

**FNMA – FLEX 100 – DU ELIGIBLE ONLY
PRIMARY RESIDENCES ONLY (4)
PURCHASE/RATE TERM REFINANCE**

**PRODUCT CODE: CFX30100
PRODUCT CODE: CFX30100SC(9)
CFX30100LD**

		PURCHASE/RATE TERM REFINANCE – PRIMARY RESIDENT
MAX LTV & LOAN	1 UNIT	100% CLTV to \$417,000 (8)
MINIMUM LOAN		None
TERM		15 or 30 yrs
SECONDARY FIN	CLTV/LTV	100%
PROPERTY	DETACHED	Yes
	SEMI-DET	Yes
	MANUFACTURED HOUSING	No
	TOWNHOUSE	Yes
	CONDO/FNMA	Yes
	PUD/FNMA	Yes
	MAX OTHER FIN	(2)
BORROWER	RES ALIEN (6)	Yes
	NON PERM RES (6)	Yes
	CO/PART/TRUST	No
	NON-OCC CB	No
MINIMUM DOWN PAYMENT		None (1)
HOMEBUYERS EDUCATION		not required
MAXIMUM INCOME LIMITS		No
QUAL RATIOS		Go by DU findings
GIFTS	<i>Document by FNMA guides</i>	Yes
CASH RESERVES		as indicated on DU findings report
SELLER CONCES		(3)
BUYDOWNS		Yes (10)
GEO RESTRICTS		None
MTG INSURANCE		35% coverage (7)
ASSUMABLE		No
PREPAY PENALTY		No
ALT DOC		Yes
REDUCED ALT DOC		yes (4)
TRAILING CO-BORROWER		No
APPRAISAL		Yes

(1) The borrower must contribute from his own funds a minimum of \$500 of the sale price, all of which may be applied toward the closing costs and prepaid items. The borrower may use Flexible sources towards any amount above the initial \$500 contribution. If the borrower contributes a minimum of 3% of the sales price, then all funds may be obtained from flexible sources such as gifts, grants, loans from a relative, loans from an employer or non-profit organization, secured borrowed funds. Any amount of the borrowers' contribution in excess of the amount needed to pay closing cost and/or prepaid items must be applied towards down payment.

(2) Although there are no property ownership limitations, this program is designed to benefit from gift or other sources of funds. This mortgage is designed for borrowers who have or choose to use minimal funds for the down payment or closing costs.

(3) The standard interested party contribution limits apply based on the CLTV of the first mortgage – 9%, 6%, or 3%. Interested party contributions may not be applied to the 3% borrower contributions; however, they may cover closing costs and prepaid fees in excess of the borrowers minimum contributions up to the maximum allowable limit.

(4) Loan to be documented according to DU findings. The message will be “this case was processed according to the DU Flexible Mortgage Guidelines.” It must meet all the terms of the program as specified in the Guide to Underwriting with Desktop Underwriter as modified by the Version 5.1 Release Notes.

(5) FNMA guidelines.

(6) Mortgage Insurance will be the same without regard to the amortization term.

(7) 100% first lien, 5% community second subordinate lien. The community second must provide for guidelines that describe how the 2nd mortgage lien is to be handled if the borrower experiences a catastrophic event that results in the borrowers having to sell the property. All subordinate liens must be closed end seconds, seller carried seconds are not allowed. If HELOC, see additional underwriting guidelines for restrictions.

(8) Secondary must be notified if the total of the loan amount plus the interested party contributions exceed 100% of the lesser of the sales price or appraised value.

(9) Borrower qualified at note rate if LTV IS >95%. For 80/20 the borrower will be qualified at 1% above the bought down rate.

ADDITIONAL INFORMATION ON FNMA FLEX 100 (DU ELIGIBLE ONLY)

A. Source of 3% Investment

- Borrower's own cash funds
- Gift from family member
- Grant from nonprofit, employer, or government agency
- Unsecured personal loan from relative, municipality, or non-profit organization
 - Must be fixed rate
 - May have balloon payment but cannot balloon in first 5 years of loan
 - Interest rate cannot exceed note rate of 1st mortgage (max 2% over note is allowed).
- Employer-assisted housing funds (either as unsecured loan or grant)

B. Borrower Profile

- Strong credit profile
- Limited funds for down payment or no desire in investing available funds
- Access to nontraditional sources of funds, such as gifts, grants, or secured loan
- First-time borrowers who want to buy more home
- Move up borrowers who don't have sufficient equity in their current property to fund a conventional loan's down payment/closing costs requirements

C. HELOCS

Flexible Mortgage originated with an adjustable rate home equity line of credit ("HELOC"), subject to the following terms and conditions:

1. Manual underwriting is not permitted. All Flexible Mortgages must be underwritten using DU and must meet all requirements for Flexible Mortgages with subordinate financing, as applicable, except as otherwise specifically provided in this variance.
2. The LTV may not exceed 80% and the CLTV/HCLTV may not exceed 100%.
3. The full amount available under the HELOC does not have to be fully drawn at or utilized for closing.
4. For qualifying purposes, the monthly payment must be based on the maximum amount of credit available. This is different from standard FNMA qualifying rules!
5. All loans originated under this Variance must receive a recommendation of "Approve/Eligible" or "Approve/Ineligible." The sole reason for the ineligibility may only be that Flexible Mortgages do not permit HELOCs. EA/TRP mortgages are not eligible for delivery under this variance.
6. The following DU message should be disregarded:
"Verify that the subordinate lien in the Details of Transaction is a closed-end second trust. Seller carried second mortgages and home equity lines of credit are not permitted in conjunction with a Flexible mortgage."
7. The following DU message may not be disregarded:
"If this lien is a Community Seconds transaction, document the terms of the lien in the loan file and verify that the terms of the program comply with the requirements outlined in the FNMA Selling Guide."