

MAX LTV & LOAN		Full Doc (6)					Lite, Limited, SIVA, No Ratio, & SISA (6)					NINA (No Doc) (6)				
		UNITS	CLTV	MAX LOAN AMOUNT	CREDIT SCORE	DTI	UNITS	CLTV	MAX LOAN AMOUNT	CREDIT SCORE	DTI *	UNITS	CLTV	MAX LOAN AMOUNT	CREDIT SCORE	DTI
Purchase & Rate/Term Refinance (2)	Primary PiggyBack	1 - 2 Units	100	450,000	620	55	1 - 2 Units	100	150,000	620	55	1 - 2 Units	100	150,000	680	N/A
		3 - 4 Units	100	250,000	620	50	1 - 2 Units	100	350,000	680	50	1 - 2 Units	95	350,000	680	N/A
		3 - 4 Units	100	350,000	660	50	1 - 2 Units	95	350,000	660	50	1 - 2 Units	90	450,000	680	N/A
		3 - 4 Units	100	450,000	680	50	1 - 2 Units	95	450,000	680	50	1 - 2 Units	90	350,000	620	N/A
		3 - 4 Units	95	450,000	620	50	1 - 2 Units	90	450,000	660	50	1 - 2 Units	85	450,000	620	N/A
							1 - 2 Units	90	350,000	620	50	3 - 4 Units	95	350,000	680	N/A
							1 - 2 Units	85	450,000	620	50	3 - 4 Units	90	450,000	680	N/A
							3 - 4 Units	100	250,000	680	50	3 - 4 Units	90	350,000	660	N/A
							3 - 4 Units	95	450,000	680	50	3 - 4 Units	85	450,000	620	N/A
							3 - 4 Units	90	450,000	660	50					
						3 - 4 Units	85	450,000	620	50						
	Second Home PiggyBack (1)	1 Unit	100	125,000	620	55	1 Unit	100	250,000	680	50	1 Unit	95	250,000	680	N/A
		1 Unit	100	250,000	660	50	1 Unit	95	350,000	660	50	1 Unit	90	450,000	680	N/A
		1 Unit	100	350,000	680	50	1 Unit	90	450,000	680	50	1 Unit	90	350,000	660	N/A
		1 Unit	95	350,000	620	50	1 Unit	90	350,000	620	50	1 Unit	90	125,000	620	N/A
		1 Unit	95	450,000	660	50	1 Unit	85	450,000	620	50	1 Unit	85	450,000	620	N/A
		1 Unit	85	450,000	620	50	* DTI is N/A for No Ratio/No Doc Programs									
	Investor PiggyBack	1 - 2 Units	100	250,000	660	50	1 - 2 Units	100	125,000	680	50	1 - 2 Units	95	250,000	680	N/A
		1 - 2 Units	95	450,000	660	50	1 - 2 Units	95	350,000	660	50	1 - 2 Units	90	450,000	680	N/A
1 - 2 Units		90	100,000	620	55	1 - 2 Units	90	450,000	680	50	1 - 2 Units	90	350,000	660	N/A	
3 - 4 Units		100	125,000	660	50	1 - 2 Units	90	100,000	620	50	1 - 2 Units	85	450,000	660	N/A	
3 - 4 Units		100	250,000	680	50	1 - 2 Units	85	450,000	660	50	3 - 4 Units	95	125,000	680	N/A	
3 - 4 Units		95	450,000	660	50	3 - 4 Units	100	125,000	720	50	3 - 4 Units	90	450,000	680	N/A	
3 - 4 Units		90	100,000	620	55	3 - 4 Units	95	250,000	680	50	3 - 4 Units	90	350,000	660	N/A	
						3 - 4 Units	90	450,000	680	50	3 - 4 Units	85	450,000	660	N/A	
						3 - 4 Units	90	350,000	660	50						
						3 - 4 Units	90	100,000	620	55						
					3 - 4 Units	85	450,000	660	50							



MAX LTV & LOAN Cash Out Refinance		Full Doc (6)					Lite, Limited, SIVA, No Ratio, & SISA (6)					NINA (No Doc) (6)					
		UNITS	CLTV	MAX LOAN AMOUNT	CREDIT SCORE	DTI	UNITS	CLTV	MAX LOAN AMOUNT	CREDIT SCORE	DTI *	UNITS	CLTV	MAX LOAN AMOUNT	CREDIT SCORE	DTI	
	Primary	1 - 2 Unit	100	450,000	620	55	1 - 2 Unit	100	150,000	620	55	1 - 2 Unit	100	150,000	680	N/A	
		3 - 4 Unit	100	250,000	620	50	1 - 2 Unit	100	350,000	680	50	1 - 2 Unit	95	350,000	680	N/A	
		3 - 4 Unit	100	350,000	660	50	1 - 2 Unit	95	350,000	660	50	1 - 2 Unit	90	450,000	680	N/A	
		3 - 4 Unit	100	450,000	680	50	1 - 2 Unit	95	450,000	680	50	1 - 2 Unit	90	350,000	620	N/A	
		3 - 4 Unit	95	450,000	620	50	1 - 2 Unit	90	450,000	660	50	1 - 2 Unit	85	450,000	620	N/A	
								1 - 2 Unit	90	350,000	620	50					
								1 - 2 Unit	85	450,000	620	50					
								3 - 4 Unit	100	250,000	680	50	3 - 4 Unit	95	350,000	680	N/A
								3 - 4 Unit	95	450,000	680	50	3 - 4 Unit	90	450,000	680	N/A
								3 - 4 Unit	90	450,000	660	50	3 - 4 Unit	90	350,000	660	N/A
							3 - 4 Unit	85	450,000	620	50	3 - 4 Unit	85	450,000	620	N/A	
		Second (1)	1 Unit	100	125,000	620	55	1 Unit	100	250,000	680	50	1 Unit	95	250,000	680	N/A
			1 Unit	100	250,000	660	50	1 Unit	95	350,000	660	50	1 Unit	90	450,000	680	N/A
			1 Unit	100	350,000	680	50	1 Unit	90	450,000	680	50	1 Unit	90	350,000	660	N/A
			1 Unit	95	350,000	620	50	1 Unit	90	350,000	620	50	1 Unit	90	125,000	620	N/A
			1 Unit	95	450,000	660	50	1 Unit	85	450,000	620	50	1 Unit	85	450,000	620	N/A
			1 Unit	85	450,000	620	50										
		Investment	1 - 2 Units	100	250,000	660	50	1 - 2 Units	100	125,000	720	50	1 - 2 Units	95	250,000	680	N/A
			1 - 2 Units	95	450,000	660	50	1 - 2 Units	95	350,000	660	50	1 - 2 Units	90	450,000	680	N/A
			1 - 2 Units	90	100,000	620	55	1 - 2 Units	90	450,000	680	50	1 - 2 Units	90	350,000	660	N/A
			3 - 4 Units	100	125,000	660	50	1 - 2 Units	85	450,000	660	50	1 - 2 Units	85	450,000	660	N/A
			3 - 4 Units	100	250,000	680	50	1 - 2 Units	90	100,000	620	50					
			3 - 4 Units	95	450,000	660	50	3 - 4 Units	100	125,000	720	50	3 - 4 Units	95	125,000	680	N/A
			3 - 4 Units	90	75,000	620	55	3 - 4 Units	95	250,000	680	50	3 - 4 Units	90	450,000	680	N/A
								3 - 4 Units	90	450,000	680	50	3 - 4 Units	90	350,000	660	N/A
								3 - 4 Units	90	350,000	660	50	3 - 4 Units	85	450,000	660	N/A
								3 - 4 Units	90	100,000	620	55					
							3 - 4 Units	85	450,000	660	50						

Alt A Second Lien Fixed Rate	PRODUCT CODES:			
	S30AA S15AA SB15AA		S30AAPP S15AAPP SB15AAPP	
	Full Doc		Lite, Limited, SIVA, No Ratio & SISA	NINA (No Doc) (16)
TERM		15 or 30 Years (3)	15 or 30 Years (3)	15 or 30 Years (3)
MINIMUM LOAN		\$10,000	\$10,000	\$10,000
PROPERTY (10)	Detached	Yes	Yes	Yes
	Townhouse	Yes	Yes	Yes
	PUD	Yes	Yes	Yes
	Condo (8)	Yes	Yes	Yes
	Non-Warrantable Condos	Yes (6)	Yes (6)	Yes (6)
	Maximum # Loans	(15)	(15)	(15)
	Maximum Acres	10 Acres	10 Acres	10 Acres
	Geographic Restrictions	Yes (4)	Yes (4)	Yes (4)
	Log Homes	No	No	No
	Modular/Prefabricated	Yes	Yes	Yes
	Rural	Yes (11)	Yes (11)	Yes (11)
	Manufactured	No	No	No
BORROWER	Resident Alien (6)	Yes	Yes	Yes
	Non Perm Res	Yes (7)	Yes (7)	Yes (7)
	Foreign Nationals	No	No	No
	First Time Homebuyers (12)	Yes	Yes	Yes
	Non-Occ CB (9)	Yes	Yes	Yes
	Co/Part	No	No	No
	Trust	Yes	Yes	Yes
QUAL RATE		Initial Rate	Initial Rate	N/A
GIFTS/GRANTS		Yes, FNMA	Yes, FNMA	Yes, FNMA
CASH RESERVES		2 Months (13)	2 Months (13)	N/A
SELLER CONCES		FNMA Guidelines	FNMA Guidelines	FNMA Guidelines
BUYDOWN		No	No	No
MTG INSURANCE		N/A	N/A	N/A
4506T		Yes	No	No
ASSUMABLE		No	No	No
PREPAY		Yes (14)	Yes (14)	Yes (14)
INTEREST ONLY				
FEATURES		No	No	No
TRAIL CB		No	No	No
APPRAISAL		(6)	(6)	(6)
1. One Unit only for Second Homes.				
2. Total Investor Exposure is limited to \$2.5MM combined first and second liens.				
3. 30 year term with 15 year balloon also available.				
4. Not allowed in Texas or Tennessee.				
5. All second mortgages must be manually underwritten. DU/LP documentation is not acceptable. [If DU/LP documentation is allowed and utilized for associated first lien product, note that this product may require additional documentation.]				
6. See additional underwriting guidelines. If not addressed Fannie Mae guidelines apply. Second package, original 1003.				
7. Documented evidence of residency, a current H-1, L-1, E-1, or G Series Visa. Minimum 2 years employment history with US based employer. Income for qualifying purposes must be from US, must be able to verify probability of continued US employment with current employer for 3 years, single family detached primary residence, minimum 2 years U.S. credit history, 2 year minimum established asset base in US. Must meet minimum credit score requirements				
8. FNMA or Freddie Mac Warrantable Condos. Non-Warrantable Option Available. See additional underwriting guidelines. Condominiums over 8 stories must be typical to the area. Detached 1unit site condos are allowed for owner occupied only.				
9. Must be immediate family member, verification of relationship required. Should add strength to the transaction by exhibiting stability, good credit history and strong asset base, must have sufficient liquidity to assist the occupant borrower should the need arise. Note and Security Instrument must be signed by both occupant and non-occupant borrowers. LTV/CLTVs >80% owner-occupant must make the first 5% of down payment from his/her own funds. Co-signer/guarantor not allowed. Total Debt to Income must meet overall DTI requirements for the program.				
10. Properties less than 600 square feet are not allowed. Refinance transactions on properties listed for sale within the last 6 months prior to the loan application are not eligible. Properties currently listed for sale are not eligible. Rehab properties owned less than 12 months are not allowed. Industrial, commercial and agricultural zoning is unacceptable. Unique properties are not acceptable under this program.				
11. Must be common for area and not agricultural in nature. Land to value is limited to 40%, limited to 10 acres, be accessible from a publicly maintained roads and have adequate sewage, water and utilities.				

12. All borrowers including first time homebuyers will be underwritten to the same standards. Careful risk analysis should be used when underwriting a borrower who is purchasing a home for the first time or has no history of making mortgage payments. Minimum 12 month rental/housing history is required.
13. 6 months PITI for investment properties. Gift funds may not be used to satisfy reserve requirements.
14. 3 year prepayment penalty available in following states: Delaware, District of Columbia, Virginia, Pennsylvania, and Florida. Prepayment is assessed if greater than 20% of original principal balance is paid within any consecutive 12 month period for first 3 years; penalty is hard, and will be assessed even if property is sold, for first 12 months; then is soft for remaining 2 years.
15. Maximum Loans: No limit to number of properties being financed currently. \$2.5MM combined limitation on total loan amount when both first and second liens are delivered to same investor.
16. 1003 with no employment information, no income, and no assets stated. Employment is not verified. But if employment information is verified, will get an improvement in rate. If exercising this option, refer to NINA document type on rate sheet and see additional underwriting guidelines. Verbal VOE required if option chosen.

Additional Underwriting Guidelines:

1. Non-Arms Length Transaction

Occurs when there is a direct relationship between the borrower and any party to the transaction, including but not limited to the employer, broker, realtor, developer, builder, closing agent, seller, appraiser, renters buying from landlord (see lease with option to purchase section below), property trades w/seller, employed by family member.

The following restrictions apply to all non-arms length transactions:

- Only allowed on full doc, SIVA, and no ratio (verified asset programs only)
- Loans made to principals or employees of the Broker or Ivanhoe (appraiser, settlement agent, title company, etc.) cannot directly or indirectly provide these services on their own property. (Cannot process their own file.)
- Underwriter must require assets.
- In the case of a family transfer, a 12-month history of the mortgage payments is required to ensure the loan is not a foreclosure bailout
- Refinances require full appraisals.
- Relationships must be disclosed on the initial loan submission.
- Additional risk factors are not present. Examples include but are not limited to distressed sales, high amount of seller contributions and selling assets for down payment

Lease with Option to Purchase

- If the contract is less than twelve (12) months old, use the lesser of appraised value & purchase price to calculate the LTV
- The appraiser must provide evidence of Fair Market Rents
- If the borrower has occupied the property & paid on the contract for twelve (12) months or more, use the appraised value to calculate the LTV
- Cash-out to the borrower is not permitted
- Cancelled rent checks or bank statements to verify rental payment history are required

2. Documentation Types: Definitions

Doc Code Definitions	Income	Employ Wage Earner	Employ Self-Emp	Assets
Full/Alt Doc	Verified	Verified*	Verified	Verified
Limited (12 months bank statements)	Bank Statements	Verbal*	CPA Certification / License	Bank Statements
Lite (6 months bank statements)	Bank Statements	Verbal*	CPA Certification / License	Bank Statements
SIVA	Stated	Verbal*	CPA Certification / License	Verified
No Ratio	None	Verbal*	CPA Certification / License	Verified
SISA	Stated	Verbal*	CPA Certification / License	Stated
NINA with Employment	None	Verbal*	CPA Certification / License	None
NINA (No Doc)	None	None	None	None

* Verbal VOE dated within 10 calendar days of closing

3. First Lien Eligibility and Ineligibility

First Lien Eligibility

Product is compatible with Ivanhoe Alt-A ARM and Alt-A Fixed Rate Products (PiggyBack).

It may also be utilized behind other compatible Ivanhoe first liens, with restrictions as noted below for First Lien Eligibility.

- * A copy of the first lien Note (including any Riders/Addenda) and HUD-1 is required in the loan file.
- * Conventional conforming, non-conforming and jumbo loan amounts.
- * Balloon loan without reset/refinance option only if the term of the second lien does not exceed the balloon term of the first lien.
- * Balloon loan with reset/refinance option only that obligates the first lien holder to refinance the Mortgage Loan at maturity as long as the borrower meets certain terms and conditions described in the Note.
- * Fixed or ARM allowed.

First Lien Ineligibility

- * Contract for Deed, Contract for Purchase or Land Contract.
- * Privately held lien.
- * Liens that contain a provision which prohibits the placement of any additional lien.
- * Liens that contain a provision which allows for future advances.
- * Balloon loans without a reset/refinance option with a remaining term less than the term of the second Mortgage Loan.
- * Reverse Mortgage Loans.
- * Negative-Amortization loans.
- * Properties currently listed for sale.

4. Chain of Title

- All purchase and refinance transactions require 12 months chain of title from the Title Insurer.
- Chain of Title must evidence sales price at time of transfer.
- This requirement is waived on new construction.

5. Payment Shock

Prudent underwriting requires this risk factor to be considered when analyzing the loan. Borrower's ability to meet a larger monthly housing debt must be considered with other risk elements such as credit score, CLTV, asset base, length of employment and property value. Payment shock is not considered on second home or investment property, however investment property must evidence cash flow sufficient to cover debt service of the loan if income is used to qualify.

For loans without verified assets, the following restrictions apply:

If CLTV < 80% AND credit score > 680, no additional restrictions are imposed. If both of these conditions are not met, payment shock is limited to 2 times borrower's current monthly housing payment.

6. Permanent Resident Aliens

- Must hold acceptable evidence of permanent residency issued by the U.S. Immigration and Naturalization Services (I.N.S.).
- Documented evidence of permanent residency must be provided per standard requirements.

7. Investment property

Investment property is not occupied by the borrower and is owned for the purpose of generating a positive cash flow. Property that generates a negative cash flow solely because of the vacancy factor will be allowed on loans with Verified Assets only. No exceptions to the credit guidelines are allowed. For 2-4 unit properties the market rents established in the Operating Income Statement (Form 216) should be sufficient to generate a positive net cash flow.

Cash flow is calculated by one of the following methods:

- * Properties owned less than one (1) year of Purchase:
 - Seventy-five percent (75%) of the lesser of 1) actual rents or 2) market rents
- * Properties owned one (1) or more tax years:
 - Ninety percent (90%) of actual rents or, 1040 tax returns Schedule E

To establish actual rents, copies of signed lease agreements or tax returns are required. To establish market rents, Operating Income Statement (Form 216) is required. Form 216 will not be required if no rental income is being used to qualify the borrower. Rent loss insurance on the subject property is required unless no rental income is being used to qualify the borrower.

8. Landlord Experience

The number of properties a borrower owns and the length of time the properties have been owned must be taken into consideration during the underwriting review. Borrowers who demonstrate a rapid acquisition (acquired within the most recent 24-month period) of investment property will be reviewed cautiously. Ivanhoe reserves the right to request documentation to evidence the borrower had the funds required to purchase any property and/or sufficient verified assets to provide 6 months reserves for the investment portfolio.

Loans made to borrowers owning multiple investment properties must meet the following guidelines:

- Documented evidence of a minimum of two (2) years' experience managing multiple investment properties, **or**
- If less than 2-years experience, the Borrower is still eligible if the Borrower has purchased or is in the process of purchasing a maximum of (including subject property) of either,
 - o Two or less investment properties within the last six (6) months; and/or
 - o Four or less investment properties within the last two (2) years.

All financed 1-4 unit investment properties regardless of the source of financing will be considered in the above eligibility.

9. Non-Warrantable Condominiums

- * A total of fifty percent (50%) or more of the total available units must have been sold or under contract for sale. For projects subject to additional phasing that are more than forty percent (40%) complete, pre-sale requirements will be applied to individual phases. For two (2) units properties completed less than six (6) months, the pre-sale requirement is waived.
- * A maximum fifty percent (50%) investor concentration of the total units in the project is allowed
- * No single entity (individual, corporation, investor group, etc.) may own more than ten percent (10%) of the total units sold in the project.
- * The units within the project must have separate and individual gas and water meters.
- * Insurance coverage must meet or exceed Fannie Mae requirements. The bylaws must contain a binding arbitration agreement and must not be involved in pending litigation.
- * A letter from the condominium association must verify the above information.
- * LTV exceptions are not allowed.
- * Cash out Refinance is not allowed.
- * Project is limited to a minimum of 10 units or more. (Projects with fewer units may be considered on a case-by-case basis.)
- * Concentration limited to 20 % of total project.

10. Condominiums (warrantable)

- * Fannie or Freddie types acceptable.
- * High-rise condos (>8 stories) will be reviewed on a case-by-case basis and must be typical for the area.
- * Projects with fewer than 10 units will be considered on a case-by-case basis; additional limitations apply.

Site Condos: (owner occupied, single family only) may be considered as single family detached.

Appraisal must clearly indicate the property as a detached single family with condo zoning.

Non-owner occupied properties are not allowed.

Conversions: (Must be Warrantable)

- * Primary/Second homes purchases only. Cash out refinance not allowed.
- * Must be fully completed including all common elements.
- * Minimum 70% of total units must have conveyed or under contract as owner occupied primary residences.
- * No single entity owns more than 10% of project
- * Other standard condo requirements apply, including fee simple (no leasehold) ownership, no leased common facilities, adequate applicable insurance coverage, budget and management.
- * Ivanhoe's total exposure restricted to 20% of total project.

Condotels: Not Allowed.

11. Refinance Definitions

Rate/Term and Limited Cash-Out Refinances

- * The pay off of the outstanding principal balance of an existing first Mortgage Loan.
- * The pay off of the outstanding principal balance of any existing subordinate Mortgage Loan that was used in whole to acquire the subject property.
- * The financing of closing costs (including prepaid expenses).
- * Cash back to the borrower in an amount no greater than the lesser of two percent (2%) of the balance of the new refinance Mortgage Loan or \$2,000.00.
- * Appraised Value is based on current appraisal.

Cash Out Refinance

- * A Mortgage Loan that may include the unpaid principal balance of the existing first Mortgage Loan, closing costs, points, the amount to satisfy any outstanding subordinate mortgage liens of any age, and additional cash that the borrower may use for any purpose.
- * Refinance Mortgage Loans that involve the refinance of subordinate liens that were not used in whole to purchase the subject property are considered Cash-out Refinance. This includes home improvement loans, HELOC and second Mortgage loans obtained for taking Equity out of the property, even if a portion of the subordinate lien was used to purchase the property.

12. Seasoning Requirement

- For cash out refinances, $CLTV \leq 75\%$, current appraised value may be used.
- If the property is owned less than 12 months and the $CLTV > 75\%$, the lesser of the current appraised value or the original sales price plus documented cost of improvements determines LTV.
- Rehab properties must have at least 12 months of seasoning before any refinance.

13. Refinance Continuity of Obligation

If individuals hold title, continuity of obligation must be established on the part of or at least one of the borrowers. If the current title is vested in a company name, the continuity of the obligation must be established for all borrowers. The following chart is intended as a guideline regarding the acceptability of proposed borrowers on refinance transactions and investor's requirements for each. "Owned <12 months" means the borrower is to have been on title and solely making payments for minimum of 12 months. A copy of the recorded deed and 12 months cancelled checks verifies this obligation. Non-purchasing spouse signs Security Instrument to evidence lien superiority.

Borrowers on Current Loan	Proposed Borrowers on New Loan	Doc Type
Co-owners/husband and wife/life partners	Co-owners/husband and wife/life partners	All
Co-owners/husband and wife/life partners	One of the current owners	Owned <12 months - Full Owned >12months - All
Property owned free and clear by co-owners	One of the current owners	Owned <12 months - Full Owned >12months - All
Company or LLC owned by one person	Owners (individual)	All
Company, partnership or LLC	One of the owners (individuals)	Owned <12 months - Full Owned >12months - All
Company, partnership or LLC	All corporate owners (as individuals)	All

14. Credit Standards

Verification of Mortgage or rental history is required on all loans. Borrowers who are unable to provide complete 12 month housing history are limited to owner occupied primary residence only (1 – 4 units), with verified assets and reserves of 6 months PITI for $CLTV > 90\%$ or 2 months PITI reserves if $CLTV$ is $< 90\%$, and housing history must evidence 0x30 for previous 12 months or for whatever portion of 12 months they have. Exceptions are not allowed to mortgage/rental history and verification requirements. Assets must be reasonable with respect to income levels on stated programs.

Length of Credit History

- * An established credit history is defined as a minimum of 3 active traditional credit references that have been opened for at least 24 months and have been active during that time period.
- * For borrowers who do not use the conventional credit system may use alternative credit histories, as follows:
- * A minimum of three alternative sources should be verified directly with the creditor, or with 24 months cancelled checks showing no late payments over the past 24 months.
- * Alternative sources include housing payments, utility payments, and telephone payments.
- * Alternative sources that are payroll-deducted are not acceptable.
- * Alternative credit must appear on credit report. Note: Borrowers with no credit score requires price adjustment.

Determining Representative Credit Score

Investor uses the following methods of determining the representative score:

- One borrower with one credit score - use the score.
- One borrower with two credit scores – use lower score.
- One borrower with three credit scores – use middle score.
- Multiple borrowers with one credit score – use the score of the primary wage earner (> 50% of combined income).
- Multiple borrowers with 2 credit scores – use lowest score of the primary wage earner (>50% of combined income).
- Multiple borrowers with three credit scores – use middle score for the primary wage earner (>50% of combined income).
- When a borrower wage earner cannot be determined (i.e., NINA loans), the middle score of each borrower is noted and the lowest of those scores will be used as the representative credit score.
- When borrower has 3 scores and 2 of them are identical, one of the identical scores is considered the middle score.

15. Public Records, Judgments, Liens and Collections

- Borrower must provide satisfactory explanation of any delinquent credit.
- Borrower must pay off all delinquent credit – including delinquent taxes, judgments, charged-off accounts, tax liens, and mechanics' or material men's liens – that has the potential to affect lien position or diminish the borrower's equity.
- Collection account or charged off accounts do not need to be paid off if the balances of an individual account is less than \$250 or if the total balance of all accounts is \$1,000 or less.
- Borrowers who have a strong credit profile and meaningful financial reserves who have collection accounts or charged-off accounts with balances in excess of \$1,000 would not be required to pay off if documentation can be provided to substantiate that the accounts pose no threat to our first mortgage lien and are not likely to affect the borrower's equity position.

16. Bankruptcies & Foreclosures

- Bankruptcies discharged two (2) years with no late payments or derogatory credit over the prior 24 months and minimum 3 open active trade lines more than 24 months old. Borrowers with prior bankruptcies that do not meet the re-established criteria are not eligible.
- The age of the foreclosure is calculated from the date reported or the date of the most recent 120+ mortgage late. The definition of foreclosures includes any 120+ mortgage lates within the last 24 months, notice of default, settlement on a real estate secured trade line, deed-in-lieu, and foreclosure agreement. Borrowers with foreclosures within the past three (3) years are **not** eligible.

17. Assets and Source of Funds (If applicable on verified asset programs)

Sourcing and Seasoning of Down Payment

- When the borrower is required to make a down payment, the source of assets must be seasoned for at least sixty (60) days **before the date of the loan application**
- Funds needed for closing must be verified as required by documentation type.
- Source of substantial increases in account balances or funds on deposit less than sixty (60) days must be verified.
 - For loans with verified assets and a required down payment, the borrower must contribute a minimum of five percent (5%) or a minimum of three percent (3%) for 97% LTV of the purchase price. Gift funds may be used as noted below for the remaining down payment.

Gift Funds

- Funds must come from an immediate family member or other appropriate relation.
- For loans with an LTV of eighty percent (80%) or less, the entire down payment may be in the form of a gift.
- Gifts from a family member who has resided with the borrower for at least twelve (12) months, and who will reside in the subject property, can be considered the same as the borrower's funds.
- Documentation must be obtained to verify that the family member has resided with the borrower for at least twelve (12) months.
- In all cases, the donor must execute a gift letter stating the donor's name and address, relationship to the borrower, amount of gift and that no repayment is expected.
- Verification of the transfer of gift funds is required.
- Gift funds may not be used to satisfy reserve requirements.

Gift of Equity

- Must come from an immediate family member or other appropriate relation.
- Allowed on owner occupied primary residence.
- Donor must execute a gift letter.
- HUD-1 Settlement Statement must reflect the gift of equity.
- Contract of sale must also indicate the gift of equity.
- If a free & clear property is gifted within the most recent twelve (12) month period, the maximum LTV/CLTV is sixty percent (60%).

Reserves

- Two months PITI for owner occupied primary residences and second homes.
- Six months PITI for investment properties.
- Gift funds may not be used to satisfy reserve requirements.
- Source of reserves must be verified.

Borrowers can use business funds for reserves only if the borrower is sole owner of a corporation (verified via CPA letter and/or public records) or owner of sole proprietorship. Also required is a letter from the firm's CPA confirming that withdrawal of funds will not impact the viability of the company. Absent the above documentation, borrowers may not use business funds for reserves.

18. Debt

- Include all revolving debt as monthly obligation regardless of the number of payments remaining.
- Accounts must be current at the time of closing.
- Verification of mortgage/rental is required on all loans. Current balance, current status and payment amount must be verified.

The mortgage/rental history must reflect 0 x 30 in the previous twelve (12) months.

- For recent purchase, a combination of payment performance from a prior property or rental payments may be used to complete the 12-month history. A gap in mortgage/rental payment history of up to 6 months is allowed by obtaining the most recent 18-month history.
- No rolling lates on mortgage history and mortgage must be current at time of closing.
- Copies (front & back) of 12 months consecutive (1 payment per month) rental payment canceled checks. This is the only form of acceptable verification if the landlord is a relative.
- HELOC Debt – The greater of 1% of the current balance, or the payment per credit report is used for qualifying purposes.

19. Appraisals

All files require a full appraisal on the applicable FNMA URAR form.

- * An AVM will be ordered on all loans at Ivanhoe's expense.
- Form 2055 Interior and Exterior will be allowed provided all the following conditions are met:
 - * Single family detached
 - * Owner occupied
 - * Loan does not exceed Fannie Mae loan balances.
- Form 1004 interior/exterior appraisal required.
- Form 1025 for 2-4 family or income properties, or 1073 for condominiums.
- DU limited scope appraisals not acceptable (i.e., PIW, 2075 & 2065).
- Form 216 Operating Income Statement required on all investment properties when rental income is being used to qualify the borrower.
- Form 1007 Single Family Comparable Rent Schedule if rental income is being used to qualify borrower.
- Refer to 1st Lien requirements for specific program.
- Land Value – Land value should not exceed 40% of the property value. Excluding rural properties; if the land value exceeds 40%, the appraiser must include the reasons, whether the land value is consistent with other homes in the area, and show evidence in the comparable properties.

20. APR

APR tolerance must be verified to not exceed 0.125% for all loans. Finance charge tolerance is \$100 on all files except for owner occupied refinances, which are limited to \$35. Both the APR and Finance Charge tolerance must be met.

21. Disclosure

The second mortgage payment is treated exactly like the first mortgage payment.

The payment will be due on the first of each month, with a late charge assessed if the payment is not received by the 15th day of the month. When disclosing on these loans, please include the interest calculations.