



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

**Chenoa Fund Program FHA
with Down Payment Assistance (DPA)
FOR CASES ASSIGNED ON OR AFTER 9/14/15
Must be referred to AFS for Origination
(loan cannot be originated by branch)**

**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
96.5	105 ¹	Purchase	1	O/O	620
1. On purchases, the CLTV is further limited to 100% (of the adjusted value) or the standard FHA LTV limit (96.50%) (depending on the type of financing) if the subordinate lien is NOT from an instrumentality of government or government agency that is providing down payment and/or closing cost assistance in the form of secondary financing.					

PRODUCT NAMES	<ul style="list-style-type: none"> Chenoa 30 Year FHA Fixed Chenoa Forgivable Soft 2nd DPA Chenoa Repayable 30 Year Fixed 2nd DPA
ALLOWABLE ORIGINATION CHANNELS	<ul style="list-style-type: none"> Retail <ul style="list-style-type: none"> Loans must be referred to the AFS department for origination.
SERVICER	<ul style="list-style-type: none"> Master Servicer = CBC Mortgage Agency
DOWN PAYMENT ASSISTANCE	<ul style="list-style-type: none"> Based on ML 2019-06 for any case assigned on or after 7/23/19 this program is not eligible. Chenoa is seeking an order barring implementation of this mortgagee letter, but until that time any loan with a case assigned on or after 4/18/19 is not eligible. Please note, if HUD issues an update on the effective date or requirements, those will be in effect and supersede the dates and requirements listed here. On April 5th, 2018 CBC Mortgage Agency will cease offering GIFTS as a form of down payment assistance. The last day to register a loan with a GIFT will be April 4th. As of April 5th, the GIFT option will be removed from the registration system as an allowable option for down payment assistance. Borrowers qualifying under this program must utilize the down payment assistance associated with this program. The first trust deed is not allowed to be used without using the DPA.

	<ul style="list-style-type: none"> Chenoa Fund Program offers three different types of Down Payment Assistance in the form of a gift or second lien. The DPA is only available with the Chenoa Fund Program and the funds are used for down payment and closing costs. The borrower is only eligible to receive one of the three down payment assistance program options listed below. <hr/> <ul style="list-style-type: none"> Effective for loans reserved prior to 4/5/2018: <u>The Gift</u> Up to 3.5% (rounded up to the nearest whole dollar) of the adjusted value of the property may be given to a borrower whose income is 115% AMI or less. <u>Soft Second Forgivable DPA</u> Up to 3.5% (rounded up to the nearest whole dollar) of the adjusted value of the property may be given to a borrower whose income is 115% AMI or less. There are no monthly payments required, the loan will be forgiven after the borrower has made 36 monthly payments on the First Mortgage. <u>Repayable Second 30-year Mortgage</u> Up to 3.5% (rounded up to the nearest whole dollar) of the adjusted value of the property may be given to a borrower whose income exceeds 115% AMI. 5% interest amortized payments over a 30-year period. The funds are used towards the Borrower’s down payment, closing costs, pre-paid items and other related Mortgage Loan fees and expenses. The entire amount of the down payment assistance funds must be credited to the first mortgage. Closing costs must be paid by the borrower, seller, or handled as a lender credit. No portion of the down payment assistance funds can be paid to the Borrower unless the Borrower is being reimbursed for an overage of his/her earnest money deposit to the extent the minimum Borrower contribution has been satisfied. Chenoa EIN is 46-2780478. Lenders are required to reflect Chenoa Fund Program EIN on HUD’s FHA Loan Underwriting and Transmittal Summary in conjunction with secondary financing assistance, grants or gifts to the borrower when the borrower is receiving an FHA First Mortgage. Lenders upfront the grant at closing to be reimbursed by the Servicer, on behalf of Chenoa Fund Program, upon purchase of the Chenoa Fund First Mortgage. A copy of the CBC Mortgage Agency Gift letter will be provided by Chenoa and must be in the loan file.
<p>CHENOA GIFT</p>	<ul style="list-style-type: none"> On April 5th, 2018 CBC Mortgage Agency will cease offering GIFTS as a form of down payment assistance. The last day to register a loan with a GIFT will be April 4th. As of April 5th, the GIFT option will be removed from the registration system as an allowable option for down payment assistance. The Gift Up to 3.5% (rounded up to the nearest whole dollar) of the adjusted value of the property may be given to a borrower whose income is 115% AMI or less. The Loan Registration/Rate Lock Request Form: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/ChenoaRegistrationForm.pdf must indicate assistance is a Gift and amount of Gift. Gift Letter (provided by CBC Mortgage Agency) must be executed by the borrower.
<p>CHENOA SOFT SECOND FORGIVABLE DPA</p>	<ul style="list-style-type: none"> Soft Second Forgivable DPA Up to 3.5% (rounded up to the nearest whole dollar) of the adjusted value of the property may be given to a borrower whose income is 115% AMI or less. There are no monthly payments the loan will be forgiven after the borrower has made 36 monthly payments on the First Mortgage. This is a second lien that will subordinate to the FHA first mortgage and must be considered “secured borrowed funds” <u>Additional loan must be created in FT360 to accommodate 2nd lien and should be</u>

	<p>created at the same time the 1st lien is created for disclosure, document and funding purposes.</p> <ul style="list-style-type: none"> • On the loan application, Question H “Is any part of the down payment borrowed” should show as Yes. • The Loan Registration/Rate Lock Request Form: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/ChenoaRegistrationForm.pdf must indicate assistance is a Soft Second, Amount of DPA and Term.
CHENOA REPAYABLE SECOND 30-YEAR MORTGAGE DPA	<ul style="list-style-type: none"> • Repayable Second 30-year Mortgage Up to 3.5% (rounded up to the nearest whole dollar) of the adjusted value of the property may be given to a borrower whose income exceeds 115% AMI. • 5% interest amortized monthly payments over a 30-year period. • This is a second lien that will subordinate to the FHA first mortgage and must be considered “secured borrowed funds” • Additional loan must be created in FT360 to accommodate second lien • On the loan application, Question H “Is any part of the down payment borrowed” should show as Yes. • The Loan Registration/Rate Lock Request Form: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/ChenoaRegistrationForm.pdf must indicate assistance is an Amortizing Second, Amount of DPA and Term
CHENOA SECOND MORTGAGE DISCLOSURE	<ul style="list-style-type: none"> • To be executed by borrower with closing documents.
CHENOA SECOND MORTGAGE DOCUMENTS	<ul style="list-style-type: none"> • Loan must close in PRMG’s name • A signed initial and final loan application is required on all secondary financing. • All disclosures must follow federal and state guidelines regarding time frames. • Required items: <ol style="list-style-type: none"> 1. Initial and final 1003 for second populate disclosure package in 360 2. Second Mortgage Disclosures must be dated within 3 days of the date of the 2nd 1003 3. Initial and locked LE from Chenoa 4. Initial CD from Chenoa 5. Chenoa 2nd CBC disclosures to be signed with closing docs 6. President’s Letter
DOWN PAYMENT ASSISTANCE ON CLOSING DISCLOSURE	<ul style="list-style-type: none"> • CBC Mortgage Agency down payment assistance funds must be identified and reflected as such in Section L, Paid Already by Or on Behalf of Borrower at Closing or under Other Credits, utilizing Lines 4 thru 7* • Either net proceeds or the principal balance from CBC Mortgage Agency second liens may be shown in the Amount column, however, if net proceeds are shown, the principal balance must also be shown, in parenthesis, in the description field • Gift Funds must be identified as coming from CBC Mortgage Agency (for loans reserved prior to 4/5/2018) • Note: where the number of characters does not permit fully spelling out “CBC Mortgage Agency” to identify the source of funds (gift or 2nd lien), the following abbreviations may also be used: 1. CBC Mortgage; 2. CBCMA. Under no circumstances should the source of funds be identified as “Chenoa”
AUS DATA ENTRY REQUIREMENTS OF DPA LIEN	<ul style="list-style-type: none"> • See Housing Authority Products with Second Liens in FT360 in the Resource Center, which can be located at the following link: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/HousingAuthorityProductswithDPALiensinFT360.pdf • In the Secondary Financing of the HUD-92900LT FHA Loan Transmittal screen

	<ul style="list-style-type: none"> • Enter the Secondary Financing Source/EIN • Select the Correct Check box (Gov't – A Government Entity is the source of the secondary financing, NP – A Non-Profit Agency is the source of the secondary financing, Family – A Family member is the source of the secondary financing, Other – There is another source of the secondary financing (completed checkbox which will enable if selected) • Enter the Amount of the Secondary Financing • In MORNETPlus Community Lending Section of the Streamlined 1003: <ul style="list-style-type: none"> • Do not select Community Lending on the Mornet Community Lending screen • If HFA Second Mortgage being used, Community Second needs to be checked • If HFA grant is being used neither Community Lending nor Community Second should be checked
AGENCY LINKS	<ul style="list-style-type: none"> • For additional reference, Chenoa Fund Program guidelines are posted on Chenoa website: http://chenoafund.org/ • The following link provides access to the Fannie Mae Seller Guide through All Regs: http://www.allregs.com/tpl/public/fnma_freesiteconv_tll.aspx • In addition to any Product Profile requirements, you must always meet the published HUD guidelines and master servicer, CBC Mortgage Agency, lending criteria. If published HUD guidelines or CBC Mortgage Agency are more restrictive than what is allowed in the Product Profile, you must always defer to HUD Guidelines. • All PRMG staff can access all end Agency guidelines through AllRegs Online at http://allregs.elliemae.com. Instructions on how PRMG staff can access the AllRegs service is available in the Resource Center. • Use the following link to access the HUD Housing Handbooks site, and from there, obtain access to the 4000.1 Handbook: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg • Access the All Regs version of the Handbook at: • http://www.allregs.com/tpl/public/fha_freesite.aspx
MINIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • \$50,000
MAX. LOAN AMOUNT	<ul style="list-style-type: none"> • The lesser of \$453,100 or the particular county's maximum HUD loan limit. HUD Loan Limits can be found here: https://entp.hud.gov/idapp/html/hicostlook.cfm
GEOGRAPHIC RESTRICTIONS	<ul style="list-style-type: none"> • All states except NY • 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	<ul style="list-style-type: none"> • 203(b) Home Mortgage Insurance • 234(c) Mortgage Insurance for Condominiums
FEES	<p>1st</p> <ul style="list-style-type: none"> • 1.0% origination fee must be charged • Standard PRMG Underwriting and Processing Fee to be charged. • Chenoa Fees: none • In all cases the lender must meet federal and all applicable lending laws regarding fees and charges. • Property taxes due the following month must be paid at closing. <p>2nd</p> <ul style="list-style-type: none"> • Fees for the second mortgage cannot be charged on the first mortgage loans. Charge the closing items for the second on the second. Settlement and recording fees charged on the second will either need to be paid by the buyer, paid by a lender

	<p>or other credit, or they can be summed and a line item placed on the first mortgage CD indicating them as ‘Closing Costs from Secondary Financing’ and a seller credit can be used to pay them.</p>
<p>FIRST LOAN INTEREST RATES</p>	<ul style="list-style-type: none"> • Chenoa Fund Program emails the First Mortgage interest rates daily • Interest rates are posted daily and will be available through FT360’s pricing engine (Optimal Blue). • Reserve funds by completing the Loan Registration / Rate Lock Request Form: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/ChenoaRegistrationForm.pdf • This information is posted on the daily rate sheet. Rates can be subject to intra-day pricing changes.
<p>DOCUMENTATION</p>	<ul style="list-style-type: none"> • 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 be provided for the number of years of income documentation required to be in the loan file, in accordance with the AUS findings and/or Agency requirements • Tax transcripts must come to lender directly from the IRS or through a third party vendor ordered/obtained by lender • Borrowers who have recently filed tax returns and using income for the year recently filed to qualify but tax transcripts are NOT available must meet both of the following conditions: <ul style="list-style-type: none"> • The borrower must be able to provide proof of filing via one of the following: <ul style="list-style-type: none"> • IRS stamped tax returns, evidence of electronic filing and/or evidence of tax payment to the IRS clearing the borrower’s bank account. AND • Copy of the IRS Transcript record indicating “No Record of Return Filed” • Loans not meeting the requirements above must obtain IRS tax transcripts for the years used in the calculation of qualifying income. • The IRS rejection rate of tax transcript requests due to suspected identity theft, unauthorized access, or other concerns has been on the increase. In such cases, the

IRS's Income Verification Express Service (IVES) issues Reject Code "10" or "Limitations" as the rejection reason for the request. In the event that Reject Code "10" or "Limitations" is issued, Correspondent Sellers have the following two options to satisfy tax transcript requirements:

- **Option 1:** CBC Mortgage Agency will accept IRS transcripts provided directly to the taxpayer/Borrower, from the IRS, on the IRS Tax Transcript form. Taxpayer/Borrower may be able to obtain transcripts by calling IRS Identity Protection Specialized Unit at (800) 908- 4490 or by visiting <http://www.irs.gov/Individuals/Get-Transcript>.
 - If this option is utilized, all of the following is required:
 - Evidence that the IRS has rejected the 4506-T with Rejection Code "10" or "Limitation"
 - Note: Rejection reasons of "No Record Found" or "Data Mismatch" or any other messages are not connected with identity theft concerns and are not acceptable
 - Documentation proving that transcripts were obtained by the taxpayer/Borrower directly from the IRS
 - Tax transcripts must match the tax returns
- **Option 2:** While CBC MORTGAGE AGENCY requires tax transcripts on all loans, we acknowledge that there are times when tax transcripts are not available and there may be additional ways to assess the credibility of the income documentation.
 - CBC Mortgage Agency will consider these instances and will not require an exception as long as all of the following documentation is included in the file:
 - Evidence that the IRS has rejected the 4506-T with Rejection Code "10" or "Limitation"
 - Note: Rejection reasons of "No Record Found" or "Data Mismatch" or any other messages are not connected with identity theft concerns and are not acceptable
 - Bank statement or copy of check to evidence that the tax payment had been made or the refund has been received for each tax year and must match the amount on the 1040. If no payment or refund is indicated on the 1040, provide a copy of the most recent two years tax returns, stamped by the IRS. The earning trends must be stable or increasing with consistency
 - Signed 4506-T for each tax year
 - Note: IRS may also reject tax transcript requests if IRS form 4506T is submitted with missing/incorrect data. It is important to ensure that transcripts were requested properly
- When business tax returns are required by AUS, business income is used to qualify or business income is used to offset a loss on personal tax returns or is included in the loan file, a separate IRS Form 4506-T must be executed (but not processed and must allow enough time to be executed post-closing after delivery to investor) for each business for the required number of years of income documented, for each self-employed borrower on the loan transaction. Allowable signatures (per IRS): 1120/1120S: Borrower must sign name with title and only the following titles are acceptable: President, Vice President, CEO, CFO, Owner, 1065: Borrower must sign name with title and only the following titles are acceptable: General Partner, Limited Partner, Partner, Managing Member, Member
- **Chenoa requires a Soft Pull Credit or Credit Monitoring within 10 days of Close (date note was signed) for all three credit bureaus.**
 - PRMG's Lookback Report will meet Chenoa's soft pull requirement and must be pulled within 10 days of close (date note was signed)

- 30 days or longer of employment gap requires a Letter of Explanation
- Letter of explanation is required for borrowers who are self-employed or have non-W2 income/loss if there is a variance of 10% or more between the total income on the tax transcripts and the tax returns.
- Two years IRS 1040 Transcripts are required on all loans when the borrower is employed by a relative or closely held family business.
- For non-self-employed borrowers: Verbal VOE is required to be completed no more than 10 days prior to the note date for wet funding states and escrow states. If the Verbal VOE is completed more than 10 days prior to the funding date, another Verbal VOE should be completed 10 days prior to funding date for escrow states.
- For self-employed borrowers: No more than 30 calendar days prior to note date, verify the existence of the borrower's business from a third party that may include a CPA letter (cannot be vague, must state length of time doing taxes and be signed by CPA), regulatory agency, or appropriate licensing bureau; OR verify a phone listing and address for the borrower's business through resources such as the telephone book, directory assistance, internet, or contact the appropriate licensing bureau. Verification may not be made verbally, and a certification by PRMG indicating the information was verified is not allowed. Documentation from the source used to verify the information must be obtained and in the file. Internet sites such as 411.com, Chamber of Commerce sites and Manta.com where they allow the business owner to add their own information are not acceptable. Also single source verifications, such as from superpages.com, yellowpages.com and searchbug.com are not allowed. If all other methods of obtaining third party verification have been exhausted, the borrower can provide letters from three clients indicating the type of service performed, length of time of business relationship, frequency of service, payment arrangements, etc. and support the income with current bank statements, deposits, etc. The underwriter must thoroughly investigate that the business, income and proof of business is legitimate.
- VOR/VOM required as indicated by the AU approval.
- Documentation must comply with AUS and TOTAL Scorecard section of the 4000.1 handbook.
- 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.
- Profit and loss statement and balance sheet required if more than a calendar quarter has elapsed since date of most recent calendar or fiscal-year end tax return was filed by the borrower. (A balance sheet is not required for self-employed borrowers filing Schedule C income.) Additionally, if income used to qualify the borrower exceeds the two-year average of tax returns, an audited profit and loss statement or signed quarterly tax returns obtained from IRS are required.
- Income documentation per AUS findings
- Preliminary Title policy must be no more than 90 days when the note is signed
- Provide a written analysis of the income used to qualify the borrower on the

	<p>Transmittal Summary or like document(s) in the file. An Income Analysis must be completed for self-employed borrowers.</p> <ul style="list-style-type: none"> • When paying off any non-transaction related item (i.e., debts, third party payouts, etc.) that has a balance of \$5,000 or more, paid for by either borrower or seller, to ensure that the total payoffs are accurate, copies of the actual invoices (statements), an updated (current) credit report/refresh or credit supplement reflecting the current balance with a signed amendment (or similar) authorizing disbursement for these account(s) are required. You cannot use the amount listed on the credit report to document the payoff amount. • All documentation used in qualifying the borrower must be legible and if not in English, will require a full written translation of the entire documentation into English. • Must authenticate documents obtained from an Internet website and examine portions of printouts downloaded from the Internet including the Uniform Resource Locator (URL) address, as well as the date and time the documents were printed. The lender must visit the URL or the main website listed in the URL if the page is password protected to verify the website exists and print out evidence documenting the lender’s visit to the URL and website.
DOCUMENT EXPIRATIONS	<ul style="list-style-type: none"> • All verifications should be less than three months (90 days) old, from the Note date, at the time of closing or current information will be required. Income documents more than 90 days old upon submission of the closed loan package could result in rejection of the loan. • Credit Alert Interactive Voice Response System (CAIVRS) needs to be run within 30 days of closing • Preliminary Title policy must be no more than 90 days when the note is signed • Credit documentation must not be more than 120 days old from the disbursement date • Appraisals are valid for 120 days and must be dated within 120 days of the disbursement date
AUTOMATED UNDERWRITING	<ul style="list-style-type: none"> • The last AUS finding, which must match the terms of the loan, must be in the loan file. For all loans, the first submission to the AUS must occur prior to the note date (it cannot be the same as the note date.)
DESKTOP UNDERWRITER (DU)	<ul style="list-style-type: none"> • All loans must be run through FHA’s TOTAL SCORECARD decisioning engine via DU. A copy of the findings must be included in the file • Must receive an Approve/Eligible • All conditions outlined in the Findings Report must be satisfied. • If TOTAL Scorecard issues an Approve/Eligible and ANY the following applies, or the DU findings indicate you need to downgrade, then the loan must be downgraded to a Refer (and is not eligible): <ul style="list-style-type: none"> • the mortgage file contains information or documentation that cannot be entered into or evaluated by TOTAL Mortgage Scorecard; • additional information, not considered in the AUS recommendation affects the overall insurability of the Mortgage; • the Borrower has \$1,000 or more collectively in Disputed Derogatory Credit Accounts (defined as disputed charge off accounts, disputed collection accounts, and disputed accounts with late payments in the last 24 months; exclusions from cumulative balance include: disputed medical accounts; and disputed derogatory credit resulting from identity theft, credit card theft or unauthorized use. To exclude these balances, the Mortgagee must include a copy of the police report or other documentation from the creditor to support the status of the accounts.) • the date of the Borrower’s bankruptcy discharge as reflected on bankruptcy documents is within two years from the date of case number assignment (see

	<p>credit section for seasoning requirements) - Per HUD they do not require seasoning or a downgrade for a dismissed bankruptcy.</p> <ul style="list-style-type: none"> • the case number assignment date is within three years of the date of the transfer of title through a Pre-Foreclosure Sale (Short Sale) (see credit section for seasoning requirements); • the case number assignment date is within three years of the date of the transfer of title through a foreclosure sale (see credit section for seasoning requirements); • the case number assignment date is within three years of the date of the transfer of title through a Deed-in-Lieu (DIL) of foreclosure (see credit section for seasoning requirements); • for purchase and non-cash out refinances transactions, if any mortgage trade line reported on the credit report used to score the application, including mortgage line-of-credit payments, during the most recent 12 months reflects: 3 or more late payments of greater than 30 days; OR 1 or more late payments of 60 days plus one or more 30-day late payments; OR 1 payment greater than 90 days late • For a cash out transaction if a mortgage trade line reported on the credit report used to score the application reflects a current delinquency or any delinquency within 12 months of case assignment date or a current delinquency • the Borrower has undisclosed mortgage debt that reflects: (1) a current delinquency; (2) any delinquency within 12 months of the case number assignment date; or (3) more than two 30 Day late payments within 24 months of the case number assignment date • business income shows a greater than 20 percent decline over the analysis period.
LOAN PRODUCT ADVISOR (LPA)	<ul style="list-style-type: none"> • Not allowed • Formerly known as Loan Prospector (LP)
MANUAL UNDERWRITING	<ul style="list-style-type: none"> • Not allowed
CAIVRS/DELINQUENT FEDERAL DEBT	<ul style="list-style-type: none"> • Credit Alert Interactive Voice Response System (CAIVRS) needs to be run within 30 days of closing • Borrower may not be denied solely on the basis of CAIVRS information that has not been verified. Lender must contact the creditor agency using the contact phone number and debt reference number reflected in the Borrower’s CAIVRS report • If a Borrower is currently delinquent on an FHA-insured Mortgage, they are ineligible for a new FHA-insured Mortgage unless the delinquency is resolved. • Borrowers with delinquent Federal Tax Debt are ineligible. See Qualifying Section for borrowers who have past due federal tax debt and are in a payment plan. • Any Borrower or spouse who will hold title with unpaid, unsatisfied, and/or unreleased federal or state tax liens are not permitted under the Program. Loan files with repayment plans for an established lien are also not acceptable. All liens must be satisfied and evidence to support the release included in the loan file. Unpaid state or federal taxes that have been set up on a repayment plan but have not had a lien assessed, will be treated as reoccurring debt and may be considered for inclusion into the Program provided the Borrower(s) supply evidence of the repayment plan, reflecting no 30-day late payments on the repayment history, and the inclusion of the recurring debt does not cause their Debt-to-Income (DTI) ratio to exceed 45 percent. • Mortgagees must check public records and credit information to verify that the Borrower is not presently delinquent on any Federal Debt and does not have a tax lien placed against their Property for a debt owed to the federal government • To verify a delinquent student loan, or loan paid by a government claim, is not a

	<p>defaulted federal loan (when not appearing in CAIVRS or clearly listed on the credit report as federal debt or even when reporting as a charge-off on credit report), contact 1-800-621-3115 or DCS_Help@ed.gov</p> <ul style="list-style-type: none"> • For delinquent federal non-tax debt, including deficiency judgments and other debt associated with past FHA-insured mortgages, must include documentation from the creditor agency to support the verification and resolution of the debt (the Borrower must resolve their federal non-tax debt in accordance with the Debt Collection Improvement Act). For debt reported through CAIVRS, the Mortgagee may obtain evidence of resolution by obtaining a clear CAIVRS report. • If CAIVRS indicates the borrower is presently delinquent or has had a foreclosure within the previous three years, the borrower must have CAIVRS updated/cleared and the foreclosure seasoning is based on transfer deed date of the foreclosed property.
LDP/GSA REQUIREMENT	<ul style="list-style-type: none"> • All parties involved with and who handle the loan file (see instructions in the Resource Center for additional information) must be checked against HUD's Limited Denial of Participation (LDP) list at https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp and the General Services Administration's (GSA) Excluded Party List at https://www.sam.gov/portal/public/SAM/ • Any entity noted on either of the LDP and GSA lists must be removed from the transaction or will cause the loan to be ineligible. • The parties to verify include, but are not limited to, Buyers (including AKAs on the credit report), Sellers, Loan Officer, Buyers Agent, Sellers Agent, Escrow Officer, Title Officer, Appraiser, Processor, and Underwriter.
MORTGAGE CREDIT REJECT/SANCTION	<ul style="list-style-type: none"> • Any mortgage credit reject or mortgage credit sanction will require a second signature from an Operations Manager. The underwriter must justify on their LT why they want to overturn another lender's decline and document the file accordingly.
PROPERTY TYPES ELIGIBLE	<ul style="list-style-type: none"> • Single Family Residence (includes modular) • 1 Unit • HUD Approved Condos • PUDs Attached and Detached
INELIGIBLE	<ul style="list-style-type: none"> • Co-ops • Manufactured Homes • 2-4 Unit Properties (including accessory units, in-law units, etc.) • Condos without HUD Approvals • Mobile homes, campers and similar vehicles • Home used as investment property • Recreational, vacation or "second" homes • Condotels • Mixed-Use • Land Trusts • Log Homes • Properties that do not meet FHA requirements • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program). • Easements and deed restrictions that affect value, marketability or property accessibility as determined by the appraiser and for which no protective title endorsement is available.
CONDOS	<ul style="list-style-type: none"> • Must be HUD Approved: https://entp.hud.gov/idapp/html/condlook.cfm • Condo projects involved in monetary litigation may be eligible, if litigation is reviewed and approved through condoreviews@prmg.net . Documentation

	<p>regarding the litigation (i.e., court documents) must be submitted to condoreviews@prmg.net for review and approval. (If project was by HUD approved after litigation date, the litigation would be considered in the approval and not required to be reviewed as there would be no changes to the project.)</p> <ul style="list-style-type: none"> • Underwriter must certify that there have been no changes to the project since HUD approval that would cause the project to no longer be HUD approved. HUD requires use of Appendix B Certification for Individual Unit Financing, which is available on the Resource Center at the following link: https://www.eprmg.net/ResourceCenter/FHAForms/FHA%20condo%20certification.pdf • For HUD REOs, condominium projects do not need to be currently approved by HUD • Detached condos, meeting HUD’s definition of a site condo, do not have to have project approval.
MAXIMUM ACREAGE	<ul style="list-style-type: none"> • N/A.
PROPERTIES WITH UN-PERMITTED ADDITIONS	<ul style="list-style-type: none"> • Allowed. Must meet HUD Guidelines.
PROPERTIES WITH ACCESSORY UNIT	<ul style="list-style-type: none"> • Guest houses, granny units and in-law quarters are eligible under the following conditions: <ul style="list-style-type: none"> • Must be zoned for Single Family occupancy • Cannot be zoned 2-4 units • Must meet investor guidelines and city/county zoning ordinances • May not be income-producing and must be for personal use only
LEGAL RESTRICTIONS ON CONVEYANCE (FREE ASSUMABILITY)	<ul style="list-style-type: none"> • There may be no legal restrictions on conveyance (transfer of title) in accordance with 24 CFR § 203.41, which would include items like Private Transfer Fees and Community Enhancement Fees unless specifically allowed per 24 CFR § 203.41. (see AllRegs for additional information on 24 CFR § 203.41.) • Underwriter must review and confirm that if are legal restrictions on conveyance, they are allowed in accordance with 24 CFR § 203.41 and are not further restricted by the product profile (for instance allowable deed restriction types).
LEASED LAND	<ul style="list-style-type: none"> • Residential properties in the area consisting of leasehold or ground rent estates are readily marketable and acceptable in the subject area • The leasehold is in full force and effect and is not subject to any prior lien or encumbrance by which the leasehold could be terminated or subjected to any charge or penalty • The remaining term or exercised renewal of the lease with any renewals enforceable by the mortgage do not terminate earlier than ten years after the maturity date of the loan • Comply with all FHA requirements • Indian leased land is not allowed • Leasehold Condos are allowed as long as they are approved by HUD and meet all HUD requirements
NEW CONSTRUCTION	<ul style="list-style-type: none"> • For Chenoa loans: In New Construction cases, property tax estimates for calculating the monthly payment must be based on the appraised land value, plus improvements, along with the county tax/levy rate. In some cases, this can be done by using the manual calculation formula from the applicable taxing authorities. Or, the title company may provide the estimate at the time preliminary title is ordered. Documentation from the taxing authorities must be in file to support the estimated monthly tax used for payment calculation • Allowed, with the following requirements: <ul style="list-style-type: none"> • The permanent loan had interim construction financing that was not provided by FHA or the loan proceeds were used to pay off a builder

	<ul style="list-style-type: none"> • The loan must meet all FHA policies and documentation requirements for new construction loans • Borrowers must be qualified using the estimated real estate taxes based upon the completed property improvements, not the unimproved lot taxes • FHA Construction Permanent Mortgage Program is not available (where the FHA loan funds are taken as draws and used to finance the construction of the property) • If any part of the property (the dwelling and related structures/equipment essential to the property value and subject to flood damage) is located within a Special Flood Hazard Area (SFHA), the property is not eligible unless one of the following is obtained: <ul style="list-style-type: none"> • FEMA Final Letter of Map Amendment (LOMA) or Final Letter of Map Revision (LOMR) that removed the property from the SFHA; or • Flood Elevation Certificate (form FEMA 81-31) from a licensed engineer or surveyor documenting that the lowest floor (including the basement) of the residential building and related improvements is built at or above the 100-year flood elevation in compliance with NFIP criteria.
CONSTRUCTION TO PERMANENT FINANCING	<ul style="list-style-type: none"> • Not allowed
OCCUPANCY	<ul style="list-style-type: none"> • Primary Residence (O/O)
ELIGIBLE BORROWERS	<ul style="list-style-type: none"> • U.S. Citizen, permanent resident alien or qualified alien • Both first time and non-first-time homebuyers are eligible • All borrowers must occupy the property as their primary residence within 60 days of closing • ITIN (Individual Tax Payer Identification Numbers) are not allowed; all borrower must have valid and verifiable social security numbers • Borrowers with diplomatic immunity are not allowed • Borrower must take title in individual names, no trusts, etc. allowed
U.S. CITIZENS	<ul style="list-style-type: none"> • Allowed
RESIDENT ALIENS	<ul style="list-style-type: none"> • Allowed • Permanent resident aliens are eligible and must provide evidence of a valid Social Security number. • Non-permanent resident alien may be eligible provided: <ul style="list-style-type: none"> • the Property will be the Borrower's Principal Residence; • the Borrower has a valid SSN, except for those employed by the World Bank, a foreign embassy, or equivalent employer identified by HUD; • the Borrower is eligible to work in the United States, as evidenced by the Employment Authorization Document issued by the USCIS; and • the Borrower satisfies the same requirements, terms and conditions as those for U.S. citizens. • The Employment Authorization Document is required to substantiate work status. If the Employment Authorization Document will expire within one year and a prior history of residency status renewals exists, the Mortgagee may assume that continuation will be granted. If there are no prior renewals, the Mortgagee must determine the likelihood of renewal based on information from the USCIS. • A Borrower residing in the U.S. by virtue of refugee or asylee status granted by the USCIS is automatically eligible to work in this country. The Employment Authorization Document is not required, but documentation substantiating the refugee or asylee status must be obtained. • Borrowers under Deferred Action, the Dreamer's Act or DACA (EAD Code C33, C14,

	<p>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.</p>
NON-OCCUPYING CO-BORROWERS	<p>Non-occupying co-borrowers are acceptable when the following can be met:</p> <ul style="list-style-type: none"> • Not required to occupy the property • Must be on the Note • All debts of the co-borrower must be included when calculating the debt ratios. • Allowed per FHA published guidelines for eligible non-occupying borrower • No qualifying ratio requirements for the owner occupant. • For 2-unit properties, the max LTV is 75%, if there is a non-occupant co-borrower on the loan. • For 1-unit properties, loans with non-occupant co-borrowers have a max 75% LTV unless non-occupant borrowers are a Family Member, as defined by HUD. However, if a Family Member is selling to the borrower and that Family Member will be a non-occupying co-borrower then the max LTV is 75%.
NON-OCCUPYING CO-SIGNERS	<ul style="list-style-type: none"> • Allowed per FHA guidelines • Not required to occupy the property • May or may not take title or have a vested interest in the property • Must sign all loan documents except the security instrument(s) • Will have their income, assets, liabilities and credit histories considered by underwriting
CURRENT HOMEOWNERSHIP REQUIREMENTS	<ul style="list-style-type: none"> • The program is available for both first time and non-first time homebuyers. • Borrower may own another property at close at escrow. • All borrowers must occupy the property as their primary residence within 60 days of closing.
PRE-PURCHASE COUNSELING	<p>For all loans dated 11/1/2018 or after:</p> <ul style="list-style-type: none"> • CBC Mortgage Agency requires borrowers with credit scores between 620 and 639 to participate in pre-purchase counseling prior to close beginning with all applications dated 11/1/18 and after. • Pre-purchase counseling must be completed prior to close. Lenders should refer their borrowers to the following link: https://www.borrowersuccess.org/prepurchase • Borrower may also choose to call and schedule pre-purchase counseling via telephone using the following toll free call number: 866-237-9001. Borrower(s) should be instructed to schedule their pre-purchase counseling within 14 to 21 days prior to closing to allow sufficient time for scheduling the appointment and completing the counseling session prior to closing.
HOMEBUYER EDUCATION	<ul style="list-style-type: none"> • CBC Mortgage Agency offers pre-purchase counseling through Hope Loan Port, also known as Money Management International. Course access and information can be found here: https://www.borrowersuccess.org/prepurchase • This pre-purchase counseling is a FHA program requirement and is provided for any and all borrowers with a mid-FICO score range from 620 to 639. Please note: this counseling is only required for our DPA Edge products and is not intended for any borrower with a 640 + qualifying score. • Also note: if borrowers without the proper FICO score attempt to access this course,

	<p>they will be turned away, which can be confusing and frustrating for borrowers.</p> <ul style="list-style-type: none"> • For your borrowers that DO have a FICO score of 620 to 639, note that they will not be able to access the course until ... <ul style="list-style-type: none"> • They have been registered and/or locked in CBC Mortgage Agency’s portal. • They have allowed for 24 hours to pass after the LO receives the relevant confirmation letter. • As this is a CBC Mortgage Agency requirement, we also require this specific course to be taken prior to closing. If you wish to request an exception due to the fact the Homebuyer Education Course was either: taken with another course provider in error, or not completed prior to closing, we may consider this exception – provided that: <ul style="list-style-type: none"> • The course must be provided through a HUD approved agency; • The course must be administered by a Counselor, in one-on-one sessions only; • The course must provide an income analysis, completion of a financial / budgeting plan that is specific to expenses related to the new home purchase. • Provide a letter of explanation on company letterhead that addresses the following: <ul style="list-style-type: none"> • Cover what happened, what process changes, hard stops and/or fixes are in place to ensure the error does not reoccur. • The LOE signed by an officer of the company, i.e.: CEO, COO or Operations Manager.
<p>MANDATORY HOME WARRANTY INSURANCE COVERAGE</p>	<ul style="list-style-type: none"> • Not required, but highly encouraged for all homebuyers to obtain a one-year home warranty protection policy • The insurance should cover the following items at a minimum: water heater(s), air conditioning, heating, refrigerator, oven/stove/range
<p>POWER OF ATTORNEY</p>	<ul style="list-style-type: none"> • Power of Attorney must be reviewed and approved by fulfillment center Operation Manager or PRMG’s Compliance Group • Allowed with the following requirements: <ul style="list-style-type: none"> • Power of Attorney (POA) must be limited or specific to the transaction • All transaction types allowed • Power of Attorney may not be used to sign loan documents if no other borrower executed such documents unless, the Attorney in Fact is a relative or Attorney at Law. • POA can be used only for closing documents • The attorney-in-fact may not be the seller, appraiser, broker, etc. or have any other direct or indirect financial interest in the transaction • A statement that the POA is in full force and effect on the closing date, survives subsequent disability (durable), and has to be revoked in writing, or gives a specific expiration date which survives the closing date • A statement of the borrower’s name exactly as it will appear on all closing documents • Notarized signature of borrower (if executed outside the U.S., it must be notarized at a U.S. Embassy or a military installation) • Recorder’s stamp, if previously recorded. The POA must be dated no more than 120 days prior to the loan closing date. • The attorney-in-fact must execute all closing documents at settlement • Title policy must not contain any exceptions based on use of POA • Title Company must insure the Seller is in first lien position without exception to the POA. • POA must be recorded along with or immediately prior to the closing documents • If a lender determines a Power of Attorney is required by applicable law (so

	<p>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.</p> <ul style="list-style-type: none"> • A written statement that explains the circumstances of the use of the POA must be included in the loan file. • Must met all Agency requirements
LEXIS-NEXIS SEARCH REQUIREMENT	<ul style="list-style-type: none"> • For any of the following transaction types an email request (which includes a screenshot or snip of the loan in the FastTrac pipeline) must be sent to QC to have a LexisNexis search run on involved parties to the transactions to ensure there is no relationship between the buyer and seller. (Not all items listed may be applicable to this product, review product profiles for what is allowed): <ul style="list-style-type: none"> • Short Sale Purchase • Property Flips <= 180 days • Contractors on a 203K loan • For Sale by Owner (FSBO) required for all except: <ul style="list-style-type: none"> • If the borrower and seller are related or are landlord and tenant, and the relationship is disclosed and is acceptable per PRMG guidelines • An investor, such as HUD, FNMA, FHLMC, etc. • REO lender who acquired the subject property by Trustee Sale as the Beneficiary
QC AUDIT REQUIRED	<ul style="list-style-type: none"> • A QC audit is required if the loan has any of the following high risk characteristics (not all items listed may be applicable to this product, review product profiles for what is allowed): <ul style="list-style-type: none"> • 5-10 financed properties for second home and investment transactions. • 3-4 Units • 2-4 Unit properties in New Jersey • 203K loans (Lexis Nexis is required on all contractors as well) • VOE only used (when allowed by AUS) and not supported by paystub/W2 for Wholesale and Correspondent channels only (not required for retail channel) • If the borrower is employed by a party to the transaction • When the borrower is also a Real Estate Agent for the loan transaction • Retail loans referred to the AFS department any time the referring Loan Officer or the AFS Loan Officer are in “New” or “Watch” status • When the Real Estate Agent is also the Loan Officer on the transaction (not allowed on retail). • NOTE: The above list applies to credit qualifying loans only.
QC REVALIDATION REQUIRED	<ul style="list-style-type: none"> • A QC validation is required if the loan has any of the following characteristics (not all items listed may be applicable to this product, review product profiles for what is allowed): • A revalidation of the VOE (in addition to the audit) is required by the QC Department if the following is used: <ul style="list-style-type: none"> • VOE only used (when allowed by AUS) and not supported by paystub/W2 and • Wholesale and Correspondent channels only (not required for retail channel) • A revalidation of the VOD is required by the QC Department for the if the following is used: <ul style="list-style-type: none"> • VOD only used (when allowed by AUS) and not supported by bank statements and • Wholesale and Correspondent channels only (not required for retail channel) • Note: A Borrower Authorization in name of PRMG may be required to obtain VOD or VOE revalidation if requested by the verifying institution.
INCOME	<ul style="list-style-type: none"> • Underwriter has the discretion when evaluating the loan file to utilize a more

<p>REQUIREMENTS/LIMITS</p>	<p>conservative approach to income/expenses for qualification purposes based on the circumstances of the loan.</p> <ul style="list-style-type: none"> • 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. • Income calculations must be included in the file • If a borrower is currently on temporary disability (including maternal/parental leave), the borrower must provide a letter of intent to return to work and the employer must provide a letter or other communication of the borrower's right to return to work and a description of the employment terms (same as prior to leave). The temporary disability benefits must be used for loan qualification and must not terminate prior to the borrower returning to work, unless the borrower(s) has liquid reserves sufficient to offset reduced income, covering the gap between the benefits expiration and the return to work dates. See 4000.1 for specific requirements. • For borrowers with gaps in employment of six months or more (an extended absence), the borrower's current income can be used for qualifying if it can verify and document that: (1) the borrower has been employed in the current job for at least six months at the time of case number assignment; and (2) a two year work history prior to the absence from employment using standard or alternative employment verification. • When required, transcripts must be provided for the number of years of income documentation required to be in the loan file, in accordance with the AUS findings and/or HUD requirements. Tax transcripts are required to support the income used to qualify the borrower. The purpose of the 4506-T is to verify the income reported is accurate. 2106 Expenses (unreimbursed business expenses) do not need to be considered in income calculations • For borrowers with rental income, if a lease agreement is required then the lease agreement must be executed by the landlord and the tenant and all pages of the lease agreement must be included. • 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.
<p>MAXIMUM PROGRAM COMPLIANCE INCOME LIMITS</p>	<ul style="list-style-type: none"> • Borrowers whose qualifying income is less than or equal to 115% of AMI can receive the gift or soft second. Borrowers whose qualifying income exceeds 115% of AMI must use the repayable second. • Income used towards limits include only the qualifying income of the occupying borrower(s). In other words, whatever income on 1003 for any borrower occupying the property would be used. If there is a non-occupying borrower than that income is not counted toward the income. • Log into HUD Area Median Income Site: https://www.huduser.gov/portal/datasets/il.html <ul style="list-style-type: none"> • Select the most recent fiscal year • Select button under Access Individual Income Limits Areas (Click Here for FY 20XX IL Information) • Select the state and county, then click "View County Calculations" • Determine the generic median income number (located on the left hand side of the results screen under the column heading Median Income), do not be concerned with income listed in the columns based on the number of persons in family. • Multiply Median Income result by 115% to determine limit

	<ul style="list-style-type: none"> • A worksheet to calculate 115% of median income can be found in the Resource Center
SEASONING REQUIREMENTS	<ul style="list-style-type: none"> • N/A
RECENTLY DELISTED PROPERTIES	<ul style="list-style-type: none"> • N/A
TITLE SEASONING/LOAN SEASONING	<ul style="list-style-type: none"> • N/A
ANTI-FLIPPING POLICY	<ul style="list-style-type: none"> • For purchases - The property Seller must have taken title to the subject property more than 90 days prior to the contract date on the sale of the property to the applicant. • Property flipping is a practice whereby a recently acquired property is resold, often for a considerable profit. If there is a partial continuity of ownership, a quit claim deed transaction is not a sale and is not subject to the rules prohibiting property flipping. The use of a quit claim will not be deemed a flip as long as at least one of the original owners retains an ownership interest in the property after the quitclaim is recorded. • The seller's date of acquisition is defined as the settlement date on the seller's purchase of that property. • Must obtain a 12-month chain of title documenting compliance with time restrictions on resales. • If the seller has taken title within the past 91 to 180 days and the new sales price exceeds the previous sales price by 100% or more, a second FHA appraisal (by another appraiser) is required. The borrower is not allowed to pay for the Second appraisal. • The Anti-Flipping requirements do not apply to the exceptions below: <ul style="list-style-type: none"> • properties acquired by an employer or relocation agency in connection with the relocation of an employee; • resales by HUD under its REO program; • sales by other U.S. government agencies of Single Family Properties pursuant to programs operated by these agencies; • sales of Properties by nonprofits approved to purchase HUD owned Single Family Properties at a discount with resale restrictions; • sales of Properties that are acquired by the seller by inheritance; • sales of Properties by state and federally-chartered financial institutions and Government-Sponsored Enterprises (GSE); • sales of Properties by local and state government agencies; and • sales of Properties within Presidentially-Declared Major Disaster Area, only upon issuance of a notice of an exception from HUD. • The restrictions listed above and those in 24 CFR § 203.37a do not apply to a builder selling a newly built house or building a house for a Borrower planning to use FHA-insured financing. • The re-execution of the sales agreement in order to circumvent the 90-day flipping rule is not permitted • Evidence of required seasoning must be documented in the file.
VALUE FOR LTV/CLTV CALCULATION	<ul style="list-style-type: none"> • See below to determine Adjusted Value
PURCHASE	<ul style="list-style-type: none"> • Use lesser of purchase price less any inducements to purchase; or the Property Value (appraised value)
PURCHASE	<ul style="list-style-type: none"> • If there is evidence that borrower, a member of the borrower's family or party who has a clearly defined interest in the borrower (i.e., close family friend) previously

	<p>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.</p> <ul style="list-style-type: none"> • All purchasers listed on the contract of sale must be borrowers, however family members (as defined by HUD) may be on the contract and not be a borrower. • Purchase contract assignment (assignment of the sales contract) not allowed. • Purchase Transaction Seller Rent Backs of the subject property are limited to 45 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. • The Real Estate Certification is required and must be executed prior to closing, except where indicated below, on all purchase transactions. The document must be signed all borrowers, sellers and the selling real estate agent or broker. A sample of the form will be available in the Resource Center. Note, the Real Estate Certification is not needed when the sales contract contains a provision that there are no other agreements between parties, and the terms constitute the entire agreement between the parties, and all parties are signatories to the sales contract submitted at the time of underwriting. • The Amendatory Clause is required, except where indicated below, on all purchase transactions when the appraised value is not available at the time of purchase contract execution. The document must be signed by all buyers and sellers involved with the loan transaction. It must be complete, including the sales price, printed seller name and date of agreement. A sample of the form is available in the Resource Center. This document, completely executed by all buyers and sellers involved with the loan transaction, should be included with the file for loan setup for all channels and should be obtained and executed prior to funding. Note, the amendatory clause is not required on the following transactions: HUD REO sales, FHA’s 203(k) loan program or sales in which the seller is Fannie Mae, Freddie Mac, the Department of Veterans Affairs (VA), Rural Housing Services, other federal, state, and local government agencies, a lender disposing of REO assets, or a seller at a foreclosure sale.
CASH OUT REFINANCE	<ul style="list-style-type: none"> • Not Allowed
REPAIR ESCROW/ESCROW HOLDBACKS	<ul style="list-style-type: none"> • Not Allowed
QUALIFYING	<ul style="list-style-type: none"> • Qualify at note rate • Installment debt can be paid off to qualify. • Installment (closed end) debt does not have to be included if they will be paid off within 10 months and the cumulative payments of all such debts are less than or equal to 5 percent of the Borrower’s gross monthly income. The borrower may not pay down the balance in order to meet the 10-month requirement. • Accounts for which the borrower is an authorized user must be included in a borrower’s DTI ratio unless documentation shows that the primary account holder has made all required payments on the account for the previous 12 months. If less than three payments have been required on the account in the previous 12 months, the payment amount must be included in the borrower’s DTI. • All deferred obligations (excluding student loans), regardless of when they will begin, must be included in the qualifying ratios. The lender must obtain evidence of: the deferral; the outstanding balance; the terms of liability; and the anticipated monthly

payment. If the actual monthly payment is not available for installment debt, the lender must utilize the terms of the debt or 5 percent of the outstanding balance to establish the monthly payment.

- For cases assigned prior to 6/30/16, for all deferred student loans, if the actual monthly payment is zero or is not available, the lender must utilize 2 percent of the outstanding balance to establish the monthly payment.
- Student loans must be included in the borrower's liabilities, regardless of the payment type or status of payments (deferred or in payment status). If the payment used for the monthly obligation is: (1) less than 1 percent of the outstanding balance reported on the Borrower's credit report, and (2) less than the monthly payment reported on the Borrower's credit report; then written documentation must be obtained of the actual monthly payment, the payment status, and evidence of the outstanding balance and terms from the creditor. Regardless of the payment status, use either: (1) the greater of: (a) 1 percent of the outstanding balance on the loan; or (b) the monthly payment reported on the Borrower's credit report; or (2) the actual documented payment, provided the payment will fully amortize the loan over its term.
- For contingent/co-signed liabilities, follow HUD guidelines which will allow the payment to be excluded from monthly liabilities only if (1) documentation is provided to evidence that the other party to the debt has been making regular on-time payments during the previous 12 months and does not have a history of delinquent payments on the loan; or (2) documentation is provided which verifies and documents that there is no possibility that the debt holder will pursue debt collection against the borrower should the other party default.
- For 30 day accounts, must verify the borrower paid the outstanding balance in full on every 30-Day account each month for the past 12 months. 30-Day Accounts that are paid monthly are not included in the Borrower's DTI. If the credit report reflects any late payments in the last 12 months, must utilize 5% of the outstanding balance as the Borrower's monthly debt to be included in the DTI. Must use the credit report to document that the borrower has paid the balance on the account monthly for the previous 12 months. Must use the credit report to document the balance, and must document that funds are available to pay off the balance in excess of the funds and reserves required to close the mortgage.
- For revolving accounts, must include the monthly payment shown on the credit report for the revolving charge account. Where the credit report does not include a monthly payment for the account, must use the payment shown on the current account statement or 5% of the outstanding balance. Must use the credit report to document the terms, balance and payment amount on the account, if available. Where the credit report does not reflect the necessary information on the charge account, must obtain a copy of the most recent charge account statement or use 5% of the outstanding balance to document the monthly payment.
- If a credit report shows an asterisk next to the payment, it can be an indication that the payment listed is not the required monthly minimum payment amount, and as such will require supplemental documentation to support the payment, as required by the agency or, if revolving, 5% of the balance can be used for the payment.
- Paying off revolving debt to qualify is allowed. The debt includes any revolving debt 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 (proceeds on a cash out transaction are acceptable.) Accounts are not required to be closed.
- For non-HELOC loans, when qualifying a borrower that has a non-subject negative amortization or interest only loan, use the fully amortized payment

- For any additional properties, obtain a recent payment coupon or other documentation to ensure the loan is qualified using the full PITIA.
- The percentage of non-taxable income that may be added cannot exceed the greater of 15% or the appropriate tax rate for the income amount, based on the borrower's tax rate for the previous year. If the borrower was not required to file a federal tax return for the previous tax reporting period, gross up the non-taxable income by 15%. Any additional adjustments or allowances based on the number of the borrower's dependents is not allowed
- Any Borrower or spouse who will hold title with unpaid, unsatisfied, and/or unreleased federal or state tax liens are not permitted under the Program. Loan files with repayment plans for an established lien are also not acceptable. All liens must be satisfied and evidence to support the release included in the loan file. Unpaid state or federal taxes that have been set up on a repayment plan but have not had a lien assessed, will be treated as reoccurring debt and may be considered for inclusion into the Program provided the Borrower(s) supply evidence of the repayment plan, reflecting no 30-day late payments on the repayment history, and the inclusion of the recurring debt does not cause their Debt-to-Income (DTI) ratio to exceed 45 percent.
- If the borrower has a tax lien, the underwriter must condition for proof the money owed has been paid in full or paid off in full at closing and must include the current amount of the lien, including all interest and late fees or provide evidence to verify the borrower has entered into a valid repayment agreement with the federal agency to make regular payments on the debt and the borrower has made timely payments for at least three months of scheduled payments. The borrower cannot prepay scheduled payments in order to meet the required minimum of three months of payments. The lender must include the payment amount in the agreement in the calculation of the borrower's DTI ratio. There is no requirement for a record of account or other documentation to reflect tax payment status. For the current tax year (most recent tax filing), if there is evidence the borrower has outstanding tax debt or the if the borrower is in a payment plan, then the monthly tax payment amount must be included in the calculation of the borrower's DTI ratio, but there is no minimum months of payment required to have been made. For prior tax years, if there is evidence the borrower has outstanding tax debt or the borrower is in a payment plan, evidence to verify the borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and underwriter discretion can be used to determine the minimum months of payment required to have been made. Even if the 1040s shows payment due as long as there is no other evidence of an outstanding tax debt (i.e., tax liens, payments to the IRS) no additional evidence to reflect payment of the taxes is required. For Amended Tax Returns or Stamped Tax Return option, see the applicable guidance in the Product Profile for further requirements.
- In community property states, tax liens of any non-borrowing spouse must be paid. The credit history of the non-borrowing spouse in regards to the lien does not have to be considered, but the tax liens have to be paid.
- To calculate DTI for loans with subordinate HELOCs (for all properties): If there is a balance, use the payment that is reflected on the credit report. If there is no payment on the credit report, obtain a copy of the billing statement, or note to determine the payment amount, based on the terms of the note, or the statement. If there is no balance, a payment does not need to be included.
- For borrowers with collection accounts, if the cumulative outstanding balance of all collections of all borrowers is less than \$2,000, the lender is not required to consider or evaluate collection accounts. If the cumulative outstanding balance of all

	<p>collections of all borrowers is equal to or greater than \$2,000, the lender must include monthly payments in the borrower's debt-to-income ratio for accounts that will remain open subsequent to closing or require the collection account to be paid off as described as follows (also see Credit Section): At the time of or prior to closing, payment in full of the collection account (verification of acceptable source of funds required). The borrower makes payment arrangements with the creditor. If the borrower has entered into a payment arrangement with the creditor, a credit report or letter from the creditor verifying the monthly payment is required. The monthly payment must be included in the borrower's debt-to-income ratio. If evidence of a payment arrangement is not available, the lender must calculate the monthly payment using 5% of the outstanding balance of each collection, and include the monthly payment in the borrower's debt-to-income ratio. Note, All medical collections and charge off accounts are excluded from this requirement and do not require resolution. Collection accounts of a non-purchasing spouse in a community property state are included in the cumulative balance.</p> <ul style="list-style-type: none"> • For borrowers with a court ordered judgment where the borrower has an agreement with the creditor to make regular and timely payments, a copy of the agreement and evidence that payments were made on time in accordance with the agreement, and a minimum of three months of scheduled payments have been made prior to credit approval is required. Note, borrowers are not allowed to prepay scheduled payments in order to meet the required minimum of three months of payments. The payment amount in the agreement must be included in the calculation of the borrower's debt-to-income ratio. Judgments of a non-purchasing spouse in a community property state must be paid in full, or meet the exception guidance for judgments above, unless excluded by state law. • If borrower or non-occupant co-borrower will not be occupying the subject property (i.e., borrower on second home or investment property and any non-occupying co-borrower) does not have a current housing expense, because they state they live rent free on the 1003, proof they live rent free must be provided. Acceptable documentation would include, but is not limited to, an LOE from the owner/landlord of the residence where they currently live. • If a borrower is on title (has ownership interest) and is on the note to other properties besides the subject property, follow FHA guidelines for contingent liabilities for both the P&I payment as well as the taxes, insurance and additional items (association fees) (TIA). If borrower is just on title, and not obligated on the note for non-subject properties, the TIA does not have to be included in borrower's ratios as long as documentation is provided to show 12 months' satisfactory payments by the other party who is on title and the note, in alignment with contingent liability requirements. If the taxes and insurance are not escrowed or the property is owned free and clear, and the TIA is not paid on a monthly basis (i.e. annually, semi-annually) then a sufficient history of payments made by the other party on title must be presented to make a reasonable conclusion that it will continue. The other party making the payments must be both on the note (if there is a lien) and on title (in all cases) in order to exclude
CURRENT PROPERTIES BEING CONVERTED TO SECOND HOMES OR INVESTMENT PROPERTIES	<ul style="list-style-type: none"> • N/A
RATIOS	<ul style="list-style-type: none"> • Per AUS
TEMPORARY BUYDOWNS	<ul style="list-style-type: none"> • Not allowed
CREDIT	<ul style="list-style-type: none"> • Must at all times comply with HUD guidelines, subject to any additional restrictions listed in this product profile

- DE Underwriter Final Loan Approval Date cannot be after Note Date.
- The use of a U.S. address to obtain a credit report for a borrower who resides in another country is not permitted.
- If the borrower's credit report contains a FACTA credit alert, the completed Fraud Alert Confirmation form must be in the file (available via Resource Center).
- Qualifying FICO score is determined by using the middle of three or lowest of two scores. If there are multiple borrowers, then use the lowest representative score of all borrowers to qualify. If only one score is available, then use the one provided.
- A three repository merged (tri-merge) credit report (TRMCR) or Residential Mortgage Credit Report (RMCR) from an independent consumer-reporting agency is required.
- All borrowers must have a credit score, non-traditional credit is not allowed.
- The credit report for the mortgage history must be updated to include the payment made for the most recent month due.
- See Qualifying section for capacity analysis for all loans with collections and judgments. Court ordered judgments must be paid off (or provide evidence they have been satisfied). Judgments of a non-borrowing spouse in a community property state must be resolved or paid in full, with the exception of obligations excluded by state law. An exception to the payoff of a court ordered judgment may be made if the borrower has an agreement with the creditor to make regular and timely payments. The borrower must provide a copy of the agreement and evidence that payments were made on time in accordance with the agreement, and a minimum of three months of scheduled payments have been made prior to credit approval. Borrowers are not allowed to prepay scheduled payments in order to meet the required minimum of three months of payments.
- For loans using TOTAL, not required to obtain an explanation of collection accounts, charge off accounts, accounts with late payments, judgments or other derogatory information.
- For all borrowers with judgments, the following documentation must be provided: evidence of payment in full, if paid prior to settlement; the payoff statement, if paid at settlement; or the payment arrangement with creditor, if not paid prior to or at settlement, and a subordination agreement for any liens existing on title
- Chapter 7 and 13 bankruptcies must be discharged at least 2 years to the case number assignment date and the borrower has re-established their credit or chosen not to incur new credit obligations.
- On an exception basis and requiring CBCMA pre-approval, a Chapter 7 bankruptcy may be acceptable with an elapsed period of less than two years, but not less than 12 months, if the Borrower:
 - can show that the bankruptcy was caused by extenuating circumstances beyond the Borrower's control; and
 - has since exhibited a documented ability to manage their financial affairs in a responsible manner.
- Borrowers with a loan modification or short refinance in their credit history are eligible. A mortgage that has been modified must utilize the payment history in accordance with the modification agreement for the time period of modification in determining late housing payments. If mortgage payment history requirements (as required by HUD for mortgage history) since the date of loan modification are not met, a downgrade to a manual underwrite is required and not allowed
- Short sales (Pre-Foreclosure Sales) within the last 3 years to the case number assignment date are not allowed
- Foreclosure: Foreclosures within the last 3 years to the case number assignment date are not allowed.

	<ul style="list-style-type: none"> • For a borrower that had an FHA mortgage foreclosed, that borrower is not eligible to apply for another FHA mortgage until three years after the date that HUD paid the insurance claim to the lender. • Deed-in-lieu of foreclosures are considered foreclosures and require 3 year seasoning to the case number assignment date • Must obtain a credit report for a non-borrowing spouse who resides in a community property state, or if the subject property is located in a community property state. The credit report must indicate the non-borrowing spouse's SSN, where an SSN exists, was matched with the SSA, or the must either provide separate documentation indicating that the SSN was matched with the SSA or provide a statement that the non-borrowing spouse does not have an SSN. Where an SSN does not exist for a non-borrowing spouse, the credit report must contain, at a minimum, the non-borrowing spouse's full name, date of birth, and previous addresses for the last two years. • The debts of a non-purchasing spouse must be included in the borrowers qualifying ratios if the borrower resides in a community property state or the property is located in a community property state unless that debt is specifically excluded by state law. The underwriter must ensure the debt that is not being included complies with state law and the debt can in no way effect the new first trust deed lien. Additionally, if the debt being excluded is a mortgage lien, it is important to ensure the current loan transaction is not being used to provide a bail out for the other mortgage lien. • Non-borrowing spouse's credit history cannot be used when making a credit decision on the loan. Derogatory event on any property held against borrower only if it appears on their credit report or if they are obligated on note. Derogatory event not held against borrower even if a property appears on a joint tax return, the borrower lives in a property or the borrower is on title. • 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. • MERS search must be run on borrower • PRMG does not allow use of extenuating circumstances in the credit decision for reduced seasoning or satisfactory credit requirements.
CASH RESERVES	<ul style="list-style-type: none"> • TOTAL Scorecard: None required, however, subject to underwriter discretion or per "DU" recommendation; • Cash saved at home allowed, must meet all HUD requirements to be able to use for the transaction and for verification of funds • 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.
REQUIRED DOWN PAYMENT	<ul style="list-style-type: none"> • Required 3.50% minimum down payment (gifts allowed-see gift section below for details).
REQUIRED DOWN PAYMENT /SOURCE OF	<ul style="list-style-type: none"> • Required 3.50% minimum down payment (gifts allowed-see gift section below for details).

FUNDS

- Funds that are brought to closing (i.e., cashier's checks or wire) by the borrower must be verified as belonging to the borrower. The required funds from the borrower do not have to be from an institution that was sourced in the loan file, as long as the borrower has sufficient funds in the sourced accounts to cover the amount of funds brought to closing. If the funds are not able to be confirmed as belonging to the borrower, the funds would be ineligible. This guidance is only in regards to borrower funds, not gift funds.
- For loans with prorated seller paid taxes (taxes that have been prepaid by the seller on the subject property), the prorated taxes can reduce the funds required at closing, however, the loan file must still contain documentation that borrower has 3.5% (or required minimum required investment (MRI) for transaction) of their own funds (or other acceptable source of MRI), even though they may not actually contribute the actual 3.5% (or required MRI) at closing because the seller prorated tax credit is an acceptable source to meet the MRI. In other words, the prorated tax credit cannot be used in the documented assets considered to meet the MRI but can be credited at closing.
- Access letter required for any accounts where a non-borrowing party is on the account (including a non-borrowing spouse)
- Direct verification by a third-party asset verification vendor (i.e., AccountChek) is allowed in accordance with HUD as addressed in ML 2019-01
- When borrower's funds-to-close are from a 401k, IRA, or other retirement account, proof of liquidation is required, regardless of Total Scorecard response
- Sweat Equity not permitted
- Bridge loans are not allowed
- Business funds are permitted, but must be documented and business tax returns would be required. Additionally, business funds from a partnership or corporation may not be used to meet any required minimum down payment requirements unless a borrower is 100% owner or the DE Underwriter obtains documentation that the borrower has access to the funds to be used as their required minimum down payment. In all cases, business funds being used for funds to close or reserves are allowed as long as there is a CPA letter or evidence to confirm it will not negatively affect the business. If business is a partnership, written permission from the other partners is required.
- All asset sources used to qualify borrowers must be legal at the local, state, and federal level. Any assets derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company.
- Cash deposits over 1% of the adjusted value require an explanation from the borrower as to how they were accumulated in alignment with HUD's requirement for cash on hand.
- Cryptocurrency, digital currencies or altcoins (i.e. Bitcoins, Litecoin, Ethereum, etc.) may not be included as financial assets for mortgage qualification purposes and is an ineligible source of funds for down payment, closing costs or reserves unless being converted into U.S. currency. To be used as a source of funds for down payment, closing costs, or reserves, cryptocurrency, digital currencies or altcoins must be converted into U.S. currency and be held within a U.S. Financial Institution and verified prior to underwriting final approval. In addition to the verification of U.S. currency, the borrower(s) must be able to provide acceptable documentation for the source of funds used to initially acquire the cryptocurrency prior to the conversion.
- If the borrower's source of funds are from a country included on the OFAC Sanctioned Countries List that is found in the Resource Center, the funds are not eligible for use in the transaction.

	<ul style="list-style-type: none"> • Must verify and document the deposit amount and source of funds if the amount of the earnest money deposit exceeds 1% of the sales price or is excessive based on the borrower’s history of accumulating savings, by obtaining: a copy of the borrower’s cancelled check; certification from the deposit-holder acknowledging receipt of funds; or a VOD or bank statement showing that the average balance was sufficient to cover the amount of the earnest money deposit at the time of the deposit. If the source of the earnest money deposit was a gift, must verify that the gift is in compliance with gifts as allowed per HUD. • Must verify and document the existence of and amounts in the borrower’s checking and savings accounts. For recently opened accounts and recent individual deposits of more than 1% of the Adjusted Value of the property, must obtain documentation of the deposits. Must also verify that no debts were incurred to obtain part, or all, of the minimum required investment. • 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.
GIFT FUNDS	<ul style="list-style-type: none"> • Allowable donors include: <ul style="list-style-type: none"> • Borrower’s family member (as defined by HUD) • The borrower’s employer or labor union • Charitable organizations • Government agencies • A close friend with a clearly defined interest in the borrower (family members, such as a cousin, who are not considered family members by HUD can be documented as a close friend and still be an eligible donor) , but must reference “close friend” in the letter as their relationship.) • a governmental agency or public entity that has a program providing homeownership assistance to low or moderate income families; or first-time homebuyers. • Gift letter required. All gift letters must include the following: <ul style="list-style-type: none"> • Name, address and phone number of the donor and the borrower. • Dollar amount of the gift. • Relationship between the donor and the borrower. • Specification that no repayment is required. • Signatures of both the donor and the borrower. • Must verify and document the transfer of gift funds from the donor to the Borrower in accordance with the following: <ul style="list-style-type: none"> • If the gift funds have been verified in the Borrower’s account, obtain the donor’s bank statement showing the withdrawal and evidence of the deposit into the Borrower’s account. • If the gift funds are not verified in the Borrower’s account, obtain the certified check or money order or cashier’s check or wire transfer or other official check evidencing payment to the Borrower or settlement agent, and the donor’s bank statement evidencing sufficient funds for the amount of the gift. • If the gift funds are paid directly to the settlement agent, verify that the settlement agent received the funds from the donor for the amount of the gift, and that the funds were from an acceptable source. (Please note that since funds wired directly to the settlement are not verified in the borrower’s account, HUD has indicated that the above bullet point to require evidence of the certified check or money order or cashier’s check or wire transfer or other official check, and a bank statement showing the withdrawal from the donor’s account applies.) • If the gift funds are being borrowed by the donor and documentation from the bank or other savings account is not available, the donor must provide written evidence

	<p>that the funds were borrowed from an acceptable source, not from a party to the transaction.</p> <ul style="list-style-type: none"> • Regardless of when gift funds are made available to a Borrower or settlement agent, the Mortgagee must be able to make a reasonable determination that the gift funds were not provided by an unacceptable source. • When a borrower receives a gift from an acceptable source and the donor’s bank statement shows a large deposit, no explanation, documentation or evidence of the source of the deposit is required, regardless of the amount. However, the gift letter must indicate that any funds given to the borrower were not made available to the donor from any person or entity with an interest in the sale of the property including the seller, real estate agent, broker, loan officer or any other entity associated with the transaction (or other similar verbiage). Additionally, there can be no evidence that the deposit is from an unacceptable source (i.e., a deposit shows that it was a cash deposit to the branch/ATM). • Cash on Hand is not an acceptable source of donor gift funds
<p>CONTRIBUTIONS BY AN INTERESTED PARTY</p>	<ul style="list-style-type: none"> • 6% of lesser of sales price or appraised value. • Not allowed for payment of condominium fees, personal property or down payment assistance
<p>SUBORDINATE FINANCING</p>	<ul style="list-style-type: none"> • This product may be layered with the following down payment and/or closing cost assistance options: <ul style="list-style-type: none"> • Locality programs to be used for closing costs and/or down payment assistance as per individual requirements <ul style="list-style-type: none"> • The locality subordinate loans must meet FHA guidelines • The maximum CLTV must meet Agency requirement • In the case of conflicting guidelines, the lender must follow the more restrictive • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program).
<p>ADDITIONAL DOWN PAYMENT ASSISTANCE REQUIREMENTS</p>	<ul style="list-style-type: none"> • For any case assigned on or after 7/23/19, specific documentation must be received for a down payment assistance program to be eligible. If in the DPA program synopsis (which is found within this link: https://www.eprmg.net/ResourceCenter/PoliciesProceduresInformation/PRMG%20DPA%20List.pdf) does not specifically state: Required documentation per ML 2019-06 has been received, and cases assigned on or after 7/23/19 are eligible to proceed or DPA provided by a non-government agency and not subject to the requirements of ML 2019-06 so cases assigned on or after 7/23/19 are eligible to proceed then the down payment assistance program is not eligible, and the additional required documentation as outlined in ML 2019-06 must be submitted to DPARRequests@prmg.net for review and approval. • Access the PRMG Eligible DPA list and a link to the synopsis that must be reviewed by the loan officer, processor and underwriter to ensure all requirements for the DPA are met at the following link: http://www.eprmg.net/ResourceCenter/PoliciesProceduresInformation/PRMG%20DPA%20List.pdf • All lenders are required to follow the guidelines of the Funded Down Payment Assistance from non-profit organizations. These programs are permitted in accordance with FHA guidelines and the following additional restrictions. Originating Lenders are responsible to guarantee that they have verified the Originating Lender Funded Down Payment Organization has not been listed on the website below. To ensure the non-profit status is acceptable to HUD, the homebuyer must enter into the Sales Contract/Purchase Agreement (including any amendments to purchase price) on, or before, the date the IRS officially announces a termination of the

	<p>organization's tax-exempt status.</p> <ul style="list-style-type: none"> • A printed copy of this web site page showing the agency has not had their tax-exempt status terminated by the IRS prior to the date of the Sales Contract/Purchase Agreement must be included in each loan file submitted for underwriting. • Originating Lenders may use any non-profit agency acceptable per HUD guidelines, provided however that a copy of the web page discussed in this section supports the tax-exempt status of such agency. It is recommended that Originating Lenders also apply the following additional criteria when approving loans with down payment assistance funds provided by these agencies. <ul style="list-style-type: none"> • Originating Lender should have on file an IRS Letter of Determination verifying the organization providing gift funds is a non-profit corporation under Section 501© (3) exempt from taxation under Section 501(a) of the Internal Revenue Code. There must not be an identity of interest between the donor (property Originating Lender, builder or developer) and the non-profit organization. • The Federal Tax Identification Number of the non-profit must be entered in the FHA CHUMS field designated for a charitable organization's tax ID#. Failure to do so may result in an uninsurable loan. • The gift should only be used toward the homebuyer's down payment and closing costs. The loan file should contain a Gift Letter stating that no repayment of the gift is required. • Originating Lender should inform the appraiser of the gift transaction and the dollar amount being used as down payment assistance. The sales price should not be increased to accommodate the down payment assistance. • The closing agent must confirm the gift funds have been properly deposited in an escrow account and that the gift funds came directly from the non-profit. Gift funds cannot be disbursed from the Originating Lender's proceeds at the borrower's closing.
<p>MORTGAGE CREDIT CERTIFICATES (MCC)</p>	<ul style="list-style-type: none"> • MCCs are permitted on Chenoa, however, in some cases, CBCMA investor overlays may not allow the use of the MCC for borrower qualification purposes. All MCCs used to qualify the borrower must be pre-approved by CBCMA prior to submission and noted in the notes section in the initial loan registration. • PRMG will not allow MCCs that are paid by the issuer directly to the servicing lender as a supplement to the borrower's monthly payment. • The MCC cannot restrict the transfer of ownership or servicing rights of the first Mortgage. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage's servicing rights. • HUD will only allow the MCC to be included as effective income when the MCC is not paid to the servicer. It cannot be used to reduce the PITIA since PRMG does not allow payments directly to the servicer. • PRMG must be documented as an approved participant in good standing with the MCC issuing authority. • PRMG must confirm that that they will represent and warrant their responsibility for all requirements prescribed by the issuing authority. The MCC must not require any subsequent investor or servicing lender to fulfill any special requirements of the issuer or the IRS, including servicing and/or reporting responsibilities. • If a government entity subsidizes the mortgage payments either through direct payments or tax rebates, these payments may be considered as acceptable income. Either type of subsidy may be added to gross income, or used directly to offset the mortgage payment, before calculating the qualifying ratios. • Copy of the MCC and associated calculations must be in the file. • Must comply with all HUD Requirements

	<ul style="list-style-type: none"> • Following documents must be in loan file if MCC is being used to qualify: <ul style="list-style-type: none"> • Copy of the Mortgage Credit Certificate (A Commitment in lieu of the Certificate will not satisfy this requirement) • Copy of the W-4 and worksheet • MCC Worksheet • In the case of conflicting guidelines, the lender must follow the more restrictive • 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
HUD REOS	<ul style="list-style-type: none"> • Must meet all of HUD's requirements in regards to HUD REOs • Must be owner occupied • Title policy is required • Full "as is" appraisal required • Mortgagees must order a new appraisal that is valid for a HUD REO property financed with an FHA-insured mortgage • The mortgagee must retain copies of all appraisals available to the mortgagee in its loan file. • Effective 9/30/16, HUD must approve any real estate broker wishing to list properties or represent buyers in sales transactions of HUD REO Properties and closing agents must meet the requirements as outlined in the 4000.1 in order to conduct a closing on a sales transaction of a HUD REO Property.
PURCHASING A SHORT SALE	<ul style="list-style-type: none"> • A borrower purchasing a property from a seller who is selling their home for less than the amount owed to the lender is considered a short sale. Borrowers purchasing a home that is being sold under a short sale are generally eligible provided: <ul style="list-style-type: none"> • The transaction is arm's length involving a realtor and formal sales contract. • There is no relationship or identity of interest between buyer and seller as defined in Handbook 4000.1 • Short sale approval letter from all existing mortgage lien holders accepting the discounted sales price on the subject property must be provided and retained in the loan file. • All liens are extinguished with the sales proceeds. • Any earnest money deposits must be verified with a bank statement or a print out from the bank at the time the earnest money check cleared the borrower's account, regardless of amount. • Full interior/exterior appraisal is required, regardless of AUS. • The borrower is not involved in negotiations with the lien holder(s) to facilitate the short sale. • An in-depth review of the following must be completed for any inconsistencies detected in the transaction. Documentation of the resolution of any questionable items must be included in the loan file: Purchase contract (including all addendums and short sale addendum), Appraisal, Title, Hud-1 • There are cases where the borrower may elect to pay additional fees or payments related to acquiring the property that is typically the responsibility of the seller. In these instances, the following requirements apply: <ul style="list-style-type: none"> • The borrower must be provided with written details of the additional fees or payments. The additional funds required to complete the transaction must be documented on the purchase contract and/or addendum. • The servicer or servicers agreeing to the short sale must be provided with written details of the fees or payments and has the option of renegotiating the payoff amount to release the lien(s) against the subject property.

	<ul style="list-style-type: none"> • All parties (buyer, seller, and servicer) must provide their written agreement of the final details of the transaction which must include the additional fees or payments. • The HUD-1 must include all fees and payments associated with the transaction. • Note: If the borrower pays short sale processing fees or short sale negotiation fees, the fee must be treated as a sales concession if any portion of the fee is reimbursed by an interested party to the transaction. 																																				
NON ARM’S LENGTH TRANSACTIONS/IDENTITY OF INTEREST	<ul style="list-style-type: none"> • Identity of Interest/Non Arm’s Length transactions are limited to a max LTV of 85%. • An identity of interest transaction is a transaction for the purchase of a principal residence between parties with a familial or business relationship or business affiliates • The following are NOT considered identity of interest/non-arm’s length transactions and are eligible for maximum financing: <ul style="list-style-type: none"> • A family member purchasing another family member’s principal residence • An employee of a builder purchasing one of the builder’s new homes or models as a principal residence • A current tenant purchasing the property that the tenant has rented for at least 6 months prior to the sales contract. A lease or other written evidence must be submitted verifying occupancy. • Sales by corporations that transfer employees out of an area, purchase the transferred employee’s home, and then resell to another employee. • If the property being sold from one family member to another is the property seller’s investment property, the maximum mortgage is the lesser of 85% of the sales price or appraised value OR the current maximum mortgage calculation formula unless the family member has been a tenant in the property for at least six months immediately predating the sales contract. A lease or other written evidence must be submitted to verify occupancy. • If there is an identity-of-interest between the buyer and seller, commission from the sale or listing of the property cannot be used for the down payment. 																																				
REAL ESTATE AGENT ALSO LOAN OFFICER/BROKER	<ul style="list-style-type: none"> • The real estate agent for the subject property may not act as the loan officer/broker for the borrowers purchasing the same subject property. 																																				
MORTGAGE INSURANCE	<ul style="list-style-type: none"> • All loans, regardless of LTV require mortgage insurance. • Mortgage Insurance Premiums are listed below as “Upfront Amount/Monthly Fee.” <table border="1" data-bbox="456 1325 1511 1696"> <tr> <td colspan="4" style="text-align: center;">CASE NUMBERS ASSIGNED ON OR AFTER JANUARY 26, 2015 – ALL LOAN PURPOSES EXCEPT SIMPLE REFINANCES OF LOANS ENDORSED PRIOR TO JUNE 1, 2009</td> </tr> <tr> <td colspan="4">Loan Terms > 15 Years</td> </tr> <tr> <td>LTV/Base Loan Amount</td> <td>≤ 95%</td> <td colspan="2">> 95%</td> </tr> <tr> <td>≤\$625,500</td> <td>1.75%/.80%</td> <td colspan="2">1.75%/.85%</td> </tr> <tr> <td>>\$625,500</td> <td>1.75%/1.00%</td> <td colspan="2">1.75%/1.05%</td> </tr> <tr> <td colspan="4">Loan Terms ≤ 15 Years</td> </tr> <tr> <td>LTV/Base Loan Amount</td> <td>≤ 78%</td> <td>>78% and ≤ 90%</td> <td>> 90%</td> </tr> <tr> <td>≤\$625,500</td> <td>1.75%/0.45%</td> <td>1.75%/0.45%</td> <td>1.75%/0.70%</td> </tr> <tr> <td>>\$625,500</td> <td>1.75%/0.45%</td> <td>1.75%/0.70%</td> <td>1.75%/0.95%</td> </tr> </table> <ul style="list-style-type: none"> • For all loan terms with LTVs ≤90% cancellation of the annual (monthly) premium will occur after the borrower has paid the premium for eleven years • For all loan terms with LTVs >90% the annual (monthly) premium will continue for the loan term 	CASE NUMBERS ASSIGNED ON OR AFTER JANUARY 26, 2015 – ALL LOAN PURPOSES EXCEPT SIMPLE REFINANCES OF LOANS ENDORSED PRIOR TO JUNE 1, 2009				Loan Terms > 15 Years				LTV/Base Loan Amount	≤ 95%	> 95%		≤\$625,500	1.75%/.80%	1.75%/.85%		>\$625,500	1.75%/1.00%	1.75%/1.05%		Loan Terms ≤ 15 Years				LTV/Base Loan Amount	≤ 78%	>78% and ≤ 90%	> 90%	≤\$625,500	1.75%/0.45%	1.75%/0.45%	1.75%/0.70%	>\$625,500	1.75%/0.45%	1.75%/0.70%	1.75%/0.95%
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APPRAISAL	<ul style="list-style-type: none"> • 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%20Gu 																																				

idelines.pdf

- Traditional appraisal report completed by a state-licensed and HUD approved appraiser required on all loans.
- Appraisals are valid for 120 days and must be dated within 120 days of the disbursement date.
- A one-time, 120-day extension of an appraisal that is due to expire and lender does not want to order a new appraisal report is allowed using Form 1004D/442 Appraisal Update with the following conditions:
 - The underwriter has not previously extended the original appraisal for 30 days
 - May be used for existing properties, or for new construction that is incomplete.
 - Must be completed prior to the original appraisal's expiration date.
 - May not be used if the property value has declined.
 - The original Appraiser must perform the update and be in good standing with FHA at the time of the update. The Appraisal Update must be signed by the original appraiser. A supervisory signature is not permitted.
 - The appraiser must include a completed 1004MC Market Conditions Addendum reflecting current market conditions.
 - The appraiser must certify that he/she can observe the improvements that contribute to value (no obstructions), that there are no deficiencies or other significant changes and certify that the property value has not declined.
 - The appraiser must provide photos from the street and from all angles visible from a public way.
 - If used by a subsequent lender who is not identified as the Client in the original appraisal report, the appraiser must incorporate the original report by attachment rather than by reference.
 - Appraisal may not be over 150 days from funding date if lender allows a 30-day extension as permitted in Handbook 4000.1:II.A.A.a.i.(A)(1)(b)(i)
- Appraisal may not be over 240 days from funding date if lender allows a 120-day extension as permitted by Form 1004D.
- A DE lender may extend the appraisal for 30 days, provided the borrower has signed a valid sales contract or is approved for the FHA loan prior to the expiration date on the appraisal (the loan approval date is the date the DE underwriter signs the 92900-LT – Loan Transmittal)
- The effective date of the appraisal cannot be before the FHA case number assignment date unless the lender certifies, via the certification field in the Appraisal Logging Screen in FHAC, that the appraisal was ordered for conventional lending or government-guaranteed loan purposes and was performed by a FHA Roster Appraiser. The lender must ensure that the appraisal was performed in accordance with FHA appraisal reporting instructions as detailed in this SF Handbook and the Appraisal Report and Data Delivery Guide. The intended use of the appraisal must indicate that it is solely to assist FHA in assessing the risk of the Property securing the FHA-insured Mortgage. Additionally, FHA and the lender must be indicated as the intended users of the appraisal report.
- For HUD REO properties, follow HUD guidelines including appraisal is valid for 120 days from the effective date of the appraisal. Additionally, please note that if the buyer is financing the purchase with an FHA-insured mortgage, a valid HUD REO sales contract must be ratified within 120 days of the appraisal effective date or the lender must order a new appraisal or an appraisal update to support the mortgage transaction.
- A 3 year sales history is required on the subject property.
- The seller on the sales contract must be the owner of record.
- PRMG reserves the right to require additional appraisal reviews/reports at the

	<p>underwriter's discretion.</p> <ul style="list-style-type: none"> • If a termite inspection is performed, and the Atlanta HOC is being used, the state mandated pest control form must be used. • Photographs are required for living rooms, bedrooms, kitchens and bathrooms
REVIEW/SECOND APPRAISALS	<ul style="list-style-type: none"> • A second appraisal is required for properties that are being re-sold within 180 days of acquisition by the seller AND the resale price is 100% or more over the price paid by the seller when the property was acquired. • A second appraisal is required for <= 90 Day Flips with a Sales Price 20% or Greater Than the Sellers Original Acquisition Cost loans, see Anti-Flipping section for additional information. • Review appraisals must be completed by a PRMG approved Appraisal Company.
SALES CONTRACT CHANGES	<ul style="list-style-type: none"> • PRMG will not accept re-negotiated purchase agreements that increase the sales price after the original appraisal has been completed if: <ul style="list-style-type: none"> • the appraised value is higher than the contracted sales price provided to the appraiser, and • the new purchase agreement and/or addendum used to modify the sales price is dated after the appraisal is received, and • the only change to the purchase agreement is an increase in sales price. • If the purchase agreement is re-negotiated subsequent to the completion of the appraisal, the loan-to value will be based on the lower of the original purchase price or the appraised value, unless: <ul style="list-style-type: none"> • Re-negotiation of only seller paid closing costs and/or pre-pays when seller paid closing costs/pre-pays are common and customary for the market and supported by the comparables or • An amended purchase agreement for new construction property is obtained due to improvements that have been made that impact the tangible value of the property. In the event of such changes, an updated appraisal must be obtained to verify the value of the modifications/changes.
MULTIPLE LOANS	<ul style="list-style-type: none"> • Maximum number of residential properties that can be financed are limited to 2, including the subject property. This includes joint or total ownership and is cumulative across all borrowers on the loan. • LOE (Letter of Explanation) is required for any borrower purchasing a home using the Chenoa Fund program and retaining ownership of any other property. The borrower should include some explanation about the motivation to buy the property, and what the plans are for retaining the current REO. If new residence puts the borrower's commute at an additional distance of 30 minutes to place of employment, Chenoa expects this to be referenced in the LOE)
HIGHER PRICED MORTGAGE LOAN (HPML)	<ul style="list-style-type: none"> • Allowed within the parameters of Section 35 of CFPB Regulation Z • Must comply with all limitations and requirements of HPML loans as described in PRMG's Compliance Policy regarding HPML-Section 35 loans • HPML loans must have an escrow account, regardless of LTV
SECTION 32 / HIGH COST LOAN	<ul style="list-style-type: none"> • High cost loans are not allowed: • Loan is not a high cost loan as defined by Section 32 of the Federal Truth-in-Lending Act; and • Loan is not a high cost loan as defined by applicable state laws and/or regulations.
REAL ESTATE COMMISSIONS	<ul style="list-style-type: none"> • The maximum real estate commission allowed is 8%.
PROPERTY INSURANCE	<ul style="list-style-type: none"> • See PRMG's Resource Center for PRMG Insurance Requirements and Additional Information
ESCROW ACCOUNT	<ul style="list-style-type: none"> • HPML loans must have an escrow account, regardless of LTV • Flood insurance must be impounded (escrowed) for all loans with a note date of

	<p>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.</p> <ul style="list-style-type: none"> As required per HUD, Flood insurance in Special Flood Hazard Areas must be obtained through the National Flood Insurance Program (NFIP).
UNDERWRITING	<ul style="list-style-type: none"> Delegated underwriting allowed. Manual underwriting is not allowed. DU underwriting is acceptable provided the loan receives an “Approve” from DU. All loans that have borrowers with credit bureau scores must be risk-classified by FHA’s TOTAL Mortgage Scorecard
FINAL 1003	<ul style="list-style-type: none"> A Final 1003 containing the signature of the originating MLO is NOT required. Either the Initial 1003 or Final should be signed, but not both. An initial and final 1003 must be in the loan file
ELECTRONIC SIGNATURE	<ul style="list-style-type: none"> Electronic signatures are acceptable on initial application documents. However, the following specific documentation will require wet signatures that are not electronic: All documents requiring the borrower to check a box prior to signing UNLESS the LOS system or electronic signature portal has an automatic stop mechanism built in to ensure a selection is made at time of signature, program specific disclosures such as the Informed Consumer Choice Disclosure, Borrower Identity of Interest form, 92900-A etc.; All Closing and Settlement documents, including the final loan application, Note, Mortgage, Closing Disclosure, Settlement Certification, including all signatures: 1. Buyer/borrower; 2. Seller; 3. Settlement agent.. CBC Mortgage Agency requires borrower’s and seller’s signature on the Closing Disclosure provided to the borrower(s) and seller at closing
SUBMISSION INFORMATION	<p>Lenders must fund the First Mortgage Loans at loan closing. All loans will be locked, approved, DPA funds requested.</p> <p><u>Step 1 Reserving funds:</u> Reservations are made by completing Chenoa’s Loan Registration / Rate Lock Request Form http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/ChenoaRegistrationForm.pdf</p> <p>Rate locks can be requested after rate sheets are released through 4PM Mountain on regular business days. CBCMA attempts to release rate sheets by 9AM Mountain time. Loans may be registered but do not have to be locked until a later date (floating). To register a loan, but not lock it, you simply complete all portions of the loan registration and rate lock request form except for the information pertaining to the rate lock. Locks must be good through the date collateral is received and a complete credit and closing package is uploaded for purchase review.</p> <p>If all loan conditions are not cleared by the lock expiration date, for Best Efforts delivery, if the loan file images have been uploaded for review, the lock will automatically roll at a cost of .175 per 7-day period until the loan status is cleared for purchase.</p> <p>If the loan image files have not been uploaded by the lock expiration date, the lock will expire and you must re-lock the loan at worst case pricing based on the day of the lock or the current day’s price.</p>

Step 2 Submitting a Loan:

The loan must be registered with CBCMA via email before images of the file can be submitted for review.

Once you register the loan you will receive the following:

- Loan Registration Form with Lock information
- Funding Obligation Letter (or Gift Letter if gift – for loans reserved prior to 4/5/2018)
- For Secondary Financing you will receive:
 - Loan Estimate
 - Loan Document Request Form 2nd Mortgage (you will need to include legal description and an estimated CD with this request and email this form to submissions@chenoafund.org or fax to (435) 237-0022
- Process the loan file
- Request loan closing documents from Chenoa for Secondary Financing (no docs required for Gift only Gift Letter – for loans reserved prior to 4/5/2018)
- Closing Disclosure-2nd Mortgage
- Closing Documents -2nd Mortgage

Purchase conditions will be released in Client Portal within 72 hours of upload.

Step 3 Funding of DPA

In addition to FHA requirements, the loan must also include the following:

- An electronic fraud detection report and compliance test to be included on all loans delivered for purchase review electronic covering standard areas of quality control, including Borrower validation, social security validation, property information, and MERS.
- Evidence of borrowers enrolled in a credit monitoring service through closing or soft-pull credit report within ten days of closing (date note was signed) should be included.
- Appraisals must be in .xml format
- The Deed of Trust should be stamped as 'True and Certified'
- Completed Tax Information Sheet completed by Correspondent
- 4506-T Address must match the last filed tax transcripts
- Verbal verification of employment within 10 days of closing per agency guidelines. Independently obtain phone number or address for employer and document the source
- Evidence the FHA UFMIP has been paid
- W-9 where borrowers have selected a Federal Tax Classification
- Life of the loan flood certificate

Mortgage Electronic Registration System (MERS) - 1012881

CBCMA requires that the first mortgage documents are MOM compliant and that the MIN is registered with MERS system. The originating lender must transfer the MIN using a TOS/TOB transfer to CBCMA within 2 business days of purchase.

Loans sold to CBCMA must be transferred to CBCMA as Investor and Servicer via MERS, no more than 72 hours after purchase, and never before purchase.

Step 4 Post-Closing

Insuring:

Your FHA First Mortgage will NOT BE INSURABLE if you do not have an executed

assignment of the Second Mortgage to CBC Mortgage Agency BEFORE you request a MIC.

Loans Where Property Taxes Are Due Within 30 Days

- Except in those counties where a tax bill cannot be paid prior to the due date, the following applies:
- If a property tax payment is due in the month following the date of our loan purchase or before, CBCMA must have proof taxes were paid before we will purchase the loan.
- This means that if we were purchasing a loan today, January 26th, if a tax payment is due in February or earlier, we must have proof that taxes are paid before we will purchase the loan.

Aged Loan Policy:

All closed loans must be delivered for purchase review on or before 30 days from the Note date. Further, all loans must be purchased by CBCMA on or before 45 days from the Note date.

Loans not purchased on or before 45 days from the note date will be subject to a re-price as follows:

45-59 days will be assessed a price hit of .25

60-90 days will be assessed a price hit of .50

First Payment Information:

Payments due within 15 days of purchase must be collected by PRMG.

CBCMA's purchase advice will indicate the first payment due to CBCMA. Any payment received by PRMG from the Borrower after the transfer of servicing must be sent to CBCMA at the address below:

CBC Mortgage Agency
3731 W. South Jordan Parkway Ste. 102-501
South Jordan, UT 84009

Required Docs:

- Bailee letter or security release with wire instructions. (Including loan manifest)
- Original Note (including any required addendums if applicable) – Endorsed to CBC Mortgage Agency (Allonges are acceptable).

Shipping Address:

CBC Mortgage Agency
Attn: Collateral Department
912 W Baxter Dr, Suite 150
South Jordan, UT 84095
(866) 563-3507

Borrower Payment Address:

CBC Mortgage agency typically does not collect payments on first mortgages, but occasionally collects an interim payment prior to selling the loan. Repayable second mortgages will be serviced at the same address:

CBC Mortgage Agency
Attn: Loan Servicing
10400 Overland Road PMB #403
Boise, ID 83709

	<p>Borrower Payment Address for 2nd Mortgages: P.O. Box 5990 Denver, CO 80217-5990</p> <p>Trailing Documents (Post-Closing Docs or Final Docs) Address: CBC Mortgage Agency Attn: Trailing Docs 3731 W. South Jordan Parkway Ste. 102-501 South Jordan, UT 84009</p> <p>Each loan purchased by CBCMA requires all final closing documents delivered within 180 days (60 days for FHA MIC) of the purchase of such mortgage loan. If complete documentation is not received within the 180-day (60-day if FHA MIC) period, CBCMA may require Seller to repurchase the mortgage loan.</p> <p>Principal Reductions If there are any principal reductions listed on the Closing Disclosure, PRMG must update FHA Connection and provide a Mortgage Insurance Certificate (MIC) in order for CBCMA to consider the loan as eligible to purchase.</p>
<p>LOAN RESERVATION PROCESS</p>	<ul style="list-style-type: none"> • Reserve funds by completing the Loan Registration / Rate Lock Request Form: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/ChenoaRegistrationForm.pdf • Email lock request along with a FNMA 3.2 file to locks@chenoafund.org • Rate Lock Cut-Off is 2 P.M. Pacific Time • Reservations may be made after a sales contract has been executed between the buyer and seller. • The AFS Loan Officer/Processor will complete and email the Loan Registration / Rate Lock Request Form: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/ChenoaRegistrationForm.pdf to Chenoa at locks@chenoafund.org. The loan will be floating until it is locked by the AFS Loan Officer/Processor. Once Chenoa provides the lock confirmation the AFS Loan Officer/Processor will upload the confirmation to FT360 and then, for the first trust deed, the AFS Loan Officer/Processor will lock the loan in FT360/Optimal Blue and for the second trust deed, the AFS 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. • Loan must have all purchase conditions cleared by the rate lock expiration date. • Locks must be good through the date collateral is received and a complete credit and closing package is uploaded for purchase review. • Locks automatically extend at a cost of .175 per week • All closed loans must be delivered for purchase review on or before 30 days from the Note date. Further, all loans must be purchased by CBCMA on or before 45 days from the Note date. • Loans not purchased on or before 45 days from the note date will be subject to a re-price as follows: <ul style="list-style-type: none"> • 45-59 days will be assessed a price hit of .25 • 60-90 days will be assessed a price hit of .50
<p>CHANGES & CANCELLING A LOAN RESERVATION</p>	<ul style="list-style-type: none"> • Locks automatically extend at a cost of .175 per week • Email locks@chenoafund.org for changes or cancelling a reservation. Make sure to

	email PRMG's Secondary Department with current lock confirmation.
INSURING	<ul style="list-style-type: none"> Your FHA First Mortgage will NOT BE INSURABLE if you do not have an executed assignment of the Second Mortgage to CBC Mortgage Agency BEFORE you request a Mortgage Insurance Certificate. The Assignment is provided in the loan document set.
MORTGAGEE CLAUSE	<ul style="list-style-type: none"> 1st and 2nd TD: PARAMOUNT RESIDENTIAL MORTGAGE GROUP, INC., ITS SUCCESSORS AND/OR ASSIGNS 1265 CORONA POINTE COURT, SUITE 301 CORONA, CA 92879 Loan # _____
TITLE INSURANCE	<ul style="list-style-type: none"> Title insurance is not required for the Second Mortgage
SHIPPING ADDRESSES FOR NOTE AND FINAL DOCUMENTS	Final Documents should be shipped to: CBC Mortgage Agency 912 W. Baxter Dr., Suite 150 South Jordan, UT 84095
MARGIN	<ul style="list-style-type: none"> N/A
INTEREST RATE CAPS	<ul style="list-style-type: none"> N/A
INTEREST RATE CHANGES	<ul style="list-style-type: none"> N/A

Chenoa Fund Loan Process – FHA

Lenders must fund the First Mortgage Loans at loan closing. All loans will be locked, approved, and DPA funds requested.

Lenders must fund the First Mortgage Loans at loan closing. All loans will be locked, approved, DPA funds requested.

Step 1 Reserving funds:

Reservations are made by completing Chenoa's Loan Registration / Rate Lock Request Form

<http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/ChenoaRegistrationForm.pdf>

Rate locks can be requested after rate sheets are released through 4PM Mountain on regular business days. CBCMA attempts to release rate sheets by 9AM Mountain time.

Loans may be registered but do not have to be locked until a later date (floating). To register a loan, but not lock it, you simply complete all portions of the loan registration and rate lock request form except for the information pertaining to the rate lock. All loans must have all loan conditions cleared in our client portal and collateral delivered and cleared by the rate lock expiration date.

If all loan conditions are not cleared by the lock expiration date, for Best Efforts delivery, if your loan file images have been uploaded for review, your lock will automatically roll at a cost of .175 per 7-day period until the loan status is cleared for purchase.

If your loan image files have not been uploaded by the lock expiration date, your lock will expire and you must re-lock the loan at worst case pricing based on the day of the lock or the current day's price.

Step 2 Submitting a Loan:

Your loan must be registered with CBCMA via email before you can submit images of the file for review.

Once you register the loan you will receive the following:

- Loan Registration Form with Lock information
- Funding Obligation Letter (or Gift Letter if gift – for loans reserved prior to 4/5/2018)
- For Secondary Financing you will receive:
 - Loan Estimate
 - Loan Document Request Form 2nd Mortgage (you will need to include legal description and an estimated CD with this request and email this form to submissions@chenoafund.org or fax to (435) 237-0022
- Process the loan file
- Request loan closing documents from Chenoa for Secondary Financing (no docs required for Gift only Gift Letter – for loans reserved prior to 4/5/2018)
- Closing Disclosure-2nd Mortgage
- Closing Documents -2nd Mortgage

Purchase conditions will be released in Client Portal within 72 hours of upload.

Step 3 Funding of DPA

In addition to FHA requirements, the loan must also include the following:

- An electronic fraud detection report and compliance test to be included on all loans delivered for purchase review electronic covering standard areas of quality control, including Borrower validation, social security validation, property information, and MERS.
- Evidence of borrowers enrolled in a credit monitoring service through closing or soft-pull credit report within three days of closing should be included.
- Appraisals must be in .xml format
- The Deed of Trust should be stamped as 'True and Certified'

- Completed Tax Information Sheet completed by Correspondent
- 4506-T Address must match the last filed tax transcripts
- Verbal verification of employment within 10 days of closing per agency guidelines. Independently obtain phone number or address for employer and document the source
- Evidence the FHA UFMIP has been paid
- W-9 where borrowers have selected a Federal Tax Classification
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Loans sold to CBCMA must be transferred to CBCMA as Investor and Servicer via MERS, no more than 72 hours after purchase, and never before purchase.

Step 4 Post-Closing

Insuring:

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Loans not purchased on or before 45 days from the note date will be subject to a re-price as follows:

45-59 days will be assessed a price hit of .25

60-90 days will be assessed a price hit of .50

First Payment Information:

Payments due within 15 days of purchase must be collected by PRMG.

CBCMA's purchase advice will indicate the first payment due to CBCMA. Any payment received by PRMG from the Borrower after the transfer of servicing must be sent to CBCMA at the address below:

Statebridge Company, LLC

Attn: Payment Processing

P.O. Box 5990

Denver, CO 80217-5990

Note: All companies preparing their own second mortgage documents MUST show the first payment due to our sub-servicer in the second mortgage first payment letter.

Required Docs:

- Bailee letter or security release with wire instructions. (Including loan manifest)
- Original Note (including any required addendums if applicable) – Endorsed to CBC
- Mortgage Agency (Allonges are acceptable).

Shipping Address:

CBC Mortgage Agency

Attn: Collateral Department

3731 W. South Jordan Parkway Ste. 102-501

South Jordan, UT 84009

Borrower Payment Address:

CBC Mortgage Agency typically does not collect payments on first mortgages, but occasionally collects an interim payment prior to selling the loan. Repayable second mortgages will be serviced at the same address:

CBC Mortgage Agency
Attn: Loan Servicing
3731 W. South Jordan Parkway Ste. 102-501
South Jordan, UT 84009

Trailing Documents (Post-Closing Docs or Final Docs) Address:

CBC Mortgage Agency
Attn: Trailing Docs
3731 W. South Jordan Parkway Ste. 102-501
South Jordan, UT 84009

Each loan purchased by CBCMA requires all final closing documents delivered within 180 days (60 days for FHA MIC) of the purchase of such mortgage loan. If complete documentation is not received within the 180-day (60-day if FHA MIC) period, CBCMA may require Seller to repurchase the mortgage loan.

Principal Reductions

If there are any principal reductions listed on the Closing Disclosure, PRMG must update FHA Connection and provide a Mortgage Insurance Certificate (MIC) in order for CBCMA to consider the loan as eligible to purchase.

Shipping Documents:

Final Documents should be shipped to:

CBC Mortgage Agency
912 W. Baxter Dr., Suite 150
South Jordan, UT 84095