

Lending Guide Announcement

IMPORTANT

ClearPoint Funding is providing an outline of our most recent updates and guideline clarifications as detailed below.

100- Conventional Lending Guide

<p>Page 100-16</p>	<p><u>Inter Vivos Revocable Trust / Eligibility Requirements:</u></p> <ul style="list-style-type: none"> ✓ 1-Unit, Primary Residence, Second Homes or Investment property.
<p>Page 100-59 (applies to FHA as well)</p>	<p><u>Rental Income</u></p> <p>When rental income applies to the current primary residence being converted to an investment property:</p> <ul style="list-style-type: none"> ✓ 75% of the rental income as provided by an executed lease agreement may be used to offset the mortgage payment if there is documented equity of at least 30% in the said property as derived from a: <ul style="list-style-type: none"> ○ Full 1004 interior/exterior appraisal if converting to an investment property ○ NOTE: Appraisals for the converted property IS required to meet HVCC because a value is being provided. <p>ALSO: Removed the 6 month rent loss requirement for the converted property; this is only required when the rental income is generated from the subject property.</p>
<p>Page 100-148</p>	<p><u>Continuity of Obligation when a LLC is involved</u></p> <p>For Rate Term Refinance transactions, CPF will permit (satisfied continuity of obligation) loan title to be transferred from the LLC to the individual loan applicants as long as the Borrower was a member of the LLC prior to the transfer. HOWEVER,</p> <p>IMPORTANT: The title transfer from the LLC to the individual MUST take place prior to loan application; otherwise, the loan application and process must be re-dated to reflect a date after the title transfer. This is only required when title is held in a LLC.</p> <p>REMEMBER for Cash Out Refinance transactions, the individual must be in title for a minimum of 6 months to qualify.</p>

Continued on next page

Lending Guide Announcement, Continued

100- Conventional Lending Guide

Page 100-157

Subordinate Financing

Added to CPF guidelines a reiteration of FNMA policy:

- Secondary financing with prepayment penalties are **NOT** permitted.

200- Conventional Product Guidelines

Page 200-29
and 200-33

LTV Matrix for Interest Only transactions

Added reduced LTV when subordinate financing exist.

Interest Only Option permitted; following requirements are regardless of AUS:

- ✓ NOT PERMITTED for Interest Only: Temporary Buydowns, Cash Out Refinances, 2-4 Units, or Investment Properties.
- ✓ Purchase/Limited Cash Out Refinance, Primary Residence & Second Homes 1 unit 70.00% LTV/CLTV/HCLTV; min 720 credit score; **maximum 65% LTV (first lien) when subordinate financing exist up to 70% CLTV/HCLTV.**

Continued on next page

Lending Guide Announcement, Continued

300- FHA

Page 300-7	<p><u>Anti-Flipping Rule</u></p> <ul style="list-style-type: none"> ✓ When required, the cost of the second appraisal may not be charged to the borrower.
Page 300-41	<p><u>Rental Income Documentation</u></p> <ul style="list-style-type: none"> ✓ Evidence of 6-months rent loss insurance, in addition to all other rental income requirements (only required if rental income derived from subject property, Owner Occupied 2-4 units).
Page 300-63	<p><u>Mortgage Calculation – No Cash Out Refinance</u></p> <ul style="list-style-type: none"> ✓ Clarification of calculation also applying to properties acquired less than one year before application and IS already FHA insured; ✓ Payoff of subordinate liens are permitted for those less than one year as well if they were original purchase money or documented home improvements; ✓ 105% CLTV to include HCLTV as well.
Page 300-77, 78, 79	<p><u>New Construction</u></p> <p>Added to certain checklist where a Compliance Certification, completed by a FHA Fee Inspector, is required (carpet identification, manufactured warranties, insulation).</p>
Page 300-64	<p><u>Mortgage Calculation – No Cash Out Refinance, continued</u></p> <p><i>**Simplified explanation and included worksheet**</i></p> <p>If the property was acquired less than one year before loan application and not already FHA insured, the maximum insurable mortgage is the lower of:</p> <p>(A) Lesser of Original Sales Price Plus repairs (if applicable) paid after the purchase and documented in the file OR Appraised value times 97.75%</p> <p>OR</p> <p>(B) sum of the existing indebtedness and related closing costs and prepaid expenses for the refinance (see previous section)</p> <ul style="list-style-type: none"> ✓ NOTE: The maximum loan limit for the county area may not be exceeded.