

3/1, 5/1 Libor ARMs (12)

PRODUCT CODE: JAL330CW
 JAL530CW
 JAL330INTCW
 JAL530INTCW

OWNER/SECOND HOME/INVESTMENT NON-CONFORMING

PURCHASE / RATE TERM / CASH OUT

| | | Purchase / RT Refinance Primary Residence (13) | Purchase / RT Refinance 2 nd Home (6)(10) | Primary/ Refi / Cash Out (8)(13) | Investment/ Purchase/ RT Refinance (10)(11) |
|----------------------------|-------------------------|---|--|--|--|
| MAX LTV & LOAN | 1 – 2 UNITS | 95%/95% to \$400,000 (1) | 95%/95% to \$400,000 (2) (6) | 90%/95% to \$400,000 (1) | 90%/90% to \$400,000 (1)(11) |
| | 1 – 2 UNITS | 80%/100% to \$400,000 (3) | 90%/95% to \$400,000 (1)(6) | | |
| | 1 – 2 UNITS | 95%/95% to \$650,000 (3) | 90%/90% to \$650,000 (2)(6) | 90%/95% to \$650,000 (1) | 90%/90% to \$650,000 (3)(11) |
| | 1 – 2 UNITS | 90%/95% TO \$650,000 (1) | 80%/95% TO \$650,000 (1)(6) | | 80%/90% to \$650,000 (1)(11) |
| | 3 – 4 UNITS | 90%/90% TO \$650,000 (1) | | 80%/80% to \$1,000,000 (3) | 80%/80 TO \$1,000,000 (2)(11) |
| | 1 – 2 UNITS | 80%/100% TO \$1,000,000(4) | 80%/80 TO \$1,000,000 (2)(6) | 80%/80% to \$1,000,000 (2) | |
| | 1 – 2 UNITS | 80%/95% TO \$1,000,000 (1) | | | 70%/80 TO \$1,500,000 (5)(11) |
| | 1 – 4 UNITS | 75%/80% to \$1.5MM (1) | 75%/75% to \$1.5MM (3)(6) | 70%/70% TO \$1.5MM (3) | 65%/70% TO \$1.5MM (1)(11) |
| | | | | | |
| | 1 – 2 UNITS | 70%/70% to \$3MM (4) | 70%/70% to \$3MM (4)(6) | 70%/70% to \$3MM (4) | |
| | 1 UNIT ONLY | 60%/70% to \$6MM (5)(6) (7) | 60%/70% to \$6MM (5)(6)(7) | 55%/70% to \$6MM (5)(6)(7) | |
| MINIMUM LOAN | 1 – 4 UNITS | \$35,000 | \$35,000 | \$35,000 | \$35,000 |
| TERM | | 30 Year Only | 30 Year Only | 30 Year Only | 30 Year Only |
| SECONDARY FINANCING | | Yes | Yes | Yes | Yes |
| PROPERTY (22) | DETACHED or ATTACHED | Yes | Yes | Yes | Yes |
| | TOWNHOUSE | Yes | Yes | Yes | Yes |
| | CONDO (FNMA)(25) | Yes | Yes | Yes | Yes |
| | PUD (FNMA) | Yes | Yes | Yes | Yes |
| | MODULAR / PREFABRICATED | Yes | Yes | Yes | Yes |
| | MANUFACTURED | No | No | No | No |
| | LOG HOMES | No | No | No | No |
| | CONDOTELS | (9) | (9) | No | (9) purchase only |
| NON-WARRANTABLE CONDOS (9) | Yes | Yes | No | Yes | |
| | | | | | |
| BORROWER | RES ALIEN | Yes | Yes | Yes | Yes |
| | NON PERM RES (18) | Yes | Yes | Yes | No |
| | FOREIGN NATIONAL | Yes (19) | Yes (20) | Yes (19) | No |
| | NON-OCC CB | Yes (21) | No | Yes (21) | No |
| | TRUST | Allowed | Allowed | Allowed | Allowed |
| QUAL RATE | (16) | Note Rate | Note Rate | Note Rate | Note Rate |
| RATIOS (24) | | AUS System | AUS System | AUS System | AUS System |
| SELLER CONCESSION | > 90% | 3 | 3 | N/A | N/A |
| | > 80 < 90% | 3 | 3 | N/A | 3 |
| | ≤ 80% | 6 | 6 | N/A | 6 |

| | | | | | |
|---------------------------------|-----------------|---------------------|---------------------|---------------------|---------------------|
| CASH RESERVES | (15) | 2 Months | 6 Months | 2 Months | 6 Months |
| GIFTS | (17) | Yes | No | N/A | No |
| BUYDOWN | | Yes (9) | Yes (9) | N/A | No |
| MTG INSURANCE | 90.01% & above | 30%/25% | 30%/25% | N/A | N/A |
| (9) (Borrower Paid Only) | 85.01% - 90.00% | 25%/12% | 30%/12% | 25%/12% | 25%/12% |
| | 80.01% - 85.00% | 12%/6% | 30%/6% | 12%/6% | 12%/6% |
| MIN CREDIT SCORE (9) | | See Max LTV Section | See Max LTV Section | See Max LTV Section | See Max LTV Section |
| INTEREST ONLY (14) | | Yes | Yes | Yes | Yes |
| ASSUMABLE | | Yes(23) | Yes(23) | Yes (23) | Yes (23) |
| PREPAY | | No | No | No | No |
| ALT DOC | | Yes | Yes | Yes | Yes |
| TRAILING CB | | No | No | No | No |
| APPRAISAL | | (9) | (9) | (9) | (9) |
| CONVERSION | | No | No | No | No |
| CAPS | 3/1 Libor ARM | 2/2/6 | 2/2/6 | 2/2/6 | 2/2/6 |
| | 5/1 Libor ARM | 5/2/5 | 5/2/5 | 5/2/5 | 5/2/5 |
| MARGIN | 3/1 Libor ARM | 2.25 | 2.25 | 2.25 | 2.25 |
| | 5/1 Libor ARM | 2.25 | 2.25 | 2.25 | 2.25 |
| FLOOR | | Margin | Margin | Margin | Margin |
| INDEX | | 1 Year Libor | 1 Year Libor | 1 Year Libor | 1 Year Libor |

- (1) Minimum credit score 620.
- (2) Minimum credit score 660.
- (3) Minimum credit score 680.
- (4) Minimum credit score 700.
- (5) Minimum credit score 720.
- (6) 1 unit only.
- (7) Loans over \$3MM must be sent to the investor for underwriting.
- (8) Maximum cash out: LTV greater than 80%: \$325,000; LTV 55.01% to 80%: \$500,000; LTV less than or equal to 55%: No limit. .
- (9) See additional underwriting guidelines.
- (10) For cashout refinance see additional underwriting guidelines.
- (11) 1 – 4 unit.
- (12) All loans must be approved by investor AUS engine. [DU/LP findings or exceptions not allowed.]
- (13) Refinance of an owner-occupied 2-4 unit property requires an occupancy inspection prior to closing the loan; may be performed by appraiser or property inspection company. The lender must also confirm the homeowner's policy is an owner occupied policy and it must also show that the mailing address and property address are the same.
- (14) Interest only for the initial fixed period term (3 or 5 years) qualify the borrower based on the interest only payment. Any principal payment during interest only period will reduce following month's interest calculation. Construction Perm loans are not allowed in conjunction with the interest only feature.
- (15) Loans greater than \$3MM, 9 months reserves are required, unless investor approval permits lesser amount.
- (16) If 3/1 ARM with LTV greater than 75% must be qualified at the note rate plus 2%.
- (17) Source: Relatives, domestic partners or fiancé/fiancée only. 5% must be from borrower's own funds required on the loan transaction. Exception: on loan amounts less than or equal to \$650,000 where the LTV/CLTV is 80% or less, the entire down payment may be a gift. Gifts also not allowed on 100% CLTV.
- (18) Max loan amount: \$1,500,000; purchase/rate and term: max 90/90 LTV/CLTV; cash out maximum 70/70 LTV/CLTV; 80/20 option – not allowed.
- (19) Max loan amount \$1,000,000; max 80/80 LTV/CLTV for purchase/rate/term; cashout max 70/70 LTV/CLTV; 80/20 option – not allowed, secondary financing not available from Ivanhoe.
- (20) Max loan amount \$1,000,000; purchase rate/term max 75/75 LTV/CLTV; cash out maximum 65/65 LTV/CLTV; 80/20 option – not allowed.
- (21) Income from non-occupant co-borrower can be used to qualify if: immediate family member; maximum 90/90 LTV/CLTV; occupant ratios should not exceed guidelines by more than 5%; occupant must provide 5% of the required down payment.
- (22) 2-4 units are subject to the additional restrictions and review to assure owner occupancy if Borrowers own any investment properties. Refinance of owner-occupied 2-4 unit properties require an occupancy certification and the homeowners policy must show that the mailing address and property address are the same. Loans exceeding \$650,000 are restricted to major metropolitan areas only, or in areas where there is sufficient marketability, as established in the appraisal. Rural properties less than 20 acres may be accepted on a case-by-case basis. Non-arms length transactions not allowed. Assigned contracts of sale not permitted.
- (23) The loan is assumable during the ARM period only, and is subject to credit approval. Interest Only loans are assumable subject to credit approval.
- (24) AUS engine may approve with higher levels with compensating factors. DTI should generally not exceed 40%. Loans over

\$3MM may allow higher DTI up to 50% with compensating factors. Loans under 80/20 option eligible up to 45% DTI.
 (25) Condos: Use standard FNMA warranty guidelines. HOA must have been turned over to unit owners for standard Fannie.
 Conversions allowed and require architects and engineers' reports if converted completed less than 3 years prior.

Additional Underwriting Guidelines

1. Second Home 1 Unit Cashout Refinance (Condotels and Non-Warrantable Condos Not Allowed)

| Max Loan Amount | Full/Alternative Doc | |
|-----------------|----------------------|------------------|
| | Max LTV/CLTV | Min Credit Score |
| \$400,000 | 90/90% | 620 |
| \$650,000 | 90/90% | 660 |
| \$1,000,000 | 80/80% | 680 |
| \$1,500,000 | 75/75% | 680 |
| \$3,000,000 | 65/70% | 700 |
| \$6,000,000 | 55/70% | 720 |

| | |
|-------------------------|---|
| Maximum Cash Out | <ul style="list-style-type: none"> • LTV greater than 80%: \$325,000 • LTV 55.01% TO 80%: \$500,000 • LTV less than or equal to 55%: No restrictions |
|-------------------------|---|

2. Investment 1-4 units Cashout Refinance (Condotels and Non-Warrantable Condos Not Allowed) Maximum \$1.5MM.

| Max Loan Amount | Full/Alternative Doc | |
|-----------------|----------------------|------------------|
| | Max LTV/CLTV | Min Credit Score |
| \$400,000 | 1 -2 Units = 80/90% | 660 |
| | 1- 4 Units = 75/90% | 620 |
| \$650,000 | 1-2 Units = 70/90% | 620 |
| | 3 - 4 Units = 70/75% | 680 |
| \$1,000,000 | 1-2 units = 80/80% | 640 |
| \$1,000,000 | 3- 4 Units = 55/60% | 640 |
| \$1,500,000 | 1 -2 Units = 60/60% | 620 |
| \$1,500,000 | 3-4 Units = 55/60% | 680 |

| | |
|-------------------------|---|
| Maximum Cash Out | <ul style="list-style-type: none"> • LTV greater than 55%: \$325,000 • LTV less than or equal to 55%: No restrictions |
|-------------------------|---|

3. Non-warrantable condos:
 Allowed on: owner-occupied purchase and rate/term refi 1-2 units; 1 unit second home purchase and rate/term refi;
 Investment 1-4 units purchase and rate/term refinances. Cash-out refinances not allowed.

Requirements:

- Minimum 33% presale
- 50% of units and facilities complete
- Investor concentration may not exceed 70% if LTV is equal to or less than 80% LTV; 40% if greater than 80% LTV.
- No one entity owns more than 25% of project/units
- Ineligible properties include timeshare, Condotels, non-conforming zoning, projects in litigation, kiddie condos, houseboats and multi-unit dwellings.

Loan-to-Value Primary Residence:

- Max 95/95 LTV/CLTV to \$300,000 with 620 credit score
- Max 80/80 LTV/CLTV to \$650,000 with 620 credit score
- Max Loan Amount: \$650,000

Loan-to-Value Second Home:

- Max 90/90 LTV/CLTV to \$400,000 with 680 credit score
- Max 80/80 LTV/CLTV to \$500,000 with 620 credit score

- Max 75/75 LTV/CLTV to \$650,000 with 620 credit score
- Max Loan Amount: \$650,000

Loan-to-Value Investor Property

- Max 75/75 LTV/CLTV to \$350,000 with 620 credit score
- Max 70/70 LTV/CLTV to \$400,000 with 620 credit score
- Max 65/65 LTV/CLTV to \$650,000 with 620 credit score
- Max Loan Amount: \$650,000

MI Coverage: 90.01 to 95 – 30%; 85.01-90 – 25%; 80.01 to 85 – 20%. Second homes MI must be provided by MGIC.

4. Credit History

All borrowers must meet the minimum credit score requirements:

| Credit Issue | Requirement |
|---|--|
| Revolving and Installment | Late payments are considered accounted for in the credit score. |
| Mortgage Lates | Maximum mortgage lates permitted are: <ul style="list-style-type: none"> • 1 x 30 in the last 12 months. • 0 x 60 in the last 24 months • Must not be currently delinquent on housing payment |
| Bankruptcy, Foreclosure, Deed-in-Lieu, Short Sale | Subject to individual evaluation |
| History of Credit Counseling | A minimum 12 months seasoning is required on credit reestablished since the credit counseling was terminated. |
| Non-Traditional Credit Report | Allowed for Non-Permanent Resident Aliens and Foreign Nationals only. |
| Judgments, collections, charge-offs | Subject to individual evaluation |

5. Loans greater then \$3,000,000: The following additional documentation is required:

Full and Alternative Documentation:

- *Income:*
 - Two years tax returns (all borrowers)
 - Most recent quarterly filing (if applicable)
 - Two most recent pay stubs (salaried)
- *Assets:* Two months most recent asset statements

6. Appraisal Requirements

Appraisal Recertification is required if the appraisal is OVER 60 Days old as of the date of the Note.

This applies both to existing properties and new/proposed construction.

- 2055E (exterior) may be used for recertification
- Must be performed by the original appraiser OR the firm that employed the original appraiser
- If significant changes have occurred since the original appraisal, must use 2055IE (interior & exterior)

| Loan Amount | Appraisal Requirement |
|--|---|
| Loans less than or equal to \$1,000,000 | One full appraisal |
| Loans greater than \$1,000,000 and less than or equal to \$3,000,000 | One full appraisal plus one field review. The field review must be completed by an investor approved review appraiser. |
| Loans greater than \$3,000,000 | One full appraisal obtained from LandSafe Services. And Investor internal substantial of value. Or One full appraisal obtained from a non-LandSafe |

| | |
|--|--|
| | appraiser, plus One Field review completed by an investor approved review appraiser And Investor internal substantial of value. The following additional restrictions apply: <ul style="list-style-type: none"> Mixed use properties are not allowed (vineyards, orchards, and so on). Marketing time should not exceed 12 months. |
|--|--|

7. Temporary Buydowns (not allowed on interest-only option, investment properties, Condotels, or any loan using 80/20 option).

| Criteria | Owner-Occupied | Second Home |
|------------------------------------|---|-----------------------------|
| Maximum Loan amount | \$1,500,000 | \$650,000 |
| Maximum LTV | 95% maximum LTV | 90% maximum LTV |
| Eligible Finance Types | Purchase and Rate/Term refinances only. Full Alternative documentation is required. | |
| Eligible Plans | <ul style="list-style-type: none"> LTV less than or equal to 90%: 3-2-1, 2-2-1, 2-1, or 1-1-1. LTV greater than 90%: - 3/1 ARM: 2-1 5/1 ARM: 2-1 or 1-1-1 | 3-2-1, 2-2-1, 2-1, or 1-1-1 |
| Eligible Types | <ul style="list-style-type: none"> LTV less than or equal to 90%: Non-lender paid or lender paid LTV greater than 90%: Non-lender paid | Non-Lender paid |
| Qualifying: Non-Lender Paid | <ul style="list-style-type: none"> LTV less than or equal to 90%: Buydown rate LTV greater than 90%: Note rate | Note rate |
| Qualifying: Lender Paid | <ul style="list-style-type: none"> LTV 80% or less: Buydown rate LTV greater than 80%: Note rate | Not allowed |

8. **Condotels:** Minimum 680 credit score; maximum loan amount \$650,000.

Condotels are condominium projects that include one or more of the following features:

- Front desk or resident manager
- Maid Service
- Rental pools
- Food service
- Commercial space (limited to maximum of 15% of project)

Seasoning: Must have been completed and operating for a minimum of 2 years. Projects originally constructed as hotel or motel not allowed.

Other requirements:

- Must be warrantable with a minimum of 20 units.
- Units must be individually metered for utilities.
- Condotels must be addressed on the appraisal as common to the area.
- 75% of units must be sold or under contract.
- Minimum of 600 square feet in size.
- Gifts not allowed as part of the transaction.
- Rental income from the unit may not be used to qualify.
- No mandatory rental requirement
- Not allowed: non-occupant co-borrower; non-permanent resident aliens; foreign nationals.

Purchase & Rate/Term Primary 1 unit:

- 80/80 LTV/CLTV to \$350,000, 680 credit score
 - 75/75 LTV/CLTV to \$650,000, 680 credit score
- Note: 6 months reserves required if over 75% LTV; 2 months required 75% or less.*

Second Home 1 unit:

- 80/80 LTV/CLTV to \$350,000, 700 credit score
 - 75/75 LTV/CLTV to \$650,000, 700 credit score
- Note: 6 months reserves required if over 75% LTV; 2 months required 75% or less.*

Investment Purchase & Rate/Term Refi 1 unit:

- 80/80 LTV/CLTV to \$350,000, 720 credit score
 - 75/75 LTV/CLTV to \$650,000, 720 credit score
- Note: 6 months reserves required if over 75% LTV; 2 months required 75% or less.*

9. Construction Permanent Loans

Under the Non-conforming program, 3/1 and 5/1 options are available. Interest Only option is NOT available.

The transaction may be treated as a purchase or refinance subject to the following criteria.

- Owner occupied primary residence or second home.
- One unit detached single family residence only.
- Maximum construction loan available is \$650,000.
- Buydowns not permitted.

Purchase

- The transaction must occur within 180 days after completion of the construction.
- The borrower may not receive cash out, and the acquisition cost is documented. If the purpose of the long-term mortgage is to allow the borrower to make a single disbursement to a builder/contractor for the purpose of a completed property, then the transaction must be considered a purchase.
- Assignment of contract not allowed.

Refinance

- The borrower may not receive cash out.
- A refinance transaction has no time limitation. If the transaction occurs more than 180 days after the completion of the construction, then it is considered a refinance.

All construction-to-permanent loans must adhere to these requirements:

- The maximum term is 30 years from the date the first monthly installment of principal and interest is due.
- The property must be complete at the time of the permanent financing funding.
- A final Certificate of Completion must be obtained.
- Photographs of the completed property are required.
- Credit documents may not be more than 180 days old on the Note date.

Construction Loan Requirements:

- The borrower must be the primary obligor on the construction financing and the owner of the lot. Loans in which the builder owns the lot, or is the obligor on the note during construction, and the loan is modified to transfer the obligation to the borrower, are not acceptable under this program.
- In order to convert the construction loan to permanent adjustable rate loan, the construction loan must be closed using the required Note and rider for the adjustable rate program selected for the permanent loan (i.e. cannot convert from fixed to ARM, or one ARM product to another).
- The loan must be converted to a permanent loan within 180 days of completion of the construction and improvements.
- Minimum 5% down payment is required. Note: The borrower may use the cash investment in the land, provided it was acquired in the 12 months or more before the date of the application for construction financing. Acceptable documentation includes the final HUD-1, a copy of the warranty deed showing no liens, or a copy of a release of the lien.
- Modification of the construction loan to a permanent loan may not be used as a cash out refinance. The borrower may not receive any cash back; this makes the loan ineligible for sale to the investor.

Additional Requirements at time of Modification:

- Verbal re-verification of all borrowers' employment must be completed by Lender.
- The borrowers must have 3 month's reserves (PITI) or the minimum required by the program whichever is more restrictive, updated documentation to be verified by Lender.