



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

**Texas State Affordable Housing Corporation (TSAHC)
Home Sweet Texas Conventional
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	Unit	Occupancy	Credit Score
97	105	Purchase	1	O/O	640 ¹
95	105	Purchase	1-4	O/O	640 ¹

1 – Minimum 680 Credit Score for Texas TSAHC 30 Year Conventional Fixed w/ Deferred Payment 2nd.

PRODUCT NAMES	<ul style="list-style-type: none"> • Texas TSAHC 30 Year Conventional Fixed • Texas TSAHC 30 Year Conventional Fixed w/ Deferred Payment 2nd • Texas TSAHC 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"> • Lakeview Loan Servicing, LLC = Master Servicer • Texas State Affordable Housing Corporation (TSAHC) = Program Administrator/Compliance <ul style="list-style-type: none"> • http://www.tsahc.org/lenders-realtors/resources-for-lenders
PRODUCT REQUIREMENT	<ul style="list-style-type: none"> • Housing Authority approval required. Loan must be submitted to the agency and approved by them in the required timeframe as outlined in the product profile and on their website. Loan may not proceed to docs or funding without agency approval.
TSAHC PROGRAM OVERVIEW	<ul style="list-style-type: none"> • The Texas State Affordable Housing Corporation (TSAHC) provides access to fixed-rate mortgage loans that include down payment assistance grants (DPA) attached to the loan. • Home Sweet Texas: for borrowers who, at the time of loan application and loan closing, meet income limit requirements <ul style="list-style-type: none"> • Texas Heroes are borrowers who, at the time of loan application and loan closing, meet income limit requirements AND are employed full time as a(n):

	<p>Allied Health Faculty Member, Corrections Officer, County Jailer, Emergency Medical Services Personnel, Fire Fighter, Juvenile Corrections Officer, Nursing Faculty Member, Peace Officer, Professional Educator, Public Security Officer, or who are Veterans</p> <ul style="list-style-type: none"> • Eligible borrowers may use the down payment assistance. • Housing Authority approval required. Loan must be submitted to the agency and approved by them in the required timeframe as outlined in the product profile and on their website. Loan may not proceed to docs or funding without agency approval.
<p>DOWN PAYMENT/CLOSING COST ASSISTANCE GRANT</p>	<ul style="list-style-type: none"> • A loan for the DPA Second Lien is not created in FT360 as this is not a lien, it is a grant. There are no disclosures and loan documents as it is not a lien, but a grant from the Housing Authority. • The Down Payment/Closing Cost Assistance is a gift available only with the TSAHC Home Sweet Texas Conventional Program • 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. • TSAHC will provide down payment and closing cost assistance in the form of a grant. • The borrower has the option to choose from three DPA levels: 3%, 4%, or 5% of the total first mortgage loan amount. • Note: Due to market conditions, new reservations for 5% DPA Grants on all Government Loans are not available every day. Please check the TSAHC website daily for updates. http://www.tsahc.org/lenders-realtors/resources-for-lenders • Borrowers may be required to return to TSAHC the down payment assistance amount they receive if they refinance or otherwise dispose of their first-lien mortgage loan within six months of closing • DPA may be used to fund the borrower’s cash requirement to close, including the down payment, closing costs, pre-paid items and other related mortgage loan fees and expenses. • No portion of the grant can be paid to the borrower unless the borrower is being reimbursed for an overage of deposits for earnest money and/or items paid outside of closing, to the extent the minimum borrower contribution has been satisfied • PRMG will provide funding for the TSAHC DPA • Incidental cash back to the borrower at Closing is not allowed, including incidental cash back as result of POC fees being refunded to borrower. Additionally, incidental cash back must either be handled by reducing/curtailing principal or reducing the loan amount and having the documents re-drawn.
<p>DOWN PAYMENT/CLOSING COST ASSISTANCE 2nd Lien</p>	<ul style="list-style-type: none"> • An additional loan must be created in FT360 to accommodate second and should be created at the same time the 1st lien is created for disclosure, document and funding purposes. • This 2nd lien down payment assistance is only available with the Texas TSAHC 30 Year Conventional Fixed w/ Deferred Payment 2nd Program. • 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. • TSAHC will provide down payment and closing cost assistance in the form of a 30 year term, 0% interest rate second lien. • The borrower may choose from the following DPA levels: 3%, 4%, 5%, or 6% of the total first mortgage loan amount. • Note: Due to market conditions, new reservations for certain DPA percentages may not available every day. Please check the TSAHC website daily for updates.

	<p>http://www.tsahc.org/lenders-realtors/resources-for-lenders</p> <ul style="list-style-type: none"> • This DPA 2nd lien will be repayable upon maturity (30 years), or earlier upon sale, transfer or refinance of the first lien mortgage loan or failure to occupy property as principal residence or other event of default • DPA may be used to fund the borrower’s cash requirement to close, including the down payment, closing costs, pre-paid items and other related mortgage loan fees and expenses. • No portion of the grant can be paid to the borrower unless the borrower is being reimbursed for an overage of deposits for earnest money and/or items paid outside of closing, to the extent the minimum borrower contribution has been satisfied • PRMG will provide funding for the TSAHC DPA • Incidental cash back to the borrower at Closing is not allowed, including incidental cash back as result of POC fees being refunded to borrower. Additionally, incidental cash back must either be handled by reducing/curtailing principal or reducing the loan amount and having the documents re-drawn.
LOAN DOCUMENTS/ DISCLOSURES	<ul style="list-style-type: none"> • Loan disclosures/documents must be generated from FT360 (must be TRID compliant) • Additional required documents, including the Program Disclosure, must be obtained from the TSAHC portal
LOAN DELIVERY REQUIREMENTS	<ul style="list-style-type: none"> • Closing package must be approved by TSAHC and the loan delivered to and purchased by Lakeview within 60 calendar days of loan reservation.
TRAINING	<ul style="list-style-type: none"> • Lenders are required to participate in training in order to use TSAHC’s home buyer programs and to gain access to the TSAHC Lender Portal. • Training is broken down into user-specific modules. The web-based trainings are approximately one hour. • In order to view the training modules, you must first register for the training, which is available 24/7 here: http://www.tsahc.org/lenders-realtors/lender-training
OBTAINING CREDENTIALS TO THE TSAHC LENDER PORTAL	<ul style="list-style-type: none"> • The Lender Portal is an interactive, web-based application that lenders use to reserve funds and submit Pre- and Post-Closing Compliance Packages. In addition, the Lender Portal allows lenders to check the status of loans in their pipeline, view compliance conditions, print compliance approval (commitment) letters, run reports, view program guidelines and marketing materials, and keep up to date on other important information associated with the programs. • To obtain credentials to the lender portal, reach out to support@prmg.net
AGENCY LINKS	<ul style="list-style-type: none"> • For additional reference, the TSAHC Home Sweet Texas guidelines are posted on TSAHC website: http://www.tsahc.org/lenders-realtors/resources-for-lenders • TSAHC provides an online reservation and compliance system (Lender Portal) at www.tsm-online.org where rates are locked and funds are reserved. TSAHC also provides these Program Guidelines and applicable forms and affidavits, and reviews compliance packages to ensure TSAHC’s eligibility requirements are met. • The Program Guidelines describe the current rules and requirements, outline the role of TSAHC, and set forth the requirements for lenders to participate. TSAHC may revise the Guidelines from time to time. The most current version can be found on TSAHC’s website at www.tsahc.org and on the Lender Portal at www.tsm-online.org. • TSAHC’s master servicer for loans with down payment assistance is Lakeview Loan Servicing, LLC (Lakeview). All loans with TSAHC’s DPA will be sold to and serviced by Lakeview. Loans with DPA must also follow the Lakeview Selling Guide and product matrices found on www.tsm-online.org. • All PRMG staff can access all end Agency guidelines though AllRegs Online at http://allregs.elliemae.com. Instructions on how PRMG staff can access the AllRegs

	<p>service is available in the Resource Center.</p> <ul style="list-style-type: none"> • Use the following link to access the Fannie Mae website, and from there, access to their guidelines: https://www.efanniemae.com/home/index.jsp or • https://www.fanniemae.com/content/guide/selling/index.html • The following link provides access the Fannie Mae Seller Guide through All Regs: • http://www.allregs.com/tpl/public/fnma_freesiteconv_tll.aspx
MINIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • No minimum loan amount
MAXIMUM LOAN AMOUNT	<ul style="list-style-type: none"> • For current maximum loan amount limits, visit TSAHC’s website at www.tsahc.org or the Lender Portal at www.tsm-online.org.
GEOGRAPHIC RESTRICTIONS	<ul style="list-style-type: none"> • The home being purchased must be located in Texas. The lender should verify the property’s location by reviewing the property appraisal and location where the property taxes are paid. • 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"> • Conventional
PURCHASE PRICE LIMIT	<ul style="list-style-type: none"> • For current purchase price/maximum loan amount limits, visit TSAHC’s website at www.tsahc.org or the Lender Portal at www.tsm-online.org.
FEES	<p>1st</p> <ul style="list-style-type: none"> • First Mortgage: For loans with DPA Assistance ONLY: <ul style="list-style-type: none"> • .25% Origination Charge for 620-639 Credit Score (if applicable) <ul style="list-style-type: none"> • No other origination/discount points may be charged • Standard PRMG Underwriting and Processing Fee to be charged <ul style="list-style-type: none"> • TSAHC Fees: \$250 Funding Fee payable to Master Servicer. \$10 Flood Transfer Fee payable to Master Servicer. \$200 Compliance Review Fee payable to TSAHC <ul style="list-style-type: none"> • Fees payable to master servicer must be remitted to TSAHC through an ACH transfer of funds. If an ACH transfer is not available, a corporate check for the fees may be sent to the following address: Texas State Affordable Housing Corporation 2200 E. Martin Luther King Jr. Blvd. Austin, Texas 78702-1344 Attn: MCC Compliance • Lenders may not charge ancillary fees not collected from non-TSAHC borrowers. • In addition to the fees above, other customary third-party fees such as credit report fee, appraisal fee, insurance fee, or similar settlement or financing costs may be charged • In all cases the lender must meet federal and Texas lending laws regarding fees and charges. <p>2nd</p> <ul style="list-style-type: none"> • No fees for DPA second
FIRST LOAN INTEREST RATES	<ul style="list-style-type: none"> • Interest rates can be found on the TSAHC website here: http://www.tsahc.org/lenders-realtors/home-buyer-programs
DOCUMENTATION	<ul style="list-style-type: none"> • Full/Alt Doc • Per TSAHC requirements, signed and dated Form 1040, 1040A or 1040EZ federal income tax returns for the past 3 years with all schedules that show no deductions for mortgage interest or real estate taxes for a Principal Residence are required. For calendar years 2018 and after, a verification of rent (VOR) must be obtained from the borrower’s landlord or a credit report from one of the following credit bureaus, Equifax, Experian or TransUnion, showing rental history. Please note: For any loan

closing after February 15 of a calendar year, the tax return and a VOR (or credit report with rental history) for the prior calendar year MUST be included. For borrowers who do not have copies of the actual tax returns submitted to the IRS, the borrower may submit printouts from the IRS that reflect his or her 3 most recent federal tax returns. The printouts from the IRS do not have to be signed. Provided that the printouts show that no mortgage interest deduction was taken, the printouts can be submitted in lieu of the tax return copies.

- **Effective 10/01/2019: The verification of rent (VOR) will no longer be a required document when using TSAHC's programs. This includes existing and new reservations.**
- If 1040s are provided, transcripts must also be provided to support the 1040 returns. For any additional years of income documentation is required, if 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, except for the 3 years that 1040s or transcripts are required by TSAHC. For the years the 1040s are required, transcripts must be used to support the 1040s.
- Tax transcripts must come to lender directly from the IRS or through a third party vendor ordered/obtained by lender.
- Required current (as of last filing year) IRS tax returns for all borrowers including all pages and schedules along with signature(s) on page 2.
- Must provide most recent W-2(s) or SSA-1099(s).
- If a borrower is not required to file and income tax return, the loan file must include a written explanation as to why the borrower was not required to file an income tax return.
- Lenders must include a written explanation of any discrepancies between the transcript income and the income documentation supplied to qualify the borrower.
- When business tax returns are required by AUS, business income is used to qualify, business income is used to offset a loss on personal tax returns or is included in the

	<p>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.</p> <ul style="list-style-type: none"> • When an extension for business tax returns has been filed for the most recent tax year the IRS Form 7004 and the IRS Form 4506-T transcripts confirming “No Transcripts Available” for the applicable tax year are required. The IRS form 4868 will continue to be required for extensions filed for personal tax returns. • Preliminary Title policy must be no more than 90 days when the note is signed • Bank statements cannot be dated more than 45 days prior to the date of the loan application • When paying off any non-transaction related item (i.e., debts, third party payouts, etc.) that has a balance of \$5,000 or more, paid for by either borrower or seller, to ensure that the total payoffs are accurate, copies of the actual invoices (statements), an updated (current) credit report/refresh or credit supplement reflecting the current balance with a signed amendment (or similar) authorizing disbursement for these account(s) are required. You cannot use the amount listed on the credit report to document the payoff amount. • All documentation used in qualifying the borrower must be legible and if not in English, will require a full written translation of the entire documentation into English. • All loans meeting Rebuttable Presumption under QM/ATR requirements must have the Residual Income Evaluation worksheet/requirements met. See Residual Income Evaluation section for requirements.
<p>FULL/ALT DOC</p>	<ul style="list-style-type: none"> • Standard FNMA full or alternative documentation may be provided • For non-self-employed borrowers: Verbal VOE is required to be completed no more than 10 calendar days prior to the note date for wet funding states or no more than 10 calendar days prior to the funding date for escrow states. • For self-employed borrowers: No more than 30 calendar days prior to note date, verify the existence of the borrower’s business from a third party that may include a CPA letter (cannot be vague, must state length of time doing taxes and be signed by CPA), regulatory agency, or appropriate licensing bureau; OR verify a phone listing and address for the borrower’s business through resources such as the telephone book, directory assistance, internet, or contact the appropriate licensing bureau. Verification may not be made verbally, and a certification by PRMG indicating the information was verified is not allowed. Documentation from the source used to verify the information must be obtained and in the file. Internet sites such as 411.com, Chamber of Commerce sites and Manta.com where they allow the business owner to add their own information are not acceptable. Also single source verifications, such as from superpages.com, yellowpages.com and searchbug.com are not allowed. If <u>all</u> other methods of obtaining third party verification have been exhausted, the borrower can provide letters from three clients indicating the type of service performed, length of time of business relationship, frequency of service, payment arrangements, etc. and support the income with current bank statements, deposits, etc. The underwriter must thoroughly investigate that the business, income and proof of business is legitimate.

	<ul style="list-style-type: none"> • Amended tax returns cannot be used to qualify if they are amended after the application, initial credit report date or purchase contract date unless the changes made are non-material to the amount of income claimed, and qualification for the mortgage loan. Due diligence must be exercised with close examination of the original, and amended returns, to determine if the use of the amended return is warranted and the following documentation should be reviewed when income from the amended return is required: A letter of explanation regarding the reason for the re-filing; evidence of filing (must be validated with a record of account (4506T results); copy of the original 1040; any extensions filed, and evidence of payment of the taxes due (or evidence borrower is on a payment plan in lieu of full payment as long as the borrower qualifies with the payment in the ratios), and the ability to pay, if the check has not yet cancelled. • Paystubs must be dated no earlier than 30 days prior to the initial loan application date. • Paystubs must be computer generated (typed) and clearly identify the borrower as the employee, the employer' name and all necessary information to calculate income, including gross year-to-date earnings, base salary with pay period specified, and must clearly specify the employer's name. Handwritten pay stubs are acceptable if the following is provided: a written VOE completed in its entirety and the most recent year's income tax returns. • IRS W-2 forms must computer generated (typed) and clearly identify the Borrower, Borrower's address, social security number and employer's name. • Requires standard income documentation per Fannie Mae guidelines for child support, alimony and separate maintenance payments or retirement income when using that income to qualify. DU may allow for reduced documentation with these income types and this will not be allowed. • Tax transcripts are allowed to take the place of a tax returns when they are required as long as you are meeting Fannie Mae's and Freddie Mac's requirements, as outlined in sections B3-3.1-06 and B3-3.2-01 of Fannie Mae's Seller or 37.23 of Freddie Mac's Seller Guide (as applicable) • Number of years self-employed/business tax returns is allowed per DU findings (one year acceptable if findings allow for it.) • Self-employed borrowers must provide at least page 1 and 2 of tax returns • If AUS allows for VOD only (no bank statements), allowed for owner occupied • A signed IRS 4506-T is required at application and closing. • Letter of explanation for all inquiries in the past 90 days is required • Photo ID not required for file • Provide a written analysis of the income used to qualify the borrower on the Transmittal Summary or like document(s) in the file. An Income Analysis must be completed for self-employed borrowers.
DOCUMENT EXPIRATIONS	<ul style="list-style-type: none"> • Credit documentation must not be more than 120 days old from the note date • Residential appraisal reports must be dated no more than 12 months prior to the note date but if over 120 days from note date, update within 120 days of note date is required. • Preliminary Title policy must be no more than 90 days when the note is signed • Bank statements cannot be dated more than 45 days prior to the date of the loan application • Paystubs must be dated no earlier than 30 days prior to the initial loan application date
AUTOMATED	<ul style="list-style-type: none"> • The last AUS finding, which must match the terms of the loan, must be in the loan

UNDERWRITING	<p>file. If resubmitting to AUS after the note date, must comply with applicable AUS resubmission requirements. For all loans, the first submission to the AUS must occur prior to the note date (it cannot be the same as the note date.)</p> <ul style="list-style-type: none"> • There are no restrictions on loans being switched from one AUS to another. An Approve/Eligible from the other AUS that it was submitted through is NOT required.
AUS DATA ENTRY REQUIREMENTS OF DPA LOAN	<ul style="list-style-type: none"> • See Housing Authority Products with DPA Liens in FT360 in the Resource Center, which can be located at the following link: http://www.eprmg.net/ResourceCenter/bondhousingauthoritydpaproducts/HousingAuthorityProductswithDPALiensinFT360.pdf • In MORNETPlus Community Lending Section of the Streamlined 1003: <ul style="list-style-type: none"> • Mark the Checkbox which corresponds with the Community Lending Program the Conventional 1st lien is being paired with • Enter the County • Select the desired Fannie Mae Community Lending Product • Select the desired Community Seconds Repayment Structure • If the DPA Is a second mortgage, both the community lending and community seconds boxes must be checked. If the DPA is a grant, then only the community lending box must be checked
DESKTOP UNDERWRITER (DU)	<ul style="list-style-type: none"> • Must receive an Approve/Eligible • HFA Preferred must be selected in the Community Lender Product Field • Freddie Mac Loan Product Advisor (LPA) and other customized automated underwriting systems are not acceptable. • All conditions outlined in the Findings Report must be satisfied.
LOAN PRODUCT ADVISOR (LPA)	<ul style="list-style-type: none"> • Not allowed • Formerly known as Loan Prospector (LP)
MANUAL UNDERWRITING	<ul style="list-style-type: none"> • Not allowed
DU EARLY CHECK	<ul style="list-style-type: none"> • Fannie Mae's EarlyCheck must be run at final loan approval/clear to close, and all findings must be review to ensure accuracy and all fatal errors must be corrected.
NON-TRADITIONAL CREDIT	<ul style="list-style-type: none"> • Not allowed
LDP/GSA REQUIREMENT	<ul style="list-style-type: none"> • All parties involved with and who handle the loan file (see instructions in the Resource Center for additional information) must be checked against HUD's Limited Denial of Participation (LDP) list at • https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp and the General Services Administration's (GSA) Excluded Party List at • https://www.sam.gov/portal/public/SAM/ • Any entity noted on either of the LDP and GSA lists must be removed from the transaction or will cause the loan to be ineligible. • The parties to verify include, but are not limited to, Buyers (including AKAs on the credit report), Sellers, Loan Officer, Buyers Agent, Sellers Agent, Escrow Officer, Title Officer, Appraiser, Processor, and Underwriter.
PROPERTY TYPES ELIGIBLE	<ul style="list-style-type: none"> • New or existing single-family home • Condominium, townhouse, or unit in a PUD (must be FNMA Approved) • 2-4 unit property, provided that one of the units will be occupied by the borrower • The borrower must use the residence financed as his or her principal residence within 60 days of loan closing. A residence that is primarily intended to be used as a vacation home or in a trade or business is <u>not</u> a principal residence. • No more than 15% of the residence may be used for business purposes.
INELIGIBLE PROPERTY	<ul style="list-style-type: none"> • Co-ops

	<ul style="list-style-type: none"> • Manufactured Homes • Mobile homes, campers and similar vehicles • Condotels • Mixed-Use • Leased Land/leaseholds • Land Trusts • Log Homes • Properties that do not meet Fannie Mae and Texas Health and Safety Code requirements.
<p>PRIVATE TRANSFER FEE COVENANTS</p>	<ul style="list-style-type: none"> • A Private Transfer Fee, as defined by FHFA, is a fee that may be attached to real property by the owner or another private party - frequently the property developer - and provide for a transfer fee to be paid to an identified third party - such as a developer or its trustee - upon each resale of the property. The fee typically is stated as a fixed amount or as a percentage of the sales price, and often exists for a period of 99 years. • Private transfer fees paid to the following to benefit the property are eligible: Homeowner Associations, Certain tax-exempt organizations that use private transfer fee proceeds to benefit the property. • Any property with unallowable private transfer fee covenants are ineligible if they are encumbered by private transfer fee covenants if those covenants were created on or after February 8, 2011, unless permitted by the Private Transfer Fee Regulation. • See FNMA seller guide for additional information.
<p>PROPERTIES WITH GAS, OIL AND/OR SUBSURFACE MINERAL RIGHTS</p>	<ul style="list-style-type: none"> • Outstanding oil, gas, water, or mineral rights are acceptable if commonly granted by private institutional mortgage investors in the area where the Mortgaged Premises are located, and: • The exercise of such rights will not result in damage to the subject property, or impairment of the use, or marketability of the subject property for residential purposes, and there is no right of surface, or subsurface entry within 200 feet of the residential structure, or • There is a comprehensive endorsement to the title insurance policy that affirmatively insures the lender against damage, or loss, due to the exercise of such rights.
<p>CONDOS</p>	<ul style="list-style-type: none"> • Condo projects must be warrantable with a Limited Review, CPM/Full Review or PERS Approval. The following steps must be used to document warrantability: <ul style="list-style-type: none"> • Determine if the project is eligible under the Limited Project Review process. (See section below regarding Limited Review process). If the project is approved under Limited Project Review criteria, the unit is eligible for purchase by PRMG. No further steps are required. • If the project does not meet FNMA Limited Product Review guidelines, determine if the project is listed as approved on the FNMA website (full PERS Approval, not conditional) - https://www.fanniemae.com/singlefamily/project-eligibility-review-service. If the project is approved and has not expired, and it is verified there are no changes that would make it ineligible, the project is warrantable and the unit is eligible for purchase by PRMG. No further steps are required. PRMG does not offer services to submit projects to Fannie Mae for PERS Approvals. • If the project does not meet eligibility criteria described above, the project may be submitted for a CPM/Full Review to condoreviews@prmg.net with the Condo Review Submission form and required documentation and an approval on the project (if eligible) will be issued through Condo Reviews. (See section below

	<p>regarding CPM/Full Lender Reviews).</p> <ul style="list-style-type: none"> • Insurance allowed per Fannie Mae requirements, see Seller Guide Subpart B7 • See section below for condos in monetary litigation • The underwriter must complete the PRMG Attached PUD/Condo Warranty Form which can be found in the Resource Center, and that is the only document that should go to the investor. The underwriter should include the project information used for the condo review in the loan file, but it should not be sent to the investor with the closed loan file. Please use the Imaging label “Condo/PUD Review Supporting Documentation (Do not send to investor)” for this information.
LIMITED REVIEW (DU) LTV/OCCUPANCY LIMITS	<ul style="list-style-type: none"> • Limited Review guidelines allow the lender to evaluate and approve condo projects using limited documentation. Eligibility is based on specific loan level criteria, including LTV, occupancy and the method by which the loan is evaluated and decided. • Detached Condos – All States: <ul style="list-style-type: none"> • Review not required • Attached Established Condos <ul style="list-style-type: none"> • Max 90% LTV/CLTV/HCLTV for owner occupied properties • Max 75% LTV/CLTV/HCLTV for second homes • Not eligible for investment properties
FANNIE MAE (DU) ATTACHED CONDO LIMITED REVIEW REQUIREMENTS	<ul style="list-style-type: none"> • All Limited Reviews are performed by the underwriter • Limited review questionnaire may be used in conjunction with additional information that is found in the file in order to perform the review for attached condos. • Fannie Mae Limited Review Requirements (always defer to Fannie Mae Seller Guide): <ul style="list-style-type: none"> • The project is not an ineligible project. See below, but always defer to Fannie Mae Seller Guide, section B4-2.1-02, Ineligible Projects. • The project does not consist of manufactured homes. Note: Manufactured housing projects require a Fannie Mae PERS review. • If the subject unit is a detached unit, the unit securing the mortgage must be 100% complete. • The appraisal of the subject unit meets all applicable appraisal requirements, as stated in Fannie Mae Seller Guide, section B4-1, Appraisal Requirements. • The unit securing the mortgage satisfies all insurance requirements as stated in See Fannie Mae Seller Guide, Subpart B7, Insurance, including all provision applicable to condo projects in Chapter B7–4, Additional Project Insurance. • Note, per Fannie Mae, provided the project and loan transaction are eligible for and meet all of the eligibility requirements of the Limited Review process, the lender is not required to validate that the project also meets the eligibility requirements of another project review type. However, in the event the lender becomes aware of a circumstance that would cause the project or transaction to be ineligible under a Limited Review, the lender must use one of the other project review methods to determine project eligibility and the project must meet all of the eligibility requirements of that selected alternate project review type.
FANNIE MAE (DU) DETACHED CONDO REVIEW REQUIREMENTS	<ul style="list-style-type: none"> • If the property is a detached condo (site condo) a review is not required
CPM/FULL LENDER REVIEWS	<ul style="list-style-type: none"> • When using a Full Lender Review, LTV/CLTV allowed to product guidelines in all states • Must be used if transaction is not eligible for limited review or has not been approved through PERS

	<ul style="list-style-type: none"> • If project is not eligible through CPM/Full Lender Review process, terms of loan (i.e., larger down payment) can be made to allow the project to be reviewed using the Limited Review requirements. Project must then be eligible under the Limited Review requirements. • CPM/Full Lender Reviews are only eligible when submitted by the fulfillment center or retail branch to condoreviews@prmg.net with the Condo Review Submission form and required documentation and an approval on the project is issued through Condo Reviews. • Request for CPM/Full Lender condo review should be submitted by the fulfillment center or retail branch when all required documentation has been obtained (loan does not have to be in an underwritten or approved status). • The Condo Review Submission form can be found on the Resource Center or at the following link: • http://www.eprmg.net/ResourceCenter/GeneralForms/HOA%20Full%20Lender%20Condo%20Review%20Submission%20Form.pdf • When a CPM/Full Lender Review is used, the following documentation is required: condo review submission form (from Resource Center or above link), condominium questionnaire (from Resource Center, Condo Certs or similar), appraisal of subject unit (can be submitted after condo review is completed, but final project approval will not be issued until appraisal is received), current annual budget, insurance certificate for applicable types and AUS findings (showing approved); For New Construction or New Gut Rehab conversions only: all above listed documentation, copy of Declaration of Condominium including Amendments and Bylaws, presale form (available in the Resource Center)
CONDO CONVERSIONS	<ul style="list-style-type: none"> • Condo conversions (new and established) allowed • New conversions (not meeting the definition of an established product - at least 90% of the total units in the project have been conveyed to the unit purchasers; the project is 100% complete, including all units and common elements; the project is not subject to additional phasing or annexation; and control of the HOA has been turned over to the unit owners) in the State of Florida must be Fannie Mae PERS approved • New conversions that are non-gut rehabs (in all states) that contain more than 4 residential units must be Fannie Mae PERS approved • Must comply with all Agency guidelines • For new conversions that are not required to be PERS approved, CPM/Full Lender Review is required. See CPM/Full Lender Reviews section for submission instructions.
NON-WARRANTABLE CONDOS	<ul style="list-style-type: none"> • Not Allowed
PLANNED UNIT DEVELOPMENTS (PUDS)	<ul style="list-style-type: none"> • Detached PUDs are not subject to project review and information regarding the HOA such as project certs, letters from the HOA (with the exception of letter regarding ownership in regards the common elements, areas/facilities of a project for insurance purposes) must not appear in the file. • Insurance allowed per Fannie Mae requirements, see Seller Guide Subpart B7 • Attached PUD lender reviews are performed by underwriter <ul style="list-style-type: none"> • A Lender Review on attached PUDs must be performed and PRMG must confirm that following in the process of the review: <ul style="list-style-type: none"> • The appraisal of the unit meets all appraisal requirements in Fannie Mae Seller Guide Chapter B4-1, Appraisal Requirements. • The individual unit securing the mortgage must be complete (PRMG does not

	<p>allow for Postponed Improvements.)</p> <ul style="list-style-type: none"> • The unit securing the mortgage satisfies all Fannie Mae's insurance requirements in Subpart B7, Insurance, including all provisions applicable to PUD projects in Seller Guide Chapter B7-4, Additional Project Insurance. • All PUD projects (attached and detached) must be in compliance with Fannie Mae's policy for priority liens (see B4-2.1-02, Ineligible Projects). • Note: Any unit located in a condo project within a larger PUD project or master association must meet the applicable requirements for condo projects. Attached PUD/Condo Warranty form is available in the Resource Center • Documentation, as determined by underwriter, to verify the attached PUD is warrantable is required and Attached PUD Warranty must be completed. • The underwriter must complete the PRMG Attached PUD/Condo Warranty Form which can be found in the Resource Center, and that is the only document that should go to the investor. The underwriter should include the project information used for the condo review in the loan file, but it should not be sent to the investor with the closed loan file. Please use the Imaging label "Condo/PUD Review Supporting Documentation (Do not send to investor)" for this information.
<p>INELIGIBLE PROJECT TYPES PER FANNIE MAE'S SELLER GUIDE</p>	<ul style="list-style-type: none"> • See Fannie Mae Seller Guide for additional information. The below information applies to all attached condo projects. With the exception of Priority of Common Expense Assessments, the restrictions below do not apply to attached or detached PUDs and detached condos. <ul style="list-style-type: none"> • Timeshare, fractional, or segmented ownership projects. • New projects where the seller is offering sale or financing structures in excess of Fannie Mae's eligibility policies for individual mortgage loans. These excessive structures include, but are not limited to, builder/developer contributions, sales concessions, HOA assessments, or principal and interest payment abatements, and/or contributions not disclosed on the settlement statement. • Projects with mandatory upfront or periodic membership fees for the use of recreational amenities, such as country club facilities and golf courses, owned by an outside party (including the developer or builder). Membership fees paid for the use of recreational amenities owned exclusively by the HOA or master association are acceptable. • Projects that are managed and operated as a hotel or motel, even though the units are individually owned. (See Seller Guide for additional detail.) • Projects with covenants, conditions, and restrictions that split ownership of the property or curtail an individual borrower's ability to utilize the property. (See Seller Guide for additional detail.) • Projects with property that is not real estate, such as houseboat projects. (See Seller Guide for additional detail.) • Any project that is owned or operated as a continuing care facility. (See Seller Guide for additional detail.) • Projects with non-incident business operations owned or operated by the HOA including, but not limited to, a restaurant, spa, or health club. (See Seller Guide for additional detail and exceptions to this policy.) • Projects that do not meet the requirements for live-work projects. (See Seller Guide for additional detail.) • Projects in which the HOA or co-op corporation is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project. (See Seller Guide for additional detail.)

	<ul style="list-style-type: none"> Any project that permits a priority lien for unpaid common expenses in excess of Fannie Mae’s priority lien limitations. (See Fannie Mae Selling Guide Section B4-2.1-01, General Information on Project Standards for additional detail.) Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns more than the following total number of units in the project: projects with 5 to 20 units – 2 units; projects with 21 or more units – 20%; (See Seller Guide for additional detail.) Multi-dwelling unit projects that permit an owner to hold title (or stock ownership and the accompanying occupancy rights) to more than one dwelling unit, with ownership of all of his or her owned units (or shares) evidenced by a single deed and financed by a single mortgage (or share loan). (See Seller Guide for additional detail.) The total space that is used for nonresidential or commercial purposes may not exceed 35%. (See Seller Guide for additional detail.)
LEASED LAND	<ul style="list-style-type: none"> Not allowed
MAXIMUM ACREAGE	<ul style="list-style-type: none"> N/A
PROPERTIES WITH UNPERMITTED ADDITIONS	<ul style="list-style-type: none"> Not Allowed
PROPERTIES WITH ACCESSORY UNIT	<ul style="list-style-type: none"> Not Allowed
CONSTRUCTION TO PERMANENT FINANCING	<ul style="list-style-type: none"> Not Allowed
OCCUPANCY	<ul style="list-style-type: none"> Primary Residence (O/O)
FIRST-TIME HOMEBUYER REQUIREMENT	<ul style="list-style-type: none"> For DPA Assistance: Borrowers are <u>not</u> required to be first-time home buyers. Borrowers may have previously owned or may currently own a home, provided that the home being purchased becomes the borrower’s principal residence upon loan closing.
TARGETED AREAS	<ul style="list-style-type: none"> Targeted Areas are certain census tracts identified as “areas of chronic economic distress”. The benefits of originating a mortgage loan in a targeted area are higher income limits and higher purchase price limits. Visit TSAHC’s website at www.tsahc.org or the Lender Portal at www.tsm-online.org for a list of targeted areas.
ELIGIBLE BORROWERS	<ul style="list-style-type: none"> US Citizen, permanent resident alien or qualified alien Both first time and non-first-time homebuyers are eligible for the DPA option All borrowers must occupy the property as their primary residence within 60 days of closing A “Home Sweet Texas” eligible borrower is a person who at the time of loan application and loan closing has income no greater than the maximum income for the Home Sweet Texas Program found on TSAHC’s website at www.tsahc.org or the Lender Portal at www.tsm-online.org. A “Texas Hero” eligible borrower is a person who at the time of loan application and loan closing (i) has income no greater than the maximum income for the Homes for Texas Heroes Program found on TSAHC’s website at www.tsahc.org or the Lender Portal at www.tsm-online.org, and (ii) is employed full-time as a(n): <ul style="list-style-type: none"> Allied Health Faculty Member – a full-time member of the faculty of an undergraduate or graduate allied health program of a public or private institution of higher education in the state. Corrections Officer – a full-time employee of the Texas Department of Criminal

Justice (TDCJ) who receives hazardous duty pay.

- **County Jailer** - a person employed full-time as a county jail guard under Section 85.005, Local Government Code. County jailers are licensed through the Texas Commission on Law Enforcement (TCOLE).
- **Emergency Medical Services Personnel** – Per Section 773.003, Health and Safety Code, emergency medical services personnel are full-time:
 - emergency care attendants;
 - emergency medical technicians;
 - emergency medical technicians-intermediate;
 - emergency medical technicians-paramedic; or
 - licensed paramedics.
- **Fire Fighter** – a member of a fire department who performs a function listed in Section 419.021(3)(c), Government Code. Permanent, full-time fire department employees who are not secretaries, stenographers, clerks, budget analysts, or similar support staff persons or other administrative employees and who are assigned duties in one or more of the following categories:
 - fire suppression;
 - fire inspection;
 - fire and arson investigation;
 - marine firefighting;
 - aircraft rescue and firefighting;
 - fire training;
 - fire education;
 - fire administration; and
 - any other position necessarily or customarily related to fire prevention or suppression.
- **Juvenile Corrections Officer** – a full-time employee of the Texas Juvenile Justice Department (TJJD) who receives hazardous duty pay. Juvenile corrections officers must have a VOE through TJJD.
- **Nursing Faculty Member** – a full-time member of the faculty of either an undergraduate or graduate professional nursing program.
- **Peace Officer** - a person elected, employed, or appointed as a full-time peace officer under Article 2.12, Code of Criminal Procedure; Section 51.212 or 51.214, Education Code; or other law. Peace officers are licensed through the Texas Commission on Law Enforcement (TCOLE).
- **Professional Educator** – a full-time, public K-12:
 - classroom teacher,
 - teacher aide,
 - school librarian,
 - school counselor, or
 - school nurse.
- **Public Security Officer** - a person employed or appointed full-time as an armed security officer by this state or a political subdivision of this state. The term does not include a security officer employed by a private security company that contracts with this state or a political subdivision of this state to provide security services for the entity. Public security officers are licensed through the Texas Commission on Law Enforcement (TCOLE).
- **Veteran** - a person who:
 - (A) (i) served not less than 90 days, unless sooner discharged by reason of a

	<p>service-connected disability, on active duty in the Army, Navy, Air Force, Coast Guard, United States Public Health Service (as constituted under 42 U.S.C. Section 201 et seq.), or Marine Corps of the United States after September 16, 1940, and who on the date of filing an application under the program has not been dishonorably discharged from the branch of the service in which the person served; (ii) has at least 20 years of active or reserve military service as computed when determining the person's eligibility to receive retired pay under applicable federal law; (iii) has enlisted or received an appointment in the Texas National Guard, who has completed all initial active duty training required as a condition of the enlistment or appointment, and who on the date of filing the person's application has not been dishonorably discharged from the Texas National Guard; or (iv) served in the armed forces of the Republic of Vietnam between February 28, 1961 and May 7, 1975;</p> <ul style="list-style-type: none"> • (B) at the time of the person's enlistment, induction, commissioning, appointment, or drafting was a bona fide resident of this state or has resided in this state at least one year immediately before the date of filing an application under this chapter; and • (C) at the time of the person's application under this chapter is a bona fide resident of this state. • The term includes the unmarried surviving spouse of a veteran who died or who is identified as missing in action if the deceased or missing veteran meets the requirements of this section, with the exception that the deceased or missing veteran need not have served 90 days under Paragraph (A)(i) of this subdivision, and if the deceased or missing veteran was a bona fide resident of this state at the time of enlistment, induction, commissioning, appointment, or drafting.
U.S. CITIZENS	<ul style="list-style-type: none"> • Allowed
PERMANENT RESIDENT ALIEN	<ul style="list-style-type: none"> • Allowed • Permanent resident aliens are eligible and must provide evidence of a valid Social Security number.
NON-PERMANENT ALIEN	<p>Must meet Fannie Mae requirements, and in addition meet one of the following:</p> <ul style="list-style-type: none"> • An alien who is granted asylum under section 208 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States with the following: <ul style="list-style-type: none"> ○ A Valid I-94 with class of Admission as 208 and stamped as "asylum granted" (or a signed, stamped court decision indicating the immigration judge has granted the asylum if the stamp on the I-94 has not yet occurred); and ○ A current, valid Employment Authorization Document (EAD) with a category code A05. • A refugee who is admitted to the United States under section 207 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States with the following: <ul style="list-style-type: none"> ○ a valid I-94 with Class of Admission as 207 and a refugee admission stamp; and ○ A current, valid EAD with category code A03. • An alien who is granted conditional entry pursuant to section 203 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States with the following: <ul style="list-style-type: none"> ○ A current, valid family based, employment based or diversity visa (as defined in the Lawful Non-Permanent Qualified Resident chart*); and

	<ul style="list-style-type: none"> ○ For family based visa borrowers or spouses/children of employer sponsored visa borrowers (as defined in the Lawful Non-Permanent Qualified Resident chart*), a current, valid EAD. ○ Note: The Lawful Non-Permanent Qualified Resident chart can be found here: https://www.eprmg.net/LakeviewBorrowerEligibility.pdf and is SUBJECT TO UPDATES BY INVESTOR. CONFIRM STATUS OF LIST WITH CORPORATE <ul style="list-style-type: none"> ● An alien who is a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance act of 1980. These individuals are paroled into the United States. Document legal residency and eligibility to work in the United States with the following: <ul style="list-style-type: none"> ○ I94 with stamp showing Cuban/Haitian entrant (Status Pending); and ○ A current, valid EAD A04 or C11. ● An alien who has been battered or subjected to extreme cruelty under Section 431 of the Immigration and Nationality Act. Document legal residency and eligibility to work in the United States with the following: <ul style="list-style-type: none"> ○ A current, valid U1-4 or T1-4 visa, and ○ A current, valid EAD. <p>Note: If the authorization documentation (visa, I94, I551, passport or EAD, as applicable), will expire within one year from the loan closing date and a prior history of renewals exist, continuation may be assumed.</p> <ul style="list-style-type: none"> ● Borrowers under Deferred Action, the Dreamer’s Act or DACA (EAD Code C33, C14, etc.) are not eligible. Although, these individuals may have been granted permission to remain in the U.S. for a period of time, DACA/Deferred Action does not grant a legal status. PRMG requires all borrowers to document proof of legal residency in the U.S. Additionally, they must follow the applicable guidelines for income (typically 2 year history and likely to continue for 3 years as applicable.) A borrower with DACA/Deferred Action status would not be able to meet the borrower eligibility documentation requirements (i.e., green card or meet applicable agency standard guidelines for income) and therefore is not be eligible.
FOREIGN NATIONALS	<ul style="list-style-type: none"> ● Not Allowed
NON-OCCUPYING CO-BORROWERS	<ul style="list-style-type: none"> ● Not allowed
NON-OCCUPYING CO-SIGNERS	<ul style="list-style-type: none"> ● Follow FNMA guidelines for non-occupying co-signers ● In addition, non-occupying co-signers must meet the following: <ul style="list-style-type: none"> ● The non-occupying cosigner must not take any ownership interest in the property being financed with the mortgage loan, must not be on the title and must not sign the deed of trust. ● The non-occupying cosigner must not occupy the property being financed with the mortgage loan and should not execute any of the program documents or affidavits. ● The non-occupying cosigner’s income should not be considered when calculating the income for comparison against the maximum family income limits established for the program.
HOMEOWNERSHIP REQUIREMENTS	<ul style="list-style-type: none"> ● The program is available for both first time and non-first time homebuyers. ● All borrowers must occupy the property as their primary residence within 60 days of closing.
HOMEBUYER EDUCATION	<ul style="list-style-type: none"> ● Borrowers must complete a home buyer education course prior to closing. This requirement can be met by attending an in-person or online counseling course listed at www.texasfinancialtoolbox.com

	<ul style="list-style-type: none"> • Only one borrower is required to be named on the home buyer education completion certificate. Although, it is encouraged for all borrowers on the mortgage loan to participate in the class, it is not required
POWER OF ATTORNEY	<ul style="list-style-type: none"> • Power of Attorney must be reviewed and approved by fulfillment center Operation Manager or PRMG's Compliance Group • Allowed with the following requirements: <ul style="list-style-type: none"> • Power of Attorney (POA) must be limited or specific to the transaction • Purchase and rate and term only allowed • Power of Attorney can be used only for closing documents. • The property address and legal description must agree with the Deed of Trust/Mortgage. • It must be clear that the mortgage is appointing a Power of Attorney. • It must be clear who is being appointed with a Power of Attorney. • The original must be recorded concurrently with the Deed of Trust/Mortgage. • The person being appointed with the Power of Attorney is "Attorney in Fact" and must sign the closing documents as follows: Jane Doe by John Doe, Her Attorney-in Fact. The manner of signing must clearly show the signer to be the one authorized to sign for the other specifically named individual. • Power of Attorney may not be used to sign loan documents if no other borrower executed such documents unless, the Attorney in Fact is a relative or Attorney at Law. • The attorney-in-fact may not be the seller, appraiser, broker, etc. or have any other direct or indirect financial interest in the transaction. • A statement that the POA is in full force and effect on the closing date, survives subsequent disability (durable), and has to be revoked in writing, or gives a specific expiration date which survives the closing date. • A statement of the borrower's name exactly as it will appear on all closing documents. • Notarized signature of borrower (if executed outside the U.S., it must be notarized at a U.S. Embassy or a military installation) • Power of Attorney cannot expire prior to the execution of the loan documents if there is an expiration date. • A Limited (specific) Power of Attorney in those cases that require one, with the exception of those currently in active military duty. • Title policy must not contain any exceptions based on use of POA. • The Title Company must insure a valid Power of Attorney and that seller has a valid first lien. • The attorney-in-fact must execute all closing documents at settlement. • If a lender determines a Power of Attorney is required by applicable law (it cannot be restricted by investor requirements), lender must include a written statement explaining use of the Power of Attorney and may also be required to provide supporting documentation. • A written statement that explains the circumstances of the use of the POA must be included in the loan file. • Must meet all state and Agency requirements.
OPTIONAL HOME WARRANTY INSURANCE COVERAGE	<ul style="list-style-type: none"> • All first-time homebuyer(s) must obtain a one-year home warranty protection policy. • The insurance must cover the following items at a minimum: water heater(s), air conditioning, heating, oven/stove/range. • Home Warranty to be paid through the close of escrow.

	<ul style="list-style-type: none"> • Home Warranty must be disclosed on Final Settlement Statement or copy of insurance declaration page required. • If borrower is purchasing a new construction property from a builder and the builder is providing the home warranty.
HOME INSPECTION	<ul style="list-style-type: none"> • It is the homebuyer’s option to obtain a home inspection. This is for their benefit and does not need to be provided to the lender, master servicer or program administrator. The fee for this inspection can be covered by the DPA grant funds.
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 <ul style="list-style-type: none"> • All NJ 2-4 unit properties will require a Bank VOD. This can be ordered by the branch for the retail channel and will be ordered as part of the QC process for Wholesale/Correspondent channels. • Renovation (203K/Homestyle) loans (Lexis Nexis is required on all contractors as well) • VOE only used (when allowed by AUS) and not supported by paystub/W2 for Wholesale and Correspondent channels only (not required for retail channel) • If the borrower is employed by a party to the transaction • When the borrower is also a Real Estate Agent for the loan transaction • Retail loans referred to the AFS department any time the referring Loan Officer or the AFS Loan Officer are in “New” or “Watch” status • When the Real Estate Agent is also the Loan Officer on the transaction (not allowed on retail). • NOTE: The above list applies to credit qualifying loans only.
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): <ul style="list-style-type: none"> • A revalidation of the VOE (in addition to the audit) is required by the QC Department if the following is used: <ul style="list-style-type: none"> • VOE only used (when allowed by AUS) and not supported by paystub/W2 and • Wholesale and Correspondent channels only (not required for retail channel) • A revalidation of the VOD is required by the QC Department for the if the following is used:

	<ul style="list-style-type: none"> • VOD only used (when allowed by AUS) and not supported by bank statements and • Wholesale and Correspondent channels only (not required for retail channel) • Note: A Borrower Authorization in name of PRMG may be required to obtain VOD or VOE revalidation if requested by the verifying institution.
INCOME REQUIREMENTS/LIMITS	<ul style="list-style-type: none"> • Underwriter has the discretion when evaluating the loan file to utilize a more conservative approach to income/expenses for qualification purposes based on the circumstances of the loan. • All income sources used to qualify borrowers must be legal at the local, state, and federal level. Any income derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company. • Boarder income is not allowed. • All income used for loan eligibility will be calculated as family income. “Family income” is defined as the annualized gross income of the borrower and any other person expected to be liable on the mortgage, be vested on title and live in the residence being financed. • Fannie Mae requires that if the Schedule K-1 reflects a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then no further documentation of adequate business liquidity to support the withdrawal of earnings is required in order to include that income in the borrower’s cash flow. If the Schedule K-1 does not reflect a documented, stable history of receiving cash distributions of income from the business consistent with the level of business income being used to qualify, then the lender must confirm the business has adequate liquidity using the Quick (Acid Test) Ratio (for businesses that rely heavily on inventory to generate income) or the Current (Working Capital) Ratio to support the withdrawal of earnings to include the income in the borrower’s cash flow and the result of one or greater for either ratio is generally sufficient to confirm adequate business liquidity. The file must contain the underwriter’s written analysis and conclusions and, at underwriter’s discretion additional documentation (such as a CPA letter or bank account statements) to support the liquidity decision. The analysis must provide enough detail/support so that anyone reviewing the file would come to the same conclusion. See Fannie Mae seller guide for additional guidance. • When required to verify a self-employed borrower’s business is solvent in order to use the business income to qualify and the Schedule L on the business tax returns is not completed, additional documentation will be required to support solvency of the business. Documentation may include P&L, balance sheets, business bank statements and business credit report. Specific documentation will be determined at underwriter’s discretion. • Housing or Parsonage Allowance must be received for 12 months and be likely to continue for the next three years. • Future (Projected) income is not acceptable for qualifying purposes • Housing Assistance Payments (HAPs), which are often known as Section 8 Homeowner Vouchers, where a portion of the mortgage payment is paid directly to the borrower/lender as a subsidy for the mortgage payment on the subject property is not allowed. • Section 8 rents where borrower is paid a rent subsidy for other tenants from the government for the property (either for rents on units 2-4 on subject property or on other rental property) is allowed. Must have documentation of new executed

	<p>leases, or lease addendums to the new owner and to show that the Section 8 income will transfer to the new owner. Additionally, there may be no obligation to the servicer to receive the Section 8 funds. Borrowers must follow standard guideline requirements to determine if rents are allowed to be used for qualifying.</p> <ul style="list-style-type: none"> • When the borrower has less than a two-year history of receiving income, the underwriter must provide a written analysis to justify the determination that the income used to qualify the borrower is stable. • If the borrower is employed by the property seller, real estate broker, relative or a family business, the following documentation must be obtained: <ul style="list-style-type: none"> • Must comply with identity of interest requirements • Documentation as required by AUS • Borrower’s signed and completed personal federal income tax returns for the most recent two-year period. • A 4506-T must be included in the submission package requesting the most recent 2 years’ tax transcripts and will be processed for comparison between tax transcripts and income documentation. A 4506-T must be signed at application and at closing. • Note: Current income reported on the VOE or pay stub may be used if it is consistent with W-2 earnings reported on the tax returns. If the tax returns do not include W-2 earnings or income is substantially lower than the current VOE or pay stub, further investigation is needed to determine whether income is stable. • Income from gambling should be documented with 2 years’ tax returns, documented YTD earnings (i.e., 1099 or formal receipt from casino and income must be in line with prior gross income), proof of deposit of YTD earnings (i.e., bank checking/savings statements), CPA letter supporting how borrower earns income. Underwriter to exercise caution and carefully review for itemized deduction for gambling losses (typically shown on the 1040 Schedule A). Any reported gambling loss would need to be considered in the income analysis. Tax transcripts should be obtained for each tax year. Underwriter must document rational for using current income if there is a variance. Gambling winnings/earning may only be used if borrower is a self-employed professional gambler, and self-employed income documentation requirements are followed, (gambling income will typically be filed on a schedule C). • Teacher Income: when a borrower is employed as a teacher, the annual salary must be verified. If monthly or weekly base pay is provided, the employer must verify the number of pay periods per year if the payout is not clear or the income must be averaged based on the most recent W-2 over 12 months. Stipends or supplemental income must be documented as regular and continuous. Borrowers with a contract for their first year of employment who have started work but have not received a paystub must provide a copy of contract, written verification of employment, and verbal verification of employment. Borrowers with a contract for their first year of employment with the school district must be on the job prior to closing. For teacher income paid over a less than 12-month period and obtaining financing during the summer months when income is not being received, provide a final year-end paystub from the school, verbal verification of employment, and copy of the contract indicating that the borrower is paid over the applicable number of month period. Qualify the borrower based on the income received on the final year-end paystub.
<p>MAXIMUM PROGRAM COMPLIANCE INCOME</p>	<ul style="list-style-type: none"> • Effective for loans reserved on or after 9/5/19: <ul style="list-style-type: none"> • Loans reserved on or after 9/5/19 with AMI >80%: not eligible

<p>LIMITS</p>	<ul style="list-style-type: none"> • MCCs may again be used with the HFA Preferred PLUS products. • When combining an MCC with HFA Preferred PLUS, the non-targeted area purchase price limits and 80% AMI income limit will still apply to properties in Targeted Areas. • Reminder: MCCs combined with the HFA Preferred PLUS product will still receive the waiver of the first-time homebuyer requirement if the home buyer is a veteran and/or the property is in a Targeted Area. (same as before) • Eligible borrowers' income must be within program limitations. Please visit TSAHC's website at www.tsahc.org or the Lender Portal at www.tsm-online.org for the maximum family income limits. • For DPA Assistance: For purposes of meeting the eligibility criteria, only the income of the mortgagor(s) will be considered. The income of a non-purchasing spouse (NPS) will not be included in the calculation. For example, only the income used to qualify the mortgagor for repayment of the mortgage loan (from the 1003 loan application and/or the applicable underwriting worksheet) will be compared against the program limits.
<p>CREDIT</p>	<ul style="list-style-type: none"> • Use underwriting guidelines as per DU recommendation; with the derogatory credit seasoning as it appears in the Derogatory Credit section in this profile (this product does not use Credit Reestablishment Periods for Agency Loans document which includes information regarding derogatory credit seasoning.) • The use of a U.S. address to obtain a credit report for a borrower who resides in another country is not permitted. • If the borrower's credit report contains a FACTA credit alert, the completed Fraud Alert Confirmation form must be in the file (available via Resource Center). • All borrowers must have a qualifying credit score from at least 1 national repository. • Borrower must have sufficient credit experience, as determined by underwriter review, to ensure scores are reflective of borrower's credit history • Use of credit repair vendors designed to help a borrower falsely repair their credit profile by intentionally manipulating data to improve their credit score for purposes of loan eligibility, pricing improvement, and/or creditworthiness is prohibited. Legitimate scenarios when corrections to a borrower's credit profile are required (e.g., public records information does not belong to the borrower) are acceptable. Corrections to the borrower's credit profile should be made at the credit repository level to ensure the credit score is representative of a borrower's true creditworthiness. • Payment histories on all mortgage trade lines, regardless of occupancy, including first and second mortgage liens, home equity lines of credit, land without improvements, mobile homes, and manufactured homes are considered mortgage credit, even if reported as an installment loan. • MERS search must be run on borrower • Credit documentation must not be more than 120 days old from the note date • For disputed accounts, follow DU Results • In addition to other listed requirements regarding disputed accounts, if a disputed account is a borrower's verified previously delinquent mortgage trade line, which may affect the credit decision of the AUS, information regarding the dispute must be obtained. The underwriter must verify that the AUS is considering the previously delinquent mortgage in the credit decision. If it is unclear if the previously delinquent mortgage is being considered (and based on underwriter discretion, the delinquent mortgage may impact the credit score/AUS decision), the dispute should be removed at the bureau level, credit report re-run to reflect accurate credit message without

	<p>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</p> <ul style="list-style-type: none"> • Borrowers with a housing payment history, including mortgage and/or rental payment history, showing excessive delinquencies (60 day or greater late in the past 12 months) are not eligible. • Existing mortgages must be current. • The credit report for the mortgage history must be updated to include the payment made for the most recent month due. • If a borrower has refinanced their current primary residence in the last 12 months, they are not eligible for a purchase transaction on a new primary residence without Operations Management or Corporate Underwriting review of the circumstances • All private non-construction mortgages require cancelled checks or proof of payment for 12 months or for the number of months the mortgage has been open if less than 12 months • Delinquent credit—including taxes, judgments, charged-off accounts (see below for exceptions), tax liens, mechanics’ or materialmen’s liens, and liens that have the potential to affect first lien position or diminish the borrower’s equity—must be paid off at or prior to closing, with the exception of the collection/charged-off accounts as listed below. • If a judgment or tax lien is being paid off and AUS/Agency Guidelines are requiring proof of satisfaction or if it is paid off prior to closing, evidence the judgment is satisfied or the tax lien has been released is required. If the AUS/Agency Guidelines will allow a judgment or tax lien to be paid off with the transaction all AUS/Agency Guidelines must be met (i.e., must be paid through the transaction and funds must be verified and documented). • For past-due collection and charge-off accounts, always comply with AUS requirements. Additionally, accounts that are reported as past-due (not reported as collection accounts) must be brought current. If any lien threatens the first trust deed position it must be satisfied
TRADELINE REQUIREMENTS	<ul style="list-style-type: none"> • Per AUS
DEROGATORY CREDIT	<ul style="list-style-type: none"> • Bankruptcy – Chapter 7 or 11: 4 years from discharge or dismissal date to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) • Bankruptcy – Chapter 13: 2 years from discharge date to credit report date used in the AUS decision and 4 years from dismissal date to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) • Multiple Bankruptcy Filings: 5 years to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) if more than one filing within the past 7 years • If a mortgage debt has been discharged through bankruptcy, even if a foreclosure action is subsequently completed to reclaim the property in satisfaction of the debt, the borrower is held to the bankruptcy waiting periods and not the foreclosure waiting period. Documentation must be provided to verify that the mortgage debt in question was in fact discharged as part of the bankruptcy. <ul style="list-style-type: none"> • If the loan casefile receives a Refer with Caution recommendation due to a foreclosure identified by DU as taking place in the last seven years, the account was one discharged through a bankruptcy, and the bankruptcy waiting period

	<p>requirements have been met, the user may instruct DU to disregard the foreclosure information. This would be done by entering “Confirmed CR FC Incorrect” in the Explanation field for question c. in the Declarations section of the online loan application and resubmitting the loan casefile to DU. The user must then document that the mortgage was discharged through the bankruptcy and that the applicable bankruptcy waiting period requirements have been met.</p> <ul style="list-style-type: none"> • Borrower must provide evidence of mortgage being discharged through bankruptcy, such as the Discharge of Debt document that would be received by the borrower from the court and it must show the mortgage included in the discharged debt. • Foreclosure: 7 years to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) • Deed-in-Lieu of Foreclosures and Preforeclosure sale: 4 years from to credit report date used in the AUS decision (or loan disbursement date if allowed in AUS findings) with LTV ratios per eligibility matrix. • Short Sales: the following time frames must have passed since the date the Short Sale occurred and the following LTV limits apply. If not the loan will be denied. <ul style="list-style-type: none"> • 48 months must have passed since the completion date of the short sale (measured back from the date of the new loan application) when the sale was a result of financial mismanagement. • The loan file must contain documentation of the date the short sale was completed such as a HUD settlement statement. • Whenever a borrower has had a short sale within the last seven years, the Mortgage must either be: A purchase transaction Mortgage secured by a Primary Residence with a maximum LTV/CLTV/HTLTV ratio of the lesser of 90%, or the maximum LTV/CLTV/HTLTV ratio per the applicable product guideline • If non-subject property is a restructured (modified) mortgage loan (in which the terms of the original transaction had been changed, resulting in the forgiveness or restructure of debt through a modification or origination of a new loan), borrower is eligible with no additional seasoning requirements. • Extenuating circumstances are not allowed to be used in credit decisions.
RATIOS	<ul style="list-style-type: none"> • Per AUS
QUALIFYING	<ul style="list-style-type: none"> • Fixed: Qualify at note rate. • To calculate DTI for loans with subordinate HELOCS (for all properties): If there is a balance, use the payment that is reflected on the credit report. If not shown on the credit report, payments on a HELOC with an outstanding balance may be calculated at the greater of \$10.00 or 5% of the outstanding balance or payment reflected on the borrower’s billing statement. If there is no balance, a payment does not need to be included. • Paying off revolving debt to qualify is allowed. The debt includes any revolving debt (including American Express) that is being paid off and not included in the ratios. Account must be paid in full prior to or at closing and documentation must be provided evidencing repayment. Source of funds must be documented. Accounts are not required to be closed. • Installment debt may be paid down to qualify, but overall use of credit and credit history must be closely evaluated. • Installment debt with less than 10 months remaining does not need to be included in ratios unless the payment may affect the borrower’s ability to meet their credit obligations after closing, with additional consideration if the borrower has limited or no cash after closing. (Lease payments are not considered installment debt and must

be included in the ratios.)

- Lease payments must be included in the ratios regardless of the number of months remaining on the lease. This is because the expiration of a lease agreement for rental housing or an automobile typically leads to either a new lease agreement, the buyout of the existing lease, or the purchase of a new vehicle or house. In general, you cannot pay off the lease to qualify and the payment must be included in the ratios. However, an auto lease payment can be omitted from the ratios if it has been paid and closed and there is evidence of the borrower has another vehicle (evidence and documentation to show this must be in the loan file and if the borrower still has the vehicle in their possession the lease is not considered closed and the payment cannot be excluded).
- Deferred Loans: Loans deferred or in forbearance are always included in the loan qualification. If the credit report does not indicate the monthly amount that will be payable at the end of the deferment period, copies of the borrower's payment letters or forbearance must be obtained to determine the monthly payment used for loan qualification. See below for student loans.
- For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the lender must include a monthly payment in the borrower's recurring monthly debt obligation when qualifying the borrower. If a monthly payment is provided on the credit report, the lender may use that amount as the monthly payment for qualifying purposes. If the credit report does not provide a monthly payment for the student loan, or if the credit report shows \$0 as the monthly payment (which may be the case for deferred loans or loans in forbearance), the lender must calculate a qualifying monthly payment using one of the options below: (1) 1% of the outstanding student loan balance (even if this amount is lower than the actual fully amortizing payment), or (2) a fully amortizing payment using the documented loan repayment terms. Note, per Fannie Mae's Student Loan Solutions FAQ, as long as documentation is provided showing the Income Based Repayment (or Income Driven Repayment) plan payment is \$0, the borrower can qualify with \$0 for the monthly qualifying payment.
- If a credit report shows an asterisk next to the payment, it can be an indication that the payment listed is not the required monthly minimum payment amount, and as such will require supplemental documentation to support a payment of less than 5%. If supporting documentation is not able to be provided, use 5% of the outstanding balance as the borrower's recurring monthly debt obligation
- For non-HELOC loans, when qualifying a borrower that has a non-subject negative amortization or interest only loan, use the payment on the credit report.
- If the borrower is on a payment plan with the IRS for prior tax years, the underwriter must condition for proof the money owed has been paid in full or verify the borrower has been in a payment plan that has been paid on time for at least 6 months (or less, but at least one payment must be made, based on underwriter's discretion) and count the debt in the DTI. There is no requirement for a record of account or other documentation to reflect tax payment status. For the current tax year (most recent tax filing), if the 1040s or other documentation shows the borrower has outstanding tax debt for the current tax year, evidence of payment of the taxes due (or evidence borrower is on a payment plan with at least one month payment required to have been made in lieu of full payment as long as the borrower qualifies with the payment in the ratios) is required. If the check to the IRS has not yet cancelled, the file must reflect the borrower's ability to pay (borrower must have enough assets after backing out funds used for transaction and reserves). For Amended Tax Returns

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

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

	<ul style="list-style-type: none"> • Purchase Transaction Seller Rent Backs of the subject property for owner occupied or second home properties are limited to 60 days, must be reflected on the sales contract and Closing Disclosure, and are not counted towards borrower's minimum investment requirements. • On auction transactions, auction terms must be included as part of the purchase contract provided to the appraiser for review
RATE/TERM REFINANCE	<ul style="list-style-type: none"> • Not Allowed
CASH OUT REFINANCE	<ul style="list-style-type: none"> • N/A
REPAIR ESCROW/ESCROW HOLDBACKS	<ul style="list-style-type: none"> • Not Allowed
SEASONING REQUIREMENTS	<ul style="list-style-type: none"> • N/A
RECENTLY DELISTED PROPERTIES	<ul style="list-style-type: none"> • N/A
TITLE SEASONING/LOAN SEASONING	<ul style="list-style-type: none"> • N/A
CURRENT PROPERTIES BEING CONVERTED TO SECOND HOMES OR INVESTMENT PROPERTIES	<ul style="list-style-type: none"> • N/A
TEMPORARY BUYDOWNS	<ul style="list-style-type: none"> • Not Allowed
REQUIRED DOWN PAYMENT	<ul style="list-style-type: none"> • No minimum borrower contribution unless required by FNMA or mortgage insurance provider.
REQUIRED DOWN PAYMENT / SOURCE OF FUNDS	<ul style="list-style-type: none"> • All transactions: All funds needed to complete the transaction can come from a gift. • Funds that are brought to closing (i.e., cashier's checks or wire) by the borrower must be verified as belonging to the borrower. The required funds from the borrower do not have to be from an institution that was sourced in the loan file, as long as the borrower has sufficient funds in the sourced accounts to cover the amount of funds brought to closing. If the funds are not able to be confirmed as belonging to the borrower, the funds would be ineligible. This guidance is only in regards to borrower funds, <u>not</u> gift funds. • Access letter is <u>not</u> required for any accounts where a non-borrowing party is on the account (including a non-borrowing spouse) • Custodial accounts are allowed in accordance with Fannie Mae • The following are required to document the sale of personal assets for funds to close: the borrower's ownership of the asset, the value of the asset, as determined by an independent and reputable source, the transfer of ownership of the asset, as documented by either a bill of sale or a statement from the purchaser, the borrower's receipt of the sale proceeds from documents such as deposit slips, bank statements, or copies of the purchaser's canceled check. Depending on the significance of the funds in question, the lender may accept alternatives to this required documentation, particularly when the proceeds of the sale represent a minor percentage of the borrower's overall financial contribution. • All asset sources used to qualify borrowers must be legal at the local, state, and federal level. Any assets derived from an activity or source that violates Federal, state, or local laws cannot be considered for loan qualification for both self-employed borrowers and wage earners working for a company. • Cash on hand, including cash deposits that are typical for the borrower's line of work, are not allowed to be used for down payment, closing costs and reserves unless they are sourced or seasoned.

- Cryptocurrency, digital currencies or altcoins (i.e. Bitcoins, Litecoin, Ethereum, etc.) may not be included as financial assets for mortgage qualification purposes and is an ineligible source of funds for down payment, closing costs or reserves unless being converted into U.S. currency. To be used as a source of funds for down payment, closing costs, or reserves, cryptocurrency, digital currencies or altcoins must be converted into U.S. currency and be held within a U.S. Financial Institution and verified prior to underwriting final approval. In addition to the verification of U.S. currency, the borrower(s) must be able to provide acceptable documentation for the source of funds used to initially acquire the cryptocurrency prior to the conversion.
- If the borrower's source of funds is from a country included on the OFAC Sanctioned Countries List that is found in the Resource Center, the funds are not eligible for use in the transaction.
- Any allowable fees paid by credit card must comply with Agency requirements, including ensuring the borrower has sufficient verified funds to pay these fees and the amount charged for the fee is included in the borrower's DTI, as appropriate.
- Large deposits must be evaluated when bank statements (typically covering the most recent two months) are used. Large deposits are defined as a single deposit that exceeds 50% of the total monthly qualifying income for the loan. For refinances, documentation or explanation for large deposits is not required; however, the underwriter remains responsible for ensuring that any borrowed funds, including any related liability, are considered. For purchases, If funds from a large deposit are needed to complete the purchase transaction (that is, are used for the down payment, closing costs, or financial reserves), the underwriter must document that those funds are from an acceptable source. Occasionally, a borrower may not have all of the documentation required to confirm the source of a deposit. In those instances, the underwriter must use reasonable judgment based on the available documentation as well as the borrower's debt-to-income ratio and overall income and credit profile. Examples of acceptable documentation include the borrower's written explanation, proof of ownership of an asset that was sold, or a copy of a wedding invitation to support receipt of gift funds. The underwriter must place in the loan file written documentation of the rationale for using the funds. Verified funds must be reduced by the amount (or portion) of the undocumented large deposit (as defined above), and the underwriter must confirm that the remaining funds are sufficient for the down payment, closing costs, and financial reserves. When the underwriter uses a reduced asset amount, net of the unsourced amount of a large deposit that reduced amount must be used for underwriting purposes. Note: When a deposit has both sourced and unsourced portions, only the unsourced portion must be used to calculate whether or not it must be considered a large deposit. Note: If the source of a large deposit is readily identifiable on the account statement(s), such as a direct deposit from an employer (payroll), the Social Security Administration, or IRS or state income tax refund, or a transfer of funds between verified accounts, and the source of the deposit is printed on the statement, the underwriter does not need to obtain further explanation or documentation. However, if the source of the deposit is printed on the statement, but the underwriter still has questions as to whether the funds may have been borrowed, the underwriter should obtain additional documentation.
- Sweat equity and cash on hand not allowed
- When using foreign assets, funds must be transferred into a U.S. bank/deposit account prior to closing, proof the transferred funds belonged to borrower(s) prior to transfer and verification of the source for large deposits is required

	<ul style="list-style-type: none"> • When business funds are used, the following requirements must be met: Assets must be related to the business that the Borrower owns that is documented in the loan file and if borrower is not 100% owner, evidence that borrower has access to use the funds is required; Borrower must be at least 25% owner in the business (to be considered self-employed and eligible to use the assets); Verification of funds in the account is required. (Note: Large deposits that are not in line with business revenue/income stream should be explained and verified.) Regardless of the documentation required for the process type, the underwriter must perform a cash flow analysis based on the tax returns provided, as well as analyzing, at minimum, the most current three month's business bank statements to determine that the withdrawal of funds will not have a detrimental effect on the business. The file must contain the underwriter's written analysis and conclusions and documentation (such as a CPA letter (preferred) or 12 months' bank account statements) to support the decision. The cash flow analysis must provide enough detail/support so that anyone reviewing the file would come to the same conclusion. • When wiring assets/funds (either gift funds or the borrowers own funds) for closing, like all assets, they must be appropriately and completely documented. • If the wire is for gift funds and does not show the donor's name and account number, then a statement/transaction history documenting the outgoing wire would be needed. The statement/transaction history would need to contain the account owner's information.
<p>GIFT FUNDS</p>	<ul style="list-style-type: none"> • Donor may be a relative, defined as the borrower's spouse, child, or other dependent, or by any other individual who is related to the borrower by blood, marriage, adoption, or legal guardianship; or a fiancé, fiancée, or domestic partner. • The donor may not be, or have any affiliation with, the builder, the developer, the real estate agent, or any other interested party to the transaction • Gift letter required and must include: donor's name and relationship to borrower, donor's mailing address and telephone number, identify the transaction (property address, borrower's name), state the amount of the gift, specifically state that the funds are a gift and it does not need to be repaid, and letter must be signed by the donor. • The transfer of the gift funds to the borrower must be documented in one of the following ways: <ul style="list-style-type: none"> • Copy of the donor's cancelled check and the borrower's deposit receipt or bank statement; or • Copy of the donor's withdrawal slip and the borrower's deposit receipt or bank statement. • If the transferred occurred with certified funds, a letter from the bank that issued the certified check must be provided stating that the funds came from the donors account and the borrower's deposit receipt or bank statement • Verification of a wire transfer from donor's account into borrower's account • If the funds have not been transferred prior to settlement, documentation must be provided that shows that the donor gave the closing agent the gift funds in the form of a certified check, a cashier's check, other official check or wire, and must be evidenced on the HUD-1. • For any wire transfer of gift funds, a copy of the wire confirmation form also needs to be included and the depository institution where the wire came from must be identified, as well as donor information (name, account number, etc.) The information must match the institution, gift amount and additional information on the gift letter.

	<ul style="list-style-type: none"> • Acceptable after a minimum down payment has been made by the borrower from their own resources as required by the transaction, See Required Down Payment/Source of Funds section for when gifts are allowed and requirements for minimum down payment. • Not allowed on non-owner occupied properties. • Gifts of equity allowed, see Gifts of Equity section.
CONTRIBUTIONS BY AN INTERESTED PARTY	<ul style="list-style-type: none"> • Contributions by an interested party may be used for closing costs, prepaids and other financing costs. • Primary Residence: <ul style="list-style-type: none"> • 9% of the lesser of the sales price or appraised value for LTV/CLTVs ≤ 75%. • 6% of the lesser of the sales price or appraised value for LTV/CLTVs > 75% and ≤ 90%. • 3% of the lesser of the sales price or appraised value for LTV/CLTVs > 90% • Payment of condominium fees, personal property and down payment assistance not allowed
SUBORDINATE FINANCING	<ul style="list-style-type: none"> • Properties that have a Property Assessed Clean Energy (PACE) loan are not eligible (such as the Home Energy Renovation Opportunity (HERO) Program) unless the lien will subordinate via a subordination agreement where the lien is no longer part of the property taxes that can take first lien priority (note, the HERO subordination agreement does not provide for this and is not eligible) and meets all Agency requirements
ADDITIONAL DOWN PAYMENT ASSISTANCE	<ul style="list-style-type: none"> • This program may be layered with a Fannie Mae approved Community Seconds program used for closing costs and/or down payment assistance per individual requirements. <ul style="list-style-type: none"> • The locality subordinate loan must meet Fannie Mae Community Seconds guidelines. • The maximum CLTV must meet Agency requirements. • In the case of conflicting guidelines, the lender must follow the more restrictive. • PRMG DPA approval must indicate eligible for Fannie Mae Housing Authority Product • To determine if DPA is approved, send an email to DPArequests@prmg.net with the property state, DPA program name, DPA contact name and phone number or review the list posted with the product Profiles in the Resource Center. If it is determined the DPA is not already approved, the DPA can be submitted for approval using the DPA Submission form (found in the Resource Center). Required information must be submitted for approval and a determination regarding the DPA will be made regarding acceptability. • Access the PRMG Eligible DPA list and a link to the synopsis that must be reviewed by the loan officer, processor and underwriter to ensure all requirements for the DPA are met at the following link: http://www.eprmg.net/ResourceCenter/PoliciesProceduresInformation/PRMG%20PA%20List.pdf • The underwriter must verify the DPA used on the loan is the same program that is confirmed in the email/list and that it is eligible with the product and enter the information in FastTrac. Instructions for this can be found at the following link: http://www.eprmg.net/DPA-Training.pdf • When using a DPA, loan must comply with max LTV/CLTV and all borrower minimum contributions (DPA cannot be used to meet borrower minimum contributions.) • Additionally, the following are requirements of the program and if any evidence appears that it cannot be met, it will no longer be eligible.

	<ul style="list-style-type: none"> • The DPA, UCAP or HAP must meet the applicable Fannie Mae or Freddie Mac requirements • The first Mortgage is not subject to any terms or conditions of a bond program; and • The DPA, UCAP or HAP does not restrict the transfer of servicing rights of the first Mortgage. In addition, it may not require prior notification or approval from the sponsoring authority in the event of the transfer of the first Mortgage's servicing rights.
MORTGAGE CREDIT CERTIFICATES (MCC)	<ul style="list-style-type: none"> • Not allowed
NON-ARM'S LENGTH TRANSACTIONS	<ul style="list-style-type: none"> • A non-arm's length transaction occurs when a personal or business relationship exists between the borrowers and the builder or seller. For example: <ul style="list-style-type: none"> • Family sales or transfers • Corporate sales or transfers • Mortgagors employed in the real estate or construction trade who are involved in the construction, financing or sale of the subject property • Mortgagors employed in the real estate or construction trade who are involved in the construction, financing or sale of the subject property • Some transactions involving principals/sellers/other vendors (such as, an appraiser, settlement agent, title company, etc.) who are involved in the lending process of the subject property. • Sales between landlord/tenant • Property flips are not allowed • Non-arm's length transactions with family members are generally acceptable if the following requirements are met: <ul style="list-style-type: none"> • The family member is the borrower's spouse, child, parent, or any other individual related to the borrowers by blood, adoption, or legal guardianship. • An executed purchase agreement between the purchaser and the family member is in the file. • The source and ownership of funds for the down payment, closing costs, and reserves are well documented. • The appraised value of the property is well supported, particularly any gifts of equity or gifts of more than 20% of the LTV. • If the loan is a non-arm's length transaction, the relationship must be disclosed on the purchase contract. Purchase contract must be closely reviewed. • Purchase may not be a short sale. • Borrower must provide a copy of the canceled earnest money check to verify payment to the Seller. • A payment history for the existing mortgage (verification of seller's mortgage) on the subject property must be obtained and show no pattern of delinquency within the past 12 months. (does not apply to identity of interest/at-interest transactions) • Full documentation is required for income, employment and assets. • Full appraisal is required, regardless of AU findings • The appraiser must be informed of the non-arm's length transaction and address whether or not the market value has been affected by the relationship of the parties. • Appraiser must verify last sale date and sales price of the subject property, and must provide recent listing and/or marketing materials. (does not apply to identity of interest/at-interest transactions) • The real estate agent for the subject property may act as the loan officer for the

	<p>borrowers purchasing the same subject property, however extra diligence must be exercised.</p> <ul style="list-style-type: none"> • Not allowed on new construction second homes or new construction non-owner occupied properties. • Allowed all owner occupied properties, existing construction second home and existing construction non-owner occupied properties. • Transactions cannot be for bail-out purposes. • For purchases, Title must not evidence a foreclosure or Notice of Default. 										
REAL ESTATE AGENT ALSO LOAN OFFICER/BROKER	<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"> • Mortgage insurance must be ordered through any of the following Mortgage Insurance: Essent, Genworth, Arch MI, National MI (NMI), or Radian • When obtaining Mortgage Insurance in states that require an assessment/tax on the mortgage insurance, such as KY or WV, be sure to use the “Rate with Assessment/Tax”, which is the standard MI factor plus the additional factor for the assessment/tax. Do not use the standard MI factor listed on the certificate, you must use the combined factor. • Either Borrower paid monthly, split premium or single premium with financed MI is allowed – maximum LTV 97 (Gross LTV with financed MI included cannot exceed 97%) is acceptable. Lender Paid MI is not allowed. • For loans submitted for MI prior to 2/11/2019 and using Essent: For any MI policy (Single Premium, Monthly Premium, etc.), max 45% DTI if the credit score is <700. (for loans submitted on or after 2/11/19, restriction no longer applies) • For loans submitted for MI on or after 3/19/18 and using Radian: For any Single Premium MI policy, max 45% DTI if the credit score is <700 or if the LTV is >95% (no restriction on DTI for monthly MI premiums) • As of 6/4/18, Genworth MI will allow all DTIs of scores <700 for all MI types (Single Premium, Monthly Premium etc.) • Must enter HFA under Special Program when ordering mortgage insurance for Housing Authority loans • Information about ordering MI in FT360 for Housing Finance Authorities can be found here: http://www.eprmg.net/HFA-MI-FT360Training.pdf • Loans reserved prior to 9/5/19 or reserved on or after 9/5/19 with AMI <=80%: <table border="1" data-bbox="630 1306 1161 1493"> <thead> <tr> <th>LTV</th> <th>Coverage</th> </tr> </thead> <tbody> <tr> <td>95.01% - 97.0%</td> <td>18%</td> </tr> <tr> <td>90.01% - 95.0%</td> <td>16%</td> </tr> <tr> <td>85.01% - 90.0%</td> <td>12%</td> </tr> <tr> <td>80.01% - 85.0%</td> <td>6%</td> </tr> </tbody> </table> 	LTV	Coverage	95.01% - 97.0%	18%	90.01% - 95.0%	16%	85.01% - 90.0%	12%	80.01% - 85.0%	6%
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APPRAISAL	<ul style="list-style-type: none"> • Loans reserved on or after 9/5/19 with AMI >80%: not eligible • Additional appraisal requirements can be found in the PRMG Appraisal Guidelines which is available in the Resource Center or at the following link • http://www.eprmg.net/ResourceCenter/AppraisalForms/PRMG%20Appraisal%20Guidelines.pdf • Appraisal must indicate that the home has at least a 30 year remaining useful life. • Transferred or Ported appraisals are not allowed. • Traditional appraisal report completed by a state-licensed or state-certified appraiser required on all loans. • Residential appraisal reports must be dated no more than 12 months prior to the 										

	<p>note date. An Appraisal Update is required on all appraisals dated more than 120 days prior to the note date.</p> <ul style="list-style-type: none"> • The Update Appraisal Form (1004D) must be used. If the value of the property is less than the original appraised value, then a new appraisal will need to be ordered. If the value of the property has not declined, then the loan may process without requiring any additional fieldwork. The appraisal update must occur within the four months that precede the date of the note and mortgage. The original appraiser should complete the appraisal update; however, lenders may use substitute appraisers. When updates are completed by substitute appraisers, the substitute appraiser must review the original appraisal and express an opinion about whether the original appraiser's opinion of market value was reasonable on the date of the original appraisal report. The lender must note in the file why the original appraiser was not used. • Appraisals may be reused from prior transactions as allowed by FNMA • Defects and/or repair conditions identified by the appraiser on the appraisal report must be corrected. All units must be complete with respect to construction or repairs and ready to occupy. • Properties with a condition rating of C5 or C6 in "as is" condition or "subject to repairs" are not acceptable. A quality rating of Q6 is not acceptable. • Full appraisals required for purchase transactions of REO properties and all purchases of properties whose most recent transaction was a foreclosure sale, apparent adverse physical deficiencies or conditions, apparent adverse environmental conditions and the subject property does not conform to the neighborhood • For all refinances, if the property has been owned less than 12 months and the appraisal shows a substantial increase in value from the purchase price, the appraiser should ensure that the increase in value is valid. • The appraiser must report and analyze a minimum three-year sales history for the subject property. The sales history of the subject property and comparable sales will be used to determine if any substantial appreciation or property churning has occurred. If there has been a prior sale of the subject property within three years and there is an increase in value, the appreciation or improvements must be explained. If the value has increased by 15% or more in one year or 30% in three years from the original sales price the appraiser must analyze and explain the increase if due to a below market sale, such as a property in foreclosure. If the increase was due to improvements, the appraiser must analyze and explain.
	<ul style="list-style-type: none"> • An exterior property inspection is required for properties located in an identified FEMA disaster area if the original appraisal was completed prior to the disaster being declared. For 90 days after the disaster date, a full appraisal will be required. See PRMG Disaster Guidance/Announcements for specific details and full requirements. • If property is in an area declared a disaster by FEMA, and using reduced appraisal documentation (such as a 2055/2075), immediately before or up to 90 days after a disaster, a full appraisal will be required and the appraiser must address any lingering negative impact on value, habitability or marketability of the disaster occurrence. • For any loan secured by property located within a Federally Declared Disaster Area (FEMA) • A re-inspection/certification of the subject property, with photograph, must be obtained prior to funding/purchase. The re-inspection must state the property is habitable and contains no evidence of damage based on the exterior inspection. • The re-inspection may be performed by any of the following: <ul style="list-style-type: none"> • In lieu of the above, U.S. Bank Home Mortgage will accept a

	<p>certification/endorsement from the Homeowner’s Insurance Company stating that the property is unaffected and remains insurable under their policy. The Agent must also include a photograph of the subject property.</p> <ul style="list-style-type: none"> • The original appraiser's recertification • Staff appraiser employed by the Correspondent Lender • A company that specializes in property inspections • Re-inspection of property must be done by an FHA Roster Appraiser, preferably the original appraiser. • If re-inspection is not done by the original FHA Roster Appraiser, the appraiser must be provided with a copy of the original appraisal. • Loans with appraisals completed after the dates of the Natural Disaster (FEMA declaration dates) are not subject to the above requirements unless specifically requested by an underwriter. • If the subject property is a prior foreclosure, the utilities must be operational at the time of the appraisal. • When adjustments are made to the appraisal for the year built, whether they are made for the actual age or the effective age of the subject property, the appraiser must provide an explanation for the adjustments and the condition of the property. • PRMG reserves the right to require additional appraisal reviews/reports at the underwriter's discretion. • If property is legal, non-conforming and a rebuild letter is required (see Appraisal Guidelines for requirements), property must be able to be rebuilt to 100%. If a rebuild letter is not required, property is not required to be rebuilt to 100%, but must meet requirements as described in Appraisal Guidelines (found in the Resource Center).
REVIEW/SECOND APPRAISALS	<ul style="list-style-type: none"> • Review appraisals must be completed by a PRMG approved Appraisal Company. • AUS red flag warnings for excessive value (cash-out and limited cash-out refinance) or excessive value with valuation risk (cash-out and limited cash-out refinance) require a desk review • AUS red flag warnings for rapid appreciation or rapid appreciation with valuation risk do not require a desk review • When run through Fannie Mae's Collateral Underwriter, any appraisal with a score of 5 must have, at minimum, a desk review performed.
SALES CONTRACT CHANGES	<ul style="list-style-type: none"> • Purchase agreements renegotiated after the completion of the appraisal that increase the sales price are only acceptable under the following circumstances: • The sales price adjustment is due to price overruns that impact the tangible value of the property on new construction. An updated appraisal must be obtained to verify the value of the modifications. • A renegotiation of only seller paid closing costs and/or prepaids occurs where seller paid closing cost/prepaids are common and customary for the market and supported by comparables. • Changes in the purchase contract resulting from renegotiating terms of sale will require additional review and consideration by the appraiser.
RESIDUAL INCOME EVALUATION	<ul style="list-style-type: none"> • All loans meeting Rebuttable Presumption under QM/ATR requirements (are a Higher Priced Covered Transaction (HPCT) - which is same calculation as HPML, but applies to all occupancy types) must contain the Residual Income Evaluation worksheet, which can be found as a tab within the Income Calculations worksheet in the Resource Center. The following is a summary of requirements that trigger Rebuttable Presumption: <ul style="list-style-type: none"> • The loan is underwritten to the Agency’s u/w guidelines and is eligible for

	<p>purchase or guarantee by the respective Agency</p> <ul style="list-style-type: none"> • The points and fees do not exceed the QM limits • The loan term does not exceed 30 years • Fully-amortizing regular payments • No risky features • The loan is a HPCT (same calculation as HPML, but applies to all occupancy types) • Residual Income is the resulting sum when taking the gross income, less all housing and debt payments, (see worksheet for more details.) • Loans with an application date as of 1/10/14 that have Rebuttal Presumption (HPML/HPCT loans) must also meet the following requirements in regards to Residual Income (loans with an application date prior to 1/10/14 and are considered HPML should contain the document, but are not required to meet the following): <ul style="list-style-type: none"> • Principal Residence: <ul style="list-style-type: none"> • Residual Income \$2500 or greater: No minimum reserve requirement • Residual Income \geq \$800 and $<$ \$2500: Minimum reserves are the greater of three (3) months liquid (as defined by FNMA/FHLMC) PITIA reserves OR minimum program reserve requirements as described in Product Profile (Note: Underwriters should consider requiring additional reserves for loans with higher layered risks) • Residual Income $<$ \$800: Loan is not eligible with PRMG
HIGHER PRICED MORTGAGE LOAN (HPML)	<ul style="list-style-type: none"> • Allowed within the parameters of Section 35 of CFPB Regulation Z • Must comply with all limitations and requirements of HPML loans as described in PRMG's Compliance Policy regarding HPML-Section 35 loans. • HPML loans must have an escrow account, regardless of LTV
SECTION 32 / HIGH COST LOAN	<ul style="list-style-type: none"> • High cost loans are not allowed: • Loan is not a high cost loan as defined by Section 32 of the Federal Truth-in-Lending Act; and • Loan is not a high cost loan as defined by applicable state laws and/or regulations.
REAL ESTATE COMMISSIONS	<ul style="list-style-type: none"> • The maximum real estate commission allowed is 8% aggregate.
SERVICING OPTIONS	<ul style="list-style-type: none"> • N/A
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"> • The borrowers must establish an impound/escrow account for monthly collection (1/12) and annual /semi-annual disbursement of the property taxes, homeowner's insurance premiums and private mortgage insurance (if applicable) and flood insurance (if applicable). • Escrows are required for LTVs $>$ 80%. • HPML loans must have an escrow account, regardless of LTV • Payment of monthly private mortgage insurance must always be escrowed • Flood insurance must be impounded (escrowed) for all loans with a note date of 1/1/16 or later if the property is in a Special Flood Hazard Area (SFHA), designated as a flood zone beginning with A or V, regardless of LTV and/or federal exemptions and is required for the life of the loan. It is not required to be impounded if the flood insurance is paid through the condominium association, HOA dues, etc. Additionally, the escrow requirement needs to be stated in the Flood Notice that is provided to the borrower. • For loans in a flood zone, only a first lien is present, the flood coverage calculation will be based on the unpaid balance of the first lien. If a first and second lien are

	<p>present and both liens were closed in the name of the lender and will be serviced by the master servicer, then the flood coverage calculation will include the unpaid balance of both liens; if a first lien is in the name of the lender and the second lien is in the name of the master servicer, then the flood coverage calculation will include the unpaid balance of both liens; if a first lien is in the name of the lender but the second lien or deferred lien is in the name of another creditor (including the HFA) who is not the Master Servicer, then the Master Servicer will only require the customer to obtain flood insurance in an amount not to exceed the first lien. Flood coverage for the second lien in the name of another lender (not the Master Servicer) is the responsibility of that lender, not the Master Servicer.</p> <ul style="list-style-type: none"> • Escrows may not be waived for the following (unless requiring an escrow account is not permitted by applicable law): Rate/Term refinance when prepaid real estate taxes are included in the loan amount
TSAHC LENDER PORTAL	<ul style="list-style-type: none"> • The Lender Portal is an interactive, web-based application that lenders use to reserve funds and submit Pre- and Post-Closing Compliance Packages. In addition, the Lender Portal allows lenders to check the status of loans in their pipeline, view compliance conditions, print compliance approval (commitment) letters, run reports, view program guidelines and marketing materials, and keep up to date on other important information associated with the programs. • The TSAHC Lender Portal can be found here: www.tsm-online.org
TSAHC RESERVATION, COMPLIANCE, AND CLOSING STEPS	<ul style="list-style-type: none"> • Loans may not be registered/locked until after underwriter approval • TSAHC's compliance team has an email address for loan reservation change requests, general status updates and/or lender portal questions. Should you need something changed or updated on an existing reservation, please send your request in writing to: compliance@tsahc.org <p>Step 1: Reserving Funds</p> <ul style="list-style-type: none"> • The AFS team will register and lock the loan in the Lender Portal. Loans will only be reserved/locked in by the AFS team once underwriter has issued conditional approval. Once the loan is locked with the Portal, the AFS team member will forward the locked registration confirmation to Secondary to complete the lock process in FT360. • At the time the lender reserves a mortgage loan in the Lender Portal, the lender must have a mortgage loan application from a borrower, and the lender must have made a preliminary determination that the borrower qualifies for the program(s). In addition, the borrower must have furnished the lender with a property sales contract or construction contract executed by the borrower and the seller or builder of a residence. • The reservation window is open Monday through Friday between 9:00 a.m. and 7:00 p.m. Central Time and will not be available on Saturdays, Sundays, certain holidays, and days when the financial markets are closed. <ul style="list-style-type: none"> • Login to the TSAHC Lender Portal at www.tsm-online.org. • Select the “New Reservation” tab in the upper left corner. • Select the appropriate program from the list. • Complete those fields marked with a red asterisk in the reservation form and click “Submit” at the bottom of the form. If the DPA is a 2nd Lien, create the Lender Loan No. for the 2nd. • Once the loan is reserved, you will have the option to view or print your reservation confirmation. • The reservation confirmation will include the TSAHC loan number, the date reserved and the commitment expiration date (60 days from the reservation

date).

Step 2: Pre-Closing Compliance Package Submission

- The next step is to complete and submit the Pre-Closing Compliance Package via the Lender Portal at least 5 calendar days prior to the anticipated closing date of your loan.
- Login to the Lender Portal at www.tsm-online.org.
- Click on the “Loan Status” tab and use the search engine to locate the applicable loan.
- Once the correct loan is identified, click on the “PDF Forms” tab associated with the selected loan.
- Select and download the DPA Pre-Closing Checklist. Ensure all documents listed on the checklist are uploaded AND submitted via the Lender Portal.
- Once the Pre-Closing Compliance Package has been approved, the Lender may re-enter the Lender Portal and print out a Commitment Letter from the “PDF Forms” tab associated with the loan under the “Loan Status” tab.

Step 3: Down Payment Assistance Request

- For loans reserved on or after January 15th, 2018: No wire request form for closing is required. Lenders will be reimbursed when Lakeview purchases the loan.
- For loans reserved prior to January 15th, 2018: Wire request form to TSAHC is still required. TSAHC will wire DPA funds for these loans.
- PRMG must create MIN (mortgage identification number) in MERS and add to the 2nd lien DOT. MIN should be different from what is on the 1st lien. TSAHC will register loan in MERS.
- At least 2 days prior to loan closing, provided the Pre-Closing Compliance Package is approved by TSAHC, the lender must email the Funding Request Form, the TSAHC Commitment (approval) letter (both available in the “PDF Forms” tab of the Lender Portal), and the final Closing Disclosure Settlement Statement to TSAHC at wire.request@tsahc.org.
- TSAHC will review the information on the Funding Request Form to ensure accuracy and notify the lender of any inconsistencies prior to the loan closing date.
- TSAHC will process the request and wire the funds to the escrow/closing agent on the scheduled day of closing.
- The lender should request a copy of the wire transmission from the title company/escrow agent to keep with the loan file for audit purposes.

Step 4: Fund & Close Loan

- Upon closing, the lender must submit the Post-Closing Compliance Package for TSAHC’s review and approval within five (5) calendar days of loan closing.
- Login to the Lender Portal at www.tsm-online.org.
- Click on the “Loan Status” tab and use the search engine to locate the applicable loan.
- Once the correct loan is identified, click on the “PDF Forms” tab associated with the selected loan.
- Select and download the DPA Post-Closing Checklist. Ensure all documents listed on the checklist are uploaded AND submitted via the Lender Portal.
- The loan will not be purchased by Lakeview until the Post-Compliance Closing Package has been approved by TSAHC.

Step 5: Loan Purchase

- Upon closing, the lender will deliver the closing package to Lakeview for purchase. Delivery and funding information for the mortgage loan file may be found on the Lakeview Seller Portal at www.lakeviewcorrespondent.com.

	<ul style="list-style-type: none"> • The closing package must be delivered to Lakeview promptly after closing and must be purchased by Lakeview within 60 calendar days of loan reservation. • If the loan is not eligible for purchase within the 60-day purchase period, the lender may request a 7, 15 or 30-day extension at a cost of 1 basis point per day (7 bps, 15 bps or 30 bps, respectively). <ul style="list-style-type: none"> • This fee will be deducted from the lender’s proceeds at the time the loan is purchased by Lakeview. • The Extension Request Form can be found under the “Loan Status” tab on the Lender Portal (click on the “PDF Forms” tab associated with the specific loan). • Extension requests beyond 30 days from the original expiration date will only be considered on a case-by-case basis. Lakeview may, but is under no obligation to, purchase loans beyond the 90-day period (initial 60-day period plus 30-day extension), subject to additional per diem charges. • In the event a loan is not purchased by the later of the 60th day after initial loan reservation or the last day of any extension that was granted, the lender must reimburse TSAHC for the down payment assistance funds TSAHC provided at loan closing. In such cases, TSAHC will notify the lender and the lender will have 15 days to remit the funds owed to TSAHC. • For more information on Reservation and Compliance Features, refer to the step-by-step guide found here: http://www.tsahc.org/public/upload/files/general/Step_by_Step_Loan_Reservation_Compliance_Procedures.pdf
ELECTRONIC SUBMISSION OF REQUIRED DOCUMENTS	<p>The Lender Portal allows lenders to submit electronic documents from TSAHC’s list of “PDF Forms” or from the PRMG in-house loan file. Paper documents will not be accepted. All documents must be uploaded electronically through the Lender Portal.</p> <ul style="list-style-type: none"> • Under the Loan Status tab, click on the “PDF Forms” tab associated with the loan you are processing. • Select the desired form and ensure all required fields are completed. The system will auto-fill the fields that were input at loan reservation. • If the applicable form requires no signature, it will have an “Upload Package” button at the bottom of the document. Simply click the button after completing the form and it will automatically upload to the “eDocs” module of the Lender Portal. • If the applicable form requires a signature, the form must be completed, printed and scanned to create a PDF document. The PDF document may then be uploaded to the system using the “eDocs” function associated with your loan under the “Loan Status” tab. <ul style="list-style-type: none"> • Simply click the “eDocs” tab and follow the instructions to upload the required documents. • Click the “Add New” button to upload a form. Click the “Click Here” button to access your computer files and select the document you wish to upload. • The next step is to name the document you are uploading. Choose an option from the drop-down list under “Select a document from the predefined list”. The drop-down will list all of the required documents for the applicable package. If you don’t see your document on the list, use the “Enter a customized document name” field to name the document you are uploading. • Once all of the required documents (from the Pre-Closing Compliance Package Checklist or the Post-Closing Compliance Package Checklist) have been uploaded to the Lender Portal, click on the “Submit” button associated with the applicable package and TSAHC will be notified that your package has been delivered.
RATE LOCK EXTENSIONS	<ul style="list-style-type: none"> • If the loan is not eligible for purchase within the 60 day purchase period, the lender

	<p>may request a 7, 15 or 30-day extension for 1 bp per day.</p> <ul style="list-style-type: none"> • The Extension Request Form can be found under the “Loan Status” tab on the Lender Portal (click on the “PDF Forms” tab associated with the specific loan). • The Servicer shall permit Mortgage Loans to be purchased beyond the 90-day period (initial 60-day period plus 30-day extension), subject to additional per diem charges.
<p>LOAN INFORMATION CHANGES</p>	<p>Changes in Current Income</p> <ul style="list-style-type: none"> • Income eligibility is based upon the current family income of the borrower(s). The commitment is issued based on verified income as of the date the commitment is issued. • Increases in income from sources already reported (i.e., salary increase) will not affect the validity of a commitment as long as the loan closes within 30 days from the time the commitment was issued. If the loan does not close within 30 days, the “Reaffirmation of Borrower Form” (available in the “PDF Forms” tab in the Lender Portal) must be completed and uploaded to the Lender Portal. • If a borrower’s income increases between the execution of the Program Affidavit and the closing date of the mortgage loan (and if more than 30 calendar days has elapsed since execution of the Program Affidavit), and the “Reaffirmation of Borrower” cannot be executed due to the changes, the lender must submit a corrected Program Affidavit through the Lender Portal for additional review. If the changes in income make the loan ineligible for purchase, the reservation will be cancelled by TSAHC. <p>Change in Purchase Price</p> <ul style="list-style-type: none"> • For a change in purchase price after the commitment and prior to closing which does not exceed the maximum purchase price limit, the lender will be required to submit a corrected Program Affidavit, re-executed by the borrower, through the Lender Portal for additional review. If the purchase price of the applicable residence increases so as to exceed the maximum purchase price limit, the commitment shall be revoked and the reservation cancelled. <p>Changes in Property Address</p> <ul style="list-style-type: none"> • If a borrower has a pending reservation and changes the property he or she intends to purchase, the lender must submit a new signed property sales agreement and a notice to TSAHC stating whether or not the mortgage amount has changed. If the change occurs after TSAHC has issued the commitment, the following documents should be revised and resubmitted through the Lender Portal to reflect the new property address and any change in mortgage amount: <ul style="list-style-type: none"> • Copy of Program Affidavit (first page amended and initialed by the Borrower) • Property sales contract (first and last pages and any counter offers) <p>Change in Loan Amount</p> <ul style="list-style-type: none"> • Any change to the mortgage loan amount that occurs after the commitment is issued, but before loan closing, must be reported to TSAHC via email. TSAHC will revise the commitment with the new mortgage loan amount and notify the lender when the revision is completed. <p>Lender’s Obligation to Notify TSAHC of Material Changes</p> <ul style="list-style-type: none"> • The issuance of a commitment is based (in part) upon the Program Affidavit and the lender’s certification that the program requirements have been met. Commitments are issued subject to the condition that all program requirements are or will be met prior to the closing of a mortgage loan. Thus, the lender must immediately notify TSAHC of any change in the circumstances upon which the commitment was issued. If any change of circumstances occurs such that TSAHC requirements are not met, the commitment will be revoked and the mortgage loan cancelled. <p>Delinquent Closing Documentation</p>

	<ul style="list-style-type: none"> If the Post-Closing Compliance Package is not submitted through the Lender Portal within ten (10) days of loan closing, TSAHC may contact the lender to request the status of the mortgage loan. If the lender fails to timely provide to TSAHC the required closing documentation, the corresponding reservation will be subject to cancellation. Such action may result in the lender being suspended or terminated from the program until the problem is remedied. <p>Penalties for Borrower Misrepresentation</p> <ul style="list-style-type: none"> Strict penalties may be imposed on any Borrower making a material misstatement, misrepresentation or fraudulent act on an application or other document submitted to obtain assistance from TSAHC. Further, any person making a material misstatement or misrepresentation in any affidavit or certification made in connection with the application shall be subject to all applicable fines and penalties.
SHIPPING ADDRESS FOR ORIGINAL NOTE AND FINAL DOCUMENTS	<p>Original Note should be delivered to: Lakeview Loan Servicing, LLC 507 Prudential Rd Mail Stop S142 Horsham, PA 19044 Attn: Lakeview Correspondent</p> <p>Final Documents should be delivered to: Indecomm Global Services FD-BV-9902 1260 Energy Lane St. Paul, MN 55108</p>
CANCELLATION OF LOAN RESERVATION	<ul style="list-style-type: none"> The Lender is responsible for cancelling all mortgage loans subject to a reservation if the mortgage loan will not be delivered. Please note, should the lender cancel a reservation, the lender will be prohibited from making another reservation for that borrower for a period of 90 days unless otherwise authorized by TSAHC. <ul style="list-style-type: none"> In a case where the borrower cancels or withdraws his or her application, the reservation of funds must be cancelled by contacting TSAHC. In a case where the Commitment expires, the lender must request an extension using the Extension Request Form available through the Lender Portal, and provide the new estimated closing date. In all cases, the expiration of the commitment without a cancellation or extension by the lender may result in the lender being placed on "Inactive Status", meaning the lender may submit no new reservations until the problem is resolved. Failure to comply with this provision may result in the Lender's termination from the programs.
ASSUMABILITY	<ul style="list-style-type: none"> Not Assumable
INDEX	<ul style="list-style-type: none"> N/A
MARGIN	<ul style="list-style-type: none"> N/A
INTEREST RATE CAPS	<ul style="list-style-type: none"> N/A
INTEREST RATE CHANGES	<ul style="list-style-type: none"> N/A

Texas State Housing Corporation – Conventional/HFA Preferred Loan Process

Step 1: Reserving Funds

At the time the lender reserves a mortgage loan in the Lender Portal, the lender must have a mortgage loan application from a borrower, and the lender must have made a preliminary determination that the borrower qualifies for the program(s). In addition, the borrower must have furnished the lender with a property sales contract or construction contract executed by the borrower and the seller or builder of a residence.

The reservation window is open Monday through Friday between 9:00 a.m. and 7:00 p.m. Central Time and will not be available on Saturdays, Sundays, certain holidays, and days when the financial markets are closed.

- Login to the TSAHC Lender Portal at www.tsm-online.org.
- Select the “New Reservation” tab in the upper left corner.
- Select the appropriate program from the list.
- Complete those fields marked with a red asterisk in the reservation form and click “Submit” at the bottom of the form.
- If the DPA is a 2nd Lien, create the Lender Loan No. for the 2nd.
- Once the loan is reserved, you will have the option to view or print your reservation confirmation.
- The reservation confirmation will include the TSAHC loan number, the date reserved and the commitment expiration date (60 days from the reservation date).

Step 2: Pre-Closing Compliance Package Submission

- The next step is to complete and submit the Pre-Closing Compliance Package via the Lender Portal at least 5 calendar days prior to the anticipated closing date of your loan.
- Login to the Lender Portal at www.tsm-online.org.
- Click on the “Loan Status” tab and use the search engine to locate the applicable loan.
- Once the correct loan is identified, click on the “PDF Forms” tab associated with the selected loan.
- Select and download the DPA Pre-Closing Checklist. Ensure all documents listed on the checklist are uploaded AND submitted via the Lender Portal.
- Once the Pre-Closing Compliance Package has been approved, the Lender may re-enter the Lender Portal and print out a Commitment Letter from the “PDF Forms” tab associated with the loan under the “Loan Status” tab.

Step 3: Down Payment Assistance Grant Request

- For loans reserved on or after January 15th, 2018: No wire request form for closing is required. Lenders will be reimbursed when Lakeview purchases the loan.
- For loans reserved prior to January 15th, 2018: Wire request form to TSAHC is still required. TSAHC will wire DPA funds for these loans.
 - PRMG must create MIN (mortgage identification number) in MERS and add to the 2nd lien DOT. MIN should be different from what is on the 1st lien. TSAHC will register loan in MERS.
- At least 2 days prior to loan closing, provided the Pre-Closing Compliance Package is approved by TSAHC, the lender must email the Funding Request Form, the TSAHC Commitment (approval) letter (both available in the “PDF Forms” tab of the Lender Portal), and the final Closing Disclosure Settlement Statement to TSAHC at wire.request@tsahc.org.
- TSAHC will review the information on the Funding Request Form to ensure accuracy and notify the lender of any inconsistencies prior to the loan closing date.
- TSAHC will process the request and wire the funds to the escrow/closing agent on the scheduled day of closing.
- The lender should request a copy of the wire transmission from the title company/escrow agent to keep with the loan file for audit purposes.

Step 4: Fund & Close Loan

- Upon closing, the lender must submit the Post-Closing Compliance Package for TSAHC's review and approval within five (5) calendar days of loan closing.
- Login to the Lender Portal at www.tsm-online.org.
- Click on the "Loan Status" tab and use the search engine to locate the applicable loan.
- Once the correct loan is identified, click on the "PDF Forms" tab associated with the selected loan.
- Select and download the DPA Post-Closing Checklist. Ensure all documents listed on the checklist are uploaded AND submitted via the Lender Portal.
- The loan will not be purchased by Lakeview until the Post-Compliance Closing Package has been approved by TSAHC.

Step 5: Loan Purchase

- Upon closing, the lender will deliver the closing package to Lakeview for purchase. Delivery and funding information for the mortgage loan file may be found on the Lakeview Seller Portal at www.lakeviewcorrespondent.com.
- The closing package must be delivered to Lakeview promptly after closing and must be purchased by Lakeview within 60 calendar days of loan reservation.
- If the loan is not eligible for purchase within the 60-day purchase period, the lender may request a 7, 15 or 30-day extension at a cost of 1 basis point per day (7 bps, 15 bps or 30 bps, respectively).
- This fee will be deducted from the lender's proceeds at the time the loan is purchased by Lakeview.
- The Extension Request Form can be found under the "Loan Status" tab on the Lender Portal (click on the "PDF Forms" tab associated with the specific loan).
- Extension requests beyond 30 days from the original expiration date will only be considered on a case-by-case basis. Lakeview may, but is under no obligation to, purchase loans beyond the 90-day period (initial 60-day period plus 30-day extension), subject to additional per diem charges.
- In the event a loan is not purchased by the later of the 60th day after initial loan reservation or the last day of any extension that was granted, the lender must reimburse TSAHC for the down payment assistance funds TSAHC provided at loan closing. In such cases, TSAHC will notify the lender and the lender will have 15 days to remit the funds owed to TSAHC.