Fannie Mae Conforming and High Balance

Amended 10/26/2016

Primary			
Loan Purpose	**Minimum FICO**	**Units**	**Max LTV/CLTV/HCLTV**
Purchase or Refinance Rate/Term	620	1	Fixed 97%[1,2]
		2	Fixed 85%
		3-4	Fixed 75%
Refinance Cash-Out	620	1	Fixed 80%
		2-4	Fixed 75%
Second Home			
Loan Purpose	**Minimum FICO**	**Units**	**Max LTV/CLTV/HCLTV**
Purchase or Refinance Rate/Term	620	1	Fixed 90%
Refinance Cash-Out	620	1	Fixed 75%
Investment			
Loan Purpose	**Minimum FICO**	**Units**	**Max LTV/CLTV/HCLTV**
Purchase or Refinance Rate/Term	620	1	Fixed 85%
	620	2	Fixed 75%
	620	3-4	Fixed 75%
Refinance Cash-Out	620	1	Fixed 75%
	620	2-4	Fixed 70%

[1] 95.01% - 97% acceptable on purchase transactions for FTHB at ≤ $417K, non-occupying coborrowers not allowed, all borrowers must have ≥ 620 credit score ***OR*** on FNMA HomeReady product (see separate matrix for details).

[2]Manufactured restricted to 95% cap, please see manufactured section for specifics. Please consult MI requirements for LTV's >80%.

ROYAL PACIFIC FUNDING

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General	• Purpose - Purchase, Rate/Term, Cash Out • Conforming Terms Available - 10, 15, 20, 25 and 30 Year Fixed Rate, 5/1 and 7/1 ARM • High Balance Terms Available 15 and 30 Yr. Fixed and 5/1 and 7/1 ARM • Occupancy - Primary, Second Home and Investment • AUS - Approve/Eligible Only (manual underwrite not available) • Minimum Credit Score - 620

CREDIT

Bankruptcy	• Chapter 7 & 11: 4 years from discharge date • Chapter 13: 2 years from discharge date or 4 years from dismissal date • Multiple BK's within 7 years requires a 5 year waiting period from dismissal or discharge • If a mortgage debt has been discharged through a Bankruptcy, even a Foreclosure has been subsequently completed to reclaim the property in satisfaction of the debt, the borrower is held to the Bankruptcy waiting period above and not the Foreclosure waiting period. Bankruptcy documents must be provided to verify that the mortgage debt was discharged as part of the Bankruptcy. • If the mortgage was reaffirmed through the bankruptcy or a foreclosure had occurred prior to the bankruptcy follow standard foreclosure seasoning requirements • Additional credit requirements if subject is investment or 2nd home and >4-6 financed residential properties owned: • No BK or Foreclosure in the past 7 years and no 30-day mortgage lates allowed in the past 12 months. **Borrower must demonstrate re-established credit**
Collection Accounts & Charge-Offs (excluding Mortgage related items)	• 1 unit Primary Residence - collections generally do not need to be paid, follow DU • 2-4 unit Owner Occupied and Second Home Properties - Aggregate amount of more than $5000 must be paid in full or paid prior to/at closing. • Investment Properties - individual accounts equal to or greater than $250 AND accounts that total more than $1000 must be paid in full.
Disputed Accounts	• Disputed Accounts identified in DU must be reviewed by the underwriter. If a resolution is required, credit must be re-pulled and re-scored with the disputed account resolved. If DU does not reflect the disputed tradeline as a red flag, the disputed account does not need to be resolved. **Note:** Disputed Mortgage Loans are required to be cleared
Foreclosure	• 7 year time period with re-established credit from foreclosure recording date • If mortgage debt has been discharged through a Bankruptcy, see Bankruptcy section for requirements. • If the mortgage was reaffirmed through the bankruptcy or a foreclosure had occurred prior to the bankruptcy follow standard foreclosure seasoning requirements • Additional credit requirements if subject is Investment or 2nd home and >4-6 financed residential properties owned: • No BK or Foreclosure in the past 7 years and no 30-day mortgage lates allowed in the past 12 months. • Dates are determined from recorded date to credit report date
Judgments and Liens in Public Records on Credit Report	Must be paid off prior to or at closing
Mortgage Lates	• Per DU

DTI/INCOME/ASSETS

	LTV, CLTV or HCLTV	Occupancy and Property Type	Minimum Borrower Required Contribution
Gifts including Gift of Equity	**80% and below**	1-4 Unit Primary and 2nd Home	None, all funds may be gifted
	> 80%	1 Unit Primary	None, all funds may be gifted
		2-4 Unit Primary and 2nd Home	5% Minimum borrower contribution required
	Note: Gift Funds are not allowed on Investment Loans		
Maximum DTI Ratios	• Per DU		

(continued)

Reserves	Reserves are determined by DU but the following are generally required: • 2nd Homes - 2 months PITI • Primary 2-4 units - 6 months PITI • Investment - 6 months PITI Additional reserve requirements may apply if the borrower owns multiple properties.
Student Loans / Other Deferred Loans	• Deferred installment debts must be included as part of borrower's monthly debt obligations. • 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: o 1% of the outstanding balance; OR o the actual documented payment (documented in credit report or from student loan lender) **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.
PROPERTY	
Appraisal Requirements	• 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
Condo Review	• DU 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. • A Full Review will be required for all LTV/CLTV combinations not addressed in Limited Review below and must have PERS or CPM approval. • 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 DU. **Limited Review Eligibility:** o Condo Eligibility – **All States except Florida:** • Owner Occupied – 90% LTV/CLTV • Second Homes – 75% LTV/CLTV • Investment Properties – Not Allowed (Full Review Required) o Condo Eligibility – **Florida** • Owner Occupied – 75%/90% LTV/CLTV • Second Homes – 70%/75% LTV/CLTV • Investment Properties – Not Allowed (Full Review Required) *** Properties with active litigation may be considered on a case by case basis provided CPM approval can be obtained. For consideration the following will be required: • Total claim amount of the plaintiff verified by legal filing • Master Policy must cover the total claim amount • Documentation that the claim has been filed with the insurance company • Confirmation from the HOA's Insurance Company that the Insurance Company's attorney has taken control of the case. HOA cannot use their own attorney
Eligible Properties	• Single Family Residences • 2-4 Units • PUDs (Attached or Detached) • Condominiums (Attached or Detached), FNMA Warrantable • Modular restricted to 1 unit, factory built, permanantly affixed and conforming to local building codes. • Manufactured Homes (minimum doublewide, see manufactured section for further details)
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 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 witihin 10 days of closing

(continued)

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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 $417,000 Loan Amount, no High Balance Allowed
- DO/DU Approve/Eligible only, Manual Underwrite not accepted on Conventional (see FHA or VA for acceptable Manual Underwriting)
- Mortgage delinquencies in the last 12 months not permitted
- Property Specific Information
  - o Built June 15, 1976 or later
  - o Doublewide or larger home with floor area of ≥ 600 square feet
  - o Property may not be in a 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)
  - o Borrower must own the land on which the home is located
  - o Title must be held fee simple
- 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		DU	CLTV/HLTV
Purchase and Limited Cash-Out Refinance	1 Unit, Term <=30 years	FRM: 95%* ARM: 80%	FRM: 95* ARM: 95*
Cash-Out Refinance[1]	1 Unit, Term <=20 years	FRM: 65% ARM: 60%	FRM: 65 ARM: 65
Second Homes		**DU**	**CLTV/HLTV**
Purchase and Limited Cash-Out Refinance	1 Unit, Term <=30 years	FRM: 90% ARM: 80%	FRM: 85* ARM: 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.

Properties Listed for Sale / Listing History

Rate and Term Transactions:

- 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).

Cash Out Transactions:

- If listed for sale in the 6 previous 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

- 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.

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<table>
<tr><td>Borrower Eligibility</td><td>Eligible Borrowers:
• US Citizens
• Permanent Resident Aliens and Non-Permanent Resident Aliens with legal residency status
• Inter-Vivos Revocable Trusts
Ineligbile Borrowers (note that this is not a complete list):
• Foreign Nationals
• Limited & General Partnerships
• Irrevocable Trusts</td></tr>
<tr><td>Continuity of Obligation</td><td>• 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.</td></tr>
<tr><td>Impounds</td><td>Required if LTV is ≥ 90% in CA or ≥ 80% in all other states.</td></tr>
<tr><td>Loan Limits</td><td>• Maximum per FNMA Loan Limits
• Minimum $75,000</td></tr>
<tr><td>LPMI</td><td>• Allowed per standard matrix listed above
• MI Company guidelines may be more restrictive, please refer to MI provider guidelines to ensure qualification</td></tr>
<tr><td>LTV / CLTV
> 95% - 97%</td><td>• Must be DU Approve/Eligible
• Conforming loan amount only
• MI Coverage of 35% required
• 1 unit Primary residence only (Manufactured Homes excluded)
• Purchase: At least 1 borrower must be First Time Home Buyer (FTHB = no home ownership interest the last 3 yrs)
• Rate/Term: Existing loans must be securitized by FNMA. Documentation from FNMA loan look up acceptable.</td></tr>
<tr><td>Mortgage Insurance</td><td>• 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
• Renewal must be Level/Constant and Non-Refundable
• Approved MI companies are Radian, Arch MI and National MI
<table>
<tr><th colspan="5">Required MI Coverage</th></tr>
<tr><th rowspan="2">Loan Term</th><th colspan="4">LTV</th></tr>
<tr><th>80.01 - 85%</th><th>85.01 - 90%</th><th>90.01 - 95%</th><th>95.01 - 97%</th></tr>
<tr><td>25 & 30 Year</td><td>12%</td><td>25%</td><td>30%</td><td>35%</td></tr>
<tr><td>10, 15 & 20 Year</td><td>6%</td><td>12%</td><td>25%</td><td>35%</td></tr>
</table></td></tr>
<tr><td>Multiple Loans to the Same Borrower</td><td>Borrowers are limited to a maximum of 4 open and active loans</td></tr>
<tr><td>POA (Power of Attorney)</td><td>Power of Attorney closings will be accepted with the following criteria:
• 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)</td></tr>
<tr><td>Vesting</td><td>Individual(s) and Loans in a Revocable Trust are acceptable for all occupancies.</td></tr>
<tr><td>7-10 Financed Properties</td><td>• Allowed per FNMA guidelines (Section B2-2-03)
• Minimum Credit Score 720
• DU Approve/Eligible Required
• Available for Purchase / Rate/Term Refinance / Cash-Out Refinance
• Available for Second Homes and Investment Properties (note that there are no restrictions on number of financed properties for Primary Residence)</td></tr>
</table>