

Lending Guide Announcement

IMPORTANT

ClearPoint Funding is providing a detailed outline of most recent updates to:

- Conventional FRM & ARM
 - DU Refi Plus
 - FHA financing
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100 – Lending Guide

Page 100-32	Representative Credit Score – modified. <ul style="list-style-type: none"> ■ NOTE: A minimum of one credit score is not acceptable.
Page 100-40	Collections, Charge-offs, and Garnishments – modified. <p>We generally require the borrower to pay off at (or prior to) closing; however,:</p> <ul style="list-style-type: none"> ▪ For Primary Residence or Second Homes, if the account is less \$5,000 per individual item or in aggregate, ▪ For investment properties, if account is less than \$250 per individual account or \$1,000 in aggregate, ▪ We will not require them to be paid. Documentation must substantiate that the accounts pose no threat to our mortgage lien and are not likely to affect the borrower's equity position. <ul style="list-style-type: none"> ■ NOTE: DU/DO recommendations take precedence regarding treatment of such accounts.

200 – Conforming Guidelines

Page 200-15	Reserves – added additional restrictions. <ul style="list-style-type: none"> ■ Interest Only: 24 months PITI regardless of DU/DO finding, based on fully amortizing payments.
Page 200-20	Interest Only Option – added additional restrictions. <ul style="list-style-type: none"> ■ 1 unit only, primary residence and second homes. ■ Cash Out refinances, 2-4 Units, or Investment Properties not permitted ■ Maximum 70.00% LTV ■ Minimum 24 months reserves based on full amortization PITI.

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200 – Conforming Guidelines

Page 200-23	<p>Qualifying Ratios – modified.</p> <ul style="list-style-type: none"> ■ For LTV >80%: 45% DTI permitted on purchase transactions with a 740 credit score (insurable with MGIC only). ■ For ARM loans: <ul style="list-style-type: none"> ▪ Fully Amortizing 3, 5 year: Qualify at greater of fully indexed rate (index + margin) OR Note Rate + 2%. 7 year: Qualify at Note Rate. ▪ Interest Only 3, 5 year: Qualify with full PITI at greater of fully indexed rate (index + margin) OR Note Rate + 2%. 7 year: Qualify with full PITI at greater of fully indexed rate (index + margin) OR Note Rate
Page 200-36	<p>Borrower Eligibility – added options for removing borrowers specifically for the DU Refi Plus program.</p> <ul style="list-style-type: none"> ■ A borrower may be removed from the new loan providing the following: <ul style="list-style-type: none"> ▪ Permits the removal of borrowers for any reason, does not need to solely be due to a death or divorce. ▪ Requires the remaining borrower(s) to document that they have been making the most recent 12 month payments from their own funds prior to the application of the new mortgage. Note this documentation must be specific to the existing mortgage and may not be satisfied using multiple consecutive first mortgages. If the borrower being removed is due to death, the 12-month payment history is not required; however, evidence of death is required. ■ Requires that the borrower being removed to also be removed from the deed (or provide evidence of death, if applicable).
Page 200-40	<p>DU Refi Plus Loan Parameters – modified.</p> <ul style="list-style-type: none"> ■ 2-4 Unit, Investment Properties are no longer permitted.

300 – FHA Guidelines

Page 300-21	<p>Housing Payment History – modified.</p> <p>NOTE: For Cash Out Refinance transactions, there may not be more than 0x30 within the most recent 12 months regardless of DU/DO findings.</p>
Page 300-39	<p>Rental Income Documentation – updated for 3-4 Units.</p> <ul style="list-style-type: none"> ■ For 3-4 unit properties, net rental income must be greater than or equal to the projected monthly mortgage payment.

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Lending Guide Announcement, Continued

300 – FHA Guidelines

Page 300-60	Cash Out Refinance – updated. <ul style="list-style-type: none"> ■ Mortgage history may NOT include more than 0x30 within the most recent 12 months regardless of DU/DO recommendations.
Page 300-69	Streamline Refinance (Credit Qualifying) – reminder. <ul style="list-style-type: none"> ■ REMINDER: The TOTAL scorecard is NOT to be used on streamline refinances. If it is, then the loan must be underwritten and closed as a rate term refinance.
Page 300-70	FHA Appraisal – updated. <ul style="list-style-type: none"> ■ The appraisal report must be dated within 120 days of the note date for all appraisals on existing, proposed, and under construction properties. If more than 120 days, the an update on FNMA Form 1004D is required and must be dated within 120 days of the Note. If more than <u>240 days</u> from the date of the appraiser's signature, then a new appraisal is required.
Page 300-71	Appraisal Update – clarified. <ul style="list-style-type: none"> ■ The original FHA Roster appraiser continues to be required and must sign the update <ul style="list-style-type: none"> ▪ If the original appraiser is not available or no longer in good standing, then a NEW appraisal must be ordered.
Page 300-111	HUD REO (Offered for Sale) – updated. <ul style="list-style-type: none"> ■ Without repair escrow: The total loan amount after adding the UFMIP may exceed 100% of the appraised value up to 102.150%.
Page 300-116	Appraisal – updated in accordance to Mortgagee Letter 2009-51. <ul style="list-style-type: none"> ■ Appraisal updates in accordance to Mortgagee Letter 2009-51 may be utilized for HUD REO properties when the original appraisal is more than 4 months old.

Thank you for your business and please do not hesitate to contact your ClearPoint Funding Account Executive with any questions.
