

**SECOND MORTGAGE
OWNER/2nd HOME
FULL & STATED DOC (7)(8)
PURCHASE/RATE/TERM/CASH OUT (23)(15)**

**PRODUCT CODE: S15G
SB15G**

		A1 & A 2 (4)	A3	Stated Income Owner (6)
MAX LTV & LOAN	1-2 UNITS CLTV	100% to \$100,000 (16) (19)	100% to \$100,000 (3)	100% to \$150,000 (1)
	1-2 UNITS CLTV	100% to \$300,000	80% to \$150,000 (3) (20)	90% to \$150,000 (3) (21)
	1-2 UNITS CLTV	80% to \$500,000 (20)	100% to \$200,000 (1)	90% to \$200,000 (4)
	1-2 UNITS CLTV	70% to \$1,000,000 (13)	90% to \$200,000 (2) (20)	80% to \$200,000 (1)
	1-2 UNITS CLTV		90% to \$250,000 (1) (20)	
	1-2 UNITS CLTV		80% to \$300,000 (2) (20)	
	1 UNIT SECOND HOME	100% to \$150,000 (20)	100% to \$100,000 (1) (20)	95% to \$100,000 (4)
	1 UNIT SECOND HOME	90% to \$200,000 (20)	95% to \$100,000 (3) (20)	90% to \$150,000 (4)
	1 UNIT SECOND HOME	80% to \$250,000 (20)	80% to \$150,000 (3) (20)	95% to \$100,000 (1)
	1 UNIT SECOND HOME			80% to \$100,000 (3) (21)
MINIMUM LOAN		\$10,000	\$10,000	\$10,000
TERM (25)		15 Yr, 30/15 Balloon	15 Yr, 30/15 Balloon	15 Yr, 30/15 Balloon
PROPERTY (9) (27)	DETACHED	Yes	Yes	Yes
	TOWNHOUSE	Yes	Yes	Yes
	CONDO (5) (8)	Yes	Yes	Yes (18)
	PUD (5)	Yes	Yes	Yes
	MODULAR	Yes	Yes	Yes
	MAX LOANS	No Limit (10)	No Limit (10)	No Limit (10)
	CONDOTEL	No	No	No
	MANUFACTURED	No	No	No
	RURAL	(9)	(9)	(9)
BORROWER (24) (8)	RES ALIEN	Yes	Yes	Yes
	NON PERM RES	Yes	Yes	Yes
	COMPANY/PART	No	No	No
	NON-OCC CB	Yes (8)	Yes (8)	No
	1 ST TIME HOMBUYER	Yes (8)	Yes (8)	Yes (8)
	TRUST	No	No	No
	FOREIGN NATIONAL	No	No	No
GEOGRAPHIC RESTRICTIONS		Yes (11)	Yes (11)	Yes (11)
QUAL RATIOS		50% (16)	50% (16)	45%
SELLER CONCES		(14) (8)	(14) (8)	(14) (8)
GIFTS/GRANTS		(14) (8)	(14) (8)	(14) (8)
BUYDOWN		No	No	No
MTG INSURANCE		N/A	N/A	N/A
CREDIT SCORE (22)		680	620	680
INCOME		(8)	(8)	(8)
4506T		No	No	Yes
RESERVES (26)		Not Required	Not Required	(8)
ASSUMABLE		No	No	No
PREPAY PENALTY		No	No	No
ALT DOC		Yes	Yes	Yes
TRAILING CB		Yes (12)	Yes (12)	No
APPRAISAL		(17)	(17)	(17)

(1) Minimum Credit Score of 660.

(2) Minimum Credit Score of 640.

(3) Minimum Credit Score of 620.

(4) Minimum Credit Score of 680.

(5) FNMA guidelines; Underwriter must complete investor's Condo Warranty Certification. High Rise Condo allowed – pricing adjustment; must be common to area with minimum 2 comps from competing projects.

(6) No declining value areas allowed; no stated value, 3 months reserves for Primary Residence, 6 months reserves for Second Homes. Borrowers must have minimum 2 years employment history in same job/profession.

(7) Loans with credit scores greater than 660 follow DU findings except must have DTI ratio of 50% or less. Expanded approval (Level 1-3) loans not eligible under this program. See additional underwriting guidelines for credit score less than 660.

(8) See additional underwriting guidelines.

(9) Land cannot exceed 10 acres. If property listed in last 6 months, not eligible for refinance. On any rapid value increase or recent sale, the appraiser must address the difference, including any improvements that were made. Lease with option or contract for deed not allowed. All comps should be within 6 months or must be specifically addressed. Time adjustments must be reasonable and supported or will be disallowed. Estimated land value is required even if cost approach is not completed. Land value should not exceed 40% of value. All properties require permanent heating source. Rural properties acceptable but underwriter may reduce allowable LTV after evaluation if marketability appears limited. Declining value areas do not allow maximum financing.

(10) Maximum number of loans Investor will purchase is four from same borrower with a maximum aggregate balance of \$2MM. (No limit to number of properties, just those with this investor.)
(11) Program does not allow second mortgages in Texas, South Carolina, or Tennessee. W. Va, no balloon loan or stated income allowed, and maximum DTI = 50%.
(12) Max 50% relocating co-borrower income may be considered: co-borrower has verified two years employment history, occupation is readily marketable in the new location, not self-employed, provides letter stating intent to seek employment, 6 months PITI cash reserves is verified.
(13) Credit score must be 720 or higher. Maximum DTI 45%.
(14) Must also satisfy all guidelines for the 1 st mortgage. Sales concessions reduce sales price. Seller must be owner of record named in title.
(15) Title Search is required to ensure valid second lien position of loan. Title Insurance is required on all primary residence purchases. Loan must be originated simultaneously with Ivanhoe first mortgage.
(16) For DTI greater than 45%, see additional underwriting guidelines. Maximum is 55%. Applies only to full doc loans. Pricing adjustments will apply to each tier. For qualifying purposes, use the maximum rate and payment that will be in effect for the second year for the associated first mortgage loan.
(17) Minimum appraisal requires a 2055 exterior required regardless of DU findings. The maximum age of an appraisal is 6 months. A recertification of value is required if the appraisal is dated more than 120 days from the date of the Note but is not permitted to extend the appraisal beyond 6 months. Full Appraisal (use appropriate form) is required on all high-rise condos, non-warrantable condos, and on any location identified as either rural or with declining area values.
(18) Condos up to eight (8) stories allowed.
(19) Maximum DTI 55%. Also requires minimum residual income of \$3,000, if DTI is greater than 50%.
(20) Maximum DTI 45%.
(21) For Stated Income loan full property appraisal required (AVMs not allowed).
(22) All borrowers must have minimum of 2 (two) Credit Scores to be eligible for this program. Borrowers with "frozen" credit are not eligible. Credit score determination is based on primary wage earner's middle score. For stated income product use the lower credit score of the two borrowers to determine eligibility. Minimum of 3 open non-delinquent trade lines required, with at least one currently active line and minimum 24 month credit history required on all borrowers.
(23) Cash back on rate and term refinance transactions is limited to the greater of \$2,000 or 1% of the loan amount.
(24) Foreign Nationals not allowed. Title must vest as individual, joint tenants or tenants in common, or Fannie acceptable Trust where borrowers also sign Note and Mortgage also as individuals. Life Estates not allowed.
(25) Loan is a closed end, fixed rate fully amortized secured by a second lien. 30/15 balloon loan is a 15 year term with payment amortized over 30 years and a balloon feature.
(26) Cash to close, downpayment and reserves as required must be sourced and verified. Large deposits must be addressed.
(27) Construction/Permanent modifications not allowed under this program.

ADDITIONAL UNDERWRITING GUIDELINES

1. Minimum Credit Requirements and Overlays:

Credit Grade Calculation:

A1 = Minimum 720 credit score; Housing payment history – 0 x 30 in past 12 months; 0 x 60 in past 24 months.

A2 = Minimum 680 credit score; Housing payment history – 0 x 30 in past 12 months; 0 x 60 in past 24 months.

A3 = Minimum 620 credit score; Housing payment history – 0 x 30 in past 12 months; 0 x 60 in past 24 months.

The following minimum credit conditions must be met:

- Minimum credit score per grade on matrix.
- Housing payment history – 0 x 30 in past 12 months; 0 x 60 in past 24 months.
- Minimum 3 open trade lines, with at least one active in past 6 months.
- Bankruptcy/Credit Counseling – none in past 3 years (from discharge/completion date.)
- Foreclosure – none in past 3 years (from completed date.)
- Major Adverse Credit (i.e., collections, charge-offs, judgments, liens, delinquent property taxes or 90-day lates) – none reported in past 24 months.

Payoffs of collections and liens:

- All state, federal and property tax liens must be paid off at or prior to closing
- Adverse accounts over 24 months old not impacting title are not required to be paid off
- Cumulative adverse accounts totaling less than \$500 may be left open provided no effect on title

2. Eligible first mortgage loans (to combine with this product)

- All Conventional loans
- VA or FHA loans
- Balloon loans (with or without reset option)
- Interest only loans (up to 10 years I/O period)

Ineligible first mortgage loans include:

- Pay Option Arm loan
- Negative Amortization loans

- Private party loans
- Land contract or contract for deed sales
- Any loan that prohibits a second lien
- Any first lien that allows for future advances

3. Borrower Liabilities

- Any co-signed liabilities must be included in DTI unless a minimum of 6 months documentation in file to verify primary debtor has been making payments. (Cancelled checks, etc.)
- Verify any recent inquiries have not resulted in additional liabilities
- Following debts must be included in DTI calculation:
 - monthly housing expense
 - all revolving charge accounts (use 5% of balance if no payment given)
 - installment debt (paying down to fewer than 11 payments to exclude not allowed for qualification purposes)
 - car loans & leases (must include even if fewer than 11 payments remaining)
 - net rental losses
 - student loans (unless deferred for more than 12 months)
 - alimony / child support or maintenance payments with 11 or more remaining payments

4. Borrower Income

- A minimum of 2 year's income required with an expected continuance of at least 3 years.
- Second jobs or other income is acceptable if there is a 2 year stable history in the same line of work.
- Self-employed = borrower owns 25% or more of company.
- Commissioned borrowers are considered self-employed even if no ownership in the business.

Full document loan: All income used to qualify the borrowers must be documented regardless of AUS findings. Providing only a verbal verification of employment is not acceptable to satisfy the requirements of a full doc loan.

- Salaried requires at least a copy of the borrower's most recent 30 day period paystub showing year to date income and W2.
- Self-employed requires a copy of the 2 (two) most recent year's personal and business tax returns. If more than 120 days old, YTD Profit & Loss (signed) is required.
- Pension or SS income requires copy of award letter and/or bank statement showing direct deposit.

5. Downpayment and Gifts (Including Gift of Equity)

Gifts must meet all first lien requirements, in addition to the following:

- Acceptable from immediate family: parent, spouse, siblings, child, grandparents, aunts or uncles only.
- Must be verified by receipt of funds AND proof of donor's ability to give gift.

Gift of Equity: Must be reflected on purchase agreement and HUD-1.

Unacceptable sources of downpayment:

- Unsecured loan
- Gift that must be repaid in full or part
- Sweat equity
- Funds, loan or grants from non-profit
- Any payment received as a result of being part of the sales transaction (i.e., real estate agent commission)

6. Sales Concessions

Any costs that are normally the Borrower's responsibility are considered sales concessions if the home-seller pays them.

Sales concessions may include either:

- Payments in any form that are related to the financing (e.g., discount points, commitment fees, appraisal fees, origination fees, interest shortfall, etc.)

- The portion of the costs of any other items related to the transaction that are traditionally paid by the Borrower (e.g., transfer taxes, stamps, attorneys' fees, surveys, title insurance, fees for the use of a real estate tax service, etc.)

For underwriting purposes, you must reduce the sales price to reflect the amount of any concessions or contributions that exceed the maximum allowed. Then calculate the maximum LTV ratio, using the lesser of the reduced sale price or appraised Value. The cost of any sales concessions in the form of furniture, decorator allowances, moving costs or other "giveaways" must always be deducted from the sale price. Note that the appraisal must reflect the effect any subsidies, contributions or sales concessions have on the market value of the mortgaged premises.

7. High-Rise Condominiums (Greater than 8 stories)

- Full Income documentation
- Full Appraisal required with at least 2 comps from competing projects
- Stable/increasing property values required
- No second/vacation homes
- Additional margin/yield adjustment required, underwriter must contact secondary for pricing adjustment.
- High-rise condominiums are restricted to metropolitan areas with proven marketability.

8. Non-Warrantable Condominiums

Non-warrantable condos may be acceptable on a case-by-case basis after careful review by underwriter.

- Absorption rate (number of units sold vs. time to sell) must be established to determine when standard pre-sale requirements should be met.
- Minimum pre-sale requirement is 33% for subject or legal phase.
- At least 2 comparables from competing projects must be used by appraiser to adequately establish value and market appeal and demand.
- Cannot be ineligible FannieMae project (houseboat, Condotels, in litigation, etc.)
- Investor limits exposure to 20% of project.
- No LTV exceptions.
- No single entity can own over 10% of project.
- Maximum investor property concentration is 70% (at least 30% owner occupied or second home occupancy).

9. Appraisal / Valuation

Note: Areas of declining value as noted on appraisal are limited to maximum CLTV of 75% on 1 or 2 units owner occupied properties. **Second homes not allowed if noted in area of declining value.**

Appraisal must be dated within 120 days of Note. Recertification of value by original appraiser acceptable up to 180 days from date of Note. New appraisal is required if older than 180 days from date of Note.

Use of AVMs to confirm value if allowed by first mortgage:

- Must be from Investor approved vendor and dated within 180 days of Note.
- Must have confidence level exceeding 50%.
- Maximum loan amount \$200,000 and maximum property value \$500,000.
- Must be consistent and allowed by first mortgage requirements.
- PIW (Fannie Mae) not allowed.
- 2070/2075 not allowed.

Definition of Value

- Rate/Term Refinance: Value is determined by the appraisal.
- Purchase or Cash-out Refinance: Lesser of sales price or appraised value for purchase. If the property was purchased within the last 12 months the value is determined by the lesser of Purchase Price (as indicated on the HUD-1) plus the added value of any documented improvements or appraisal. If owned more than 12 months, use appraised value.
- Refinance of Construction/Permanent Loan: Allowed if used to pay off initial construction loan; one time close/modification not allowed. Use the lesser of documented acquisition cost or appraised value.

10. Stated Income Loans

Stated income is designed for borrowers with established income source and employment history. The investor will purchase second mortgages, which were originated simultaneously with a first mortgage (purchase and rate/term transactions only) and meet the eligibility requirements below:

- Minimum reserves of three (3) months PITI for primary residence or six (6) months PITI for second home required verified (sourced and seasoned for 60 days minimum) prior to closing.
- Primary residences, 1-2 Units, single family PUD and condominiums up to eight (8) stories
- Yield and Margin Adjustments will apply (Pricing adjustment)
- Bankruptcy/Consumer Credit Counseling must be discharged for a minimum of 3 years.
- Foreclosure must be discharged for minimum of 3 years.
- For self-employed, a business license and confirmation of the existence of the business through business directory listing is required. If license not required for the business, a signed confirmation of business is required by borrower's accountant or CPA. Two-year history of the business is required to be verified.
- Wage earner: Income is stated on 1003, must be reasonable. Verbal verification of employment (not income) is required.
- Income from non-employment sources must have a 2-year history of receipt.

11. DU/LP credit decision may be used with the following overlays:

- Decision must be DU: Approve/Eligible or Approve/Ineligible (for loan amount only) or LP Accept Plus, Accept, or Accept with purchase restriction (for loan amount or CLTV.)
- See appraisal section for limitations.
- Condominium Limited Review: Allowed for 1 unit owner occupied primary residence or second home only. LTV/CLTV limitations are 80% for primary residence or 75% for second home.
- Minimum Qualifying Credit Score
The Primary Wage Earner's minimum qualifying credit score must meet or exceed required credit score for product chosen. There are no exceptions to this Credit Score minimum.
- Minimum Acceptable Mortgage Payment History
No thirty (30) day lates in the past 12 months; no 60 day lates in past 24 months.
- Minimum Acceptable Bankruptcy/Consumer Credit Counseling Seasoning
Bankruptcy/Consumer Credit Counseling must be discharged a minimum of three (3) years from the Note date of the second mortgage. Credit must be re-established per investor guidelines.
- Minimum Acceptable Foreclosure Seasoning
Foreclosure must be discharged a minimum of three (3) years from the Note date of the second mortgage. Credit must be re-established per investor guidelines.

12. Arm's Length Transactions

Non-Arm's Length transactions are not allowed except on a case-by-case basis and only if the loan is full documentation and property is one unit owner occupied primary residence. (Underwriter must review closely and may require Investor approval.)

If a direct relationship exists between any of the parties to a transaction including the borrower, client, employer, lender, broker, or appraiser, then the transaction will be considered non-arm's length. In purchase transactions where the seller is a corporation, partnership or any other borrower entity, the lender must ensure that the borrower is not one of the owners of the business entity selling the subject property.

13. Full Doc Loans: DTI and Qualifying Ratio Requirements Owner Occupied 1 to 2 Family

- DTI greater than 50% to 55%; Minimum monthly residual income of \$3,000 maximum loan amount of \$100,000 and minimum credit grade to 720.
- DTI greater than 45% to 50%; Minimum credit score of 680. Available for credit scores between 620 and 680 with a residual income of \$3,000 per month.

- Second homes restricted to 45% DTI.

14. Borrower Definitions

First Time Homebuyer: Borrower has a mortgage payment history of less than 12 months OR .has not had ownership interest in any residential property during the prior 3 years.

Non-Occupant Co-Borrower: Allowed only on owner occupied primary residence or second home using Full documentation. (No stated income allowed.) Non-occupant co-borrower must provide verification of income. Maximum CLT/CLTV is 90%. (80% is any borrower is a non-permanent resident alien) DTI may not exceed 50%. Non-occupant co-borrower must be related and be one of following: parent, legal guardian, grandparent, child, grandchild or sibling.

Permanent Resident Alien: Non U.S. Citizen with permanent documented residence in the U.S. Copies of documentation (green card) required to be submitted with file.

Non-Permanent Resident Alien: Non U.S. Citizen who resides in the U.S. under the terms of a VISA. Borrowers with temporary VISA status, Diplomatic Immunity, Temporary Protected Status, Deferred Enforced Departure, Asylum, Refugee or Humanitarian Parole are not eligible. Copies of documentation required to be submitted with file. Limited to Primary residence and second home only.