

## Freddie Mac Conforming 80.01-85% Cash Out

Amended 9/4/2018

Primary Residence			
Loan Purpose	Minimum FICO	Units	Max LTV/CLTV/HCLTV
Cash-Out	740	1	Fixed 85%

<b>General</b>	<ul style="list-style-type: none"> <li>Purpose - Cash Out</li> <li>Conforming Terms Available - 10, 15, 20, 30 yr Fixed Rate only</li> <li>Accept/Ineligible allowed if the sole reason for ineligibility is due to LTV</li> <li>Occupancy - Primary Residence only</li> <li>AUS - LPA Accept only</li> <li>Minimum Credit Score - 740</li> <li>Each borrower must have a FICO</li> </ul>		
<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>Mortgage Insurance will be obtained by Freddie Mac after the loan closes</li> <li>Mortgage Insurance disclosures for LPMI and in accordance with Section 6 of the Homeowners Protection Act               <ul style="list-style-type: none"> <li>o At time of loan commitment with the Borrower, and</li> <li>o At the time coverage would cancel if it were BPMI</li> </ul> </li> </ul>		
CREDIT			
<b>Derogatory Credit</b>	<ul style="list-style-type: none"> <li>Follow according to LPA feedback</li> </ul>		
<b>Judgments and Liens in Public Records on Credit Report</b>	Must be paid off prior to or at closing		
<b>Mortgage Lates</b>	Per LP		
DTI/INCOME/ASSETS			
<b>Gifts including Gift of Equity</b>	<b>Occupancy</b>	<b>≤ 80% LTV, CLTV, HCLTV</b>	<b>&gt;80% LTV, CLTV or HCLTV</b>
	<b>Primary 1 unit</b>	None, all funds may be gifted	None, all funds may be gifted
<b>Maximum DTI Ratios</b>	Per LP		
<b>Reserves</b>	Per LP		
<b>Student Loan Qualification</b>	<p>Student loans in deferment or forbearance, use the greater of:</p> <ul style="list-style-type: none"> <li>The monthly payment amount reported on the credit report, or</li> <li>1% of the original loan balance or the outstanding balance, as reported on the credit report, whichever is greater</li> </ul> <p>Student loan forgiveness, cancellation, discharge and employment-contingent repayment programs The student loan payment may be excluded from the monthly debt payment-to-income ratio provided the Mortgage file contains documentation that indicates the following:</p> <ul style="list-style-type: none"> <li>The student loan has 10 or less monthly payments remaining until the full balance of the student loan is forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, or</li> <li>The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, forbearance period canceled, discharged or in the case of an employment-contingent repayment program, paid, at the end of the deferment or AND</li> <li>The Borrower currently meets the requirements for the student loan forgiveness, cancellation, discharge or employment-contingent repayment program, as applicable, and the Seller is not aware of any circumstances that will make the Borrower ineligible in the future</li> </ul>		
<b>Tax Transcripts</b>	<ul style="list-style-type: none"> <li>W2 transcripts and tax returns are not required for hourly/salaried borrowers.</li> <li>Tax/W2 transcripts are required for:               <ul style="list-style-type: none"> <li>o self-employed borrowers</li> <li>o commission is &gt; 25% of income</li> <li>o hand written paystubs are used for verification of income</li> <li>o there is a relationship between the parties</li> <li>o Borrower(s) is/are employed by family member</li> </ul> </li> </ul>		

(continued)

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PROPERTY													
<b>Appraisal Requirements</b>	<ul style="list-style-type: none"> <li>• Full Interior and Exterior Appraisal that meets Freddie requirements.</li> <li>• ACE allowed when applicable</li> <li>• Appraisal transfers allowed</li> </ul>												
<b>Cash -Out Restrictions</b>	<p><b>Cash-Out Transactions cannot be both:</b></p> <ul style="list-style-type: none"> <li>• Listed for sale within 45 days of the initial loan application AND</li> <li>• Cash back to the borrower at closing (excluding the payoff of debts) exceeds \$50,000</li> </ul>												
<b>Condo Review</b>	<ul style="list-style-type: none"> <li>• LPA determines the level of review required in most cases, though extraneous factors may require a change from limited review to full review based on Underwriter findings.</li> <li>• Royal Pacific Funding Underwriting will complete both Full and Limited reviews as required by LPA.</li> </ul> <table border="1" style="margin: 10px 0;"> <thead> <tr style="background-color: #1f4e79; color: white;"> <th colspan="2">Streamlined Review for Established Condo Projects not located in Florida</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Occupancy</td> <td style="text-align: center;">Maximum LTV/CLTV/HTLTV</td> </tr> <tr> <td style="text-align: center;">Primary Residence</td> <td style="text-align: center;">90%</td> </tr> </tbody> </table> <table border="1" style="margin: 10px 0;"> <thead> <tr style="background-color: #1f4e79; color: white;"> <th colspan="2">Streamlined Review for Established Condo Projects located in Florida</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Occupancy</td> <td style="text-align: center;">Maximum LTV/CLTV/HTLTV</td> </tr> <tr> <td style="text-align: center;">Primary Residence</td> <td style="text-align: center;">75%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• <i>New condominiums units in FL are ineligible</i></li> </ul>	Streamlined Review for Established Condo Projects not located in Florida		Occupancy	Maximum LTV/CLTV/HTLTV	Primary Residence	90%	Streamlined Review for Established Condo Projects located in Florida		Occupancy	Maximum LTV/CLTV/HTLTV	Primary Residence	75%
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<b>Eligible Properties</b>	<ul style="list-style-type: none"> <li>• Single Family Residences</li> <li>• PUDs (Attached or Detached)</li> <li>• FHLMC Warrantable Condominiums (Attached or Detached). <i>*Note: New condominiums units in FL are ineligible.</i></li> </ul>												
<b>Ineligible Properties</b>	<ul style="list-style-type: none"> <li>• Manufactured Homes</li> <li>• New condominiums units in FL are ineligible</li> <li>• 2-4 Units</li> <li>• Outstanding PACE obligations</li> <li>• No Community Land Trusts, Indian Leased Land, Leasehold estates</li> <li>• Property Condition rating C5 or C6, Quality condition Q6</li> <li>• Non-Warrantable Condo, Co-ops</li> <li>• Properties &gt; 20 acres</li> <li>• Commercial Properties, Assisted Living Projects</li> <li>• Working/Hobby Farms</li> </ul>												
MISCELLANEOUS													
<b>Age of Documents</b>	<ul style="list-style-type: none"> <li>• 90 Days for Income, Assets and Prelim</li> <li>• 120 Days for Appraisal and Credit</li> <li>• All items are measured from final date on document to Note Date.</li> </ul>												
<b>Borrower Eligibility</b>	<p><b>Eligible Borrowers:</b></p> <ul style="list-style-type: none"> <li>• US Citizens</li> <li>• Permanent Resident Aliens and Non-Permanent Resident Aliens with legal residency status</li> </ul> <p><b>Ineligible Borrowers</b> (note that this is not a complete list):</p> <ul style="list-style-type: none"> <li>• Foreign Nationals</li> <li>• Limited &amp; General Partnerships</li> <li>• Irrevocable Trusts</li> </ul>												
<b>Continuity of Obligation</b>	<p>When paying off an existing mortgage on a new refinance, one of the following must be met:</p> <ul style="list-style-type: none"> <li>• At least one borrower on the existing mortgage is also on the new mortgage; OR</li> <li>• At least one borrower must be on title and residing in the property as a primary residence for the most recent 12 months and the mortgage file contains evidence that the borrower either <ul style="list-style-type: none"> <li>o Has been making timely mortgage payments, including payments of any secondary financing for the most recent 12 months; OR</li> <li>o Is a related person to a borrower on the mortgage being refinanced; OR</li> </ul> </li> <li>• At least one borrower has inherited or was legally awarded the mortgaged premises through divorce, separation or dissolution of domestic partnership</li> </ul> <ul style="list-style-type: none"> <li>• Cash-Out Refinance - Borrower must be on title for minimum of 6 months.</li> </ul>												
<b>Impounds</b>	Required if LTV is > 90% in CA or > 80% in all other states.												
<b>Loan Limits</b>	<ul style="list-style-type: none"> <li>• Maximum per Freddie Loan Limits</li> <li>• Minimum \$75,000</li> </ul>												

(continued)

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<b>Mortgage Insurance</b>	<ul style="list-style-type: none"> <li>Loans with &gt; 80% LTV require Mortgage Insurance and are subject to MI guidelines</li> <li>Mortgage Insurance will be obtained by Freddie Mac after the loan closes</li> <li>Mortgage Insurance disclosures for LPMI and in accordance with Section 6 of the Homeowners Protection Act <ul style="list-style-type: none"> <li>At time of loan commitment with the Borrower, and</li> <li>At the time coverage would cancel if it were BPMI</li> </ul> </li> </ul>																			
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<p><b>Multiple Loans to the Same Borrower</b></p> <p>Borrowers are limited to a maximum of 4 open and active loans with Royal Pacific Funding.</p>																				
<p><b>State Restrictions</b></p> <ul style="list-style-type: none"> <li>TX 50(a)(4) not allowed.</li> <li>TX 50(a)(6) not allowed.</li> </ul>																				
<b>Vesting</b>	Individual(s) and Loans in a Revocable Trust are acceptable for all occupancies.																			