

FANNIE MAE DU REFI PLUS GUIDELINES-REVISED MAY 2013

TOWNE MORTGAGE

Guideline	DU Loans Not Currently Serviced by Towne	DU Loans Currently Serviced By Towne
Overview of Program	Provides refinance opportunities to borrowers with existing Fannie Mae loans who have demonstrated an acceptable payment history on their mortgage but due to declining home prices have been unable to refinance to get a lower payment or move to a fixed rate product	Provides refinance opportunities to borrowers with existing Fannie Mae loans who have demonstrated an acceptable payment history on their mortgage but due to declining home prices have been unable to refinance to get a lower payment or move to a fixed rate product
Tangible Borrower Benefit	Must be able to document that the borrower is receiving a benefit in the form of either: <ol style="list-style-type: none"> 1. A reduced monthly principal and interest payment 2. A reduced interest rate 3. A reduced Amortization Term; or 4. A more stable product such as going from an ARM to a FIXED rate 	Must be able to document that the borrower is receiving a benefit in the form of either: <ol style="list-style-type: none"> 1. A reduced monthly principal and interest payment 2. A reduced interest rate 3. A reduced Amortization Term; or 4. A more stable product such as going from an ARM to a FIXED rate
Underwriting Method	*Must be underwritten through DU *Eligibility is determined through DU *Must receive an Approve/Eligible	*Must be underwritten through DU *Eligibility is determined through DU *Must receive an Approve/Eligible or EA Level I,II or III
Loan Purpose	*Limited Cashout Refinance *Can only pay off existing Fannie Mae 1st lien and the financing of CC/Prepays *Max Cashback cannot exceed \$250 * CANNOT roll in delinquent taxes, escrow deficiencies or late fees	*Limited Cashout Refinance *Can only pay off existing Fannie Mae 1st lien and the financing of CC/Prepays *Max Cashback cannot exceed \$250 * CANNOT roll in delinquent taxes, escrow shortages or late fees

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Mortgage Insurance REVISED 2/1/2013	*DU Refi Plus loans that require Mortgage Insurance are INELIGIBLE for delivery	* DU Refi Plus loans that require mortgage insurance are eligible * New loan requires same level of mortgage insurance coverage in force * A special payoff request form for a payoff must be used to ensure loan is targeted as a transferred MI (see attached)
Maximum LTV -Primary -2nd Homes -Investment REVISED 2/1/2013	<u>Primary</u> - Max LTV is capped at 125% <u>2nd Home</u> - Max LTV is capped at 105% <u>Investment Property</u> - Max LTV is capped at 105%	*Max LTV determined by DU *No Limits
Maximum CLTV/HCLTV REVISED 2/1/2013	<u>Primary</u> - Max CLTV/HCLTV is capped at 125% <u>2nd Home</u> - Max CLTV/HCLTV is capped at 110% <u>Investment Property</u> - Max CLTV/HCLTV is capped at 110%	*No Limit CLTV/HCLTV per DU
Subordinate Financing	*Must be subordinated *No NEW subordinate financing allowed *No Restrictions on Terms of the existing subordinate financing	*Must be subordinated *No NEW subordinate financing allowed *No Restrictions on Terms of the existing subordinate financing
Allowable Terms REVISED 2/1/2013	<=105%LTV = 10, 15, 20, 25 and 30 Year FIXED > 105 LTV 10, 15, 20, 25, Year FIXED	<=105%LTV = 10,15,20,25, 30 FIXED >105%LTV = 20,25 and 30 FIXED

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Eligible Borrowers REVISED 2/1/2013	<p>*Same as on original loan</p> <p><u>Deleting Borrowers</u></p> <p>*Borrowers may be removed for ANY reason provided that at least one of the original borrowers is retained on the NEW loan</p> <p>*In the case of borrowers being removed due to death, evidence of making payments for 12 months is NOT required. Evidence of death IS required for file.</p> <p><u>Adding Borrowers</u></p> <p>*Borrowers may be added provided the original borrowers remain on the loan</p>	<p>*Same as on original loan</p> <p><u>Deleting Borrowers</u></p> <p>*Borrowers may be removed for ANY reason provided that at least one of the original borrowers is retained on the NEW loan</p> <p>*In the case of borrowers being removed due to death, evidence of making payments for 12 months is NOT required. Evidence of death IS required for file.</p> <p><u>Adding Borrowers</u></p> <p>*Borrowers may be added provided the original borrowers remain on the loan</p>
Adding Non-Occupant Borrowers on Primary Residence	<p>*If a non-occupant co-borrower is added on a primary home, DU does NOT include the income or debt for the non-occupant co-borrower so the OCCUPYING borrower must qualify with only their debt/income</p>	<p>*If a non-occupant co-borrower is added on a primary home, DU does NOT include the income or debt for the non-occupant co-borrower so the OCCUPYING borrower must qualify with only their debt/income</p>
Ineligible Existing Mortgages REVISED 2/1/2013	<p>*Loans purchased by Fannie Mae on or after June 1, 2009</p> <p>*NEW loans closed after Dec 31, 2013</p> <p>*Approve/Ineligible</p> <p>*Expanded Approval Levels I-III</p> <p>* Loan in which the borrower(s) who are/were involved in a modification (either temporary or permanent) * may be eligible for Refi Plus Program Only</p>	<p>*Loans purchased by Fannie Mae on or after June 1, 2009</p> <p>*NEW loans closed after Dec 31, 2013</p> <p>*Approve/Ineligible</p> <p>* Loan in which the borrower(s) who are/were involved in a modification (either temporary or permanent) * may be eligible for Refi Plus Program Only</p>
Eligible Property Types	<p>1-4 Family Condos* PUDS * Must evidence not a hotel or motel</p>	<p>1-4 Family Condos* PUDS * Must evidence not a hotel or motel</p>
Loans that were previously modified REVISED 5/28/13	<p>Is eligible subject to:</p> <ol style="list-style-type: none"> (1) Must meet borrower benefit requirement (2) The terms of the modified mortgage (trial or permanent) must be used for the comparison for borrower benefit (3) If the borrower was previously in a trial period plan, but denied a permanent modification, the current terms of the loan must be used for comparison (4) The borrower must meet DU's mortgage delinquency policy 	<p>Is eligible subject to:</p> <ol style="list-style-type: none"> (1) Must meet borrower benefit requirement (2) The terms of the modified mortgage (trial or permanent) must be used for the comparison for borrower benefit (3) If the borrower was previously in a trial period plan, but denied a permanent modification, the current terms of the loan must be used for comparison (4) The borrower must meet BU's mortgage delinquency policy

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Minimum Credit Score	<u>Primary Residence</u> -Minimum of 620 score required <u>Second Home</u> -Minimum of 680 score required <u>Investment Property</u> -Minimum of 680 score required	*NO minimum score *DU determines eligibility
Mortgage Payment History	*No 60 day+ Mortgage Lates on ANY mortgage in the previous 12 months *Must document current through closing date from last reporting date	*No 60 day+ Mortgage Lates on ANY mortgage in the previous 12 months *Must document current through closing date from last reporting date
Bankruptcy and Foreclosure	Follow Standard DU Requirements	Follow Standard DU Requirements
Maximum Debt Ratio	As determined by DU	As determined by DU
Number of Financed Properties	<u>Primary Residence</u> -Unlimited <u>2nd Home and Investment</u> - Max financed properties limited to 4 on 2nd home and investment properties	*Unlimited
Income/Employment Documentation	* Must be documented per DU findings; however, regardless of DU findings, a minimum of 1 year income documentation including tax transcripts and verbal are required	Must be documented per DU findings
Asset Documentation REVISED 2/1/2013	* Must be documented per DU Findings * Documentation for large deposits not necessary	* Must be documented per DU Findings * Documentation for large deposits not necessary

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Payment Increase	No restrictions to payment as long as there is documented borrower net tangible benefit	No restrictions to payment as long as there is documented borrower net tangible benefit
Appraisal/PIW	*Will only Accept loans in which a property Inspection Waiver is received	Appraisal or PIW as determined by DU *Note: Only transactions that are eligible for consideration of PIW per DU will be 1 unit properties for all occupancy types with LTV's/CLTV < 125%
Identifying PIW Waivers on DU Findings	*2 feedback messages will be shown: - one that indicates that loan is eligible for delivery without an appraisal; and - a second message indicating the minimum fieldwork required IF lender chooses NOT to exercise PIW	*2 feedback messages will be shown: - one that indicates that loan is eligible for delivery without an appraisal; and - a second message indicating the minimum fieldwork required IF lender chooses NOT to exercise PIW
Condos and PUDS	* Project Review is NOT required; however need the following: -Evidence that property is NOT a Condotel or Motel -Must Confirm master Hazard, Liability and Fidelity Insurance Coverage	* Project Review is NOT required; however need the following: -Evidence that property is NOT a Condotel or Motel -Must Confirm master Hazard, Liability and Fidelity Insurance Coverage
Investment Properties REVISED 2/1/2013	* Regardless of DU Findings, a form 1007 will not be required if borrower is refinancing an investment property and using rental income to qualify. A lease or tax return is to be used. * The 1003 must include gross monthly rent income for all investment properties regardless if being used to qualify	* Regardless of DU Findings, a form 1007 will not be required if borrower is refinancing an investment property and using rental income to qualify. A lease or tax return is to be used. * The 1003 must include gross monthly rent income for all investment properties regardless if being used to qualify

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Properties Currently Listed for sale	*No need to verify property not listed	*No need to verify property not listed
Availability	April 16,2012	April 16,2012
Who Can Originate	Retail or TPO	Retail or TPO
Resubmitting Loans in DU after Loan is closed	Lender may in order to make corrections; however, there is only a limited amount of time to do so since once the loan is paid off, the loan is removed from the DU Refi plus database and therefore you may not get the DU refi plus approval, thus making loan ineligible for delivery	Lender may in order to make corrections; however, there is only a limited amount of time to do so since once the loan is paid off, the loan is removed from the DU Refi plus database and therefore you may not get the DU refi plus approval, thus making loan ineligible for delivery
Errors Made with Max Cash Back to Borrower	If error made and more than \$250 cash back given, may do a principal reduction UP TO lesser of 2% or \$2000 but funds must be from borrower. Any errors that result in more are ineligible for delivery under the DU Refi plus	If error made and more than \$250 cash back given, may do a principal reduction UP TO lesser of 2% or \$2000 but funds must be from borrower. Any errors that result in more are ineligible for delivery under the DU Refi plus