



iAPPROVE LENDING

EXPANDED TIER 1* AND EXPANDED TIER 2** PROGRAM

PRIMARY RESIDENCE, 30 Year Fixed Rate, 7/1 ARM

Purchase or Rate and Term Refinance ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁷⁾					Cash-Out Refinance ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁸⁾					
Property Type	LTV/CLTV/HCLTV	Maximum Loan Amount	Minimum Credit Score	Reserves ⁽³⁾	Property Type	LTV/CLTV/HCLTV ⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁷⁾⁽⁸⁾	Maximum Loan Amount	Minimum Credit Score	Reserves ⁽³⁾	Maximum Cash-Out
1 Unit	83	1,000,000	660	6	1 Unit	78	1,000,000	660	6	150,000
	78	1,000,000	640	6		73	1,000,000	640	6	150,000
	73	1,000,000	620	6		68	1,000,000	620	6	250,000
	63	1,000,000	600	6		63	1,000,000	600	6	250,000
2-4 Units	78	1,000,000	660	9	<p>*EXPANDED TIER 1:</p> <ul style="list-style-type: none"> NO 30 DAY MORTGAGE OR RENTAL PAYMENT LATES IN PAST 24 MONTHS. Credit Depth: For each borrower, minimum 3 satisfactory trade lines, 2 of which must be open and reporting for the past 12 months, and a 24 month total credit history. <p>**EXPANDED TIER 2:</p> <ul style="list-style-type: none"> NO 30 DAY MORTGAGE OR RENTAL PAYMENT LATES IN PAST 12 MONTHS, AND NO 90 DAY MORTGAGE LATES OR RENTAL PAYMENT LATES IN PAST 24 MONTHS Credit Depth: For each borrower, minimum 2 satisfactory trade lines, 1 of which must be open and reporting for the past 12 months, and a 24 month total credit history. 					
	73	1,000,000	640	9						
	68	1,000,000	620	9						
	55	1,000,000	600	9						

SECOND HOME 30 Year Fixed-Rate, 7/1 ARM

Purchase or Rate and Term Refinance ⁽¹⁾⁽³⁾⁽⁷⁾				
Property Type	LTV/CLTV/HCLTV	Maximum Loan Amount	Minimum Credit Score	Reserves ⁽³⁾
1 Unit	78	750,000	660	9
	73	750,000	640	9
	68	750,000	620	9
	63	750,000	600	9

INVESTMENT PROPERTY, 30 Year Fixed-Rate, 7/1 ARM

Purchase or Rate and Term Refinance ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁶⁾⁽⁷⁾				
Property Type	LTV/CLTV/HCLTV	Maximum Loan Amount	Minimum Credit Score	Reserves ⁽³⁾
1 Unit	78	750,000	700	12
	73	750,000	660	12
	68	750,000	620	12
2-4 Units	73	1,000,000	660	12
	68	1,000,000	640	12
	63	1,000,000	620	12

FOR ALL LOANS:

- MAXIMUM DTI **42.00%**
- MINIMUM LOAN AMOUNT **\$150,000**
- Escrows/Impounds required at all LTVs on primary residences that are HPML (Higher Priced Mortgage Loans). See full Program Guidelines below for Escrow requirement details.

FOOTNOTES:

- (1) If property listed for sale within **60 days** prior to application date, then NOT eligible for rate and term or cash-out refinance
- (2) If cash-out and property listed for sale within **61 and 180 days** prior to application date, then maximum 68 CLTV/HCLTV
- (3) If multiple financed properties owned or departure residence- then refer to *Reserves* below for additional requirements

Clear Capital CDA with findings no more than 7% below the appraisal value is required for:

- (4) >\$750,000 loan amount and CLTV/HCLTV >73
- (5) Cash-out refinance and >68 CLTV/HCLTV
- (6) Subject is investment property and >73 CLTV/HCLTV
- (7) Flips with purchase contract date less than 180 days following close of prior sale and price increase >10%, **and all** "identity of interest" or "non-arms-length" transactions,

Cash-out rural property LTV restriction:

- (8) If rural property, then reduce maximum LTV/ CLTV/HCLTV by 5% for cash-out refinance transactions

Topic / Seller Guide Reference	<p align="center">EXPANDED PROGRAM PRODUCT GUIDELINES</p> <p align="center">The Fannie Mae Selling Guide, Regulation Z: 12 CFR §1026, and <i>iAPPROVE Seller Guide</i> are incorporated herein by reference.</p>
<p align="center">General Underwriting Standards 6/19/2014</p>	<ul style="list-style-type: none"> • Where this Program Guide and the iAPPROVE Seller Guide are silent, Fannie Mae guidelines will prevail. • All Mortgage Loans in this program must meet the requirements of the “Ability to Repay” (ATR) rule and in addition must be underwritten using the standards and methods of the Qualified Mortgage (QM) rule where it can be applied, regardless of whether or not the Mortgage Loan is covered by the rule. For DTI, income and liability calculations, refer to 12 CFR §1026.43 including those sections describing Qualified Mortgages, and to Appendix Q to 12 CFR §1026 • All Loans that <u>are</u> covered by the ATR rule must be Qualified Mortgages in order to be eligible for this program. • Many of the Loans for primary residences that are delivered into this program are Higher Priced Mortgage Loans (HPML) and must meet all CFPB rules and regulations for HPMLs, including but not limited to the HPML Escrow Rule (Refer to the HPML and Escrows/Impounds sections below). • Manual underwriting, no AUS required. • No Mortgage Insurance required at any LTV. • Residual income must be documented to meet VA guidelines using an <i>iAPPROVE Residual Income Certification</i> or acceptable equivalent form (refer to <i>Income and DTI</i> and <i>Residual Income Requirements</i> section of this Program Guide), except on most loans for investment properties.
<p align="center">Eligibility Review Option 10.1.5 Eligibility Review of Mortgage Loans by iAPPROVE</p>	<ul style="list-style-type: none"> • Upon Seller request, iAPPROVE will review loans for program eligibility prior to the closing of the loan by Seller. However, Seller is solely responsible for the underwriting and the credit decision on all Mortgage Loans, and the provision of all required disclosures and reporting related to same. • Seller is responsible for providing borrowers with notice of action taken in the event a loan is not offered by Seller and accepted by borrower, listing iAPPROVE as one of the creditors on whose behalf the notice is being sent, per the requirements of <i>Regulation B</i>. Seller must comply with HMDA reporting requirements per <i>Regulation C</i>.
<p align="center">Age of Loan at Delivery 5.3. Mortgage Loan File Age</p>	<ul style="list-style-type: none"> • Maximum 45 days from HUD 1 disbursement date of subject transaction until delivery of complete loan file to iAPPROVE.
<p align="center">Age of Credit File Documents</p>	<ul style="list-style-type: none"> • All documents must be no more than 90 days old at the Note date, except that the appraisal may be 120 days old.
<p align="center">Appraisal Requirements 9.0. Appraisal</p>	<ul style="list-style-type: none"> • Full URAR appraisal report with interior and exterior inspection on appropriate Fannie Mae / Freddie Mac form is required for all properties. No PIW or Exterior-only allowed. • Appraisals must be dated within 120 days prior to Note date, the acceptable age of the appraisal may not be extended with an update or re-certification of value, etc. • Appraisals must be submitted to the GSE’s “UDCP” (Uniform Collateral Data Portal) and obtain a “successful” finding on the “SSR” (Submission Summary Report). SSR to be in loan file • Appraisal must be delivered in a format acceptable to iAPPROVE where the data is embedded in the document, and not as an “image” (acceptable format: 1st Generation PDF) • Appraisals generated for third parties are NOT eligible. Appraisal transfer if the appraisal was not completed in Seller’s name or the name of its originating TPO are not eligible.
<p align="center">Appraisal Review and Second Appraisal Requirements 9.0 Appraisal 9.9 Property Flipping and Purchase Contract Assignments</p>	<ul style="list-style-type: none"> • A Clear Capital Collateral Desktop Analysis - CA (CDA) (i.e., the CDA version without MLS data) is required for transactions with the following characteristics: <ul style="list-style-type: none"> ○ If >\$750,000 loan amount and CLTV/HCLTV >73% ○ If cash-out refinance and CLTV/HCLTV >68% ○ If investment property and CLTV/HCLTV >73% ○ If a “flip” or resale of the subject property where purchase contract date is < 180 days after the prior sale, and subject sales price is more than 10% over the previous sales price (Refer to Property Flipping section of this Program Guide, and to Seller Guide Section 9.9. Property Flipping and Purchase Contract Assignments). For these transactions, THE APPRAISAL MUST SPECIFICALLY ADDRESS THE PRIOR SALE AND JUSTIFY THE PRICE INCREASE. ○ All “identity of interest” or “non-arms-length” transactions (refer to “Identity of Interest and Non Arms-Length” section of this Program Guide) • If the CDA returns a value more than 7% below the original appraisal value, then <ul style="list-style-type: none"> ○ Clear Capital Broker Price Opinion (BPO) and Clear Capital Value Reconciliation of Three Reports (Recon Form 3.0) are required. <ul style="list-style-type: none"> ▪ The Value Reconciliation will take into account the original appraisal, CDA and BPO. ○ The reconciled value determined by Clear Capital will be used as the appraised value for the property.

<p style="text-align: center;">Assets Gifts and Minimum Borrower Contributions 6/19/2014</p>	<ul style="list-style-type: none"> • Down payment, funds to close, and reserves should be documented in accordance with <i>Fannie Mae Selling Guide B3-4.2</i> including but not limited to “Verification of Deposits and Assets” and “Evaluating Large Deposits” • Properly documented gifts from a Family Member (using Fannie Mae definition) are permitted only if the borrower(s) has contributed a down payment and closing costs equal to at least 15% of the sales price from their own funds (contribution requirement must be met by the occupying borrower(s) for primary residence and second home transactions). • Gifts may not be used to meet reserve requirements.
<p style="text-align: center;">Assets Interested Party Contributions, Concessions and Minimum Borrower Contributions,</p>	<ul style="list-style-type: none"> • Loans with undisclosed interested party contributions are not acceptable to iAPPROVE • Borrower(s) must make a 15% minimum contribution to down payment and closing costs from their own funds. Contribution requirement must be met by the occupying borrower(s) for primary residence and second home transactions. • Maximum interested party contributions (to be used for Fannie Mae permissible purposes only): for owner occupied primary residences, 3% for CLTV >= 75%, and 6% for CLTV < 75%, for 2nd home and investment properties max is 3%. • Interest Rate Buy-downs, Payment Abatements are NOT acceptable on loans to be sold to iAPPROVE, along with other contributions/concessions that are not Fannie Mae eligible
<p style="text-align: center;">Assets Reserve Requirements and Multiple Properties Owned</p>	<ol style="list-style-type: none"> 1. Refer to the Program Matrix for reserve requirements. However, additional reserves must be added to the matrix requirements under the circumstances set forth in #2 and #3 below. (Reserve requirements are cumulative). 2. Multiple Financed Properties Owned- For each additional financed second home or residential 1-4 unit investment property owned by borrower other than the subject property, an additional 2 months reserves is required based on the PITIA of each of those additional properties. 3. Departure Residence- In addition to #1 and #2, as they apply, if converting the current residence to a second home or investment property, OR it is pending sale borrower must have another additional 6 months PITIA in reserves based on the PITIA of the departure residence. (See Departure Residence Policy). <ul style="list-style-type: none"> • Eligible reserve sources- Follow <i>Fannie Mae Selling Guide B3-4</i>, except that Gifts may not be used to meet reserve requirements.
<p style="text-align: center;">Assets Use of Business Funds</p>	<ul style="list-style-type: none"> • Business assets may be used only if the borrower is 100% owner of the business and a letter from the business accountant is obtained to confirm that the withdrawal will not negatively impact the business.
<p style="text-align: center;">Borrower Eligibility General Borrower Eligibility and Number of Financed Properties 10.5. Borrower Eligibility 10.6. Trust Eligibility (6/19/2014)</p>	<ul style="list-style-type: none"> • Borrowers may have a maximum of five (5) financed residential 1-4 unit properties including the subject transaction serviced by iAPPROVE. (Refer to the <i>Reserves</i> Section) • Maximum four (4) borrowers per loan. • Non-occupant co-borrowers must be family members only (Fannie Mae definition), and occupant borrower(s) must by themselves qualify at 42% DTI maximum and make the 15% minimum contribution from their own funds required for the program. • Eligible Borrowers: <ul style="list-style-type: none"> ○ Borrower must be an iAPPROVE-eligible, revocable inter vivos “living” trust or a natural person • Ineligible Borrowers: <ul style="list-style-type: none"> ○ Borrowers with diplomatic immunity, ○ “Foreign politically exposed” borrowers ○ Foreign Nationals ○ Non-Resident Aliens, and Non-Permanent Resident Aliens ○ Owners and employees of Correspondent Sellers, its affiliates and subsidiaries or the Seller’s TPOs ○ Title taken as business entity
<p style="text-align: center;">Cash-Out Definition</p>	<ul style="list-style-type: none"> • Maximum cash to borrower for a Rate and Term refinance transaction is \$5,000. • The payoff of liens seasoned less than 6 months at the time of Loan application, or HELOCs with a draw in excess of \$2,000 in the 6 months preceding the Loan application date are considered as “cash out.” Seller must provide documentation covering relevant time period. • Borrower(s) must meet Fannie Mae Continuity of Obligations requirements. • For cash-out refinance transactions, the maximum LTV/CLTV/HCLTV for Rural properties is reduced by 5% from the maximum LTV/CLTV/HCLTV on the program eligibility table above.

<p style="text-align: center;">Condominium Eligibility 10.7.5. Condominium Requirements</p>	<p>CONDOMINIUM ELIGIBILITY OVERVIEW</p> <ul style="list-style-type: none"> In addition to the requirements in this Program Guide and the Seller Guide, condominium projects must meet Fannie Mae eligibility requirements. <ul style="list-style-type: none"> Refer to the Condo and PUD Review Requirements section below. Forms are available at https://www.fanniemae.com/singlefamily/condo-project-manager Sellers without access to Fannie Mae Condo Project Manager (CPM) can request DO Sponsorship along with CPM Sponsorship through iAPPROVE. See <i>Seller Guide section 10.4., Desktop Originator Sponsorship.</i> In addition to Fannie Mae eligibility requirements, projects and units must meet the following iAPPROVE requirements: <ul style="list-style-type: none"> Maximum exposure is greater of one (1) unit or 25% of project for iAPPROVE. Maximum ownership per borrower is the greater of 1 unit or 10% of project 	
<p style="text-align: center;">Condo and PUD Review Requirements 6/19/2014</p>	<p>Acceptable Condo Review Types-</p> <ul style="list-style-type: none"> Fannie Mae “Expedited Review Questions”^(a) (for applicable property type is required for all Loans), with <ul style="list-style-type: none"> Fannie Mae Condo Project Manager (CPM) Expedited Review Eligibility Cert or Fannie Mae Project Eligibility Review Service (PERS)^(b) <ul style="list-style-type: none"> use if project is not eligible for CPM, or Fannie Mae unexpired Final or Conditional Project Approval status under the 1028 process and unexpired approval <ul style="list-style-type: none"> If posted on the Fannie Mae website and otherwise meets Type T requirements 	<p>Unacceptable Condo Review Types-</p> <ul style="list-style-type: none"> Fannie Mae Limited Review (except for detached units and established 2-4 unit projects) Lender Full Review <p>Refer to Project Review Information and Frequently Asked Questions (FAQs) for additional information on general Fannie Mae project review requirements for all project types.</p> <p>PUD Review Requirements</p> <ul style="list-style-type: none"> Attached PUD: Lender Full Review meeting Fannie Mae Guidelines Detached PUD: No review required (treat as SFR) <p>(a) Forms are available at https://www.fanniemae.com/singlefamily/condo-project-manager</p> <p>(b) Submit at pers_projects@fanniemae.com</p>
<p style="text-align: center;">Construction Loans</p>	<ul style="list-style-type: none"> iAPPROVE will purchase eligible loans that refinance a construction loan, but will NOT purchase a construction loan or “one time close” construction to permanent loan Must be completed construction, have Certificate of Occupancy, and any escrow holdbacks must be fully disbursed prior to loan purchase by iAPPROVE 	
<p style="text-align: center;">Credit Credit Report, Credit Score and Trade Line Requirements 10.4.2. Credit Report Requirements</p>	<ul style="list-style-type: none"> Each borrower, including those with NO income used to qualify, must have a valid social security number and generate a traditional credit score from at least two of these repositories: Experian, Equifax, and TransUnion. Residential Mortgage Credit Report (RMCR) or traditional tri-merge is required for all borrowers. Qualifying score for each borrower is the middle of 3 scores or the lower of 2 scores, as applicable. Qualifying score for the loan is the lowest qualifying score of any borrower. Tier 1 Depth of Credit History - for each borrower whose income is being used to qualify: <ul style="list-style-type: none"> Minimum of three (3) Satisfactory trade lines on each credit report, <ul style="list-style-type: none"> Two (2) of which must be open and reporting for the past 12 months, and minimum 24 month total credit history Tier II Depth of Credit History – for each borrower whose income is being used to qualify: <ul style="list-style-type: none"> Minimum of two (2) Satisfactory trade lines on each credit report, <ul style="list-style-type: none"> one (1) of which must be open and reporting for the past 12 months, and minimum 24 month total credit history The following are not acceptable to be counted as Satisfactory trade lines: “non-traditional” credit, loans in deferment period, accounts discharged through bankruptcy, authorized user accounts, charge-offs, collection accounts, foreclosures, deeds in lieu of foreclosure, short sales or pre-foreclosure sales. 	

<p style="text-align: center;">Credit Housing Payment History (Mortgage or Rent)</p>	<ul style="list-style-type: none"> • For any rent payment or on any mortgage on ANY real estate owned by any borrower on the transaction, there must be: <ul style="list-style-type: none"> ○ TIER 1 EXPANDED PROGRAM : No 30+ day late payments in the past 24 months ○ TIER 2 EXPANDED PROGRAM: No 30+ day late payments in the past 12 months, and no 90+ day late payments in the past 24 months • The occupant borrower(s) must have a complete, most recent, 24 months rental and/or mortgage payment history documented in the loan file. • Mortgages must either be on the credit report or have a 24 month history (or as long as the property owned, if owned less than 24 months) of payments meeting program requirements, <ul style="list-style-type: none"> ○ Documented by cancelled checks or evidence of electronic transfers if a private party loan (VOM alone is not sufficient), or ○ Documented by cancelled checks, evidence of electronic transfers, or through an official statement produced by the lender, if a loan from an institutional lender.
<p style="text-align: center;">Credit Significant Derogatory Credit</p>	<ul style="list-style-type: none"> • All delinquent credit obligations that have the potential to affect the subject Mortgage Loan's lien position or diminish borrower's equity in the subject property must be paid off at or before closing, including without limitation all delinquent taxes, tax liens, judgments, and mechanics' or materialmen's liens. In addition, all non-lien charge-off and collection accounts exceeding \$1,000 in the aggregate must be paid off. • Required time elapsed since serious derogatory credit event from event date as defined below to the disbursement date of the new loan: <ul style="list-style-type: none"> ○ Foreclosure – 2 years measured from completion date of the FC action. Exception: the 2 year waiting period can be measured from the date of bankruptcy discharge rather than the foreclosure completion date if it can be satisfactorily documented that the mortgage was <u>discharged</u> through bankruptcy and the foreclosure action was completed later. ○ Short sale, deed-in-lieu, or pre-foreclosure sale – 1 year ○ Bankruptcy <ul style="list-style-type: none"> ▪ Chapter 7 or 11 – 2 years from discharge or dismissal ▪ Chapter 13 – 1 year from discharge or 2 years from dismissal
<p style="text-align: center;">Deed Restrictions 10.9. Resale Deed Restrictions</p>	<ul style="list-style-type: none"> • iAPPROVE does NOT purchase loans subject to resale deed restrictions, other than an acceptable Age-Related Deed Restriction on a one-unit Property for Borrower's principal residence that meets Agency guidelines.
<p style="text-align: center;">Departure Residence Policy Conversion of Primary Residence to Rental Property, Second Home, or Pending Sale</p>	<ul style="list-style-type: none"> • Sellers must use the DTI calculations and meet the other requirements of Appendix Q to 12 CFR §1026 (copy available on iAPPROVE Correspondent Website References Link, Compliance Section), in particular Section II D, "Rental Income." Note: Appendix Q's calculation method and requirements differ from Fannie Mae requirements. • Borrower must have 6 months PITIA reserves in addition to the requirements shown in the matrix in this Program Guide and the additional requirements for financed second homes and investment properties. <ul style="list-style-type: none"> ○ To calculate PITIA for the purpose of this 6 month reserve, Seller should use the greater of: (a) the PITIA of the current residence, and (b) the PITIA of the subject property.
<p style="text-align: center;">Disaster Re-Inspections 10.10. Disaster Policy</p>	<ul style="list-style-type: none"> • Properties in disaster areas have re-inspection requirements as per the <i>Seller Guide</i> and the <i>Disaster Requirements Matrix</i> on the <i>Resources</i> link.
<p style="text-align: center;">Early Payoff Fee (EPO) 3.2.6 Early Payoff Fee, 3.2.2 Remedies</p>	<ul style="list-style-type: none"> • Loans that pay off within 180 days of purchase by iAPPROVE will be subject to an Early Payoff Fee as defined in the Seller Guide.
<p style="text-align: center;">Early Payment Default (EPD) 3.2.5.1 Early Payment Default, 3.2.2 Remedies</p>	<ul style="list-style-type: none"> • For the Expanded Tier I and II Programs, an Early Payment Default (EPD) is a Mortgage Loan for which any of the first six (6) payments contractually due to iAPPROVE or its assigns becomes 60 days or more delinquent. EPDs will be subject to a Remedy as defined in the Seller Guide.
<p style="text-align: center;">Electronic Signatures 6.9. Electronic Delivery and Electronic Signature</p>	<ul style="list-style-type: none"> • Initial 1003 and initial regulatory disclosures may be delivered to Borrowers electronically if the Seller's process and technology is in full compliance with the ESIGN Act. • Refer to the <i>Seller Guide</i> Section for iAPPROVE requirements.
<p style="text-align: center;">Escrow Holdbacks 5.20.1.4. Escrow for Postponed Improvements or Repairs</p>	<ul style="list-style-type: none"> • Loans that are pending escrow holdbacks (i.e., not fully disbursed) for improvements or repairs that are not yet complete are NOT eligible for purchase by iAPPROVE. Escrowed completion funds must have been fully disbursed and work completed as evidenced by an acceptably completed Form 442, Satisfactory Completion Certificate prior to Purchase by iAPPROVE.
<p style="text-align: center;">Escrows/Impounds 5.20. Escrow/ Impound Accounts</p>	<ul style="list-style-type: none"> • Unless prohibited by Applicable Laws, all loans with LTV >80% must have an escrow/impound account even if not covered under the HPML Escrow Rule. • Escrows/impounds for taxes and insurance (with some exceptions, including the exception for condo/PUD master insurance policies) on <u>principal dwellings</u> are required at all LTVs if necessary to comply with the CFPB's HPML Escrow Rule or other legal requirements. Note that the APR threshold in the HPML definition differs for conforming loan balances (inclusive of high cost area limits) (APR >= APOR + 1.5%) and jumbo loan balances (APR >= APOR + 2.5%). (Refer to CFPB guidance, and 12 CFR 1026.35). • HPML Escrow Rule requires escrows for taxes and insurance (excludes condo/PUD master association insurance) to be in place for at least 5 years (other details apply). • The <i>TILA Higher-Priced Mortgage Loans (HPML) Escrow Rule Small Entity Compliance Guide</i> is available at http://files.consumerfinance.gov/f/201401_cfpb_tila-hpml-escrow_compliance-guide.pdf
<p style="text-align: center;">Fees</p>	<ul style="list-style-type: none"> • \$795 administrative fee per loan is charged at time of purchase by iAPPROVE

<p>HPML and High Cost 8.9.9 Higher Priced Mortgage Loans</p>	<ul style="list-style-type: none"> Loans exceeding any applicable federal, state or municipal High Cost limits are not eligible for purchase by iAPPROVE iAPPROVE will purchase Higher Priced Mortgage Loans (HPML) meeting all applicable guidelines and regulations. HPML rules cover certain primary residence loans that have APRs which exceed the APOR (Average Prime Offer Rate) by 1.5% or more (for conforming balances) or by 2.5% or more (for jumbo loan balances). (Refer to CFPB guidance, and 12 CFR 1026.35). All HPML Escrow Rule requirements must be met, if loan is HPML. See <i>Escrows/Impounds for Taxes, Insurance</i> section below. The <i>TILA Higher-Priced Mortgage Loans (HPML) Escrow Rule Small Entity Compliance Guide</i> is available at http://files.consumerfinance.gov/f/201401_cfpb_tila-hpml-escrow_compliance-guide.pdf Homeownership Counseling Disclosure must be provided with initial disclosures and documented in the loan file delivered to iAPPROVE, for all loans, whether or not HPML.
<p>Identity of Interest and Non Arms-Length 10.4.4. Requirements for Identity of Interest and Non Arms-Length Transactions 6/19/2014</p>	<ul style="list-style-type: none"> Loans for transactions with identity of interest or non-arm's length characteristics are not eligible for sale to iAPPROVE if they are secured by second homes or investment properties. <ul style="list-style-type: none"> Examples of these transactions include but are not limited to: sales of properties between family members or business associates OR involving a business entity and individual who is an officer or principal OR involving the builder/developer of the property and an employee or affiliate OR where a Gift of equity is involved. Refer to the requirements in the <i>Seller Guide</i> section. Primary residence "identity of interest" or non-arms-length transactions where there was a sale of the property within the 180 days prior to the subject purchase contract date are also ineligible For all eligible primary residence "identity of interest" or non-arms-length transactions, an acceptable Clear Capital CA – (CDA) (Collateral Desktop Analysis) is required, see "Appraisals and Appraisal Review" section of this Program Guide.
<p>Income, DTI, Residual Income Requirements</p>	<ul style="list-style-type: none"> Maximum back-end DTI ratio is 42.00%. <ul style="list-style-type: none"> Use Appendix Q to 12 CFR §1026 to calculate income, qualifying mortgage payment, liabilities, DTI etc. (Refer to the General Underwriting Standards section above). The loan must meet the Qualified Mortgage standards in 12 CFR §1026.43 Use Fannie Mae guidelines only when Appendix Q and iAPPROVE are silent. Occupant borrower(s) must by themselves qualify at 42% DTI maximum, in addition to the transaction qualifying when considering all occupant and non-occupant co-borrowers Qualifying rate for 7/1 ARMs is the Note rate. Mortgage Credit Certificates (MCCs) are not allowed for income qualifying purposes. A Residual Income Certification form using the Veteran's Administration (VA) methodology must be included in all Mortgage Loan Files, <ul style="list-style-type: none"> Must document that borrower(s) meet VA residual income guidelines Exception: Not required for Investment Property (N/O/O) Loans where the owner will not occupy the property more than 14 days per year. The iAPPROVE Residual Income Certification form is available on the <i>Resources</i> link <ul style="list-style-type: none"> The iAPPROVE form, if used, must be signed by all borrowers on the Loan. If an acceptable equivalent form other than iAPPROVE's is used, borrowers must execute a "<i>Borrower Attestation of Residual Income Accuracy and Completeness</i>," available on the <i>Resources</i> link, in addition to the residual income analysis form used by Seller.
<p>Leasehold Properties</p>	<ul style="list-style-type: none"> Provide Freddie Mac Ground Lease Analysis (Form 461) - must meet Freddie Mac requirements. Loans secured by properties located on Indian (Native American) tribal land or Indian Trust Land or Restricted Land, and/or properties for which borrower has a leasehold interest in same, are not eligible.
<p>Power of Attorney 6.7. Power of Attorney</p>	<ul style="list-style-type: none"> In certain situations, a specific, special, military or limited Power of Attorney may be acceptable. Refer to <i>Seller Guide Section 6.7</i>. No Powers of Attorney are allowed on loans to Trusts or on cash-out refinances

<p>Property Eligibility Property Quality and Condition</p>	<ul style="list-style-type: none"> • Properties with ratings of C5, C6 or Q6 are not allowed unless the issues that caused the ratings are cured prior to loan delivery and acceptable documentation is provided by the appraiser. • No undisbursed escrow holdbacks permitted – all work must be completed (evidenced by Form 442) and all holdback funds distributed prior to sale of loan to iAPPROVE.
<p>Property Eligibility Ineligible Property Types and Property Uses 10.7. General Property Eligibility</p>	<ul style="list-style-type: none"> • iAPPROVE does NOT purchase the following property types: <ul style="list-style-type: none"> • Log homes, • Dome homes and other exotic or non-traditional types of structures • Co-ops • Manufactured homes and mobile homes • Working farms or ranches • Ineligible Condo projects as described in the Ineligible Condo Projects section of this Guide, including non-warrantable condos, multi-dwelling, Condotels and hotel condos • Assisted living or board and care facilities • Properties with less than 650 square feet of habitable living space • Properties with acreage greater than 10 acres (truncating acreage for appraisal purposes is not allowed) • Unimproved properties (land loans) • Houseboats • Hawaii properties in lava zones 1 and 2, • Boarding houses • Bed & breakfast, • Properties with zoning violations • Properties located on Indian (Native American) tribal land (see Leasehold Properties)
<p>Property Flipping, Purchase Contract Assignments 9.9. Property Flipping & Purchase Contract Assignments</p>	<ul style="list-style-type: none"> • If the Purchase Contract has been assigned to the property buyer from a previous purchaser, then the loan is not eligible for sale to iAPPROVE • If prior sale within 90 days, then the loan is only eligible for sale to iAPPROVE only if: 1. Property seller is Relocation Agency 2. Property seller obtained property through Foreclosure or Deed in Lieu, 3. Property Seller obtained property through Inheritance or Divorce, 4. Must meet requirements that apply to “<i>Properties Recently Listed for Sale</i>” below, and all requirements for properties re-sold within 180 days (directly following here). • If prior there has been a prior sale of the property within 180 days: 1. Identity of Interest transactions are not eligible. 2. If 10% or more value increase, a Clear Capital “CDA” is needed and additional restrictions apply. Refer to Seller Guide Section 9.9. <i>Property Flipping and Purchase Contract Assignment</i>, and <i>Appraisals and Appraisal Review</i> section of this Program Guide above.
<p>Properties Recently Listed for Sale</p>	<ul style="list-style-type: none"> • No refinances allowed on any property listed for sale in the 60 days prior to the application date of the subject transaction. • For any property listed for sale in the 61-180 days prior to the application date of the subject transaction, maximum CLTV/HCLTV for cash-out refinances is the lesser of the program limits or 68%.
<p>QM Points and Fees Calculation, “Bona Fide” Discount Points</p>	<ul style="list-style-type: none"> • In reviewing loans submitted under this Program, iAPPROVE will include any discount points paid by the borrower in the total points and fees calculation when assessing compliance with the Qualified Mortgage points and fees limit of 3%, unless the par Note rate or Note rate closest to par without discount is less than or equal to (the Average Prime Offer Rate (APOR) plus 2%. • If the Note rate is >2% over APOR, iAPPROVE will include all discount points when calculating the 3% points and fees cap, whether or not they are “bona fide discount” points. • See: § 12 CFR 1026.32(b)(1)(i)(E), 12 CFR 1026.32(b)(1)(i)(F), and 12 CFR 1026.32(b)(3).
<p>Refinance Benefit to Borrower Churning and Benefit to Borrower 10.4.3. Churning Restrictions and Tangible Net Benefit</p>	<ul style="list-style-type: none"> • Loans are not eligible for sale to iAPPROVE if there is evidence of churning and/or the transaction does not result in a Tangible Net Benefit to Borrower. • Seller must provide a “Tangible Net Benefit to Borrower” worksheet in each refinance transaction Mortgage Loan file (or in Colorado, purchase). If a particular form is required by the state or local area that the subject property is located in, that form should be used. If there is no such requirement, Seller may use the iAPPROVE sample form available on the Resources link, or an equivalent form that is acceptable to iAPPROVE.
<p>Rural Property Cash-Out Restrictions</p>	<ul style="list-style-type: none"> • For cash-out refinance transactions, the maximum LTV/CLTV/HCLTV for Rural properties is reduced by 5% from the maximum LTV/CLTV/HCLTV on the program eligibility table above. See also Rate and Term / Cash-Out Definition.
<p>Secondary Financing</p>	<ul style="list-style-type: none"> • Secondary liens must have terms and characteristics that are Fannie Mae eligible. They also may not permit negative amortization or contain a balloon feature or a prepayment restriction/penalty. They must be clearly subordinate to the Mortgage Loan being sold to iAPPROVE. • CLTV/H CLTV thresholds shown in the matrix above may not be exceeded. • For HELOCs, the entire credit line limit based on the Note must be used to calculate the HCLTV and determine program eligibility. If a credit line is reduced without a permanent modification of the original Note, then the entire original line limit must be used to calculate the HCLTV. Follow Fannie Mae for calculating CLTV, HCLTV and qualifying payment. • For re-subordinating second liens, a certified copy of the executed subordination agreement and a copy of the Note must be delivered with the Mortgage Loan file. • For new subordinate liens, a copy of the Note and a certified copy of the security instrument indicating that it is recording subordinate to the new first lien are required.

State Restrictions and Licensing 5.1.1. Quick Reference Guide	<ul style="list-style-type: none"> iAPPROVE does NOT purchase loans for this Program in: New York, Nebraska, Maine, Georgia, Mississippi, North Carolina, South Dakota, Wisconsin Sellers must be licensed and approved by iAPPROVE for the state where the subject property is located. iAPPROVE does not purchase: Loans vested in Illinois Land Trusts, Texas 50 (a)(6) refinance mortgages or “ever A6”, Hawaii properties in lava zones 1 and 2
Tax Transcripts 10.5.6. Tax Return Transcripts	<ul style="list-style-type: none"> A tax transcript must be obtained for each tax year covered by the income documentation used to qualify the Borrower(s). If transcript not yet available, loan file must contain a copy of an IRS or vendor document showing that no transcript is available. Refer to <i>Seller Guide Section 10.5.6</i> for further details. Income variations in the current year’s income > 15% from the prior year’s (or most recent) tax transcript must be adequately explained.
Transfers and Assignments MERS and Intervening 6.9. MERS	<ul style="list-style-type: none"> Loans must be registered with MERS at time of delivery and a MERS TOB and TOS initiated by the Seller to iAPPROVE within two calendar days of loan purchase Loans with intervening assignments require prior approval by iAPPROVE. See 5.4. Intervening Assignments
Trusts 10.6. Trust Eligibility	<ul style="list-style-type: none"> Revocable inter vivos “Living” trusts only are acceptable to iAPPROVE. No Illinois Land Trusts or other trust types. Documents for loans where title is taken in a trust cannot be signed with a Power of Attorney. Refer to Seller Guide 10.6 for requirements.

Expanded Tier 1 and Tier 2 Fixed Rate Product Codes							
Product Code	Underwriting Method	Minimum Loan Amount	Maximum Loan Amount				
EXPANDED 30 YEAR FIXED (Tier 1)	Manual	\$150,000	Refer to Program Matrix				
EXPANDED 30 YEAR FIXED TIER 2							
Expanded Tier 1 and Tier 2 Adjustable Rate Product Codes							
Product Code*	Underwriting Method	Minimum Loan Amount	Maximum Loan Amount	ARM Caps	Margin/ Floor	Index	Qualifying Rate
EXPANDED 7/1 HYBRID ARM TIER 1	Manual	\$150,000	Refer to Program Matrix	5/2/5	4.25/	1 Year WSJ LIBOR	Note Rate
EXPANDED 7/1 HYBRID ARM TIER 2				5/2/5	4.25		
ARM look-back period: 45 days. ARMS are not convertible, are due-on-sale during the initial fixed rate period, and assumable subject to the conditions in the Note once the interest rate becomes adjustable. 7/1 ARM Note/Rider: use Fannie Mae/Freddie Mac Uniform Instrument Note / Rider Form 3528 / 3187. Fannie Mae ARM plan equivalent 2727.							

EXPANDED PROGRAM CHECKLIST	
1	Ensure that your Company has an <i>Expanded Guideline Program MLPA Credit Approval Exhibit</i> so that you are eligible to sell Loans in this program. Contact your iAPPROVE Sales Executive with questions.
2	iAPPROVE Eligibility Review Submission Form : If the loan was submitted for prior Eligibility Review, then the Seller-completed <i>Eligibility Review Submission Form</i> and the iAPPROVE-completed <i>Eligibility Review Confirmation</i> form should be uploaded with the delivery loan file when the closed loan is submitted for purchase. <ul style="list-style-type: none"> See the <i>Eligibility Review User Guide</i> on the <i>Resources</i> link for eligibility review submission instructions. The <i>Eligibility Review Submission Form</i> is located on the <i>Resources</i> link, <i>Docs and forms</i>
3	Property Eligibility : A <i>Clear Capital Collateral Desktop Analysis – CA (CDA)</i> should be included if required by Property Eligibility guidelines. If the CDA does not meet the 7% tolerance in the guidelines, then a <i>Clear Capital Broker Price Opinion (BPO)</i> and <i>Clear Capital Value Reconciliation of Three Reports (Recon Form 3.0)</i> are required and the appraised value for loan purposes is the reconciled value. <ul style="list-style-type: none"> See the <i>Clear Capital Appraisal Review Product User Guide</i> on the <i>Resources</i> link
4	iAPPROVE Residual Income Certification form is required for all primary residence and second home loans: signed by preparer and all Borrowers OR iAPPROVE Borrower Attestation of Residual Income Accuracy Form AND the Seller’s equivalent Residual Income Analysis form using VA methodology and acceptable to iAPPROVE. <ul style="list-style-type: none"> These forms are located on the <i>Resources</i> link, <i>Documents and Forms</i>
5	If Loan is a HPML : there is evidence in file that an escrow account has been set up and TILA HPML Escrow Rule requirements have been met. <ul style="list-style-type: none"> For more information, see the <i>Residual Income Analysis and HPML Escrow and Appraisal Rule Reference</i> on the <i>Resources</i> link, <i>Compliance</i> section
6	Tangible Net Benefit Worksheet form establishing net benefit to the borrower is required for refinance transactions. If there is no state specific form requirements, use an equivalent Seller form or the iAPPROVE <i>Sample Net Tangible Benefit</i> form. (Note: Any state TNB requirements for <i>purchases</i> must be met as well, in the states where these apply). <ul style="list-style-type: none"> The iAPPROVE <i>Sample Net Tangible Benefit</i> form is located on the <i>Resources</i> link, <i>Documents and Forms</i>
7	Condos: Submit the Fannie Mae Expedited Review Questions form for the applicable Condo project type, available on efanniemae.com . <ul style="list-style-type: none"> These Fannie Mae forms are also available on, <i>Resources</i> link, <i>Documents and Forms</i>