



Perfecting the Art of Mortgage LendingSM

JUMBO A PRODUCT PROFILE

Effective on all loans Registered and/or Locked on or after 3/1/2008

PRODUCT TERMS

- Fixed Rate – 30, 20, 15 and 10 Year Fixed; ARMs – 3/1, 5/1, and 7/1
- Buydowns are not permitted
- Excessive payment shock on the primary residence should be reviewed cautiously.

CREDIT HISTORY

- Minimum credit history must meet the following: Minimum 3 tradelines (minimum 4 tradelines if CLTV over 80%) with 24 month history and activity, no major adverse credit in the past 24 months; Mortgage/Rental Lates - 0x30 in past 12 months; No prior BK/foreclosure/CCCS
- Loans over 1Mil – Minimum 5 tradelines with 24 month history, 2 of the tradelines must have activity greater than 24 months, 3 tradelines with activity in recent 24 months; Mortgage/Rental 0x30 in past 24 months; no prior BK/foreclosure/CCCS

AUTOMATED UNDERWRITING

- Must be run through LP for **Accept/Ineligible** or DU for **Approve/Ineligible**; reduced documentation is not allowed
- Loans with LP/DU Accept/Approve Ineligible due to loan amount will be eligible for Full Doc pricing (loans with LTV <=75% to \$650K must have 1 full appraisal, 0x30 in the last 12 months and max DTI as indicated on matrix)

EMPLOYMENT

- Executed 4506T is required on all doc types
- If business is a Sole Proprietorship and more than 120 days have passed in the fiscal year we must have a current P&L
- Verbal VOE within 10 days prior to closing
- Employment must be within 100 miles of primary residence

ELIGIBLE BORROWERS

- US citizen, Permanent Aliens, Non-Permanent Aliens
- Non-Occupant Co-Borrower not allowed
- First Time Homebuyers are limited to Full Doc Owner Occupied 1-2 Units only
- Full Doc** - Non Permanent Resident Aliens are allowed on Owner Occupied with a max LTV of 70%, or with a U.S. Citizen with no LTV restriction

ELIGIBLE PROPERTY TYPES

- Single Family 1-4 Units, Planned Unit Developments, Modular Homes, Condominiums are required to meet guidelines in Credit Policy
- Condominiums in Florida reduce max LTV by 10%

INELIGIBLE PROPERTY TYPES

- Cooperatives, Unimproved land, Condotels, Manufactured Housing. Properties exceeding 10 acres must have value based only on 10 acres
- Properties located in Guam, Puerto Rico, Virgin Islands and West Virginia
- Lava Zones 1 and 2

RECENTLY LISTED PROPERTIES

Cash Out refinance not allowed for properties that have been listed for sale within the last 6 months

Rate/Term refinance not allowed for properties that have been listed for sale within the last 6 months

NON-ARMS LENGTH TRANSACTION

- No direct relationship between borrowers and any party in the transaction. Exceptions may be approved on a case-by-case basis

SEASONING REQUIREMENTS

- Purchase Transactions, if seller has owned for less than 90 days, LTV is based on the lower of buyers or sellers purchase price. Rehabilitated properties must be owned at least 12 months.
- R/T and Cash-Out Refinance less than 12 Months Seasoned the LTV is based on the lesser of Original Purchase Price (plus documented cost of improvements) or current Appraised Value. If borrower has received ownership of property by transfer of title within the past 12 months, cash out is not allowed.

RESERVES

- Full Doc CLTV <=80% requires 2 months PITI for all transactions exclusive of cash received at closing (if Primary R/T Refinance no reserves are required)
- Full Doc CLTV >80% requires 6 months PITI for all transactions exclusive of cash received at closing
- Loan amount over \$1M requires 6 months PITI for all transactions exclusive of cash received at closing
- SIVA requires 6 months PITI for all transactions exclusive of cash received at closing

LOANS OVER 650K

- Two full URAR appraisals required
- Loan amounts above \$1,000,000 must have two full URAR appraisals, be investor approved and meet credit guidelines

MAXIMUM LOANS

- Maximum of 2 loans to same borrower (one primary, one second home)

RATE CHANGE AND CAP

- 3/1 ARM – 2/2/6
- 5/1, and 7/1 ARM – 5/2/5
- Floor = Margin, Margin = 2.25, Start Rate = Note Rate
- Index = Most recent 1 Year LIBOR figure as available 45 days before the Change Date, as published in *The Wall Street Journal*
- Conversion to fixed is not available

INTEREST ONLY PERIOD

Interest Only period option available for the first 10 years of the loan on the 30 year fixed and all ARMs only.

QUALIFYING PAYMENT

- Fixed (I/O and non-I/O) – The fully amortizing payment calculated at the Note rate
- Interest Only ARMs – The fully amortizing payment calculated at the greater of the fully Indexed rate or the Note rate
- Non Interest Only ARMs – The fully amortizing payment calculated at the Note rate

PREPAYMENT PENALTY

No prepayment penalty

MSA / ZIP CODE RESTRICTIONS

- MSA / Zip codes in Red have max LTV/CLTV 80%
- MSA / Zip codes in Yellow require a 5% reduction to max allowed LTV/CLTV down to a floor of 80%
- <http://www.taylorbeanonline.com/RateSheets/Newsletter/msarestrictions.xls>
- In addition to any MSA / Zip code list restrictions, any property that is determined to be declining property value, as indicated on the appraisal or as determined through an Appraisal Review, the max allowed LTV must be reduced by 5%.

MORTGAGE INSURANCE

LTV	30yr	20yr-
85.01%-90.00%	25%	12%
80.01%-85.00%	12%	6%

- Reduced or Custom MI are not acceptable
- Mortgage Insurance may not be financed

NO MI OPTION

Max LTV	Max I/O LTV	Min FICO
Primary Residence 1 Unit Purchase and Rate/Term		
90	90	680

- No MI Option minimum FICO does not supersede matrix required FICO based on LTV
- DTI not to exceed product matrix
- Subordinate Financing is not allowed with No MI
- No MI ineligible for Stated Income
- Not available through Correspondent channels at this time

Full Doc

LTV/CLTV	Min FICO	Max DTI	Max Loan Amount
Primary Residence 1 Unit - Purchase and Rate/Term			
90/90	720	40	75K - 650K
85/85	680	42	75K - 650K
80/80	660	45	75K - 1M
70/70	660	40	75K - 1.5M
Primary Residence 2-4 Unit - Purchase and Rate/Term			
70/70	660	40	75K - 1M
Primary Residence 1 Unit - Cash Out Refinance			
80/80	720	38	75K - 650K (max c/o 300K)
70/70	660	45	75K - 1M (max c/o 300K)
70/70	680	40	75K - 1.5M (max c/o 500K)
Second Home 1 Unit - Purchase and Rate/Term			
80/80	720	38	75K - 650K
70/70	660	38	75K - 1M
SIVA			
Primary Residence 1 Unit - Purchase and Rate/Term			
70/70	720	40	75K - 1M
Primary Residence 1 Unit - Cash Out Refinance			
70/70	720	40	75K - 650K (max c/o 300K)

SIVA DOCUMENTATION REQUIREMENTS

- Properties in Ohio, Minnesota, Nevada, are ineligible.**
- All SIVA's in NC must pass the rate spread calculation or be converted to full documentation
- Stated Income Documentation Requirements MUST be met regardless of LP or DU feedback.**
- Employment and income are stated on the 1003. Ratios are calculated with this information. The stated income must be considered to be reasonable and consistent.
- Self-employed Income: Provide a 2 year business license or letter from CPA verifying self-employed for two years and 4506T (Statement of filing) to verify 2 year tax filing.
- Salaried, Non-employed or Fixed income are not allowed
- Rental Income – If gross rental income exceeds 25% of total gross income, evidence of a 2 year history is required.
- Assets – Minimum verifiable total assets must be equivalent to 2 months income of all borrowers combined. Assets are verified via written verification of deposit or two months bank statements