive value (cash-out and limited cash-out refinance) or excessive value with valuation risk (cash-out and limited cash-out refinance) require a desk review • AUS red flag warnings for rapid appreciation or rapid appreciation with valuation risk do not require a desk review • When run through Fannie Mae's Collateral Underwriter, any appraisal with a score of 5 must have, at minimum, a desk review performed.
SALES CONTRACT CHANGES	• Purchase agreements renegotiated after the completion of the appraisal that increase the sales price are only acceptable under the following circumstances: • The sales price adjustment is due to price overruns that impact the tangible value of

	the property on new construction. An updated appraisal must be obtained to verify the value of the modifications. • A renegotiation of only seller paid closing costs and/or prepaids occurs where seller paid closing cost/prepaids are common and customary for the market and supported by comparables. • Changes in the purchase contract resulting from renegotiating terms of sale will require additional review and consideration by the appraiser.

RESIDUAL INCOME EVALUATION	• All loans meeting Rebuttable Presumption under QM/ATR requirements (are a Higher Priced Covered Transaction (HPCT) - which is same calculation as HPML, but applies to all occupancy types) must contain the Residual Income Evaluation worksheet, which can be found as a tab within the Income Calculations worksheet in the Resource Center. The following is a summary of requirements that trigger Rebuttable Presumption:
	  • The loan is underwritten to the Agency's u/w guidelines and is eligible for purchase or guarantee by the respective Agency
	  • The points and fees do not exceed the QM limits
	  • The loan term does not exceed 30 years
	  • Fully-amortizing regular payments
	  • No risky features
	  • The loan is a HPCT (same calculation as HPML, but applies to all occupancy types)
	• Residual Income is the resulting sum when taking the gross income, less all housing and debt payments, (see worksheet for more details.)
	• Loans with an application date as of 1/10/14 that have Rebuttal Presumption (HPML/HPCT loans) must also meet the following requirements in regards to Residual Income (loans with an application date prior to 1/10/14 and are considered HPML should contain the document, but are not required to meet the following):
	  • Principal Residence:
	    • Residual Income $2500 or greater: No minimum reserve requirement
	    • Residual Income >= $800 and < $2500: Minimum reserves are the greater of three (3) months liquid (as defined by FNMA/FHLMC) PITIA reserves OR minimum program reserve requirements as described in Product Profile (Note: Underwriters should consider requiring additional reserves for loans with higher layered risks)
	• Residual Income < $800: Loan is not eligible with PRMG

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. • HPML loans must have an escrow account, regardless of LTV
SECTION 32 / HIGH COST LOAN	• High cost loans are not allowed: • Loan is not a high cost loan as defined by Section 32 of the Federal Truth-in-Lending Act; *and* • Loan is not a high cost loan as defined by applicable state laws and/or regulations.
REAL ESTATE COMMISSIONS	• The maximum real estate commission allowed is 8% aggregate.
SERVICING OPTIONS	• N/A
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.
HAZARD INSURANCE	• See PRMG's Resource Center for PRMG Insurance Requirements and Additional Information • Hazard insurance is required for the life of the loan. Each borrower will be required to maintain hazard insurance, including fire and extended coverage, of the type that provides for claims to be settled on a replacement cost basis. All policies shall contain a loss payable endorsement to the Lender in an amount equal to the replacement value of the structure improvements established by the property insurer as selected by the borrower, with coverage endorsements for code upgrades. • The selected hazard insurer must be licensed to do business in the State of California and have a current rating in Best's Insurance Guide of BV1 or better. • The policy must have a deductible of no more than $1,000 or 1% of the face amount, whichever is higher; or $2,000 or 2% of the face amount, whichever is higher, if wind coverage is included
UNDERWRITING	• Delegated underwriting allowed for all LTVs, although loan must be submitted to CalHFA for review, see below for submission information • DU underwriting is acceptable provided the loan receives an "Approve" from DU.
ASSUMABILITY	• Not Assumable
INDEX	• N/A
MARGIN	• N/A
INTEREST RATE CAPS	• N/A
INTEREST RATE CHANGES	• N/A
CALHFA SUBMISSION INFORMATION	• Loan Submission information can be found on the CalHFA website, with loan submission requirements at: • http://www.calhfa.ca.gov/homeownership/forms/index.htm • After loan is approved by PRMG, loan must be submitted for underwriting by CalHFA California Housing Finance Agency Single Family Lending – MS 910 500 Capitol Mall, Ste. 400 Sacramento, CA 95814 Main phone number: 916.326.8000 Main fax number: 916.326.6424
LOAN RESERVATION PROCESS	• All loans must be reserved through the CalHFA Mortgage Access System (MAS). • Loans may not be registered/locked until after underwriter approval • Lender must reserve loans including ECTP and MyHome Assistance using MAS prior to loan submission to CalHFA • If the loan has been rate locked with CalHFA email any changes to the reservation (including spelling corrections, etc.) to RateLocks@calhfa.ca.gov. If the loan is currently floating the loan can be cancelled and re-reserved, but the loan will be subject to the guidelines in effect as of the date of the new reservation/rate lock. • For wholesale, Account Manager will reserve and lock loans in MAS, including ECTP and MyHome, after loan approval • For retail, loans are registered and locked in Lender Portal. Loans will only be reserved/locked in once underwriter has issued conditional approval. Once the loan is locked with the Portal, the lock should be forwarded to Secondary to complete the lock process in FT360 • Locks are available for a 40-day period, as determined by Secondary. • Rates and Reservations website: http://www.calhfa.ca.gov/homeownership/rates/index.htm#rateextension • Reservations with a floating rate will be accepted from 6:00 a.m. to 11:59 p.m. Pacific Standard Time, seven days a week. • Rate Lock Process first mortgage locks are only accepted between the hours of 8:00 a.m. to 3:00 p.m. Pacific Standard Time Monday through Friday, excluding holidays

	and days the U.S. financial markets are closed for business. • At the time of reservation, you will have the option to lock or float the interest rate. If the loan is reserved with the float option, the reservation period is 90 days on existing/resale properties, or 120 days on new construction properties. • For float option only: you may lock the rate at any time during the reservation period if you choose the float option. To lock the rate when the float option is chosen, you must complete the Rate Lock in MAS. To help you with the rate lock process refer to the rate guide: http://www.calhfa.ca.gov/homeownership/forms/mas-rate-lock-guide.pdf • Locks will only be available for loans at a status 120 (New Reservation) through 440 (Conditional Approval) • Rate lock expiration date will supersede the reservation expiration date. All loans must be funded, delivered and purchased by Lakeview prior to rate lock expiration. • Files should be received by the Lakeview by the 45th day, or earlier, to ensure time to clear conditions and purchase prior to rate lock expiration. • If the rate lock has expired or is cancelled – lender may not re-lock until sixty (60) days after the previous expiration date. • Rate lock extension requests email CalHFA Secondary Marketing Department: ratelocks@calhfa.ca.gov • Request extension prior to the rate lock expiration date. • All expired CalHFA first mortgage loans and their associated subordinate loans, which have been submitted to CalHFA, will receive an automatic 30-day extension at a cost. • Refer to rates and reservation website for extension fees: http://www.calhfa.ca.gov/homeownership/rates/index.htm • Effective for all reservations on or after March 1, 2019, CalHFA will begin offering a lower interest rate on its conventional loan products for borrowers purchasing homes that meet Fannie Mae's geographical census tract requirements as defined by the Federal Information Processing Standards (FIPS) code. Each FIPS code will identify the income requirement for the subject property. • Use Fannie Mae's HomeReady® Lookup tool for the subject property's eligibility • If there is no income limit, the borrower is eligible for the lower rate. • If there is an income limit, the borrower's income must be less than the FIPS posted income limit to be eligible for the lower rate. • All borrowers must still meet CalHFA's income limits. • Borrowers whose income exceeds FIPS posted income limits and meet the CalHFA income limits, are eligible with a higher interest rate. • Lenders will be required to enter the property's FIPS number in MAS during conventional loan reservations. Caution: To avoid a post-close interest rate differential penalty, lenders should confirm the accuracy of the FIPS code and ensure the borrower's final income meets FIPS posted income limits at all times. CalHFA's master servicer will audit 100% of all loans that are receiving the lower interest rate. If the master servicer determines that a loan does not meet the geographical census tract requirements, it will be subject to interest rate differential penalties.
CANCELLATION OF LOAN RESERVATION	• Cancel loan reservation on CalHFA's Mortgage Access System (MAS): https://mortgageaccess.calhfa.ca.gov/UserAccount/Home • Notify Secondary Marketing Department of cancellation request.
SHIPPING ADDRESSES FOR NOTE AND FINAL DOCUMENTS	First Mortgage Original Note should be delivered to: Lakeview Loan Servicing, LLC Attn: Lakeview Correspondent 507 Prudential Rd Mail Stop S142

	Horsham, PA 19044 First Mortgage Final Documents should be delivered to: Indecomm Global Services FD-BV-9902 1260 Energy Lane St. Paul, MN 55108
SHIPPING ADDRESSES FOR NOTE AND FINAL DOCUMENTS	For the Subordinate loans 2nds only Original Notes/Allonges should be delivered to: California Housing Finance Agency Loan Purchase Department – MS 300 500 Capital Mall, Suite 400 Sacramento, CA 95814 Upload subordinate(s) purchase documents into CalHFA's Mortgage Access System (MAS)

CalHFA Single Family Lending Loan Process – Conventional

Step 1:

A. Lender reserves loans(s) in MAS System
    a. The Loan Officer/Processor will lock the loan with CalHFA's Mortgage Access System (MAS). Once CalHFA's Mortgage Access System (MAS) provides the lock confirmation the Loan Officer/Processor will upload the confirmation to FT360 and then, for the first trust deed, the Loan Officer/Processor will lock the loan in FT360/Optimal Blue and for the second trust deed, the Loan Officer/Processor will complete PRMG's Manual Lock Request Form and email it to secondary@prmg.net by 5:00 p.m. PST on the day a lock is requested. The Manual Lock Request Form is available from the Secondary Manual Lock Registration Form in the Forms section of FT360 or as an editable PDF from the Resource Center. Lender underwrites file
B. Lender submits file to CalHFA for conditional approval all supporting documentation should be no more than 60 days old at time of loan submission
C. CalHFA conducts a pre-file log in review
D. If key items are missing, file is not put in line for review until all suspended items are received from lender

Step 2:

A. File is put in line for compliance review
B. CalHFA reviews file for compliance
C. If the file is suspended by CalHFA, lender submits all suspended items

Step 3:

A. CalHFA issues conditional approval
B. Lender draws docs
C. Lender funds
D. Lender submits 1st mortgage purchase package to Lakeview Servicing AND subordinate loan package to CalHFA within 10 business days

Step 4:

A. Lakeview Servicing reviews purchase package on 1st mortgage and CalHFA reviews subordinate loan package
B. If file is suspended by CalHFA and/or Lakeview Servicing, lender submits all suspended items
C. CalHFA and/or Lakeview Servicing purchases loan

Step 5:

Effective immediately and in an effort to avoid process delays, all FINAL DOCUMENTS must be sent to Indecomm Global Services.

Indecomm Global Services
FD-BV-9902
1260 Energy Lane
St. Paul, MN 55108