

Freddie Mac Conforming and Super Conforming

Amended 10/26/2018

Primary			
Loan Purpose	Minimum FICO	Units	Max LTV/CLTV/HCLTV
Purchase or No Cash-Out Refinance	620	1	Fixed 95.01-97% ¹
		2	Fixed 95%
		3-4	Fixed 85%
Cash-Out Refinance	620	1	Fixed 80%
		2-4	Fixed 75%
Second Home			
Loan Purpose	Minimum FICO	Units	Max LTV/CLTV/HCLTV
Purchase or No Cash-Out Refinance	620	1	Fixed 90%
Cash-Out Refinance	620	1	Fixed 75%
Investment			
Loan Purpose	Minimum FICO	Units	Max LTV/CLTV/HCLTV
Purchase or No Cash-Out Refinance	620	1	Fixed 85%
	620	2	Fixed 75%
	620	3-4	Fixed 75%
Cash-Out Refinance	620	1	Fixed 75%
	620	2-4	Fixed 70%

¹ Must meet HomeOne Mortgage requirements as outlined below. Manufactured homes not eligible.

General	<ul style="list-style-type: none"> • Purpose - Purchase, No Cash-Out, Cash Out • Conforming Terms Available - 15 and 30 Year Fixed Rate • Super Conforming Terms Available 15 and 30 Year Fixed Rate • Occupancy - Primary, Second Home and Investment • AUS - LPA Accept only (manual underwrite not available) • Minimum Credit Score - 620 • All Borrowers must have at least 1 FICO with LPA Accept
HomeOne Mortgage	<p>Fully comply with Freddie Mac Section 4605, including, but not limited to:</p> <ul style="list-style-type: none"> • Conforming fixed rate amortization only. • LTV/TLTV/HTLTV ratio requirements per this guide. • One-unit primary residence only. • All borrowers must occupy the subject property as their primary residence. • All Borrower/s must have at least 1 FICO • No income or geographic restrictions. • Standard appraisal requirements apply. Loan Product Advisor Feedback will indicate if an appraisal is required. • Standard mortgage insurance coverage of 35% is required when the LTV ratio is greater than 95%.

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HomeOne Mortgage (con't)	<p>Purchase transactions:</p> <ul style="list-style-type: none"> • At least one borrower must be a first-time homebuyer, meeting all the following requirements: <ul style="list-style-type: none"> o Is purchasing the subject property. o Will reside in the subject property as a primary residence. o Had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the subject property. • Homebuyer education required in accordance with Freddie Mac Section 5103.6 is required when all Borrowers are first-time homebuyers. <p>No cash-out refinance transactions:</p> <ul style="list-style-type: none"> • If the LTV and/or HCLTV is > 95%, the Mortgage being refinanced must be owned or securitized by Freddie Mac. This information is available in Freddie Mac's Loan Look-Up Tool. • If the TLTV ratios are > 95% and secondary financing is not an Affordable Second, the Mortgage being refinanced must be owned or securitized by Freddie Mac. This can be validated in Freddie Mac's Loan Look-Up Tool. • If the TLTV ratios are > 95% and secondary financing is an Affordable Second, the Mortgage being refinanced does not have to be owned or securitized by Freddie Mac. 		
Non-Occupant Co-Borrower	<ul style="list-style-type: none"> • Permitted to 95% LTV with Accept/Eligible transactions. • Borrower funds and reserves may come from the occupant and/or the non-occupant co-borrower. • It is not required to calculate or evaluate the occupant borrower's monthly housing expense-to-income ratio. • Non-occupant co-borrower cannot be an interested party to the transactions (for example, the builder, seller or broker). 		
CREDIT			
Derogatory Credit	<ul style="list-style-type: none"> • Follow according to LPA feedback 		
Judgments and Liens in Public Records on Credit Report	Must be paid off prior to or at closing		
Mortgage Lates	Per LP		
DTI/INCOME/ASSETS			
Gifts including Gift of Equity	Occupancy	≤ 80% LTV, CLTV, HCLTV	>80% LTV, CLTV or HCLTV
	Primary 1-4 unit	None, all funds may be gifted	None, all funds may be gifted
	Second Home	None, all funds may be gifted	5% Minimum borrower contribution
	Investment	Not Allowed	Not Allowed
Maximum DTI Ratios	Per LP		
Reserves	Per LP		
Tax Transcripts	<ul style="list-style-type: none"> • W2 transcripts and tax returns are not required for hourly/salaried borrowers. • Tax/W2 transcripts are required for: <ul style="list-style-type: none"> o self-employed borrowers o commission is > 25% of income o hand written paystubs are used for verification of income o there is a relationship between the parties o Borrower(s) is/are employed by family member 		

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Student Loan Qualification	<p>Student loans in repayment, deferment or forbearance:</p> <ul style="list-style-type: none"> If the monthly payment amount is greater than zero, use the monthly payment amount reported on the credit report or other file documentation, or If the monthly payment amount reported on the credit report is zero, use 0.5% of the outstanding loan balance, as reported on the credit report <p>Student loan forgiveness, cancellation, discharge and employment-contingent repayment programs</p> <p>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"> 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 The monthly payment on a student loan is deferred or is in forbearance and the full balance of the student loan will be forgiven, canceled, discharged or in the case of an employment-contingent repayment program, paid, at the end of the deferment or forbearance period <p>AND</p> <ul style="list-style-type: none"> 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 																				
PROPERTY																					
Appraisal Requirements	<ul style="list-style-type: none"> Full Interior and Exterior Appraisal that meets Freddie requirements. ACE allowed when applicable Appraisal transfers allowed 																				
Condo Review	<ul style="list-style-type: none"> 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. New and Newly Converted Condo Projects also require a Full Review and a PERS or CPM approval. Royal Pacific Funding Underwriting will complete both Full and Limited reviews as required by LPA. <table border="1" data-bbox="443 1320 1494 1505" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="background-color: #0056b3; color: white;">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> <tr> <td style="text-align: center;">Second Home</td> <td style="text-align: center;">75%</td> </tr> <tr> <td style="text-align: center;">Investment</td> <td style="text-align: center;">Not Eligible (Full Review Required)</td> </tr> </tbody> </table> <table border="1" data-bbox="443 1537 1494 1722" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="background-color: #0056b3; color: white;">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> <tr> <td style="text-align: center;">Second Home</td> <td style="text-align: center;">70%</td> </tr> <tr> <td style="text-align: center;">Investment</td> <td style="text-align: center;">Not Eligible (Full Review Required)</td> </tr> </tbody> </table>	Streamlined Review for Established Condo Projects not located in Florida		Occupancy	Maximum LTV/CLTV/HTLTV	Primary Residence	90%	Second Home	75%	Investment	Not Eligible (Full Review Required)	Streamlined Review for Established Condo Projects located in Florida		Occupancy	Maximum LTV/CLTV/HTLTV	Primary Residence	75%	Second Home	70%	Investment	Not Eligible (Full Review Required)
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Eligible Properties	<ul style="list-style-type: none"> Single Family Residences 2-4 Units PUDs (Attached or Detached) Condominiums (Attached or Detached) must be warrantable Modular restricted to 1 unit, factory built, permanently affixed and conforming to local building codes. 																				
Ineligible Properties	<ul style="list-style-type: none"> No Land Trusts, Indian Leased Land, Co-ops Property Condition rating C5 or 6, Quality condition Q6 Non-Warrantable Condo Commercial Property Working Farms 																				

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Manufactured

Royal Pacific Funding will accept loans for manufactured properties with the following attributes:

- 620 Minimum Qualifying Credit Score
- Primary Residence and Second Home Only
- Max \$424,100 Loan Amount, no High Balance Allowed
- LPA Accept only
- Mortgage delinquencies in the last 12 months not permitted
- Fixed Rate Only
- Property Specific Information
 - o Built June 15, 1976 or later
 - o Doublewide or larger
 - o Floor area of > 600 square feet
 - o Flood insurance required for properties in flood zone
 - o Manufactured Condos not allowed
 - o Property must be permanently attached with towing hitch, wheels and axels removed
 - o Manufactured home must be on original site, relocated homes are not permitted
 - o Additions to the property are not permitted if the addition was to add GLA or if there were structural changes to the home (additions such as decks and green rooms without structural changes to the property may be accepted with structural engineer certification)
 - o Borrower must own the land on which the home is located
 - o Title must be held fee simple (Leasehold not allowed)
- Property must not be located in a deed restricted area including restrictions for age and income
- HUD Certification Labels (metal plates attached) or IBTS Verification if not attached to the property
- HUD Data Plates (Paper Certification located on the interior of the property) or IBTS Verification
- Affidavit of Affixture (or its equivalent) to evidence property is classified and taxed as real property
- New Construction will require a Structural Engineer's report to show that the property is designed to be used as a dwelling with permanent foundation and meets HUD requirements
- The foundation must be inspected by the appraiser and appraiser to comment that the home is on permanent foundation consisting of either a slab or permanent concrete footings and anchored with tie-downs

Principal Residence		CLTV/HLTV
Purchase and No Cash-Out Refinance	1 Unit, Term \leq 30 Years	FRM: 95%*
Cash-Out Refinance ¹	1 Unit, Term \leq 20 years	FRM: 65%
Second Homes		CLTV/HLTV
Purchase and No Cash-Out Refinance	1 Unit, Term \leq 30 years	FRM: 85%

*Consult with MI requirements when LTV is greater than 80%

¹ Borrower must have owned land and home for at least 12 months prior to application date to be eligible to cash out.

Escrow Holdback for Minor Repairs

- Allowed for repairs that do not present a health or safety concern and do not affect the structural integrity of the
- \$5,000 limit on required repairs
- 1.5 times the repair to be held by escrow and released upon clearance by Royal Pacific Funding written authorization
- Repairs to be completed within 10 days of closing

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Properties Listed for Sale / Listing History	<p>Rate/Term Transactions:</p> <ul style="list-style-type: none"> Property must be taken off the market on or before the disbursement date, and borrowers must confirm their intent to occupy the subject property (for principal residence transactions). Property listed in the last 90 days of the disbursement date of the new mortgage are ineligible. <p>Cash-Out Transactions:</p> <ul style="list-style-type: none"> If listed for sale in the 6 months, Listing Agreement must be cancelled at least one day prior to the disbursement date and LTV must be equal to or less than 70%. All borrowers must have held title to the subject property for a minimum of six months and six payments must have been made since the most recent refinance or purchase.
MISCELLANEOUS	
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.
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	<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"> At least one borrower on the existing mortgage is also on the new mortgage; OR At least one borrower must be on title and residing in the property as a primary residence for the most recent months and the mortgage file contains evidence that the borrower either <ul style="list-style-type: none"> Has been making timely mortgage payments, including payments of any secondary financing for the most recent 12 months; OR Is a related person to a borrower on the mortgage being refinanced; OR At least one borrower has inherited or was legally awarded the mortgaged premises through divorce, dissolution of domestic partnership <ul style="list-style-type: none"> Rate and Term Refinance - Borrower must be on title minimum of 1 day. Cash-Out Refinance - Borrower must be on title for minimum of 6 months.
Investment Property Purchase Restriction	<ul style="list-style-type: none"> Evidence of 12 months mortgage or rental history is required. First Time Home Buyers that does not have any prior mortgage or rental history must qualify without the use of rental income from the subject property regardless of documentation provided. Satisfactory motivational letter
Impounds	Required if LTV is > 90% in CA or > 80% in all other states.
LPMI	<ul style="list-style-type: none"> Allowed per standard matrix listed above MI Company guidelines may be more restrictive, please refer to MI provider guidelines to ensure qualification
Loan Limits	<ul style="list-style-type: none"> Maximum per Freddie Loan Limits Minimum \$75,000

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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 eligibility. Renewal must be Level/Constant and Non-Refundable Approved MI companies are Radian, Arch MI, National MI, Genworth, and Essent MI Company guidelines may be more restrictive, please refer to MI provider guidelines to ensure qualification <table border="1" data-bbox="443 475 1707 795"> <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 - 95%</th> </tr> </thead> <tbody> <tr> <td>25 & 30 Year</td> <td>12%</td> <td>25%</td> <td>30%</td> </tr> <tr> <td>10, 15 & 20 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 - 95%	25 & 30 Year	12%	25%	30%	10, 15 & 20 Year	6%	12%	25%
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<p>Multiple Loans to the Same Borrower</p>	<p>Borrowers are limited to a maximum of 4 open and active loans with Royal Pacific Funding.</p>																			
<p>POA (Power of Attorney)</p>	<p>Power of Attorney closings will be accepted with the following criteria:</p> <ul style="list-style-type: none"> POA must be a specific to the transaction (Cash-out transaction not allowed) POA must be a specific to the transaction POA must include the borrower name, property address and loan amount POA must be fully executed and notarized POA must be approved by Royal Pacific Funding prior to loan closing POA must be recorded along with the deed of trust / mortgage POA must occupy (or intend to occupy) the subject property at or before time of closing Principal must sign the Initial 1003 (and purchase contract if applicable) 																			
<p>Vesting</p>	<p>Individual(s) and Loans in a Revocable Trust are acceptable for all occupancies.</p>																			
<p>7-10 Financed Properties</p>	<p>There is no limit on the number of financed properties for owner occupied transactions.</p> <ul style="list-style-type: none"> 2nd home and Investment property mortgages for borrower/s who individually or collectively own 7-10 financed properties (including subject property) are allowed meeting the following requirements: <ul style="list-style-type: none"> LPA must be Accept Min. qualifying FICO of 720 8 months reserves of monthly payment required for subject property and each additional financed 2nd home or investment properties on which the borrower is obligated. 																			
<p>Cash Back for No Cash-Out Refinance</p>	<p>Maximum Cash back is the greater of 1% of the Loan Amount of \$2000</p>																			
<p>State Restrictions</p>	<ul style="list-style-type: none"> TX 50(a)(4) not allowed. TX 50(a)(6) not allowed. 																			