

Towne Mortgage Company
FANNIE MAE HOMEPATH PROGRAM
ELIGIBILITY & UNDERWRITING CRITERIA

Effective August 26, 2014

<p>Overview of Program:</p>	<p>The HomePath is a special financing program to provide finance for purchases of Fannie Mae Real Estate Owned (REO) properties that Fannie Mae has deemed eligible for HomePath Mortgage Financing.</p>
<p>General Guidelines:</p>	<ul style="list-style-type: none"> • Desktop Underwriter (DU) finding with an "Approved/Eligible" recommendation or DU Finding with an "Approve/Ineligible" recommendation. See DU messaging section • Non occupant co borrowers are allowed up to 95% LTV • Mortgage insurance is required • Appraisal is required • Full documentation is required • Secondary financing is allowed or Primary Residence only • Gifts allowed on Primary Residence and Second Homes only.
<p>Down Payment Requirements & Source of Funds:</p>	<ul style="list-style-type: none"> • Gifts as the source of down payment and closing costs are only allowed on principal residences and second homes. If the borrower will occupy the home as their principal residence, then all of the funds may come from a gift. If the property is a second home, than the minimum borrower contribution must be from the borrower's own funds before gifts can be applied as down payment. • Standard sources of funds required per Fannie Guidelines
<p>Maximum LTV</p>	<ul style="list-style-type: none"> • 95% for 1-Unit Primary residence; 90% if an ARM • 80% for 2-Unit Primary residence; 75% if an ARM • 75% for 3-4 Unit Primary residence; 65% if an ARM • 90% for 1-Unit Second Home; 80% if an ARM • 85% for 1-Unit Investment Property; 75% if an ARM • 75% for 2-4 Unit Investment Property; 65% if an ARM

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<p>Eligible Property Types:</p>	<ul style="list-style-type: none"> • Single family detached or attached • PUD • Condominium • 2-4 Family
<p>Eligible New Mortgage:</p>	<ul style="list-style-type: none"> • Fixed Rate 15, 20 and 30 Year • 3/1, 5/1 and 7/1 ARMs • 3 and 5 year ARMs: Qualify at greater of fully indexed or rate plus 2% • 7 year ARMs: Qualify at greater of fully indexed or note rate
<p>Credit History/ Credit Score Requirements:</p>	<ul style="list-style-type: none"> • 660 required for LTV greater than 80% - manually apply credit score requirement • 620 required for LTV less than or equal to 80% • Non traditional credit is NOT allowed
<p>Debt Ratio Requirements:</p>	<ul style="list-style-type: none"> • Maximum allowable total expense ratio of 45% will be applied with flexibilities offered up to 50% for certain loans with strong compensating factors. Must be approved through DO/DU and through MI company.
<p>Interested Party Contributions:</p>	<ul style="list-style-type: none"> • Primary Residence: 6% with LTV/CLTV/HCLTV 75.01% to 95% of contract sales price • Primary and 2nd Home Residence 9% with LTV \leq 75% • Second Homes: 6% LTV > 75.01 • Investment Property: Maximum limit 2% regardless of LTV
<p>Occupancy</p>	<ul style="list-style-type: none"> • Primary • Second Home • Investment
<p>Rates/Pricing:</p>	<ul style="list-style-type: none"> • Please refer to Rate Sheet for Rates/Pricing

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Appraisal	<ul style="list-style-type: none"> Follow Fannie Guidelines
Condominium Transactions	<ul style="list-style-type: none"> Follow Fannie Guidelines
DU Messaging	<p>Disregard: Any message relating to one of these reasons for an "ineligible" recommendation:</p> <ul style="list-style-type: none"> Any message that says maximum allowable interested-party contribution has been exceeded on a principal residence with LTV over 90%.
Maximum Financed Properties	Maximum of four (4) financed properties
Mortgage Insurance	<ul style="list-style-type: none"> Required for any LTV > 80%
Additional Underwriting Criteria	<ul style="list-style-type: none"> Must document property is eligible for HomePath financing by printing appropriate page from www.homepath.com showing home is eligible. Date of print out must appear on page and must be in loan file prior to closing.
Subordinate Financing	Primary Residence only up to 105% LTV (Community Seconds only)
<u>Internal Use:</u> Secondary Marketing	<p>Special Feature Code: 069 – HomePath properties with an Eligible Exceptions for IPC's</p>