

Loan Purpose	FICO	1 Unit	2 Unit	3-4 Unit
Purchase	620	97%	85%	75%
Rate and Term		95%	85%	75%

General	<ul style="list-style-type: none"> Purpose - Purchase and Limited Cash Out Refinance Conforming Terms Available - 15 and 30 Year Fixed Rate High Balance Terms Available 15 and 30 Year Fixed Rate Occupancy - Primary Residence Only AUS - DU Approve Eligible only MUST reflect HomeReady Eligible Minimum Credit Score - 620
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CREDIT

Bankruptcy	<p>Seasoning Requirements:</p> <ul style="list-style-type: none"> Ch. 7 BK - 4 years Ch. 13 BK - 2 years from discharged date or 4 years from dismissal date Multiple BKs within 7 years - 5 years required from most recent discharge or dismissal date. Borrower must demonstrate re-established credit.
Collection Accounts and Non-Mortgage Charge-Offs	<ul style="list-style-type: none"> 1 unit Primary Residence - collections do not need to be paid 2-4 unit Owner Occupied Properties - Aggregate amount of more than \$5000 must be paid in full or paid prior to/at Investment Properties - individual accounts equal to or greater than \$250 AND accounts that total more than \$1000 must be paid in full.
Disputed Accounts	<ul style="list-style-type: none"> Disputed Accounts identified in DU must be reviewed by the underwriter. If a resolution is required, credit must be re- and re-scored with the disputed account resolved. If DU does not reflect the disputed trade line as a red flag, the disputed account does not need to be resolved.
Foreclosure	<ul style="list-style-type: none"> Foreclosure - 7 years (Note: Bankruptcy periods may be applied if a mortgage debt was discharged) Short Sale/Deed-in-Lieu/Charge-Off Mortgage - 4 years Borrower must demonstrate re-established credit.
Judgments and Liens	Must be paid off prior to or at closing
Mortgage Lates	Per DU
Student Loans / Other Deferred Loans	<ul style="list-style-type: none"> Deferred installment debts must be included as part of borrower's monthly debt obligations. <p>For all student loans, whether deferred, in forbearance, or in repayment (not deferred), the greater of the following to determine the monthly payment to be used as the borrower's recurring monthly debt obligation:</p> <ul style="list-style-type: none"> 1% of the outstanding balance; OR the actual documented payment (documented in credit report or from student loan lender) <p>Note: If the payment currently being made cannot be documented or verified, 1% of outstanding balance MUST be used. Exception: If actual documented payment is less than 1% of balance and will fully amortize with no payment adjustments, the lower, fully amortizing monthly payment may be used to qualify the borrower.</p>

DTI/INCOME/ASSETS

Accessory Dwelling Units Income for 1-4 units	Rental income may be considered in qualifying per rental income guidelines
Assets	All funds required for closing must be listed on the 1003, included on DU and be fully documented
Boarder income (relatives or non-relatives) for 1 unit Only	Up to 30% of qualifying income; documentation for at least 9 of the most recent 12 months (averaged over 12 months) and documentation of shared residency for the past 12 months. Cancelled checks are required to document borrower receipt of payment.
Borrower Income Limits	No income restrictions in low-income census tracts 100% of area median income (AMI) in high-minority census tracts or designated disaster areas, may not exceed 100% 80% of area median income (AMI) in all other census tracts
Maximum DTI Ratios	Per DU
Reserves	DU will determine minimum reserve requirement

(continued)



PROPERTY			
Eligibility Properties	<ul style="list-style-type: none"> • 1 unit (Attached/Detached SFRs and PUDs) • Warrantable Condos • 2-4 Units • Manufactured Homes - minimum double wide 		
Escrow Holdback for Minor Repairs	<ul style="list-style-type: none"> • Allowed for repairs that do not present a health or safety concern and do not affect the structural integrity of the property. • \$5,000 limit on required repairs • 1.5 times the repair to be held by escrow and released up clearance by Royal Pacific Funding written authorization • Repairs to be completed within 10 days of closing 		
Properties Listed for Sale	<p>Properties listed for sale are eligible for refinancing subject to the following:</p> <p>The listing must have been cancelled at least 1 day prior to the Note date of the new loan. A copy of the MLS cancellation must be included in the loan file.</p> <p>A signed LOE from the borrower explaining why the property was listed for sale and removed, and if Primary Residence, statement of intent to continue and occupy is required.</p>		
MISCELLANEOUS			
Acceptable Sources of Funds for Down payment and closing costs	<ul style="list-style-type: none"> • Gift funds are acceptable provided borrower minimum contribution is met • Cash-on-hand may be considered for SFR, PUD or Condo only (cash-on-hand may not be used to document reserves) See B5-6-03, Cash on Hand. 		
Age of Documents	<ul style="list-style-type: none"> • 90 Days for Income, Assets and Prelim • 120 Days for Appraisal and Credit • All items are measured from final date on document to Note Date. 		
Appraisal Requirements	<ul style="list-style-type: none"> • Full Interior and Exterior Appraisal that meets FNMA requirements. • SFR/PUD use Freddie Form 70/FNMA Form 1004 • SFR Investment use Freddie Mac Form 70/FNMA 1004 and include form 1007 • 2-4 Units use Freddie Mac Form 72/FNMA Form 1025 and include form 1007 • Condo use Freddie Mac Form 465/FNMA Form 1073 		
Borrower Eligibility	<p>Eligible Borrowers:</p> <ul style="list-style-type: none"> • US Citizens • Permanent Resident Aliens and Non-Permanent Resident Aliens with legal residency status • Inter-Vivos Revocable Trusts <p>Ineligible Borrowers (note that this is not a complete list):</p> <ul style="list-style-type: none"> • Foreign Nationals • Limited & General Partnerships • Irrevocable Trusts 		
Continuity of Obligation	<ul style="list-style-type: none"> • Rate and Term Refinance - Borrower must be on title minimum of 1 day. 		
Impounds	Required if LTV is $\geq 90\%$ in CA or $\geq 80\%$ in all other states.		
Loan Limits	<ul style="list-style-type: none"> • Maximum per FNMA Loan Limits • Minimum \$75,000 		
Minimum Borrower Contribution/Minimum Down Payment	Number of Units	Minimum Borrower Contribution	Minimum Down Payment Required
	One	None	3%
	Two	3%	15%
	Three or Four	3%	25%

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<p>Mortgage Insurance</p>	<ul style="list-style-type: none"> Loans with > 80% LTV require Mortgage Insurance and are subject to MI guidelines BPMI is available with monthly and single premium LPMI is available as single premium and is based on program LTV eligibilty Reduced Cost and Lower Cost MI is not permitted Renewal must be Level/Constant and Non-Refundable Approved MI companies are Radian, Arch MI and National MI <table border="1" data-bbox="358 447 1422 604"> <thead> <tr> <th colspan="4">Required MI Coverage</th> </tr> <tr> <th rowspan="2">Loan Term</th> <th colspan="3">LTV</th> </tr> <tr> <th>80.01 - 85%</th> <th>85.01 - 90%</th> <th>90.01 - 97%</th> </tr> </thead> <tbody> <tr> <td>30 Year</td> <td>12%</td> <td>25%</td> <td>25%</td> </tr> <tr> <td>15 Year</td> <td>6%</td> <td>12%</td> <td>25%</td> </tr> </tbody> </table>	Required MI Coverage				Loan Term	LTV			80.01 - 85%	85.01 - 90%	90.01 - 97%	30 Year	12%	25%	25%	15 Year	6%	12%	25%
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<p>Non-Borrower Household Income</p>	<p>Permitted as a compensating factor in DU only to allow a debt to income ratio > 45% up to 50% (non-borrower income is not considered qualifying income and is not applied to income limits.) The following additional requirements apply:</p> <ul style="list-style-type: none"> Non-borrower income must total at least 30% of the total monthly qualifying income being used by the borrower/s. Income from more than one non-borrower household member may be considered) Non-borrower household members may be relatives or non-relatives Non-borrower household income must be documented with standard Selling Guide policy based on the income type. Non-borrower(s) must sign a statement of intent to reside with the borrower for a minimum of 12 months. The income must be reflected in DU as Other Income type of "Non-Borrower Household Income" (new income type will be added with DU implementation). This income will not be included as qualifying income and would impact the DTI ratio used in the risk assessment or displayed on the DU Underwriting Findings report. 																			
<p>Non-occupant Borrowers</p>	<p>Non-occupant borrower(s) permitted to maximum 95% LTV. Max 43% DTI for occupying borrower. Income considered as part of qualifying income and subject to income limits. No limitation on ownership of other property for non-occupant borrower(s).</p>																			
<p>Ownership of other property</p>	<p>Occupant borrower(s) may not have an ownership interest in any other residential property at the time of closing</p>																			
<p>Prepurchase Homeownership Education</p>	<ul style="list-style-type: none"> Homeownership education required prior to note date for at least 1 borrower on all transactions (purchase and LCOR) Must be provided though Framework, an online program approved by Fannie Mae. Homeownership education certificate must be retained in the mortgage file 																			