

Choice Advantage Program

Program Highlights	<ul style="list-style-type: none"> • Max 90% LTV with no MI • Interest Only option
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Choice Advantage – ARM and Fixed					
PURCHASE AND RATE TERM REFINANCE ^{1,2}					
Occupancy	FICO	DTI ⁴	LTV	Loan Amount	Reserves ⁵
Primary/Secondary	660	≤50%	90	\$3,000,000	9 months
Primary/Secondary	650	≤50%	85	\$3,000,000	6 months
Primary/Secondary	650	≤ 50%	80	\$3,000,000	3 months
CASH-OUT REFINANCE ³					
Primary/Secondary	700	≤ 50%	85	\$1,500,000	6 months
Primary/Secondary	650	≤ 50%	80	\$1,500,000	3 months
Program Matrix Notes:					
<ol style="list-style-type: none"> 1. Delayed Financing may be underwritten and priced as a rate term refinance. Maximum LTV and loan amount per Matrix. Rate term cash back amount restriction does not apply. Delayed financing on a primary residence/homestead in Texas, must be treated as a cash out transaction under Texas 50(a)(6) guidelines. 2. For Rate term transactions, maximum cash back amount is equal to the lesser of 2% of new refinance loan balance or \$2,000. 3. For Cash Out transactions, maximum cash back amount is \$750,000. 4. Maximum 55% DTI considered with compensating factors. Refer to the Specified Credit Factors for details. 5. Minimum 2 months reserves considered with compensating factors. Refer to the Specified Credit Factors for details. 					

Choice Advantage – ARM and Fixed					
CASH-OUT REFINANCE - DEBT CONSOLIDATION ^{1,2,3}					
Occupancy	FICO	DTI	LTV	Loan Amount	Reserves ⁵
Primary/Secondary ⁴	660	≤ 35%	90	\$750,000	9 months
Primary/Secondary ⁴	650	≤ 35%	85	\$750,000	6 months
Primary/Secondary ⁴	650	≤ 35%	80	\$750,000	3 months
Program Matrix Notes:					
<ol style="list-style-type: none"> 1. Total amount of recurring obligations to be paid off by the borrower cannot exceed \$100,000 (excluding mortgage liens). 2. Maximum cash back amount is equal to the lesser of 2% of new refinance loan balance or \$2,000. 3. Interest only is not allowed. 4. Not allowed on primary residences in Texas. Debt consolidation on primary residences in Texas must follow Texas 50(a)(6) guidelines. 5. Minimum 2 months reserves considered with compensating factors. Refer to the Specified Credit Factors for details. 					

Choice Advantage – Texas 50(a)(6) Fixed					
Texas 50(a)(6) RATE TERM REFINANCE ^{1,2}					
Occupancy ^{4,5}	FICO	DTI ⁶	LTV	Loan Amount	Reserves ⁷
Primary	650	≤ 50%	80	\$3,000,000	3 months
Texas 50(a)(6) CASH-OUT REFINANCE ³					
Primary	650	≤ 50%	80	\$1,500,000	3 months
Program Matrix Notes:					
<ol style="list-style-type: none"> 1. Delayed financing must be treated as a cash out transaction. 2. For Texas 50(a)(6) rate term transactions, no cash back is allowed. 3. For Texas 50(a)(6) cash out transactions, maximum cash back amount is \$750,000. 4. 2-4 units are not allowed. 5. Texas 50(a)(6) not offered on 5/1 ARM 6. Maximum 55% DTI considered with compensating factors. Refer to the Specified Credit Factors for details. 7. Minimum 2 months reserves considered with compensating factors. Refer to the Specified Credit Factors for details. 					

Choice Advantage – Interest Only ARM					
PURCHASE AND RATE TERM REFINANCE ^{1,2,3}					
Occupancy	FICO	DTI ⁴	LTV	Loan Amount	Reserves ⁵
Primary/Secondary	700	≤ 50%	80	\$3,000,000	3 months
Primary/Secondary	650	≤ 50%	75	\$3,000,000	3 months
Program Matrix Notes:					
<ol style="list-style-type: none"> 1. Delayed Financing may be underwritten and priced as a rate term refinance. Maximum LTV and loan amount per Matrix. Rate term cash back amount restriction does not apply. Delayed financing on a primary residence/homestead in Texas, must be treated as a cash out transaction under Texas 50(a)(6) guidelines. 2. For Rate term transactions, maximum cash back amount is equal to the lesser of 2% of new refinance loan balance or \$2,000. 3. Interest Only not offered on 30 year Fixed. 4. Maximum 55% DTI considered with compensating factors. Refer to the Specified Credit Factors for details. 5. Minimum 2 months reserves considered with compensating factors. Refer to the Specified Credit Factors for details. 					

Product Detail	Product Guidelines
Amortization Type	5/1 Adjustable and 30 Year Fixed Rate 5/1 ARM Interest Only permitted. 10 year interest only period followed by 20 year amortization.
Appraisal	<ul style="list-style-type: none"> Purchases: <ul style="list-style-type: none"> One appraisal required for all loans \leq \$1,500,000. Two appraisals required for all loans $>$ \$1,500,000. Refinances: <ul style="list-style-type: none"> One appraisal required for all loans \leq \$1,000,000. Two appraisals required for all loans $>$ \$1,000,000.
ARM Caps	5/1 : 2/2/6
ARM Index	1 year LIBOR
ARM Margin & Floor Rate	4.50%
ARM Qualification	5/1 ARM must be qualified at the higher of the fully indexed rate or note rate 5/1 ARM Interest Only must be manually qualified at the fully amortizing (PITI) based on a 20 year amortizing term at the higher of the fully indexed rate or note rate
Asset Depletion	Borrower can qualify solely if they can evidence liquid assets equal to or in excess of 180 months of PITI payments (see guidelines for specific requirements)
AUS	Manual Underwriting is required, however, an AUS is required to demonstrate the borrower is not eligible for agency product including high balance loans.
Borrower Contribution	100% gifts funds are permitted if the gift is received from a family member. 5% borrower contribution required otherwise.
Declining Markets	If appraiser denotes market as declining, reduce maximum LTV by 5% from maximum financing limits.
Derogatory Event Seasoning	<ul style="list-style-type: none"> No derogatory events permitted in the most recent 4 years. A Derogatory Event is defined as short-sale (SS), deed-in-lieu (DIL), mortgage loan charge-off (MCO), foreclosure (FCL) or Chapter 7 or Chapter 13 Bankruptcy (BK). A modification is not a Derogatory Event.
Documentation	All loans must meet ATR requirements to be eligible. Full Income and Asset documentation is required in compliance with Appendix Q requirements.
Escrow Waivers	Not allowed on HPML loans under 12 CFR 1026.35. Per HPML requirements, an escrow account must be established before consummation of the loan for payment of property taxes and premiums for mortgage-related insurance required by Royal Pacific Funding. The escrow account must be maintained for at least five years after the date of consummation.
FICO/Credit Score	650 (<i>Minimum FICO requirement may be higher depending on loan parameters. Please refer to the matrix for details.</i>) Traditional Credit: Borrower must have two open and active trades. Non-traditional credit not permitted
Lien Position	First
Mortgage Insurance	Not required.
Maximum Loan Amount	\$3,000,000 (<i>Maximum loan amount may be lower depending on loan parameters. Please refer to the matrix for details.</i>)
Minimum Loan Amount	\$100,000

Number of Financed Properties	<ul style="list-style-type: none"> • Primary Residence <ul style="list-style-type: none"> ○ Unlimited Financed Properties • Second Home <ul style="list-style-type: none"> ○ Maximum 10 financed properties • Royal Pacific Funding will finance 4 properties with a maximum unpaid principal balance of \$4,000,000.
Occupancy	<ul style="list-style-type: none"> • 1–4 unit Primary Residence • 1 unit Second Home
Payment History	0x30 in most recent 24 months on all mortgages/rentals
Program Codes	Royal 30 Yr Fixed Choice Advantage Royal 5/1 LIBOR ARM Choice Advantage Royal 5/1 LIBOR ARM IO Choice Advantage
Property Types	<ul style="list-style-type: none"> • 1-4 units (Detached, Semi Detached, Attached) • PUD (Detached, Attached) • Warrantable Condominium (Detached, Attached) • Non-Warrantable Condominiums (Detached, Attached) including Condotels.
Ratios	Max 50% DTI (up to 55% DTI considered with compensating factors. Refer to the Specified Credit Factors section for details)
Secondary Financing	Existing and new subordinate financing is not allowed.
Seller Contributions	6% Primary Residence or Second Home
Temporary Buydowns	Not allowed
Term	5/1 ARM and 5/1 ARM IO: 30 year Fixed: 30 year
Transaction Types	<ul style="list-style-type: none"> • Purchase • Rate term Refinance/Delayed Financing • Cash Out - Debt Consolidation • Cash Out Refinance • Texas 50(a)(6) rate term and cash out refinance
Specified Credit Factor	<p>One of the following Specified Credit Factors are allowed.</p> <p>Maximum 55% DTI is allowed as long as the loan parameters meet two of the following compensating factors (loan must be manually locked to exceed 50% DTI):</p> <ul style="list-style-type: none"> • $\leq 80\%$ LTV • ≥ 720 FICO • Either: Reserves ≥ 12 months or $\geq 125\%$ Residual Income <p>Minimum of 80% of required Residual Income amount is allowed as long as the loan parameters meet two of the following compensating factors.</p> <ul style="list-style-type: none"> • $\leq 80\%$ LTV • ≥ 720 FICO • Either: Reserves ≥ 12 months or $DTI \leq 40\%$

	Minimum 2 months reserves is allowed as long as the loan parameters meet two of the following compensating factors.
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- $\leq 80\%$ LTV
- ≥ 720 FICO
- Either: $DTI \leq 40\%$ or $\geq 125\%$ Residual Income